

Foster Electric Company, Limited
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January 31, 2022

(Progress and Changes in Disclosure) Notice Regarding Establishment of Joint Venture in Vietnam

At the board of directors meeting held on June 10, 2021, Foster Electric Company, Limited (hereinafter “the Company”) resolved to establish a joint venture company in Vietnam by December 2021, with the aim of manufacturing ferrite magnets such as those for speakers, through joint investment with Hengdian Group DMEGC Magnetics Co., Ltd., a supplier of ferrite magnets in China. However, the Company hereby announces a change in the date of establishment for the following reason.

1. Reason for the change

Since the resolution on June 10, 2021, the spread of COVID-19 has not been contained in Vietnam and restrictions are still imposed on activities. As a result, there have been delays in the initial plan, mainly the preparations to be made for the factory complex where the plant of the joint venture is to be built. Due to this, the Company has decided to postpone the establishment date until December 2022 after discussion with its joint venture partner, Hengdian Group DMEGC Magnetics.

2. Overview of the joint venture The changes are underlined

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

Date of establishment: Until December 2022 (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. Impact on earnings performance

The impact of the change on the Company’s earnings outlook for the fiscal year ending March 31, 2022 is negligible.