



# For the 87<sup>th</sup> Fiscal Year BUSINESS REPORT

From April 1, 2020 to March 31, 2021

# Sound to Life

**FOSTER®****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, 2021, the global economy became temporarily stagnant due to the spread of COVID-19 but has since recovered gradually, driven by the early recovery of the Chinese economy among other factors.

The Foster Group (the “Group”) recorded a year-on-year decline in net sales in the first half of the fiscal year, but net sales improved steadily in the second half, backed by the recovery of the automobile market. Still, the pandemic-induced spike in container freight rates, disruptions in the local supply chain, and a surge in raw material prices since October 2020, coupled with the political changes in Myanmar and the shortage of semiconductor chips in 2021, caused the Group to suffer declines in both net sales and operating income for the full fiscal year.

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

We modestly request your continued support as we move forward.

June 2021

**Hiromi Yoshizawa**  
CEO

**Atsushi Narikawa**  
COO

# TOPICS

## Developed and Launched the “Foster 2024” Medium-term Business Plan

The Foster Group intends to seize business opportunities in the automobile market, which is said to be at a once-in-a-century turning point, and work earnestly to commercialize new businesses that would lead to the Group’s sustainable growth and corporate value enhancement. To this end, we have developed a medium-term business plan and launched our initiatives in earnest.

### Medium Term (FY2020–FY2024): From OEM/ODM supplier to strategic partner

While OEM/ODMs only respond to customers after receiving orders, we aim to become a “strategic partner” that goes above and beyond that role, by partaking in the development and design of products together with customers.

We will make active proposals to enhance the comfort of products through “sound field tuning” and “noise reduction,” which were previously done internally by customers. By doing so, we will provide “comprehensive and more strategic products that feature high-quality sound and vibration.”

### Medium-Term Financial Targets (FY2024)

**Net sales: ¥120.0 billion**

**Operating income: ¥5.0 billion**

**Income ratio: 4.2%**

We will further expand net sales, operating income, and the income ratio by steadily implementing the medium-term business plan based on a commitment to absolutely achieve the financial targets.

We will make active investments to realize the strategy. Simultaneously, we will establish a lean corporate structure through labor-saving, automation, and standardization while maintaining a sound financial base.

### Long Term (FY2020–FY2030): World’s No. 1 “acoustic” solution partner

We will serve as an “acoustic” solution specialist in areas related to promising industrial fields that contribute to future society, particularly in terms of hearing and touch.

We aim to establish a brand profile where people instantly think of Foster Electric when it comes to matters related to sound or vibration.

Areas of focus: MaaS, wearables, wellness, entertainment, measuring instruments, noise reduction and noise cancellation

### ESG Initiatives

**Be Happy 80%**

The promotion of ESG hinges on the happiness of all employees.


We will put “Employees Be Happy 80%” at the center of our ESG activities.


**2050 environment/  
quality targets**


Along with enhanced products that comply with environmental standards, we aim to achieve “zero emissions” as our environmental target and “zero defects” as our quality target.


## Financial Highlights

Consolidated Performance for the Fiscal Year ended March 31, 2021

**Net sales**  
**¥85,220** million  
(down 20.6% y-o-y) 

**Operating income**  
**¥0.7** million  
(down 100.0% y-o-y) 

**Ordinary income**  
**¥219** million  
(down 91.6% y-o-y) 

**Net income attributable to owners  
of the parent**  
**¥(3,363)** million  
(¥1,565 million in the same period of previous FY) 

## Overview by Segment (Consolidated)

### Speaker Segment

**Net sales** ¥56,736 million

66.5%

### Mobile Audio Segment

**Net sales** ¥21,574 million

25.3%

### Other Segment

**Net sales** ¥7,244 million

8.2%



Note: The figures above include intersegment sales.



# Products

## Driftwood Speaker Box

### BK100ADC



BK100ADC is the first product available on "Fostex CUSTOM," a newly launched specialty e-commerce website with custom products. We jointly developed a driftwood speaker box series with Baycrew's Group's ACME Furniture. The speaker box comes with a driftwood enclosure carefully decorated with processed pieces hand-crafted by furniture craftsmen. It is a perfect match for the 70th-anniversary model, FE103A, creating a blissful acoustic space.

Reference price: ¥217,800/pair (tax included) made-to-order

\*Speaker unit sold separately. \*Not eligible for shareholder discount.

## FOSTEX SOUND BOOTH

### Portable Sound Booth



We designed FOSTEX SOUND BOOTH so that people listening to music with headphones can immerse themselves in the enticing sound coming out of the speakers. We plan to hold events, mainly at large commercial facilities, so that multiple generations can experience the FOSTEX brand.

## 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, 2021.

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."

Shareholder incentive code:

FE103A

内税別 4,800 円

合計 6,480 円

クーポンコードの入力

クーポンコード

※クーポンの適用はできません。

### ■ Period of validity:

**June 24 to December 31, 2021**

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

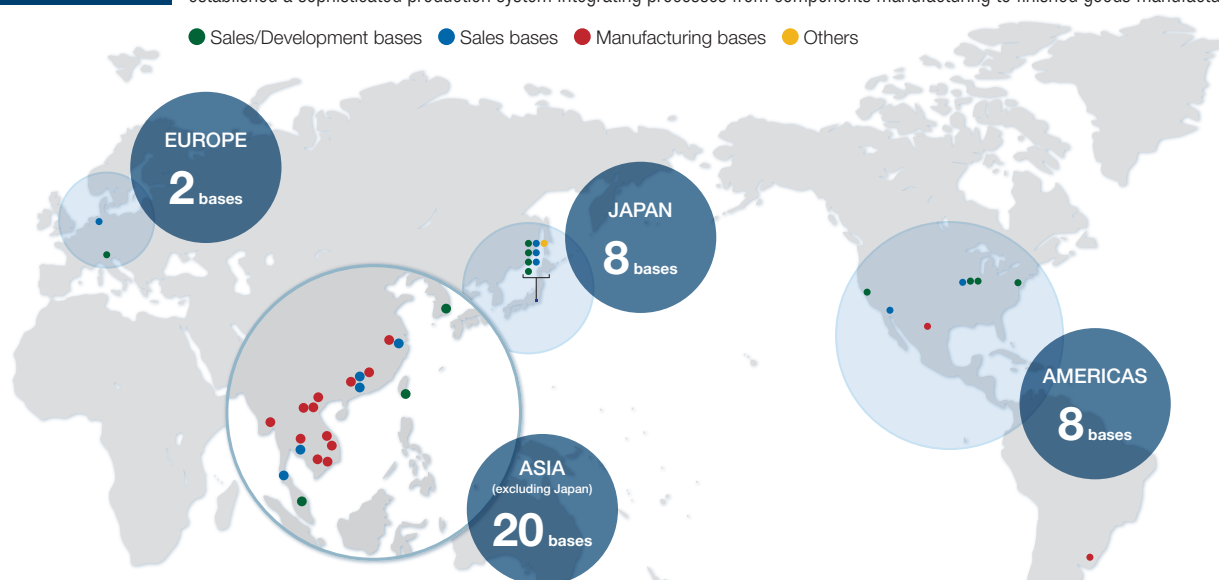
**Tel: +81-42-546-2305**

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, 2021)

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:	18,611 (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 June 23, 2021)

CEO:	Hiromi Yoshizawa	Senior Executive Officer:	Hidetoshi Shirakawa
COO:	Atsushi Narikawa	Senior Executive Officer:	Tatsuhito Tanaka
Senior Managing Director:	Lu San Tie	Senior Executive Officer:	Yasuhide Takahara
Managing Director:	Kazuhiro Kishi	Executive Officer:	Terushige Nagasawa
Director:	Hiroki Miura	Executive Officer:	Naoki Kanai
Independent Director:	Minoru Matsumoto	Executive Officer:	Yuji Harada
Independent Director:	Yasuhiro Goto	Executive Officer:	Yuji Sakuta
Independent Director:	Kaoru Chujo	Executive Officer:	Hirofumi Asada
Standing Corporate Auditor (Independent):	Satoko Kimoto	Executive Officer:	Oh In-Yong
Corporate Auditor:	Tsutomu Inokuma	Executive Officer:	Nguyen Quan Hoang
Independent Corporate Auditor:	Takuma Ino	Executive Officer:	Tan Gui-Hai
Independent Corporate Auditor:	Takashi Suzuki	Executive Officer:	Wong Wing Chung

## Stock Information

### Status of Shares (As of March 31, 2021)

Total number of shares authorized to be issued by the Company:	80,000,000 shares	Distribution of Shareholders by Shareholder Type		
Total number of shares issued:	25,000,000 shares	Foreign entities, etc.	Financial institutions	Individuals and others
Number of shareholders:	5,755	38%	40.1%	14.8%
			Securities companies	Domestic corporations, etc.
			3.4%	3.7%

\*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)	2,643	11.8
Custody Bank of Japan, Ltd. (trust account)	1,037	4.6
Mizuho Bank, Ltd.	1,016	4.5
MUFG Bank, Ltd.	945	4.2
Custody Bank of Japan, Ltd. (trust account 9)	857	3.8
State Street Bank and Trust Client Omnibus Account OM02 505002	606	2.7
The Bank of New York Mellon 140042	478	2.1
Mizuho Trust & Banking Co., Ltd.	405	1.8
The Bank of New York Mellon 140044	388	1.7
State Street Bank and Trust Company 505001	336	1.5

Treasury stock (2,645,024 shares) is excluded for the calculation of the "Ratio of Shares Held."

## Information for Shareholders

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

### Inquiries for Handling of Stocks

Shareholders who have an account at a securities company	The securities company with which you have a business connection
Shareholders who have a special account *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)