



Foster Electric Company, Limited
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January 30, 2023

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

At the board of directors meetings held on June 10, 2021 and January 31, 2022, Foster Electric Company, Limited (hereinafter the “Company”) resolved to establish a joint venture company in Vietnam by December 2022, 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

The establishment of the joint venture was postponed from the initially planned date of December 2021 to December 2022 at the January 2022 board meeting, due to the spread of COVID-19 in Vietnam since the initial resolution was passed on June 10, 2021. However, there have been delays in the revised plan caused by more-than-expected time it is taking to prepare the factory complex where the plant of the joint venture is to be built and the zero-COVID policy in China. Due to these factors, the Company has decided to postpone the establishment date once again until June 30, 2023 after discussions with its joint venture partner, Hengdian Group DMEGC Magnetics Co., Ltd.

2. Overview of the joint venture The changes are underlined

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

Date of establishment: Until June 30, 2023 (planned)

※ Establishment of the entity is subject to the approval from relevant authorities, etc.

There may be changes to the plan due to approval procedures, etc.

Initial Capital: US \$5,000,000 (approx. 650 million yen)

※ Forex rate assumptions underlying the calculation were revised from 110 yen per US dollar to 130 yen per US dollar.

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, 2023 is negligible.