

External Directors Roundtable Discussion



Hiromi Onitsuka

Chairperson of Nomination and Remuneration Advisory Committee

Yuji Hamasaki

Chairperson of the Board
Member of Nomination and Remuneration Advisory Committee

Yuji Hirako

Member of Nomination and Remuneration Advisory Committee

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.

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.



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



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



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.

Foundation for Value Creation

Message from Audit & Supervisory Board Members

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

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

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.



Tetsuya Fujioka
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