

June 10, 2021

## Notice Regarding Establishment of Joint Venture in Vietnam

At the board of directors meeting held on June 10, 2021, Foster decided to invest with Hengdian Group DMEGC Magnetics Co., Ltd, a supplier of ferrite magnets in China, and establish a joint venture company aiming to manufacture ferrite magnets for speakers and the like.

Both companies have agreed to develop a joint venture framework agreement for this alliance.

### 1. Purpose of establishing a joint venture

We procure most of the ferrite magnets, which are the key parts for speakers, from China. By establishing a joint venture in Vietnam, which is our main base for speaker production, with the industry's largest magnet company, we aim to reduce the dependency to China and ensure stable procurement.

### 2. Overview of the joint venture

Trade name: Hengdian Group DMEGC Magnetics (Vietnam) Co., Ltd (planned)

Date of establishment: December 2021 (planned)

※Establishment of the entity is subject to the approval from relevant authorities, etc. There may be changes to the plan depending on the state of the COVID-19 pandemic.

Initial Capital: US \$5,000,000 (approx. 550 million yen)

Investment ratio: Foster 19.9%, Hengdian Group DMEGC Magnetics Co., Ltd. 80.1%.

Business: Manufacture and sale of magnetic products

Location: An Phat 1 High-Tech Industrial Park, Hai Duong Province, Vietnam

Contract period: 10 years

### 3. Investment amount

US \$995,000. (Approximately 109 million yen)

### 4. Overview of joint venture partners

Trade name: Hengdian Group DMEGC Magnetics Co., Ltd.

Headquarters location: Dongyang City, Zhejiang Province, China

Representative: Shijin He

Capital: 1,643,600,000 RMB

Year of establishment: 1980

Number of employees: 14,468 (as of December 31, 2020)

Business: Manufacture of magnets, solar panels, lithium-ion batteries, etc.

## 5. Impact on our business performance

Although the impact on our business outlook for the current fiscal year will be minor, we expect that local and stable procurement of ferrite magnets, which are the key parts for speakers, will improve cost competitiveness and quality, also reduce supply chain risks.

(END)