August 7, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: Foster Electric Company, Limited
Listing: Tokyo Stock Exchange
Securities code: 6794
URL: https://www.foster-electric.com/
Representative: Kazuhiro Kishi, CEO
Inquiries: Kiyotaka Kume, General Manager, IR and Governance Management Dept.
Telephone: +81-42-546-2305
Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	35,097	9.2	585	(66.9)	1,104	(43.3)	128	(91.4)
June 30, 2025	32,136	1.4	1,767	30.8	1,948	10.9	1,487	34.5

Note: Comprehensive income For the three months ended June 30, 2026: ¥717 million [-%]
For the three months ended June 30, 2025: ¥(463) million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	5.70	-
June 30, 2025	66.63	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2026	113,071	76,363	59.5	2,995.37
March 31, 2026	112,244	76,926	60.3	3,013.47

Reference: Equity As of June 30, 2026: ¥67,299 million
As of March 31, 2026: ¥67,706 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	35.00	-	45.00	80.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		55.00	-	60.00	115.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2027	140,000	3.8	8,000	4.3	7,500	(6.3)	5,000	1.0	222.54

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2026	25,000,000 shares
As of March 31, 2026	25,000,000 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2026	2,532,194 shares
As of March 31, 2026	2,532,193 shares

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

Three months ended June 30, 2026	22,467,807 shares
Three months ended June 30, 2025	22,328,563 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm:None

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors. For details on the conditions on which earnings forecasts are based and precautions for using earnings forecasts, please refer to the "Explanation of Forward-Looking Information on Consolidated Earnings Forecasts and Other Forward-Looking Information" on page 2 of the Appendix.

○ Contents of Attachment

1. Overview of operating results, etc.

(1) Operating results for the period under review

During the three months ended June 30, 2026, the global economic outlook remained uncertain due to ongoing geopolitical risks, including the situation in the Middle East, as well as rising prices driven by higher crude oil and other resource prices and fluctuations in foreign exchange rates.

In the automotive market, the Foster Group's (the "Group") focus, some effects of the revision of U.S. tariff policy lingered, while prices of raw materials, including petrochemical products, soared due to the situation in the Middle East. Against this backdrop, in the second year of the medium-term business plan launched in the previous fiscal year, we worked to expand our business through our growth strategy and enhance profitability through cost structure reforms, implementing initiatives aimed at driving further growth. In the mobility-related business, which forms the core of our growth strategy, we focused on expanding orders in the automotive sector, including by acquiring new business and increasing the number of the Group's products installed per vehicle, leveraging our long-standing expertise in quality car speakers and our stable, global supply system as key strengths.

As a result, consolidated net sales in the three months ended June 30, 2026 were ¥35,097 million (up 9.2% YoY), operating profit was ¥585 million (down 66.9% YoY), ordinary profit was ¥1,104 million (down 43.3% YoY), and profit attributable to owners of parent was ¥128 million (down 91.4% YoY).

Results by segment were as follows.

(Speaker Segment)

Net sales amounted to ¥28,610 million (up 7.5% YoY). Although speaker sales to some Chinese automakers declined as anticipated, this was more than offset by the promotion of a sales strategy to build a new customer base focused on branded and premium-level products. On the profit front, operating profit amounted to ¥70 million (down 95.4% YoY), reflecting the aforementioned decline in speaker sales to some automakers, the temporary burden of U.S. tariffs and additional costs arising from soaring material costs, and the impact of the appreciation of the Chinese yuan.

(Mobile Audio Segment)

Net sales were ¥3,574 million (up 14.4% YoY), driven by solid sales of earphones and earphone drivers for key customers. Operating profit amounted to ¥312 million (up 55.4% YoY).

(Other Segment)

In the Other segment, which includes micro acoustic components and FOSTEX brand products, net sales amounted to ¥2,912 million (up 21.6% YoY), driven by solid sales of speakers for acoustic vehicle alerting and warning systems. On the profit front, operating profit totaled ¥201 million (in the previous year, operating profit of ¥6 million), driven by increased net sales and an improved earnings structure resulting from structural reforms.

(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 June 30, 2026, total assets amounted to ¥113,071 million, up ¥826 million from their level on March 31, 2026, mainly due to an increase in property, plant and equipment. Owing chiefly to an increase in short-term borrowings, total liabilities were up ¥1,389 million to ¥36,707 million. Net assets came to ¥76,363 million, down ¥563 million, mainly due to a decrease in retained earnings. The equity ratio was 59.5% as of June 30, 2026, down 0.8 percentage points from March 31, 2026.

(Cash flows for the period under review)

Cash and cash equivalents as of June 30, 2026 totaled ¥19,775 million, down ¥676 million from the level on March 31, 2026, as a result of the cash flows described below.

(Operating activities)

Net cash provided by operating activities was ¥465 million, chiefly due to profit before income taxes.

(Investing activities)

Net cash used in investing activities totaled ¥2,023 million, mainly due to capital investments.

(Financing activities)

Net cash provided by financing activities totaled ¥1,355 million, primarily due to an increase in short-term borrowings.

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

At this time, we have not made changes to the full-year forecast announced in the consolidated financial results on May 15, 2026, as we expect to receive refunds from the second quarter onward for the U.S. tariffs temporarily borne by the Company and to recover from customers the additional costs associated with soaring material costs.

2. Quarterly consolidated financial statements
(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	20,235	19,567
Notes and accounts receivable - trade	25,998	24,802
Electronically recorded monetary claims - operating	755	824
Securities	426	408
Finished goods	17,575	18,428
Raw materials	10,945	11,064
Work in process	1,667	1,675
Supplies	496	369
Accounts receivable - other	2,243	2,389
Advance payments to suppliers	441	542
Other	2,804	3,119
Allowance for doubtful accounts	(61)	(68)
Total current assets	83,529	83,124
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,722	7,976
Machinery, equipment and vehicles, net	7,354	7,537
Tools, furniture and fixtures, net	2,374	2,301
Land	3,581	3,597
Construction in progress	3,216	4,137
Total property, plant and equipment	24,249	25,550
Intangible assets		
Software	346	325
Other	141	134
Total intangible assets	488	460
Investments and other assets		
Investment securities	1,957	2,180
Long-term prepaid expenses	96	97
Retirement benefit asset	1,292	1,184
Deferred tax assets	454	333
Other	176	139
Total investments and other assets	3,977	3,935
Total non-current assets	28,715	29,947
Total assets	112,244	113,071

(Millions of yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,931	13,344
Short-term borrowings	5,853	8,854
Current portion of long-term borrowings	600	600
Accounts payable - other	3,348	3,473
Lease liabilities	439	500
Income taxes payable	1,139	660
Accrued expenses	3,369	2,558
Provision for bonuses	659	588
Other	1,333	2,601
Total current liabilities	31,675	33,182
Non-current liabilities		
Long-term borrowings	1,050	900
Deferred tax liabilities	846	858
Lease liabilities	1,024	1,027
Retirement benefit liability	130	132
Provision for retirement benefits for directors (and other officers)	14	15
Provision for share awards	20	20
Other	555	570
Total non-current liabilities	3,642	3,524
Total liabilities	35,318	36,707
Net assets		
Shareholders' equity		
Share capital	6,770	6,770
Capital surplus	7,036	7,036
Retained earnings	42,744	41,851
Treasury shares	(3,822)	(3,822)
Total shareholders' equity	52,728	51,836
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	930	1,090
Foreign currency translation adjustment	14,255	14,573
Remeasurements of defined benefit plans	(207)	(200)
Total accumulated other comprehensive income	14,977	15,463
Non-controlling interests	9,220	9,064
Total net assets	76,926	76,363
Total liabilities and net assets	112,244	113,071

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	32,136	35,097
Cost of sales	26,517	30,108
Gross profit	5,618	4,989
Selling, general and administrative expenses	3,850	4,403
Operating profit	1,767	585
Non-operating income		
Interest income	60	69
Dividend income	19	33
Foreign exchange gains	154	508
Miscellaneous income	72	43
Total non-operating income	307	655
Non-operating expenses		
Interest expenses	89	80
Share of loss of entities accounted for using equity method	4	11
Miscellaneous losses	33	43
Total non-operating expenses	126	136
Ordinary profit	1,948	1,104
Extraordinary income		
Gain on sale of investment securities	295	-
Total extraordinary income	295	-
Profit before income taxes	2,243	1,104
Income taxes - current	391	575
Income taxes - deferred	(32)	101
Total income taxes	359	676
Profit	1,884	427
Profit attributable to non-controlling interests	396	299
Profit attributable to owners of parent	1,487	128

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	1,884	427
Other comprehensive income		
Valuation difference on available-for-sale securities	(224)	160
Foreign currency translation adjustment	(2,155)	119
Remeasurements of defined benefit plans, net of tax	32	10
Total other comprehensive income	(2,347)	289
Comprehensive income	(463)	717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(499)	613
Comprehensive income attributable to non-controlling interests	36	103

(3) Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Cash flows from operating activities		
Profit before income taxes	2,243	1,104
Depreciation	778	935
Decrease (increase) in retirement benefit asset	47	83
Increase (decrease) in retirement benefit liability	0	1
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	0
Increase (decrease) in allowance for doubtful accounts	18	5
Increase (decrease) in provision for bonuses	(197)	(658)
Loss (gain) on sale of investment securities	(295)	-
Interest and dividend income	(80)	(103)
Interest expenses	89	80
Foreign exchange losses (gains)	(37)	76
Share of loss (profit) of entities accounted for using equity method	4	11
Decrease (increase) in trade receivables	(811)	1,016
Decrease (increase) in inventories	1,041	(840)
Increase (decrease) in trade payables	(1,340)	(1,487)
Decrease (increase) in accounts receivable - other	(224)	(191)
Increase (decrease) in accounts payable - other	140	106
Decrease (increase) in advance payments to suppliers	(111)	(97)
Other, net	774	1,452
Subtotal	2,040	1,498
Interest and dividends received	80	103
Interest paid	(89)	(80)
Income taxes paid	(711)	(1,054)
Net cash provided by (used in) operating activities	1,320	465
Cash flows from investing activities		
Proceeds from redemption of securities	401	-
Proceeds from sale of investment securities	564	-
Purchase of property, plant and equipment	(774)	(1,972)
Purchase of intangible assets	(24)	(12)
Purchase of long-term prepaid expenses	(54)	(46)
Other, net	(29)	7
Net cash provided by (used in) investing activities	84	(2,023)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,414	2,918
Repayments of long-term borrowings	(150)	(150)
Dividends paid	(896)	(1,020)
Dividends paid to non-controlling interests	(266)	(273)
Purchase of treasury shares	-	(0)
Other, net	(132)	(118)
Net cash provided by (used in) financing activities	969	1,355
Effect of exchange rate change on cash and cash equivalents	(903)	(473)
Net increase (decrease) in cash and cash equivalents	1,471	(676)
Cash and cash equivalents at beginning of period	20,771	20,451
Cash and cash equivalents at end of period	22,243	19,775

(4) Notes to the quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in presentation method)

(Consolidated statement of income [cumulative])

"Share of loss of entities accounted for using equity method," which had been included in "Miscellaneous losses" under "Non-operating expenses" in the three months ended June 30, 2025, has been presented separately under "Non-operating expenses" beginning with the six months ended September 30, 2025, as its monetary impact had increased. To reflect this change in presentation, the consolidated statement of income (cumulative) for the three months ended June 30, 2025 has been adjusted accordingly. As a result, ¥4 million, which had been included in "Miscellaneous losses" under "Non-operating expenses" in the consolidated statement of income (cumulative) for the three months ended June 30, 2025, has been reclassified as "Share of loss of entities accounted for using equity method" under "Non-operating expenses."

(Consolidated statement of cash flows)

"Share of loss (profit) of entities accounted for using equity method," which had been included in "Other, net" under "Cash flows from operating activities" in the three months ended June 30, 2025, has been presented separately under "Cash flows from operating activities" beginning with the six months ended September 30, 2025, as its monetary impact had increased. To reflect this change in presentation, the consolidated statement of cash flows for the three months ended June 30, 2025 has been adjusted accordingly. As a result, ¥4 million, which had been included in "Other, net" under "Cash flows from operating activities" in the consolidated statement of cash flows for the three months ended June 30, 2025, has been reclassified as "Share of loss (profit) of entities accounted for using equity method" under "Cash flows from operating activities."

(Notes on segment information, etc.)

Segment Information

I. The three months of the previous fiscal year (April 1, 2025 to June 30, 2025)

1. Information on sales and the amount of profit or loss for each reported segment

(Millions of yen)

	Reportable segments			Total	Adjustment (Note) 1	Amounts on consolidated financial statements (Note)2
	Speaker	Mobile audio	Other			
Net sales						
Sales to external customers	26,614	3,125	2,395	32,136	-	32,136
Inter-segment sales or transfers	-	-	697	697	(697)	-
Total	26,614	3,125	3,093	32,834	(697)	32,136
Segment profit (loss)	1,559	201	6	1,767	-	1,767

Note: 1 The amount of segment profit adjustment is the elimination of inter-segment transactions.
2 The total amount of segment profit is adjusted to operating income in the quarterly consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment
(Significant impairment loss on fixed assets)
Not applicable.

II. The three months of the current fiscal year (April 1, 2026 to June 30, 2026))

1. Information on sales and the amount of profit or loss for each reported segment

(Millions of yen)

	Reportable segments			Total	Adjustment (Note) 1	Amounts on consolidated financial statements (Note)2
	Speaker	Mobile audio	Other			
Net sales						
Sales to external customers	28,610	3,574	2,912	35,097	-	35,097
Inter-segment sales or transfers	-	-	1,104	1,104	(1,104)	-
Total	28,610	3,574	4,016	36,202	(1,104)	35,097
Segment Profit	70	312	201	585	-	585

Note 1 The amount of segment profit adjustment is the elimination of inter-segment transactions.
2 The total amount of segment profit is adjusted to operating income in the quarterly consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment
(Significant impairment loss on fixed assets)
Not applicable.