

**Translation**

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on Japanese GAAP)

November 11, 2024

Company name: Foster Electric Company, Limited  
 Stock exchange listing: Tokyo  
 Stock code: 6794 URL <https://www.foster-electric.com/>  
 Representative: CEO Kazuhiro Kishi  
 General Manager, IR and Governance  
 Inquiries: Management Dept. Kiyotaka Kume TEL +81-42-546-2305  
 Scheduled date to file Semi-annual Securities Report: November 11, 2024  
 Scheduled date to commence dividend payments: December 5, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	66,612	11.6	3,622	67.2	4,108	92.0	2,363	112.2
Six months ended September 30, 2023	59,701	2.3	2,165	516.2	2,139	428.5	1,114	–

Note: Comprehensive income: Six months ended September 30, 2024 ¥2,869 million [(54.9)%]  
 Six months ended September 30, 2023 ¥6,357 million [9.6%]

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2024	106.11		–	
Six months ended September 30, 2023	50.17		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	109,128	66,729	54.2	2,651.23
As of March 31, 2024	102,747	64,319	56.5	2,606.90

Reference: Equity capital: As of September 30, 2024 ¥59,198 million  
 As of March 31, 2024 ¥58,004 million

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2024	–	10.00	–	15.00	25.00
Year ending March 31, 2025	–	20.00	–	–	–
Year ending March 31, 2025 (Forecast)	–	–	–	30.00	50.00

Note: Changes in dividend forecast subsequent to the most recent announcement: Yes

### 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	135,000	10.3	6,500	47.3	6,500	51.0	3,500	51.8	157.11

Note: Changes in forecast of financial results subsequent to the most recent announcement: Yes

#### 4. Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Application of special accounting methods for preparing semi-annual consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2024	25,000,000 shares	As of March 31, 2024	25,000,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2024	2,671,436 shares	As of March 31, 2024	2,749,532 shares
--------------------------	------------------	----------------------	------------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	22,277,231 shares	Six months ended September 30, 2023	22,210,437 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

\*Semi-annual consolidated financial statements are not subject to audit by a certified public accountant or audit corporation.

\* Information on proper use of the projected financial results and other notes

(Precautionary notes on forward-looking statements)

Forward-looking statements in this document, including earnings projections, are based on currently available information and certain assumptions that the Company regards as reasonable at the time of writing, and the Company does not in any way guarantee the achievement of the projections. Actual results may differ substantially from the forecast figures depending on various factors.

For the preconditions of and precautions in using the earnings projections, please refer to "Explanation of forecast of consolidated financial results and other forward-looking information" on page 2 of the Attachment.

○ Contents of Attachment

- 1. Overview of operating results, etc. .... 2
  - (1) Operating results for the period under review ..... 2
  - (2) Financial position for the period under review..... 2
  - (3) Explanation of forecast of consolidated financial results and other forward-looking information..... 2
- 2. Semi-annual consolidated financial statements..... 3
  - (1) Consolidated balance sheets..... 3
  - (2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative) ..... 5
  - (3) Consolidated statements of cash flows..... 7
  - (4) Notes to the semi-annual consolidated financial statements ..... 8
    - (Notes on going concern assumption) ..... 8
    - (Notes on significant changes in the amount of shareholders' equity) ..... 8
    - (Changes in accounting policies)..... 8
    - (Notes on segment information, etc.) ..... 9

## 1. Overview of operating results, etc.

### (1) Operating results for the period under review

During the six months ended September 30, 2024, the global economy continued to face heightened geopolitical risks, including conflicts between nations and regime changes. Despite interest rate reductions in Europe and the US, ongoing global inflation pressures led to sharp fluctuations in forex rates. Against this backdrop, concerns about an economic slowdown in China, coupled with extreme weather events, rendered the outlook uncertain.

In the automotive market, the Foster Group's (the "Group") focus, amid a slowing transition to electric vehicles (EVs) and an overall stagnation in automobile sales, we focused on growing orders in the automotive business through the partner strategy, leveraging our strengths in providing quality car speakers developed over many years. Further, we strove to improve demand forecasting accuracy to maintain an optimal production system and inventory levels, and continued promoting cost improvement measures.

As a result, consolidated net sales in the six months ended September 30, 2024 were ¥66,612 million (up 11.6% YoY), operating profit was ¥3,622 million (up 67.2% YoY), ordinary profit was ¥4,108 million (up 92.0% YoY), and profit attributable to owners of parent was ¥2,363 million (up 112.2% YoY).

Results by segment were as follows.

#### (Speaker Segment)

Net sales amounted to ¥54,273 million (up 14.6% YoY), as inventory adjustments at some customers, which weighed on results a year ago, were completed and speaker sales to some automobile manufacturers in China were robust. On the profit front, operating profit was ¥3,211 million (up 61.8% YoY), backed by increased sales of high-margin speakers and ongoing measures to improve costs.

#### (Mobile Audio Segment)

Net sales were ¥7,560 million (down 8.4% YoY), due to a decline in sales of consumer actuators despite higher-than-expected shipments of earphones and earphone drivers. On the profit front, operating profit was ¥607 million (up 67.9% YoY), owed to increased sales of high-margin products.

#### (Other Segment)

In the Other segment, which includes micro acoustic components and FOSTEX brand products, net sales amounted to ¥4,779 million (up 17.3% YoY) driven by robust sales of speakers for acoustic vehicle alerting systems. On the profit front, however, the segment posted an operating loss of ¥197 million (in the previous year, operating loss of ¥181 million), due to lingering impact of structural reforms carried out in the previous fiscal year.

(Note) Net sales by segment shown above reflect figures after the elimination of inter-segment transactions.

### (2) Financial position for the period under review

As of September 30, 2024, total assets amounted to ¥109,128 million, up ¥6,380 million from their level on March 31, 2024, mainly because of increases in accounts receivable-trade and finished goods. Owing chiefly to an increase in accounts payable-trade, total liabilities grew ¥3,970 million to ¥42,398 million. Net assets came to ¥66,729 million, up ¥2,410 million, mainly as a result of an increase in retained earnings. The equity ratio was 54.2% as of September 30, 2024, down 2.2 percentage points from March 31, 2024.

#### (Cash flows for the period under review)

Cash and cash equivalents as of September 30, 2024 totaled ¥16,730 million, down ¥303 million from the level on March 31, 2024, as a result of the cash flows described below.

#### (Operating activities)

Net cash provided by operating activities was ¥2,701 million, chiefly due to an increase in trade payables.

#### (Investing activities)

Net cash used in investing activities totaled ¥1,775 million, mainly due to capital investments.

#### (Financing activities)

Net cash used in financing activities totaled ¥1,370 million, due to repayments of long-term borrowings and dividends paid.

### (3) Explanation of forecast of consolidated financial results and other forward-looking information

In light of recent trends in earnings performance, we revised our full-year financial results forecast and year-end dividend forecast announced on May 15, 2024, along with financial results for the fiscal year ended March 31, 2024. For details, please see the "Announcement on Revisions to Full-Year Consolidated Financial Results Forecast and Year-End Dividend Forecast" separately disclosed today.

## 2. Semi-annual consolidated financial statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	20,216	19,779
Notes and accounts receivable - trade	24,934	27,827
Electronically recorded monetary claims - operating	865	688
Securities	649	450
Finished goods	18,357	21,204
Raw materials	7,908	7,242
Work in process	1,539	1,411
Supplies	140	169
Accounts receivable - other	1,673	2,162
Advance payments to suppliers	367	2,331
Other	2,381	2,441
Allowance for doubtful accounts	(109)	(110)
<b>Total current assets</b>	<b>78,925</b>	<b>85,597</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	8,091	7,617
Machinery, equipment and vehicles, net	4,557	4,780
Tools, furniture and fixtures, net	1,887	1,938
Land	3,404	3,408
Construction in progress	1,437	1,341
<b>Total property, plant and equipment</b>	<b>19,377</b>	<b>19,085</b>
<b>Intangible assets</b>		
Software	189	258
Other	147	151
<b>Total intangible assets</b>	<b>336</b>	<b>409</b>
<b>Investments and other assets</b>		
Investment securities	2,162	2,261
Long-term prepaid expenses	82	101
Retirement benefit asset	1,344	1,293
Deferred tax assets	306	184
Other	212	193
<b>Total investments and other assets</b>	<b>4,108</b>	<b>4,035</b>
<b>Total non-current assets</b>	<b>23,822</b>	<b>23,530</b>
<b>Total assets</b>	<b>102,747</b>	<b>109,128</b>

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	12,169	16,817
Short-term borrowings	10,571	10,356
Current portion of long-term borrowings	775	775
Accounts payable - other	3,135	2,546
Lease liabilities	483	480
Income taxes payable	762	850
Accrued expenses	2,288	2,110
Provision for bonuses	537	1,292
Other	1,175	1,085
Total current liabilities	31,899	36,314
Non-current liabilities		
Long-term borrowings	3,781	3,393
Deferred tax liabilities	681	807
Lease liabilities	1,326	1,095
Retirement benefit liability	108	109
Provision for retirement benefits for directors (and other officers)	27	11
Provision for share awards	137	63
Other	466	602
Total non-current liabilities	6,529	6,084
Total liabilities	38,428	42,398
<b>Net assets</b>		
Shareholders' equity		
Share capital	6,770	6,770
Capital surplus	6,896	6,896
Retained earnings	36,364	38,392
Treasury shares	(4,042)	(3,937)
Total shareholders' equity	45,989	48,122
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	803	870
Foreign currency translation adjustment	11,345	10,342
Remeasurements of defined benefit plans	(134)	(137)
Total accumulated other comprehensive income	12,014	11,075
Non-controlling interests	6,314	7,531
Total net assets	64,319	66,729
<b>Total liabilities and net assets</b>	<b>102,747</b>	<b>109,128</b>

**(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	59,701	66,612
Cost of sales	50,968	54,698
Gross profit	8,733	11,913
Selling, general and administrative expenses	6,567	8,291
Operating profit	2,165	3,622
Non-operating income		
Interest income	63	129
Dividend income	20	22
Foreign exchange gains	232	667
Miscellaneous income	151	183
Total non-operating income	467	1,003
Non-operating expenses		
Interest expenses	388	338
Miscellaneous losses	104	177
Total non-operating expenses	493	516
Ordinary profit	2,139	4,108
Profit before income taxes	2,139	4,108
Income taxes - current	674	951
Income taxes for prior periods	–	(167)
Income taxes - deferred	(67)	43
Total income taxes	606	828
Profit	1,533	3,280
Profit attributable to non-controlling interests	419	916
Profit attributable to owners of parent	1,114	2,363

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	1,533	3,280
Other comprehensive income		
Valuation difference on available-for-sale securities	277	67
Foreign currency translation adjustment	4,545	(474)
Remeasurements of defined benefit plans, net of tax	1	(4)
Total other comprehensive income	4,824	(410)
Comprehensive income	6,357	2,869
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,718	1,424
Comprehensive income attributable to non-controlling interests	639	1,444



**(3) Consolidated statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	2,139	4,108
Depreciation	1,523	1,592
Decrease (increase) in retirement benefit asset	75	83
Increase (decrease) in retirement benefit liability	1	(2)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	1	(15)
Increase (decrease) in allowance for doubtful accounts	(81)	8
Increase (decrease) in provision for bonuses	301	758
Interest and dividend income	(83)	(152)
Interest expenses	388	338
Foreign exchange losses (gains)	353	362
Decrease (increase) in trade receivables	977	(2,689)
Decrease (increase) in inventories	3,449	(2,233)
Increase (decrease) in trade payables	1,573	4,378
Decrease (increase) in accounts receivable - other	(522)	(407)
Increase (decrease) in accounts payable - other	(290)	(537)
Decrease (increase) in advance payments to suppliers	2,098	(2,065)
Other, net	90	37
Subtotal	11,996	3,567
Interest and dividends received	83	152
Interest paid	(388)	(338)
Income taxes paid	(804)	(846)
Income taxes refund	–	167
Net cash provided by (used in) operating activities	10,887	2,701
Cash flows from investing activities		
Purchase of securities	–	(439)
Proceeds from redemption of securities	–	667
Purchase of investment securities	(0)	–
Purchase of property, plant and equipment	(1,298)	(1,747)
Purchase of intangible assets	(31)	(104)
Purchase of long-term prepaid expenses	(37)	(92)
Payments into time deposits	–	(1,659)
Proceeds from withdrawal of time deposits	–	1,611
Other, net	30	(11)
Net cash provided by (used in) investing activities	(1,337)	(1,775)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,434)	(220)
Repayments of long-term borrowings	(300)	(387)
Dividends paid	(223)	(336)
Dividends paid to non-controlling interests	(92)	(169)
Purchase of treasury shares	(0)	(0)
Other, net	(138)	(255)
Net cash provided by (used in) financing activities	(7,189)	(1,370)
Effect of exchange rate change on cash and cash equivalents	874	140
Net increase (decrease) in cash and cash equivalents	3,235	(303)
Cash and cash equivalents at beginning of period	13,646	17,034
Cash and cash equivalents at end of period	16,882	16,730

**(4) Notes to the semi-annual consolidated financial statements**

**(Notes on going concern assumption)**

Not applicable.

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Changes in accounting policies)**

We have applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022), and “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the first quarter of the current fiscal year. These changes had no impact on the semi-annual consolidated financial statements.

**(Notes on segment information, etc.)**

[Segment information]

I. Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

1. Information on amount of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Total	Adjustments * Note 1	Amounts on consolidate d statement of income * Note 2
	Speaker	Mobile Audio	Other			
Net sales						
Sales to external customers	47,372	8,255	4,073	59,701	—	59,701
Inter-segment sales or transfers	—	—	1,501	1,501	(1,501)	—
Total	47,372	8,255	5,574	61,202	(1,501)	59,701
Segment profit (loss)	1,984	362	(181)	2,165	—	2,165

Notes: 1. Adjustments to segment profit (loss) reflect the elimination of inter-segment transactions.  
2. Total segment profit (loss) is adjusted with the operating profit in the semi-annual consolidated statement of income.

2. Information on impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Important impairment losses of non-current assets)

Not applicable.

II. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

1. Information on amount of net sales and profit (loss) for each reportable segment

(Millions of yen)

	Reportable segments			Total	Adjustments * Note 1	Amounts on consolidate d statement of income * Note 2
	Speaker	Mobile Audio	Other			
Net sales						
Sales to external customers	54,273	7,560	4,779	66,612	—	66,612
Inter-segment sales or transfers	—	—	1,876	1,876	(1,876)	—
Total	54,273	7,560	6,656	68,489	(1,876)	66,612
Segment profit (loss)	3,211	607	(197)	3,622	—	3,622

Notes: 1. Adjustments to segment profit (loss) reflect the elimination of inter-segment transactions.  
2. Total segment profit (loss) is adjusted with the operating profit in the semi-annual consolidated statement of income.

2. Information on impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Important impairment losses of non-current assets)

Not applicable.