

Sound to Life

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Foster Electric IR

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For the **86**th Fiscal Year

BUSINESS REPORT

From April 1, 2019 to March 31, 2020

Foster Electric Company, Limited

Code Number: 6794

To our shareholders

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

During the fiscal year ended March 31, 2020, we faced extremely severe circumstances, including a continuously chaotic global economy caused by a rise in protectionism resulting from trade friction between the US and China and economic recession due to the spread of COVID-19, which started at the beginning of 2020.

The Foster Group (the "Group") recorded year-on-year declines in net sales and operating income due to lower demand for smartphone and automotive components and impact from the spread of COVID-19.

Currently, the Group is striving to revolutionize its businesses, with a particular focus on its automotive-related businesses, and alter the philosophies governing them. At the same time, the Group is endeavoring to develop new businesses and products while it prepares to usher in a new era. 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 loved throughout society and the market.

We modestly request your continued support as we move forward.

June 2020



Hiromi Yoshizawa
CEO

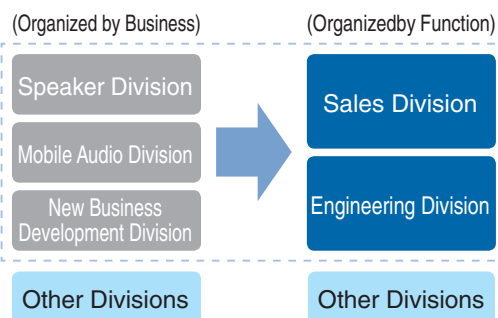


Atsushi Narikawa
COO

TOPICS

To respond to market changes, we have shifted to an organizational framework that is arranged according to function.

As trends related to technology and environmental response accelerate, we cannot achieve sustainable growth without swiftly adapting to change. Accordingly, the Group is resolutely striving to revolutionize its businesses, with a particular focus on its automotive-related businesses, and alter the philosophies governing them. In line with this goal, we have aimed to become an organization that functions more efficiently and seamlessly by shifting from a framework aligned based on individual business divisions to one arranged according to function.



Response to COVID-19 Pandemic

We would like to take this opportunity to express our deepest sympathies for all who have been impacted by COVID-19 pandemic.

To fight the spread of the virus and to comply with the state of emergency declared by the Japanese government, we have implemented the following countermeasures aimed ensuring the safety of our employees, partners, and the regions in which we conduct business.

We have also continued business activities at Group companies in China and other nations overseas while thoroughly applying safety and health measures, including infection control and health checks. Furthermore, we began manufacturing protective masks internally, especially in China.

Group Initiatives (Group countermeasures)

- Optimized inventory levels through production adjustment
- Limited overtime work, suspended business, or conducted temporary layoffs at plants as necessary.
- Promoted teleworking and online conferencing (minimized the number of employees required to commute to their workplaces)
- Adopted staggered working hours or flex-time scheduling for cases in which employees must report to work
- Suspended all business trip
- Requested that partners refrain from visiting Group companies whenever possible
- Implemented thorough health and safety measures (wearing masks, body temperature checks, abstaining from direct contact with external parties, etc.)
- Manufactured masks for company employees in plants in China



Financial Highlights

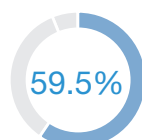
Consolidated Performance for the Fiscal Year ended March 31, 2020

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
¥107,298 million	¥2,064 million	¥2,599 million	¥1,565 million
(down 23.5% y-o-y)	(down 47.6% y-o-y)	(down 39.8% y-o-y)	(Net loss of ¥2,026 million in previous FY)

Overview by Segment (Consolidated)

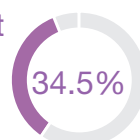
Speaker Segment

Net sales ¥63,955 million



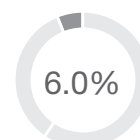
Mobile Audio Segment

Net sales ¥37,059 million



Other Segment

Net sales ¥6,454 million

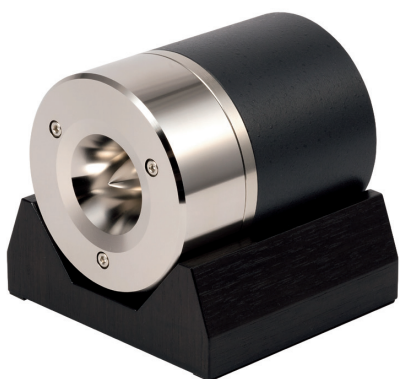


Note: The figure above includes intersegment sales.

Products

Horn tweeter

T500A MkIII



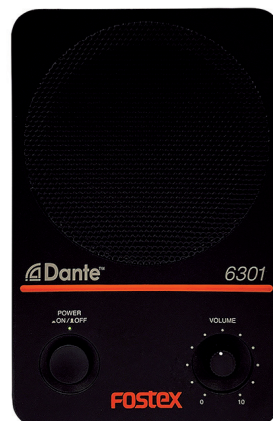
Further developed from the original T500A model launched in 1992, this maximum-grade horn super tweeter features a pure magnesium ring-shaped diaphragm; a horn and an equalizer that have been precisely cut and processed with brass; and a distortion-reducing internal alnico magnetic circuit.

Price (for reference):

¥125,000 (not including consumption tax; limited production)

Network-compatible monitor speaker

6301DT



The 6301 series of monitor speakers is famous for its status as a bestseller that is widely used to support the operations of broadcasting stations and as a top seller in the installation market for over 30 years. This new model (scheduled for release in August) is compatible with the Dante™ ethernet-based digital audio network, which is rapidly gaining popularity.

Note: Dante is a registered trademark of Audinate Pty. Ltd.

Price (for reference): ¥60,000 (not including consumption tax)

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, 2020:

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–December 31, 2020

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 legal affairs 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, 2020)

Company Name:	Foster Electric Company, Limited
Founded:	June 20, 1949
Common Stock:	¥6,770,360,135 Listed on the First Section of the Tokyo Stock Exchange
Headquarters:	1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550, Japan Phone: +81-42-546-2311 (switchboard)
Number of employees:	20,677 Number includes our outsourcee in Panyu, China
URL:	https://www.foster-electric.com

Directors and Corporate Auditors (As of June 24, 2020)

CEO:	Hiromi Yoshizawa	Senior Executive Officer:	Terushige Nagasawa
COO:	Atsushi Nankawa	Senior Executive Officer:	Takuro Yamaguchi
Senior Managing Director:	Lu San Tie	Senior Executive Officer:	Masatoshi Kohama
Managing Director:	Kazuhiro Kishi	Senior Executive Officer:	Tatsuhito Tanaka
Director:	Hidetoshi Shirakawa	Senior Executive Officer:	Ryoji Otowa
Director ^{*1} :	Minoru Matsumoto	Executive Officer:	Yasuhide Takahara
Director ^{*1} :	Chieko Matsuda	Executive Officer:	Naoki Kanai
Director ^{*1} :	Yasuhiro Goto	Executive Officer:	Yuji Harada
Standing Corporate Auditor:	Tsutomu Inokuma	Executive Officer:	Hiroki Miura
Corporate Auditor ^{*2} :	Takuma Iino	Executive Officer:	Yuji Sakuta
Corporate Auditor ^{*2} :	Takashi Suzuki	Executive Officer:	Roy Ching-Sheng Chen
Corporate Auditor ^{*2} :	Satoko Kimoto	Executive Officer:	Oh In-Yong

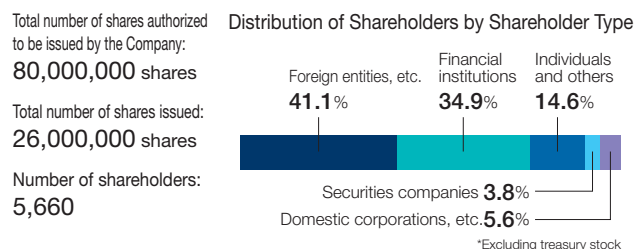
*1: Minoru Matsumoto, Chieko Matsuda, and Yasuhiro Goto are Independent Directors.
*2: Takuma Iino, Takashi Suzuki, and Satoko Kimoto are Independent Corporate Auditors.

Information for Shareholders

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

Stock Information

Status of Shares (As of March 31, 2020)



Major Shareholders

Shareholder's Name	Number of Shares Held (Thousands)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,799	7.8
Japan Trustee Services Bank, Ltd. (trust account)	1,284	5.6
Mizuho Bank, Ltd.	1,016	4.4
GOVERNMENT OF NORWAY	973	4.2
MUFG Bank, Ltd.	945	4.1
The Bank of New York Mellon 140044	570	2.5
The Bank of New York Mellon 140042	506	2.2
Japan Trustee Services Bank, Ltd. (trust account 9)	499	2.1
Showa Aircraft Industry Co., Ltd.	446	1.9
DFA INTL SMALL CAP VALUE PORTFOLIO	443	1.9

Treasury stock (3,195,624 shares) is excluded for the calculation of the "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 *Shareholders are not allowed to make any stock transactions other than the purchase of shares less than one unit ("tangen").	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan 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)