

November 14, 2023

(Progress on disclosed item) Announcement Concerning Transfer of Non-current Assets and Booking of Extraordinary Income on the Sale of Non-current Assets

Foster Electric Company, Limited (hereinafter “the Company”) announced on March 30, 2023, that due to delays in obtaining approval from Chinese regulatory authorities, it would be difficult to transfer its Nanning plant* and record extraordinary income resulting from the transfer in the fiscal year ended March 31, 2023.

The Company hereby provides notice that it has obtained approval from the Chinese authorities for the transfer, as outlined below.

*Official name: Foster Electric Co., (Nanning) Ltd.

1. Reason for transfer

As of June 30, 2022, the Company halted operations of the Nanning plant in efforts to optimize its production system amid changing demand for mobile audio products. The Company has subsequently decided to transfer the plant to effectively utilize its management resources.

2. Overview of assets to be transferred

(1) Address	NO.8,Keyuan East 11 Road Nanning New & High - Tech Industrial Development Zone, Nanning
(2) Assets	Site area: 19,550sqm, building area: 20,122sqm
(3) Transfer price	Approximately ¥700 million
(4) Book value	¥0 million
(5) Gain on transfer	Approximately ¥700 million
(6) Current status	Idle assets (Operations ceased as of June 30, 2022)

3. Overview of transferee

(1) Name	Guangxi Xuxin Weiye Technology Co., Ltd.
(2) Address	NO.8,Keyuan East 11 Road Nanning New & High - Tech Industrial Development Zone, Nanning
(3) Name and title of representative	General Manager Guixu Ni
(4) Business	Development, manufacture, and sale of laser processing machines
(5) Capital	CNY(¥)50 million
(6) Date established	July 17, 2023

There is no capital, personal, or trade relationship between the Company and the transferee. Further, there are no related-party transactions involving the Company and the transferee.

4. Schedule for transfer

(1) Board resolution date	November 21, 2022
(2) Contract signing date	November 23, 2022
(3) Asset transfer date	October 27, 2023

5. Impact on future earnings

The Company expects to record a ¥700 million gain on the sale of non-current assets as extraordinary income in consolidated accounting in the third quarter of the fiscal year ending March 31, 2024. Since the extraordinary income has already been factored into the full-year consolidated financial results forecast for the fiscal year released on May 11, 2023, no revision will be made to the forecast as a result of the asset transfer.