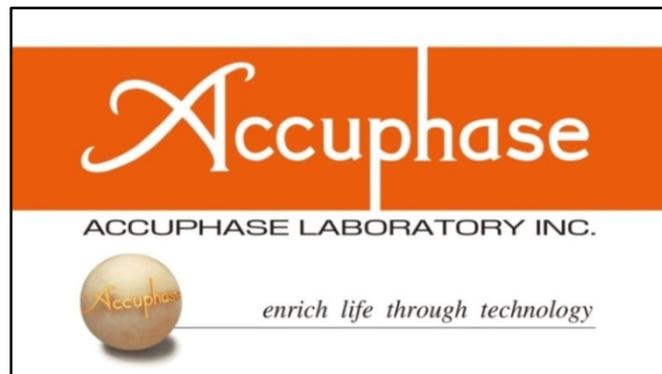


## Management and Corporate Policy

Accuphase is not simply a technology-oriented company. Rather, we give highest priority to the concept of customer satisfaction. We pride ourselves on creating products that come from the heart and that will be cherished by the user. We endeavor to be thorough and meticulous in all aspects of this process, from building to marketing and servicing the products. We have formulated the unique Management and Corporate Policy shown below, which guides and informs our actions as we continue to pursue our craft.



- Avoid undue company expansion, in keeping with the principle of "small numbers – exceptional talent".
- Avoid drastic changes in design.
- Make products that last a long time.
- Design products to be sturdy, but easy to fix if necessary. This means a clean and aesthetically pleasing look also internally.
- High quality, long-term reliability, and safety are paramount.
- Give priority to quality over quantity, producing an ample number of models in small quantities.
- Keep capital within the company.
- Aim for improved capital adequacy ratio.
- Strongly adhere to debt-free management.
- Fulfill all tax liabilities and maintain in-house reserves.

## ■ Not aiming for expansion

One of the corporate principles that Accuphase has observed since its beginning is the conscious decision not to pursue expansion. In a free economy, most companies try to grow. However, demand is not unlimited. If we were to chase the numbers, trying to sell more and more products and compete only on price, we would lose our ability to create truly high-end audio components.

We therefore are not increasing our staff numbers (currently about 80, similar to the time of the company's founding), in keeping with the principle of "small numbers – exceptional talent". Rather than trying to expand the scale of the company, we believe in quality over quantity. We adhere to a low-volume production schedule, building and marketing only about 5,000 units per year. But with regard to the products that we are making, we passionately care about their sound, their performance, their quality, and their design. We do not ship a product unless it fully meets our exacting standards. This gives it lasting value and ensures the excellent reputation of the Accuphase brand.

## ■ Avoid drastic changes in design and create long-selling products

Products with high added value that bring real satisfaction to the user necessarily will carry a higher price tag. Customers who realize this are glad to purchase such products, knowing that they will receive something of lasting value. The manufacturer therefore has a responsibility to ensure that this expectation is realized, by building quality into the product, and making it retain its value for as long as possible. This is one of the reasons why the characteristic look of Accuphase, including the coloring and design of the logo and the faceplate do not change significantly. Model changes are spaced at fairly long intervals. After being introduced, an Accuphase product will be available at the very least for four years, with some models remaining on the market for ten years and more.

As a result, an Accuphase component will not lose its value even after extended ownership, and it does not feel old or obsolete. Accuphase products are much sought after also on the second-hand market.



*Precision Stereo Pre-amplifier C-2800 launched in 2002*



*Precision Stereo Pre-amplifier C-2850 launched in 2016*

## ■ Develop high quality products and market them properly

Designing products to be reliable and sturdy, but easy to fix if necessary means that the interior will also look clean and aesthetically pleasing. We aim to build the kind of components that we ourselves are excited about, and that will provide the eventual owner with the pleasure and pride of possessing and using an Accuphase product. Not only do we care about every detail when building them, we also want our products to be sold by people who understand their essence, i.e. a select network of dealers who put quality before quantity. If marketing is all about moving as many units as possible, quality and value will

invariably suffer, and the customer will not obtain true satisfaction.

Authorized Accuphase distributors and dealers in various countries around the world value the dialog with customers and understand the management and corporate philosophy behind our products. We firmly believe that "selling with understanding" is the key to winning the trust and loyalty of customers, contributing to their satisfaction with the purchase.

### ■ Sales volume ratio: domestic 70%, export 30%

Accuphase has set the basic sales volume ratio of its products to 70% for domestic and 30% for overseas sales. [In Japan, we sell our products to audiophiles via a network of authorized retailers.](#)

On the export side, [our products go to over 60 countries in various areas around the world, including Europe, Southeast Asia, and the Americas.](#) The products are sent directly to authorized import agents and reach the end user only via strictly selected dealerships.

### ■ Keep capital within the company

Accuphase is not a publicly traded company. We therefore need not tailor our operations to the wishes of external shareholders (interests), which frees us to pursue product development with an emphasis on commitment and with a long-term perspective.

In addition, Accuphase currently has a capital adequacy ratio of more than 85%, and we have been engaging in debt-free management since more than 20 years. At the end of our financial period, we settle our tax liabilities, and we strive to allocate investments to research and to build in-house reserves.