FOSTER

Foster Electric Co., Ltd.
1-1-109 Tsutsujigaoka, Akishima City, Tokyo, Japan
Tel: +81(42) 546-2311 / Fax: +81(42) 546-2317

August 3, 2018

Notice Concerning Posting of Extraordinary Loss and Revisions to Full-Year Earnings Forecasts

Foster Electric Company has posted an extraordinary loss, as described below, in the first quarter of the fiscal year ending March 31, 2019 (April 1-June 30, 2018). Moreover, in light of recent earnings trends, we have revised the forecast of the full-year financial results announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 on April 27, 2018, as noted below.

1. Posting of extraordinary loss

   In this fiscal year, the Company's revenue dropped as a result of lower demand for headsets for a major customer and a drop in sales prices. In light of this business environment, the Group is taking rationalization measures to rebuild its revenue structure. As part of these efforts, the Group recruited employees of subsidiaries in the Vietnam region who would be interested in early retirement, and posted ¥948 million in special retirement expenses (extraordinary loss) as a result. Moreover, the Group posted a ¥2,087 million extraordinary loss as a result of a revaluation of non-current assets used in the mobile audio segment.

2. Revisions to the forecast of the full-year financial results

   Revisions to the forecast of the full-year financial results for the fiscal year ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Forecasts (A)	150,000	5,500	5,000	2,500	97.16 yen
Revised forecast (B)	140,000	3,000	2,500	(2,500)	(97.16) yen
Change (B)-(A)	(10,000)	(2,500)	(2,500)	(5,000)	
Percentage change	(6.7)%	(45.5)%	(50.0) %	-	
(Reference) Results for the previous fiscal year (The fiscal year ended March 31, 2018)	184,800	9,307	9,062	4,265	165.78 yen

3. Reasons for revision

   The Company has revised its net sales forecasts as it expects both sales volume and prices to be lower in the sale of headsets to a major customer than initially forecasted.

   The income forecasts have also been revised since the Company expects demand for

headsets for a major customer to be lower than initially forecasted. Net income attributable to owners of parent has been revised due to the aforementioned posting of an extraordinary loss.
At present, the Group is moving ahead steadily with initiatives and new businesses aimed at positioning the automotive product business as the main focus. Moreover, the Group continues to optimize its production system to address the slowdown in the smartphone headset business, which has been the revenue driver thus far.

Note: Considerations to take into account when using earnings projections
The earnings projections above are calculated based on currently available information containing uncertain factors. Accordingly, actual earnings may differ from the projections and estimates above due to various factors including, but not limited to, changes in economic conditions and other conditions surrounding the Company.