

JVCKENWOOD

April 27, 2023

Company Representative	JVCKENWOOD Corporation Representative Director of the Board President and CEO EGUCHI Shoichiro (Code: 6632; Prime Market of the Tokyo Stock Exchange)
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Termination of Business Activities at Shanghai Kenwood Electronics Co., Ltd.

JVCKENWOOD Corporation (“JVCKENWOOD”) hereby announces that its Board of Directors has resolved at a meeting held today to terminate the business activities of Shanghai Kenwood Electronics Co., Ltd. (“SKE”), its subsidiary and production base in China, at the end of September 2023.

1. Background of SKE’s termination of business activities

SKE has been producing car navigation systems mainly for automobile manufacturers as a production base that ensures high reliability and quality. As part of the medium-term plan for the grand design of the production bases, JVCKENWOOD examined the optimization of its global production bases and has decided to terminate production at SKE at the end of September 2023 and cease its operations. Car navigation systems and audio products for automobile manufacturers in the Mobility & Telematics Services Sector, which are currently SKE’s main production items, will be produced within the JVCKENWOOD Group.

JVCKENWOOD will consider the possibility of transferring its interest in SKE to a third party that will make use of SKE's personnel and technology, and will also consider the possibility of outsourcing the continued production of SKE's products to the third party.

The JVCKENWOOD group will continue to strengthen its business structure in accordance to its new Medium-Term Management Plan “VISION 2025,” which was announced today, by promoting automation at production bases, returning to domestic production, and building a supplier ecosystem, with the aim of integrating production bases to a scale commensurate with total production volume and total man-hours.

2. Overview of SKE

(1) Company name	Shanghai Kenwood Electronics Co., Ltd.
(2) Address	No.2160 Rongle East Road, Songjiang Shanghai, China Postal Code 201613
(3) Name and title of representative	TAKAHASHI Kenichiro, Chairman of the Board and General Manager
(4) Principal business	Manufacturing and sales of mobility and telematics services equipment
(5) Capital	CNY 114,435,148.41 (approximately 2,222 million yen) *CNY: RMB * As of March 31, 2023

(6) Date of establishment	June 20, 1994		
(7) Number of employees	410 (including non-regular employees) * As of March 31, 2023		
(8) Major shareholders and shareholding ratio	JVCKENWOOD Corporation 100.00%		
(9) Relationship between JVCKENWOOD and the concerned company	Capital relationship	JVCKENWOOD owns 100.00% of the equity of SKE.	
	Personnel relationship	Three directors and one auditor of SKE are concurrently serving as executives and employees of JVCKENWOOD.	
	Business relationship	JVCKENWOOD purchases products from SKE.	
	Status of classification as related party	As SKE is a consolidated subsidiary of JVCKENWOOD, it is a related party.	
(10) SKE's results of operations and financial position for the last three years (IFRS)			
Fiscal year-ended	3/2021	3/2022	3/2023
Net assets	204,993 thousand CNY (3,980 million yen)	176,823 thousand CNY (3,433 million yen)	204,486 thousand CNY (3,971 million yen)
Total assets	334,284 thousand CNY (6,491 million yen)	377,155 thousand CNY (7,324 million yen)	298,821 thousand CNY (5,803 million yen)
Revenue	715,572 thousand CNY (13,839 million yen)	605,401 thousand CNY (11,708 million yen)	736,831 thousand CNY (14,250 million yen)
Operating profit	2,487 thousand CNY (48 million yen)	-16,551 thousand CNY (-320 million yen)	26,839 thousand CNY (519 million yen)
Profit before income taxes	3,462 thousand CNY (66 million yen)	-16,301 thousand CNY (-315 million yen)	27,876 thousand CNY (539 million yen)
Profit attributable to owners of the parent company	3,512 thousand CNY (67 million yen)	-24,312 thousand CNY (-470 million yen)	27,663 thousand CNY (535 million yen)

(Reference) 1 CNY = approx. 19.42 yen (exchange rate as of end of March 2023)

3. Impact on performance

The termination of SKE's business activities is expected to result in various expenses, including employment restructuring charges, but the impact on the consolidated earnings forecast for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024) announced on April 27, 2023 is immaterial.

Reference

JVCKENWOOD will continue to make strategic investments through JVCKENWOOD Hong Kong Holdings Limited and ASK Industries S.p.A., the group companies, in order to expand business and achieve growth in the Chinese market.