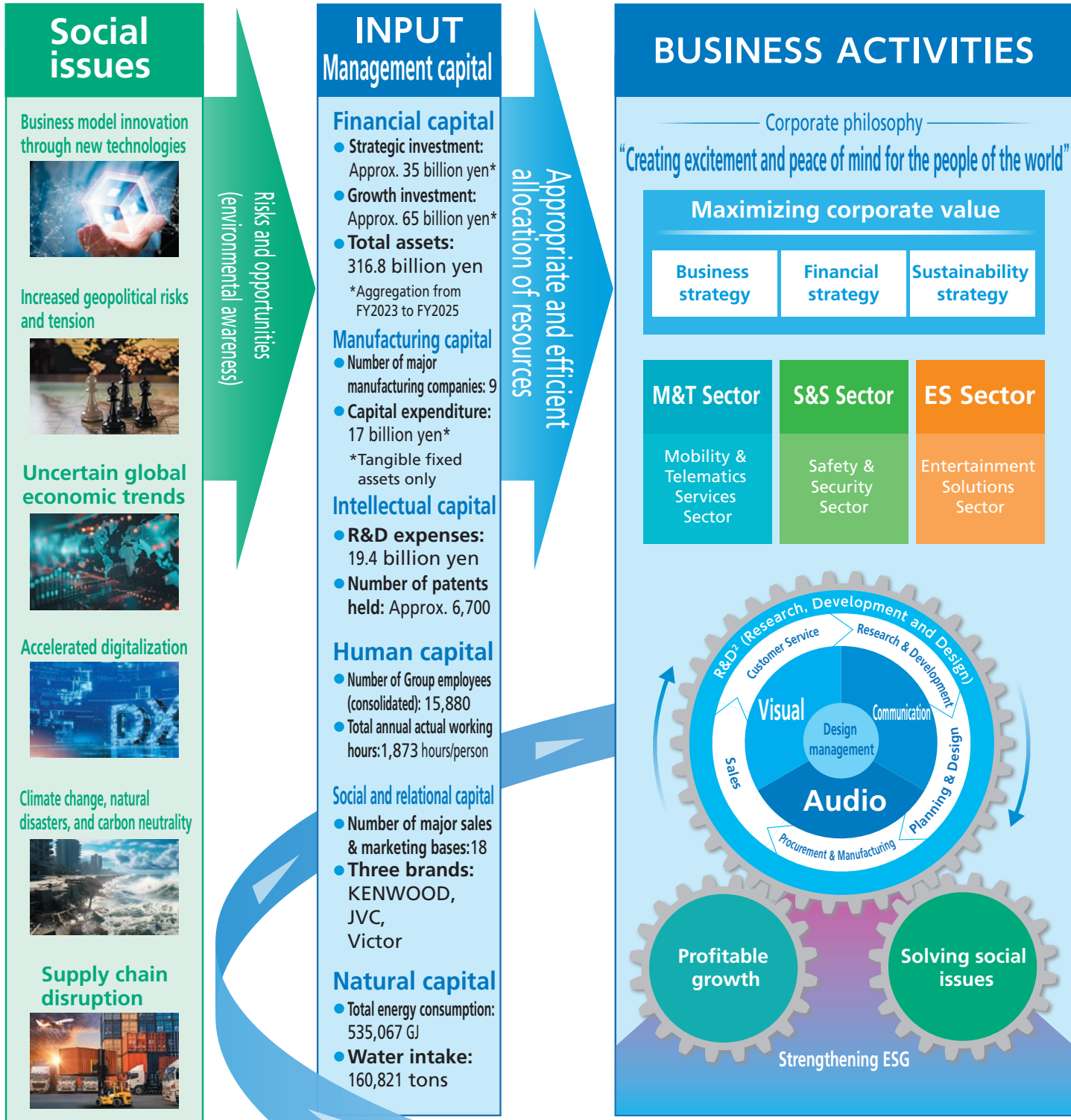


Value Creation Process

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.



Reestablish invested capital to strengthen management capital

Implement forward-looking strategies with

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.

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



Sustained creation of economic and social value

Material issues (non-financial)

① Initiatives for Safety & Security ⇒P.34

- Creating safe and secure communities
- Reduction and prevention of traffic accidents

② Addressing Environmental Challenges ⇒P.36

- Responses to climate change
- Effective use of resources

③ Sustainable Monozukuri

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

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



Reduce CO₂ emissions and contribute to carbon neutrality



Promote effective use of resources by the Company and suppliers



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



backcasting and create a cycle of value creation

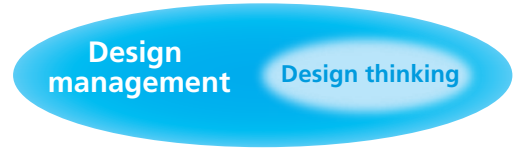
Sort out positive (+) and negative (-) outcomes and reconsider invested capital

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



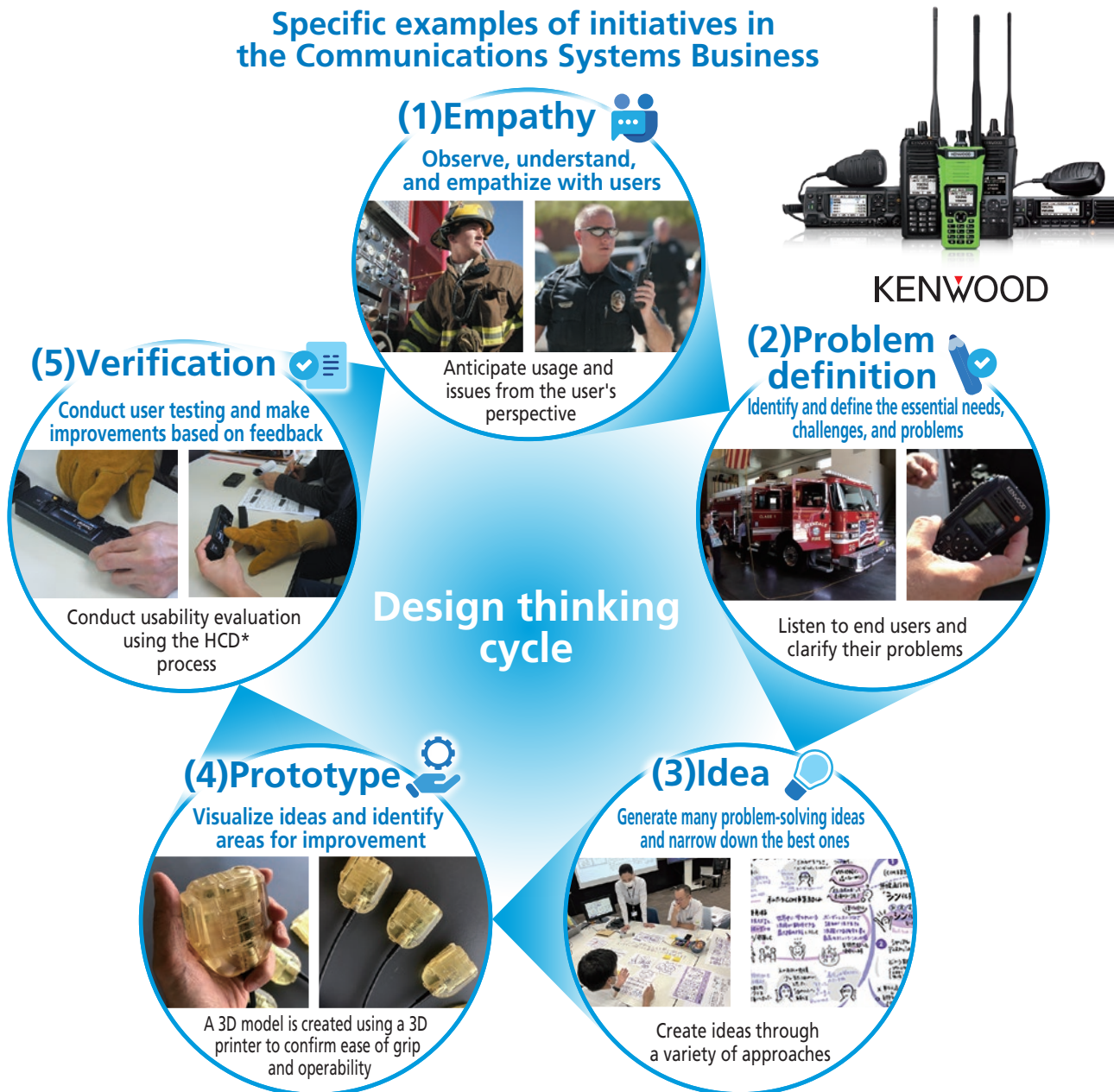
Strengths we have cultivated:

Audio, visual and communication technology × customer-oriented design management



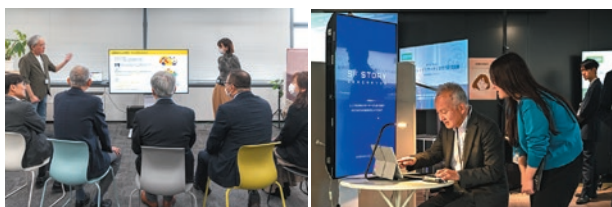
Financial capital	<ul style="list-style-type: none"> ● A financial base that can support sustainable development by responding to changes in the environment and various risks and opportunities →P. 20 ● Capital allocation that places emphasis on capital cost and balances capital efficiency improvement and growth investment →P. 22
Manufacturing capital	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● 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	<ul style="list-style-type: none"> ● Reducing CO₂ 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

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

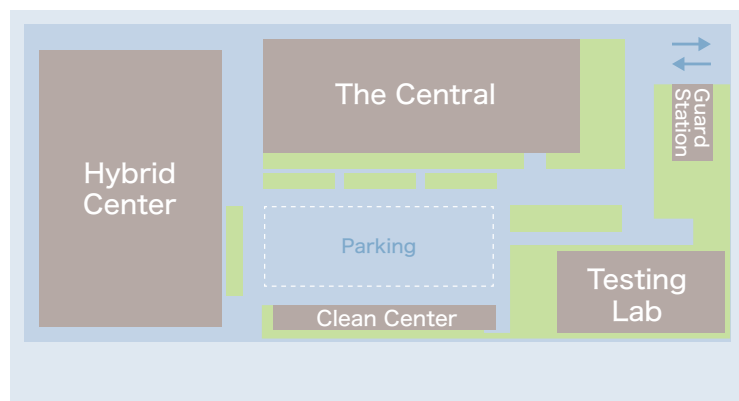
VCS is an open base that is open to society and welcomes a wide range of stakeholders.

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