

Foster Electric Company, Limited  
1-1-109 Tsutsujigaoka, Akishima City, Tokyo, Japan  
Tel: +81(42) 546-2305

---

March 16, 2022

**Notice Regarding Transfer of Equity-Method Affiliate (Share Transfer)**

Foster Electric Company, Limited (hereinafter, the “Company”) has concluded a share transfer agreement for the sale of shares of a Brazil-based affiliate Thomas KL Indústria de Alto Falantes S.A. the Company’s consolidated subsidiary Foster Electric (U.S.A), Inc. owns to the said affiliate.

1. Reason for share transfer

The Foster Group invested in (entered into a capital alliance with) Thomas KL Indústria de Alto Falantes S.A. based in Brazil, a country the Group considered to be a promising market for its automotive-related business, in 2013, in response to request from a major customer to expand operations to regions including emerging nations. The Group chose to invest in the Brazil-based company in light of the latter’s knowledge and understanding of local business customs and tax systems. Since the Group made the investment, it had worked to foster its business in Brazil.

However, when the major customer who had requested the Group to expand operations to emerging nations decided to shutdown its manufacturing facility in Brazil, the Group reviewed its business strategies and partnership with the Brazilian affiliate. The results of the review revealed discrepancies in the business direction of the Group, which is focused on the automotive-related business, and the local affiliate, whose interests lie outside the automotive-related field, leading to the conclusion of the share transfer agreement (dissolution of the capital alliance).

2. Overview of equity-method affiliate to be transferred

(1)	Name of the affiliate	Thomas KL Indústria de Alto Falantes S.A.
(2)	Name and title of representative	Gustavo Vieira Lermen, President
(3)	Address	Av. das Industrias, 2026, Cachoeirinha, RS, CEP 94930-230, Brazil
(4)	Business	Manufacture and sale of speakers
(5)	Capital	33,418,134.97 Brazilian real (approximately 800 million yen)
(6)	Date established	October 1, 1993
(7)	Stake	32.0%

3. Schedule

Date of share transfer: March 25, 2022 (scheduled)

4. Outlook

The share transfer is expected to have only a marginal impact on the Company’s consolidated earnings performance for the fiscal year ending March 31, 2022.