

Foster Electric Company, Limited
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April 11, 2022

Notice Regarding Business Alliance

Foster Electric Company, Limited (hereinafter, “the Company”) hereby announces that, at a meeting held on April 11, 2022, its Board of Directors reached the decision to conclude a general agreement regarding a business alliance with NTT sonority, Inc.

1. Purpose of the business alliance

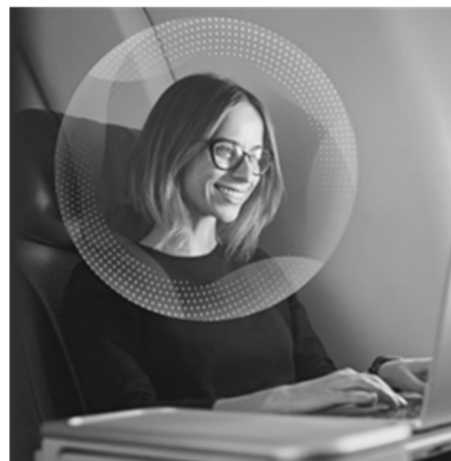
This alliance will provide both the Company and NTT sonority with the opportunity to collaborate through business operations aimed at generating acoustic products equipped with innovative technologies such as the Personalized Sound Zone (PSZ)*₁ technology designed by NTT sonority (hereinafter, “target products”). By contributing to the development, commercialization, manufacture, and sale of these products in a strategic and comprehensive manner, the Foster Group, which has an extensive history of performing business experience in the development and manufacture of acoustic products for customers such as automakers and acoustic device manufacturers, will be able to enhance to create new value-add in the form of rich acoustic spaces and ensure that this value is efficiently and reliably provided to society at large.

With the cooperative relationship established through this alliance, the two companies will pursue mutual business expansion by attempting to establish new ways of manufacturing and striving to create new potential for business operations related to the target products.

*₁Personalized Sound Zone (PSZ)

PSZ technology traps high-quality sound near the listener's ears and prevents sound from leaking out in any direction. This technology utilizes sound shells*₂ that are created by introducing hardware innovations based on the seemingly paradoxical idea of actively harnessing typically unused sound emanating from the rear sides of speakers and by controlling interference through the application of software. Shells will be made commercially available in sizes of 10–20 cm and 1–2 cm.

*₂ A space in which sound is confined



2. Primary business areas covered by this alliance

Business operations aimed at generating target products equipped with PSZ technology, including the examples provided below.

- PSZ business for automotive applications
Providing personalized acoustic space for each car seat without headphones
- PSZ business for chair-based applications
Providing headphone-less, chair-integrated acoustics for users enjoying audio or participating in web conferencing
- Wearable device business (NTT sonority's branded product)
Providing wearable devices that feature an open-ear design and offer both "sound containment" and "sound quality"
- PSZ module business for applications associated with wearable devices (products for other acoustic device manufacturers)
Providing speakers that offer both "sound containment" and "sound quality" to wearable device manufacturers

3. Alliance details

Under the terms of the agreement, NTT sonority will be responsible for designing and marketing the target products, while the Foster Group will support the development, manufacturing, commercialization of these products, and marketing them to existing customers. Accordingly, while acting as equal business partners as stipulated in the alliance agreement, the two parties plan to form separate agreements regarding development, manufacturing, and sales operations. This business alliance is a non-exclusive agreement.

4. Summary of alliance partner

(1)	Name	NTT sonority, Inc.
(2)	Location	1-5-1 Otemachi, Chiyoda-ku, Tokyo
(3)	Representative	Kazunori Kobayashi, Managing Director and CEO
(4)	Business	<ul style="list-style-type: none"> • Design, development, manufacture, sale, and commissioned development of acoustic equipment, etc. • Research and development of acoustic technology, supply of various technologies, and commissioned services including experiments • Research, measurement, analysis and consulting regarding sound-related data and information
(5)	Capital	100 million yen (wholly owned subsidiary of NTT)

5. Alliance period: three years (can be extended through mutual agreement between the two companies)

6. Contract date: April 11,2022

7. Future outlook

The impact this alliance will have on the Company's business performance is currently uncertain. When this impact becomes clear, the Company will make a separate announcement in accordance with relevant rules and regulations.

At this time, the two parties have no plans to form a capital alliance.

8. Comments regarding the alliance from the top management of both companies

- Kazunori Kobayashi, Managing Director and CEO of NTT sonority, Inc.

Our goal is to become an essential new element of acoustic infrastructure by providing rich acoustic spaces and inventing new lifestyles. We reached the decision to form this alliance based on the view that Foster Electric's vision of making “contributions for future society through acoustics” is highly concordant with the direction that we aim to take moving forward.

Foster Electric's global leadership in the areas of speaker development technology and acoustic business operations, as well as the strong partnerships which maintains with a wide range of companies, make it an important partner for us as we aim to expand our business.

This alliance will speed up both parties' creation of new and unique added value.

- Atsushi Narikawa, COO of Foster Electric Company, Limited

The purpose of this alliance, which is to provide rich acoustic spaces, is congruent with both our vision of making “contributions for future society through acoustics” and our long-term goal of becoming the “world’s No.1 ‘acoustic’ solution partner,” which is detailed in our medium-term plan. We expect that this alliance with NTT sonority, a company with reliable and distinctive technology and a powerful vision, will generate great opportunities for us to actively provide our resources and achieve mutual growth.