

For the 89th Fiscal Year
BUSINESS REPORT

From April 1, 2022 to March 31, 2023

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, 2023, the global economy has seen a return to normal economic activities from the COVID-19 pandemic that has lasted over three years. However, uncertainty has further intensified due to accelerated inflation in developed countries, rapid interest rate hikes in the US and Europe, and financial instability emerging in the US and Europe in the latter half of the fiscal year. The automotive market, on which the Foster Group (the “Group”) focuses, remained unstable in terms of supply and demand, with car production and new car sales falling short of projections.

Under these circumstances, in our activities to win orders in the automotive business, our Group strengthened proposal activities to target customers based on our partner strategy, securing approximately 90% of the orders targeted for the fiscal year ending March 31, 2025, the final year of our current medium-term business plan. In the Mobile Audio segment, we have reinforced collaborations with other companies through business alliances and joint development to further advance our R&D-oriented initiatives, expanding operations by leveraging our strengths. This approach led the segment to a profitable trajectory from the beginning of the fiscal year. Considering the escalating US–China tensions, we have prepared our production systems to increase speaker manufacturing at our plant in Binh Duong Province, Vietnam, with production slated to begin in the latter half of 2023. In addition, we have established a production subsidiary (second-tier subsidiary) in Hungary to promote local production and consumption, which in turn helps reduce CO2 emissions from logistics. As for the challenges posed by soaring raw material and component costs, as well as higher international freight rates, we have made headway in enhancing profitability. This progress was made possible by capitalizing on a temporary easing of freight rate increases and by passing on higher costs to prices with the understanding of many of our customers.

As a result of the above, the Group achieved sales and profit growth in this fiscal year.

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 2023

CEO **Kazuhiro Kishi**

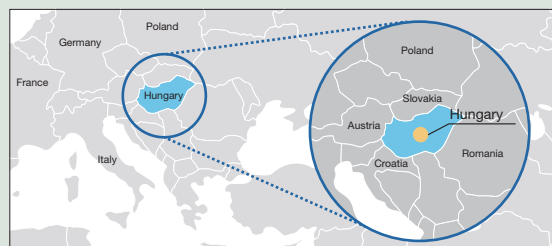


Establishment of a Subsidiary in Hungary

To build a more stable global product supply system, particularly considering our many key relationships in Europe, we established a production base in Hungary in December 2022. This initiative also serves our environmental objectives by reducing logistics-related CO₂ emissions.

Subsidiary overview

Company name:	FOSTER ELECTRIC (HUNGARY) Kft.
Capital:	EUR 3 million
Business:	Manufacture and sales of loudspeakers and related component
Production start:	October 2024 (planned)
Production quantity:	100,000 units per month



Joint Development of Next-Generation Stethoscopes and Medical Acoustic Devices with ShareMedical, Inc.

We have launched a joint development project of medical acoustic devices with ShareMedical, Inc.

ShareMedical, Inc. holds the basic patent for remote auscultation technology that enables stethoscopic examinations to be conducted over the Internet. It develops and distributes Nexstetho, a stethoscope designed for online medical consultations.

The Foster Group, with its extensive track record of developing and manufacturing acoustic products, will collaborate on enhancing Nexstetho's acoustic quality, and on the development and commercialization of headphones and speakers optimized for detecting subtle and delicate auscultation sounds, as well as next-generation stethoscopes. Our commitment extends to solving auditory challenges not only in the growing field of telemedicine but also in broader medical and healthcare sectors.



Renewal of Naming Rights and Change of Nickname for Akishima Civic Hall

As the agreement period for the naming rights of the Akishima Civic Hall approached its end on March 31, 2023, we have opted to renew our agreement with Akishima City.

In 2014, as part of our commitment to contribute to the community, we acquired the naming rights for Akishima Civic Hall, which became widely known as "KOTORI Hall." With the renewal of the naming rights, we have decided to introduce a new nickname: "FOSTER ホール."

The blue parts **FOSTER** and **ALL** in the new nickname, **FOSTER** ホール, embodies our strong wish that the hall serves to nurture and facilitate growth for everyone who uses it.

Agreement period: April 1, 2023, to March 31, 2026

New nickname: **FOSTER** ホール



Financial Highlights Consolidated Performance for the Fiscal Year Ended March 31, 2023

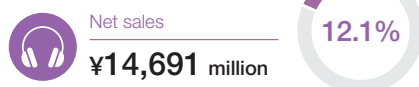
Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
¥121,338 million (up 33.2% y-o-y)	¥2,445 million (¥(7,757) million in the same period of previous FY)	¥2,327 million (¥(7,473) million in the same period of previous FY)	¥848 million (¥(7,017) million in the same period of previous FY)

Overview by Segment (Consolidated)

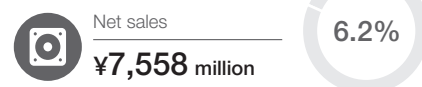
Speaker Segment



Mobile Audio Segment



Other Segment



Note: The figures above represent net sales after the elimination of inter-segment transactions.

Celebrating 50th Anniversary of Fostex Company

This year on July 1, Fostex Company marks its 50th anniversary, thanks to your enduring support over the years. From its inception, Fostex has adhered to its guiding principle of overseeing “from the input to the output of sound.” It has continually provided products rich in musicality, marked by exceptional performance and unwavering reliability. Infused with craftsmanship, Fostex’s distinctive products have been favored by music lovers, professional musicians, and top sound engineers all over the world.

As it moves forward, Fostex remains committed to exploring the possibilities in sound creation and aspires to craft ever richer and more vibrant sonic spaces.



PM0.3BD

Fostex is launching a new version of the PM0.3H with added Bluetooth and USB input functionalities. This allows for effortless playback of music from various devices such as smartphones and PCs.

Standard price: Open price



T50RP 50TH anniversary

Presenting our limited-edition headphones for overseas markets, adorned with the kanji for “50th anniversary.” The headphones are equipped with top-tier components in areas such as the driver and headband.

*Available exclusively for overseas sales

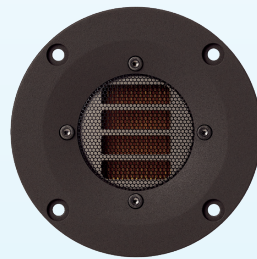
Not applicable for online shop/shareholder incentives



TH900mk2(OB)

Introducing our closed-back premium headphones featuring a high-performance driver unit housed in Urushi lacquered finish that highlights the wood grain.

Standard price: Open price



T360FD

Introducing Fostex’s first tweeter utilizing the Folded Diaphragm method.

Standard price: ¥49,500 (tax included)/ 1 unit

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, 2023.

Period of validity: **June 28 to December 31, 2023**

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

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



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



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

For inquiries regarding our
shareholder incentive system:

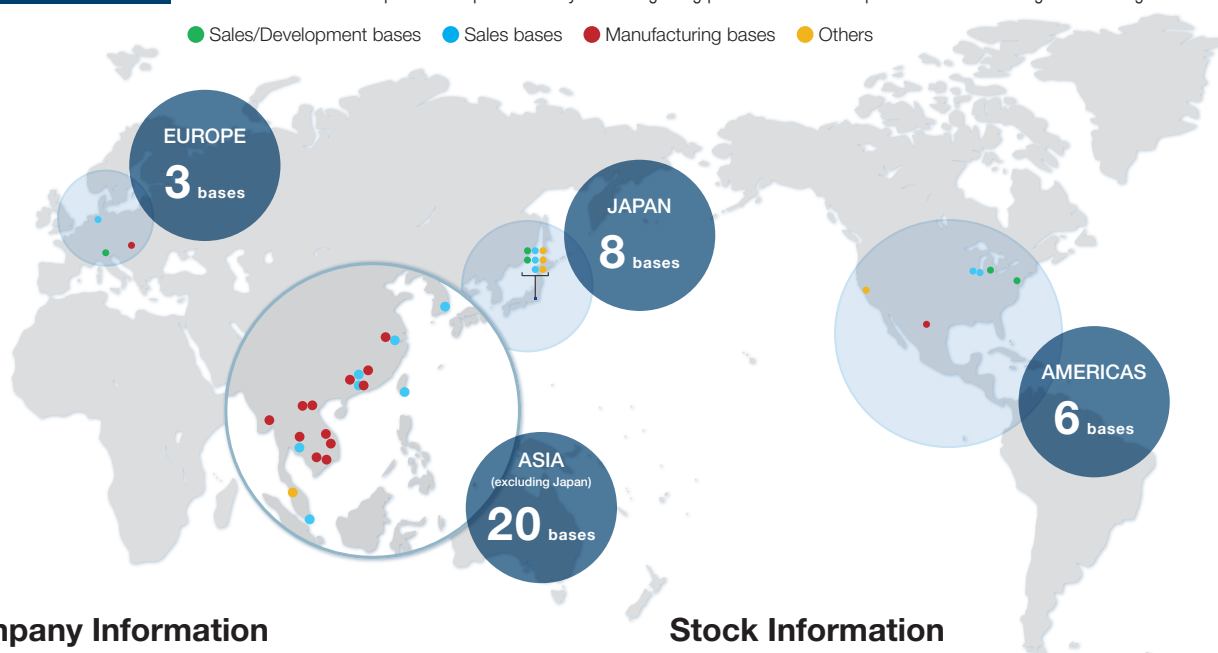
+81-42-546-2305

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

Group Companies

The Group operates 37 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, 2023)

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:	15,493 (Number includes our outsourcee in Panyu, China)
URL:	https://www.foster-electric.com

Directors and Corporate Auditors (As of June 27, 2023)

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

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

Stock Information

Status of Shares (As of March 31, 2023)

Total number of shares authorized to be issued by the Company:	80,000,000 shares
Total number of shares issued:	25,000,000 shares
Number of shareholders:	7,252

Distribution of Shareholders by Shareholder Type

Foreign entities, etc.	21.7%
Financial institutions	45.2%
Individuals and others	20.8%
Securities companies	9.0%
Domestic corporations, etc.	3.3%

*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)	4,601	20.5
Custody Bank of Japan, Ltd. (trust account)	2,499	11.1
JPMorgan Securities Japan Co., Ltd.	1,290	5.7
Mizuho Bank, Ltd.	1,016	4.5
MUFG Bank, Ltd.	945	4.2
Morgan Stanley MUFG Securities Co., Ltd.	502	2.2
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	411	1.8
Mizuho Trust & Banking Co., Ltd.	405	1.8
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	392	1.7
BNP PARIBAS LUXEMBOURG / ZS / JASDEC / FIM / LUXEMBOURGFUNDS / UCITS ASSETS	337	1.5

Treasury stock (2,649,824 shares) is excluded for the calculation of "Ratio of Shares Held."

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 *No share transactions other than the purchase of odd-lot shares (less than one "tangen" unit) are allowed.	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

Inquiries about the electronic system for providing materials for the General Meeting of Shareholders (requests for delivery of paper-based materials)

Please contact your brokerage firm or the dedicated Mizuho Trust & Banking phone number below.

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

Dedicated phone number for electronic provision of materials

0120-524-324 (9:00-17:00 except Saturdays, Sundays, and holidays)

Please also see the FAQ (in Japanese only).

https://contact.www.mizuho-tb.co.jp/category/show/72?site_domain=daikou

