

Integrated Report 2024

Change for Growth

JVCKENWOOD Corporation

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Editorial Policy for the Integrated Report 2024

Following a special resolution at the 2023 Shareholders' Meeting, we have included our corporate philosophy of "Creating excitement and peace of mind for the people of the world" in our Articles of Incorporation. It is a declaration that, with our corporate philosophy firmly at the center of our management, we will continue to relentlessly "Change for Growth" in order to solve social issues from a long-term perspective. Hence, we have also tried to include as much information as possible in this report about initiatives based on integrated thinking, which is necessary for "Change for Growth."

In this report, we have focused on two points in particular when editing.

The first is to clearly explain how our company has survived in the rapidly changing business environment since our management integration in 2008 and reached the present day. Our company was established through the merger of two long-established companies, Victor Company of Japan, Limited and KENWOOD Corporation. The Company, known for its audio, video, and car electronics businesses, has adapted to the changing times and is now positioning professional radio systems as a growth driver for the future. Its history is truly one of "Change for Growth."

The second is to tell you about our efforts toward management that takes into account capital costs and share prices. As part of our current medium-term management plan, "VISION 2025," we are working to optimize our business portfolio. Our company is based on an ROIC management approach that places a strong emphasis on capital costs, but we explain why ROIC is important and why the professional radio systems business can drive the entire company, mainly in the CEO's message.Through dialogue with our stakeholders using this integrated report as a tool, we will strive to further increase our corporate value. We would be grateful to receive your honest opinions.

Integrated Report 2024 Editors

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Our Philosophy

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

We share our philosophy of "Creating excitement and peace of mind for the people of the world" as the fundamental belief of JVCKENWOOD Group's corporate behavior. Based on this philosophy, each of us will share with all our stakeholders the richness of life and diverse values that lead to inspiration and peace of mind.

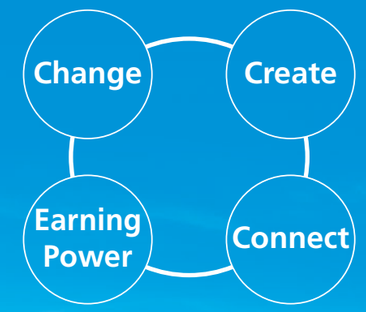
Management Principles

Creating value through Monozukuri

Building a corporate culture that adapts and embraces change

Investing in people to strengthen capabilities and push boundaries

4 Values





At a Glance (1)

JVCKENWOOD aims to contribute to solving social issues by “Creating excitement and peace of mind for the people of the world” through music, visual, and wireless communications.

Creating safe and secure communities

Professional radio systems have been adopted by many police stations, fire stations and emergency medical services (EMS) to facilitate smooth communication in various situations and contribute to disaster prevention and mitigation. Security camera systems contribute to the suppression of crime and the creation of safe residential environments by monitoring people and communities at all times. The Company aims to create safe and secure communications based on audio, visual and communications technologies.

Creating excitement and peace of mind for Safe and secure mobility

In our age of mobility where EVs and autonomous driving are becoming increasingly common, in-vehicle spaces are being transformed into more diverse environments. The Company aims to make these spaces have more thrilling, exciting entertainment options through our audio and visual solutions, and contribute to safe and secure driving with our car navigation systems and dashcams.

Creating excitement for people’s lives

Together with many artists, the Group creates high-quality music and visual content, as well as exciting environments such as live events where people can directly experience the content. In addition, by providing audio equipment with high sound quality that aims to reproduce the original sound as well as video equipment that delivers the ultimate visual beauty, we deliver excitement created by the power of music and visuals to people's lives.

Contributing to disaster prevention and mitigation

Suppressing crime and creating safe and secure communities Contributing to crime prevention and the development of safe and secure communities



Useful in mountainous areas



Stably and continuously providing highly reliable communication systems





Creating excitement for people’s lives through the power of entertainment



An exciting in-vehicle entertainment space



Safe and secure mobility

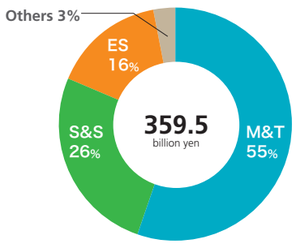


At a Glance (2)

We provide products, services, and solutions that realize our corporate philosophy "Creating peace of mind for the people of the world" in three business sectors.

- Mobility & Telematics Services Sector (M&T)
- Safety & Security Sector (S&S)
- Entertainment Solutions Sector (ES)
- Others

Revenue (FYE 3/2024)



Our three distinctive brands

KENWOOD

The red triangle brand logo represents the desire for high quality, advanced, and sharpness, and the products are focused on audio and communication technology, expanding the development of professional radio systems and in-vehicle products and services.

JVC

The brand offers audio/visual products and in-vehicle products mainly overseas, always proposing solutions that are close to people's lives.

Victor ("HIS MASTER'S VOICE")

The brand is known for its "His Master's Voice" and its dog, Nipper, pursuing technologies and products that are appropriate for the times, without being bound by preconceived ideas.
(Used only in Japan)



Mobility & Telematics Services Sector

Develops products, services, and solutions that contribute to a comfortable, safe, and secure vehicle interior through the OEM Business, Aftermarket Business, and Telematics Service Business.

OEM Business

Provides in-vehicle audio systems, antenna systems, and car navigation systems to automobile manufacturers and car dealers.

Aftermarket Business

Develops retrofittable car navigation systems and display audio systems for car accessory stores.

Telematics Service Business

Provides connected-type dashcams for auto insurance companies and cloud-based car dispatch systems for cab companies.

Main products and services

OEM Business



In-vehicle audio systems (speakers, amplifiers)
In-vehicle antenna systems (antennas, cables)

OEM & Aftermarket Businesses



Car navigation system



Display audio system



Portable power station using recycled batteries from electric vehicles

Telematics Service Business



Connected-type dashcam



Safety & Security Sector

Develops products and solutions to protect people's lives and livelihoods and to contribute to the creation of safe and secure communities through the Communications Systems Business and Professional Systems Business.

Communications Systems Business

Provides highly reliable professional digital radio systems for the public safety market (police, fire, EMS, etc.) and the enterprise market. Also offers products for individuals such as amateur radio equipment and license-free transceivers.

Professional Systems Business

Provides security systems, professional broadcasting systems, and audio solutions for the domestic market, and high-precision medical image display monitors for hospitals and clinics in the healthcare business.

Main products and services

Communications Systems Business



Professional radio system



License-free transceiver



Amateur radio

Professional Systems Business



Professional broadcasting system



Medical image display monitor



Security system



Entertainment Solutions Sector

Develops products, solutions, and content that enrich people's minds and lives using music and visuals through the Media Business and Entertainment Business.

Media Business

Develops audio and visual equipment such as projectors, headphones, earphones, and professional cameras, as well as solutions business with these products at the core. Also provides portable power stations for emergencies and outdoor activities.

Entertainment Business

Distributes music and video content of popular artists, CD/DVD/Blu-ray package sales, live concerts, and merchandise sales, mainly in Japan.

Main products and services

Media Business



Headphones/earphones



Projectors

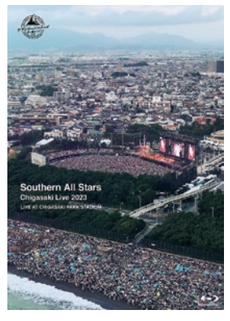


Audio system



Portable power station

Entertainment Business





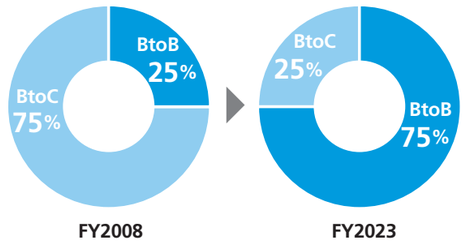
Music & video content



Trajectory of Value Creation

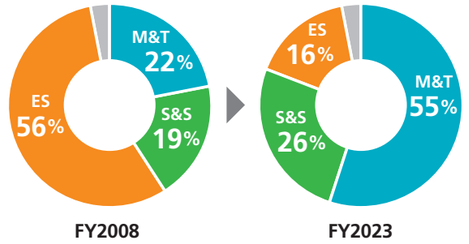
Since the 2000s, competition in the consumer electronics industry has intensified due to rapid digitalization. In 2008, Victor Company of Japan, Limited and KENWOOD Corporation merged to establish JVCKENWOOD Corporation, with the aim of evolving the corporate foundations they had built up to that point into a new corporate foundation for survival in the digital age.
By overcoming the series of hardships that arose after the management integration and proceeding with the transformation of our business portfolio, we have built a robust management foundation that enables us to survive in a rapidly changing market environment, established a profitable revenue base, and achieved improved performance.

BtoB sales ratio



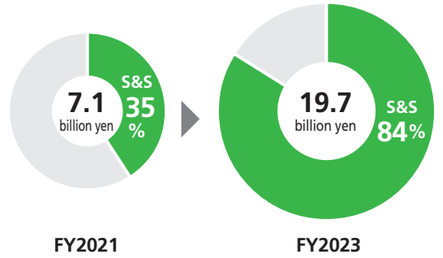
Shift from BtoC to BtoB

Sales composition ratio by Sector



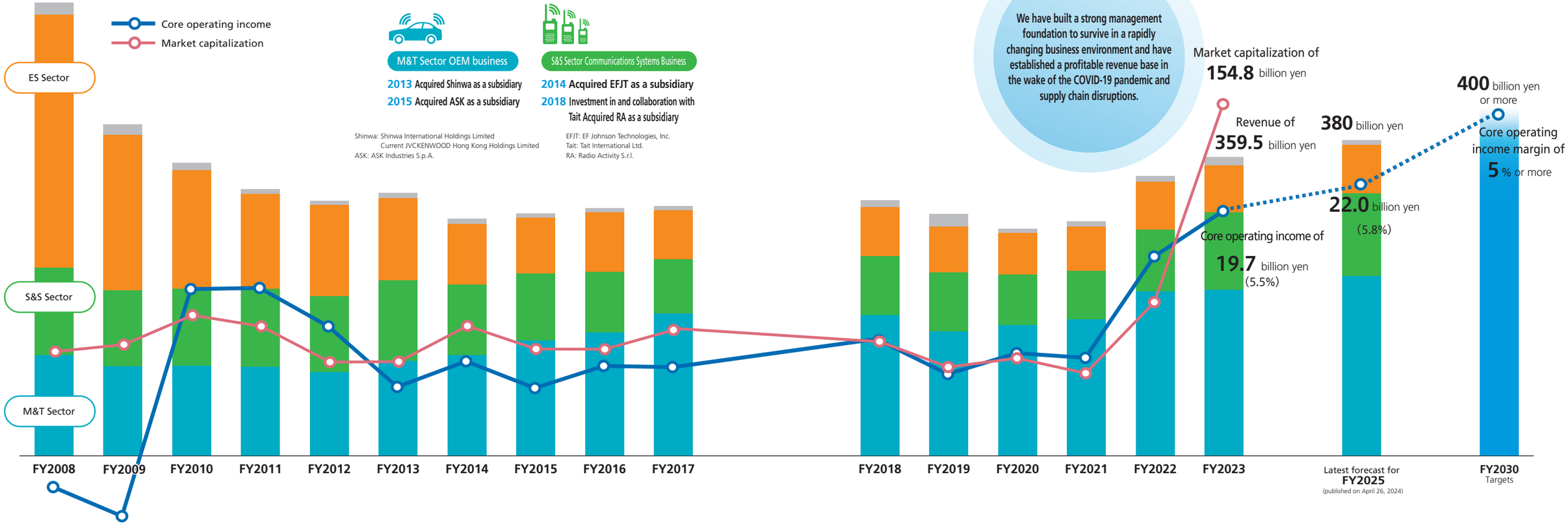
- Mobility & Telematics Services Sector (M&T)
- Safety & Security Sector (S&S)
- Entertainment Solutions Sector (ES)
- Other

Core operating income composition



The Communications Systems Business has been the profit-generating driver for the entire company

Changes in revenues / Core operating income / Market capitalization



Era of dynamic changes

Carried out structural reforms to survive

- Implemented structural reform of the consumer electronics business and shift to automotive/professional product business
- Implemented consolidation and elimination of redundant production factories/sales offices

Seeking revival

Laid the foundation for growth for the next generation

- Accelerated business portfolio transformation through strategic M&A
- Focused on capital profitability and areas where our strengths can be utilized

Establishment of revenue base

Building a strong management foundation

- Established a profitable revenue base through a fundamental review of the profit and loss structure
- Maximized corporate value by optimizing business portfolio

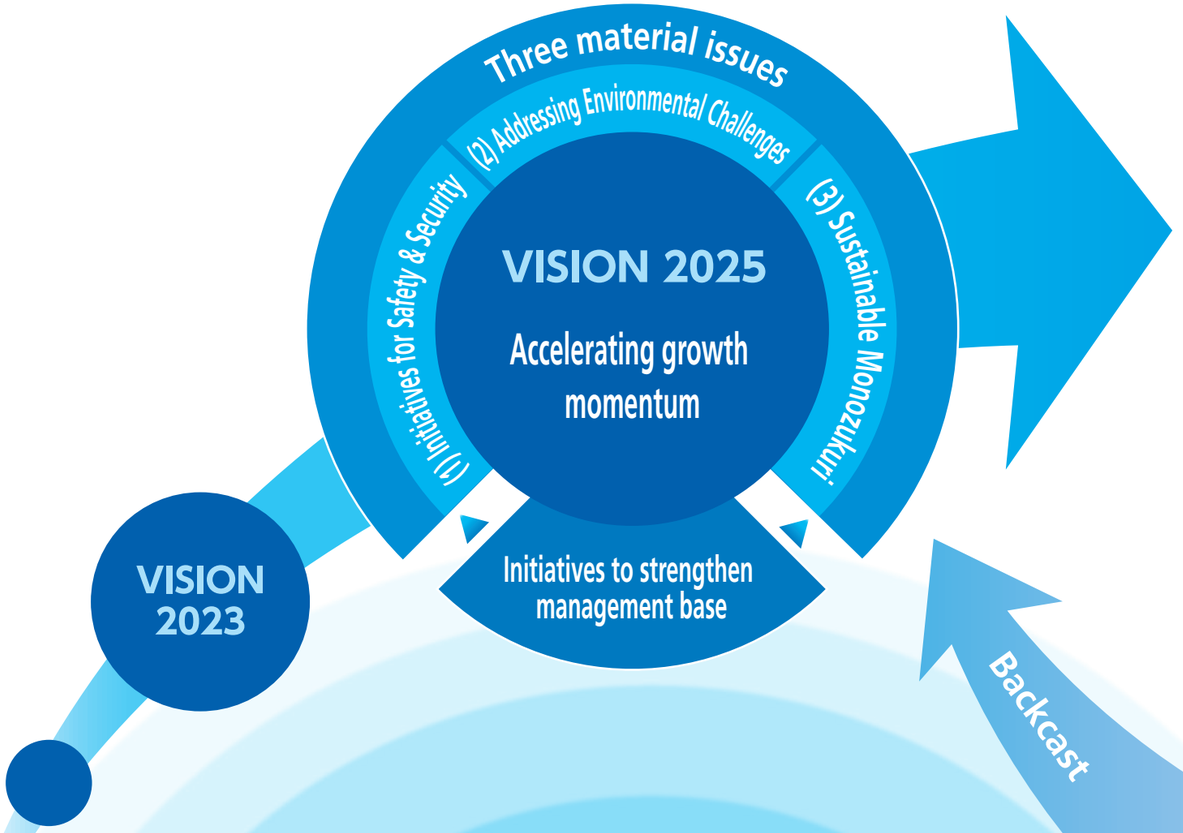
Accelerating growth momentum

Further evolving our Change for Growth to make JVCKENWOOD a more appealing company

Lehman Brothers collapse | Euro crisis | Abenomics/The rise of smartphones | Spread of COVID-19 | Increased geopolitical risks/supply chain disruptions

Medium- to Long-Term Vision: JVCKENWOOD's Vision for the Future

The strengths of the JVCKENWOOD Group are the audio, visual and communications technologies it has cultivated over its approximately 100-year history. By embodying these strengths through "design thinking," we provide products and solutions that "create excitement and peace of mind."
Currently, we have identified three material issues for the Group by backcasting from a future envisioned using design thinking (a future where diverse people around the world can live fulfilling lives with peace of mind), and are working to resolve various social issues through our business activities with our corporate philosophy "Creating excitement and peace of mind for the people of the world."
To realize the future that the JVCKENWOOD Group envisions, we will further evolve the basic strategy of "Change for Growth" outlined in our medium-term management plan "VISION 2025," and accelerate our growth momentum, thereby aiming to maximize our corporate value and make a leap forward to become an excellent company that has both strength and resilience to anticipate change and pioneer the future.





Backcast

A future where diverse people around the world can live fulfilling lives with peace of mind

Message from Our CEO

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



Shoichiro Eguchi
Representative Director of the Board, President and CEO

Toward a leap to an excellent company with both strength and resilience

Solid results for the fiscal year ending March 2024

As a requirement of our medium-term management plan "VISION 2025," which is our next step in solidifying our management foundation, the first priority is to align our perspective with that of our shareholders and investors and promote management that is conscious of external perspectives. We have responded head-on to the demands of the equity markets, and have decided to optimize our business portfolio and capital allocation to maximize our corporate value, while also incorporating a sustainability strategy as a major pillar.

As a result, in the fiscal year ending March 2024, the Communications Systems Business, which we positioned as a growth driver, maintained its strength throughout the year, driving the entire company. Additionally, the overseas OEM business in the M&T Sector also performed well, resulting in an increase in sales across the Company compared to the previous fiscal year, and a significant increase in core operating income, which represents earnings from the core business. This marks the highest profit since the business integration in 2008.

Thanks to improved business performance and the effects of flexible shareholder return measures implemented during the period, we were able to achieve results that significantly exceeded our targets, even though it was the first year of the "VISION 2025."

I believe this is a clear reflection of the evaluation by shareholders and investors of the approach we have been advocating to redefine our business portfolio and our vision for future growth business.

Progress on key business objectives of "VISION 2025"

	FY2023 Results	FY2025 Targets
Revenue	359.5 billion yen	Over 370 billion yen
Core operating income ratio	5.5%	Over 5.0%
EBITDA margin	11.3%	Over 10%
Operating cash flow	33.2 billion yen	Over 90 billion yen (cumulative for the three years from 2023 to 2025)
ROE	12.2%	Over 10%
ROIC	8.9%	Over 9%
P/B ratio	1.24x	Over 1.0x

Strengthening crisis management and business foundations through the challenges faced since assuming my position

I became CEO in 2019, and with the unexpected impact of COVID-19, I prepared for this to be the biggest challenge since the management integration, and launched an urgent countermeasure project. First and foremost, we have taken steps to freeze or significantly reduce investments and expenses. In the event of a company emergency, it is a cardinal rule of management to increase on-hand liquidity. The main focus was on thoroughly curbing cash outflows, and we strongly promoted this as a Group-wide initiative as our top priority.

Subsequently, despite the disruptions to supply chains and logistics caused by intermittent lockdowns in cities around the world and semiconductor shortages, we made a break from having excess inventory (i.e., excess purchasing) and instead reduced our product inventory to the bare minimum in order to continue running our business. This has resulted in a comprehensive improvement in cash flow across the entire company. In addition, by not holding excessive inventory, the Company was able to practice subtractive management (i.e., management without holding) by significantly reducing waste loss, eliminating unrealized profits, and increasing the turnover ratio.

Through this thorough company-wide urgent countermeasure project, the visualization of fixed and variable costs was rapidly achieved down to the last detail. In a time of crisis, the core management figures for the entire company were made visible, including not only the break-even points of each department, but also waste, tacit knowledge, and even abnormal values, which led to the strengthening of the Company's current management foundation.

Looking back, we can say that making the difficult decision to respond to the sudden external pressures and changes created a sense of crisis and tension throughout the organization, and enabled us to break away from the ties of the past, which marked a major turning point for the Company.

I am convinced that a corporate group that overcomes difficulties and achieves change will inevitably become stronger, and that a company cannot be sustainable unless it is strong.

The ability to generate sustainable profits: A proven track record and expectations for the future

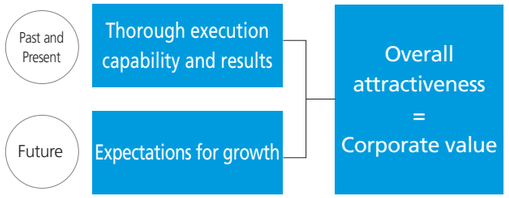
The share price is the equity market's assessment of the Company and is the President and CEO's report card. As we work in the world of capitalism, we cannot deny the equity market. I strongly take to heart the message that management must take a serious look at the share price, and that share prices would not rise through superficial IR tactics or superficial polishing.

There is a saying that says, "The strong one doesn't win, the one that wins is strong" (Franz Beckenbauer, Germany).

I believe that the greatest mission of a President and CEO is to simply continue to produce results. Shareholders and investors invest in a company with high expectations for its future, but these expectations for the future are based on the current business and are built upon a future that is an extension of the past and present. In other words, only when you produce solid results can your future be evaluated. It is obvious that no sturdy house can ever be built on shaky foundations.

While past performance is important for expectations for the future, the probability, persuasiveness, and growth rate of future profit growth are also important factors. A company's overall attractiveness spanning its past and future is reflected in its evaluation. The increase in corporate value is a good state that should occur as a result, and in the long term, it is impossible for share prices alone to become detached from reality. In short, the ability to generate sustainable profits is the key.

When looking to the distant future, I believe that a company's sustainability can be achieved by managing its business with a simultaneous focus on two opposing priorities; the ultra-long term, which focuses on the balance sheet, and the ultra-short term, which focuses on management from the perspective of the income statement, which is constantly chasing the numbers in front of you.



Management that is conscious of cost of capital: Aim to promote ROIC management

As someone responsible for steering the management of the entire company, I believe my most important role is to optimally allocate management resources from a group-wide perspective in order to achieve sustainable growth over the medium to long term. In addition to ROE (return on equity), we consider ROIC (return on invested capital) to be an important KPI in terms of business profitability and capital efficiency, and we use it as an important tool for resource allocation.

The benefit of ROIC management for the JVCKENWOOD Group is that it enables management of equity operations for each of our diverse business units and measures the earning power of each business based on its actual capabilities, in other words, net operating profit after tax. And by verifying whether ROIC exceeds WACC (weighted average cost of capital)*, it is possible to thoroughly manage operations with a conscious of cost of capital.

*6.35% (based on March 31, 2024)

To spread ROIC management throughout the Group, it is important that each employee understands the structure of ROIC's denominator (invested capital) and numerator (earnings) and actually thinks about and acts on the basis that it is their own responsibility as to how to optimize this relationship in order to increase profitability. For example, when it comes to invested capital, which is the denominator, are there any unnecessary assets, equipment, or excess inventory when considering capital efficiency? What is the timeline for them to turn into cash? Is the work that you currently carry out as a matter of course actually contributing to increasing corporate value?

By visualizing the factors that make up ROIC, such as cost, labor costs, and promotional expenses, which are fluctuating factors in profitability and efficiency, you can become conscious of whether you are working from the customer's perspective. We believe that the greatest benefit of ROIC management is that it promotes the metabolism of technologies and business, improves profitability by measuring capital efficiency, and creates new value.

Penetration of ROIC management (concepts in deployment to the field)

$$\frac{\text{Net operating profit after tax}}{\text{Invested capital}} \rightarrow \frac{\text{Added value to customers = earnings}}{\text{Required management resources}}$$

Positive elements (+) and elimination of waste (-)

Shift management resources to strong business based on redefinition of business portfolio

The idea behind the business portfolio, simply put, is to increase the possibility of growth by not getting involved in business that have no chance of success and by concentrating resources in areas of strength.

We have positioned the Communications Systems Business as a driver of medium- to long-term profit generation because it ensures an extremely high rate of return on capital investment from the perspective of ROIC management.

First, the competitive structure of the professional radio systems industry impacts the creation of sustainable profitability. Michael Porter defines five forces* as those that have a significant impact on medium- to long-term profitability in his theory of competitive strategy and our Communications Systems Business has a distinct competitive advantage in many respects, including the limited number of players in the industry, high barriers to entry, and a lack of substitutes.

Additionally, the market for professional radio systems is showing a steady growth trend. Currently, momentum for disaster prevention and crisis management is rapidly increasing in countries around the world, and the demand for professional radio systems is showing a tendency to expand globally. Additionally, in North America, the switch from analog to digital radio systems is also driving demand growth.

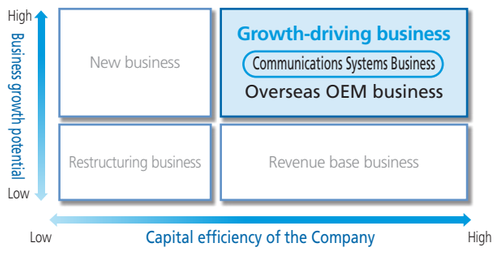
Our Communications Systems Business entered the professional wireless market in the 1980s and has enjoyed a solid track record and trust for over 40 years. Our greatest strength is the high reputation we have earned from our customers thanks to our long history of providing high quality, high functionality, and customized solutions to suit their needs.

The functionality and quality level of the tri-band radio VP8000, which was introduced to the market in January 2023, has been highly praised by dealers and customers as being among the best in the industry, and the Company is winning an increasing number of bids in the North American public safety sector. In addition, this fiscal year is having an increase in personnel in the Communications Systems Business by approximately 100 people through both internal transfers and new hires, thereby strengthening our product lineup and sales capabilities.

At the same time, we also made the decision to transfer our new medical business in our healthcare business, which had been a challenging area, and to terminate our business in professional video cameras. By accelerating the transformation of our business portfolio in this way and allocating management resources appropriately, we will work to strengthen the JVCKENWOOD Group's fundamental competitiveness.

*Five Forces: Competition among industry players, barriers to new entry, threat of substitutes, bargaining power of buyers, bargaining power of sellers

Redefining the business portfolio



What we expect from VCS, the hub of value creation: A dynamic place of creativity

In order to realize our medium- to long-term value creation, we constructed a new building in 2024 in our Head Office & Yokohama Business Center. Our Value Creation Square (VCS) will be completed, consolidating the business and technical departments that were previously based in different locations and providing an office environment that enables hybrid working. By concentrating personnel at VCS, we will increase the fluidity of our engineers, and engineers with different levels of experience and knowledge will be able to provide each other with constructive feedback and work together toward our lofty goals. In some cases, new ideas may emerge from interactions with external players from different industries by sharing and objectifying different subjective views.

Creativity is difficult to achieve alone, and it can be said to be the product of an accumulation of work that is far from sophisticated, made in the context of relationships between people. It is important to visit the site, listen to the voice of the market, and practice customer-centric design management. We hope to create a dynamic space of creativity where complex phenomena and issues can be elevated and advanced to new heights, sparking innovation.

Further advancement of governance

The Company implemented governance reforms in 2015. Since then, we have established our Nomination and Remuneration Advisory Committee, and an External Director has served as Chairperson of the Board.

I feel that better governance leads to more stable management and improved management capabilities. I am convinced that the role of the Board of Directors is to lead corporate transformation.

We aim to continually improve the effectiveness of the Board of Directors by identifying issues based on the effectiveness evaluation we conduct every year, but there is no end goal when it comes to governance. We need to boldly push forward with governance reform by constantly identifying changes in the external environment, such as discovering potential risks and creating opportunities for innovation, while also appropriately and flexibly steering the Company toward sustainable growth while examining the wide-ranging business issues facing the Company.

One of the most important requirements for the Board of Directors is agenda setting. In order to deepen our discussions in a more strategic and substantive way, we must put these issues on the table from the perspectives of "What are the important agenda items for JVCKENWOOD?" and "What are the themes that are truly important for the future of JVCKENWOOD?" It is easy to spend a lot of time on individual cases, leaving little time for truly important management issues, which end up being put off until later. As CEO, I will be deeply involved in setting the agenda and will use this as a trigger for corporate reform, while also seeking the broad insight of our board members in order to build the Company's competitive advantage.

The relationship between management and the Board cannot be viewed in a uniform manner as one of execution and oversight. While maintaining an appropriate level of tension, we will continue to foster constructive and open discussions about the management challenges facing the JVCKENWOOD Group and what its future should be, aiming to further improve effectiveness and further enhance governance.



Fostering a vibrant corporate culture

The rebroadcast of NHK's Project X program, "Sidelined Employees Created a Global Standard: VHS and the Determination to Turn Things Around" which was based on the Victor Company of Japan, Limited (JVC) at the time, attracted many viewers with its story of engineers who had been relegated to passive roles but continued to fight against the barriers facing their company, and made the power of Japanese manufacturing (monozukuri) known to the world. That feat is still talked about today. We are now in the Reiwa era, and the term "corporate warrior" has become difficult to use. However, we must not forget that the enthusiasm and unyielding spirit that pooled Japan's wisdom to take on the world, and its great achievements, were a glory achieved by many unsung heroes. Not only was technology developed, but the strength of the employees working in production and sales was astonishingly strong even by global standards.

The JVCKENWOOD Group has valuable technological assets and intellectual property in the fields of sound, visual, and wireless that it has cultivated over its long history.

The challenge for "Change for Growth" does not lie in formulating strategies. It must be ensured by a strong ability to carry it out at all costs. I believe that by embracing ambition and breaking through with all our strength, we can open up a new path to success.

Based on our corporate philosophy of "Creating excitement and peace of mind for the people of the world," we visit the field, understand real needs, and strive to differentiate ourselves thoroughly in order to turn dreams into reality. We would like to foster a vibrant and lively corporate culture that enables the creation of sustainable innovation.

S. Eguchi

Shoichiro Eguchi
Representative Director of the Board,
President and CEO

Value Creation Process

Based on integrated thinking, JVCKENWOOD will improve sustainability by appropriately allocating equity and circulating within the Group the decision-making and behavior that are conscious of medium- to long-term value creation.

Predict the future from short-, medium-, and long-term perspectives, sort out what should be done, what is missing, and should be discarded, and draw a future map.

Social issues

Business model innovation through new technologies



Increased geopolitical risks and tension



Uncertain global economic trends



Accelerated digitalization



Climate change, natural disasters, and carbon neutrality



Supply chain disruption



Risks and opportunities (environmental awareness)

INPUT Management capital

Financial capital

- **Strategic investment:** Approx. 35 billion yen*
- **Growth investment:** Approx. 65 billion yen*
- **Total assets:** 316.8 billion yen

*Aggregation from FY2023 to FY2025

Manufacturing capital

- Number of major manufacturing companies: 9
- **Capital expenditure:** 17 billion yen*

*Tangible fixed assets only

Intellectual capital

- **R&D expenses:** 19.4 billion yen
- **Number of patents held:** Approx. 6,700

Human capital

- Number of Group employees (consolidated): 15,880
- Total annual actual working hours:1,873 hours/person

Social and relational capital

- Number of major sales & marketing bases:18
- **Three brands:** KENWOOD, JVC, Victor

Natural capital

- Total energy consumption: 535,067 GJ
- **Water intake:** 160,821 tons

Appropriate and efficient allocation of resources

BUSINESS ACTIVITIES

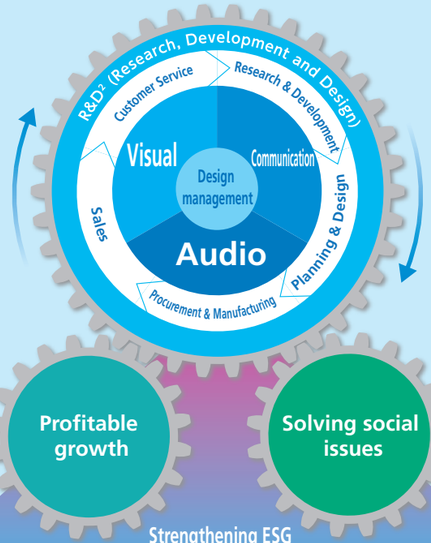
Corporate philosophy

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

Maximizing corporate value

Business strategy	Financial strategy	Sustainability strategy

M&T Sector	S&S Sector	ES Sector
Mobility & Telematics Services Sector	Safety & Security Sector	Entertainment Solutions Sector



Recognize risks and opportunities and make appropriate decisions (sound management)

OUTPUT Business performance

Mid-term financial indicators

	FY2025 targets	FY2030 targets
ROE	10% or more	Stably 10% or more
ROIC	9% or more	10% or more
Revenue	370 billion yen or more	400 billion yen or more
Core operating income ratio	5% or more	5 to 7%
Cash flows from operating activities	Approx. 90 billion yen*	

*Aggregation from FY2023 to FY2025





Material issues (non-financial)

①Initiatives for Safety & Security ⇒P.34
- Creating safe and secure communities
- Reduction and prevention of traffic accidents

②Addressing Environmental Challenges ⇒P.36
- Responses to climate change
- Effective use of resources

③Sustainable Monozukuri
- Responsible supply chain ⇒P.40
- Manufacturing reforms ⇒P.42
- Accelerating innovation ⇒P.44

Sustained creation of economic and social value

OUTCOMES Creation of social value

Each of us will share with all our stakeholders the richness of life and diverse values that lead to inspiration and peace of mind.



Leap to an excellent company with both strength and resilience

Realize safety and security in social life through the evolution of advanced safety technologies

3 GOOD HEALTH AND WELL-BEING | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

Reduce CO_2 emissions and contribute to carbon neutrality

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS

Promote effective use of resources by the Company and suppliers

12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 17 PARTNERSHIPS FOR THE GOALS

Create unique and diverse value to provide richness and excitement to people

5 GENDER EQUALITY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Implement forward-looking strategies with backcasting and create a cycle of value creation

Reestablish invested capital to strengthen management capital

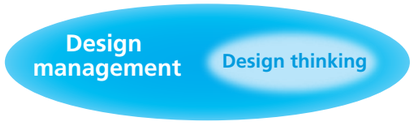
Sort out positive (+) and negative (-) outcomes and reconsider invested capital

Design Management

Concept of design management

Design management is a management method that incorporates design thinking. Design thinking involves empathizing with customers to identify their true, hidden needs and find ways to meet those needs.

The relationship between design management and design thinking



Strengths we have cultivated:
Audio, visual and communication technology × customer-oriented design management



Maximizing capital utilization through design management

Financial capital	● A financial base that can support sustainable development by responding to changes in the environment and various risks and opportunities ⇒P. 20 ● Capital allocation that places emphasis on capital cost and balances capital efficiency improvement and growth investment ⇒P. 22
Manufacturing capital	● Reforming production bases and supply chain management to support sustainable monozukuri while assuming all kinds of risks ⇒P. 40 ● Grand production design suited to total production volume and total labor hours, and design reforms to improve cost competitiveness ⇒P. 42
Intellectual capital	● Creating new value through the use of audio, visual and communications technologies ⇒P. 44 ● Value creation through patent portfolios and intangible assets that support business ⇒P. 45
Human capital	● Formulating and implementing a skills development plan based on a human resources strategy linked to the management strategy ⇒P. 46 ● Health management aiming to create a work environment where all employees can work healthily and vibrantly ⇒P. 48
Social and relational capital	● Improving engagement through communication based on each stakeholder's expectations for the Company ⇒P. 33 ● Cooperation with stakeholders based around our global bases ⇒P. 66
Natural capital	● Reducing CO_2 emissions to achieve carbon neutrality by 2050 ⇒P. 36 ● Effective use of resources, such as reducing waste and the use of plastic containers and packaging ⇒P. 38

Specific examples of initiatives in the Communications Systems Business



*Human Centered Design

We incorporate design thinking into the product and service development in our business activities. As shown in the diagram above, by repeatedly going through the cycle from (1) to (5), we are able to identify our customers' true needs and create value that leverages our unique strengths (advantages).
To raise awareness and strengthen these activities, we hold an annual event called Design Mirai within the Company. In this event, management and employees engage in frank discussions about the future envisioned through back-casting thinking. We also hold regular training sessions that incorporate this design thinking cycle.



"Design Mirai" event



A training session incorporating design thinking

Value Creation Story

Special Feature: Value Creation Square







Establishment of Value Creation Square as a base for value creation

With the completion of the new building under construction in the Yokohama headquarters area, the area will embark on a new chapter as Value Creation Square (VCS) from October 2024.

With the establishment of VCS, we will foster a vibrant corporate culture by establishing a place for “co-creation” that can generate ideas that anticipate the future and by making it a base for value creation that enables sustainable innovation.

An innovative environment creates new ideas and develops people

The product planning, technology, and corporate departments, which were previously based separately for each business sector, as well as the Future Creation Research Laboratory and Innovation Design Center, which are responsible for R&D functions, will all be gathered at VCS. Through this combination, we hope to achieve two main goals, which will lead to increased long-term corporate value.

(1) Strengthening technological development in response to global megatrends

(2) Creating new value by further promoting work style reforms

Sectors and businesses	Previous locations
M&T Sector	Hachioji Business Center (Hachioji City)
S&S Sector Communications Systems Business	Hakusan Business Center (Midori-ku, Yokohama)
ES Sector Media Business	Yokohama Head Office Area and Kurihama Business Center (Yokosuka City)
Corporate Department Future Creation Research Laboratory Innovation Design Center	Yokohama Head Office Area

Gathering at Value Creation Square



Image of completed Hybrid Center

(1) Strengthening technological development in response to global megatrends

Up until now, each of our business divisions has operated in a different office. However, if the same organization continues for a long time, vertical division into business divisions and departments will progress, and the accumulated knowledge (know-how, knowledge, etc.) will become inward-looking and individually optimized. That would make it impossible to keep up with the rapidly changing market and globalization at all. Therefore, in order to adapt to changes in the environment surrounding the Company and its business, maximize the capabilities of each employee, and solve the problem of individual optimization, we decided to first transform our organization.

We believe that by bringing these together at VCS we will be able to eliminate the boundaries between fields and technical departments in different business divisions, thereby increasing personnel mobility and allowing people and teams who have not had much contact with each other to get to know each other better, which will lead to new ideas.

(2) Creating new value by further promoting work style reforms

It is said that a good place is necessary to create innovation, and an environment that provides a shared space that connects people. As diverse working styles become more widespread, remote work and off-site work in satellite spaces have made it possible to streamline operations and reduce the amount of labor required. However, this also makes it more difficult to meet face-to-face, share tacit knowledge, and pursue deeper, more essential ideas.

Therefore, we will create a diverse and flexible working environment that realizes hybrid work that allows employees to work from anywhere, centered around VCS. Additionally, we will increase satisfaction with work styles by encouraging changes in our corporate culture, such as through co-creation with external companies and encouraging open innovation.

Toward an optimal companywide organization

VCS consists of three buildings. The layout is as follows: the 10-story The Central in the center, with the new 4-story Hybrid Center building to the west, and the 2-story Testing Lab to the east. The Central will mainly house the corporate departments, sales departments, technical departments of each business division, and quality assurance department. The Hybrid Center will bring together the Future Creation Research Laboratory, Innovation Design Center, technology projects, and product planning departments. Various verification equipment will be installed in the Testing Lab.

We aim to move away from the traditional organization based on business locations and towards a function-intensive co-creation organization.

A base for stimulating communication with stakeholders

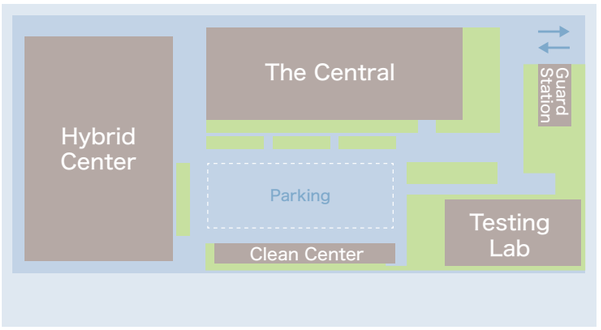
VCS is an open base that is open to society and welcomes a wide range of stakeholders.

We hope that by seeing our work for yourself, you will be able to understand what kind of company JVCKENWOOD is, get a feel for our corporate culture, understand our business, and empathize with it.

As a manufacturer, for many years we have invited customers and business partners to our factories to explain in detail the process by which our products are made. Returning to our roots, we hope to use VCS as a platform to invigorate communication with our stakeholders and lead to the creation of new value.



“The Central” (left) and “Hybrid Center” (right) inside VCS



VCS layout diagram

Value Creation Strategy 1: Financial and Investment Strategy

Message from Our CFO



Review of FY2023 and future goals

Under the medium-term management plan "VISION 2025," we aim to not only further strengthen our business foundation by improving performance in order to manage our share price more consciously, but also to improve capital efficiency by enhancing shareholder returns and implementing financial and equity strategies, while promoting sustainability management to maximize corporate value and set a basic strategy of achieving a P/B ratio of more than 1.0 at the earliest possible date.

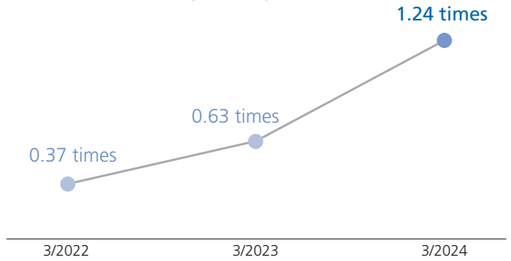
In FY2023, the first year of the plan, we achieved revenue of 359.5 billion yen, core operating income of 19.7 billion yen (core operating income margin of 5.5%), ROE of 12.2%, ROIC of 8.9%, and ratio of equity attributable to owners of the parent company to total assets of 36.2%, significantly exceeding the earnings forecast announced at the beginning of the fiscal year, and successfully achieved the majority of the numerical targets for FY2025, the final year of "VISION 2025."

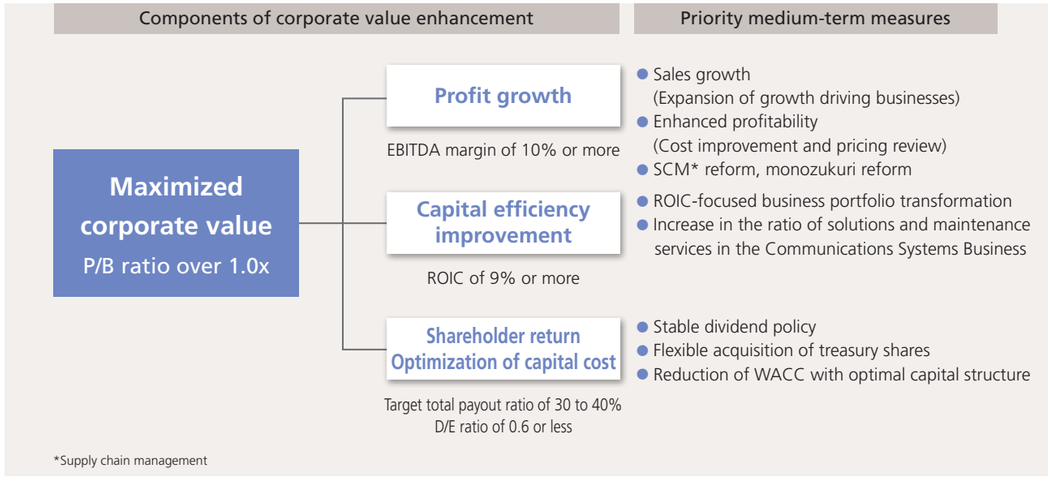
In addition, the Company has been proactive in returning value to shareholders, including carrying out acquisition of treasury shares twice, and as a result, its P/B ratio is expected to remain above 1.0x as of the end of March 2024.

"VISION 2025" has gotten off to a good start, but exceeding a P/B ratio of 1.0 is not our final goal. We will continue to strive to increase our corporate value.

To achieve this, we will promote further growth in growth-driving business by strengthening investment, and promote early improvements in capital efficiency by accelerating structural reforms in restructuring businesses. We will also aim to further increase our P/B ratio by achieving results in FY2025 that exceed the targets envisaged in "VISION 2025."

Price book-value ratio (P/B ratio) trends



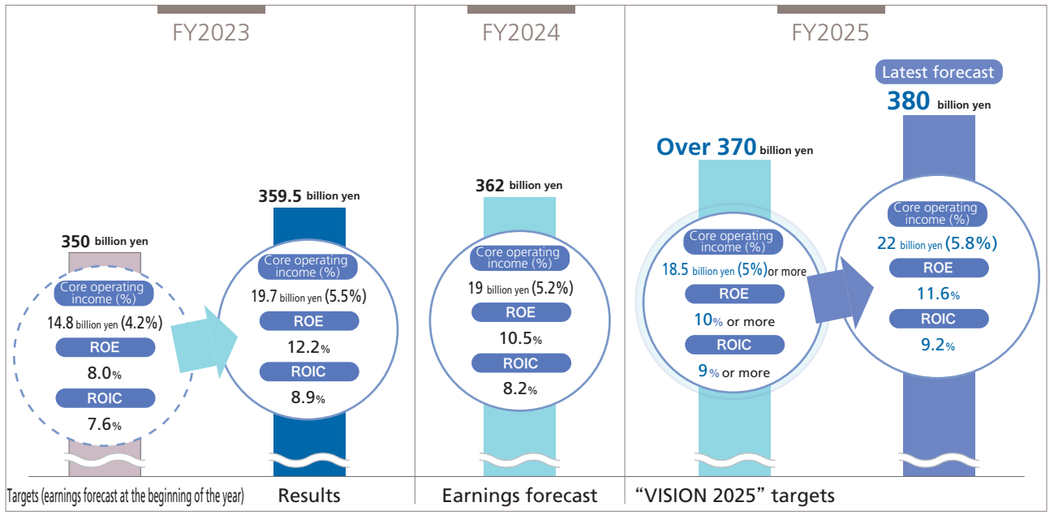


Actions to achieve management that is conscious of capital cost and share price

In "VISION 2025," we have set targets for FY2025, the final year of the plan, of an ROE of 10% or more, debt equity ratio (D/E ratio) of 0.6 or less, and ratio of equity attributable to owners of the parent company to total assets of 35% or more. We are further promoting the improvements to our business structure that we have been working on under the previous medium-term management plan, "VISION 2023." Furthermore, in order to realize management that is conscious of capital costs and share price, we are implementing more proactive shareholder return measures and improving capital efficiency by adding ROIC as a new financial indicator.

We define ROIC as "(after-tax core operating income + equity method profit/loss) ÷ average of invested capital (shareholders' equity + interest-bearing debts) during the period." In addition to the company-wide ROIC target, we have set simplified ROIC targets for each business division and established a system for managing ROIC budgets and actuals on a divisional basis. This will enable each division to ascertain its own capital costs and establish activities to improve capital efficiency, with the aim of achieving an ROIC of 9% or more by FY2025.

Specifically, each division will understand where it stands against the hurdle rate and consider what needs to be done to improve ROIC, and based on that, the CEO and CFO will then regularly evaluate the business portfolio. In the process, we will verify whether the results are as expected and, if not, the reasons why. We will then make appropriate resource investments based on capital allocation to achieve our ROIC targets, and if necessary, we will also reorganize our business portfolio.



Hedging foreign exchange risk to avoid profit/loss impact

As the Group operates its business globally, its revenue and core operating income are subject to the effects of exchange rate fluctuations. In order to mitigate the impact of exchange rates, we are promoting the reshoring of production from overseas to Japan and increasing the overseas sales ratio, primarily in the Communications Systems Business. Previously, a 1 yen depreciation of the yen against the US dollar would result in a loss of approximately 300 million yen, but currently this loss has been reduced to approximately 150 million yen.

In order to avoid (hedge) the impact of such exchange rate fluctuations on earnings, we conclude exchange contracts. The purpose of exchange contracts is to stabilize earnings by reducing the impact of exchange rate fluctuations. For orders such as ones in the OEM Business in the M&T Sector, we conclude exchange contracts at the time orders are confirmed. For the Communications Systems Business in the S&S Sector and the Aftermarket Business in the M&T Sector, we conclude contracts about one year ahead on a regular basis.

This means that even if there is a large immediate change in the exchange rate, there will be little impact on earnings during the period of those exchange contracts. By taking measures against foreign exchange during that period, including changing production locations and taking price measures, we hedge future foreign exchange risks.

Shareholder return policy

In formulating "VISION 2025," we changed our shareholder return policy based on the expectations of shareholders and investors, as well as the Company's business environment and status of equity.

Under the new shareholder return policy, we will flexibly acquire treasury shares while balancing the utilization of equity for medium- to long-term profit growth and the effect of improvement of capital efficiency, in addition to the existing dividends. In doing so, we will change the guidelines for shareholder return from the conventional dividend payout ratio to the total payout ratio, and set the target for the total payout ratio at 30 to 40%, in order to enhance shareholder return more than ever. For the time being, we plan to allocate approximately 40% of the total return to dividends and approximately 60% to acquisition of treasury shares.

Based on this concept, the dividend for FY2022 was 12 yen in total, including 7 yen of the ordinary dividend and 5 yen of the special dividend resulting from the highest-ever business performance for the period since the management integration in 2008 and the gains on the transfer of non-current assets. In addition, we acquired treasury shares worth approximately 4 billion yen, resulting in a total return of approximately 6 billion yen, and the total payout ratio to profit attributable to owners of the parent company for FY2022 was approximately 37%.

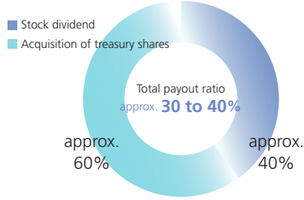
In addition, for FY2023, we had initially planned to pay an ordinary dividend of 8 yen. However, due to favorable business performance, we acquired treasury shares worth approximately 2.5 billion yen and increased the final dividend to 12 yen. As a result, the total return amount for FY2023 will be approximately 4.3 billion yen, and the total payout ratio to profit attributable to owners of the parent company will be approximately 33%. As a result of implementing these shareholder return measures, the total amount of returns achieved so far during the "VISION 2025" period has reached approximately 10.3 billion yen.

Dividends for FY2024 are planned to be increased by 1 yen to 13 yen, of which 5 yen will be paid as an interim dividend.

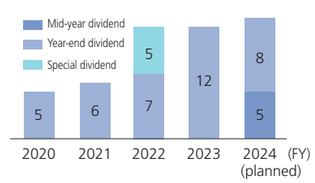
Shareholder Return Policy

● Return policy: Total payout ratio of approx. 30 to 40% ● Dividends: Aim for stable dividends and continuous dividend increase
● Acquisition of treasury shares: Agile implementation within the limit of the total payout ratio while maintaining financial soundness and ensuring investment in growth businesses

Shareholder return ratio



Changes in dividends per share (yen)



Actual shareholder return

Timing	Details	Amount	Source
May 2023	Dividend for FY2022	Approx. 2 billion yen (12 yen per share)	Profit in FY2022
June 2023	Share repurchase	Approx. 4 billion yen	Profit in FY2022
December 2023	Share repurchase	Approx. 2.5 billion yen	Profit in FY2023
May 2024	Dividend for FY2023	Approx. 1.8 billion yen (12 yen per share)	Profit in FY2023

Capital allocation optimization

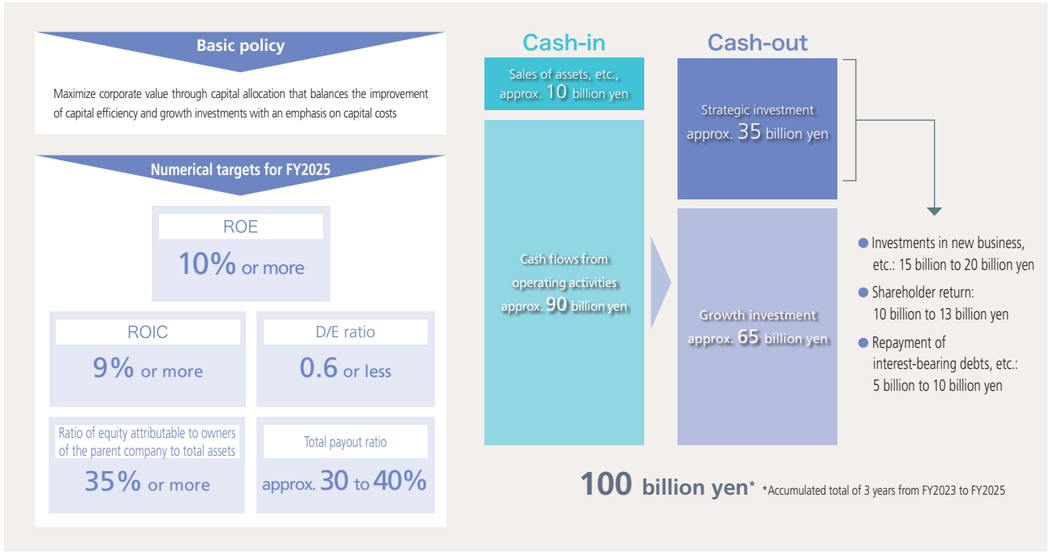
Under "VISION 2025" we will continue to focus on generating cash flow and ensure an effective outflow of cash after making the use of funds clear.

Inflows of cash over 3 years are expected to be 100 billion yen, including cash of about 10 billion yen resulting from the sale of businesses and assets, in addition to about 90 billion yen in operating cash flow. The results for FY2023 are off to a good start, with operating cash flow of 33.2 billion yen and income from asset sales and other sources of 6.1 billion yen.

In terms of cash outflows over the three-year period, we plan to use approximately 65 billion yen for growth investments necessary to expand and maintain our existing businesses, and approximately 35 billion yen for strategic investments. The actual results for FY2023 are 19.5 billion yen for growth investments, 2.6 billion yen for strategic investments such as new investments for the construction of new headquarters buildings and capital increases in affiliated companies, 9 billion yen for shareholder returns, and 6.3 billion yen for long-term borrowings.

The Company's strategic investment targets are 15 to 20 billion yen for investment in new businesses, 10 to 13 billion yen for shareholder returns, and 5 to 10 billion yen for loan repayments, but currently shareholder returns are being implemented first. Going forward, we plan to make necessary investments for growth, including M&A, focusing primarily on the growth-driving businesses in our business portfolio, and we are currently compiling a list of projects for this purpose. In order to finalize the project, the CFO hosts an investment and loan review committee that examines the return on investment, confirms the risks, and other issues from various angles. The investment is then carried out after an institutional decision is made in accordance with the prescribed procedures.

Capital allocation concept



Tax policy disclosure

Based on our corporate philosophy, the Group strives to ensure high profitability and fulfill its social responsibilities as a company, thereby achieving sustainable growth and improving its corporate value over the medium to long term. We believe this can be achieved through compliance with laws, company policies, social customs, and good business ethics.

Based on this approach, we have never engaged in tax evasion using so-called tax havens, and we have published the following tax policy and will continue to strive to pay taxes fairly.

Tax policy overview

1. Basic policy regarding tax payment

We will comply with tax guidelines published by international organizations and strive to pay taxes correctly. In addition, we will not apply preferential tax treatment through interpretations that deviate from the legislative intent of laws and regulations, nor will we engage in intentional tax avoidance activities with no business substance, or abusive tax planning that takes advantage of low-tax jurisdictions.

2. Tax governance

In order to raise awareness of tax compliance, we will promote in-house educational and awareness-raising activities regarding proper accounting procedures and tax returns, as well as efforts to establish a tax consultation system.

3. Tax planning

In our business activities, we will utilize tax incentives in each country from the perspective of maximizing shareholder value. However, we will not engage in tax evasion that deviates from the principles of laws and regulations. We will fully understand the principles of taxation under tax systems such as the GloBE rule (global minimum taxation), and will file appropriate tax returns if applicable.

4. Tax risk reduction and monitoring

By regularly monitoring the tax enforcement status of each group company, we will strive to identify risks in advance and work to reduce tax risks by taking measures before risks materialize, obtaining advice from external experts, and confirming with tax authorities.

Value Creation Strategy 2:

Business Strategy

Mobility & Telematics Services Sector

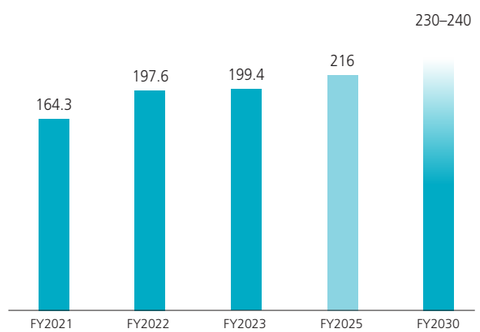


Masao Nomura

Representative Director of the Board,
Senior Managing Executive Officer
COO Mobility & Telematics Services Sector

In response to changes in the mobility industry, such as the shift to electric vehicles and autonomous driving, we are redefining "mobility" in the "new normal" era and providing sustainable mobility solutions that go beyond automobiles.

Revenue (billion yen)



Core operating income

FY2021	FY2022	FY2023	FY2025 (Latest forecast)
2.2 billion yen	**4.4** billion yen	**3.9** billion yen	**5.5** billion yen

SWOT analysis (recognition of risks and opportunities)

Strengths
- Audio and visual in-car technology, product track record, and design
- Providing solutions for connected products
- Highly reliable products

Weaknesses
- Shortage of development resources due to increase in orders
- Profitability of existing businesses due to price competition

Opportunities
- An era of great change in powertrains, including the spread of electric vehicles
- Growing need for measures to prevent and combat traffic accidents
- Expansion of the mobility market other than four-wheel vehicles

Threats
- Market shrinkage in some existing business areas in the medium to long term
- Deviation between market price and cost due to exchange rate fluctuations and rising prices
- Disasters, industry fraud, etc.

Medium-term growth scenario

The mobility industry is globally undergoing a period of allegedly once-in-a-century major transformation with the shift to EVs, autonomous driving, and support for Mobility as a Service (MaaS). In this period of transformation, we have set "Change for Growth" as the theme of our medium-term management plan, "VISION 2025." The Mobility & Telematics Services (M&T) Sector aims to evolve into a business recognizable from a global perspective by providing audio, visual, and data services making the most of assets such as the brand power, technological capabilities, and global sales channels that the Company has cultivated to date.

In addition, by redefining mobility in the "new normal," we will expand our business by adding additional elements to automobiles and further evolve our business based on the Company's sustainability initiatives including environmental contributions and growth sustainability. Creating a sense of excitement in mobility life is this business's origin and the Company's mission.

Specifically, we will strengthen our overseas OEM business by focusing on products that respond to changes in the powertrain market due to the spread of EVs and HEVs, and we will also work to expand the business domain of our highly profitable business model that includes services. And we aim to maximize revenue by accelerating mobility entertainment proposals, which are our origin, and optimizing the balance of investment in the OEM Business, the Aftermarket Business, and the Telematics Service Business. By providing all stakeholders with "excitement and peace of mind" in social infrastructure and mobility life through these business activities, we will contribute to the sustainable improvement of corporate value.



In-vehicle audio systems (speakers/amplifiers)
In-vehicle antenna system (antenna/cable)



Display audio system

Results and forecasts of sales revenue in OEM business



Priority strategy

OEM Business

The OEM market is expanding as the EV market expands and the aftermarket market shrinks.

In light of these changes in the business environment, the Group, which operates its automotive business globally, has positioned the overseas OEM business, which can maximize the Group's synergies, as a growth-driving business.

ASK Industries S.p.A., a group company based in Italy, develops and manufactures in-vehicle audio systems (speakers, amplifiers) and in-vehicle antenna systems (antennas, cables). The main customers are car manufacturers from Europe and China. From basic systems for affordable vehicles to high-end systems for luxury cars, we are involved with all customers from the product and system design stage and have built strong partnerships with them. Even in the era of EVs, we will continue to meet customer needs and handle all types of vehicles with our advanced development capabilities and manufacturing technology, including highly automated production lines.

Furthermore, JVCKENWOOD Hong Kong Holdings Ltd. is building a European network with its base in Hungary, focusing on China, where it is involved in the development and manufacturing of automotive optical lenses and various EMS businesses.

Display audio systems for overseas markets are primarily being developed by Japanese automobile manufacturers for the Southeast Asian market. Aiming to expand its business domain, the Company has received orders for new large-scale projects in the North American market, and is also working to strengthen orders in the Asia-Pacific region in order to increase its market share.

As demand is expected to continue to grow, we aim to expand orders by continuing to leverage our accumulated assets, such as the trust we have earned from existing customers and our track record of receiving orders to date.

In the domestic OEM business, we are strengthening the receipt of ongoing orders from domestic automobile manufacturers and working to stabilize our business foundation by expanding our market share.

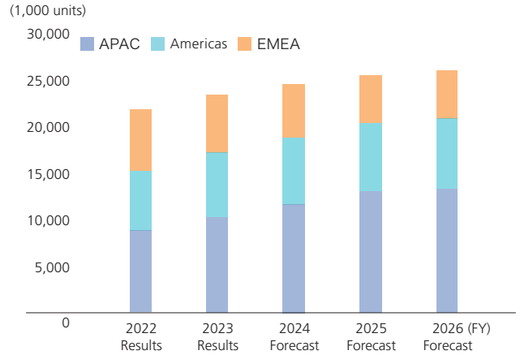
Aftermarket Business

Although the market is gradually shrinking due to the shift to OEM, we aim to maintain our strong position and create a sustainable revenue base by making maximum use of the design capabilities, brand power, and global sales network we have cultivated thus far.

Telematics Service Business

The cumulative sales of connected-type dashcams to non-life insurance companies have reached over 2.6 million units (as of the end of FY2023). The Company also develops fleet management businesses and cloud-type taxi-hailing systems. We aim to expand our scope into service businesses, such as data businesses and solution proposals for areas other than automobiles, and to increase added value in the M&T Sector.

Overseas OEM (dealer-installed products) market forecast based on JVCKENWOOD's survey:
Display audio system sales volume by region



Value Creation Strategy 2:

Business Strategy

Safety & Security Sector

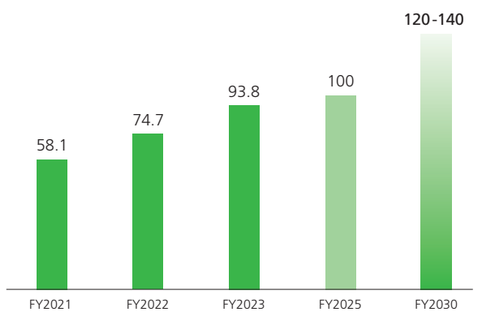


Akira Suzuki

Director of the Board,
Senior Managing Executive Officer
COO Safety & Security Sector

In response to the growing global trend for crisis management, we will contribute to creating safe and secure communities by providing solutions centered on wireless systems.

Revenue (billion yen)



Core operating income

FY2021	FY2022	FY2023	FY2025 (Latest forecast)
2.5 billion yen	**10.7** billion yen	**16.5** billion yen	**17** billion yen

SWOT analysis (recognition of risks and opportunities)

Strengths
- Support for customization for higher quality, higher functionality, and optimization for customers
- A network of approximately 800 distributors in North America
- Clear sound quality and noise canceling function
- Track record of winning multiple large-scale projects

Weaknesses
- Sales structure and track record inferior to market leaders
- Sales structure dependent on agency network

Opportunities
- Rapid expansion of demand for switching to digital radios in the United States
- Expansion of demand for wireless systems for crisis management around the world
- Expansion of the market share through stable product supply

Threats
- More severe competition due to the entry of new players from outside the existing professional wireless market into the broadband market

Medium-term growth scenario

Communications Systems Business

Today, disaster prevention and business continuity planning (BCP) are increasingly attracting attention from around the world, and the demand for wireless systems for crisis management is expanding. In the United States, in particular, the demand for switching from analog to digital radios has increased and is expected to continue increasing, and large government budgets have been allocated to private security at educational institutions and to the public safety sector as a whole including police and fire services, which has driven the demand.

Going forward, we aim to increase our market share in the North American public safety market and achieve net sales of 100 billion yen in the Communications Systems Business by providing the following two customer value propositions.

(1) Stably and continuously provide highly reliable communication methods

The wireless systems industry is an industry with high barriers to entry due to the need to ensure communication security (confidentiality). In this industry, the Company has over 40 years of experience and a strong customer base. In January 2023, we began selling our new tri-band radio VP8000, and orders and sales are increasing in North America. VP8000 covers three band frequencies (VHF, UHF, and 700-800 MHz) and two digital radio protocols (P25[*1] and and DMR[*2]) in a single unit. As an example, it can enable mutual emergency communication between the police and fire services and the school security (private security companies) in the same municipality. The quality level and functionality of this model have already been highly evaluated by the market, and we expect it to be a catalyst for accelerating the expansion of our market share in the North American public safety market. We believe that the Company can grow in the market it has entered by continuing development of such highly reliable products and solutions.

*1 A digital radio standard developed for the US public safety market
*2 Short for Digital Mobile Radio, an international digital radio standard



Professional radio system



Security system



Medical image display

(2) Broadband technology provides new added value to communication methods

In the professional radio system market, although the broadband market is expected to grow in the medium to long term, the pace is not rapid. Since response to the broadband market requires significant investment, the Company will strengthen the broadband solutions business, partly by collaborating with other companies, while expanding its share of the conventional narrowband wireless business and rebuilding the revenue base.

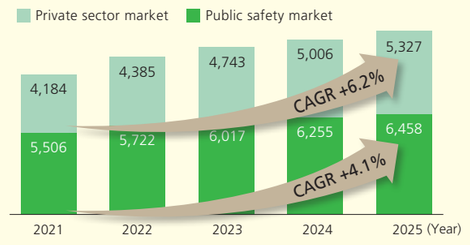
Professional Systems Business

In Japan, we aim to expand sales through visual security solutions (image analysis solutions and integrated surveillance systems for large-scale facilities) and audio system solutions (broadcasting system, conference systems, etc.). Demand for corporate capital investment and IT investment is expected to remain high in the future. In this environment, we will leverage our greatest strength, which is our ability to carry out all processes from development to manufacturing, sales, construction, and maintenance, and focus our strategies on the social infrastructure sector, where investment is expected to expand and where social issues are desired to be resolved.

In the Healthcare business, we will offer a full lineup of medical monitors for displaying radiological images obtained by various modality devices such as mammography, CT[*3] and MRI[*4], and will continue to expand our monitor business. In addition, we will aim to increase sales of visual system integration for operating rooms by Rein Medical, a German company that has a track record of installing systems in over 1,000 locations, mainly in Europe.

*3 Computed Tomography
*4 Magnetic Resonance Imaging

Professional radio systems market forecast based on JVCKENWOOD's survey (million USD)



Example of using the tri-band radio VP8000

A single radio unit enables intercommunication between police and fire departments, etc. and school security in the same municipality in the event of an emergency



Priority strategy

Communications Systems Business

In order to achieve net sales of 100 billion yen, we will focus on the following three pillars of growth as our priority.

(1) Aim for net sales of 400 million dollars and a share of 10% in the North American public safety market

There are more than 3,000 counties in the United States, and the demand for switching from analog to digital radios, and replacement of old digital radios with new digital ones, is expected to continue. Focusing on small and medium-sized local government agencies and cities, customer segments in which the Company excels, we will achieve the sales target of 400 million dollars by taking advantage of the track record we have cultivated for over 40 years in North America.

(2) Increase in personnel and investment in development in growth areas

The Company will increase its Communications Systems Division by approximately 100 employees between FY2023 and FY2024. This will expand the product lineup and is expected to generate revenue of approximately 30 billion yen over the three years from FY2025. The increase in personnel also includes investment in human resources at EF Johnson Technologies, Inc. in the United States, with the aim of strengthening the sales structure to increase orders for systems and expand share in the North American public safety market.

(3) Expand domestic business in the disaster prevention field

In Japan, which is hit by many natural disasters, both the government and the people are becoming more and more aware of disaster prevention. The Company will leverage its knowhow in the professional radio system business in North America to expand the business in the area of emergency radio systems in Japan.

Value Creation Strategy 2:

Business Strategy

Entertainment Solutions Sector

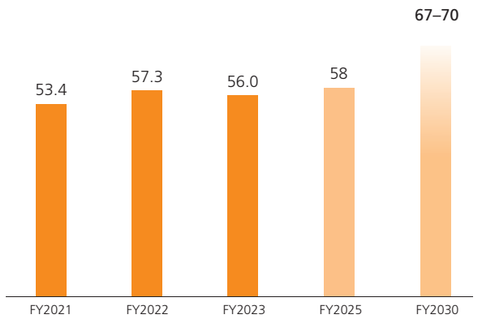


Hatsuhiko Iwasaki

Executive Officer
COO Entertainment Solutions Sector
General Executive of Media Business Division

We will continue to create high quality products and services in both hardware and content to provide excitement to people.

Revenue (billion yen)



Core operating income

FY2021	FY2022	FY2023	FY2025 (Latest forecast)
2.7 billion yen	**0.8** billion yen	**-0.3** billion yen	**1** billion yen

SWOT analysis (recognition of risks and opportunities)

Strengths
- Three brands (KENWOOD, JVC, Victor)
- Visual technology cultivated through projector development and audio technology that focuses on the original sound
- Expertise in music business

Weaknesses
- Primarily a one-time sale business
- High reliance on external suppliers for finished products and core parts leads to homogenization of products with competitors
- Lack of hit songs available to the digital market

Opportunities
- Stable demand for headphones due to the expansion of the music content market
- Expansion of the projector market due to the widespread adoption of 4K/HDR*1 content
- Global expansion of the entertainment market, including games, anime, and the metaverse

Threats
- Maturation of existing key business markets
- Market oligopoly by global IT and music entertainment companies

*1 High Dynamic Range

Medium-term growth scenario

The Entertainment Solutions Sector consists of the Media Business, which deals with products, including headphones, earphones, portable power stations, and imaging devices, and the Entertainment Business, in which the Group company Victor Entertainment Inc. plays the core role.

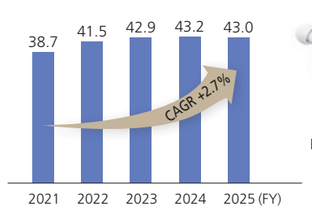
In the audio market, completely wireless earphones and Bluetooth® speakers have become popular, allowing users to enjoy a variety of content anytime, anywhere. This creates a demand for products that provide greater user convenience and frequency of use. Additionally, the projector market is expected to expand due to an increase in high-quality, high-definition content, such as 4K/HDR content, and the diversification of viewing styles. In the content market, the diversification of content, the spread of streaming services, and the improvement of recommendation functions have made it possible to provide a wide range of content tailored to users' interests.

In this market environment, the Media Business will focus on product development and proposal-based sales that leverage its strengths in visual and audio technology through three brands: JVC, which operates globally in a wide range of fields; KENWOOD, whose brand logo embodies the identities of high quality, innovation, and sharpness; and Victor, known for its logo of the dog Nipper. By achieving high sound quality, high quality image, realism, and comfort, we aim to expand our services and secure our status as a luxury brand.

In the Entertainment Business, we will unearth next-generation artists who are strong in the streaming market and manage them in-house, and build a new entertainment business through expanding live performances and streaming hits.

The Bluetooth® word mark and logos are registered trademarks owned by Bluetooth SIG, Inc.

Headphone/earphone market forecast based on JVCKENWOOD's survey (billion USD)



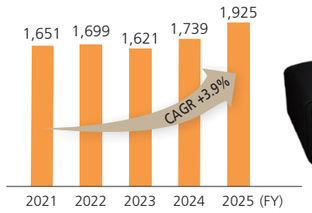


KENWOOD brand earphones



Victor brand earphones

Home projector market forecast based on JVCKENWOOD's survey (million USD)





JVC brand projector

Priority strategy

Media Business

For headphones and earphones, we will expand our lineup of high value-added products and shift our product development and sales strategies to higher price range models. Whether for home theater or commercial use, projectors require high quality, high picture quality, and a large screen, and by expanding our platform we aim to expand our market share and secure the top share.

We will bridge the real space and the virtual space with above-average high sound quality, high image quality, realistic feeling, and comfort, and provide a deeply moving experience through music and visual content.

At the same time, we will work to reduce the power consumption of Bluetooth® enabled headphone products, eliminate the use of plastic in all headphone packaging, and promote responsible sourcing of packaging materials.

Entertainment Business

Setting the growing streaming market as our top target, we will focus on developing new artists who are strong in streaming, while utilizing the know-how we have nurtured through the management of hit songs and artists that have resonated with Generation Z, in order to expand our business. We will also focus on introducing new artists in the idol and K-POP genres, which are popular with a wide range of fans, to expand our presence in the physical market. Furthermore, we aim to increase sales by distributing anime-related and J-POP hits worldwide and reaching users across borders. To that end, we are promoting the development of overseas sales channels, including by concluding contracts with leading local DSPs*2.

In addition, in conjunction with the recovery of the live market, we will work to increase sales and profit margins by expanding revenues from live music, merchandise sales, and the number of fan club members. To that end, we are working to expand our artist management business, where we hold our own rights.

We will also work to strengthen and expand businesses such as holding events, producing animation, and developing games using IP*3 that we own the rights to, and IP of virtual artists such as TV anime, theatrical anime, Internet idols, and game characters that can be utilized through partnerships and other means.

We will strengthen investment in artist development including in-house management and visual production including acquiring production personnel with the aim of becoming an entertainment company with a strong presence that continues to disseminate artists, music, and trends that represent the times.

*2 Digital service provider *3 Intellectual property



"Sakanaction," a rock band that represents the current music scene



Juvenile RPG series "Persona"



A new generation of full-scale fantasy "Fragaria Memories"



Value Creation Strategy 3: Sustainability Strategy

Our Sustainability Strategy

Deepening sustainability based on our corporate philosophy

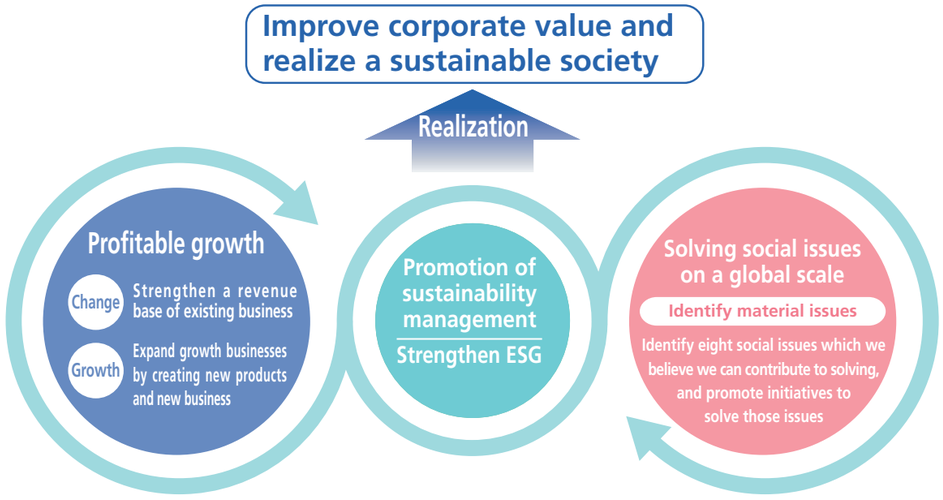
Sumiko Nakai
Executive Officer
Assistant to Head of Administrative Division
General Manager of Sustainability Management Office

Our approach to sustainability

As the world undergoes drastic changes due to international situations and other factors, there is growing concern about the sustainability of society, including climate change and human rights. Companies are expected to play a role in promoting a virtuous cycle among society, the environment, and the economy, and in driving the realization of a sustainable society. Without working to improve social value, it is no longer possible to realize increased corporate value.

In this environment, we believe that in order to respond to changes in social situations, we must strive to accurately grasp information and strengthen engagement with stakeholders, and aim to enhance corporate value and realize a sustainable society by pursuing both "profitable growth" and "solving social issues on a global scale."

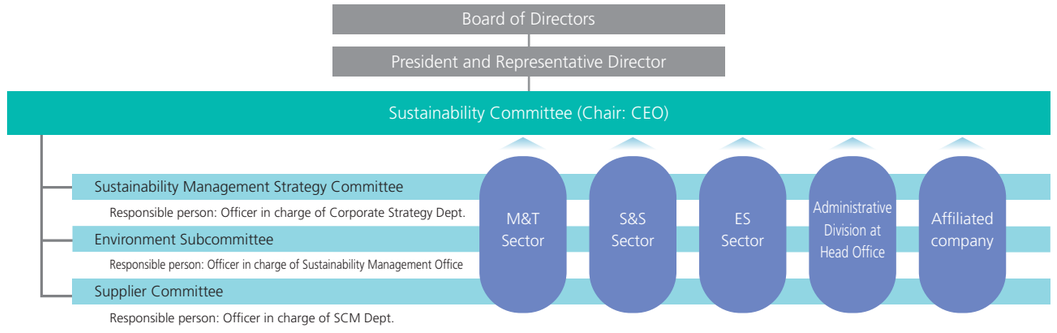
Based on our corporate philosophy of "Creating excitement and peace of mind for the people of the world," we will leverage the Group's strengths in visuals, audio, and communications to provide products and services that help protect each person's safe and secure life.



Sustainability promotion system

JVCKENWOOD established the Sustainability Management Office in April 2018 under the supervision of the Board of Directors to quickly implement its sustainability strategy. In 2023, we also established the Sustainability Committee chaired by the CEO, an organization that promotes sustainability in general. In addition, as a subordinate organization of the committee, we established three specialized subcommittees headed by the officer in charge, to work on measures.

In FY2023, we reviewed and deliberated to formulate material issues to be addressed by the Company and KPIs, revise the basic environmental policy, respond to the TCFD, and strengthen supply chain initiatives. The Board of Directors makes decisions based on the results of these deliberations. We will promote medium- to long-term activities by utilizing ESG impact analysis and others with the aim to strengthen ESG.

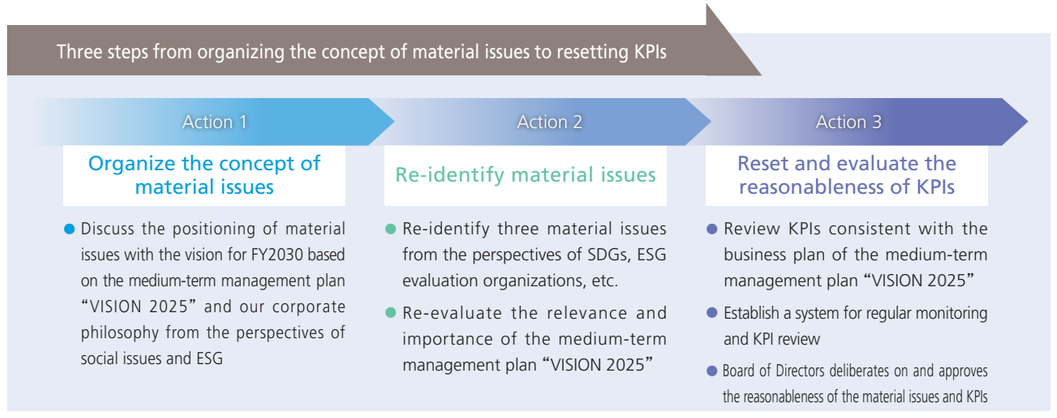


Our three material issues

In reviewing material issues in 2023, we considered both the perspective of social issues, such as demands from international trends and initiatives, and our own perspectives, including the business environment, our corporate philosophy, and our medium-term management plan "VISION 2025."

In identifying material issues, among 17 goals of the Sustainable Development Goals (SDGs) which represent a societal perspective, we chose eight goals that are particularly relevant to the social issues that the Group can contribute to solving as goals that should be addressed on a priority basis. After deliberation and approval by the Board of Directors, we reidentified three material issues. For each material issue, we set a KPI that is consistent with the business plan to make sure to get the issue solved without fail and monitor progress of the efforts.





We have formulated initiatives for three material issues: (1) Safety & Security Initiatives, (2) Addressing Environmental Challenges and (3) Sustainable Monozukuri (manufacturing), as well as those for strengthening our corporate base. In addition, we have established sub-material issues, themes, and KPIs linked to each material issue and the initiatives for strengthening of the corporate base.



List of material issues

		Sub-material issues	Theme	SDGs
Material issues	① Initiatives for Safety & Security	● Creating safe and secure communities ● Reduction and prevention of traffic accidents	▶ Value generation in the Safety & Security Sector ・Number of professional radio system units sold ▶ Value generation in the Mobility & Telematics Services Sector ・Number of car navigation and display audio system units sold ・Number of dashcam units sold	3, 11, 13, 16, 17
	② Addressing Environmental Challenges	● Responses to climate change ● Effective use of resources	▶ Responses to climate change ・Reduction of CO_2 emissions (Scope 1 + 2) ・Reduction of CO_2 emissions (Scope 3) (Categories 1, 4, 11) ▶ Effective use of resources ・Waste recycling rate ・Reduction of waste emissions (per unit of net sales) ・Reduction of plastic consumption volume for containers and packaging ・Reduction in water consumption	12, 13, 17
	③ Sustainable Monozukuri	● Responsible supply chain ● Manufacturing reforms ● Accelerating innovation	▶ Human rights initiatives ・Conducting training on human rights in procurement and logistics-related divisions ・Conducting training on human rights for business partners ・Establishing and operating an external consulting desk ▶ Sustainable procurement ・Obtaining signatures in support of our CSR*1 procurement guidelines when opening a new account ・Requesting the implementation of CSR self-audits by business partners and implementing corrective measures for business partners with identified problems ・Participating in alliances such as RBA*2 and taking advantage of global frameworks	5, 9, 12, 17
Strengthening the corporate base		● Diversity & inclusion ● Promoting active roles for employees ● Governance	▶ Diversity & inclusion (D&I) ・Ratio of female managers ▶ Corporate governance ・Improve deliberation ・Training, off-site meetings, etc., for external directors ・Strengthening diversity ▶ Information security ・IT security training participation rate ・Training on targeted email attacks (participation rate of training not to open suspicious emails)	5, 16

*1 Corporate Social Responsibility *2 Responsible Business Alliance

Sustainable Products

We consider products that contribute more to solving social issues and reducing environmental loads as sustainable products, and are promoting an initiative to assign our own sustainability logomark to them.



Use pulp molded cushioning materials


Use pulp molded cushioning materials



Adopt FSC certified paper packaging materials

JK Sustainability

We have developed a logo that expresses our intention to grow into the future through sustainability management with a motif of branches and colors of the eight social issues of the SDGs that our Group can contribute to solving.

Stakeholder Engagement

The JVCKENWOOD Group operates businesses worldwide, engaging with a wide range of stakeholders. In today's rapidly changing environment, it is crucial to understand societal shifts and needs through communication with stakeholders, and to reflect these insights in our business strategies and activities. We believe this is essential for promoting sustainable corporate activities and addressing social challenges.
Our sustainability strategy identifies stakeholder engagement as a key element in achieving a sustainable society. We are committed to responsible dialogue and transparent information disclosure. By fostering co-creation with various stakeholders, we aim to achieve profitable growth and solving social issues on a global scale while maximizing corporate value.

JVCKENWOOD Group

Stakeholder	Expectations for JVCKENWOOD	Communication opportunities and means
Customers 	・Prompt and appropriate support ・Development of products that contribute to solving social issues ・Promotion of manufacturing ・Stable supply of products	・Newspapers, magazines, TV commercials, radio, social media ・Websites ・Events and exhibitions ・Product catalogs ・Customer satisfaction surveys ・Reports
Employees 	・Respect for human rights ・Promotion of work-life balance ・Occupational health and safety and health promotion ・Fair evaluation ・Promoting diversity and inclusion	・Intranet, Company newsletter ・Internal events ・Websites ・Labor-management council meetings ・Training programs, seminars, and e-learning ・Awards system (JK Award) ・Reports ・Internal Reporting System ・Health and Safety Committee ・Enhancement of maternity, childcare,and nursing care support systems ・Work style reforms, including remote working ・Employee satisfaction survey
Shareholders / Investors 	・Improvement of reputation as an investment target company ・Appropriate return of profits	・General meeting of shareholders, shareholder newsletters ・Financial results, financial results briefing ・Website ・IR/SR meetings ・News releases ・Integrated reports, annual securities reports, financial results presentation materials ・Responses and disclosures to ESG evaluation organizations
Business partners 	・Collaboration to achieve sustainable procurement ・Fair and equitable transactions	・Newspapers, magazines, professional journals ・Websites, online memberships ・Reports and request forms ・Participation in industry associations/committees ・News releases, media relations ・Partners meetings ・Self-assessment questionnaires (SAQ) ・Procurement guidelines
Government / Local communities / NPOs and NGOs 	・Build good relationships of trust ・Consideration for the environment, human rights, and biodiversity ・Compliance with laws and regulations ・Contribution to local communities ・Respect and protection of culture ・Disaster relief	・Newspapers, magazines, professional journals ・Websites ・Local events ・Factory tours, on-site classes, internships ・Participation in industry associations ・Environmental protection and conservation activities, environmental education ・Participation in human rights events ・Donation of products related to disaster recovery ・Employee participation in local volunteer activities

Value Creation Strategy 3: Sustainability Strategy

Material Issue 1: Initiatives for Safety & Security

As the population grows and ages with an increasing level of urbanization globally, dealing with traffic accidents, increased traffic congestion, and natural disasters has become a major social issue. In the Safety & Security Sector, the Company has developed a number of products tailored to each industry and application for the sake of creating safe and secure communities, and we engage in a total solution business utilizing a wide range of distribution channels. In the Mobility & Telematics Services Sector, we develop a wide variety of products and services globally that support the realization of a safe and secure driving environment and the vehicle interior space for reduction and prevention of traffic accidents.



Creating safe and secure communities

Theme: Provide a stable means of communication even at the site of a disaster or accident or in an emergency

KPI

Number of professional radio system units sold

FY2023: 1.2 million units

FY2024: 1.3 million units

FY2023 - FY2025: 4 million units (cumulative)

FY2023 - FY2030: 12 million units (cumulative)

KPI progress

FY2023 actual: 1.3 million units

Sales were extremely strong in the U.S. and other overseas markets, reflecting growing awareness of disaster prevention, including global BCP and crisis management responses. We expect sales to remain strong in the future.

Contributing products



Professional radio systems

See P. 65 for the actual number of units sold from FY2021 to FY2023.

In the Communications Systems Business, we are focusing on providing professional radio systems for the public safety market, such as police, fire departments, and emergency medical services (EMS), where lives need to be saved and the safety and security of people's lives and living must be secured through initial response to a large-scale natural disaster or suchlike, in addition to ensuring the safety and security in everyday life.

Professional radio systems are essential for creating safe and secure communities as a means of communication in the event of a disaster, etc., because they enable us to create proprietary communication networks that do not rely on the existing mobile phone infrastructure and to transmit information accurately and quickly. Especially at a disaster site where every minute counts, accurate information transmission is required to save lives and prevent secondary damage. To meet these needs, our radio terminals are designed to offer robustness and low latency transmission, and to be used in an unforeseen situation, such as for direct communication between terminals without the use of a repeater. Furthermore, in order to support the execution of operations that are directly linked to safe and secure living, we pay attention not only to communication performance but also to excellent operability based on ergonomic design. Our VP8000 tri-band portable radio, which was selected as a finalist for IDEA 2023, an international design award in the U.S., is designed with consideration for the layout and shape of each operational system for use in a severe environment, so that it can be used in harsh environments, such as by firefighters wearing thick gloves at a fire, or police officers wearing a lot of equipment around their waist. The body is shaped using an inverted square pyramidal design that extends upward to enhance the grip when held in the hand, and a guard shape is applied around the top surface to prevent operational errors and to protect the display and operation buttons from shock when dropped. Further, a large color display installed on the top surface of the body allows user to check the status even while wearing the device, achieving a design that combines functionality to support demanding tasks with ergonomics.

The Company's radio systems are widely used not only in the public safety market such as police, fire departments, and EMS, but also in enterprise markets such as public utilities (e.g., electricity, water, gas and public transportation) and general businesses (e.g., hotels, casino resorts, and retail). For example, the systems are adopted by railway companies in North America, South Africa, and China. In Japan, our products are used for mobile disaster prevention administrative radio, etc. The Company is recognized worldwide for its high quality and reliability, underpinned by our expertise and know-how accumulated over the years, and for its flexible system proposals that meet customer needs and budgets.

Reduction and prevention of traffic accidents

Theme: Contribute to reducing and preventing traffic accidents by providing information to support safe driving and congestion information

KPI

Number of car navigation and display audio system units sold

FY2023: 1.5 million units

FY2024: 1.3 million units

FY2023 - FY2025: 4.3 million units (cumulative)

FY2023 - FY2030: 13 million units (cumulative)

KPI progress

FY2023 actual: 1.38 million units

Although we were affected by changes in the external environment, including a temporary contraction in domestic vehicle production, our market share has been on the rise and we expect to achieve our KPI targets as the market recovers.

Contributing products



Car navigation



Display audio systems

See P. 65 for the actual number of units sold from FY2021 to FY2023.

Car navigation and display audio systems developed by the Company, such as the Saisoku Navi AV navigation system series, are equipped with high-precision navigation functions, high-resolution and high viewing-angle panels that take into account screen vividness and visibility. This leads to reliable recognition of navigation information. In addition, user interface has been improved with faster response time for touch panel operation, an easy-to-use operation system, and enhanced driving support functions that alert a driver, such as the display of speed control areas in residential areas and a warning message when driving in the wrong direction. These features help reduce a driver's fatigue under various driving conditions and contribute to reducing and preventing traffic accidents.

Technical and product capabilities to realize these functions have been honed over many years in the Aftermarket Business. In addition, our top-class market share in the industry has been highly evaluated by automakers, and our OEM business has been adopted* by many Japanese automakers as well as overseas automakers such as Daimler Truck North America LLC.

*Public relations announcement February 1, 2024

Theme: Contribute to reducing traffic accidents and supporting safe driving by expanding the use of dashcams

KPI

Target number of dashcams sold

FY2023: 1.3 million units

FY2024: 1.03 million units

FY2023 - FY2025: 3 million units (cumulative)

FY2023 - FY2030: 8 million units (cumulative)

KPI progress

FY2023 actual: 1.06 million units

The dashcam business, including the aftermarket, supplies, and automobile insurance services, stalled due to changes in the business environment such as customer demand and others, which affected the number of units sold.

Contributing products



Dashcams

See P. 65 for the actual number of units sold from FY2021 to FY2023.

Dashcams developed by the Company contribute to reducing and preventing traffic accidents with various driver support functions, including a recording function that protects the user in the case of an accident or tailgating.

For example, AI Sensing feature, which automatically detects sudden approaches from behind and meandering driving and starts recording, and the F1.6 lens, which offers industry-leading brightness and visibility, and warning functions for forward collision and lane departure alert the driver to the danger. Our dashcams with a digital rearview mirror are equipped with functions to widen the rear viewing angle to reduce accidents caused by a reduced area of viewing due to luggage or insufficient safety confirmation when parking, and to assist parking in reverse.

We also provide dashcams with communication capability for automotive insurance services offered by non-life insurance companies. The connected function allows automatic reporting in the event of a traffic accident, enabling prompt and accurate initial response and contributing to preventing multiple traffic accidents.

The Company combines visual and optical technologies cultivated over many years with its in-vehicle technology to achieve the high-performance, high-reliability, and high-quality recording that are essential in dashcams. In the domestic aftermarket, we have a top-class market share in the industry. Our products have been adopted by many Japanese automakers also in the OEM Business. Ever since our connected dashcams were first adopted for the automobile insurance services provided by MS&AD Insurance Group Holdings in 2018, they have been continuously used for the automobile insurance services provided by the said group, and have been highly recognized for their contribution to reducing the rate of accidents.

Value Creation Strategy 3: Sustainability Strategy

Material Issue 2: Addressing Environmental Challenges

JVCKENWOOD continues to minimize environmental impact in all our business activities, product development, and service provision. Based on the sustainability strategy in our medium-term management plan “VISION 2025,” disclosed in April 2023, we revised the Group's basic environmental policy as “JK Green 2030” in September 2023.

Environmental vision

Through the creation of products and services based on advanced technological capabilities and our environmental activities, we will work with all stakeholders to preserve the global environment and contribute to the realization of a sound and sustainable society, not only now but also into the future.

Basic environmental policy, JK Green 2030 and goal setting

Following our environmental vision, we comply with environmental laws and regulations in all our products and business activities and contribute to the sustainable use of and coexistence with energy, resources, and organisms that are the property of the Earth. To achieve this goal, we set and implement goals that focus on the following four key environmental objectives.

Responses to climate change	Effective use of resources	Environmental conservation and management	Conservation of biodiversity
			
Achieve carbon neutrality by FY2050	Achieving zero emissions (Promotion of 3R*1 Management)	Proper management of environmentally hazardous chemical substances	Maintenance of ecosystems

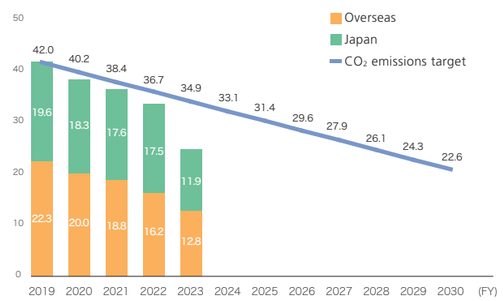
*1 Collective term for Reduce, Reuse, and Recycle

Responses to climate change

Approach to the initiatives to reduce CO_2 emissions

We have set a goal of achieving carbon neutrality by FY2050, and are working as needed to achieve this goal, starting with measures that can be initiated, such as setting medium- to long-term goals, managing progress, and disclosing information.

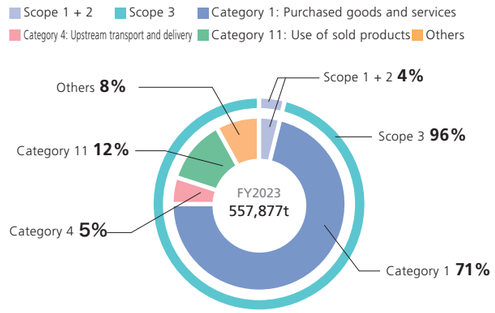
CO_2 emission reduction targets (Scope 1 + 2) and emission trends (thousand tons)



CO_2 emissions (Scope 1, 2, and 3)

The total amount of CO_2 emissions (Scope 1 + 2) associated with our business activities has been set in consideration of the reduction target set by the Paris Agreement, and has decreased since FY2019.

CO_2 emissions (Scope 1 + 2 + 3) (FY2023)



Theme	KPI		
	FY2024	FY2025	FY2030
Reduction of CO_2 emissions (Scope 1 + 2) (compared to FY2019)	-21.0%	-25.2%	-46.2%
Reduction of CO_2 emissions (Scope 3) (Categories 1, 4, 11) (compared to FY2019)	-6.15%	-7.38%	-13.5%

Activities to achieve CO_2 emission reduction targets

The Yokohama head office area has become Value Creation Square, a base for value creation, in the fall of 2024. The newly constructed building there, the “Hybrid Center,” aims to obtain ZEB Ready certification*2 and CASBEE (Comprehensive Assessment System for Built Environment Efficiency). We are also installing solar panels on factories and warehouses of our Group companies to reduce CO_2 emissions.

*2: Building energy conservation performance labeling system, which is a certification system led by the Ministry of Land, Infrastructure, Transport and Tourism by a third-party evaluation organization specializing in building energy conservation performance.



ASK Industries S.p.A. (Italy), Monte San Vito Factory



Radio Activity S.r.l. (Italy), warehouse roof

Disclosure based on TCFD recommendations

In April 2023, the Company expressed its endorsement of the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) established by the Financial Stability Board (FSB). Under the supervision of the Board of Directors, we developed a system to promptly implement our sustainability promotion strategies, including addressing climate change. Additionally, in line with the TCFD recommendations, we conducted a scenario analysis to identify risks and opportunities, and to consider the degree of impact and countermeasures.

Governance

As a governance structure to address climate change issues, the Sustainability Committee is responsible for formulating strategies and examining measures for decarbonization. The Environment Subcommittee, a subordinate organization of the committee, then discusses the identification of issues, formulation of targets and implementation plans, and specific measures.

Strategy

We conducted scenario analysis on risks and opportunities related to climate change, considering multiple scenarios including the 1.5°C scenario in line with TCFD recommendations. As a result, we identified the following two risks as particularly important.

1. Transition risk arising from various regulations introduced to mitigate damage
2. Physical risk due to the increasing severity of natural disasters

In response to these risks, we examined measures such as expanding our product offerings that contribute to decarbonization and reducing costs associated with energy and resource conservation. In addition, we also considered opportunities to contribute to further growth.

Identification of risks and opportunities in the JVCKENWOOD Group and impact on the business

Risk category	Risk type	Risk overview	Risk opportunity	Impact level on business	
1. Transition risks	(1) Policy and Legal	● Impact of carbon tax introduction and CO_2 emission regulations ● Impact on the on-board unit business due to tightening of fuel efficiency/ZEV*3 regulations *3: Zero emission vehicle	● Development of on-board units that comply with stricter regulations	● 1.5°C scenario FY2030: Low FY2050: Moderate	● 4°C scenario FY2030: (Minor) FY2050: (Minor)
	(2) Technology	● Impact on R&D costs (development of low-carbon products, adoption of low-carbon materials, EV compatibility, introduction of new equipment)	● Development of environmentally friendly products using new technology	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Low
	(3) Market	● Impact of changes in consumer behavior (spread of ethical consumption behavior, etc.) ● Impact of energy cost fluctuations	● Initiatives to extend the lifespan of existing products ● Developing new markets	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Low
	(4) Reputation	● Impact of requests to reduce environmental loads (evaluation by consumers and long-term investors, corporate social responsibility)	● Introduction of environmentally friendly products	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Low
2. Physical risks	(1) Acute	● Impact on production due to the severity of disasters (shutdown of production factories, disruption of supply chains, shortage of inventory, etc.)	● Introduction of products that support disaster prevention and mitigation	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Moderate

For details, please visit our website.
https://www.jvckenwood.com/en/sustainability/activity/climate_change.html

Aspects of opportunity	Opportunity overview	Impact level on business	
1. Resource efficiency	● Cost reduction through reorganizing production bases, streamlining logistics, and using recycled materials M&T Sector ● New business entry due to increasing demand for low-carbon vehicles ● Entry into and expansion of mobility business fields other than automobiles S&S Sector ● Expansion of existing business due to increased use of public transportation ES Sector ● Expansion of existing business by mandating low-power consumption products	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Low
2. Energy source	● Cost reductions through improved energy efficiency, in-house power generation, etc. ● Establishment of development processes and production lines aimed at restraining carbon emissions ● Utilization of policies and subsidies for the development and sale of low-carbon products	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Low
3. Products and services	M&T Sector ● Prolongation of lifespan through the enhancement of durability and quality in existing products ● Battery recycling business ● Reuse business/trade-in service for our own products ● Launch of new business contributing to MaaS S&S Sector ● Increased demand in existing markets due to demand for disaster prevention and mitigation ● Introduction of new products such as low-carbon radios ● Expansion of voice transmission + α wireless services ES Sector ● Entry into new disaster prevention products and services ● Increased demand in the luxury goods market due to staying at home demand	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Moderate FY2050: Moderate
4. Market	● Entry into new business due to changes in mobility (including related products and services) ● Increased demand for products related to disaster prevention and mitigation, such as highly durable radio equipment, communication services, and high-performance portable power sources	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Moderate FY2050: Moderate
5. Resilience	● Building a supply chain that anticipates disasters (BCP formulation, etc.)	● 1.5°C scenario FY2030: Low FY2050: Low	● 4°C scenario FY2030: Low FY2050: Low

Risk Management

Starting from FY2023, we have added risk management in line with the TCFD recommendations (transition risks and physical risks arising from climate change issues and their classification items) into the risk categories to be considered in our risk surveillance (see p. 50). This allows us to clearly manage risks arising from climate change. At the same time, we integrate these risks with other general risks, enabling progress management of countermeasures in a unified manner.

https://www.jvckenwood.com/en/corporate/riskmanagement.html

Indicators and targets

We have set a target to reduce CO_2 emissions (Scope 1 + Scope 2) by 46.2% by FY2030 compared to FY2019, and for categories 1, 4, and 11 in Scope 3 by 13.5% compared to FY2019. We have also declared our long-term goal to be carbon neutral by 2050, and are working on activities to reduce CO_2 emissions.

https://www.jvckenwood.com/en/sustainability/activity/climate_change/save_energy.html

Effective use of resources

Reduction of waste

Aiming to maintain a global recycling rate of at least 90%, we are actively working to recycle and monetize waste generated from our business activities by sorting and decomposing them frequently within the Company. Going forward, we will strengthen our 3R management initiatives to achieve zero emissions and further promote the reduction of the total amount of waste and the recycling of resources.

Reduction of plastic consumption volume for containers and packaging

There is a growing demand in society for resource recycling related to plastics following the enforcement of the Plastic Resource Circulation Act in April 2022. We are also taking various measures to reduce the amount of plastic used in our products and packaging materials, including the use of pulp molded cushioning materials.

Theme	KPI		
	FY2024	FY2025	FY2030
Reduction of waste (waste recycling rate)	90% or more	90% or more	Maintain at least 90%
Reduction in waste generation (per unit sales) (compared to FY2019)	-5%	-6%	-11%
Reduction of plastic consumption volume for containers and packaging (compared to FY2019)	-16.3%	-19.6%	-35.9%
Reduction in water consumption (compared to FY2019)	-5%	-6%	-11%

Addressing Environmental Responsibility in Our Products

We believe it is crucial as a manufacturing company to contribute to reducing environmental loads through the manufacturing process, sales process, and use of products. We are undertaking the following initiatives.

Reduction of CO_2 emissions through joint development

Three companies, Nissan Motor Co., Ltd., 4R Energy Corporation, and the Company, have jointly developed a portable power source using recycled batteries from the Nissan LEAF electric vehicle, which was released in October 2023. With design and development to optimize the safety and reuse of used batteries, it is now possible to reduce CO_2 emissions produced from manufacturing. This product is resistant to heat and cold, can be mounted in vehicle, and can be stored for a long period of time, so it can also be used as an emergency power source in times of disaster.

The product also received the Top Prize in the Disaster Prevention/Mitigation & SDGs Prize Solution Category at the Disaster Prevention/Mitigation & Sustainable Grand Prize 2024 by the Association for Disaster Mitigation and Sustainable Technology.

Disaster Prevention/Mitigation & Sustainable Grand Prize 2024 website
https://ssmartace.or.jp/grand-prize-2024-results/



JK Sustainability

Reduction of plastic consumption volume for packaging materials

We will promote initiatives to replace product packaging and cushioning materials with environmentally friendly recycled raw materials, thereby contributing to improved recyclability and effective use of resources.

Example 1: The 2024 model of car navigation systems for the domestic market newly adopted pulp mold as a product cushioning material. Compared to the 2023 model, we have reduced the weight of plastic used in packaging materials by 66% and lowered CO_2 emissions during production by approximately 47 tons* annually. We also jointly entered the 2024 Japan Packaging Contest with our co-developer and manufacturer Dynapac Co., Ltd. and won the Electrical and Equipment Packaging Category Prize.

*Based on our own calculation method



JK Sustainability



GOOD PACKAGING
2024 Japan Packaging Contest
Electric Equipment Packaging Award

Example 2: In the 2024 release of the handheld amateur radio set TH-D75, we achieved a reduction of plastic consumption volume for containers and packaging compared to the previous model TH-D74 by switching the cushioning material to pulp mold.

JK Sustainability





Example 3: Since 2020, we have been working on de-plasticization in packaging materials for headphones/earphones. We have unified all packaging materials for all headphones/earphones developed and sold after 2022 to paper-based materials.



JK Sustainability

Reduction of environmental impact by miniaturization

The TCB-D239CR, a new digital simple radio repeater, has been miniaturized to about one-third of the packaging volume compared to the conventional TCB series. We have increased the number of units that can be loaded per volume and improved transportation efficiency. With miniaturization, the product became lighter, allowing us to eliminate the need for styrofoam as a cushioning material in the packaging.



Reduction of power consumption

Bluetooth® headphones are designed to reduce power consumption. We are committed to minimizing our impact on the environment.



JK Sustainability

Value Creation Strategy 3: Sustainability Strategy

Material Issue 3: Sustainable Monozukuri (Responsible Supply Chain)

Through collaboration with group companies and suppliers, we will build a responsible supply chain that enables supplying the necessary goods to customers and markets when needed and in the necessary volume at the appropriate cost, while contributing to the realization of a sustainable society by promoting sustainable procurement.

Supply chain management (SCM) reform

In the JVCKENWOOD Group, operating cash flow worsened in the fiscal year ended March 2022 from a year earlier due to an increase in material inventories brought by political and military tensions in certain regions, as well as global shortages in semiconductor supplies and COVID-19. In response to this situation, the Corporate Risk Management Committee identified SCM risks such as loss of profit due to excess inventory and loss of customer satisfaction due to delays in product delivery as important risks for the Company. In April 2022, we appointed an officer in charge of Supply Chain Management Reform and established the SCM Innovation Department to start SCM reform for risk mitigation.

In October 2023, in order to accelerate SCM reform, the SCM Innovation Department and the Procurement & Logistics Department were integrated into the SCM Department.

The SCM Department has two main missions and is working to strengthen the supply chain.

Main missions	Initiative
■ Construct a supply chain that enables supplying the necessary goods to customers and markets when needed and in the necessary volume at the appropriate cost ■ Promote S&OP*1 management and achieve the business plan	■ Maximize cash flows from operating activities ・Proper management of inventories ・Reduced loss of sales opportunity ・Reduced total costs by improving operational efficiency ■ Manage SCM risk (obstacles for business plans) ・Assessment and management of procurement, production, and logistics risks ・Development of inventory strategy and strengthening supply chain for stable supply ・Optimization of lead time for supply chain-related processes

We anticipate diversifying risks such as natural disasters and geopolitical risks and build supply chains that can tolerate emergencies, as well as adapt to changes in the external environment surrounding the Group. We will also restructure the entire supply chain, from the arrangement of raw materials to the supply of goods to final customers, from the perspective of optimality for the whole company.

Furthermore, we aim to improve corporate value by achieving business plans through S&OP management, maximizing profits, and maximizing operating cash flow while achieving to enhance data analysis by SCM reform, visualizing the reality of SPI*2, revamping the SPI process, ensuring stable product supply, and minimizing opportunity loss in sales.



*1 Sales and operations planning
*2 Abbreviations for sales, production, and inventory

Promotion of sustainable procurement

Theme	Ideal state for FY2030 (KPI)
Respect for human rights	■ Conducting training on human rights for procurement and logistics-related divisions (continuing) ■ Conducting training on human rights for business partners (continuing) ■ Establishing and operating an external consulting desk
Promotion of sustainable procurement	■ Obtaining signatures in support of our CSR procurement guidelines when opening a new account ■ Requesting the implementation of CSR self-audits by business partners and implementing corrective measures for business partners with identified problems ■ Participating in alliances such as RBA and taking advantage of global frameworks

We recognize that building sustainable supply chains is important not only for pursuing corporate growth but also for contributing to realizing a sustainable society. Based on this recognition, we established the JVCKENWOOD Group Procurement Policy (the Procurement Policy) in October 2018 to promote sustainable procurement in a comprehensive supply chain that includes our business partners. Prior to this, the JVCKENWOOD CSR Procurement Guidelines (the CSR Procurement Guidelines) were established in 2017 (revised in 2020) in accordance with the Code of Conduct of the Japan Electronics and Information Technology Industries Association (JEITA). In addition, procurement and logistics-related divisions conducted training on human rights twice in FY2023 to promote understanding of initiatives required in procurement.

Initiatives for business partners

When opening a new account, we ask our business partners to agree to enter into a contract using a basic transaction agreement based on the Procurement Policy, as well as requesting signatures from them in support of the CSR Procurement Guidelines. Furthers, as part of the evaluation process of existing business partners, in June 2023, we sent a self-assessment sheet (SAQ*3: FY2022 revised version), which was developed in accordance with the CSR Procurement Guidelines, to all business partners with which we had business during the previous fiscal year and plan to continue to transact, and received responses from more than 90% of those business partners. We analyze the responses to the SAQ and provide feedback to existing business partners who are identified as having a high risk of response to the items that could lead to significant violations of laws and regulations, particularly regarding human rights, making written requests to improve in the relevant risks. Furthermore, in July 2024, we joined the Engagement and Remedy Platform of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) and established a whistle-blowing contact point for all stakeholders, including the supply chain.

Through these continuous initiatives for improvement, we will work to identify, prevent, and mitigate risks related to human rights and other sustainability issues.

*3 Self-assessment questionnaire

Environmental initiatives

As part of our efforts to reduce supply chain CO_2 emissions (Scope 3, Category 1), we began calculating CO_2 emissions using data in FY2024 with the cooperation of our business partners. We plan to gradually expand the scope of our business partners which will be included in the calculation.

Communication with business partners

At the annual Partners' Meeting, we promote awareness and understanding of the Procurement Policy and the CSR Procurement Guidelines. In addition, we strive to enhance communication by confirming the status of efforts through questionnaires and listening to their requests to the Company.



Declaration of building partnership

The Company has declared that it will work to build new partnerships by promoting cooperation, co-existence, and co-prosperity with suppliers in the supply chain and businesses that are striving to create value.

Declaration of building partnership

1. Co-existence and co-prosperity of the entire supply chain and new cooperation across the boundaries of business size and affiliation
2. Compliance with the Promotion Standards based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises

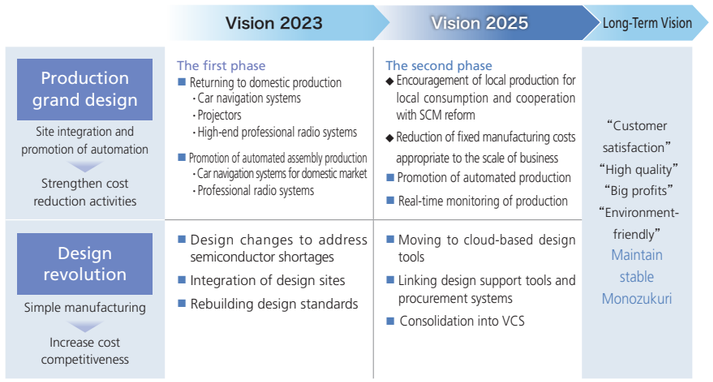
Value Creation Strategy 3: Sustainability Strategy

Material Issue 3: Sustainable Monozukuri (Manufacturing Reforms)

Through production reforms, IT reforms, improvement in the research and technology development environment, and intellectual property strategy, the Company will establish manufacturing standards and data-driven management to realize stable and sustainable manufacturing that responds promptly to changes in the business environment.

Basic strategy for manufacturing reforms

Focusing on the integration of production bases, promotion of automated production, encouragement of local production for local consumption, and establishment of a supplier ecosystem, we have been working on production ground design and design revolution that fit the total production volume and total man-hours. We aim to establish manufacturing standards in which anyone is enabled to design, any place is suited to produce, production systems are optimized and standardized, shipping quality is ensured, and work styles are diversified.



Progress in manufacturing reforms

In efforts to return to domestic production, for which we have been working as a part of production ground design, we made decisions at an earlier stage to take on the challenge of realizing a production model based on local production for local consumption, aiming to enhance and redeploy our management assets. Furthermore, in the Communications Systems Business, which is the key to profit generation, we are accelerating further streamlining of design and fostering of earnings power from a total cost perspective, including the commencement of automated production at the Yamagata factory of the VP8000 tri-band radio, the top-of-the-line model for the North American public safety market.

While we proceed to reorganize production bases in an accelerated manner, we aim to manufacture products in a way in which the design environment is standardized and products of any categories can be designed as well as so that products of any categories can be produced independent of a particular base.

Efforts to optimize production bases and development sites

Timing	Contents	Readiness for geopolitical risk	Foreign exchange measures	SCM optimization	Security enhancement	Returning to Japan	Efficiency automation	SDGs ESG
February 2022	Production transfer of car navigation systems for domestic aftermarket Indonesia to Nagano	●	●	●	●	●	●	●
March 2022	Production transfer of projectors Thailand JKET*1 to Yokosuka	●	●	●	●	●	●	●
March 2022	Production transfer of professional cameras Thailand JKET → Thailand JKOT*2 Termination of JKET production activities	●		●			●	●
November 2022	Production transfer of car navigation system for domestic OEM China (Shanghai) to Nagano	●	●	●	●	●	●	●
March 2023	Transfer of M&T development functions from Singapore Closure of development sites in Singapore					●	●	
September 2023	Termination of production activity in the Shanghai production base in China	●	●	●	●	●	●	●
March 2024	Completion of transfer of the Shanghai production base in China	●	●	●	●	●	●	●

*1 JVCKENWOOD Electronics Thailand Co., Ltd. *2 JVCKENWOOD Optical Electronics (Thailand) Co., Ltd.

Initiatives for product quality and safety in manufacturing

The Group established a Group-wide quality management system based on the Quality Philosophy and the Quality Policy, and has been working together to improve the quality and safety of products in all activities from procurement to sales, including the resolution of quality issues by mutual collaboration among each business division and others concerned, and a specialized approach to improving product quality in each business area of design, procurement, and manufacturing.

In the OEM Business in the M&T Sector in particular, our business activities need to meet the quality requirements of automotive manufacturers, and we are regarded as superior quality suppliers by automakers and Tier1 global-scaled manufacturers. In the Communications Systems Business in the S&S Sector, we have received numerous orders in recognition of our design quality and production technology to ensure the highly reliable standards and unparalleled robustness required in the North American public safety market.

Company-wide Quality Management

The Company holds a Company-wide Quality Management Committee every six months. Under the leadership of the CEO, personnel in charge of quality management throughout the Group, including Executive Officers and business managers, share the quality status of all business areas and make prompt decisions to resolve quality issues. In addition, in order to realize the policies and measures decided at the meeting, the Quality Managers Conference, which is composed of quality assurance managers from all divisions, decides on specific quality activities and forms organizations such as working groups, projects, and subcommittees as necessary to resolve quality issues. Further, the CEO reports to the Board of Directors on the quality status of business areas shared at the Company-wide Quality Management Committee, and the management actively provides appropriate supervision and guidance to the execution sites.

Company-wide quality management organizational structure



Web For details, please visit our website.
https://www.jvckenwood.com/en/sustainability/social/safety.html

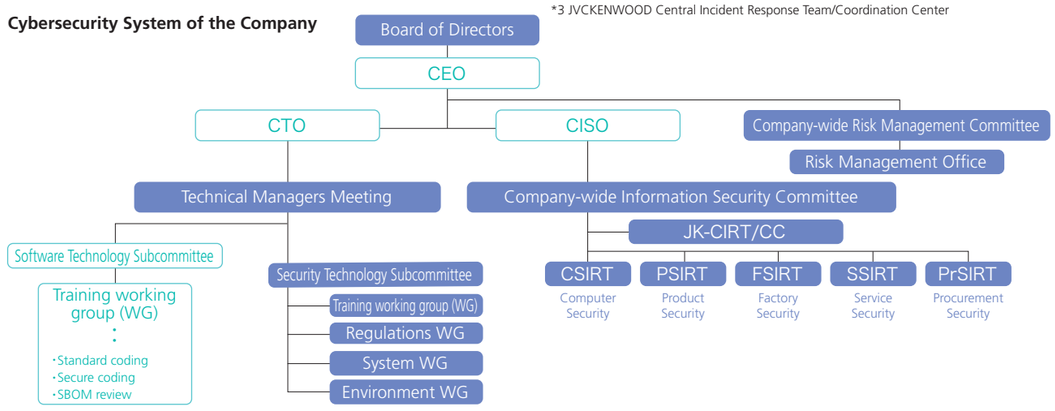
Strengthening the cybersecurity system

The Group recognizes that the management of confidential information and the protection of personal information in our business activities are important issues for us and is working to build a stronger information management system, with all employees constantly maintaining risk awareness and engaging in daily operations. In particular, under the leadership of the Chief Information Security Officer (CISO), we established JK-CIRT/CC*3 to strengthen cybersecurity and are striving to protect information assets entrusted to us by our clients around the world and stakeholders such as business partners, shareholders, and employees, as well as the information assets of the entire Group.

In information security governance, under the supervision and guidance of the Board of Directors on business execution, the CEO and CISO are responsible for information security risk assessment and management as part of management risk control, and for executive responsibility for response to incidents if/when they occur.

*3 JVCKENWOOD Central Incident Response Team/Coordination Center

Cybersecurity System of the Company



Value Creation Strategy 3: Sustainability Strategy

Material Issue 3: Sustainable Monozukuri (Accelerating Innovation)

Connecting people with space and time to create the future

Our two R&D divisions, the Future Creation Research Laboratory (FCRL) and the Innovation Design Center (IDeC), strive to provide sustainable value through technology that responds to people's instincts and desires through future-oriented research and technology development based on the Company's strengths in visuals, audio, communications, and design management. Through this, we aim to realize the basic technology development strategy of "Connecting People with Space and Time to Create the Future."



Yoshio Sonoda
Director of the Board, Managing Executive Officer
Chief Technology Officer (CTO)
Chief Information Security Officer (CISO)

Future-oriented research and development

In addition, with the theme of "The Beginning of Challenges for the Future Originating from Interface," we will realize user experience from the customers' perspective and the provision of new value by co-creation, through the activities of the FCRL, which promotes open-minded activities focusing on the future 10 years ahead.

Basic strategy: **Connecting people with space and time to create the future**

The Beginning of Challenges for the Future Originating from Interface

Network/Optical Communication
Provision of high-speed, high-capacity, low-latency communications and high-definition environment through the cloud services
▼
Services of high-density optical device integration technology, photonics-electronics convergence development, and distributed processing

Computing/AI
Value creation for a data analysis society through next-generation computing and quantum technologies
▼
Sublimation of learning and recognition through video analysis, speech analysis, language analysis to inference-based AI

Simulation /Digital Twin
Foster new business models in a world without boundaries between virtual and real space
▼
NFT technology with spatial reconfiguration and blockchain IoT devices linked to the cloud

Visuals, Audio, Communications, UX/UI | **Security**

Creation and discovery of business opportunities with a sense of speed

In October 2023, we established the IDeC as a new organization to develop an interface for the creation and discovery of new business opportunities and implement the development of service infrastructure.

By multiplying the new ideas generated from friction at the interface with people through thorough marketing by the Company's technological capabilities, we will implement customer-oriented design management, creating a chemical reaction in an accelerated manner and realizing customer needs. Currently, with a focus on creation of the core innovations that aligned with the future of business fields and the innovations adjacent to business activities, we are developing human resources capable of exercising, sharing, and communicating new imagination, accumulating experience and knowledge gained through co-creation activities as intangible assets, and strengthening our ability to communicate internally and externally with participation of the management.







Intellectual property strategy

Intellectual property system

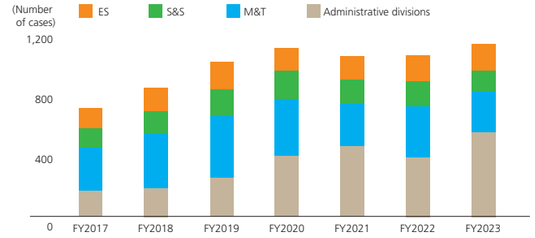
We continue to develop an intellectual property and intangible assets portfolio that supports our business and promotes activities in line with its intellectual property strategy utilizing the IP landscape*1. These intellectual property activities are regularly reported to the Board of Director, and a system has been established in which the Board of Directors effectively supervise them.

*1 Techniques for developing management and business strategies using intellectual property information

Patent portfolio to support business

In our patent-creation activities, we have acquired patents to support our business, while maintaining the number of patent applications in our three business fields, and are strengthening applications in the R&D Division to contribute to the creation of customer value in the future.

Breakdown of patent applications



Example of value creation from intangible assets

The Company promotes innovation creation in the entire value chain as the company-wide initiatives.

The Company also encourages the creation and utilization of intellectual properties (intangible assets) through the activities of the two R&D Divisions, the FCRL and the IDeC.

Company-wide initiatives

Maintaining stable Monozukuri

Value creation and profit creation in the entire value chain

Packaging and transportation costs reduction, workability improvement, and environmental load reduction

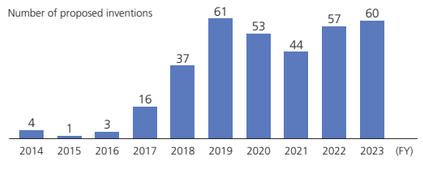
(Example) Pulp molded cushioning materials (application for a patent and a registration of a design)



Provision of customer*2 value
Contributing to the reduction of disposal costs and CO_2 emissions of partners
*2 Including stakeholders such as partner companies

Strengthening partnerships and generating profits by creating new value at each stage of the value chain

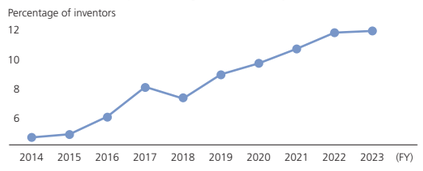
Creating innovation in the entire value chain



Increase in the number of proposed inventions*3 in the indirect divisions*4

*3 Including invention proposals that have not been led yet
*4 Divisions other than product development and R&D (design, manufacturing, quality assurance, etc.)

Human resource development throughout the company (innovative environment)



Increase in the percentage of inventors*5

*5 Inventors as a percentage of total number of employees including those of major domestic affiliates

Purpose

Finance perspective
Customers' perspective
Operational perspective
Human resources perspective

R&D Division initiatives

Creating new value

New value creation with less impact on the financial aspect

FCRL IDeC

"FCRL engaged in future-oriented research and development"
"IDeC which creates and discoveries business opportunities with a sense of speed"

Long-term development investments and agile investment decisions by two R&D divisions

Customer feedback/partnership building

IDeC

(Example) Public disclosure of PoC*6



(Example) Collaboration with other companies
ARCH
YOXO 横浜未来機構

Promoting early filing for early publication
*6 Proof of Concept

Building a process for creating business opportunities

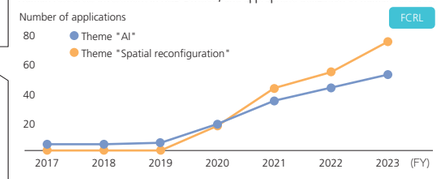
IDeC

Creation and discovery of new business opportunities through new ideas generated by marketing and the Company's technological capabilities

Establishment of IDeC, a new organization to implement the customer-oriented design management

Human resources investment in R&D Division, and appropriate utilization of human resources

FCRL



Strengthening the application of focus themes of FCRL
Development of "technology that expands the five senses and creates new spaces"

FCRL Future Creation Research Laboratory
IDeC Innovation Design Center

For details, please visit our website
https://www.jvckenwood.com/en/sustainability/economy/evolution/property.html

Foundation for Value Creation

Promoting Employee Engagement

Investing in people to strengthen capabilities and push boundaries



Kazuyoshi Hayashi

Director of the Board
Managing Executive Officer
Head of Administrative Division

The JVCKENWOOD Group has cited Investing in people to strengthen capabilities and push boundaries as one of its management policies, and recognizes that human resources development is the most important issue for a sustainable growth of a company. We believe that human resources to realize innovation are independent players who take actions proactively. We aim to hire human resources widely who discover a new issue and have the willingness and ability to solve it proactively, or who can verbalize their own viewpoints, opinions, as well as skills and experiences nurtured, and to develop them into a diverse workforce.

Furthermore, in order to promote human capital measures in linking with management strategies, we focus on the maximization of the output of individuals by making the most of their abilities and qualities. By investing human capital in the growth-driving business set forth in "VISION 2025," our medium-term management plan, we hope to build a win-win relationship with our employees by making them feel rewarded and increasing their engagement under stable management. Management must therefore make prompt decisions and engage in timely and appropriate recruitment and human development with a sense of speed.

To support the growth of each employee, we are developing an education and training program and promoting the establishment and utilization of systems that allow employees to work for a long time even if their lifestyles have changed, in order to develop and retain human resources who can realize innovation. JVCKENWOOD Career Design, launched in FY2024, is a system to support the development of skills and career while accompanying each employee. Various menu is available to develop human resources so that they can be active over the long term smoothly, from their third year with the company to their 30s, the prime of their careers, and their 50s when they start considering retirement or second careers.

Furthermore, employee health is essential to the company's growth. JVCKENWOOD declared clearly that it strives for a healthy and vibrant work environment as the JVCKENWOOD Health Declaration, and works on the ideal state and issues to be solved in line with the Health Management Implementation MAP, which outlines its health management objectives and initiatives.

We expect Value Creation Square (VCS), a base for creating new value, to change working styles dramatically in the accelerating "Change for Growth." By establishing a working style that can be adapted anywhere, including hybrid work, and a personnel system that supports this style, we will work to realize an environment in which people in various positions can work comfortably. We will continue to provide opportunities for various working styles so that employees will not give up their career due to family circumstances.

We have employees from different backgrounds such as Victor Company of Japan, Limited, Kenwood Corporation, and other career hires. We will continue to strive for the development of a company that realizes innovation by leveraging the diversity fostered by overcoming change together, and by exercising each employee's strength to the fullest.

JVCKENWOOD Group's human capital strategy

Based on our medium-term management plan "VISION 2025," we are strengthening our initiatives to realize the human capital strategy to enhanced ability of each employee to create value and maximize corporate value. We are developing and implementing ability development plans which link with management strategies, strengthening activities of strategic recruitment of new graduates and mid-career hires, activating rotation, especially among young employees, introducing the super flex-time system as a diversified working style, as well as introducing hybrid work centered on VCS, a base for new value creation, to achieve a rewarding workplace and flexible working styles.



Human capital strategy in VISION 2025

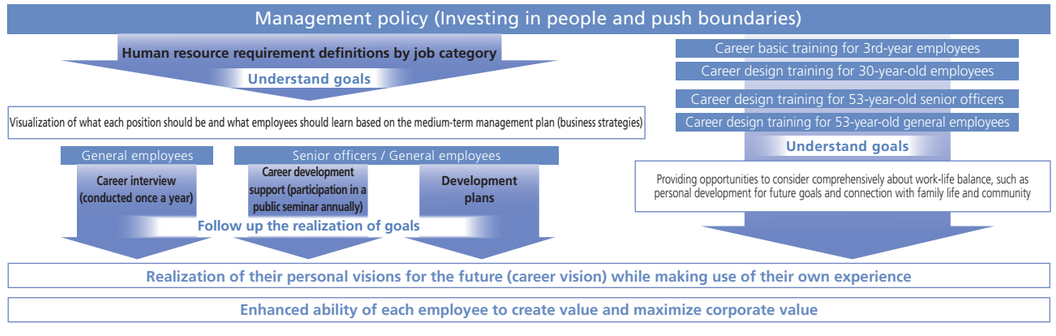
Themes	Ideal state	Measures	KPIs
HR strategy Diversity	● Linkage between management and human resource strategies ● Enhanced ability of each employee to create value ● Rewarding workplace ● Realization of flexible working styles ● Increased engagement	• Formulate human resource requirements and ability development plans in conjunction with management strategies • Strengthen strategic recruitment efforts for new graduates and mid-career hires • Activate rotation, especially among younger employees • Cultivate customer orientation through design management training • Introduce a stock-based remuneration system for executive senior management • Enhance communication measures, including management dialogue • Develop systems such as a super flex-time system • Promote new ways of working in the VCS • Promote employment and career opportunities for people with disabilities • Respond to same-sex partners	● Number of recruits ● Number of trainees ● Engagement indicators ● Voluntary retirement rate
Promotion of health management	● Established healthy and productive work styles	• Health management reporting • Enhancing measures to improve health literacy	● Productivity indicators ● Rate of employees on administrative leave

JVCKENWOOD Career Design to support skills and career development

JVCKENWOOD Career Design was launched as a system to encourage employees to learn aggressively, in order to assists employees in making use of their own experience to realize their personal visions for the future career vision. JVCKENWOOD Career Design builds an environment where employees are encouraged to learn aggressively by organizing the definition of position-specific human resources requirements and visualizing a career design at JVCKENWOOD. At the same time, by linking management and business policies and human resource development plans to realize those said policies, we strive to contribute to the improvement of our business performance.

In addition, a career designer is assigned within the Human Resources Department to formulate human resources development plans and serve as a consultant on employee training and careers at each workplace. By strengthening support to realize ideal state of each employee, we will work to improve the value creation ability of each employee and maximize corporate value.

JVCKENWOOD Career Design overview



Web For details, please visit our website
https://www.jvckenwood.com/en/sustainability/social/human_resources.html

Health management

The JVCKENWOOD Group issued the JVCKENWOOD Health Declaration and has been working to create a work environment where all employees can work healthily and vividly. The Group is aware that "Improvement of employees' performance" is a management issue to be solved. To realize this, the Group strives to maintain and improve the mental and physical health of each employee through health management, aiming to reduce absenteeism, improve presenteeism, increase work engagement, and enhance and improve work-life balance. And in accordance with Health Management Implementation MAP that outlines health management goals and initiatives, all employees are implementing initiatives.

Through these efforts, we have been recognized as an organization practicing excellent health management for seven consecutive years since 2018, and in 2024, we were also recognized for the sixth time as the 2024 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category) (White 500).

2024 健康経営優良法人 Health and productivity ホワイト500

Diversity & inclusion (D&I)

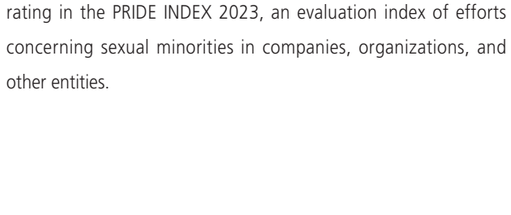
The Group considers the promotion of diversity and inclusion as one of its key initiatives to strengthen its corporate foundation which is important to realize sustainability management. We are creating an organization in which employees from various backgrounds such as race, nationality, religion, culture, disability, work style, age, gender, sexual orientation, and gender identity can play active roles, and striving to contribute to a sustainable society through the creation of innovation and businesses, with three pillars of D&I promotion measures: fostering organizational culture, evolution of communication, and revitalization of the organization.

For example, to achieve the ratio of female managers of 8.0% (FY2024 goal), we support female employees by conducting training including managerial training, and enhancing parental leave systems, etc., so that they can play active roles. As a result, the ratio of female managers rose to 6.3% as of the end of March 2024, from 2.1% in 2015.

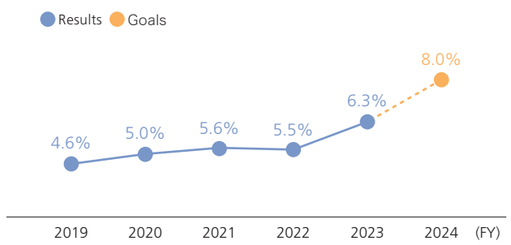
We have been certified by the Minister of Health, Labour and Welfare as an "Eruboshi" under the Act on the Promotion of Women's Active Engagement in Professional Life (the women's empowerment law), and have obtained the highest rank (the third level). As part of our efforts to create a work environment in which both male and female employees can easily take childcare leave, we conduct childcare leave interviews for all employees who themselves or their spouses are expecting a baby.

In addition, as an effort to promote the taking of childcare leave by male employees, the system has been changed so that from October 2022, the maternity leave available for a spouse's childbirth can also be used for childcare purposes, and the number of days available for leave has been increased from 3 to 20 days. As a result, the rate of male employees taking childcare leave reached 100% in FY2023. In addition, as a measure to support the balance of childcare and nursing care with work, we prepared a handbook which compiles basic knowledge and systems regarding childcare and nursing care, and posted it on the Company Intranet.

Conceptual diagram of diversity & inclusion



Trends in the ratio of female managers



女性が活躍しています Eruboshi certification mark

work with Pride Gold 2023 PRIDE Index Gold Award Logo

In our LGBTQ+ initiatives, we have introduced a personnel policy to include virtually married partners and same-sex partners as spouses in the internal system from January 2024. For the sixth consecutive year since FY2018, the Company has received the highest "Gold" rating in the PRIDE INDEX 2023, an evaluation index of efforts concerning sexual minorities in companies, organizations, and other entities.

Human rights Initiatives

The Group respects the human rights of all stakeholders involved in its business activities and supply chain. Against the backdrop of growing concern about the impact of globalized business operations on human rights, we formulated the "JVCKENWOOD Group Human Rights Policy" to express more clearly our intention to respect human rights in our business activities. The policy requires compliance not only by our officers and employees but also by all external partners in the value chain, including business partners and suppliers who may have an influence through the business, and actively encourages appropriate action through stakeholder engagement. Based on this policy, we will further promote respect for human rights in our business activities.

In order to identify, prevent, or mitigate the impacts on human rights and continually consider how to address them, we implement human rights due diligence.

In December 2023, we identified and reviewed significant human rights issues and identified four priority human rights issues to be addressed. We will continue to report our efforts to address human rights issues to all stakeholders through our website and other means.

(1) Protection of personal information in supply chain
(2) Discrimination and harassment against employees
(3) Forced labor and child labor in supply chain
(4) Remedies in supply chain

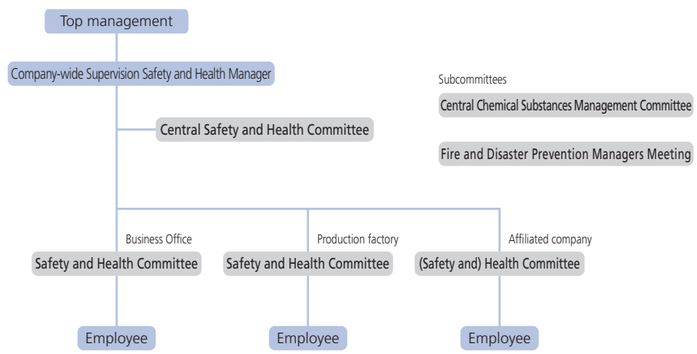
Web For details, please visit our website.
https://www.jvckenwood.com/en/sustainability/social/human_rights.html

Occupational safety and health

The JVCKENWOOD Group is committed to creating a safe and healthy work environment for all workers involved in its business activities in cooperation with various stakeholders, including partner companies, under the Occupational Safety and Health Declaration conducted by our top management, which states that it will "Place Safety and Health Before Everything Else." The JVCKENWOOD Group has established a system under which the entire Group promotes occupational health and safety activities under a common policy, and the Central Safety and Health Committee meets regularly at least once a year. Labor and management work together to investigate and deliberate on issues at the company-wide level regarding basic measures for preventing worker hazards and health hazards and preventing occupational accidents. They also set annual company-wide safety and health activity goals and priority action items, which are then rolled out to each business site, sales office, and affiliated company.

To raise awareness of occupational health and safety, in addition to the statutorily mandated training, we have conducted occupational health and safety training at least once a year for domestic Group employees and temporary employees. In addition to complying with the Industrial Safety and Health Act and related laws, we also regularly hold Safety and Health Committees and conduct monthly safety patrols to build a safe work place. With regard to workplace safety issues that have been identified during safety patrols, we take corrective measures while listening to the opinions of employee representatives. We will continue our efforts to prevent occupational accidents among our employees through continuous improvement of our safety and health activities.

Organization and management structure for occupational safety and health







Foundation for Value Creation

Risk Management

Basic Policy

The Group regards risks as factors that could inhibit the achievement of business plans and works to minimize impact or damage by accurately identifying all risks associated with our business activities worldwide. We are establishing a system based on the belief that it is also an important risk management activity to positively take advantage of these risks as opportunities to maximize returns.

With a director who supervises and promotes risk management from a company-wide perspective, and a risk management division serving as the secretariat, the heads of Business Sectors, Group companies and the Administrative Division take the lead in identifying risks to the Company proactively and regularly. In so doing, we understand risks in advance and consider rapid countermeasures in the event of the realization of those risks in order to manage risks and opportunities appropriately.

Since FY2023, we have been strengthening our risk management system to address climate change risks in line with the TCFD recommendations. Transition risks*1 and physical risks*2 arising from climate change issues are classified separately from general risks and assessed in terms of material issues, and managed in an integrated manner with other risks.

*1 Risks arising from the transition to a low-carbon society
*2 Risks arising from physical changes due to climate change

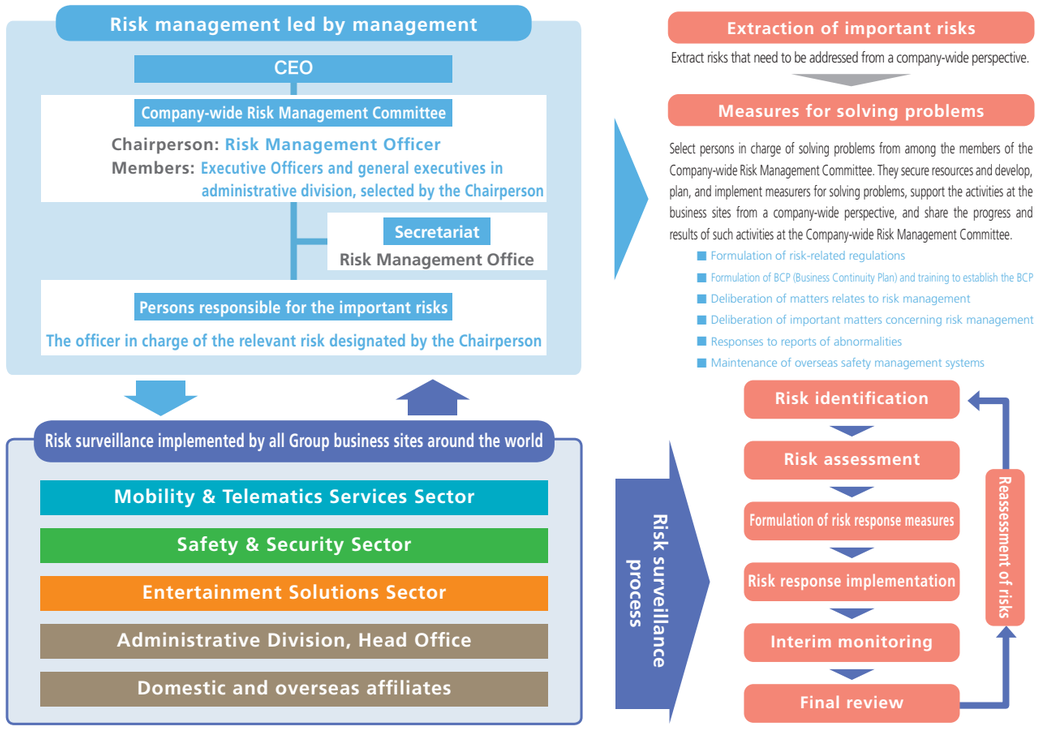
Risk management system and risk surveillance

We have established the Company-wide Risk Management Committee hosted by the CEO, chaired by the director in charge of risk management, and composed of directors and heads of administrative divisions designated by the chairperson. Based on business risks faced by business sites and identified by each business unit and region, as well as management issues and business issues, we will formulate measures to resolve global important risks that should be addressed with the highest priority extracted in light of their impact on business, urgency, and degree of incident, and designate an officer in charge of managing the relevant risks as the officer responsible for promoting countermeasures as a company-wide measure at the management level.

The officer responsible for promoting countermeasures implements a cycle to deploy and improve measures against global important risks to business units and regions and monitors progress as business initiatives to be achieved during the current consolidated business year.

All the divisions in the Group implement annual risk surveillance to assess business base risks based on their impact on the business, frequency of occurrence, and status of response, and formulate and implement countermeasures. In addition, each division implements a cycle of monitoring and improving the progress of countermeasures.

Risk management system



Mapping by risk assessment and countermeasures

Risks identified through risk surveillance are evaluated and mapped according to Impact, Urgency, and Response Level and classified as follows.

Countermeasure risks: Risks to be avoided by developing a response implementation plan (see below table (1) to (11))

Monitoring risks: Risks to be deterred or transferred Recording risks: Risks to be retained

Impact		Example of losses
5	Significant	More than 1 billion yen
4	Serious	More than 100 million yen
3	Standard	More than 10 million yen
2	Minor	More than 1 million yen
1	Ignore	Less than 1 million yen

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Urgency	
5	Within 1 year
4	Within 3 years
3	Within 5 years
2	Within 10 years
1	Beyond 10 years

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Response level
Already taken measures
Mostly taken measures
Taken measures to a certain extent
Taken some measures
None

Impact \ Urgency	Long 1	Mid-to-long 2	Medium 3	Short 4	Urgent 5
Significant 5			Countermeasure risks		1, 2, 7
Serious 4	Monitoring risks		6, 8	3, 10, 11	4
Standard 3				9	5
Minor 2	Recording risks		Monitoring risks		
Ignore 1					

Global important risks for the Group

The Company-wide Risk Management Committee, based on management issues and business issues, identifies global important risks ((1), (2) and (7) in the table below) from the countermeasure risks and formulates measures against them along with other countermeasure risks.

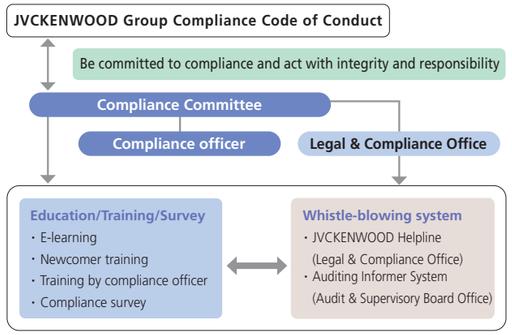
		Risk item	Impact	Urgency	Risk assessment	Countermeasures
Changes in the business environment	(1)	Compliance with laws, regulations, and social demands	Significant	Urgent	Important	Respond to various regulations and laws enforced in each country through a cross-functional project system within the Company. Also promote strengthening of internal control system, which is the core of the Company's operations
	(2)	Changes in supply chain management	Significant	Urgent	Important	Prevent cost deterioration and suspension of activities at domestic and overseas production factories through measures such as securing development backup and multiple suppliers, holding BCP inventory, adopting general-purpose parts, and securing inventory through the use of intermediaries. These measures are incorporated into the business management and daily management cycles
	(3)	Economic fluctuations and changes in preferences	Serious	Short	Countermeasure	Monitor changes and take measures according to the scale of risk ranging from daily operational measures to contingency plans
	(4)	Exchange rate fluctuation	Serious	Urgent	Countermeasure	Implementation of hedging transactions such as exchange contracts
	(5)	Technological innovation	Standard	Urgent	Countermeasure	Revise the technology development and commercialization road map in a timely manner, including changing market environments, social demands and technology trends, and systematically develop engineering human resources and their skills
	(6)	Rapid evolution and transformation of the industry	Serious	Medium	Countermeasure	Promote development of proprietary products and services and establish a position not affected by industry changes
Business operations	(7)	Information security	Significant	Urgent	Important	Establish the JVCKENWOOD Central Incident Response Team/Coordination Center under the control of the CISO (Chief Information Security Officer) to clarify the Company's security system in light of the government's request to strengthen cyber security measures. Strengthen the security system to protect the Group's information assets and information assets entrusted by customers around the world and stakeholders including business partners, shareholders, and employees of the Group
	(8)	Quality problem	Serious	Medium	Countermeasure	Implement thorough checks to prevent quality problems by complying with the standards of each process with an emphasis on quality in the processes of planning, development, and production and establishing effective phase gates. Across the whole Company, promote product safety assessments of new models, reinforcement of management of critical safety parts, reconstruction of the product safety management system (e.g., database of PL* information), design assessments for quality improvement and safety assurance, and company-wide sharing of know-how
	(9)	Loss and shortage of human resources	Standard	Short	Countermeasure	Secure diverse human resources through expansion of recruitment of new graduates and diversified implementation of mid-career recruitment, facilitate career development by establishing the employee development system, and promote retention, appropriate age structure and rebalancing of employees through synergies with workstyle reform
	(10)	Business tie-up with other companies	Serious	Short	Countermeasure	Risk analysis through business tie-ups, and sufficient examination of potential synergies with the Group
Disasters, etc.	(11)	Natural disasters, pandemics, and human disasters	Serious	Short	Countermeasure	Promote business continuity management including business continuity and early recovery from disasters by establishing various manuals assuming crisis response, implementing disaster prevention drills, business continuity plan training, and safety confirmation drills in preparation for emergencies, as well as rapid resumption of production, shipment, and services

*Product liability

Compliance

Basic policy and promotion systems

We understand that in a rapidly changing world, compliance is not limited to legal observance, but also includes responding to socially demanding issues, even if not legally mandated. Thus, the Compliance Committee headed by the CEO and the Legal & Compliance Office took the lead in developing the JVCKENWOOD Group Compliance Code of Conduct. In order to achieve one conduct guide stipulated in the Code of Conduct, "Strive for sincere, responsible corporate behavior as our commitment to compliance," we are taking the following company-wide initiatives.



Web For more information on the JVCKENWOOD Group Compliance Code of Conduct, please visit our website.
https://www.jvckenwood.com/content/dam/pdf/conduct_en.pdf

Initiatives to promote compliance

Compliance training

Education on compliance is provided to inform all executives and employees including those of 27 Group companies overseas on compliance matters in order to construct a robust compliance structure. New employees are provided with training in face-to-face sessions while other employees are provided with regular training through e-learning. Compliance Officers conduct annual training for division heads under their direct supervision and other executives. The training is on the topics covered by the JVCKENWOOD Group Compliance Code of Conduct and other related regulations, as well as on the prevention of corruption, such as the prohibition against facilitation payments and bribery of foreign officials, corporate scandals, and the whistle-blower system. In the event of violations of the Code of Conduct, corruption, or other violations of corporate ethics, we will promptly take measures to prevent recurrence.

Whistle-blowing system

The JVCKENWOOD Group has two whistle-blowing systems (a JVCKENWOOD Helpline and an Auditing Informer System) for use by all executives and employees including contract employees anonymously.

Any concerns about corporate ethics in general and compliance, such as human rights violations, harassment, and corruption (embezzlement, bribery, etc.) are directly reported to the JVCKENWOOD Helpline established in the Legal & Compliance Office based on the Regulation for JVCKENWOOD Group Whistleblowing system, and corrective measures will be taken under the leadership of the Compliance Committee. Any concerns about misconduct by officers or Helpline contacts such as violations of laws are reported directly to the Auditing Informer System established in the Audit & Supervisory Board Office. Both systems employ a dedicated communications system run by selected personnel to protect the whistle-blower's name and maintain the confidentiality of the report.

In addition, in July 2024, we joined the JaCER (Japan Center for Engagement and Remedy on Business and Human Rights) and have been utilizing JaCER's Engagement and Remedy Platform, establishing a contact point to receive complaints and reports about human rights violations from all stakeholders (all people impacted by the Company's business), including those in our supply chains in Japan and overseas.

We will continue using the said systems to detect and rectify compliance violations as early as possible.

Compliance awareness building and penetration survey

With a view to building compliance awareness, we distribute compliance-related e-mails to officers and employees and post and update compliance-related content on our intranet. By presenting examples of compliance violations that have occurred around the world, we educate our officers and employees so that they can stay abreast of the latest compliance trends. Furthermore, in order to check how far the awareness of compliance has been embedded in the Company, we have been implementing an annual survey of Group company officers and employees in Japan during e-learning since 2017. In 2023, 3,430 officers and employees responded to the survey.

Web For details, please visit our website.
https://www.jvckenwood.com/en/corporate/governance/compliance.html

Awards & Recognitions (as of September 1, 2024)

Selected for the investment index

JPX-NIKKEI 400

JPX-Nikkei Index 400 (from August 30, 2024)

JPX-NIKKEI Mid Small

JPX-Nikkei Mid and Small Cap Index (from August 31, 2023)

Evaluations from ESG rating agencies

FTSE Blossom Japan Index

ESG Index "FTSE Blossom Japan Index"*1 for four consecutive years

FTSE Blossom Japan Sector Relative Index

ESG Index "FTSE Blossom Japan Sector Relative Index"*2 for three consecutive years

Management Surveys in Japan

NIKKEI SDGs 経営調査 2023 ★★★½
3.5 stars
The 5th Nikkei SDGs Management Survey

NIKKEI Smart Work ★★★ 2024
3 stars
The 7th Nikkei Smart Work Management Survey

Certifications

CDP DISCLOSER 2023
Management Level "B" Score
CDP "Climate Change Report 2023"

横浜市SDGs認証制度 Y-SDGs – supreme –
The highest rank "Supreme"
Y-SDGs, Yokohama City's SDGs certification system

レジリエンス認証 事業継続
Resilience Certification by the Association for Resilience Japan renewed for the third time

SPORTS YELL COMPANY 2024
Sports Yell Company by the Japan Sports Agency for the third consecutive year

Internet IR Excellence Award 2023 Daiwa Investor Relations
Excellence Award in the Daiwa IR's Internet IR Award 2023 for the first time

WITH GRADE AAA Corporate Websites 2023 Nikko Investor Relations Co.,Ltd All Markets Ranking in Japan
The Best Website Award in the overall category of Nikko IR's All Japanese Listed Companies' Website Ranking 2023

Product Awards and Recognitions

VGP 2024 SUMMER GRAND PRIZE WINNER
3rd Generation 0.69-inch D-ILA Device

VGP 2024 SUMMER SPECIAL PRIZE WINNER
Projector (2,000,000 to 3,000,000 yen)

VGP 2024 SUMMER GOLD AWARD WINNER
1st place in the Projector Category III (Priced over 1,010,000 yen)


D-ILA Projector DLA-V900R

VGP 2024 SUMMER GOLD AWARD WINNER
Bluetooth Wireless Earphones with Noise Cancellation (25,000 to 30,000 yen)

VGP 2024 SUMMER SPECIAL PRIZE WINNER
2nd place in the Wireless Earphones Category II (Priced over 20,000 yen)


Wireless Earphones HA-FX550T

*1: FTSE Russell confirms that JVCKENWOOD has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index and data provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

*2: FTSE Russell confirms that JVCKENWOOD has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.



Foundation for Value Creation

External Directors Roundtable Discussion

Pursuing the challenge of driving greater corporate value over the medium to long term

Looking back on the first year of the medium-term management plan "VISION 2025"

Hamasaki: The world is now experiencing a period of upheaval in which business parameters and institutions are undergoing major changes. This has had a significant impact on JVCKENWOOD's business, but we also see it as a turning point that will bring about opportunities. Based on this perspective, we set lofty goals in our medium-term management plan "VISION 2025" and managed to achieve most of the goals ahead of schedule in FY2023, the first year of the plan. I believe this achievement will give employees great confidence and lead to a new driving force of change for the Company.

Onitsuka: I believe that the driving force behind achieving nearly all of the financial targets in the first year was the efforts to unify and unite our employees under our corporate philosophy of "Creating excitement and peace of mind for the people of the world." With the improved operating performance, our workforce is cheerful and motivated, leading us into a virtuous cycle. Management team's positive approach and employees' response thereto have resulted in a unified outcome. I recently had interviews with senior officers and felt that each of them has the fortitude to take ownership and follow through for the development of JVCKENWOOD.

Hirako: I was not involved in the formulation of "VISION 2025," but our share price has increased approximately threefold over the past year and the P/B ratio has exceeded 1.0x, reflecting JVCKENWOOD's recovery. I feel that the comments made by each executive at the Board of Directors meetings are filled with confidence. As Mr. Hamasaki stated, in the unpredictable era of VUCA, there are many situations where conventional wisdom and common understanding will no longer prevail. I feel that the issue is whether we can demonstrate our agility and sustainability under such circumstance.

Hamasaki: I think the key points are how to create new business and how to improve our current ones. I also hope that the virtuous cycle will extend not only to our business but also to non-financial aspects, such as personnel systems and information systems. I think it is time for JVCKENWOOD to become aware of these factors in order to become an excellent company.



Create a positive cycle not only in our business but also in non-financial aspects

Highly transparent and open corporate governance

Hirako: While serving as an External Director of the Board of JVCKENWOOD over the past year, I have personally experienced the Company's highly transparent and open corporate governance. I see that CEO Eguchi's often repeated phrase, "Better governance always improves the company, is truly being put into practice." An External Director chairs the Board of Directors meetings, creating an environment where internal and external executives can talk on an equal footing. There is also a mechanism in place for us to monitor the Executive Officers Committee's meetings.



Identify strengths and weaknesses, and aim for growth, including taking on challenges in new business

Onitsuka: I agree about the high transparency. Not only does the Company provide us with periodic information, but it also frequently sends us various types of other information, such as internal topics.

Hamasaki: External Directors of the Board attend meetings of the Board of Directors and various committees, as well as off-site meetings to exchange opinions. While Board of Directors meetings are statutory, off-site meetings are held for purposes of freely and openly exchanging opinions. We also hold roundtable meetings with the Audit & Supervisory Board Members. We strive to understand the actual situation in the field by interacting with the Audit & Supervisory Board Members who are familiar with the field in the course of their auditing work.

Vision with an eye to what the world will be like in 10 years

Onitsuka: Now that achieving the goals of "VISION 2025" has become a reality, the challenge is to create a vision that extends beyond that. It will be important to envision where we want to be in 10 years and share how we will realize such vision with employees. Going forward, we should identify growth areas and boldly invest in them. While it may be problematic to enter a field in which we have little knowledge simply because there is a market for it, I hope that the Company will identify its strengths and weaknesses and strive to achieve growth, including taking on the challenge of pursuing new business.

Hirako: JVCKENWOOD's corporate philosophy is "Creating excitement and peace of mind," and while "peace of mind" is relatively easy to visualize, the meaning of "creating excitement" is somewhat unclear. The Company is in the business of inspiring people with music, audio, and visuals, and we need to have more discussions about how we can continue to generate profits for these business to become sustainable. I feel that when we unravel the Company's corporate philosophy, the image of what kind of company we want to be in 10 years, for example, is lacking. By back-casting on the basis of such discussions, I hope that internal and external executives can work together to figure out what actions should be taken this year, next year, and the year after that.

Hamasaki: I think there is also the option of pursuing the launch of new business areas and domains in addition to the three business fields. On the other hand, it is also necessary to have a perspective that is conscious of promoting innovation of the business model of each business. In the Communications Systems Business, there are examples of business expansion in the public safety sector based on a business model that incorporates system solutions, and I believe it is important to always keep next-generation business models in mind as we pursue innovation.

Human capital management of the JVCKENWOOD Group

Hamasaki: To achieve this, we need human resources to realize innovation. Business models are developed when individuals gather a wide range of information from outside the company and establish relationships with one another. I think it is important to have a culture and climate that encourages people to keep such things in mind. I look forward to seeing business ideas born when Value Creation Square (VCS) is established this fall and various people gather and exchange opinions.

Onitsuka: Regarding VCS, I think that by bringing together people from different business, we will be able to create more user-oriented and future-oriented products, rather than limiting ourselves to the experience and values of our own divisions that have been nurtured to date. I expect it to make a significant contribution not only to the growth of our own divisions, but also to the rapid progress of the Company as a whole.

Hirako: It is important to recognize what value the new technologies and products we have created will have in the future society, and how they will play a part in solving social issues. Exchanging opinions on one's ideas and designs with people in other divisions may possibly establish links to new business models. VCS will provide us with a new location and organization, and we hope to ensure diversity there and combine our intellectual property and experience to create innovation. In order to implement the customer-oriented design management advocated by CEO Eguchi, the time has come to take stock of what we have nurtured thus far, select and combine technologies and intellectual property from among them, and consider turning them into future business.

Expecting to ensure diversity and create innovation



Message from Audit & Supervisory Board Members

Leveraging the diversity of a multi-brand corporate culture

Hirako: At this year's general meeting of shareholders, there were several questions about Victor brand from shareholders. I feel that there is still a gap between stakeholders' awareness of the brand and the direction JVCKENWOOD aims to pursue. I believe that the direction of our designs and branding should be a bit more convergent, so that the three brands can synergize to increase corporate value.

Hamasaki: We have been able to hold in-depth discussions on brands at off-site meetings. The fact that we are now able to have such discussions is a great progress in itself. Since we are in an era in which it is no longer enough to engage in business simply by pursuing visual and audio technologies, it is necessary to consider a business model that leverages strengths such as design management, including branding, in addition to technical capabilities. Every business has its next generation. A next-generation business has the potential of growing into a major pillar, as we not only pursue the same business model but also work on new proposals while keeping an eye on the trends in the world.

Onitsuka: I, too, believe that brand strategy is important. JVCKENWOOD has many corporate and product brands, which can sometimes be confusing. Since JVCKENWOOD is currently in a favorable phase, a time to make further progress, I believe that a bold change in the direction of our brand strategy would be a good thing. I hope that the Company will use brand consolidation as an opportunity to improve corporate value.

Management with awareness of capital costs and share prices

Onitsuka: At JVCKENWOOD, the CEO, CFO, and other executives take the opinions of investors obtained through IR and SR activities very seriously, and the CEO in particular actively takes a positive attitude toward meeting external expectations. The CEO himself explained the Company's focus on capital costs also at an internal management meeting held in May 2024. The Company is also actively working to improve effectiveness by, for example, including ROIC indicators in the performance-based compensation of executives.

Hirako: Indicators such as ROE, ROIC, and P/B ratio are highly result-oriented, so management also needs transitional indicators that facilitate course correction by observing progress along the way. I believe that this role may be sought from non-financial indicators. Human capital management is one example of this, and it is also acceptable to use effective indicators from among those set as material issues, such as initiatives for safety & security, addressing environmental challenges, and sustainable monozukuri, as transitional indicators. I imagine all companies are struggling, but if we can show the correlation and relevance in terms of how much this has contributed to the improvement of financial indicators, it will lead to gaining a reputation as a company that manages its business with an awareness of capital costs and share prices. Moreover, it is also important to have indicators that allow all employees to have a sense of participation. If we can show that their efforts are contributing to the financial indicators as a result, it may lead to further boosting employee confidence.

Hamasaki: Recently, institutional investors and stock exchanges have been calling on management to be conscious of capital costs and share prices, and I think this means that they are urging Japanese companies as a whole, which have been suffering for a long time, to take on the challenge of somehow getting out of their current situation. JVCKENWOOD is at a stage where it has achieved a core operating income rate of 5.5%, and it is now expected to take on the challenge of further expanding its corporate value over the medium to long term. I believe it is important to meet such expectations.



Satoshi Hirano
External Director of the Board, Member of Nomination and Remuneration Advisory Committee

My name is Satoshi Hirano. I was recently appointed as an External Director of the Board. The Company's corporate philosophy is clearly stated as "Creating excitement and peace of mind for the people of the world," and I feel the deep significance of the Company's stance of pursuing social value from a long-term perspective, emphasizing the significance of its existence rather than its purpose as a company. I am also impressed by the strong enthusiasm of the executive management team in terms of taking on new challenges with keen awareness of the need to move away from the inward perspective, as set out in "Change for Growth" of the medium-term management plan "VISION 2025."
While the role of the Board of Directors from a shareholder's perspective is of course important, I will actively participate in board discussions from an objective standpoint, drawing on my own experience to determine how to enhance the future value of the Company for the benefit of employees and society.

Message from Audit & Supervisory Board Members

Contributing to the enhancement of corporate value from the perspective of Audit & Supervisory Board Members

I understand that the role of the Audit & Supervisory Board is to audit, from the perspectives of shareholders, law, and society, the adaptability and accounting of Directors of the Board in connection with the performance of their duties entrusted by the shareholders. I am determined to work with a sense of urgency as the external environment changes dramatically and the roles and responsibilities required of Auditors expand and transform. Although the roles and responsibilities of Directors, Executive Officer, and Auditors differ, they share a common mission of soundly enhancing corporate value and achieving not only short-term but also long-term development. To this end, I believe it is important for them to have a reasonable sense of tension while maintaining mutual understanding and respect and working together through close communication.
The Audit & Supervisory Board will contribute with integrity and active involvement.



Naokazu Kurihara
Audit & Supervisory Board Member



Tetsuya Fujioka
External Audit & Supervisory Board Member

JVCKENWOOD's executive management team recognizes that the Group is undergoing Change for Growth and is accelerating the qualitative improvements of the organization in terms of transparency, efficiency, and soundness through implementing unique measures. Further, assuming that management is about controlling contradictions between science and art, the existence of many music lovers and audiophiles with a strong sense of integrity is one of the advantages of human capital, and we can expect them to demonstrate high value creation capabilities. On the other hand, to come close to realizing our philosophy amid an environment that is changing rapidly and discontinuously, we need to achieve inclusion at a higher dimension.
Value creation and avoiding damage to value are two sides of the same coin or agreement. As an Audit & Supervisory Board Member, I will focus my attention and support on establishing and implementing processes to control innovation and risk of damage and on reaping concrete results in value creation.

The evolution of information technology is transforming the world in many ways. In particular, it has had a major impact on communication, and the relationship between companies and society also continues to change. Businesses today are expected to respond to this situation, to be better public institutions of society, and to generate a high level of core operating income continuously.
JVCKENWOOD is a company that meets these expectations but is also a leader in information technology innovation. To realize innovation, we must boldly take on challenges and not be afraid to take risks. Management must therefore be strong and sound. I believe that strong corporate governance, backed by soundness, is the key to increasing corporate value.



Ryuichi Ebinuma
External Audit & Supervisory Board Member



Yasuko Kobashikawa
External Audit & Supervisory Board Member

I am a CPA and have conducted audits for companies, mostly in the manufacturing industry. I was influenced by my father, who was a tax accountant and used to advise me that moving money around does not produce anything and that I should be involved with companies that make products that are useful to society. An accounting audit is for auditing accounting information and is not concerned with people or organizations. However, the scope of audits conducted by Audit & Supervisory Board Members covers a wide range of areas, from a company's operations, quality, labor, and compliance to people, goods, and money.
People of our generation had strong admiration for Victor's record players and KENWOOD's compos*. I am honored to serve as a board member of such a company and will strive to enhance corporate value as an External Audit & Supervisory Board Member going forward by also listening to the opinions of employees and stakeholders who are engaged in manufacturing on site.

*Audio components

Foundation for Value Creation

Corporate Governance

The Company believes that one of its most important management issues is to increase the transparency and efficiency of its management decision-making process and improve corporate value by strengthening corporate governance. To this end, we make it a basic policy to enhance our corporate governance through the establishment of a structure that calls for the separation of management from the execution of businesses, the appointment of External Directors of the Board and External Audit & Supervisory Board Members, and the improvement of the function of checking by establishing an Internal Audit Division, thereby strengthening the Company's internal control system on a Group-wide basis.

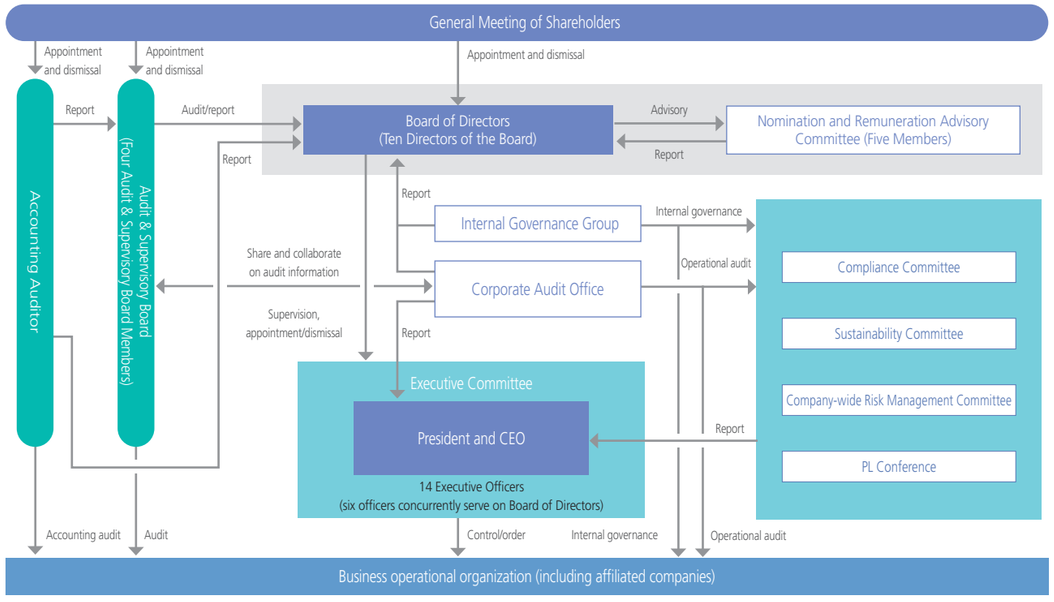
Theme in initiatives	KPI		
	FY2023	FY2025	FY2030
●Improve deliberation ●Training, off-site meetings, etc., for external directors	・Further transfer of authorization to the execution side (revision of the agenda standards) ・Arranging the agenda for the Board of Directors meetings	・Strengthening the Group governance ・Enhancement of the diversity of the skills of directors	・Increase the ratio of external directors ・Include the achievement of ESG targets into directors' compensation
Strengthening diversity	Appointing one or more female executive officers	Appointing three or more female executive officers	Aim to achieve a ratio of female executive officers of over 30%

Overview of the corporate governance system

1. Reasons for adopting the Executive Officer system in the form of a company with an Audit & Supervisory Board framework as the corporate governance system

The Company's basic corporate governance policy is that it separates management from the execution of operations, recruits External Directors of the Board and External Audit & Supervisory Board Members, and improves the function of acting as a check by establishing the Internal Audit Division. The Company has concluded that in order to effectively implement the policy, the most effective corporate governance system is to adopt the organizational structure of a company with an Audit & Supervisory Board framework and to introduce an Executive Officer System. This would enable institutions within the Company to collaborate with each other. For that purpose, we have established a management system as follows.

Diagram of the corporate governance system (as of June 21, 2024)



2. Matters concerning the Board of Directors

Since June 2016, the Company has appointed an Independent External Director independent from and neutral to the management of the Company as the Chairperson of the Board of Directors, and established a place for active exchange of opinions and discussions at meetings of the Board of Directors. Currently, Mr. Yuji Hamasaki, who serves as External Director of the Board, chairs the Board of Directors (as of June 21, 2024). The Chairperson of the Board determines agendas for meetings of the Board of Directors in consultation with the CEO and the Executive Officer in charge of Administrative Division, etc., prior to deliberations of the Board of Directors. In addition, the CEO is responsible for convening meetings of the Board of Directors and preparing minutes of meetings of the Board of Directors, etc., as the Representative Director of the Board.

In FY2023, the Board of Directors met 14 times, including regular monthly meetings and extraordinary meetings as needed. The attendance of individual Directors is as follows.

Title	Name	Number of meetings held	Number of times attended (attendance rate)
Chairperson of the Board, External Director of the Board	Shinjiro Iwata	14 times	14 times (100%)
Representative Director of the Board	Shoichiro Eguchi		
Representative Director of the Board	Masao Nomura		
Representative Director of the Board	Masatoshi Miyamoto		
Director of the Board	Akira Suzuki		13 times (92.9%)
Director of the Board	Naokazu Kurihara		14 times (100%)
Director of the Board	Yoshio Sonoda		
External Director of the Board	Yuji Hamasaki		
External Director of the Board	Hiromi Onitsuka		13 times (92.9%)
External Director of the Board	Yuji Hirako	11 times	11 times (100%)

Note: The number of meetings for Mr. Yuji Hirako in the "Number of meetings" section is the number of meetings held from June 2023, when he assumed office as Director, to March 2024.

Specifically, the Board of Directors deliberated, resolved, and reported on the budget and settlement of accounts, corporate governance, and the medium-term management plan. For the allocation of resolutions and reporting agenda items, and allocation by agenda category, please refer to "Record of the operation of the Board of Directors" (P. 60).

3. Matters concerning the Audit & Supervisory Board

The Company adopts a company with an Audit & Supervisory Board framework as its organizational structure. Auditors are responsible for the corporate audit function, and their duties include attending Board of Directors' meetings and other important meetings, as well as holding Audit & Supervisory Board meetings, auditing the execution of duties by Directors of the Board and the business execution of the entire Group, and corporate accounting. The Audit & Supervisory Board holds meetings once a month, and extra meetings as needed.

4. Matters concerning the Nomination and Remuneration Advisory Committee

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

5. Matters concerning the Executive Officer System

The Board of Directors, in order to lead the Company's initiatives in corporate reform and governance, is chaired by an External Director of the Board, holds discussions between External Directors of the Board as independent directors and Directors of the Board concurrently serving as Executive Officers to make highly transparent decisions, and entrusts the business execution to Executive Officers. In accordance with decisions made at meetings of the Board of Directors, the CEO, serving as the Chairperson, takes the lead in the Executive Officers Committee's meetings.

Each of the Executive Officers is in charge of the Mobility & Telematics Services Sector, Safety & Security Sector, or Entertainment Solutions Sector or serves as General Executive of the Business Division in those sectors while being in charge of the DX Business Development Division, which continues growing in the other sector, and assumes responsibility for the overall operations of all businesses in the three regions, the Americas, EMEA (Europe, Middle East, and Africa), and APAC (Asia Pacific) as the head of overseas, or China as the COO, and thus their responsibilities are clarified in both businesses and regions. Furthermore, we introduced an execution system under which each Executive Officer is appointed to the positions of the Chief Financial Officer (CFO), Chief Technology Officer (CTO) or Chief Information Security Officer (CISO) or is in charge of each corporate division to support the CEO, and performs their duties.

Record of the operation of the Board of Directors

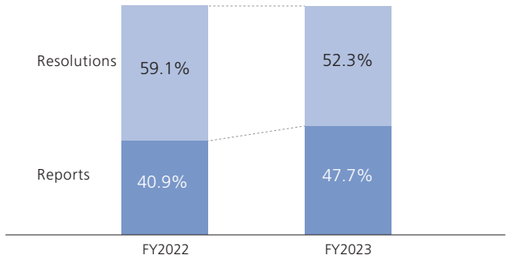
In FY2022, proposals and resolutions for the medium-term vision increased due mainly to the deliberation on the formulation of the new medium-term management plan "VISION 2025," because it was expected that the previous medium-term management plan "VISION 2023" would be achieved one year ahead of schedule.

In FY2023, proposals for budget and settlement of accounts for management with awareness of capital costs and share prices increased. In addition, the Board of Directors continued to deliberate on the proposals for organization and human resources which increased in FY2022, as the Board recognized the importance of human capital. The Company proceeded with further operational reforms of the Board of Directors, based on the results of the evaluation of the effectiveness of the Board of Directors to date. As a result, the Company was able to focus on deliberation of proposals for resolution more effectively.

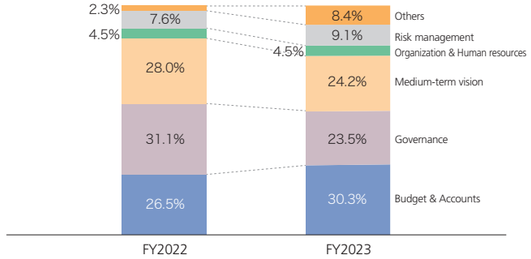
In FY2024, we continue working to improve the effectiveness of the Board of Directors so that its deliberation continues to reflect social conditions and agendas required for the Company.

In order to ensure the transparency of the deliberation process at the Board of Directors meetings of the Company, we disclose the following information on the agenda of the Board of Directors meetings.

Allocation of Resolutions and Reporting Agenda Items (number of items)



Allocation by agenda category (number of items)



Stock-based remuneration system for officers

The Company has an established method for determining the amounts of remuneration for Directors of the Board based on the internal rules resolved by the Board of Directors' meetings and with reports from the Nomination and Remuneration Advisory Committee. In 2021, we introduced a stock-based remuneration system for officers with a three-tier structure, which consists of fixed remuneration, short-term incentive (STI), and medium- and long- term incentive (LTI), each of which has been clearly defined.

Overview of the stock-based remuneration system for officers

Remuneration system	(1) Fixed remuneration and (2) STI are paid within the limit of remuneration for Directors of the Board (432 million yen a year). (3) LTI is paid separately.
(1) Fixed remuneration	● The amount of remuneration prescribed in the Company's internal rules is paid according to the position (President, Deputy President, Senior Management Executive Officer, Managing Executive Officer, etc.) and job title (authority of representation, Chairperson of the Board, Nomination and Remuneration Advisory Committee Member, etc.). ● Fixed remuneration is paid in monetary form as monthly remuneration.
(2) Short-term incentive (STI)	● Paid as bonuses to reflect the current results in the current year. ● The amount of a fixed percentage calculated from the monthly remuneration shall be the calculation base amount. ● Individual KPIs are set based on the specific duties and challenges of each executive officer, while keeping in mind the ultimate goals of the medium-term management plan "VISION 2025." ● KPI of the STI are set according to each Executive Officer's mission from six indicators including: ROE, ROIC (return on invested capital), core operating income margin, revenue, free cash flow, and qualitative evaluation. ● The amount to be paid is determined within the range of 0% (no payment) to 200% (double the amount of the calculation base) of the calculation base amount and is paid in cash according to the annual performance (profit, capital efficiency index, etc.).
(3) Medium- and long-term incentive (LTI)	● The employee stock ownership plan (ESOP) is adopted for LTI. ● Points (shares) are granted according to the position, etc. ● Shares with transfer restrictions in proportion to the points granted are delivered during the term in office (revised from FY2024).
Remarks	● External Directors of the Board are not eligible for STI and LTI payment. ● The ratio of fixed remuneration to STI to LTI has been determined at a meeting of the Board of Directors to be 75:10:15 (for Directors concurrently serving as Executive Officers), and 75:15:10 (for Executive Officers not concurrently serving as Directors) (Ratio changed from FY2024).

Initiatives to improve the effectiveness of the Board of Directors

1. Overview of evaluation of effectiveness

In order to further improve the quality of evaluation while ensuring the continuity of the evaluation of the effectiveness of the Board of Directors, which was conducted in January 2024, we further conducted individual interviews in addition to self-evaluations by each Director and Auditor.

Persons subject to evaluation	Directors of the Board and Auditors
Evaluation method	Persons subject to evaluation draft their answers in the Self-Evaluation Questionnaire and are interviewed by a third-party organization. The answers and contents of the interviews are compiled and analyzed by the third-party organization
Contents of self-evaluation and questionnaires	Proposed evaluation items were created in light of the appropriate roles of the Board of Directors of the Company and its functional enhancement. Then the questionnaire was prepared taking into account opinions of an outside expert, which is a third-party organization, and based on the analysis and consideration of factors such as the internal and external environment surrounding the Company

2. Summary of the results of evaluation on effectiveness and measures against issues

It was concluded that the Company as a whole has achieved a satisfactory level of effectiveness. Strengths of the Company and points of improvement compared with last year are as below.

(1) A sincere attitude toward the evaluation of the effectiveness of the Board of Directors, and toward continuous improvement based on the results of the evaluation
(2) A well-developed system to support external officers
(3) Clarified operation of the Nomination and Remuneration Advisory Committee
(4) Supervision of management with awareness of capital costs and share prices

We examine the information obtained through individual interviews of the evaluation of the effectiveness of the Board of Directors, identify measures to be taken by the Board of Directors in the future, and discuss their results with the Board of Directors, in order to work on the improvement of the effectiveness. We are also addressing issues identified in the past as shown in the table below.

Issues identified in the evaluation of the effectiveness of the Board of Directors

	Fiscal year	FY2021 (Seventh)	FY2022 (Eighth)	FY2023 (Ninth)	Initiatives in FY2024 and beyond
Issues	Director training	▶ Providing group training twice within the fiscal year *Progress of the corporate governance reform *SDGs and ESG investments *Future outlook of economy and finance	▶ Providing group training five times within the fiscal year *TCFD *Cyber security *Amendment of the Companies Act *AI *Future outlook of economy and finance	▶ Providing group training once within the fiscal year *Examples of other companies strengthening cyber resilience	▶ Redefinition of director training, and selection of Redefined executive training and selected an annual training program by the Board of Directors. ▶ Improving the efficiency and quality of deliberation of the Board of Directors through sharing information such as changes in the external environment
	Substantial and in-depth discussion	▶ Holding off-site meetings seven times within the fiscal year ▶ Securing deliberation time by reducing and simplifying reporting items ▶ Revision of the agenda standards, including the scope of transfer of authorization to the execution side	▶ Holding off-site meetings three times within the fiscal year *Initiatives for new businesses *Supply chain management reform *Human capital *Workstyle reform *Performance and the medium-term management plan ▶ Securing substantial deliberation time by further reducing and simplifying reporting items ▶ Revision of the agenda standards for transfer of authorization to the execution side	▶ Holding off-site meetings four times within the fiscal year *Scope of responsibilities of CTO *Medium-term strategies of business subsidiaries *IR/SR strategies *Reporting on sustainability promotion activities ▶ Arranging the agenda for the Board of Directors meetings *Organizing reportable matters ▶ Clarification of operation of the Nomination and Remuneration Advisory Committee	▶ Redefining off-site meetings and utilizing them effectively (including operation as a forum for substantive discussions with a medium- to long-term perspective) ▶ Arranging the agenda for the Board of Directors meetings *Reducing time spent for reporting matters *Periodic comprehensive reporting by Directors of the Board concurrently serving as Executive Officers *Arranging agendas for discussions at the Board of Directors and off-site meetings
	Diversity	—	—	▶ Developing successors with diversity in mind	▶ Consideration of how nominations should be made in response to external requests for diversity
	Development of successors	▶ Meeting with management, Executive Officers and some female senior officers at the Nomination and Remuneration Advisory Committee meetings to consider candidates for succession	▶ Meeting with management, Executive Officers and some female senior officers at the Nomination and Remuneration Advisory Committee meetings to consider candidates for succession	▶ Explanation of agenda items by attendants at the Board of Directors meeting (not Director of the Board) as the succession to the next generation ▶ Periodical reporting and information sharing on the activities of the Nomination and Remuneration Advisory Committee	▶ Building consensus and monitoring of successor development ▶ Explanation of agenda items by attendants at the Board of Directors meeting (not Director of the Board) as the succession to the next generation ▶ Periodical reporting and information sharing on the activities of the Nomination and Remuneration Advisory Committee
	Evaluation of investment projects	▶ Periodic reporting of PMI of investment projects	▶ Periodic reporting of PMI of investment projects	▶ Periodic reporting of PMI of investment projects	▶ Periodic reporting of PMI of investment projects
	New issues	▶ Enhancing the PDCA of the medium-term management plan and discussions from a medium- to long-term perspective	▶ Discussion on the formulation of the medium-term management plan "VISION 2025" from a medium- to long-term perspective	▶ Reviewing the status and rolling of the medium-term management plan "VISION 2025" ▶ Supervision of management with awareness of capital costs and share prices	▶ Commencement of discussion from a medium- to long-term perspective, including formulation of a new medium-term management plan ▶ Review of IR and SR due to a change in shareholder composition

Directors, Corporate Auditors & Executive Officers (As of September 1, 2024)

Directors of the Board



Yuji Hamasaki
External Director of the Board, Chairperson of the Board, Nomination and Remuneration Advisory Committee Member



Shoichiro Eguchi
Representative Director of the Board, President and CEO, Nomination and Remuneration Advisory Committee Member

Concurrent position:
・External Director of AIST Solutions, Inc.



Masao Nomura
Representative Director of the Board, Senior Managing Executive Officer, COO Mobility & Telematics Services Sector



Masatoshi Miyamoto
Representative Director of the Board, Senior Managing Executive Officer, CFO



Akira Suzuki
Director of the Board, Senior Managing Executive Officer, COO Safety & Security Sector, Head of Supply Chain Management Reform



Kazuyoshi Hayashi
Director of the Board, Managing Executive Officer, Head of Administrative Division



Yoshio Sonoda
Director of the Board, Managing Executive Officer, Chief Technology Officer (CTO), Chief Information Security Officer (CISO)



Hiromi Onitsuka
External Director of the Board, Chairperson of Nomination and Remuneration Advisory Committee

Concurrent position:
・Outside Director (Independent Director) of the Board of Tokyo Electron Device Limited



Yuji Hirako
External Director of the Board, Nomination and Remuneration Advisory Committee Member

Concurrent positions:
・Member of the Board, Senior Advisor of ANA HOLDINGS INC.
・External Director, Seven Bank, Ltd.
・External Director, Kyushu Electric Power Company, Incorporated



Satoshi Hirano
External Director of the Board, Nomination and Remuneration Advisory Committee Member

Concurrent position:
・Chairman of the Board of Directors of Topcon Corporation

Audit & Supervisory Board Members



Naokazu Kurihara
Audit & Supervisory Board Member



Tetsuya Fujioka
External Audit & Supervisory Board Member



Ryuichi Ebinuma
External Audit & Supervisory Board Member

Concurrent positions:
・Director of the Board, Nikuni Co., Ltd.
・External Audit & Supervisory Board Member, Yukaze-Biomedical. Co., Ltd.



Yasuko Kobashikawa
External Audit & Supervisory Board Member

Concurrent positions:
・JK & CREW Tax Accountant's Corporation
・Outside Corporate Auditor of Nitto Denko Corporation

Executive Officers

Akihiko Terada	Managing Executive Officer, COO China
Katsuya Sato	Executive Officer, General Executive of Communications Systems Division, Safety & Security Sector, Assistant to COO Safety & Security Sector
Osamu Muraoka	Executive Officer, In charge of Overseas Areas, General Executive of Overseas Business Marketing Division
Hatsuhiko Iwasaki	Executive Officer, COO Entertainment Solutions Sector, General Executive of Media Business Division, Entertainment Solutions Sector
Naoki Sekiya	Executive Officer, General Executive of Domestic Business Marketing Division
Hiroaki Kamata	Executive Officer, General Executive of Telematics Service Division, Mobility & Telematics Services Sector, General Manager of DX Business Development Department
Hisakazu Harada	Executive Officer, Seconded to EF Johnson Technologies, Inc. (EFJT), Assistant to COO Safety & Security Sector
Sumiko Nakai	Executive Officer, Assistant to Head of Administrative Division, General Manager of Sustainability Management Office

Skills matrix

The Company formulated the medium-term management plan "VISION 2025" in April 2023. The following is a summary of the areas of expertise and skills expected of management in order to resolve management issues of the Company, achieve the improvement of medium- to long-term corporate value, and ensure diversity and balance in the Board of Directors.
The reasons for skill selection and the criteria are as shown below.

Skills	Reason for selection as a skill	Skill criteria
Corporate management	Selected as a skill to adapt to the changing environment and to sustainably increase corporate value.	To hold experience in the execution of business as CEO or equivalent role at a business company, or to hold knowledge in corporate management based on experience in the execution of business, such as in the position of officer in charge of a corporate planning department.
Finance and accounting	Selected as a skill to maximize corporate value while balancing with improved capital efficiency and growth investments, and in addition, to improve shareholder return.	To hold experience in the execution of business as in the position of officer in charge of a finance and accounting department, or to hold knowledge in finance and accounting based on experience at financial institutions and accountancy firms, etc.
ICT*/DX (Digital transformation)	Selected as a skill in order to strengthen the management foundation and to review our business portfolio in response to changes in the external environment.	To hold knowledge based on experience in ICT- or DX-related businesses or to strengthen the management foundation.
Manufacturing and technology, R&D	Selected as a skill for sustainable manufacturing and the creation of new value.	To hold knowledge based on experience in the execution of business, such as in the position of officer in charge of a manufacturing, technology, or research and development department.
Overseas business	Selected as a skill for profitable growth and the solving of global social issues.	To hold knowledge based on experience in the execution of business, such as in the position of officer in charge of overseas business or international business at an incorporated company.

*Information and communication technology

Directors of the Board

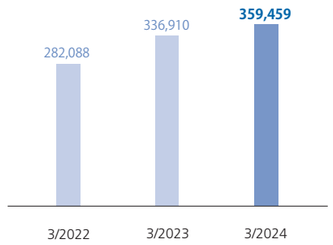
Name		Years of service	Nomination and Remuneration Advisory Committee	Skills					
				Corporate management	Finance and accounting	ICT /DX	Manufacturing and technology, R&D	Overseas business	Other expected areas of expertise
Yuji Hamasaki	Male, Non-executive, Chairperson of the Board, External, Independent	5 years	●	●			●		Risk management Sustainability
Shoichiro Eguchi	Male, Executive	13 years in total	●	● (CEO)				●	Brand Marketing strategy
Masao Nomura	Male, Executive	6 years		●		●		●	Business strategy Procurement
Masatoshi Miyamoto	Male, Executive	7 years		●	● (CFO)				Business strategy IR/SR
Akira Suzuki	Male, Executive	4 years		●			●	●	Production Supply chain
Kazuyoshi Hayashi	Male, Executive	—		●			●		IR/SR Sustainability
Yoshio Sonoda	Male, Executive	5 years				● (CISO)	● (CTO)		Intellectual property Security
Hiromi Onitsuka	Female, Non-executive, External, Independent	3 years	● (Chairperson)	●				●	Marketing strategy Diversity
Yuji Hirako	Male, Non-executive, External, Independent	1 year	●	●	●			●	Human capital management IR/SR
Satoshi Hirano	Male, Non-executive, External, Independent	—	●	●		●	●	●	Business strategy Solutions business

Audit & Supervisory Board Members

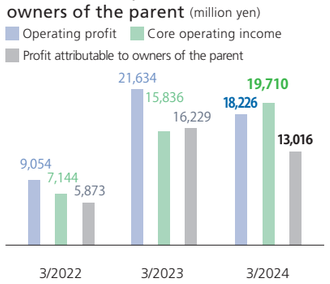
Name		Years of service	Skills					
			Corporate management	Finance and accounting	ICT/DX	Manufacturing and technology, R&D	Overseas business	Other expected areas of expertise
Naokazu Kurihara	Male, Full-time	—	●				●	Overseas business Risk management
Tetsuya Fujioka	Male, Part-time, External, Independent	3 years	●	●			●	Overseas business
Ryuichi Ebinuma	Male, Part-time, External, Independent	—	●			●		Intellectual property Production technology
Yasuko Kobashikawa	Female, Part-time, External, Independent	—		●				Accounting audits Diversity

Financial Highlights

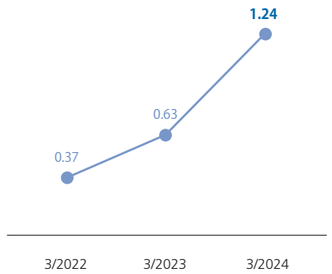
Revenue (million yen)



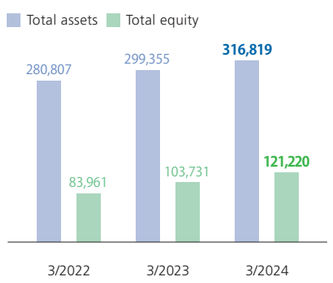
Operating profit, core operating income*1 and profit attributable to owners of the parent (million yen)



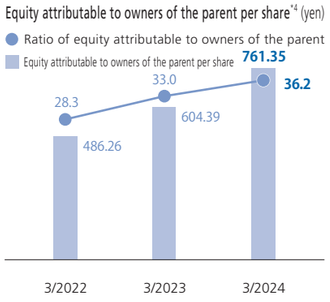
Price book-value ratio*2 (times)



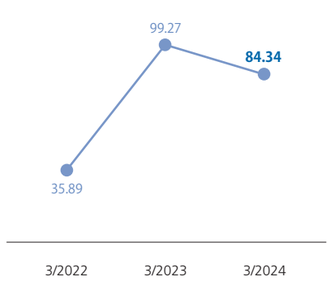
Total assets/Total equity (million yen)



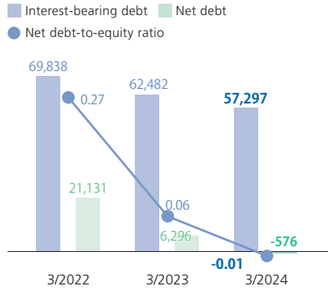
Ratio of equity attributable to owners of the parent*3 (%) / Equity attributable to owners of the parent per share*4 (yen)



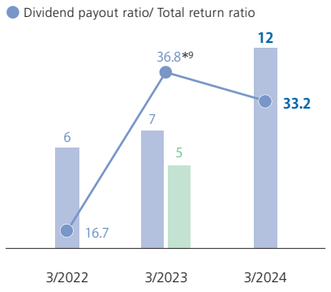
EPS (Earnings Per Share)*5 (yen)



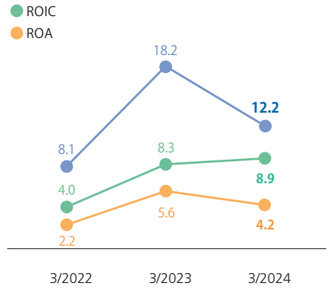
Interest-bearing debt*6 (million yen)/Net debt*7 (million yen)/Net debt-to-equity ratio*8 (times)



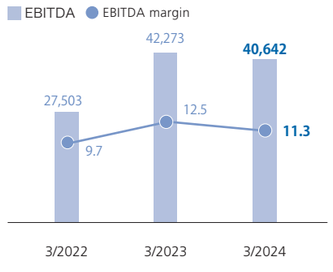
Dividend (yen), Dividend payout ratio (%)/Total return ratio (%)



ROE*10/ROIC*11/ROA*12 (%)



EBITDA*13 (million yen), EBITDA margin(%)



Capital investment*14/Depreciation expense/R&D expenses (million yen)

	3/2022	3/2023	**3/2024**
Capital investment	12,354	11,426	**17,040**
Depreciation expense	17,120	17,615	**18,182**
R&D expenses	15,871	17,379	**19,429**

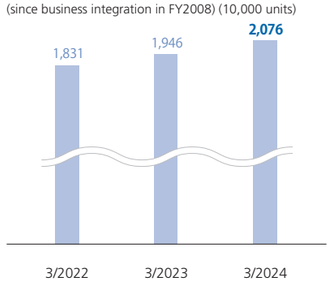
Cash flow (million yen)

	3/2022	3/2023	**3/2024**
Cash flow from operating activities	7,059	26,607	**33,172**
Cash flow from investing activities	-9,804	-7,329	**-16,062**
Cash flow from financing activities	-11,273	-14,032	**-19,353**
Free cash flow	-2,744	19,278	**17,110**

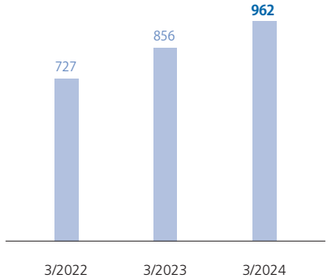
*1: Calculated by deducting cost of sales, selling and general administrative expenses from revenue, and does not include other income, other expenses, and foreign exchange gains and losses, which are nonrecurring items that mainly occur temporarily.
*2: Share price at the end of the fiscal year ÷ Net assets per share
*3: Total equity attributable to owners of the parent ÷ Total liabilities and equity x 100
*4: Total equity attributable to owners of the parent ÷ Number of outstanding shares
*5: Total equity attributable to owners of the parent ÷ Number of outstanding shares (average for the period)
*6: Lease liabilities are not included.
*7: Interest-bearing debt - Cash and cash equivalents at end of period
*8: Net debt ÷ Shareholders' equity
*9: Adopted total return ratio from FY2022 (FYE 3/2023)
*10: Net income attributable to owners of the parent ÷ Average equity attributable to owners of the parent during the period x 100
*11: (Core operating income after tax + Equity profit and loss) ÷ (Shareholders' equity + Debt) x 100
*12: Net income attributable to owners of the parent ÷ Total assets x 100
*13: Profit before tax + Interest expenses + Depreciation expenses + Impairment losses
*14: Tangible fixed assets only

Non-Financial Highlights

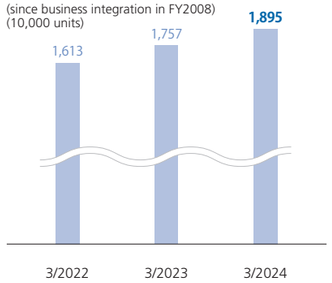
Cumulative sales volume of professional radio systems (since business integration in FY2008) (10,000 units)



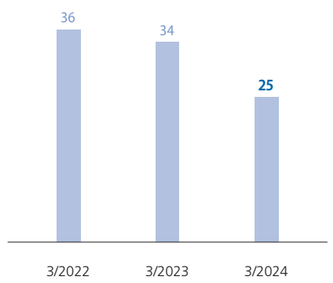
Cumulative sales volume of dashcams (since market entry in FY2014) (10,000 units)



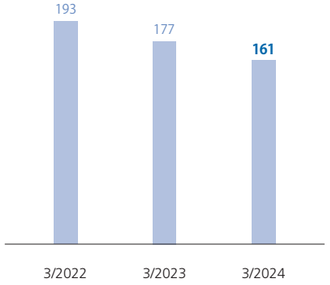
Cumulative sales volume of car navigation/display audio systems (since business integration in FY2008) (10,000 units)



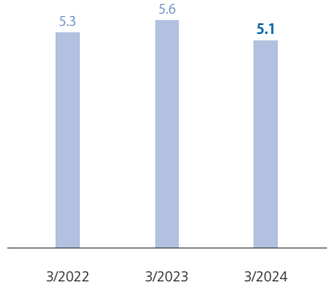
CO_2 emissions*15 (Scope1+2) (thousand tons)



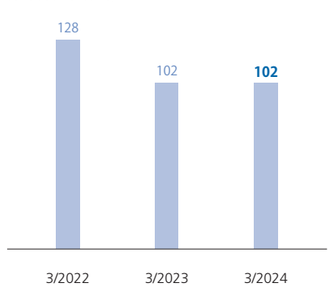
Water consumption*15 (thousand tons)



Waste generated*15 (per unit sales) (kg/million yen)



Plastic usage for containers and packaging*16 (thousand tons)



Number of career hires (non-consolidated) (persons)

	3/2022	3/2023	**3/2024**
Male	14	31	**45**
Female	10	12	**18**

Number of employees (consolidated and non-consolidated) (persons)

	3/2022	3/2023	**3/2024**
Consolidated	16,585	16,277	**15,880**
Non-consolidated	3,179	3,130	**3,089**

Average number of days of annual paid leave taken (non-consolidated) (days/person)

3/2022	3/2023	**3/2024**
12.2	15.7	**18.8**

Average years of service (non-consolidated) (years)

3/2022	3/2023	**3/2024**
24.3	24.8	**24.7**

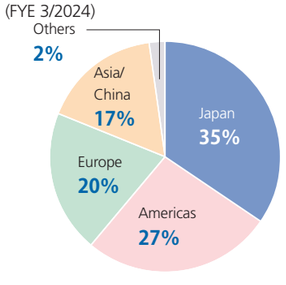
Annual total actual working hours (non-consolidated) (hours/person)

3/2022	3/2023	**3/2024**
1,893	1,890	**1,873**

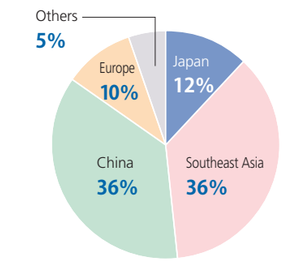
Ratio of female managers (consolidated/non-consolidated) (%)

	3/2022	3/2023	**3/2024**
Consolidated	11.4	11.4	**12.5**
Non-consolidated	5.6	5.5	**6.3**

Revenue composition by region (FYE 3/2024)

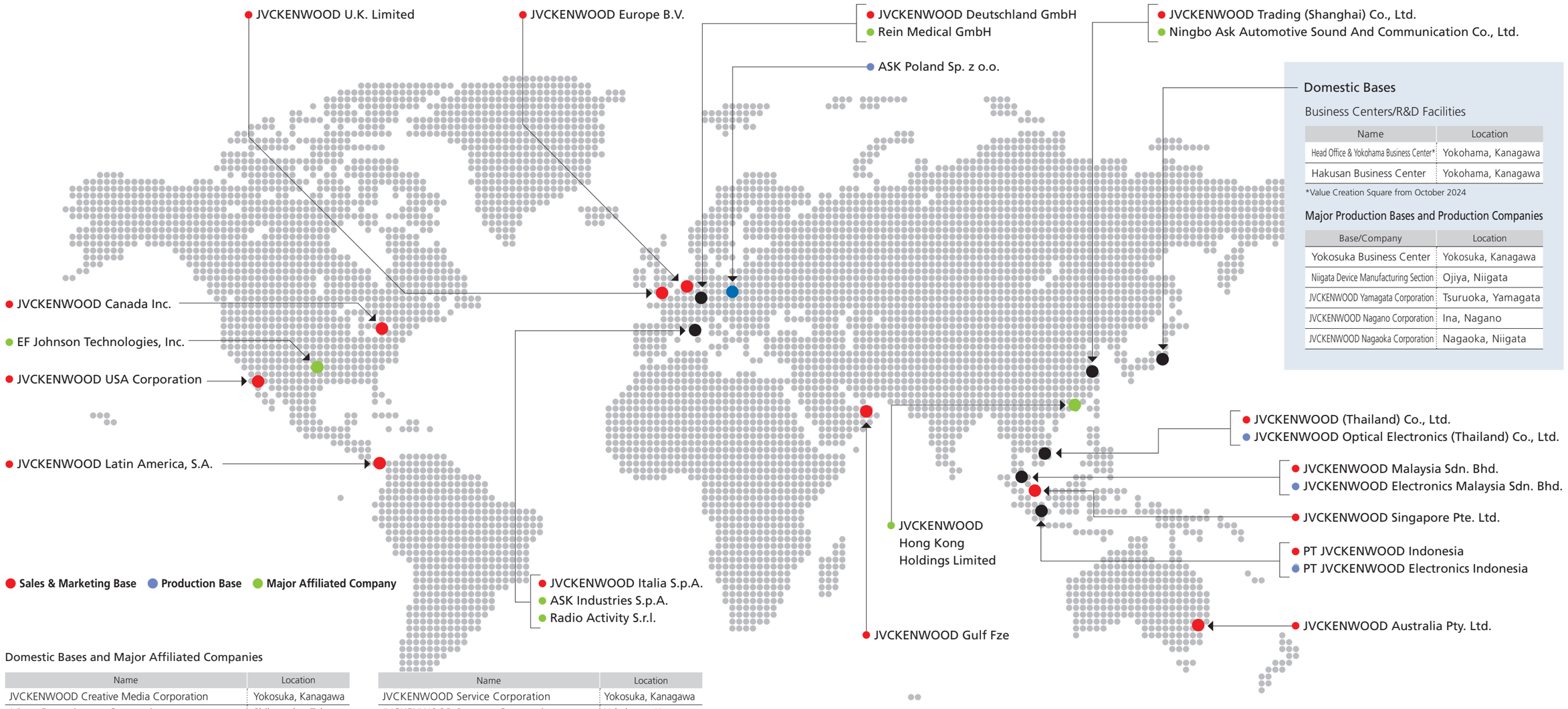


Production ratio by region (FYE 3/2024)



*15: Includes domestic business sites, domestic affiliated company sites that are separate from the main body of the company, and overseas production sites
*16: Includes only consumer products

Global Network (As of September 1, 2024)



Domestic Bases

Business Centers/R&D Facilities

Name	Location
Head Office & Yokohama Business Center*	Yokohama, Kanagawa
Hakusan Business Center	Yokohama, Kanagawa

*Value Creation Square from October 2024

Major Production Bases and Production Companies

Base/Company	Location
Yokosuka Business Center	Yokosuka, Kanagawa
Niigata Device Manufacturing Section	Ojiya, Niigata
JVCKENWOOD Yamagata Corporation	Tsuruoka, Yamagata
JVCKENWOOD Nagano Corporation	Ina, Nagano
JVCKENWOOD Nagaoka Corporation	Nagaoka, Niigata

Domestic Bases and Major Affiliated Companies

Name	Location
JVCKENWOOD Creative Media Corporation	Yokosuka, Kanagawa
Victor Entertainment Corporation	Shibuya-ku, Tokyo
JVCKENWOOD Video Tech Corporation	Shibuya-ku, Tokyo
JVCKENWOOD Public & Industrial Systems Corporation	Minato-ku, Tokyo

Name	Location
JVCKENWOOD Service Corporation	Yokosuka, Kanagawa
JVCKENWOOD Partners Corporation	Yokohama, Kanagawa
JVCKENWOOD Engineering Corporation	Yokohama, Kanagawa
JVCKENWOOD Design Corporation	Setagaya-ku, Tokyo


Head Office & Yokohama Business Center*


Hakusan Business Center


Yokosuka Business Center


JVCKENWOOD Yamagata Corporation


JVCKENWOOD Nagano Corporation


JVCKENWOOD Nagaoka Corporation


Victor Entertainment Corporation (Victor Studio)


JVCKENWOOD Design Corporation

*Value Creation Square from October 2024

Major Overseas Bases


JVCKENWOOD USA Corporation


JVCKENWOOD Europe B.V.


JVCKENWOOD Singapore Pte. Ltd.


JVCKENWOOD Hong Kong Holdings Limited


Radio Activity S.r.l.


JVCKENWOOD Optical Electronics (Thailand) CO., Ltd.


JVCKENWOOD Electronics Malaysia Sdn. Bhd.


PT JVCKENWOOD Electronics Indonesia


EF Johnson Technologies, Inc.


ASK Industries S.p.A.

Financial (IFRS)/Non-Financial Data

(million yen)

	FY2019 (FYE 3/2020)	FY2020 (FYE 3/2021)	FY2021 (FYE 3/2022)	FY2022 (FYE 3/2023)	FY2023 (FYE 3/2024)
Financial Data					
P/L, cash flows, others (fiscal year)					
Revenue	291,304	273,609	282,088	336,910	**359,459**
Operating profit	4,080	4,893	9,054	21,634	**18,226**
Profit before tax	2,877	4,533	8,515	21,161	**18,245**
Net income attributable to owners of the parent	954	2,154	5,873	16,229	**13,016**
Capital investment (tangible fixed assets only)	11,837	10,268	12,354	11,426	**17,040**
Depreciation expense	20,199	19,316	17,120	17,615	**18,182**
Research and development expenses	17,445	15,720	15,871	17,379	**19,429**
Cash flow from operating activities	21,642	35,829	7,059	26,607	**33,172**
Cash flow from investing activities	-19,675	-11,804	-9,804	-7,329	**-16,062**
Free cash flow	1,966	24,024	-2,744	19,278	**17,110**
Cash flow from financing activities	-1,665	-5,342	-11,273	-14,032	**-19,353**
B/S (end of the fiscal year)					
Total assets	249,660	264,326	280,807	299,355	**316,819**
Cash and cash equivalents at end of year	39,933	59,644	48,707	56,186	**57,874**
Total equity	59,999	68,523	83,961	103,731	**121,220**
Equity attributable to owners of the parent	56,485	64,645	79,495	98,807	**114,801**
Retained earnings	5,547	7,574	13,346	28,811	**40,004**
Interest-bearing debt*1	74,605	75,587	69,838	62,482	**57,297**
Net debt	34,671	15,942	21,131	6,296	**-576**
Per Share Information					
Basic earnings per share (EPS) (yen)	5.82	13.14	35.89	99.27	**84.34**
Equity attributable to owners of the parent per share (yen)	344.55	394.33	486.26	604.39	**761.35**
Dividend (yen) (base date basis)	5.00	5.00	6.00	12.00	**12.00**
Payout ratio (%)/Total return ratio (%)*2	85.9%	38.0%	16.7%	36.8%	**33.2%**
Management Indicators					
Ratio of profit (loss) attributable to owners of the parent (ROE) (%)	1.6%	3.6%	8.1%	18.2%	**12.2%**
Return on assets before tax (ROA) (%)	0.4%	0.8%	2.2%	5.6%	**4.2%**
Operating profit margin (%)	1.4%	1.8%	3.2%	6.4%	**5.1%**
Ratio of equity attributable to owners of the parent (%)	22.6%	24.5%	28.3%	33.0%	**36.2%**
EBITDA (million yen)*3	25,534	27,579	27,503	42,273	**40,642**
EBITDA margin (%)	8.8%	10.1%	9.7%	12.5%	**11.3%**
EBITDA Liability multiplier (times)	2.9	2.7	2.5	1.5	**1.4**
Overseas sales ratio (%)	53.0%	54.5%	54.9%	61.8%	**65.0%**
Non-Financial Data					
Number of employees (non-consolidated) (persons)	3,300	3,292	3,179	3,130	**3,089**
Average number of temporary employees (non-consolidated) (persons)	0	0	0	0	**0**
Number of employees (consolidated) (persons)	17,623	16,956	16,585	16,277	**15,880**
Average number of temporary employees (consolidated) (persons)	1,550	1,892	2,053	963	**856**
CO_2 emissions (thousand tons)	42	38	36	34	**25**
Water usage (thousand tons)	256	204	193	177	**161**
Total waste (kg/million yen)*4	7.0	5.2	5.3	5.6	**5.1**

*1: Not including lease liabilities
*2: Adopted total return ratio from FY2022 (FYE 3/2023)
*3: Profit (loss) before tax + Interest expense + Depreciation expense + Impairment loss
*4: Basic unit per net sales

Company & Stock Information (As of March 31, 2024)

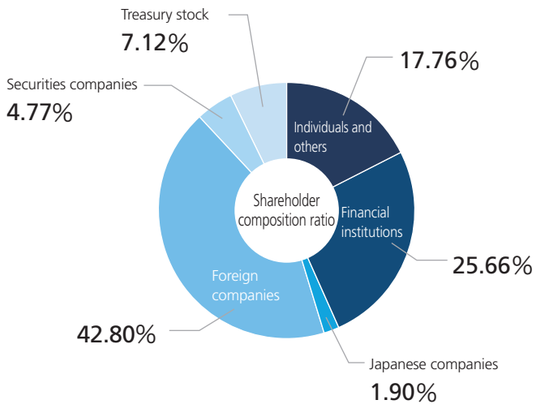
Company Profile

Company Name	JVCKENWOOD Corporation
Representative	Shoichiro Eguchi Representative Director of the Board, President and CEO
Date of Incorporation	October 1, 2008
Capital	13,645 million yen
Number of Employees (Consolidated)	15,880
Total Assets (Consolidated)	316,819 million yen
Total Equity (Consolidated)	121,220 million yen
Fiscal Year-End	March 31
Head Office	3-12, Moriyacho, Kanagawa-ku, Yokohama-shi, Kanagawa, 221-0022, Japan

Stock Information

Ordinary General Meeting of Shareholders	Held every June
Record Date	Ordinary General Meeting of Shareholders: March 31 Year-end dividend: March 31 Mid-year dividend: September 30 *Besides the above record dates, a dividend of surplus may be paid through specifying a record date separately.
Stock Exchange Listing	Prime Market of the Tokyo Stock Exchange
Security Code	6632
Trading Unit	100 shares
Total Number of Shares Issued	164,000,201 shares, including 12,123,608 treasury shares*5
Total Number of Shareholders	38,708
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Place for the Registration	Stock Transfer Agency Business Planning Dept., Sumitomo Mitsui Trust Bank Limited, 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Shareholder Composition



10 Major Shareholders

Name	Number of shares held	Ratio of shareholding*6 (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,947,400	16.38
Custody Bank of Japan, Ltd. (Trust Account)	11,231,500	7.37
STATE STREET BANK AND TRUST COMPANY 505223	4,533,937	2.98
JP MORGAN CHASE BANK 385632	4,486,981	2.95
GOVERNMENT OF NORWAY	4,146,608	2.72
MSIP CLIENT SECURITIES	3,867,429	2.54
THE BANK OF NEW YORK MELLON 140044	3,468,680	2.28
THE BANK OF NEW YORK MELLON 140040	2,523,400	1.66
JPMorgan Securities Japan Co., Ltd.	2,195,212	1.44
JP MORGAN CHASE BANK 385781	2,062,656	1.35

Dividend and Total Shareholder Return*7

		FYE 3/2019	FYE 3/2020	FYE 3/2021	FYE 3/2022	FYE 3/2023	FYE 3/2024
Share Price	(JPY)	268	195	220	178	381	944
Dividends	(JPY)	6	5	5	6	12	12
Accumulated Dividends	(JPY)	—	5	10	16	28	40
Share Price + Accumulated Dividends	(JPY)	—	200	230	194	409	984
Total Shareholder Return	(%)	—	74.6	85.8	72.4	152.6	367.2

*5: Number of shares held in treasury: 11,669,408 shares
Number of shares held by the trust related to stock-based compensation: 454,200 shares
*6: The Company holds 11,669,408 treasury stocks, which have been excluded from the major shareholders shown above. In addition, the ratio of capital contribution is calculated after deducting treasury stock from the total number of issued shares.
*7: (Share price at the end of each fiscal year + Accumulated amount of dividends per share from four fiscal years prior to the current fiscal year to each fiscal year) / Share price at the end of five fiscal years prior to the current fiscal year

JVCKENWOOD

The expressions contained in this presentation referring to the Company's future plans, intentions and expectations are categorized as future forecast statements. Such statements reflect management expectations of future events, and accordingly, are inherently susceptible to risk, uncertainty and other factors, whether known or unknown, and may be signi¬ficantly different from future performance. These statements represent management's targets as of the time of issuance of these presentation materials, and the Company is under no obligation, and expressly disclaims any such obligation, to update, alter or publicize its future forecast statements in the event there are changes in the economic climate and market conditions affecting the performance of the Company.
Risk factors and other uncertainty which may affect the Company' s actual performance include:
(1) violent fluctuations in economic circumstances and supply and demand systems in major markets (Japan, the U.S, the EU and Asia); (2) restrictions including trade regulations applicable to major markets including Japan and other foreign countries; (3) sharp fluctuations in the exchange rate of the U.S. dollar, euro, and such like against the yen; (4) market price fluctuations in capital markets; and (5) changes in social infrastructure due to short-term changes in technology and such like. Please note, however, that the above is not a comprehensive list of all the factors that may exert a signi¬ficant influence on the Company's performance.

JVCKENWOOD Corporation
3-12, Moriyacho, Kanagawa-ku, Yokohama-shi,
Kanagawa, 221-0022, Japan
https://www.jvckenwood.com/en.html

●Publishing Department
Business Strategy Group,
Corporate Strategy Department

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