

# For the 90<sup>th</sup> Fiscal Year BUSINESS REPORT

From April 1, 2023 to September 30, 2023  
(Interim Period)

Foster Electric Company, Limited

Code Number: 6794

Sound to Life

**FOSTER**<sup>®</sup>



## To our shareholders

We, the Foster Group, based on our corporate creed calling for “sincerity,” aim to be a highly profitable company that “makes contributions to future society through acoustics.”

During the six months ended September 30, 2023, the outlook for the global economy remained in a state of flux. The end of the over three-year-long COVID-19 pandemic triggered a full-fledged resumption of economic activities, but uncertainties increased amid intensified geopolitical tensions caused by the prolonged Russia-Ukraine war and Hamas' surprise attack on Israel. The situation is further exacerbated by ongoing inflation in developed countries that is showing no sign of easing, rapid interest hikes in the US and Europe, and concerns over an economic slowdown in China due to the country's real estate crisis. Meanwhile, the automotive market, the Group's focus, has been seeing a recovery in sales, owing to the easing of semiconductor shortages and the increase in production and sales of electric vehicles (EVs).

Under these circumstances, we pressed forward with the “partner strategy” set forth in the medium-term business plan, and stepped up efforts to make proposals to customers, including showcasing demo vehicles featuring a combination of the Group's technologies. As a result, orders from key customers steadily increased and production of new products in the micro acoustic components business began, which are expected to contribute to earnings in the next fiscal year. In the automotive business, we are pushing forward with further development of haptic applications using actuators. In the Mobile Audio business, we plan to expand Beyond2025 strategies, which will build the pillars of the next-generation business, and we are currently in discussions or collaborating with multiple companies on application development, including for Robin, a biometric headset. Further, meaningful progress has been made in preparing for the launch of speaker production at our plant in Binh Duong Province, Vietnam to mitigate the potential impact of geopolitical risks and for the establishment of the Hungary plant in Europe with the goal of reducing CO<sub>2</sub> emissions through local production and consumption and on the logistics front.

As a result, the Group achieved growth in net sales and profit after moving into the black just a year ago, overcoming difficult times and reinforcing the resilience of our corporate structure.

Going forward, the Group will make every effort to improve our structure to continuously increase profitability, and aim for further business expansion. Specifically, we will strive to bolster our corporate structure and fundamentally reform the cost structure, and while continuing to position the automotive business as the mainstay, will push forward with the development of new businesses and products. In accordance with our philosophy of embracing perpetual change, the Group will continue to conduct ESG management as we steadily move forward with our 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.

December 2023

CEO Kazuhiro Kishi

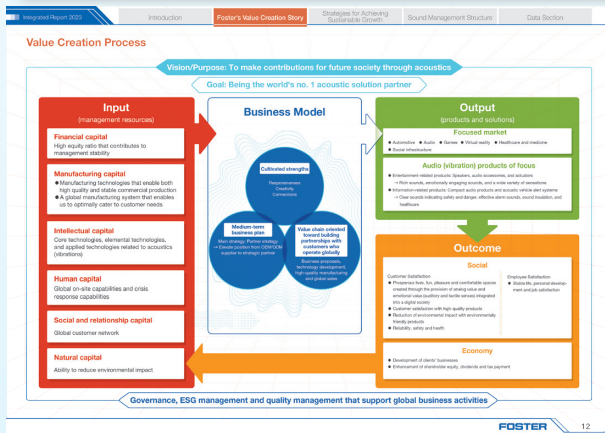
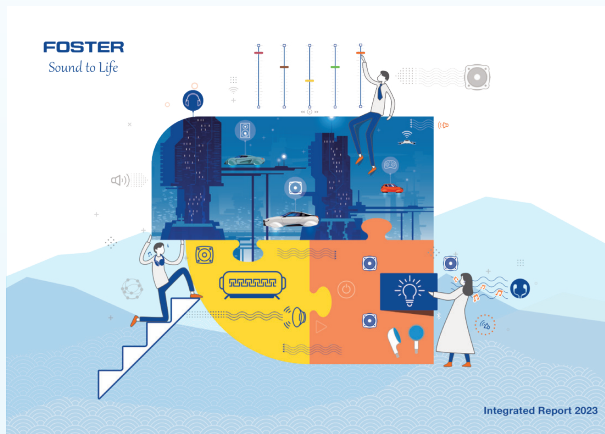


## We published Integrated Report 2023.

In July 2023, we published Integrated Report, which provides a summary of the Company's financial and non-financial information, as a tool for helping stakeholders better understand our medium- to long-term targets and strategies, in place of Sustainability Report. We created the Integrated Report with the aims of increasing the transparency of the Foster Group, as well as of strengthening efforts to increase the Group's corporate value and achieving sustainable growth through communication with stakeholders.

We hope the Integrated Report will help you better understand our Company.  
Please find the report on our official website.

[https://www.foster-electric.com/investors/integrated\\_report/index.html](https://www.foster-electric.com/investors/integrated_report/index.html)



## Financial Highlights Consolidated Performance for the Six Months Ended September 30, 2023

|  |  |  |   |
|--|--|--|---|
| <b>Net sales</b><br><b>¥59,701</b> million<br>(up 2.3% y-o-y)                              | <b>Operating profit</b><br><b>¥2,165</b> million<br>(up 516.2% y-o-y)                        | <b>Ordinary profit</b><br><b>¥2,139</b> million<br>(up 428.5% y-o-y)                       | <b>Profit attributable to owners of parent</b><br><b>¥1,114</b> million<br>(¥(249) million in the same period of previous FY) |
| <b>Net assets</b><br><b>¥62,684</b> million<br>(¥56,515 million at the end of previous FY) | <b>Total assets</b><br><b>¥97,280</b> million<br>(¥92,871 million at the end of previous FY) | <b>Earnings per share</b><br><b>¥50.17</b><br>(¥(11.25) in the same period of previous FY) | <b>Net assets per share</b><br><b>¥2,547.67</b><br>(¥2,302.49 at the end of previous FY)                                      |
|  |  | <b>Equity ratio</b><br><b>58.3%</b><br>(55.0% at the end of previous FY)                   |   |



# FOSTEX TOPICS



Thanks to your support, FOSTEX celebrated its 50th anniversary of founding in July 2023.

## Held a headphone assembly workshop



We solicited participants for the headphone assembly workshop through Makuake, generating proceeds that exceeded 250% of the target. In the workshop, participants used the RPKIT50 assembly kit to build the RP series headphones that are beloved by professional musicians and engineers around the world.

The workshop was held at the head office of Foster Electric, and participants were able to tune their headphones to their preferences with in-person advice from development engineers, and in doing so, deepen their understanding of headphones and experience the fun they bring.



# PRODUCTS



**FE108-Sol**

Full-range speaker

We have received overwhelming requests for the re-release of FE108-Sol, a full-range speaker unit exclusively developed for backloaded horn speakers. This unit was re-released to commemorate FOSTEX's 50th anniversary of founding.



**TH616**

Premium headphone

TH616 features a design reminiscent of sunlight shining through the gaps in the trees. Combining "wa," the essence of Japanese design, with an excellent acoustic structure, TH616 headphones were carefully assembled one by one at a factory in Japan to create a novel, premium headphone experience for users.



**T60RP 50TH ANNIVERSARY**

RP stereo headphone

This is a 50th anniversary model of T60RP, featuring wooden housing made of African Padauk used in xylophones and guitars, among other instruments. Available in limited quantities only at Amazon.co.jp.

## Overview by Segment (Consolidated)

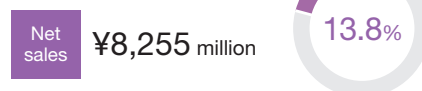
### Speaker Segment



Shipment volume of car speakers recovered as expected, backed by a sales recovery in the automotive market.



### Mobile Audio Segment



Sales grew, owing to the shipment of consumer actuators and car headphones, which was in line with expectations, and contributions from the R&D business.



### Other Segment



Sales were up, due in part to sales of proximity notification speakers in the micro acoustic components business.



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

## Group Companies

The Group operates 36 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 September 30, 2023)

|                      |  |
|----------------------|--|
| Company Name:        | Foster Electric Company, Limited   |
| Founded:             | June 20, 1949  |
| Common Stock:        | ¥6,770,360,135<br>Listed on the Prime Market of the Tokyo Stock Exchange                                 |
| Headquarters:        | 1-1-109, Tsutsujigaoka, Akishima City, Tokyo,<br>196-8550, Japan<br>Phone: +81-42-546-2311 (switchboard) |
| Number of employees: | 15,584<br>(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, 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:             | 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          |                                |                     |

## Stock Information

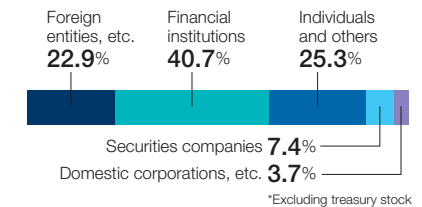
### Status of Shares (As of September 30, 2023)

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:  
**7,964**

### Distribution of Shareholders by Shareholder Type



### Major Shareholders

| Shareholder's Name                                     | Number of Shares Held (Thousands) | Ratio of Shares Held (%) |
|--|-----------------------------------|--------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account)   | 4,289                             | 19.19                    |
| Custody Bank of Japan, Ltd. (trust account)            | 1,875                             | 8.38                     |
| Mizuho Bank, Ltd.                                      | 1,016                             | 4.54                     |
| MUFG Bank, Ltd.  | 945                               | 4.23                     |
| JPMorgan Securities Japan Co., Ltd.                    | 636                               | 2.84                     |
| Morgan Stanley MUFG Securities Co., Ltd.               | 614                               | 2.74                     |
| GOVERNMENT OF NORWAY                                   | 592                               | 2.65                     |
| Mizuho Trust & Banking Co., Ltd.                       | 405                               | 1.81                     |
| BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE | 334                               | 1.49                     |
| STATE STREET BANK AND TRUST COMPANY 505223             | 318                               | 1.42                     |

Treasury stock (2,649,920 shares) is excluded for the calculation of "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<br>Year-end dividends: March 31<br>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:                    | 1-3-3, Marunouchi, Chiyoda-ku, 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><br>*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.<br>2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan<br><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

### 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/7?site\\_domain=daikou](https://contact.www.mizuho-tb.co.jp/category/show/7?site_domain=daikou)

