

FOSTER[®]

For the **88**th Fiscal Year

BUSINESS REPORT

From April 1, 2021 to March 31, 2022

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

Foster Electric IR



Foster Electric Company, Limited Code Number: 6794

Sound to Life

To our shareholders

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

During the fiscal year ended March 31, 2022, the global economy, primarily advanced economies, made progress toward normalization owing to progress in COVID-19 vaccinations and fiscal and monetary policies implemented in countries around the world. However, the Russian invasion of Ukraine has upended the international order and led to the imposing of economic and financial sanctions in scales never seen before in many countries, all the while new variants of COVID-19 continued to pose threat. As such, the world is faced with an extremely challenging and uncertain outlook.

In the automotive market, on which the Foster Group (the “Group”) focuses, automobile manufacturers and parts suppliers were forced to review their production plans due to global semiconductor shortages and supply chain disruptions.

Under these circumstances, the Group made steady progress toward achieving its medium-term business plan, such as securing approximately 70% of the orders targeted at the time of plan completion in the automotive business, as a result of promoting its partner strategy for target customers. In addition to the automotive business, we further promoted the commercialization of new businesses, such as wearables and wellness, by establishing a development, production, and sales structure with an eye to future changes.

As a result, we were able to achieve an increase in sales despite the impact of COVID-19. However, profits suffered from soaring international freight rates and raw material and component prices and supply chain disruptions caused by the spread of new COVID-19 variants. In particular, increased use of air freight in response to global container logistics disruptions weighed on profits.

To meet the challenge of the harsh operating environment, the Group will make every effort to strengthen its corporate system and fundamentally reform the cost structure, while shifting its focus to the automotive business and pushing ahead on the development of new businesses and products. In accordance with its philosophy of embracing perpetual change, the Group will continue to conduct ESG management as it steadily moves forward with its efforts to become a new-age company that is trusted and loved throughout society and the market.

We modestly request your continued support as we move forward.

June 2022

Atsushi Narikawa
CEO



TOPICS

Endorsement of Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations

The Foster Group has expressed its support for the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and is a member of the TCFD Consortium, which discusses effective disclosure of TCFD information and appropriate responses with supporting companies, financial institutions, and other members.

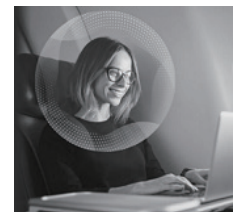
To achieve sustainability, the Group has adopted an ESG Management Statement, which advocates the realization of a decarbonized society and unceasing efforts to achieve zero emissions as medium- to long-term goals. In addition, the Group aims to achieve carbon neutrality by 2050—with the total CO₂ emissions reduction target for Scope 1 and Scope 2 emissions in 2030 set at 50% of the fiscal 2018 level, and the total CO₂ emissions reduction target for Scope 3 emissions in 2030 set at 15% of the fiscal 2018 level—in accordance with the Paris Agreement's 1.5 degrees Celsius target.

The Group recognizes themes related to the environment and climate change as important issues. We will continue to work toward achieving a sustainable society that satisfies all stakeholders, and at the same time, we will strive to proactively disclose information based on the TCFD recommendations.



Business Alliance with NTT sonority, Inc.

NTT sonority, Inc., which is planning an acoustic product business incorporating innovative technologies such as the Personalized Sound Zone (PSZ)*1, and the Foster Group, which has an extensive business experience in the development and manufacture of acoustic products for customers such as automakers and acoustic device manufacturers, have signed a comprehensive general agreement on business alliance. The business alliance is aimed at strategically and comprehensively cooperating in the development, commercialization, manufacturing, and sales of target products, as well as co-creating new added value in “providing rich acoustic spaces” and providing it to society efficiently and reliably.



Note 1: Personalized Sound Zone (PSZ)

PSZ technology traps high-quality sound near the listener's ears and prevents sound from leaking out in any direction. This technology utilizes sound shells*2 that are created by introducing hardware innovations based on the seemingly paradoxical idea of actively harnessing typically unused sound emanating from the rear sides of speakers and by controlling interference through the application of software. Shells will be made commercially available in sizes of 10–20 cm and 1–2 cm.

Note 2: A space in which sound is confined

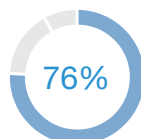
Financial Highlights Consolidated Performance for the Fiscal Year ended March 31, 2022



Overview by Segment (Consolidated)

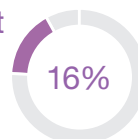
Speaker Segment

Net sales ¥69,676million



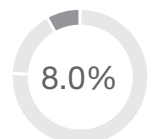
Mobile Audio Segment

Net sales ¥14,227million



Other Segment

Net sales ¥8,330million



Note: The figures above include intersegment sales.

Products

Personal Amplifier

AP25



Compact personal amplifier equipped with a digital amplifier with a maximum output of 25W + 25W. Comes with a pre-out jack that allows the connection to an active sub-woofer or power amplifier.

Standard price: Open price

Reference Speaker System

RS10A



Studio reference monitor speaker with professional specifications tailored to broadcast stations. Developed based on the concept of thorough high-fidelity reproduction in pursuit of precise reproduction like a measuring instrument.

Standard price: Open price

Information regarding Shareholder Incentives

Through FOSTEX ONLINE SHOP, our e-commerce site (in Japanese only), we will provide the following discounts to all shareholders recorded in our shareholder registry as of March 31, 2022.

Accessing the official
FOSTEX ONLINE SHOP e-commerce site
<https://store.fostex.jp/>



First-time users should register as new members by clicking the login button in the top right-hand corner of the site.

On the order method selection screen,
enter the “shareholder incentive code.”



■ Period of validity:

June 25 to December 31, 2022

Note: We will provide a maximum of three discounts per shareholder throughout the specified period.

■ For inquiries related to our online shop:

+81-42-545-6111

Business hours: M-F 9:00 AM–12:00 PM and 1:30 PM–5:00 PM

Inquiries can also be sent using FOSTEX ONLINE SHOP's contact form by clicking “Contact,” located at the top of the site.

For inquiries regarding our
shareholder incentive system:

Foster Electric Company, Limited
IR supervisor in the IR and
Governance Department

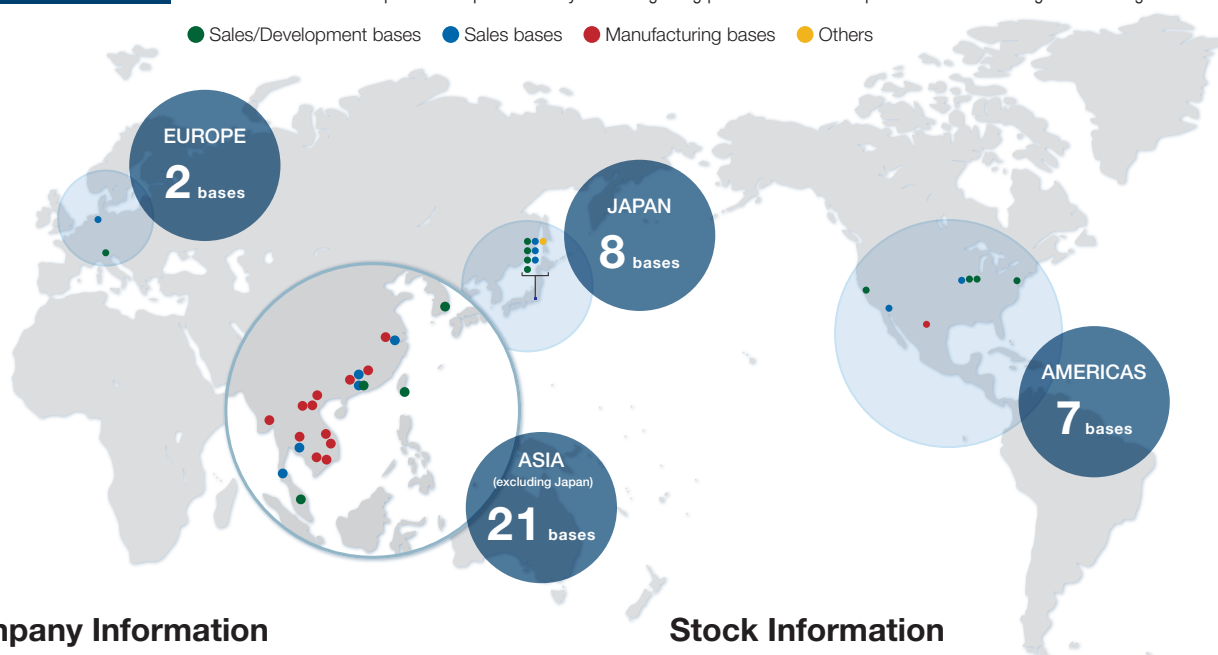
Tel: +81-42-546-2305

Business hours:
M-F 9:00 AM–12:00 PM and
1:30 PM–5:00 PM

Group Companies

The Group operates 38 bases in 12 countries and regions worldwide as bases for development, manufacturing, and sales activities. 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 March 31, 2022)

Company Name:	Foster Electric Company, Limited
Founded:	June 20, 1949
Common Stock:	¥6,770,360,135 Listed on the Prime Market 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:	17,258 (Number includes our outsourcee in Panyu, China)
URL:	https://www.foster-electric.com

Directors and Corporate Auditors (As of June 24, 2022)

Director and Chairperson:	Hiroimi Yoshizawa	Senior Executive Officer:	Hidetoshi Shirakawa
CEO:	Atsushi Narikawa	Senior Executive Officer:	Tatsuhito Tanaka
Senior Managing Director:	Lu San Tie	Senior Executive Officer:	Yasuhide Takahara
Managing Director:	Kazuhiro Kishi	CFO Senior Executive Officer:	Akihito Mochizuki
Director:	Hiroki Miura	Senior Executive Officer:	Naoki Kanai
Independent Director:	Minoru Matsumoto	Senior Executive Officer:	Hiroyuki Asada
Independent Director:	Yasuhiro Goto	Executive Officer:	Terushige Nagasawa
Independent Director:	Kaoru Chujo	Executive Officer:	Yuji Sakuta
Standing Corporate Auditor (Independent):	Satoko Kimoto	Executive Officer:	Oh In-Yong
Corporate Auditor:	Tsutomu Inokuma	Executive Officer:	Nguyen Quan Hoang
Independent Corporate Auditor:	Takashi Suzuki	Executive Officer:	Tan GuiHai
Independent Corporate Auditor:	Aiko Oue	Executive Officer:	Wong Wing Chung

Stock Information

Status of Shares (As of March 31, 2022)

Total number of shares authorized to be issued by the Company:	80,000,000 shares	Distribution of Shareholders by Shareholder Type		
Total number of shares issued:	25,000,000 shares	Foreign entities, etc.	Financial institutions	Individuals and others
Number of shareholders:	7,936	24.3%	39.2%	26.1%
		Securities companies	6.4%	Domestic corporations, etc.
		4.0%	*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)	4,617	20.6
Custody Bank of Japan, Ltd. (trust account)	1,097	4.9
Mizuho Bank, Ltd.	1,016	4.5
MUFG Bank, Ltd.	945	4.2
JPMorgan Securities Japan Co., Ltd.	665	2.9
Mizuho Trust & Banking Co., Ltd.	405	1.8
The Bank of New York Mellon 140042	361	1.6
MSIP CLIENT SECURITIES	345	1.5
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	317	1.4
GOLDMAN SACHS INTERNATIONAL	315	1.4

Treasury stock (2,647,224 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. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo

Inquiries for Handling of Stocks

Shareholders who have an account at a securities company	The securities company with which you have a business connection
Shareholders who have a special account	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan Tel: 0120-288-324 (toll-free telephone service in Japan)
Payment of unpaid dividends	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)