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JVCKENWOOD

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Company JVCKENWOOD Corporation
Representative EGUCHI Shoichiro
Representative Director of the Board, President and CEO
(Code: 6632; Prime Market of the Tokyo Stock Exchange)
Contact KIMURA Go
General Manager,
Corporate Communication Department
(Tel: +81-45-444-5310)

Partial Amendments to the Stock-Based Remuneration System for Officers

JVCKENWOOD Corporation (hereinafter the “Company”) hereby announces that, at the Board of Directors meeting held today, the Company resolved to continue the trust type stock-based remuneration system (hereinafter the “System”) that was introduced for the Company's Directors of the Board (excluding External Directors of the Board and Directors of the Board who do not concurrently serve as Executive Officers) upon partially changing the amount and content of remuneration and decided to deliberate the proposal regarding the partial amendments and continuation of the System (hereinafter the "Proposal") at the 16th Ordinary General Meeting of Shareholders to be held on June 21, 2024 (hereinafter the “General Meeting of Shareholders”).

1. Partial Amendments to and Continuation of the System

At the 13th Ordinary General Meeting of Shareholders held on June 25, 2021, the Company deliberated the proposal regarding introducing the System, with the aim of raising the Directors’ awareness of the need to contribute to improving performance and increasing corporate value in the medium to long term by further clarifying the linkage between their remuneration and the Company's stock value so that they would share with all shareholders the profits and risks arising from stock price fluctuations. With regard to remuneration for Directors of the Board (excluding External Directors of the Board and Directors of the Board who do not concurrently serve as Executive Officers) who hold office during the five fiscal years specified by the Company (for the initial Subject Period, the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024), the 13th General Meeting of Shareholders approved the contribution in cash of up to 32 million yen per year to a trust (96 million yen in total for the initial Subject Period) and the grant of up to 290,000 points (290,000 shares) per year (the resolution of the 13th General Meeting of Shareholders is hereinafter referred to as the "Previous Resolution"). As a result, the Company established a trust for share delivery for officers (hereinafter the "Trust") on August 6, 2021, and implemented the System.

The Nomination and Remuneration Advisory Committee and the Board of Directors of the Company have reviewed the issues surrounding the System for the fiscal year beginning April 2024. As a result, the Company has determined to change the system from one in which Directors of the Board receive the delivery of shares of the Company when they retire from their positions

to one in which they receive the shares during their term of office, subject to restrictions on transfer until their retirement. The Company considers that this change will motivate Directors to share with all shareholders the profits and risks arising from the stock price more than ever so as to raise their awareness of contributing to improving performance and increasing corporate value in the medium to long term. In addition, under the Previous Resolution, Directors of the Board who do not concurrently serve as Executive Officers were not subject to the System; however, the Company determined to include Directors of the Board who do not concurrently serve as Executive Officers within the scope of the System following the change pursuant to the Proposal (however, excluding External Directors of the Board, as described below). As a result, after deliberation and reporting by the Nomination and Remuneration Advisory Committee, the meeting of the Board of Directors held today determined to continue the System upon partially changing the amount and content of the remuneration under the System, subject to the approval of the Proposal at the General Meeting of Shareholders.

Following the amendment, remuneration under the System will be paid to Directors of the Board (excluding External Directors of the Board; the same applies hereinafter) who are in office during the initial Subject Period, which will be the three fiscal years from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2027.

If the partial amendments to the content and the continuation of the System are approved at the General Meeting of Shareholders, the Company plans to make the same changes and continue the stock-based remuneration system that has been introduced for Executive Officers who do not concurrently serve as Directors of the Board.

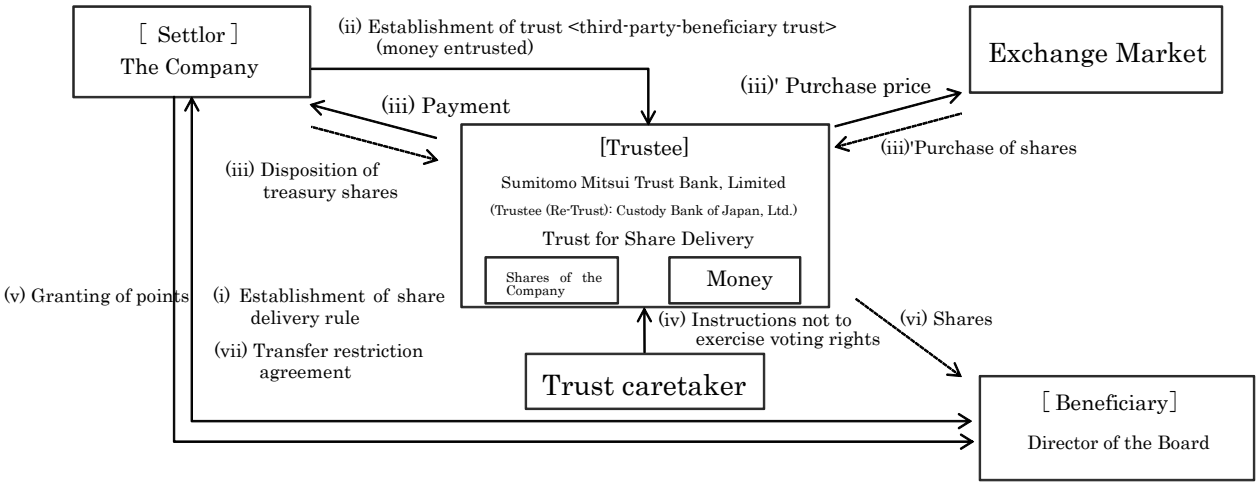
2. Outline of the System after the change

(1) Structure of the system

The System is a stock-based remuneration system under which the Trust acquires the common shares of the Company (hereinafter the "Company Shares") and the Company Shares equivalent to the number of points granted by the Company to each Director are delivered to them via the Trust. If the Proposal is approved at the General Meeting of Shareholders, the Company shall impose restrictions on the transfer of the Company Shares to be delivered to Directors of the Board pursuant to (ii) below as the shares corresponding to the points granted after the General Meeting of Shareholders pursuant to (5) (i) below, by entering into a transfer restriction agreement between the Company and each Director, as described in 3. below.

In principle, Directors of the Board receive the delivery of the Company Shares during a fixed period in each fiscal year that falls within the trust period.

Outline of the structure of the system after the change



(i) The Company will establish a share delivery rule for Directors of the Board (currently, it is planned that the existing regulations will be revised by resolution of the Board of Directors).

(ii) The Company will extend the trust period of the Trust, which was established with a three-year trust period on August 6, 2021, with Directors who meet certain requirements as beneficiaries, and entrust the trustee with an additional amount equivalent to the funds for acquiring additional shares for money (however, funds for acquiring shares to be delivered to Directors of the Board of the Company will be within the scope of the amount approved by the general meeting of shareholders).

(iii) The trustee will acquire additional shares of the Company equivalent to the number of such shares expected to be delivered in the future, using the money in the Trust (including money remaining in the Trust prior to the additional entrustment of money, in addition to money additionally entrusted by the Company under (ii) above) as the source of funds. (This will be performed by way of disposing of treasury shares or acquiring shares from the exchange market (including off-hours trading)).

(iv) A trust caretaker (independent from the Company and officers of the Company) will be assigned who will protect the interests of the beneficiary subject to the share delivery rule and supervise the trustee throughout the trust period. With respect to the shares of the Company held in Trust, the trust caretaker will give instructions to the trustee not to exercise voting rights, and the trustee will not exercise voting rights based on such instructions throughout the trust period.

(v) The Company will grant points to Directors of the Board in accordance with the share delivery rule.

(vi) Directors of the Board who satisfy the requirements prescribed in the share delivery rule and the trust agreement of the Trust will, as beneficiaries of the Trust, receive the delivery of shares of the Company from the Trustee according to the points granted.

(vii) With respect to the Company Shares to be delivered to Directors of the Board as the shares corresponding to the points granted after the General Meeting of Shareholders, the Company will enter into a transfer restriction agreement with the relevant Directors, with the transfer restriction period being from the date of delivery to the date of retirement from their positions as Directors of the Board or Executive Officers of the Company, in principle.

Of the residual property of Trust at the time of terminating the Trust, shares of the Company will all be acquired by the Company free of charge, and cancelled based on a resolution of the Board of Directors.

In addition, of the residual property of Trust at the time of terminating the Trust, a certain amount of money is planned to be donated to a specified public interest promotion corporation

that has no interest in the Directors of the Board of the Company as stipulated in the share delivery rule and the trust agreement in advance.

Sumitomo Mitsui Trust Bank, Limited, which will serve as trustee under the System, will entrust (re-trust) the administration of the trust property to Custody Bank of Japan, Ltd.

(2) Trust period

The Trust has been established for a trust period of three years (from August 6, 2021, to August 31, 2024), which will be extended for three years (until August 31, 2027 (planned)). The trust period, however, may be extended as described in (3) below.

(3) Maximum amount of trust fund to be contributed to the Trust as funds for acquisition of shares

During the initial Subject Period (three fiscal years from the fiscal year ending March 31, 2025, to the fiscal year ending March 31, 2027), the Company will contribute additional money as remuneration for Directors of the Board who are in office during the initial Subject Period not exceeding a total of 300 million yen. This will be used as funds to acquire the Company Shares necessary to deliver such shares to the Directors of the Board under the System. The Trust will acquire additional shares of the Company using the money in the Trust (including money remaining in the Trust, in addition to money additionally entrusted by the Company) as the source of funds, by way of disposing of treasury shares or acquiring shares from the exchange market (including off-hours trading).

Note: The money which the Company will entrust to the Trust under the System will be the aggregate amount of the above-mentioned funds for acquiring the Company Shares and the estimated amount of necessary expenses such as trust fees and trust caretaker fees. In addition, if the Company makes the same changes and continues the stock-based remuneration system that has been introduced for Executive Officers who do not concurrently serve as Directors of the Board as mentioned above, the Company will also entrust funds for acquiring the Company Shares necessary for delivery to the Executive Officers based on the system.

Based on the decision made by the Board of Directors of the Company, the System may be continued by extending the initial Subject Period by specifying a period of up to five fiscal years each time. In this way, the trust period of the Trust may be extended (including substantial extension of the trust period by transferring trust property held with the Trust to a trust established by the Company with the same purpose as the Trust; the same applies hereinafter). In such case, the Company will additionally contribute money to the Trust in an amount not exceeding the amount obtained by multiplying 100 million yen by the number of fiscal years under the Subject Period of such extended portion. The contribution will be applied to funds for acquiring additional shares of the Company necessary for delivery to Directors of the Board under the System. The Company will continue to grant points and deliver the Company Shares as described in (5) below.

In addition, even in a case where the grant of points is not continued through the extension of the Subject Period as described above, if a Director of the Board has already been granted points under the System before the amendment pursuant to the Proposal but has yet to retire upon the expiry of the trust, the trust period of the Trust may be extended until such Director retires and the delivery of the Company Shares is completed.

(4) Method of acquiring shares of the Company through Trust, etc.

The additional acquisition of the Company Shares by the Trust is planned to be done by disposing

of treasury shares by the Company or acquiring shares from the exchange market.
If the number of shares of the Company held in Trust falls short of the number of shares corresponding to the number of shares corresponding to the number of points to be granted to Directors of the Board during the trust period as a result of factors such as an increase in the number of Directors of the Board during the trust period, additional money may be entrusted to the Trust and shares of the Company additionally acquired within the scope of the upper limit of the trust fund described in (3) above.

(5) Calculation method and upper limit of shares of the Company to be delivered to Directors of the Board

(i) Method of granting points to Directors of the Board, etc.

Based on the share delivery rule stipulated by the Board of Directors of the Company, the Company will grant points to each Director of the Board according to their position, etc. on the point granting date during the trust period set forth in the share delivery rule.

The total number of points granted by the Company to Directors of the Board, however, will be up to 250,000 per fiscal year. This decision is based on comprehensive consideration of the current level of remuneration for Directors of the Board, trends in and future prospects for the number of Directors, the Company's stock price, etc., and is deemed to be appropriate.

(ii) Delivery of shares of the Company according to the number of points granted

According to the number of points granted in (i) above, Directors of the Board will receive the delivery of shares of the Company in accordance with the procedures described in (iii) below.

However, the Company Shares corresponding to the points granted prior to the conclusion of the General Meeting of Shareholders under the System prior to the amendment shall be delivered in accordance with the Previous Resolution.

One point will represent one share of the Company. However, if any event has occurred for which it is reasonable to make an adjustment to the number of the Company Shares per point, such as a stock split or share consolidation, the number of the Company Shares per point will be adjusted reasonably, in accordance with the split ratio, consolidation ratio, etc.

(iii) Delivery of shares of the Company to Directors of the Board

In principle, each Director of the Board will acquire beneficiary rights of the Trust and receive the delivery of the Company Shares from the Trust, subject to the conclusion of the transfer restriction agreement described in 3. below with the Company and other prescribed procedures. However, as described in (ii) above, with respect to the Company Shares corresponding to the points granted prior to the conclusion of the General Meeting of Shareholders under the System prior to the amendment, Directors of the Board shall, in principle, receive the delivery of the Company Shares from the Trust when they retire from their positions as Directors of the Board or Executive Officers of the Company by taking prescribed procedures to acquire beneficiary rights of the Trust.
In addition, if the Company Shares held in Trust are converted into money, such as when they are tendered and settled in a tender offer, money (the amount of the conversion) may be delivered in lieu of the Company Shares.

(6) Exercise of voting rights

Voting rights pertaining to shares of the Company held in Trust will not be exercised uniformly in accordance with the instructions from the trust caretaker who is independent from the Company and officers of the Company. Such practice is intended to ensure neutrality of Company's management with respect to the exercise of voting rights pertaining to shares of the Company held in Trust.

(7) Handling of dividends

Dividends pertaining to shares of the Company held in Trust will be held by the Trust and appropriated to the acquisition cost of shares of the Company and trustee fees of the Trust.

(8) Handling of shares of the Company and money at the time of termination of Trust

Of the residual property of Trust at the time of terminating the Trust, shares of the Company will all be acquired by the Company free of charge, and cancelled based on a resolution of the Board of Directors.

In addition, of the residual property of Trust at the time of terminating the Trust, a certain amount of money is planned to be donated to a specified public interest promotion corporation that has no interest in the Directors of the Board of the Company as stipulated in the share delivery rule and the trust agreement in advance.

3. Transfer Restriction Agreement for the Company Shares Delivered to Directors of the Board

With respect to the Company Shares to be delivered to Directors of the Board pursuant to (ii) as the shares corresponding to the points granted pursuant to 2. (5) (i) above on the date of or after the General Meeting of Shareholders, the Company and the Directors shall enter into a transfer restriction agreement, which shall include an outline and the following matters.

(i) Directors of the Board shall not transfer, create a security interest over, or dispose of the Company Shares delivered under the System, from the date of the delivery to the date of retirement from their positions as Directors of the Board or Executive Officers of the Company, in principle.

(ii) If certain circumstances arise, the Company shall acquire the relevant Company Shares free of charge.

(iii) Details of the conditions for cancellation of the transfer restrictions set in advance by the Board of Directors of the Company.

However, if a Director of the Board resigns due to the expiration of his/her term of office, reaching the retirement age, death, or any other justifiable reason after the end of the Subject Period but before the date of the first annual general meeting of shareholders, the Company will issue the Company Shares to be delivered on or after the date of resignation as common stock not subject to transfer restrictions. In addition, a certain percentage of the Company Shares may be delivered as money in lieu of the Company Shares after they are sold and converted in the Trust to have the Company withhold funds for tax payment such as the withholding income tax.

(Reference) Outline of Trust Agreement relating to the Trust

Settlor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Trustee (Re-Trust): Custody Bank of Japan, Ltd.)
Beneficiary	Directors of the Board of the Company who meet the beneficiary requirements

Trust caretaker	Plan to select a third party independent from the Company and officers of the Company
Exercise of voting rights	No voting rights pertaining to shares held in Trust will be exercised throughout the trust period.
Trust type	Money held in trust other than money trust (third-party-beneficiary trust)
Date of trust agreement	August 6, 2021
Trust period	From August 6, 2021, to the end of August 2024 (planned)
Purpose of trust	To deliver shares of the Company to beneficiaries in accordance with the share delivery rule