



October 20, 2023

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Change in Specified Subsidiary Due to Transfer of Equity in Subsidiary

Yokohama, October 20, 2023 — JVCKENWOOD Corporation ("JVCKENWOOD") has entered into a share purchase agreement, dated as of October 20, 2023, to transfer its entire equity interest in a specified subsidiary Shanghai Kenwood Electronics Co., Ltd. ("SKE").

1. Reason for transfer of equity

As a result of studying the optimization of global production bases as part of the Production Grand Design in the manufacturing reform, JVCKENWOOD has terminated the business activities of SKE as scheduled at the end of September 2023, as announced on April 27, 2023, in the "Termination of Business Activities at Shanghai Kenwood Electronics Co., Ltd.". In parallel, JVCKENWOOD was in the process of transferring its equity, and on October 20, 2023, JVCKENWOOD signed a share purchase agreement to transfer its entire equity interest in SKE. SKE's current main production items such as car navigation systems and audio products for automobile manufacturers in the Mobility & Telematics Service Sector, will be transferred to other production bases within the JVCKENWOOD Group for continued production.

The JVCKENWOOD group will continue to strengthen its business structure in accordance to its Medium-Term Management Plan "VISION 2025" 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. Outline of the subsidiary to be transferred (as of March 31, 2023)

(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) Date of establishment	June 20, 1994
(5) Principal business	Manufacturing and sales of mobility and telematics services equipment
(6) Capital	114,435 thousand CNY (approximately 2,222 million yen) *CNY: RMB
(7) Number of employees	410 (including non-regular employees)
(8) Major shareholders and shareholding ratio	JVCKENWOOD Corporation 100%

(9) Relationship between JVCKENWOOD and the concerned company	Capital relationship	JVCKENWOOD owns 100% 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	FYE 3/2021	FYE 3/2022	FYE 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. Overview of the equity transferee

The transferee is a third party (legal entity) of Chinese nationality, however, the details will not be disclosed due to confidentiality obligations. There are no capital, personal, or business relationships to be noted between the transferee and JVCKENWOOD, and the transferee is not a related party of JVCKENWOOD.

4. Status of the equity before and after the transfer

(1) Equity before the transfer	114,435 thousand CNY (Share of equity: 100%)
(2) Equity transferred	114,435 thousand CNY
(3) Equity after the transfer	— (Share of equity: —%)

*The amount of the transfer will not be disclosed due to confidentiality obligations.

5. Future outlook

JVCKENWOOD will proceed with the procedures to complete the transfer of its equity. Upon the transfer of all equity interests, SKE will be excluded from our specified subsidiaries.

6. Impact on JVCKENWOOD's business results

The impact of the sale of SKE's equity on JVCKENWOOD's consolidated financial results has not been determined at this time. Any future events to be disclosed will be promptly notified.