

# **Financial Results Briefing for the First Half of the Fiscal Year Ending March 31, 2024**

**Foster Electric Company, Limited**

**(Stock code: 6794, Prime Market)**

**November 21, 2023**

|   |       |
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# I. Overview of Financial Results for the First Half of the Fiscal Year Ending March 31, 2024

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# 1H FY03/24 Results



(Millions of yen)

|   | 1H FY03/23     | 1H FY03/24 (Actual)   |                           |                            |
|---|----------------|-----------------------|---------------------------|----------------------------|
|   |                |                       | Amount of change<br>(YoY) | Percentage change<br>(YoY) |
| Net sales                               | 58,385         | <b>59,701</b>         | 1,316                     | 2.3%                       |
| Operating income                        | 351            | <b>2,165</b>          | 1,814                     | 516.2%                     |
| <i>Operating income to net sales</i>    | <i>0.6%</i>    | <b>3.6%</b>           |                           |                            |
| Ordinary income                         | 404            | <b>2,139</b>          | 1,735                     | 428.5%                     |
| <i>Ordinary income to net sales</i>     | <i>0.7%</i>    | <b>3.6%</b>           |                           |                            |
| Net income (loss)*                      | (249)          | <b>1,114</b>          | 1,363                     | —                          |
| <i>Net income (loss) to net sales**</i> | <i>(0.4%)</i>  | <b>1.9%</b>           |                           |                            |
|   |                |                       |                           |                            |
| Dividends per share (in exact yen)      | 10.00          | <b>10.00</b>          | 0.00                      | 0.0%                       |
| Exchange rates                          | 135.31 yen/USD | <b>142.61 yen/USD</b> |                           |                            |
|   | 139.12 yen/EUR | <b>154.77 yen/EUR</b> |                           |                            |

\*Net income (loss) attributable to owners of the parent. \*\*Net income (loss) to net sales attributable to owners of the parent.

# Segment Performance

**FOSTER**

(Millions of yen)

|                     |                     | 1H FY03/23 | Composition ratio | 1H FY03/24    | Composition ratio | Percentage change (YoY) |
|---------------------|---------------------|------------|-------------------|---------------|-------------------|-------------------------|
|                     | Net sales           | 58,385     |                   | <b>59,701</b> |                   | 2.3%                    |
|                     | Operating income    | 351        |                   | <b>2,165</b>  |                   | 516.2%                  |
|                     | <i>Income ratio</i> | 0.6%       |                   | <b>3.6%</b>   |                   |                         |
| <b>Speaker</b>      | Sales               | 47,641     | 81.6%             | <b>47,372</b> | 79.4%             | (0.6%)                  |
|                     | Operating income    | (51)       | —                 | <b>1,984</b>  |                   | —                       |
|                     | <i>Income ratio</i> | (0.1%)     |                   | <b>4.2%</b>   |                   |                         |
| <b>Mobile Audio</b> | Sales               | 6,841      | 11.7%             | <b>8,255</b>  | 13.8%             | 20.7%                   |
|                     | Operating income    | 317        | —                 | <b>362</b>    |                   | 14.0%                   |
|                     | <i>Income ratio</i> | 4.6%       |                   | <b>4.4%</b>   |                   |                         |
| <b>Other</b>        | Sales               | 3,901      | 6.7%              | <b>4,073</b>  | 6.8%              | 5.4%                    |
|                     | Operating income    | 85         | —                 | <b>(181)</b>  |                   | —                       |
|                     | <i>Income ratio</i> | 2.2%       |                   | <b>(4.4%)</b> |                   |                         |

\*The composition ratio figures above are calculated after eliminating inter-segment transactions. (The same applies to subsequent pages.)

The elimination amounts were 1,385 million yen in 1H FY03/23 and 1,501 million yen in 1H FY03/24 for the Other segment.

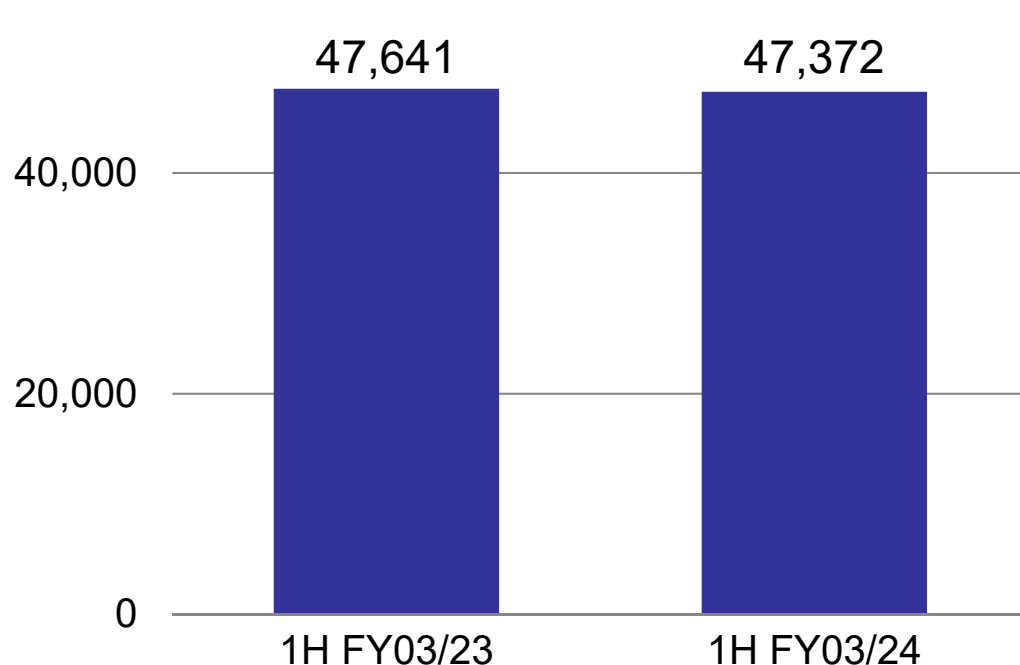
# Speaker Segment

- Segment sales fell in tandem with a decline in shipment volume, due to the adjustment of inventory built up during supply chain disruptions.
- Operating income increased sharply, backed by a decline in air and ocean freight costs and ongoing cost improvement measures.

|         |                  | (Millions of yen) |            |                   |                         |
|---------|------------------|-------------------|------------|-------------------|-------------------------|
|         |                  | 1H FY03/23        | 1H FY03/24 | Composition ratio | Percentage change (YoY) |
| Speaker | Sales            | 47,641            | 47,372     | 79.4%             | (0.6%)                  |
|         | Operating income | (51)              | 1,984      |                   | —                       |
|         | Income ratio     | (0.1%)            | 4.2%       |                   |                         |

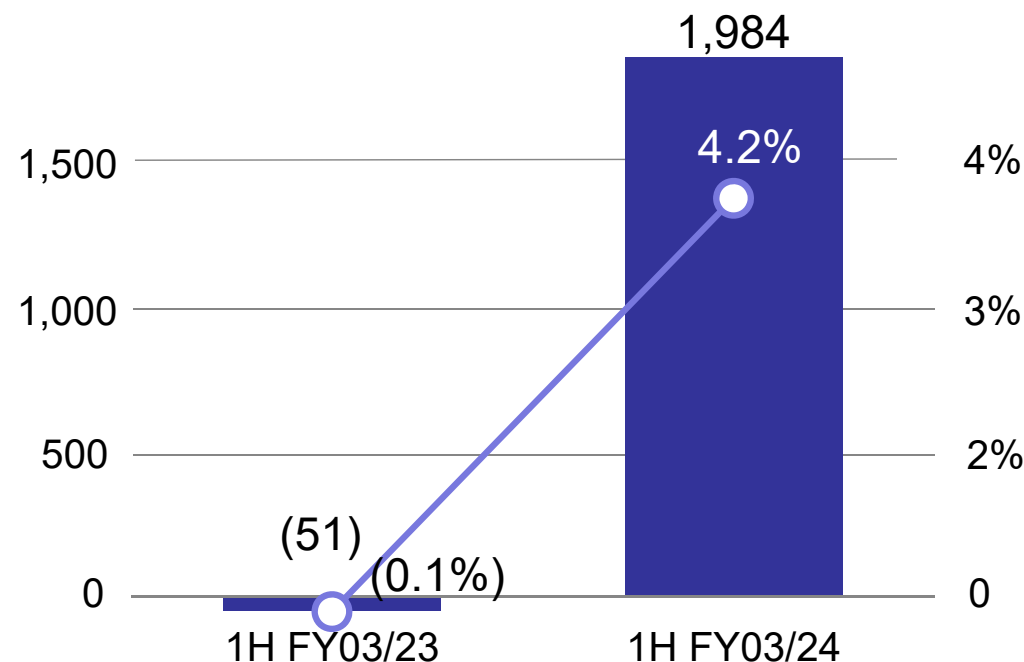
(Millions of yen)

## Sales



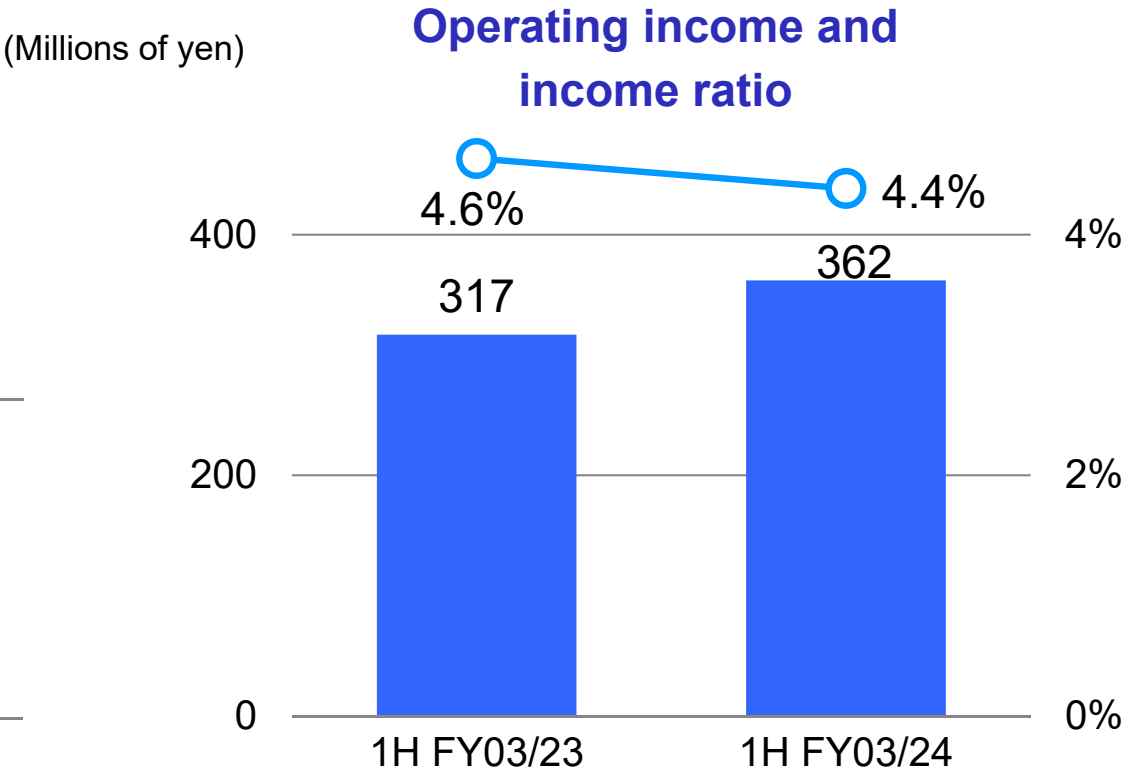
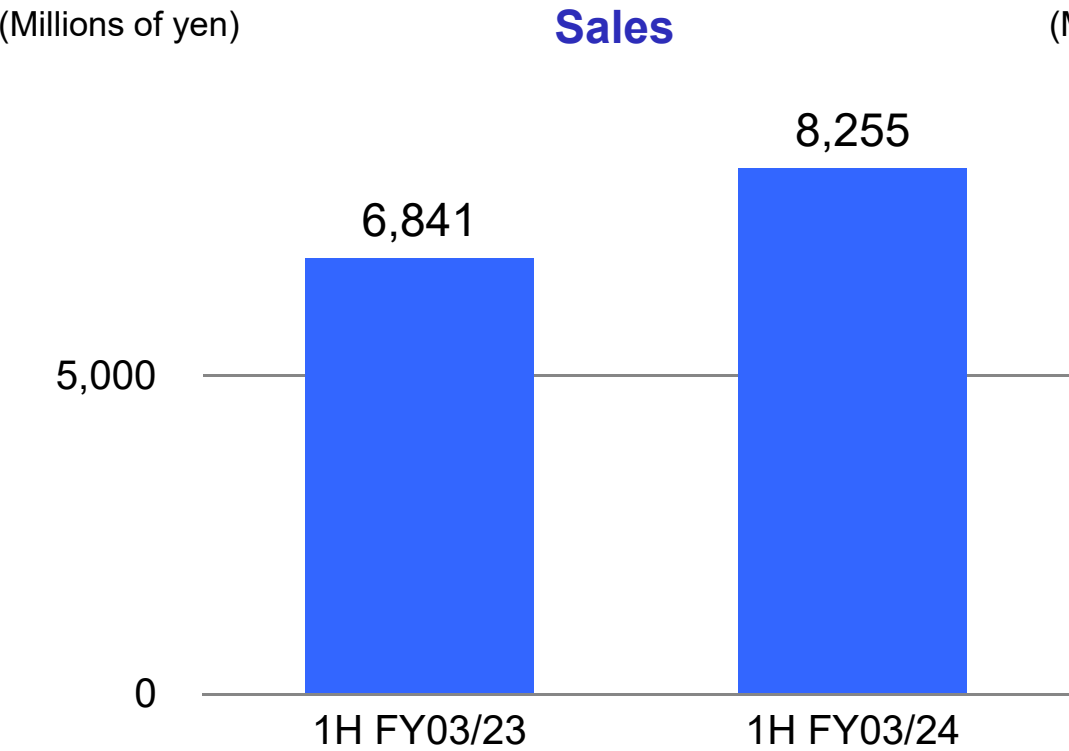
(Millions of yen)

## Operating income and income ratio



- Sales of consumer-use actuators and car headphones were as projected.
- Sales in the R&D-oriented business also contributed to segment sales growth.

|              |                  | (Millions of yen) |            |                   |                         |
|--------------|------------------|-------------------|------------|-------------------|-------------------------|
|              |                  | 1H FY03/23        | 1H FY03/24 | Composition ratio | Percentage change (YoY) |
| Mobile Audio | Sales            | 6,841             | 8,255      | 13.8%             | 20.7%                   |
|              | Operating income | 317               | 362        |                   | 14.0%                   |
|              | Income ratio     | 4.6%              | 4.4%       |                   |                         |

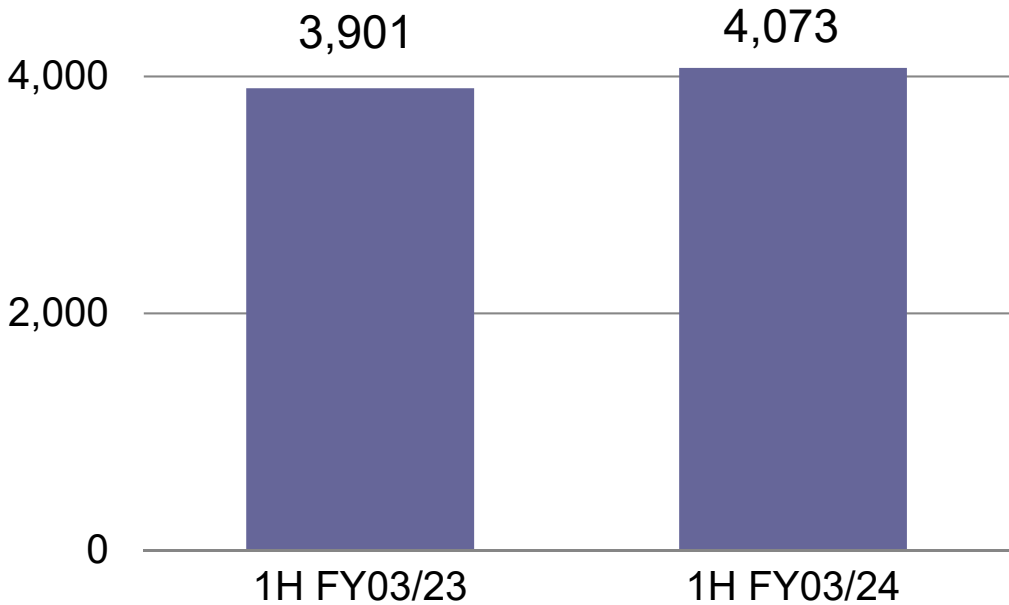


The segment posted an operating loss due to the impact of a weak yen on micro acoustic components earnings and inventory adjustments.

|       |                  | (Millions of yen) |            |                   |                         |
|-------|------------------|-------------------|------------|-------------------|-------------------------|
|       |                  | 1H FY03/23        | 1H FY03/24 | Composition ratio | Percentage change (YoY) |
| Other | Sales            | 3,901             | 4,073      | 6.8%              | 5.4%                    |
|       | Operating income | 85                | (181)      |                   | —                       |
|       | Income ratio     | 2.2%              | (4.4%)     |                   |                         |

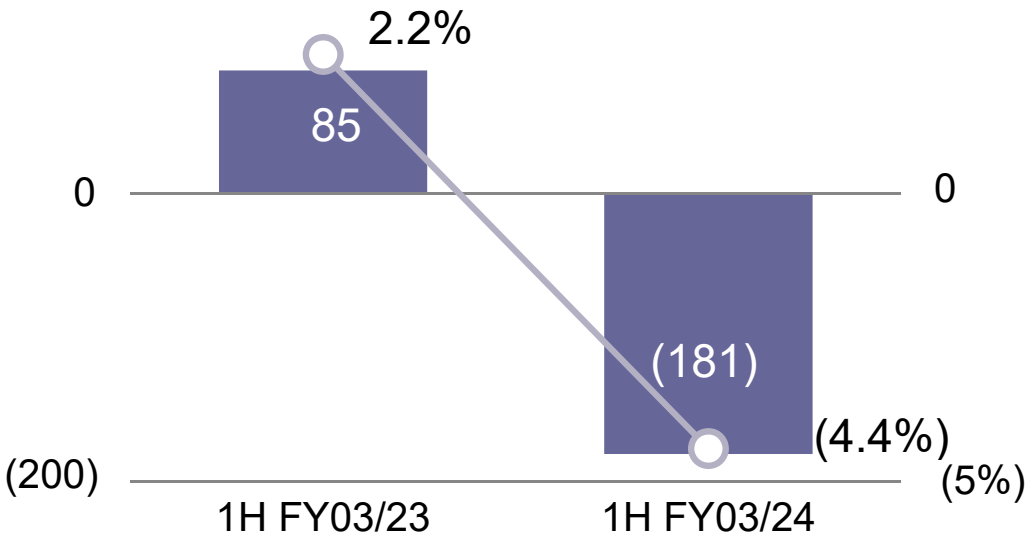
(Millions of yen)

Sales



(Millions of yen)

Operating income and income ratio





# Consolidated Balance Sheet

**FOSTER**

**Equity ratio as of September 30, 2023 was 58.3% (55.0% as of March 31, 2023).**

|  | End-FY03/23 | End-1H FY03/24 | Amount of change |
|--|-------------|----------------|------------------|
| (Millions of yen)                            |             |                |                  |
| Current assets                               | 73,893      | <b>75,378</b>  | 1,485            |
| Cash and deposits                            | 13,646      | <b>16,882</b>  | 3,236            |
| Notes and accounts receivable – trade        | 25,470      | <b>25,836</b>  | 366              |
| Inventories                                  | 29,861      | <b>28,361</b>  | (1,500)          |
| Other  | 4,916       | <b>4,299</b>   | (617)            |
| Non-current assets                           | 18,977      | <b>21,902</b>  | 2,925            |
| Property, plant and equipment                | 15,030      | <b>17,582</b>  | 2,552            |
| Intangible assets                            | 214         | <b>252</b>     | 38               |
| Investments and other assets                 | 3,732       | <b>4,067</b>   | 335              |
| Total assets                                 | 92,871      | <b>97,280</b>  | 4,409            |
| Current liabilities                          | 34,799      | <b>31,854</b>  | (2,945)          |
| Notes and accounts payable – trade           | 9,380       | <b>11,714</b>  | 2,334            |
| Short-term bank loans                        | 17,156      | <b>11,782</b>  | (5,374)          |
| Current portion of long-term debt            | 300         | <b>—</b>       | (300)            |
| Other  | 7,963       | <b>8,358</b>   | 395              |
| Non-current liabilities                      | 1,556       | <b>2,741</b>   | 1,185            |
| Lease liabilities                            | 131         | <b>1,299</b>   | 1,168            |
| Other  | 1,425       | <b>1,442</b>   | 17               |
| Net assets                                   | 56,515      | <b>62,684</b>  | 6,169            |
| Shareholders' equity                         | 44,045      | <b>45,011</b>  | 966              |
| Total accumulated other comprehensive income | 7,050       | <b>11,654</b>  | 4,604            |
| Non-controlling interests                    | 5,419       | <b>6,018</b>   | 599              |
| Total liabilities and net assets             | 92,871      | <b>97,280</b>  | 4,409            |

# Statement of Cash Flows

**FOSTER**

Free cash flow for 1H FY03/24 was 9.55 billion yen.

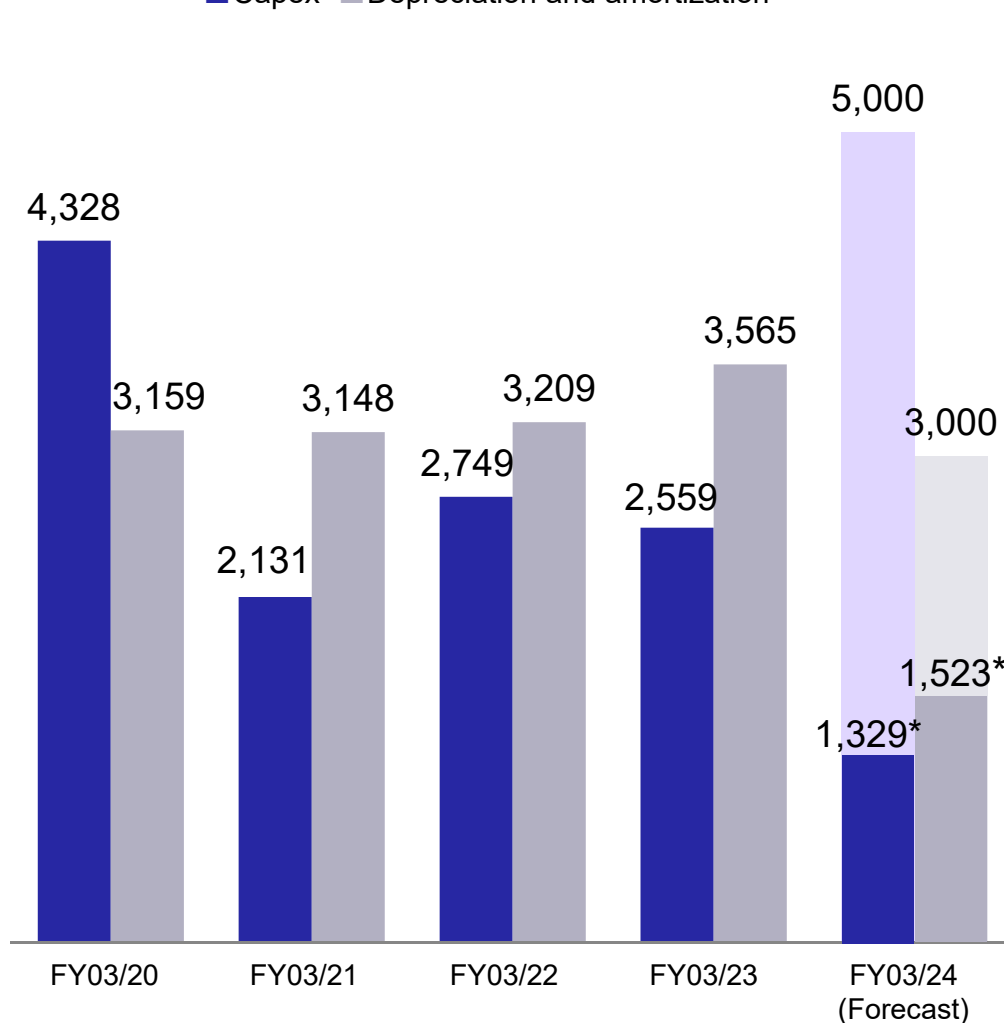
(Millions of yen)

|  | 1H FY03/23 | 1H FY03/24     | Amount of change |
|--|------------|----------------|------------------|
| Operating activities                               | (7,014)    | <b>10,887</b>  | 17,901           |
| Investing activities                               | (818)      | <b>(1,337)</b> | (519)            |
| Free cash flow*                                    | (7,832)    | <b>9,550</b>   | 17,382           |
| Financing activities                               | 8,825      | <b>(7,189)</b> | (16,014)         |
| Net increase in cash and cash equivalents          | 2,162      | <b>3,235</b>   | 1,073            |
| Cash and cash equivalents at the end of the period | 14,252     | <b>16,882</b>  | 2,630            |

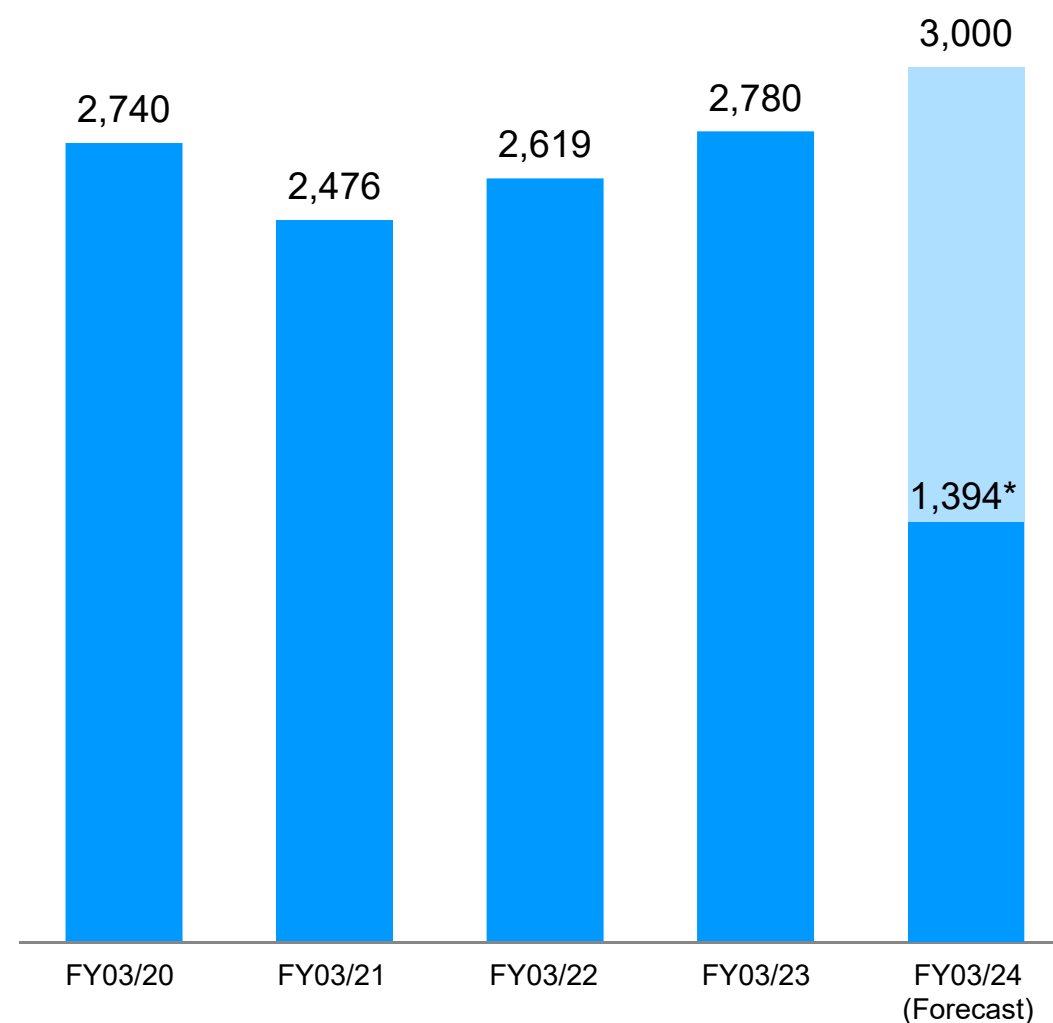
\*Free cash flow = Cash flow from operating activities + cash flow from investing activities

## Capex, depreciation and amortization (Millions of yen)

■ Capex ■ Depreciation and amortization



## R&D expenses (Millions of yen)



## II. Summary of the First Half and Forecasts for the Fiscal Year Ending March 31, 2024

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1

Shipment volume of car speakers was on a recovery track as expected, backed by improvements in semiconductor shortages and other challenging external factors, despite a setback caused by inventory adjustments at some customers.

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2

Profitability steadily increased, owing to the introduction of sliding scales for ocean freight and material costs, conclusion of appropriate ocean freight contracts through the establishment of a global logistics system, and optimization of inventory levels.

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3

The Mobile Audio segment remained profitable from the start of the period. Sales of actuators and earphone drivers were robust, but stabilizing performance of the R&D-oriented business, which tends to fluctuate, remains an issue.

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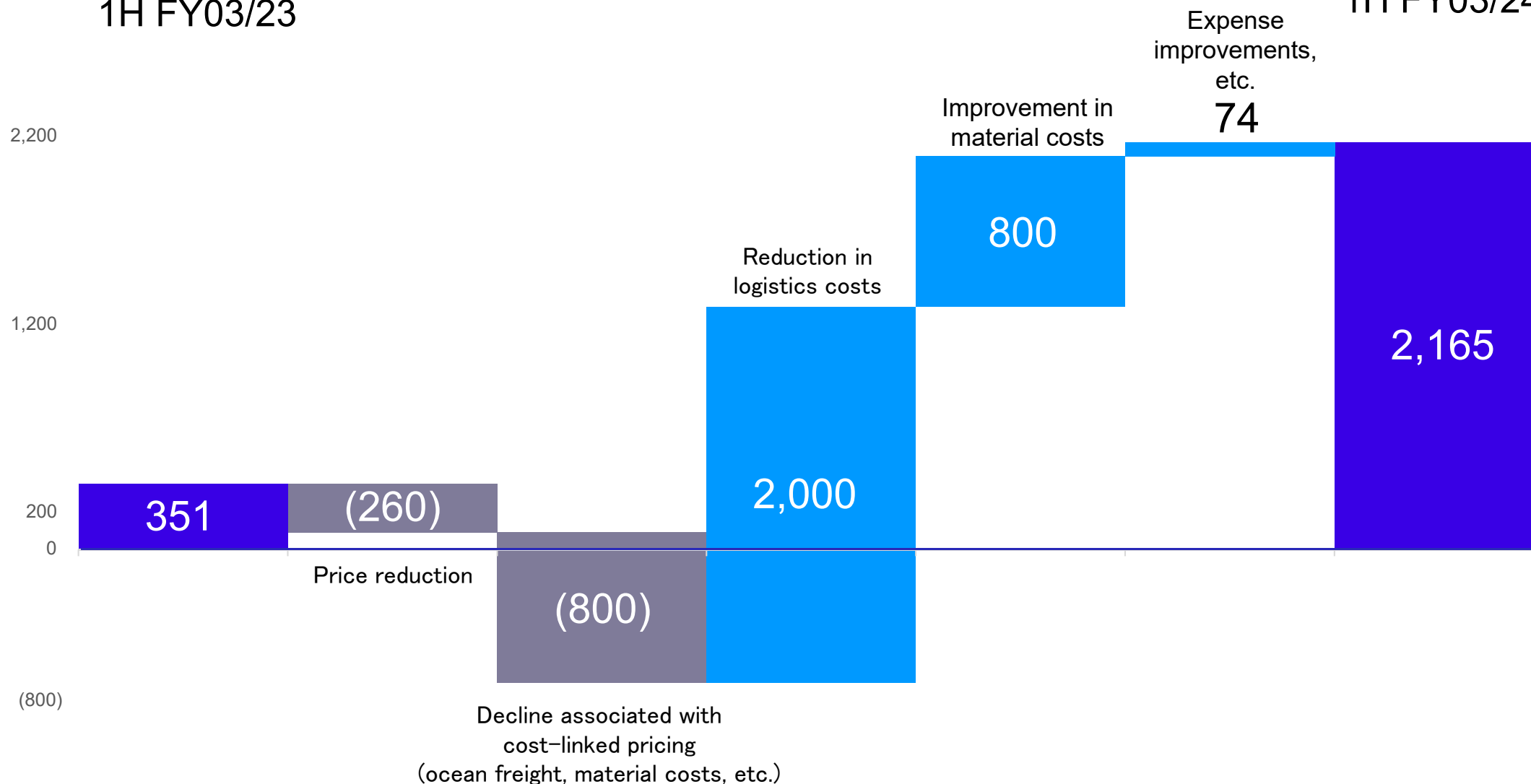
# Breakdown of YoY Change in Operating Income

**FOSTER**

(Millions of yen)

1H FY03/23

1H FY03/24

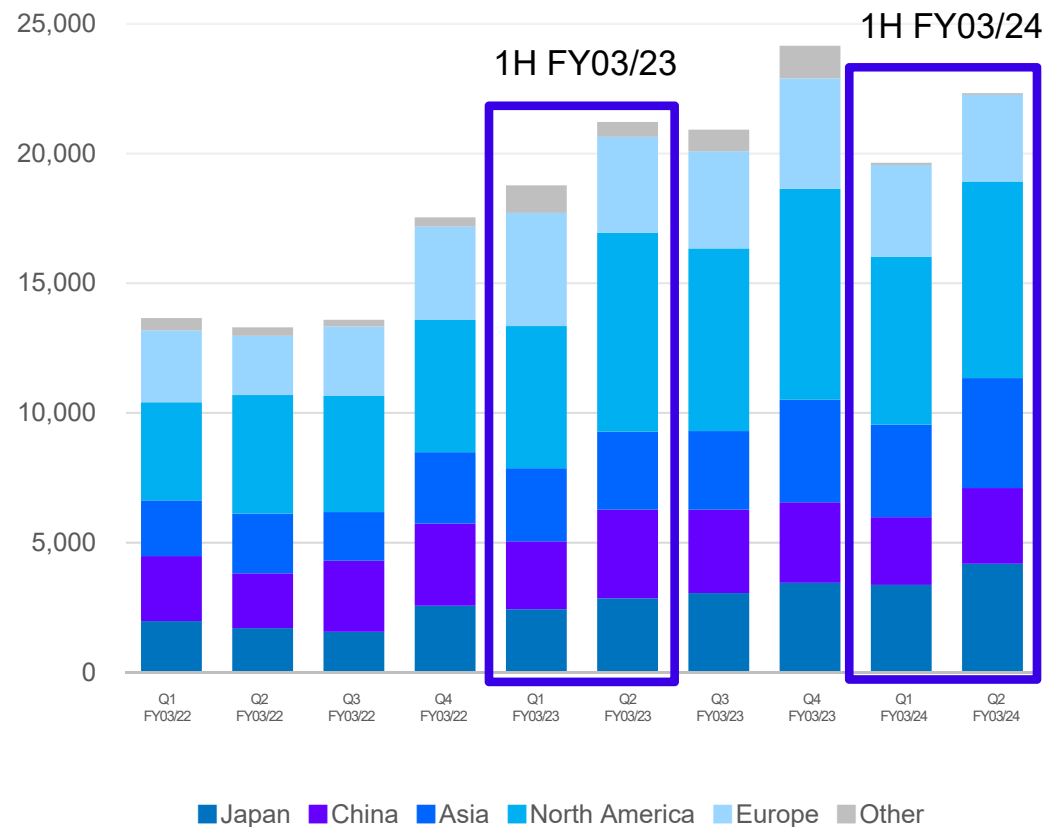


# Car Speaker Sales by Region

- Shipment volume of car speakers recovered as expected.
- Sales recovery was driven by North America.

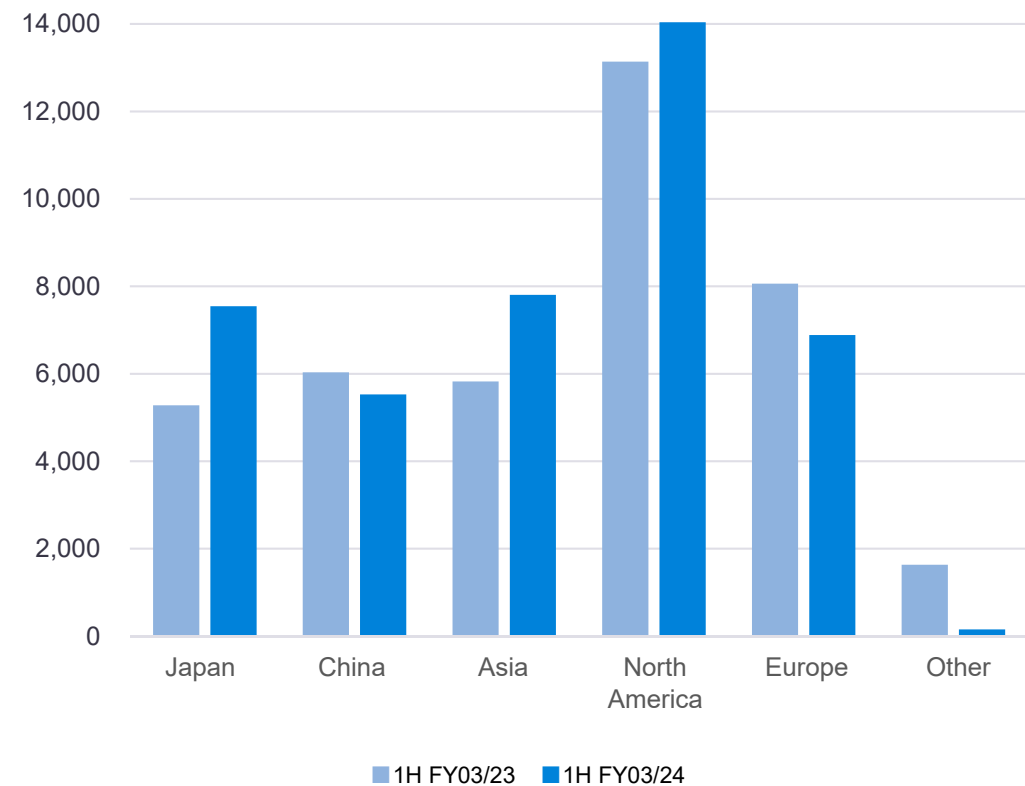
Quarterly car speaker sales by region

(Millions of yen)



Car speaker sales by region (versus 1H FY03/23)

(Millions of yen)



\*Sales to customers that are difficult to identify due to the wide range of destinations are booked under "Other."

# FY03/24 Forecasts

**While the business environment remains challenging, we project profit growth backed by the development of a production system.**

(Millions of yen)

|  | FY03/23                          | FY03/24<br>Initial forecast      | FY03/24<br>Revised forecast      | Amount of<br>change<br>(vs. FY03/23) | Percentage<br>change<br>(vs. FY03/23) | Amount of<br>change<br>(vs. initial<br>forecast) | Percentage<br>change<br>(vs. initial<br>forecast) |
|--|----------------------------------|----------------------------------|----------------------------------|--------------------------------------|---------------------------------------|--|---|
| Net sales                              | 121,338                          | 120,000                          | 120,000                          | (1,338)                              | (1.1%)                                | —  | —   |
| Operating income                       | 2,445                            | 3,000                            | 4,000                            | 1,555                                | 63.6%                                 | 1,000  | 33.3%   |
| <i>Operating income to net sales</i>   | <i>2.0%</i>                      | <i>2.5%</i>                      | <i>3.3%</i>                      |                                      |                                       |  |   |
| Ordinary income                        | 2,327                            | 2,500                            | 3,500                            | 1,173                                | 50.4%                                 | 1,000  | 40.0%   |
| <i>Ordinary income to net sales</i>    | <i>1.9%</i>                      | <i>2.1%</i>                      | <i>2.9%</i>                      |                                      |                                       |  |   |
| Net income*                            | 848                              | 1,300                            | 2,000                            | 1,152                                | 135.8%                                | 700  | 53.8%   |
| <i>Net income to net sales**</i>       | <i>0.7%</i>                      | <i>1.1%</i>                      | <i>1.7%</i>                      |                                      |                                       |  |   |
| Net income per share<br>(in exact yen) | 38.23                            | 58.59                            | 90.05                            | 51.82                                | —                                     | 31.46  | —   |
| Dividends per share (in exact yen)     | 20.00                            | 20.00                            | 25.00                            |                                      |                                       |  |   |
| Dividend payout ratio                  | 52.3%                            | 34.1%                            | 27.8%                            |                                      |                                       |  |   |
| Exchange rates                         | 136.00 yen/USD<br>141.58 yen/EUR | 135.00 yen/USD<br>140.00 yen/EUR | 145.00 yen/USD<br>155.00 yen/EUR |                                      |                                       |  |   |

\*Net income attributable to owners of the parent. \*\*Net income to net sales attributable to owners of the parent.



# Outlook for FY03/24 by Segment

| Segment      | Outlook for FY03/24   | Sales forecast   |
|--------------|---|------------------|
| Speaker      | <ul style="list-style-type: none"> <li>➤ We intend to push forward with the “partner strategy” set forth in the medium-term business plan, build an optimal production system, maintain appropriate inventory levels, and continue working on cost improvement measures.</li> </ul>   | 97.5 billion yen |
| Mobile Audio | <ul style="list-style-type: none"> <li>➤ Sales of actuators and earphone drivers are robust, but there are concerns over a sales slowdown in 2H.</li> <li>➤ We are working to develop new businesses.</li> <li>➤ While the R&amp;D-oriented business remains in tact, the scale of the business is shrinking. We are exploring ways to transform the business into one that receives development costs upfront for mass production orders.</li> </ul> | 14.0 billion yen |
| Other        | <ul style="list-style-type: none"> <li>➤ Demand for micro acoustic components, such as buzzers and AVAS, is continuing to hold firm.</li> <li>➤ Investments, or expenditures, are preceding the division expansion.</li> </ul>  | 8.5 billion yen* |

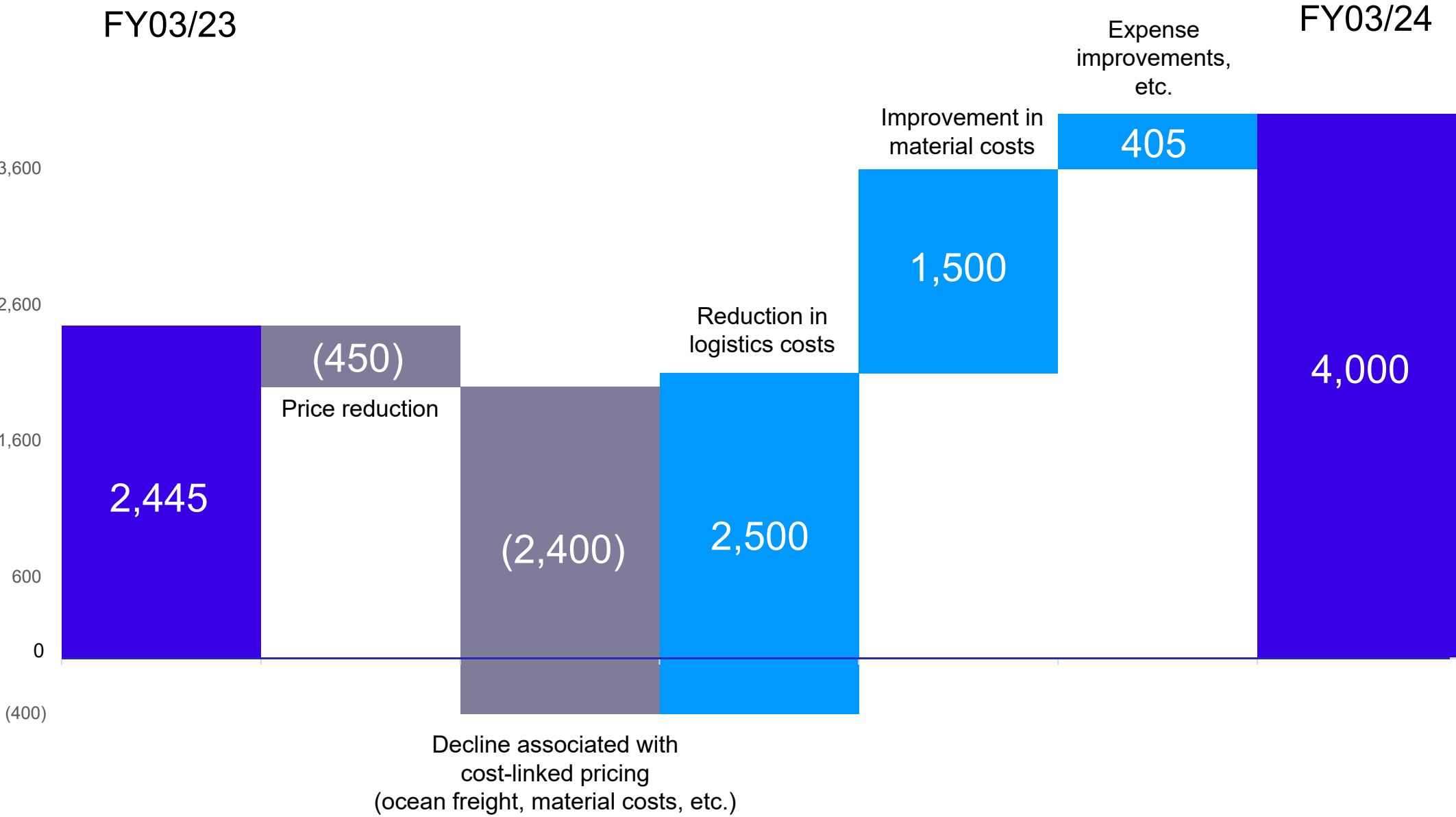
\*Sales forecast figures for the Other segment represent amounts after adjusting inter-segment transactions.

# Breakdown of YoY Change in Operating Income

## FY03/23–FY03/24 Forecast



(Millions of yen)



**We plan to pay an interim dividend of 10 yen per share and a year-end dividend of 15 yen per share, for a full-year dividend of 25 yen per share.**

## [Dividend policy]

The Group regards the sustainable growth of corporate value as a management priority, and aims for a dividend payout ratio of 30%, balancing profit distributions commensurate with earnings with long-term expansion of internal reserves.

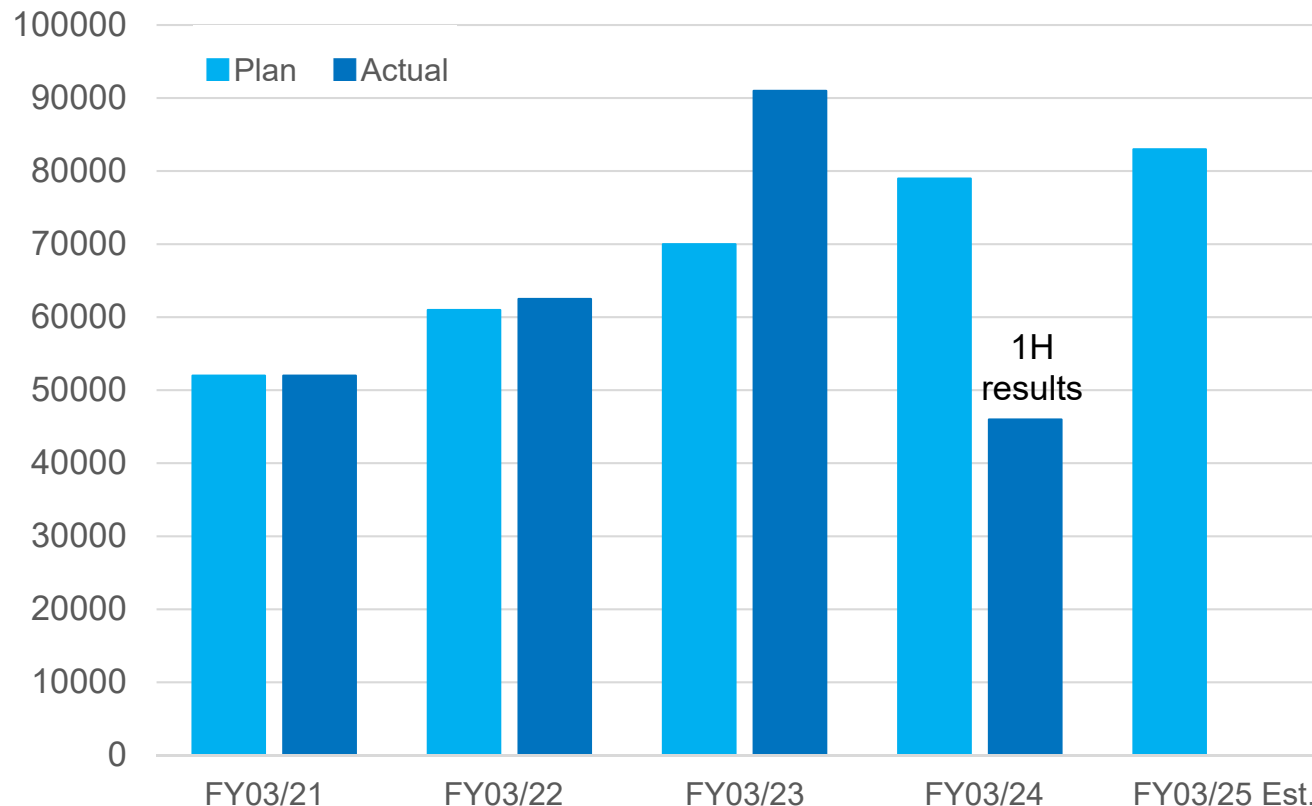
|  | FY03/20                 | FY03/21                | FY03/22                | FY03/23                 | FY03/24 (Forecast)                    |
|--|-------------------------|------------------------|------------------------|-------------------------|---------------------------------------|
| Net income (loss)<br>per share<br>(in exact yen)             | 69.15                   | (148.47)               | (315.53)               | 38.23                   | <b>90.05</b>                          |
| Dividends per share<br>(in exact yen)<br>(interim, year-end) | 35.00<br>(20.00, 15.00) | 15.00<br>(10.00, 5.00) | 10.00<br>(10.00, 0.00) | 20.00<br>(10.00, 10.00) | <b>25.00</b><br><b>(10.00, 15.00)</b> |
| Dividend payout ratio  | 50.6%                   | —%                     | —%                     | 52.3%                   | <b>27.8%</b>                          |

## III. Progress of Medium-Term Business Plan

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## Automotive business sales in MTBP: Progress and projections

(Millions of yen)



- Profitability steadily increased, thanks in part to the introduction of sliding scales for ocean freight and material costs
- 1H results were largely in line with initial projections
- Secured orders were close to the final year (FY03/25) target of the current medium-term business plan. We are closely monitoring trends in the automotive industry
- Sales to Japanese blue-chip brands are expected to further expand going forward
- Sales to Tier 1 brand manufacturers based in North America are expanding
- Orders from European luxury car makers remain strong
- Strengthening sales of micro acoustic components (buzzers, AVAS/eCall speakers, etc.)
- Stepping up preparations toward the launch of the next medium-term business plan

\*The automotive business covers all Foster Group products made for automotive use, including car speakers, micro acoustic components (buzzers, etc.), car headphones, etc.

\*The figures above change significantly, subject to changes in various factors such as future trends in automobile sales and the status of our orders.

## Activities

### Bolster activities to propose new technology and value-added at the product concept and development stages

- Audio applications → Suggestions for creating sound fields
- Transition to EVs → Reduced cabin noise
- Transition to automated driving → Changes in the way people spend time in their cars
  - 1) Demand for quality speakers
  - 2) Increase in the number of car speakers installed
  - 3) Proposals to meet demand for AVAS and pseudo engine noise

- Warning sounds for ADAS, HMI devices for ADAS (actuators)
- Compact and lightweight speakers, etc.
- Actively deploy internal resources and provide resident engineers (second engineers) to strengthen above activities, thereby securing competitive advantage at the development stage

## Results

Steady growth in business with customers operating in Japan, the US, and Europe

## Future plans

Strengths: 1) High quality 2) Differentiation through sound 3) Acoustic technology 4) Global support capability



Further improvement in the evaluation of the Company's products by partner customers, owing to our track record of maintaining stable quality and supply chain backed by our supply capacity even during the pandemic

**Aim to further strengthen business through the partner strategy**

## First pillar: Audio accessories & speaker drivers

- The earphone market continues to grow, fueled by the rise in telework and evolving work patterns
- We set ourselves apart from competitors with our driver technology honed through our experience with headphones bundled with smartphones, and our advanced customization skills
- Our track record includes car headphones and the commercialization and mass production of NTT Sonority's PSZ\* technology
- Efforts to increase market share by leveraging our strengths led to orders for drivers and finished products. We also began mass producing some products

Note: Personalized Sound Zone (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 (a space in which sound is confined) 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 are commercially available in sizes of 10–20 cm and 1–2 cm.

## Second pillar: “Robin,” a headset with 9-degrees-of-freedom sensor for social infrastructure

- An earphone-style device capable of capturing biometric data
- A tool with vast potential applications in social infrastructure, answering the growing demand for biometric sensing
- An ear-acoustic authentication device developed in partnership with NEC
- We plan to capitalize on our strengths via the development of B2B2C products, thereby stimulating new market opportunities
- We plan to participate in five trade shows a year with the goal of finding partners for application development. We are currently discussing and promoting joint application development with several companies

## Third pillar: Actuators

- Applications of haptic technology, which targets tactile senses, are expected to expand, including in the automotive industry
- We hold a competitive edge with our highly responsive, broadband products that apply speaker technology and our meticulous custom solutions
- Our products have been installed in the center consoles of in-vehicle infotainment systems
- We have received good reviews from the users of electronic auscultation modules
- We intend to step up sales activities to acquire new orders in the wellness and automotive fields

**FY03/25 sales target of 120 billion yen and operating income target of 5 billion yen within reach**

## ➤ **Push forward with structural reforms of manufacturing bases**

- Closure of outsourcing base for micro acoustic components  
→ End production of non-profitable components while moving production of continuing components to in-house manufacturing bases
- Improve the profitability of loss-making bases
- Revise and improve the allocation of in-house manufactured parts

- Micro acoustic components
  - Begin mass production for a new business
  - Completion of inventory adjustments at key customers

- Mobile Audio segment
  - Work to develop new businesses
  - Further explore ways to change the business model of R&D-oriented business so that it receives development costs upfront for mass production orders

- Speaker segment
  - Orders reached the FY03/25 target; closely monitoring trends in the automotive industry
  - Step up preparations toward the launch of the next medium-term business plan



## Current key points of recognition

- ROE & ROIC are low (below the cost of capital) = Negative equity spread
  - Profit margin is low (↔ Asset turnover is at or above the market average, but there is room for improvement)
  - Business performance is notably inconsistent (frequent revisions of forecasts) → High beta value and increased cost of capital
- The contribution of our partner strategy to earnings is unclear
- Amid challenging market conditions, it is difficult to estimate our underlying earning potential
- There is uncertainty about the future of our businesses outside the automotive business



## Basic understanding and view of new management

- Recovered from the significant loss in FY03/22. Progress was made in improving income statement and balance sheet performance
- Top priority is to solidify earnings, and gain understanding of stakeholders by clearly stating growth strategies, including the next medium-term business plan
- We have mostly been working behind the scenes as an OEM/ODM, but going forward, will strengthen our brand strategy to widely promote our brand

## IV. Reference Materials

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**Our Corporate Creed is “Sincerity.”**

**Our Vision is “To make contributions to future society through acoustics.”**

|                            |  |
|----------------------------|--|
| <b>Company name</b>        | Foster Electric Company, Limited   |
| <b>Representative</b>      | Kazuhiro Kishi, CEO  |
| <b>Founded</b>             | June 20, 1949  |
| <b>Headquarters</b>        | 1-1-109 Tsutsujigaoka, Akishima, Tokyo 196-8550  |
| <b>Stock exchange</b>      | Second Section of the Tokyo Stock Exchange (May 1962)<br>First Section of the Tokyo Stock Exchange (September 1999)<br>Prime Market of the Tokyo Stock Exchange (April 2022)         |
| <b>Common stock</b>        | 6,770 million yen (as of September 30, 2023)   |
| <b>Business domain</b>     | Production and sales of speakers, audio equipment, and electronic equipment  |
| <b>Number of employees</b> | Consolidated: 15,584 (including employees at a contract manufacturer in Panyu, China)<br>Non-consolidated: 492 (as of September 30, 2023 for both consolidated and non-consolidated) |

We provide acoustic products, leveraging our original analog technologies mainly through ODMs and OEMs.

## Speaker Segment

- Audio and TV speakers and speaker systems; car speakers and speaker systems

TV speakers



Car speakers



Car speaker systems



## Mobile Audio Segment

- Headphones/headsets, earphone drivers, and vibration actuators, etc.

Headphones/headsets



Earphone drivers



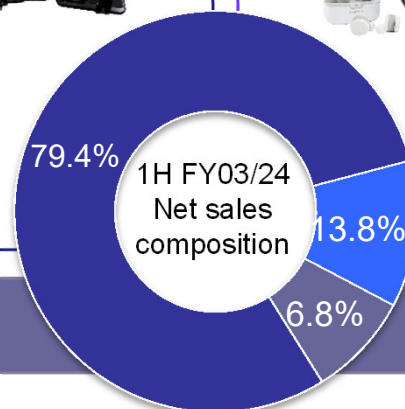
Actuators



## Other Segment

- Alarm buzzers and sounders, FOSTEX brand products, and logistics services

Micro acoustic components      FOSTEX products

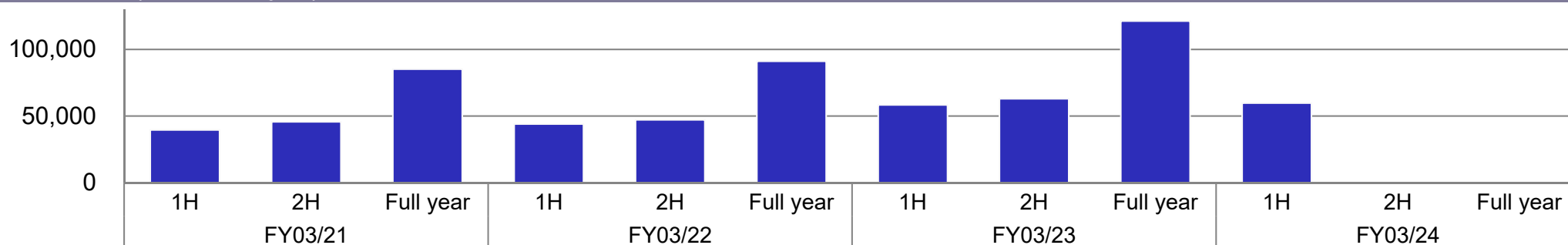


# Half-Year and Full-Year Results

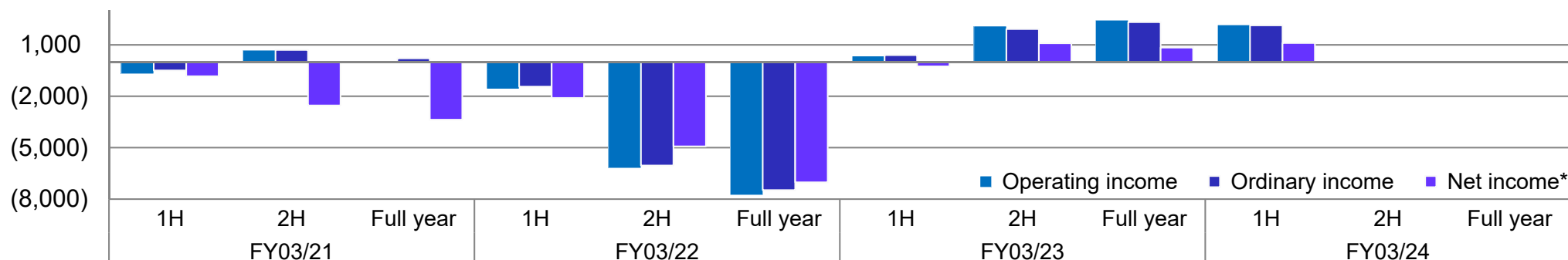
## Results (Millions of yen)

|                              | FY03/21 |         |           | FY03/22 |         |           | FY03/23 |        |           | FY03/24 |    |           |
|------------------------------|---------|---------|-----------|---------|---------|-----------|---------|--------|-----------|---------|----|-----------|
|                              | 1H      | 2H      | Full year | 1H      | 2H      | Full year | 1H      | 2H     | Full year | 1H      | 2H | Full year |
| Net sales                    | 39,528  | 45,692  | 85,220    | 43,976  | 47,130  | 91,106    | 58,385  | 62,953 | 121,338   | 59,701  |    |           |
| Operating income             | (688)   | 688     | 0.7       | (1,568) | (6,189) | (7,757)   | 351     | 2,094  | 2,445     | 2,165   |    |           |
| Ordinary income              | (488)   | 707     | 219       | (1,433) | (6,040) | (7,473)   | 404     | 1,923  | 2,327     | 2,139   |    |           |
| Net income*                  | (829)   | (2,534) | (3,363)   | (2,093) | (4,924) | (7,017)   | (249)   | 1,097  | 848       | 1,114   |    |           |
| Income ratio                 | (1.7%)  | 1.5%    | 0.0%      | (3.6%)  | (13.1%) | (8.5%)    | 0.6%    | 3.3%   | 2.0%      | 3.6%    |    |           |
| Ordinary income to net sales | (1.2%)  | 1.5%    | 0.3%      | (3.3%)  | (12.8%) | (8.2%)    | 0.7%    | 3.1%   | 1.9%      | 3.6%    |    |           |
| Net income to net sales**    | (2.1%)  | (5.5%)  | (3.9%)    | (4.8%)  | (10.4%) | (7.7%)    | (0.4%)  | 1.7%   | 0.7%      | 1.9%    |    |           |

## Net sales (Millions of yen)



## Profits (Millions of yen)



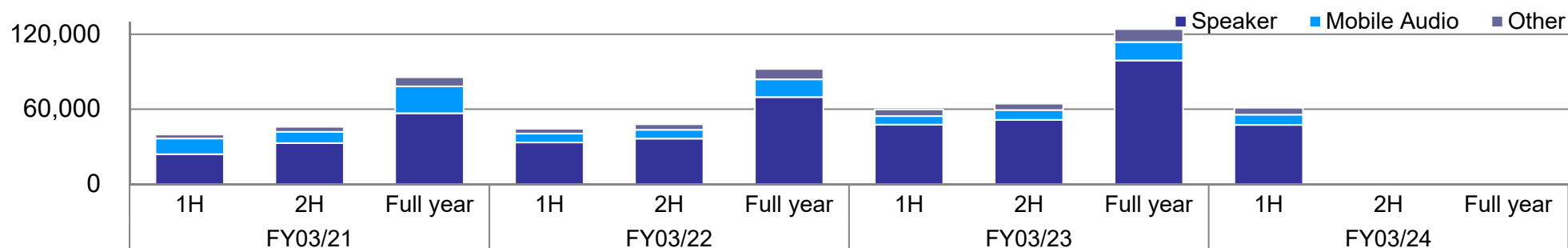
\*Net income attributable to owners of the parent. \*\*Net income to net sales attributable to owners of the parent.

# Half-Year and Full-Year Results by Segment

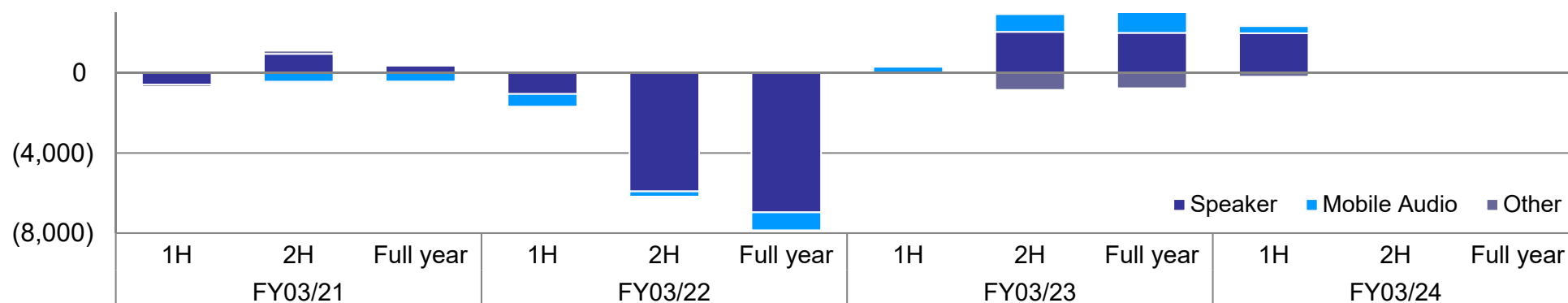
## Results (Millions of yen)

|                         | FY03/21 |        |           | FY03/22 |         |           | FY03/23 |        |           | FY03/24 |    |           |
|-------------------------|---------|--------|-----------|---------|---------|-----------|---------|--------|-----------|---------|----|-----------|
|                         | 1H      | 2H     | Full year | 1H      | 2H      | Full year | 1H      | 2H     | Full year | 1H      | 2H | Full year |
| <b>Sales</b>            |         |        |           |         |         |           |         |        |           |         |    |           |
| Speaker                 | 23,892  | 32,844 | 56,736    | 33,294  | 36,382  | 69,676    | 47,641  | 51,446 | 99,087    | 47,372  |    |           |
| Mobile Audio            | 12,593  | 8,981  | 21,574    | 7,137   | 7,090   | 14,227    | 6,841   | 7,850  | 14,691    | 8,255   |    |           |
| Other                   | 3,176   | 4,068  | 7,244     | 3,880   | 4,450   | 8,330     | 5,286   | 5,117  | 10,403    | 5,574   |    |           |
| <b>Operating income</b> |         |        |           |         |         |           |         |        |           |         |    |           |
| Speaker                 | (584)   | 961    | 377       | (1,045) | (5,910) | (6,955)   | (51)    | 2,055  | 2,004     | 1,984   |    |           |
| Mobile Audio            | 5       | (429)  | (424)     | (631)   | (265)   | (896)     | 317     | 886    | 1,203     | 362     |    |           |
| Other                   | (109)   | 156    | 47        | 108     | (14)    | 94        | 85      | (847)  | (762)     | (181)   |    |           |

## Net sales (Millions of yen)



## Operating income (Millions of yen)

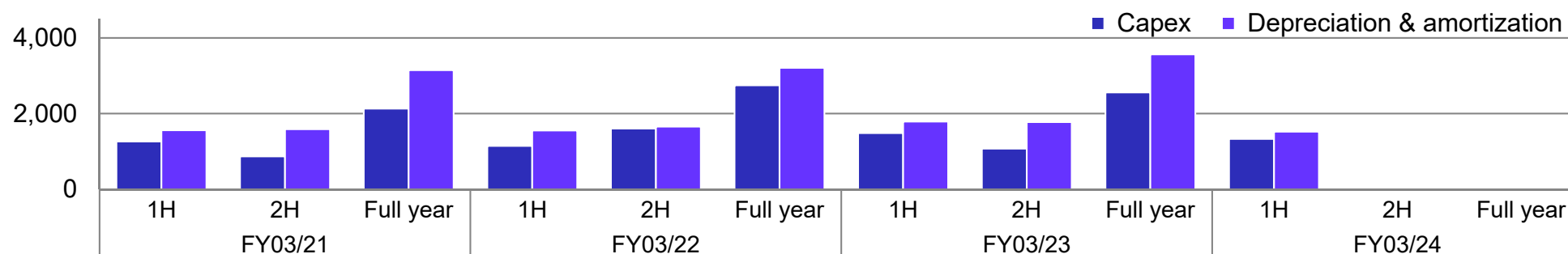


# Half-Year and Full-Year Capex, Depreciation and Amortization, and R&D Expenses

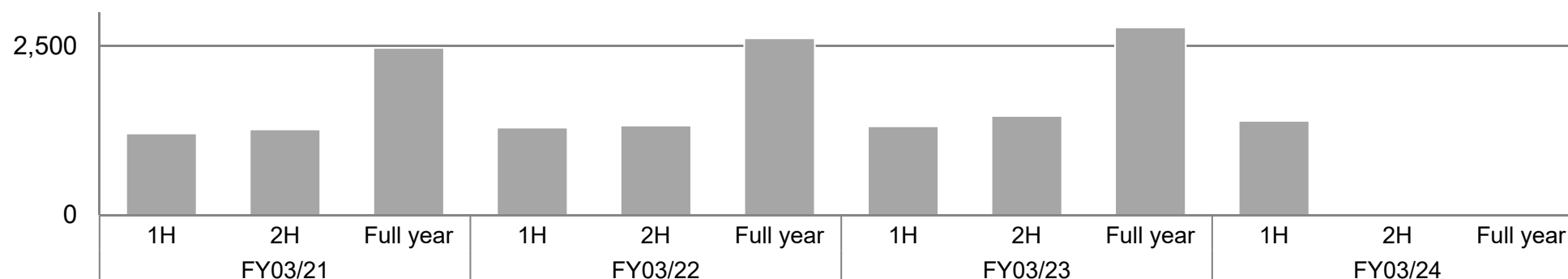
## Capex, depreciation & amortization, and R&D expenses (Millions of yen)

|                             | FY03/21 |       |           | FY03/22 |       |           | FY03/23 |       |           | FY03/24 |    |           |
|-----------------------------|---------|-------|-----------|---------|-------|-----------|---------|-------|-----------|---------|----|-----------|
|                             | 1H      | 2H    | Full year | 1H      | 2H    | Full year | 1H      | 2H    | Full year | 1H      | 2H | Full year |
| Capex                       | 1,263   | 868   | 2,131     | 1,146   | 1,603 | 2,749     | 1,484   | 1,075 | 2,559     | 1,329   |    |           |
| Depreciation & amortization | 1,560   | 1,588 | 3,148     | 1,552   | 1,657 | 3,209     | 1,788   | 1,777 | 3,565     | 1,523   |    |           |
| R&D expenses                | 1,209   | 1,267 | 2,476     | 1,294   | 1,325 | 2,619     | 1,313   | 1,467 | 2,780     | 1,394   |    |           |

## Capex, depreciation & amortization (Millions of yen)



## R&D expenses (Millions of yen)

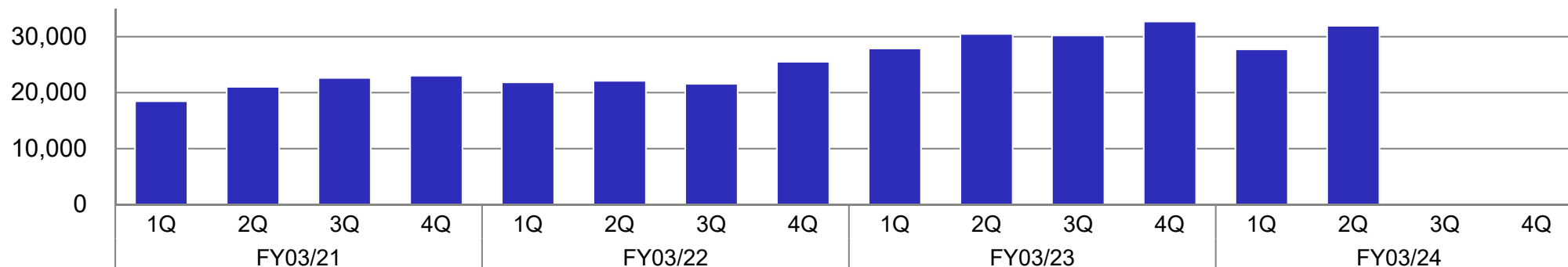


# Quarterly Results

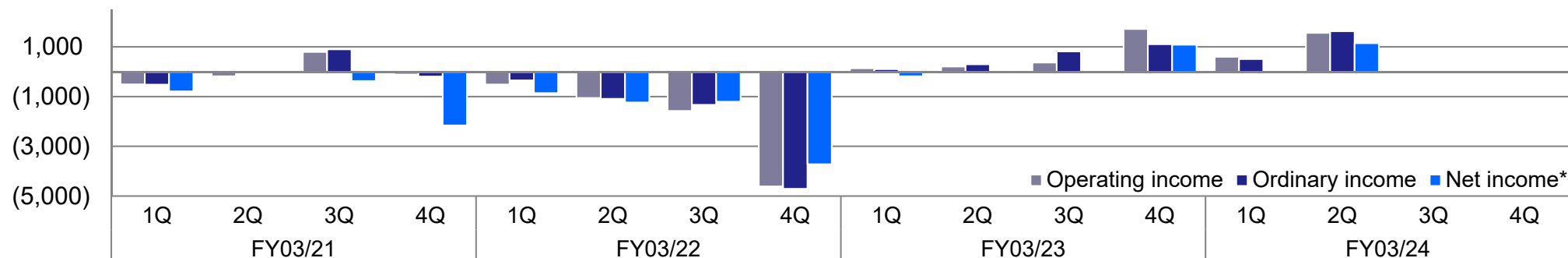
## Results (Millions of yen)

|                              | FY03/21 |        |        |         | FY03/22 |         |         |         | FY03/23 |        |        |        | FY03/24 |        |    |    |
|------------------------------|---------|--------|--------|---------|---------|---------|---------|---------|---------|--------|--------|--------|---------|--------|----|----|
|                              | 1Q      | 2Q     | 3Q     | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q | 4Q |
| Net sales                    | 18,480  | 21,048 | 22,641 | 23,051  | 21,860  | 22,116  | 21,595  | 25,535  | 27,894  | 30,491 | 30,227 | 32,726 | 27,750  | 31,951 |    |    |
| Operating income             | (507)   | (181)  | 799    | (110)   | (511)   | (1,057) | (1,578) | (4,611) | 139     | 212    | 372    | 1,722  | 602     | 1,563  |    |    |
| Ordinary income              | (518)   | 30     | 900    | (193)   | (345)   | (1,088) | (1,329) | (4,711) | 102     | 302    | 815    | 1,108  | 509     | 1,630  |    |    |
| Net income*                  | (791)   | (38)   | (373)  | (2,161) | (857)   | (1,236) | (1,205) | (3,719) | (183)   | (66)   | 8      | 1,089  | (36)    | 1,150  |    |    |
| Income ratio                 | (2.7%)  | (0.9%) | 3.5%   | (0.5%)  | (2.3%)  | (4.8%)  | (7.3%)  | (18.1%) | 0.5%    | 0.7%   | 1.2%   | 5.3%   | 2.2%    | 4.9%   |    |    |
| Ordinary income to net sales | (2.8%)  | 0.1%   | 4.0%   | (0.8%)  | (1.6%)  | (4.9%)  | (6.2%)  | (18.4%) | 0.4%    | 1.0%   | 2.7%   | 3.4%   | 1.8%    | 5.1%   |    |    |
| Net income to net sales**    | (4.3%)  | (0.2%) | (1.6%) | (9.4%)  | (3.9%)  | (5.6%)  | (5.6%)  | (14.6%) | (0.7%)  | (0.2%) | 0.0%   | 3.3%   | (0.1%)  | 3.6%   |    |    |

## Net sales (Millions of yen)



## Profits (Millions of yen)



\*Net income attributable to owners of the parent. \*\*Net income to net sales attributable to owners of the parent.

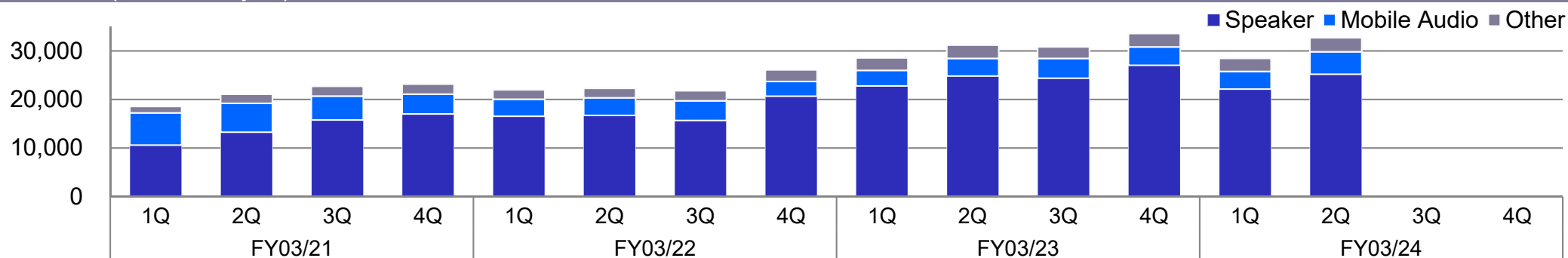


# Quarterly Results by Segment

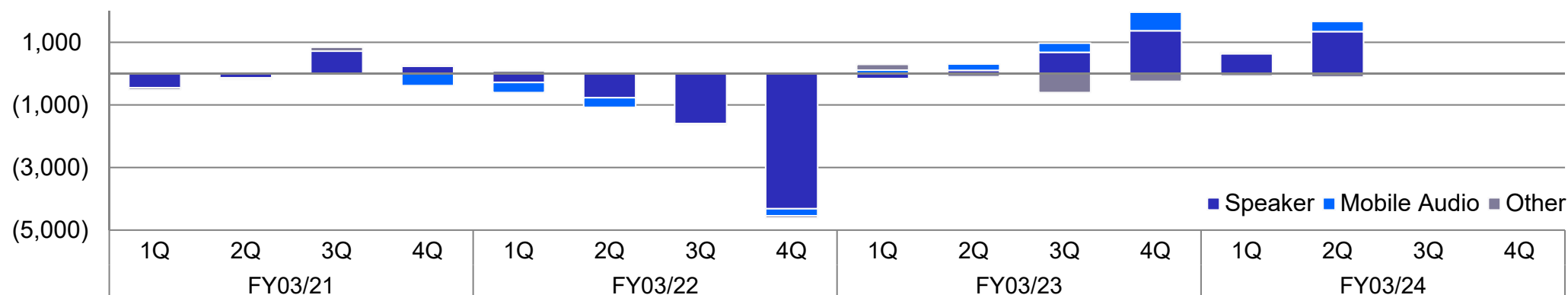
## Results (Millions of yen)

|                  | FY03/21 |        |        |        | FY03/22 |        |         |         | FY03/23 |        |        |        | FY03/24 |        |    |    |
|------------------|---------|--------|--------|--------|---------|--------|---------|---------|---------|--------|--------|--------|---------|--------|----|----|
|                  | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q      | 4Q      | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q | 4Q |
| Sales            |         |        |        |        |         |        |         |         |         |        |        |        |         |        |    |    |
| Speaker          | 10,619  | 13,273 | 15,802 | 17,042 | 16,553  | 16,741 | 15,703  | 20,679  | 22,804  | 24,837 | 24,396 | 27,050 | 22,154  | 25,218 |    |    |
| Mobile Audio     | 6,633   | 5,960  | 4,909  | 4,072  | 3,508   | 3,629  | 4,044   | 3,046   | 3,213   | 3,628  | 4,066  | 3,784  | 3,644   | 4,611  |    |    |
| Other            | 1,321   | 1,855  | 2,010  | 2,058  | 1,947   | 1,933  | 2,061   | 2,389   | 2,545   | 2,741  | 2,367  | 2,750  | 2,679   | 2,895  |    |    |
| Operating income |         |        |        |        |         |        |         |         |         |        |        |        |         |        |    |    |
| Speaker          | (448)   | (136)  | 722    | 239    | (279)   | (766)  | (1,593) | (4,317) | (156)   | 105    | 684    | 1,371  | 639     | 1,345  |    |    |
| Mobile Audio     | 6       | (1)    | (46)   | (383)  | (323)   | (308)  | (39)    | (226)   | 113     | 204    | 291    | 595    | 37      | 325    |    |    |
| Other            | (65)    | (44)   | 123    | 33     | 91      | 17     | 55      | (69)    | 182     | (97)   | (603)  | (244)  | (74)    | (107)  |    |    |

## Net sales (Millions of yen)



## Profits (Millions of yen)



# Quarterly Balance Sheet and Statement of Cash Flows **FOSTER**

## Balance sheet (Millions of yen)

|  | FY03/21 |         |         |        | FY03/22 |        |        |        | FY03/23 |         |        |        | FY03/24 |        |    |    |
|--|---------|---------|---------|--------|---------|--------|--------|--------|---------|---------|--------|--------|---------|--------|----|----|
|  | 1Q      | 2Q      | 3Q      | 4Q     | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q      | 3Q     | 4Q     | 1Q      | 2Q     | 3Q | 4Q |
| Total current assets                   | 55,066  | 55,396  | 58,394  | 59,040 | 59,947  | 62,814 | 62,738 | 67,143 | 75,694  | 83,095  | 78,930 | 73,893 | 74,035  | 75,378 |    |    |
| Cash and deposits                      | 17,985  | 21,401  | 21,987  | 15,470 | 18,556  | 15,499 | 13,863 | 10,846 | 11,422  | 14,366  | 13,525 | 13,646 | 16,218  | 16,882 |    |    |
| Notes and accounts receivable – trade  | 15,351  | 16,018  | 16,794  | 16,945 | 16,571  | 17,196 | 16,020 | 19,351 | 23,132  | 25,075  | 24,018 | 25,470 | 24,496  | 25,836 |    |    |
| Other                                  | 21,730  | 17,977  | 19,613  | 26,625 | 24,820  | 30,119 | 32,855 | 36,946 | 41,140  | 43,654  | 41,387 | 34,777 | 33,321  | 32,660 |    |    |
| Total non-current assets               | 20,524  | 20,160  | 18,606  | 18,193 | 18,309  | 18,247 | 18,411 | 19,005 | 20,098  | 20,345  | 19,301 | 18,977 | 19,813  | 21,902 |    |    |
| Net property, plant and equipment      | 17,673  | 17,312  | 15,787  | 15,213 | 15,234  | 15,190 | 15,354 | 15,614 | 16,640  | 16,809  | 15,702 | 15,030 | 15,846  | 17,582 |    |    |
| Total intangible assets                | 201     | 198     | 198     | 189    | 196     | 194    | 205    | 203    | 216     | 217     | 207    | 214    | 221     | 252    |    |    |
| Total investments and other assets     | 2,649   | 2,649   | 2,621   | 2,790  | 2,877   | 2,863  | 2,851  | 3,187  | 3,241   | 3,318   | 3,391  | 3,732  | 3,745   | 4,067  |    |    |
| Total assets                           | 75,590  | 75,556  | 77,001  | 77,233 | 78,256  | 81,062 | 81,150 | 86,148 | 95,793  | 103,441 | 98,232 | 92,871 | 93,849  | 97,280 |    |    |
| Total current liabilities              | 15,241  | 15,623  | 18,041  | 18,738 | 19,953  | 23,931 | 25,098 | 32,889 | 39,332  | 44,507  | 41,988 | 34,799 | 33,055  | 31,854 |    |    |
| Notes and accounts payable – trade     | 5,604   | 6,296   | 8,491   | 8,735  | 8,969   | 9,300  | 7,705  | 11,179 | 12,327  | 11,881  | 11,342 | 9,380  | 9,876   | 11,714 |    |    |
| Short-term loans and bonds payable     | 4,479   | 3,669   | 3,697   | 4,084  | 5,247   | 8,208  | 10,525 | 13,065 | 19,660  | 24,845  | 21,979 | 17,456 | 15,928  | 11,782 |    |    |
| Other                                  | 5,158   | 5,658   | 5,853   | 5,919  | 5,737   | 6,423  | 6,868  | 8,645  | 7,345   | 7,781   | 8,667  | 7,963  | 7,251   | 8,358  |    |    |
| Total non-current liabilities          | 3,144   | 2,916   | 2,699   | 2,501  | 2,341   | 2,067  | 1,829  | 1,627  | 1,495   | 1,439   | 1,469  | 1,556  | 1,809   | 2,741  |    |    |
| Long-term debt and bonds payable       | 1,850   | 1,606   | 1,362   | 1,118  | 875     | 631    | 450    | 300    | 150     | 0       | 0      | 0      | 0       | 0      |    |    |
| Other                                  | 1,294   | 1,310   | 1,337   | 1,383  | 1,466   | 1,436  | 1,379  | 1,327  | 1,345   | 1,439   | 1,469  | 1,556  | 1,809   | 2,741  |    |    |
| Total net assets                       | 57,205  | 57,015  | 56,260  | 55,993 | 55,962  | 55,063 | 54,222 | 51,632 | 54,965  | 57,494  | 54,774 | 56,515 | 58,984  | 62,684 |    |    |
| Shareholders' equity                   | 54,201  | 54,169  | 53,568  | 50,837 | 49,868  | 48,646 | 47,177 | 43,409 | 43,226  | 43,163  | 42,995 | 44,045 | 43,785  | 45,011 |    |    |
| Accumulated other comprehensive income | (1,952) | (2,132) | (2,486) | (198)  | 473     | 788    | 1,570  | 3,753  | 7,293   | 9,436   | 6,587  | 7,050  | 9,771   | 11,654 |    |    |
| Non-controlling interests              | 4,956   | 4,978   | 5,178   | 5,354  | 5,621   | 5,628  | 5,474  | 4,469  | 4,445   | 4,894   | 5,231  | 5,419  | 5,426   | 6,018  |    |    |
| Total liabilities and net assets       | 75,590  | 75,556  | 77,001  | 77,233 | 78,256  | 81,062 | 81,150 | 86,148 | 95,793  | 103,441 | 98,232 | 92,871 | 93,849  | 97,280 |    |    |

## Statement of cash flows (Millions of yen)

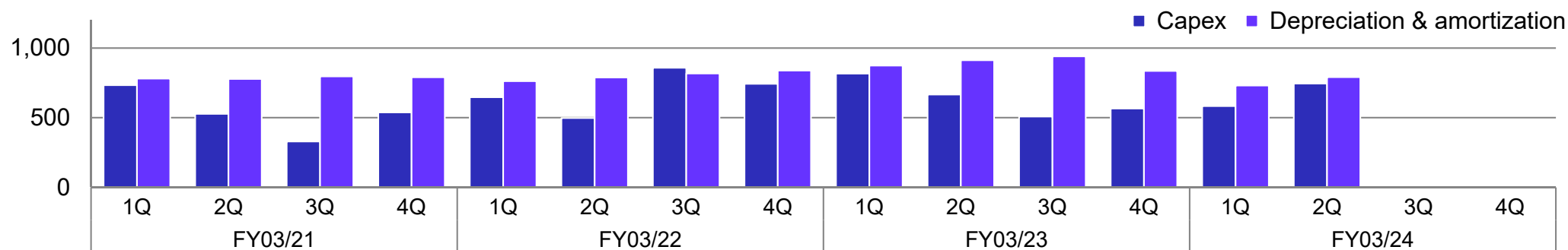
|                                      | FY03/21 |         |        |         | FY03/22 |         |         |         | FY03/23 |         |         |         | FY03/24 |         |    |    |
|--------------------------------------|---------|---------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----|----|
|                                      | 1Q      | 2Q      | 3Q     | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      | 2Q      | 3Q      | 4Q      | 1Q      | 2Q      | 3Q | 4Q |
| Operating activities                 | (2,309) | 3,626   | 960    | (1,538) | (2,351) | (3,840) | (3,309) | (3,267) | (5,612) | (1,402) | 2,959   | 4,409   | 5,334   | 5,553   |    |    |
| Investing activities                 | (1,246) | (351)   | (144)  | (219)   | (228)   | (1,172) | (970)   | (701)   | (824)   | 6       | (443)   | (60)    | (537)   | (800)   |    |    |
| Financing activities                 | (691)   | (1,004) | (384)  | (545)   | 658     | 2,709   | 2,548   | 856     | 4,964   | 3,861   | (2,563) | (4,486) | (2,584) | (4,605) |    |    |
| Foreign exchange impact              | (375)   | (40)    | (76)   | 778     | 201     | 42      | (12)    | 551     | 691     | 478     | (680)   | 258     | 358     | 516     |    |    |
| Net increase (decrease) in cash flow | (4,622) | 2,231   | 357    | (1,523) | (1,720) | (2,260) | (1,743) | (2,561) | (781)   | 2,943   | (727)   | 121     | 2,571   | 664     |    |    |
| Cash at the end of period            | 19,307  | 21,539  | 21,895 | 20,373  | 18,653  | 16,392  | 14,650  | 12,089  | 11,308  | 14,252  | 13,525  | 13,646  | 16,218  | 16,882  |    |    |

# Quarterly Capex, Depreciation and Amortization, and R&D Expenses

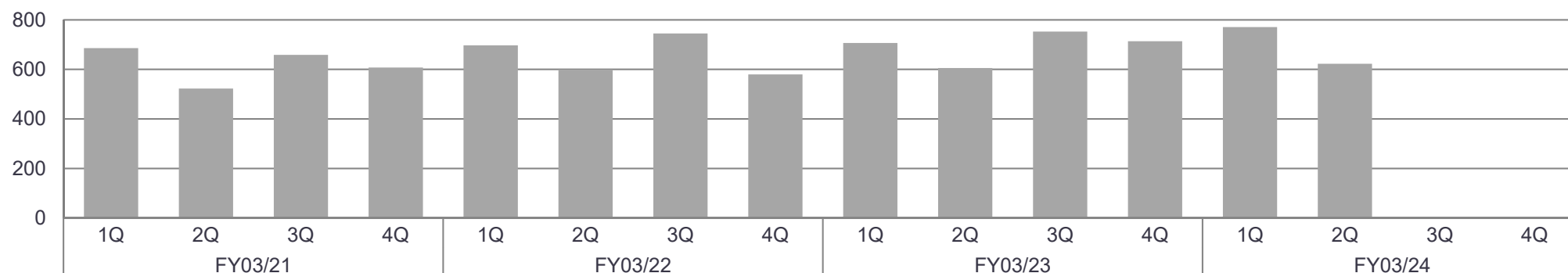
## Capex, depreciation & amortization, and R&D expenses (Millions of yen)

|                             | FY03/21 |     |     |     | FY03/22 |     |     |     | FY03/23 |     |     |     | FY03/24 |     |    |    |
|-----------------------------|---------|-----|-----|-----|---------|-----|-----|-----|---------|-----|-----|-----|---------|-----|----|----|
|                             | 1Q      | 2Q  | 3Q  | 4Q  | 1Q      | 2Q  | 3Q  | 4Q  | 1Q      | 2Q  | 3Q  | 4Q  | 1Q      | 2Q  | 3Q | 4Q |
| Capex                       | 734     | 528 | 330 | 538 | 648     | 498 | 859 | 744 | 817     | 667 | 509 | 566 | 584     | 745 |    |    |
| Depreciation & amortization | 781     | 779 | 797 | 791 | 763     | 789 | 818 | 839 | 875     | 913 | 941 | 836 | 731     | 792 |    |    |
| R&D expenses                | 686     | 523 | 659 | 608 | 697     | 597 | 745 | 580 | 707     | 606 | 753 | 714 | 771     | 623 |    |    |

## Capex, depreciation & amortization (Millions of yen)



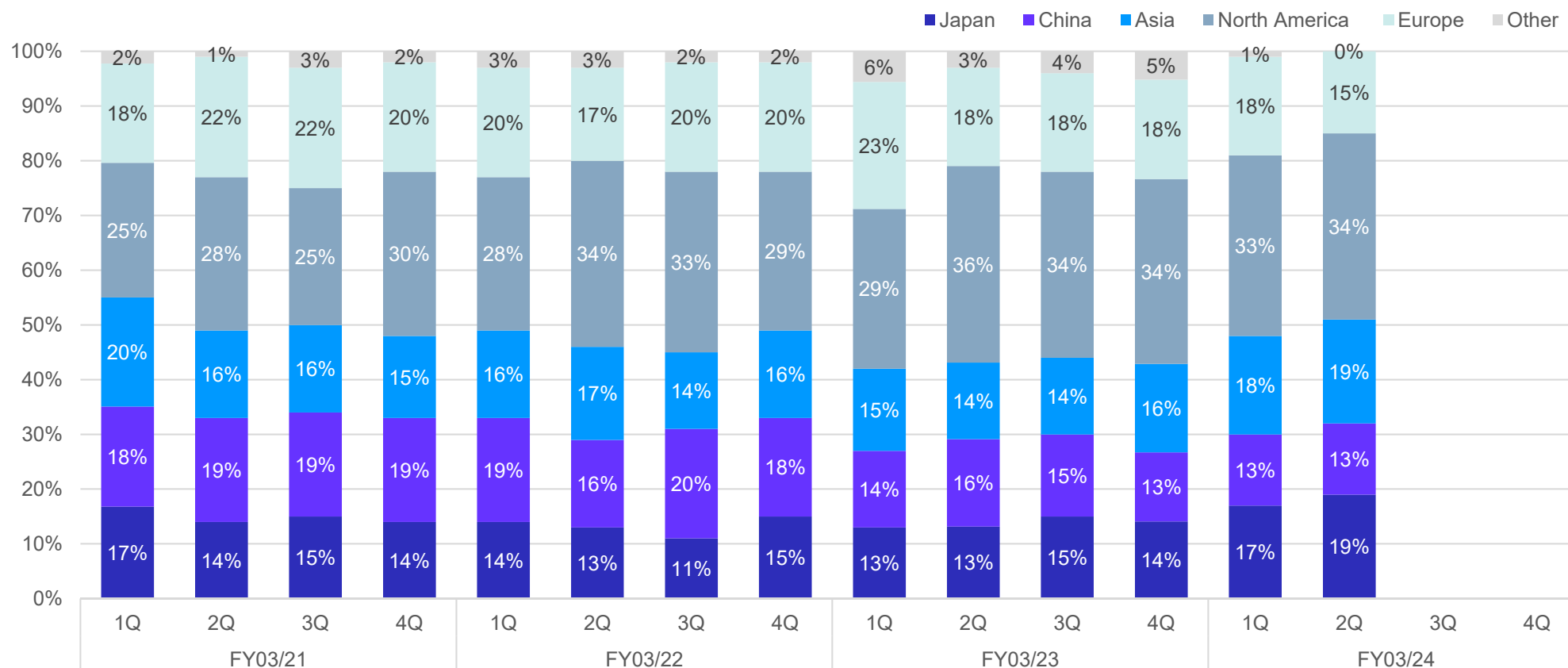
## R&D expenses (Millions of yen)



# Quarterly Sales Weighting of Car Speakers by Region

Sales weighting of car speakers by region

|                                  | FY03/21 |        |        |        | FY03/22 |        |        |        | FY03/23 |        |        |        | FY03/24 |        |    |    |
|----------------------------------|---------|--------|--------|--------|---------|--------|--------|--------|---------|--------|--------|--------|---------|--------|----|----|
|                                  | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q     | 4Q     | 1Q      | 2Q     | 3Q | 4Q |
| Japan                            | 17%     | 14%    | 15%    | 14%    | 14%     | 13%    | 11%    | 15%    | 13%     | 13%    | 15%    | 14%    | 17%     | 19%    |    |    |
| China                            | 18%     | 19%    | 19%    | 19%    | 19%     | 16%    | 20%    | 18%    | 14%     | 16%    | 15%    | 13%    | 13%     | 13%    |    |    |
| Asia                             | 20%     | 16%    | 16%    | 15%    | 16%     | 17%    | 14%    | 16%    | 15%     | 14%    | 14%    | 16%    | 18%     | 19%    |    |    |
| North America                    | 25%     | 28%    | 25%    | 30%    | 28%     | 34%    | 33%    | 29%    | 29%     | 36%    | 34%    | 34%    | 33%     | 34%    |    |    |
| Europe                           | 18%     | 22%    | 22%    | 20%    | 20%     | 17%    | 20%    | 20%    | 23%     | 18%    | 18%    | 18%    | 18%     | 15%    |    |    |
| Other                            | 2%      | 1%     | 3%     | 2%     | 3%      | 3%     | 2%     | 2%     | 6%      | 3%     | 4%     | 5%     | 1%      | 0%     |    |    |
| Total                            | 100%    | 100%   | 100%   | 100%   | 100%    | 100%   | 100%   | 100%   | 100%    | 100%   | 100%   | 100%   | 100%    | 100%   |    |    |
| Total sales<br>(Millions of yen) | 8,478   | 11,898 | 13,155 | 14,985 | 13,652  | 13,295 | 13,588 | 17,538 | 18,767  | 21,216 | 20,915 | 24,349 | 19,642  | 22,327 |    |    |



# The Group's Manufacturing Sites

## Myanmar

FOSTER ELECTRIC (THILAWA) CO., LTD.

## South Korea

ESTec CORPORATION

## China

ESTec ELECTRONICS (JIAXING)CO.,LTD.

FOSTER ELECTRIC CO.,(HEYUAN) LTD.

Guangzhou Panyu Jiu Shui Keng  
Foster Electric Factory

Guangzhou Fourstar Electroacoustic Tech  
Co.,Ltd

## Vietnam

ESTec PHU THO CO., LTD.

FOSTER ELECTRIC (BAC NINH) CO., LTD.

FOSTER ELECTRIC (DA NANG) CO., LTD.

FOSTER ELECTRIC (QUANG NGAI ) CO., LTD.

FOSTER ELECTRIC (VIETNAM) CO., LTD.

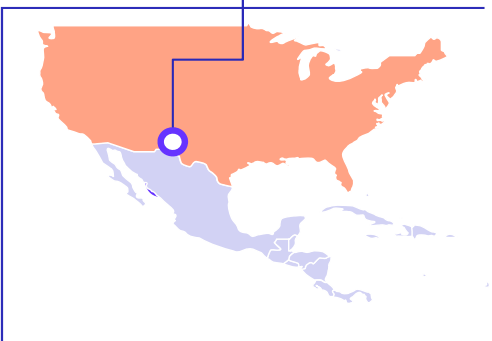
ESTec VINA CO., LTD.

## Thailand

FSK(Thailand) Co.,Ltd.

## USA

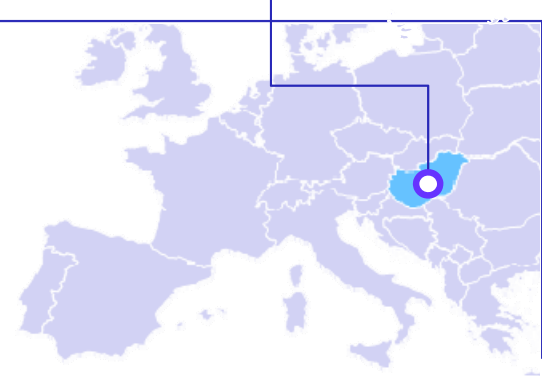
EL PASO OPERATIONS



## Hungary

(Start of mass production Oct 2024 (planned))

FOSTER ELECTRIC (HUNGARY)Kft.



( As of September 30, 2023 )

### **[Precautionary Statement]**

All forward-looking statements contained in this material, including forecasts, plans, and outlooks on current or future earnings, are based on currently available information and assumptions on risks and uncertainties that may affect future earnings. Actual results may differ from forecasts or estimates due to a range of factors, including economic conditions surrounding the Group's operations, business conditions of related markets and at OEM customers, the competitive environment and pricing competition in Japan and overseas, raw material prices, foreign exchange rates, risks affecting overseas business, regulations in Japan and overseas, disasters or accidents, and share prices.

### **[Inquiries]**

IR Section, IR and Governance Department, Foster Electric Company, Limited

TEL: +81-42-546-2305 / FAX: +81-42-546-2317

1-1-109 Tsutsujigaoka, Akishima, Tokyo 196-8550, Japan