

70<sup>th</sup>  
ANNIVERSARY

FOSTER



Foster Electric Company, Limited

Code Number: 6794

For the 86<sup>th</sup> Fiscal Year

## BUSINESS REPORT

From April 1, 2019 to September 30, 2019 (Interim Period)

<https://www.foster-electric.com/investors/index.html>

Foster Electric IR

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### To Our Shareholders

Foster aims to become a new-age company that is loved throughout society.

During the six months ended September 30, 2019, the global economy remained unpredictable due to trade friction between the US and China, economic slowdown in China and Europe, heightened geopolitical risks, and other factors.

In the electronic components industry, a key area for the Foster Group (the “Group”), the auto-related market was affected by the downward trend in global new car sales. However, the development of components for next-generation vehicles—as represented by electric vehicles and autonomous driving cars—has gathered momentum. The smartphone-related market was impacted by a slowdown in demand for components due in part to an already high rate of smartphone ownership.

Against this backdrop, the Group focused on streamlining its production capabilities for smartphone headsets and on preparing for forward-thinking development and mass production of new products.

As a result, we recorded declines in both consolidated net sales and income during the period under review. However, to express our appreciation for shareholder support, we will distribute an interim dividend of ¥20 per share in addition to a commemorative dividend of ¥5 per share in celebration of the 70th anniversary of our founding.

As technological innovation accelerates, the Foster Group will enter the new era by pursuing even better sound and steadily continuing its efforts toward becoming an essential and trusted company both in society and in the markets.

We humbly request your continued support as we move forward.

December 2019

**Hiromi Yoshizawa**  
President



# TOPICS

## History of FE103

FOSTEX has continually proposed unique products with full of craftsmanship.

We keep challenging the possibilities in sound creation with the theme of merging technologies and sensitive world of arts.

Flagship 10 cm full-range speaker units FE103



**1963:**  
10F3 launched



**2014:**  
Limited-edition model released in commemoration of the 50th anniversary of launch



**2019:**  
Model released in commemoration of the 70th anniversary of foundation

## Foster Thilawa Plant (Myanmar)

With electric vehicles and autonomous driving cars grabbing attention in the automotive industry, the Foster Thilawa Plant, which is located in Myanmar's Thilawa Special Economic Zone, has begun full-scale production of car speakers.

Myanmar is gaining growing importance as a global production hub while its automotive industry is growing. On August 21, Ms. Aung San Suu Kyi, State Counsellor and Minister for Foreign Affairs of Myanmar, visited our Thilawa Plant and observed the speaker manufacturing line.



## 70th Anniversary Commemorative Dividend and Shareholder Benefit

To express our appreciation for our shareholders, we decided to distribute a dividend for the interim period under review of ¥20 per share, comprising an ordinary dividend of ¥15 per share and a commemorative dividend of ¥5 per share.

In addition, we offered commemorative shareholder benefit of FOSTEX products for those who were shareholders as of March 31, 2019. (The benefit period will run until December 31, 2019.)

## Financial Highlights

Consolidated Performance for the Interim Period of the Fiscal Year Ending March 31, 2020

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
<b>¥55,277</b> million (down 19.6% y-o-y)	<b>¥1,594</b> million (down 17.7% y-o-y)	<b>¥1,668</b> million (down 24.1% y-o-y)	<b>¥2,090</b> million (Net loss of ¥1,776 million in the same period of previous FY)

Net assets	Total assets	Net income per share	Net assets per share	Equity ratio
<b>¥59,602</b> million (¥59,294 million at the end of previous FY)	<b>¥87,609</b> million (¥91,271 million at the end of previous FY)	<b>¥92.48</b> (Net loss of ¥69.21 in the same period of previous FY)	<b>¥2,420.07</b> (¥2,404.10 at the end of previous FY)	<b>62.4%</b> (59.5% at the end of previous FY)

# Products



Full Model Change of Full-Range Units

## FE-NV Series

As part of its move to return to its roots, since 2018, FOSTEX is redesigning its full-range speaker drivers to revive its speaker crafting in earlier years. The FE-NV series has added three new products of FE126NV, FE166NV and FE206NV, resulting in five models: 8, 10, 12, 16, and 20 cm.

<https://www.fostex.jp/>



Premium Craft-Woofer & Tweeter

## W160A-HR & T250A

This is our ultimate series of craft speakers: a 16 cm woofer with exclusive and newly developed HR diaphragm and a 25 mm ridge dome tweeter with pure magnesium (99.9%) diaphragm. (Produced to order)



Headphones

## KOTORI 201 meets Tatsunoko

This headphones model is a collaboration with Tatsunoko Production.

©Tatsunoko Production · R&DMAK CO.,LTD.

<http://kotori.fostex.jp/>

## Overview by Segment (Consolidated)

### Speaker Segment



Sales of car speakers and speaker systems fell as a result of a decline in the number of new cars sold worldwide.

### Mobile Audio Segment



Net sales in this segment fell due to a decline in the sales volume of headsets for a major customer.

### Other Segment



Net sales in this segment, including micro acoustic components and "FOSTEX" brand products, were generally in line with our plan.

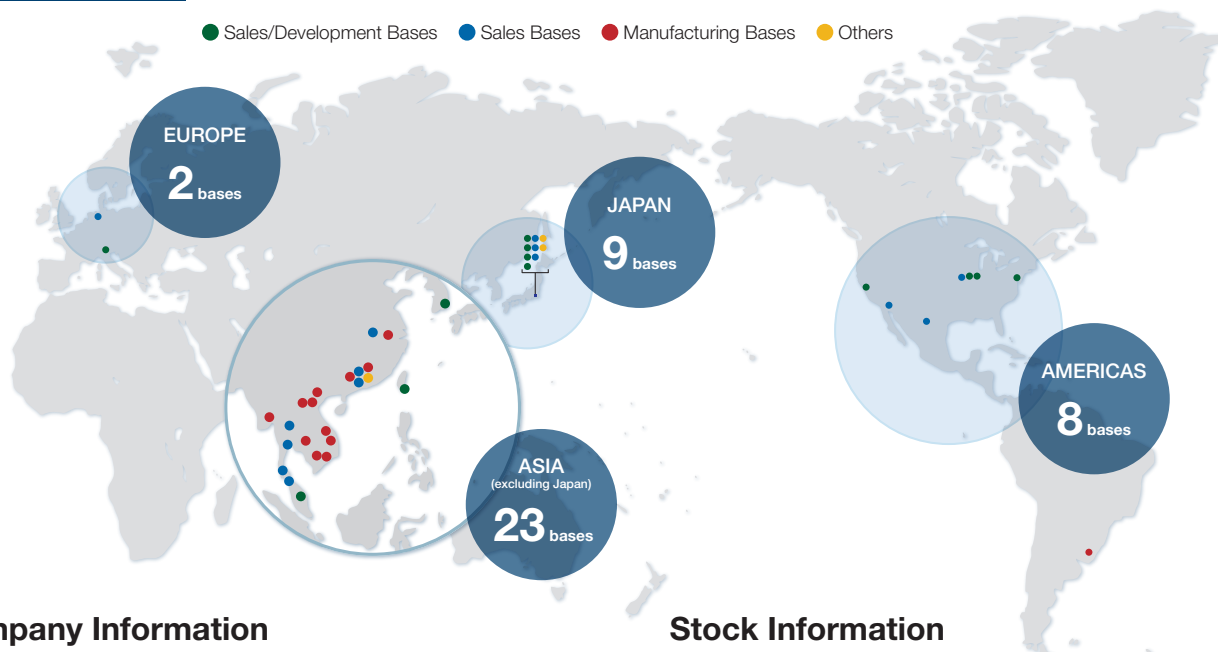


\*The above includes inter-segment sales.

## Group Companies

The Group operates 42 bases in 13 countries and regions worldwide as bases for development, manufacturing and sales. We have established a sophisticated production system integrating processes from components manufacturing to finished goods manufacturing.

● Sales/Development Bases ● Sales Bases ● Manufacturing Bases ● Others



## Company Information

### Company Profile (As of September 30, 2019)

Company Name	Foster Electric Company, Limited
Founded	June 20, 1949
Common Stock	¥6,770,360,135 Listed on the First Section of the Tokyo Stock Exchange
Headquarters	1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550, Japan Phone: +81-42-546-2311 (switchboard)
Number of employees	22,104; Number includes our outsourcee in Panyu, China.
URL	<a href="https://www.foster-electric.com/">https://www.foster-electric.com/</a>

### Directors and Corporate Auditors (As of September 30, 2019)

President and Representative Director	Hiromi Yoshizawa	Senior Executive Officer	Terushige Nagasawa
Senior Managing Director	Atsushi Narikawa	Senior Executive Officer	Takuro Yamaguchi
Senior Managing Director	Lu San Tie	Senior Executive Officer	Masatoshi Kohama
Managing Director	Kazuhiro Kishi	Senior Executive Officer	Tatsuhito Tanaka
Director	Hidetoshi Shirakawa	Senior Executive Officer	Ryoji Otowa
Director <sup>*1</sup>	Minoru Matsumoto	Executive Officer	Yasuhide Takahara
Director <sup>*1</sup>	Chieko Matsuda	Executive Officer	Naoki Kanai
Standing Corporate Auditor	Tsutomu Inokuma	Executive Officer	Yuji Harada
Corporate Auditor <sup>*2</sup>	Takuma Ino	Executive Officer	Hiroki Miura
Corporate Auditor <sup>*2</sup>	Takashi Suzuki	Executive Officer	Yuji Sakuta
Corporate Auditor <sup>*2</sup>	Yasuhiro Goto	Executive Officer	Roy Ching-Sheng Chen
		Executive Officer	Oh In-Yong

\*1 Minoru Matsumoto and Chieko Matsuda are Independent Directors.

\*2 Takuma Ino, Takashi Suzuki and Yasuhiro Goto are Independent Corporate Auditors.

## Stock Information

### Status of Shares (As of September 30, 2019)

Total number of shares authorized to be issued by the Company:

**80,000,000 shares**

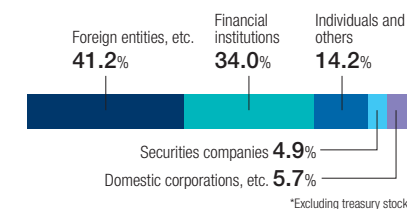
Total number of shares issued:

**26,000,000 shares**

Number of shareholders:

**5,144**

### Distribution of Shareholders by Shareholder Type



\*Excluding treasury stock

### Major Shareholders

Shareholder's Name	Number of Shares Held (Thousands)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,600	7.0
Mizuho Bank, Ltd.	1,016	4.4
MUFG Bank, Ltd.	945	4.1
Japan Trustee Services Bank, Ltd. (trust account)	943	4.1
GOVERNMENT OF NORWAY	825	3.6
Japan Trustee Services Bank, Ltd. (trust account 9)	547	2.4
DFA INTL SMALL CAP VALUE PORTFOLIO	502	2.2
Morgan Stanley MUFG Securities Co., Ltd.	494	2.1
The Bank of New York Mellon 140044	494	2.1
JPMorgan Securities Japan Co., Ltd.	474	2.0

Treasury stock (3,282,124 shares) is excluded for the calculation of the "Ratio of Shares Held."

## Information for Shareholders

Fiscal Year	From April 1 to March 31 of each year
Ordinary General Meeting of Shareholders	June of each year
Record date	Ordinary General Meeting of Shareholders: March 31 Year-end dividends: March 31 Interim dividends: September 30
Number of Unit ("tangen") Shares	100
Transfer Agent	Stock Transfer Agency Department, Head Office of Mizuho Trust & Banking Co., Ltd.
Transfer Agent Branch	1-2-1, Yaesu, Chuo-ku, Tokyo
Media for Public Notice	Nihon Keizai Shimbun (daily newspaper) issued in the Metropolis of Tokyo

### Inquiries for Handling of Stocks

<b>Shareholders who have an account at a securities company</b>	The securities company with which you have a business connection
<b>Shareholders who have a special account</b> *Shareholders are not allowed to make any stock transactions other than the purchase of shares less than one unit ("tangen").	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan <b>Tel: 0120-288-324 (toll-free telephone service in Japan)</b>
<b>Payment of unpaid dividends</b>	Head office and branches nationwide of Mizuho Trust & Banking Co., Ltd., and Mizuho Bank, Ltd.

## Notice

### Information on Individual Number System relating to stocks

Your Individual Number notified by your local government is required for tax procedures relating to stocks. For this reason, shareholders must notify their stockbrokers of their Individual Numbers.

Contact Information for Inquiries about Individual Number Notifications

If your shares are in an account managed by a securities company or stockbroker: Please contact your broker.

If your shares are not managed through a securities company or stockbroker:

Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.

**Tel: 0120-84-0178**

(toll-free telephone service in Japan)