

October 15, 2024

JVCKENWOOD Corporation

Science Arts, Inc.

JVCKENWOOD and Science Arts Conclude Capital and Business Alliance Agreement in the PTT Over Cellular ^{*1} Domain

Pursuing joint development of PTT Over Cellular (PTToC) devices and services to boost sales in the Japanese market and expand into the global markets

JVCKENWOOD Corporation (Location: Kanagawa-ku, Yokohama, Kanagawa; Representative Director of the Board, President and CEO: Shoichiro Eguchi; hereinafter, "JVCKENWOOD") and Science Arts, Inc. (Location: Shibuya-ku, Tokyo; CEO: Hidekazu Hiraoka; hereinafter, "Science Arts") entered into a capital and business alliance agreement (hereinafter the "Agreement") today, October 15, 2024.

Under the Agreement, we will jointly develop PTToC devices and services for the PTToC market which is expected to grow. In addition, we will expand sales in the Japanese market by utilizing the sales networks of both companies and collaborate on developing sales in the global markets, including North America.

*Note 1: Similar to two-way radios, it enables one-to-many calls via the Internet using devices such as smartphones.



Left: Shoichiro Eguchi, Representative Director, President and CEO, JVCKENWOOD Corporation
Right: Hidekazu Hiraoka, President and CEO, Science Arts Inc.

[Background and purpose of the capital and business alliance]

There is growing demand for professional radio as a means of communication for global crisis management, Business Continuity Planning (BCP) and business efficiency improvement. In particular, the PTToC market is expanding, driven by the ability to leverage wide-area Internet communication networks such as 4G, 5G and Wi-Fi, which

offer a wide range of communication and enhanced user convenience through various applications. The global PTTToC market was valued at US\$817 million^{*2} (approx. 120 billion yen) in 2023, and is expected to grow significantly going forward.

JVCKENWOOD deploys highly reliable digital radio systems in the North American public safety sector, including for police and fire departments, as well as the private sector market, by leveraging its radio technologies cultivated over nearly 80 years, and boasts the third-largest global market share^{*3} in the professional radio market. Meanwhile, Science Arts develops and sells Buddycom, a cloud service with the largest market share^{*4} in Japan for PTTToC applications for smartphones and tablets, which has been adopted by more than 1,000 companies in a wide range of industries mainly in the enterprise market, including retail and transportation business, and is being used as a tool for promoting digital transformation (DX) by front-line workers in the field.

The two companies have concluded this agreement based on the judgment that building a strong partnership in the PTTToC domain and leveraging the respective areas of expertise, sales networks, and other management resources will contribute to mutual sustainable growth and increase corporate value.

*2: Estimated by JVCKENWOOD based on the OMDIA report "Critical Communications Broadband Report - 2023 Data"
Approximate exchange rate as of the date of the announcement.

*3: Estimated by JVCKENWOOD based on the OMDIA reports "Licensed Mobile Radio Report 2023" and "LMR Infrastructure and Systems Integration Report 2023"

*4: "Current Status and Outlook of the Deskless SaaS Market, FY2024 Edition" by Deloitte Tohmatsu MIC Research Institute Co., Ltd.;
audio (visual) communication tool (for non-desk workers): shipment amount and number of companies

Business alliance

(1) Joint development of PTTToC and services

Under the business alliance, the two companies will pursue joint development by leveraging the respective areas of expertise, with JVCKENWOOD applying its hardware technologies, such as radios terminals, to PTTToC devices and Science Arts applying its software technologies, such as PTTToC applications, to radio services. Specifically, using the PTTToC server and Buddycom platform developed and operated by Science Arts as a base, we will develop the server and gateway necessary for the PTTToC devices developed by JVCKENWOOD to function.

We are also exploring joint development opportunities that leverage the business synergies between both companies. This includes enabling two-way communication between PTTToC devices and smartphones equipped with the "Buddycom" app, as well as future possibilities for two-way communication between professional radios and PTTToC.

(2) Launch PTTToC devices and services in Japanese market and global markets, including North America

Leveraging the sales networks of both companies, including sales agents and partners, we will expand sales of PTTToC devices and services to the Japanese market, where

Science Arts has strengths. In addition, we aim to further develop sales of PTTToC devices and services in global markets, including North America, where JVCKENWOOD has a strong presence.

Capital alliance

JVCKENWOOD's investment in Science Arts is planned as follows.

- Method of investment : Subscription of shares offered through third-party allotment
- Number of underwritten shares : 655,000 shares
- Amount of capital contribution : 347 million yen
- Amount of investment ratio based on voting rights : 8.13%
- Payment date of capital contribution : October 31, 2024

Comment from Akira Suzuki, COO Safety & Security Sector, JVCKENWOOD Corporation

With the conclusion of this agreement, JVCKENWOOD will partner with Science Arts, a company highly regarded in the PTTToC market in Japan, to drive our expansion into the market and provide highly reliable PTTToC devices and services. Going forward, both companies will leverage the complementary strengths to provide products and services that better meet customer needs. We will expand our sales efforts in both domestic and global markets and will work together to deliver communication solutions that offer enhanced user convenience in a wide range of environments.

Comment from Hidekazu Hiraoka, President and CEO, Science Arts, Inc.

We are pleased to be working together in partnership with JVCKENWOOD on two major challenges: joint development of PTTToC devices and global expansion. By leveraging the management resources of both companies, including our respective areas of expertise and sales networks, we aim to be a force in society that enables front-line workers in the field to work with bright and cheerful smiles.

■ What is Buddycom (<https://buddycom.net/en/>)

Frontline communication tool “Buddycom” provides a service that enables simultaneous communication with multiple parties similar to a walkie-talkie or a radio by installing an application on a smartphone or tablet using an Internet communication network (4G, 5G, Wi-Fi). In addition to voice, text chat, video, and location (IoT) services, communication is possible through an AI-based digital assistant.

It has been adopted by various companies, including aviation, railroad, construction, welfare facility and distribution businesses, and is used as a means of communication in a variety of industries.



■ Overview of JVCKENWOOD Corporation

Based on its corporate philosophy of "Creating excitement and peace of mind for the people of the world," JVCKENWOOD manufactures and sells mainly radio devices, in-vehicle equipment, and audio and visual equipment, and operates three brands: KENWOOD, JVC, and Victor. Under its medium-term management plan "VISION 2025," JVCKENWOOD positions the Communications Systems Business as a growth driver and has been increasing sales of professional radio systems, especially in the public safety sector in North America. By continuing to provide customers with products and services that meet their needs for professional radio systems, including those of the private sector market, JVCKENWOOD will contribute to creating safe and secure communities that protect human lives and people's livelihoods.

■ Overview of Science Arts, Inc.

Science Arts provides "Buddycom," a front-line communication tool, based on its mission of "providing front-line workers with the DX of the future and contributing to creating a society where people work with bright and cheerful smiles." Buddycom is already in use at more than 1,000 customer sites, and is a Horizontal x SaaS application that enables a new form of team communication at mission-critical sites across all types of industries and businesses by utilizing not only voice but also text, images, video, location information, and AI.

■ Contact us for more information:

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[Established] October 2008	

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[President and CEO] Hidekazu Hiraoka	
[Capital] 52 million yen	
[Established] September 2003	