



May 31, 2019

J-STAR Co., Ltd.  
Gregory Hara  
President & Representative Director

Acquisition by Tokyo Onkyo Holdings Co., Ltd.

We hereby inform you that Tokyo Onkyo Holdings Co., Ltd. and its affiliates, which are funded by J-STAR No.3 SS, LP, etc., which we provide investment-related services (hereinafter referred to as the "Fund and others"), have acquired the development and manufacture of earphones and audio-related products (hereinafter referred to as the Target Business) from Tokyo Sonic Co., Ltd. (Head Office: Kowloon Hong Kong, Representative Director: Masamichi Tanaka; hereinafter referred to as the "Tokyo Sonic").

Since its founding in 1998, Tokyo Sonic has been developing, designing, and manufacturing audio-related products such as earphones, headphones, and small speakers. Tokyo Sonic has a factory in Dongguan City, Guangdong Province, China, and its entire operations and quality control are carried out in-house. With the popularization of smartphones in recent years, the earphone market continues to expand. In this context, the Company holds a number of proprietary patents on driver units, which are the most important components for determining the sound quality of earphones, and its technological capabilities are highly appreciated within the industry. We will focus on the technological capabilities of Tokyo Sonic and the growth potential of the market and, in cooperation with management, support the expansion and development of business models that utilize the technological capabilities of target businesses.

As a financial advisor, we receive advice and cooperation from Fabris Corporation and Baker & McKenzie Law Office as legal advisor (including the implementation of legal due diligence). KPMG FAS Co., Ltd. and KPMG Tax Accounting Corporation performed their respective financial and tax due diligence. We received a loan from Mitsubishi UFJ Bank, Ltd. upon the acquisition of the business.

\* We provide individual investment-related services to J-STAR No.3 SS, LP, and other entities through our own or our subsidiaries, such as investigating and introducing investment opportunities and fostering investment targets.