

Financial Results Briefing for the Fiscal Year Ended March 31, 2019

Foster Electric Company, Limited
(Stock code: 6794, First Section, Tokyo Stock Exchange)
May 14, 2019

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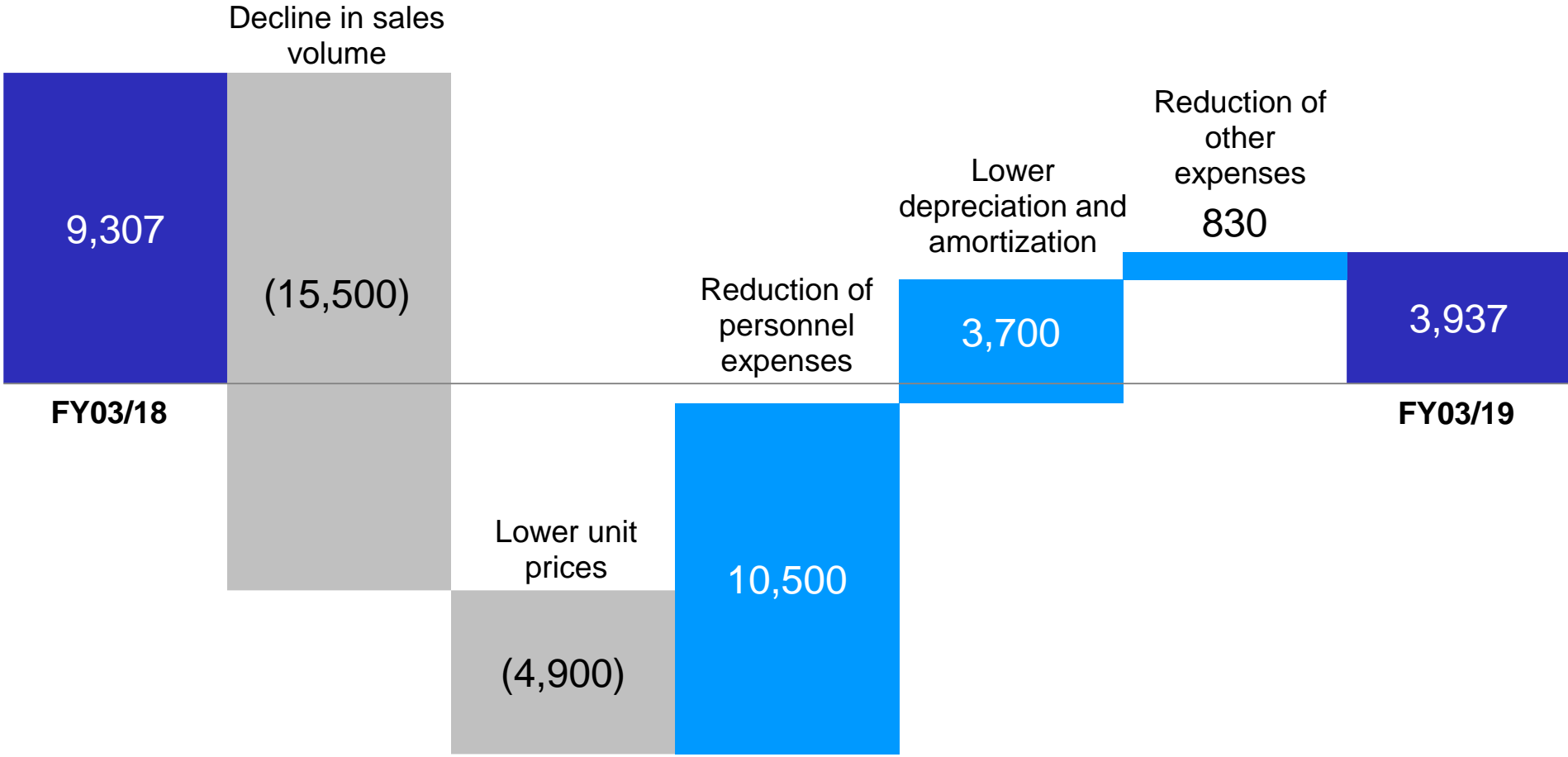
I. Overview of Financial Results for the Fiscal Year Ended March 31, 2019

(Millions of yen)

	FY03/18	FY03/19	Amount of change	Percentage change (YoY)	Revised FY03/19 forecast	Difference	Percentage achieved
Net sales	184,800	140,303	(44,497)	(24.1%)	140,000	303	100.2%
Operating income	9,307	3,937	(5,370)	(57.7%)	4,000	(63)	98.4%
<i>Operating income to net sales</i>	<i>5.0%</i>	<i>2.8%</i>			<i>2.9%</i>		
Ordinary income	9,062	4,318	(4,744)	(52.3%)	4,000	318	108.0%
<i>Ordinary income to net sales</i>	<i>4.9%</i>	<i>3.1%</i>			<i>2.9%</i>		
Net income (loss)*	4,265	(2,026)	(6,291)	–	(2,200)	174	–
<i>Net income (loss) to net sales**</i>	<i>2.3%</i>	<i>(1.4%)</i>			<i>(1.6%)</i>		
Net income per share (in exact yen)	165.78	(83.21)	(248.99)	–	(90.33)	7.12	–
Dividend per share (in exact yen)	55.00	20.00	(35.00)	(63.6%)			
Dividend payout ratio	33.2%	-%					
ROE	7.0%	(3.5%)					
Exchange rates	110.71 yen/USD 130.24 yen/EUR	111.07 yen/USD 128.24 yen/EUR					

*Net income (loss) attributable to owners of the parent. **Net income (loss) to net sales attributable to owners of the parent.

Breakdown of YoY Change in Operating Income



Segment Performance

FOSTER

(Millions of yen)

		FY03/18	Composition ratio	FY03/19	Composition ratio	Percentage change (YoY)
Net sales		184,800		140,303		(24.1%)
Operating income		9,307		3,937		(57.7%)
<i>Income ratio</i>		<i>5.0%</i>		<i>2.8%</i>		
Speaker	Sales	75,520	40.9%	70,403	50.1%	(6.8%)
	Operating income	4,636	49.8%	4,343	—	(6.3%)
	<i>Income ratio</i>	<i>6.1%</i>		<i>6.2%</i>		
Mobile Audio	Sales	103,513	56.0%	63,851	45.5%	(38.3%)
	Operating income	4,259	45.8%	(670)	—	—
	<i>Income ratio</i>	<i>4.1%</i>		<i>(1.0%)</i>		
Other	Sales	5,886	3.1%	6,224	4.4%	5.7%
	Operating income	413	4.4%	265	—	(35.8%)
	<i>Income ratio</i>	<i>7.0%</i>		<i>4.3%</i>		

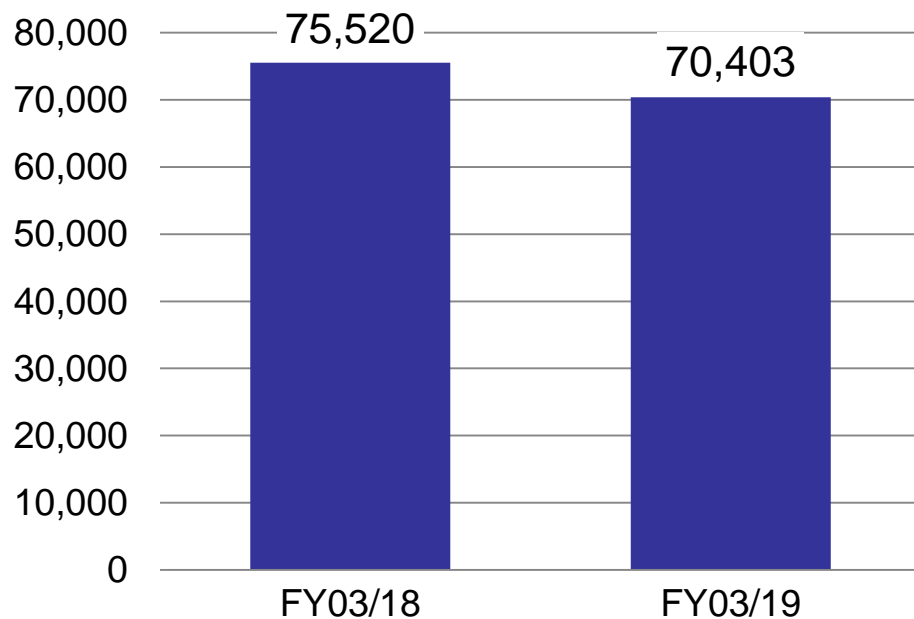
Segment sales and operating income declined YoY.

- Shipments of flat TV speakers and audio speakers were in line with our forecast.
- Sales volume of car speakers decreased to some customers for their premium brands.

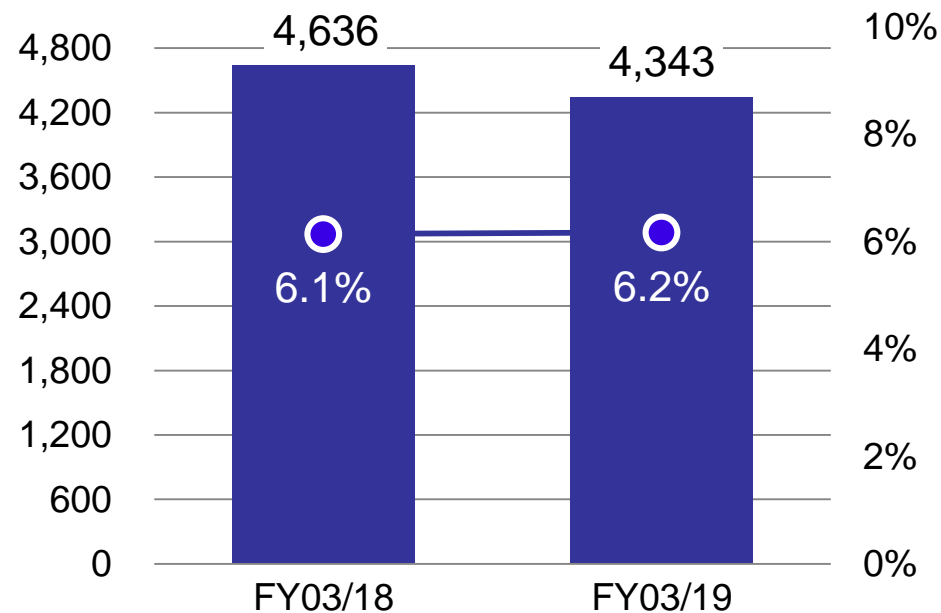
(Millions of yen)

		FY03/18	FY03/19	Composition ratio	Percentage change (YoY)
Speaker	Sales	75,520	70,403	50.1%	(6.8%)
	Operating income	4,636	4,343	–	(6.3%)
	Income ratio	6.1%	6.2%		

Net sales (Millions of yen)



Operating income (Millions of yen) and income ratio (%)



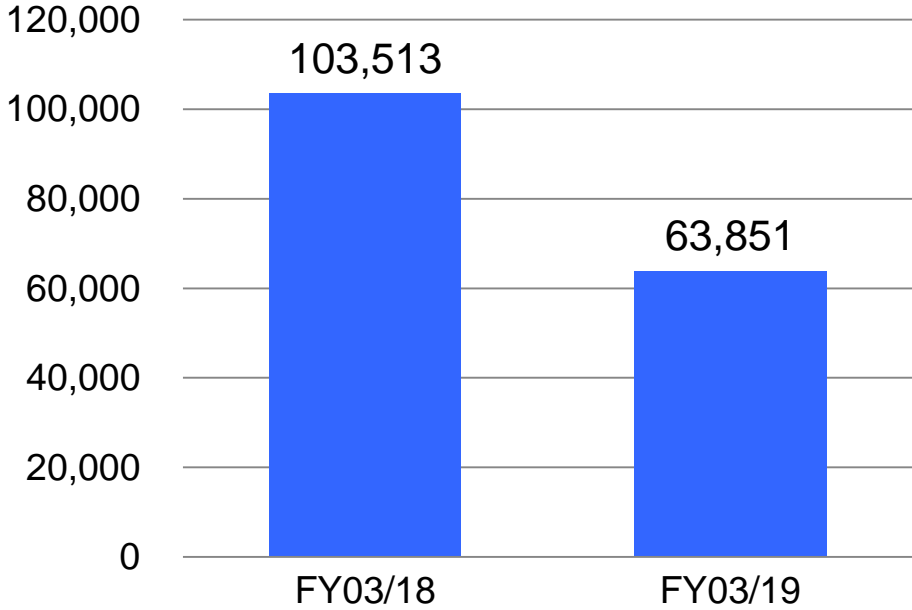
Segment sales declined YoY, and we posted an operating loss.

- Sales volume and prices of headsets declined for a major customer.

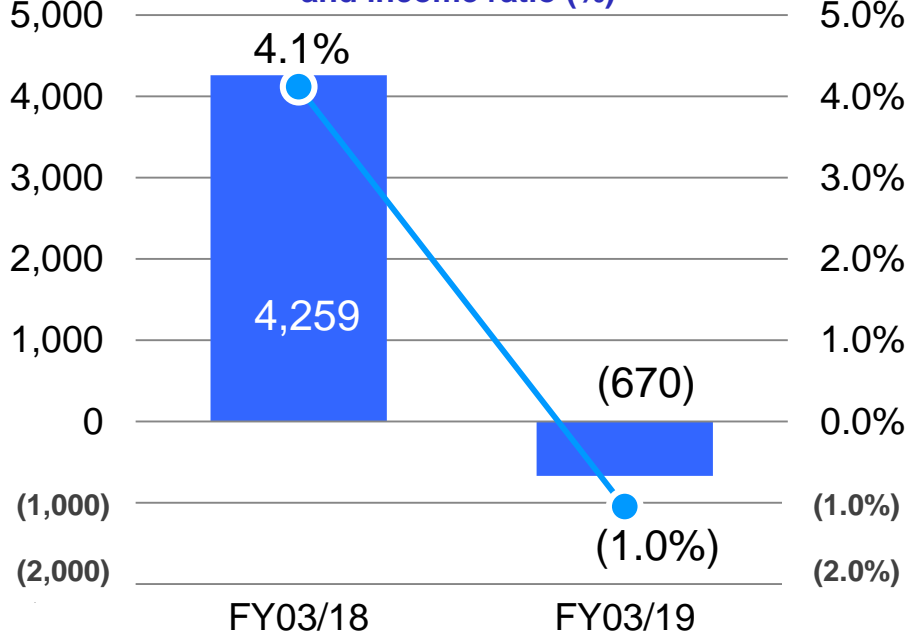
(Millions of yen)

		FY03/18	FY03/19	Composition ratio	Percentage change (YoY)
Mobile Audio	Sales	103,513	63,851	45.5%	(38.3%)
	Operating income	4,259	(670)	—	—
	<i>Income ratio</i>	4.1%	(1.0%)		

Sales (Millions of yen)



Operating income (loss) (Millions of yen) and income ratio (%)



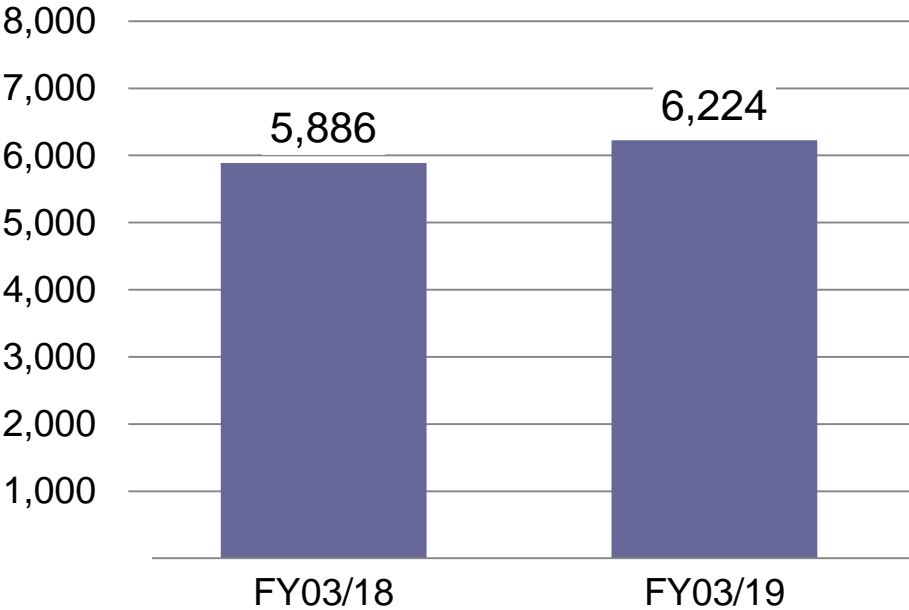
Segment sales rose YoY.

- Core products: Micro-acoustic components and FOSTEX brand products.

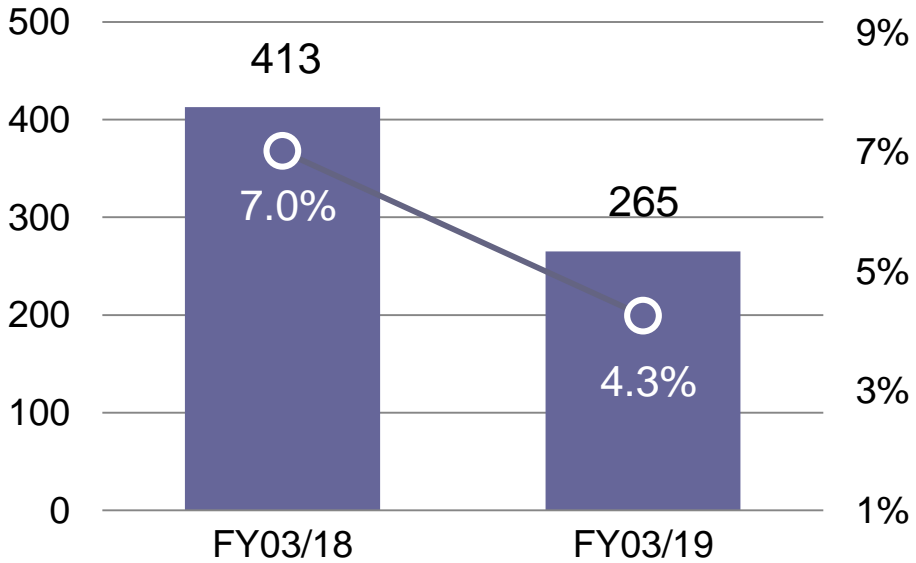
(Millions of yen)

		FY03/18	FY03/19	Composition ratio	Percentage change (YoY)
Other	Sales	5,886	6,224	4.4%	5.7%
	Operating income	413	265	–	(35.8%)
	Income ratio	7.0%	4.3%		

Sales (Millions of yen)



Operating income (Millions of yen) and income ratio (%)



Consolidated Balance Sheet

FOSTER

Equity ratio as of March 31, 2019 was 59.5% (down 2pp from 61.5% as of March 31, 2018)

(Millions of yen)

	FY03/18	FY03/19	Amount of change
Current assets	73,614	67,773	(5,841)
Cash and deposits	9,704	11,854	2,150
Notes and accounts receivable - trade	22,243	19,261	(2,982)
Inventories	37,054	22,967	(14,087)
Other	4,613	13,691	9,078
Non-current assets	27,255	23,497	(3,758)
Property, plant and equipment	21,120	18,475	(2,645)
Intangible assets	1,300	1,171	(129)
Investments and other assets	4,835	3,851	(984)
Total assets	100,870	91,271	(9,599)
Current liabilities	25,953	25,453	(500)
Notes and accounts payable - trade	13,113	8,334	(4,779)
Short-term bank loans	3,353	2,634	(719)
Current portion of long-term debt	1,250	6,863	5,613
Other	8,237	7,622	(615)
Non-current liabilities	8,124	6,523	(1,601)
Long-term debt	7,098	5,108	(1,990)
Other	1,026	1,415	389
Net assets	66,792	59,294	(7,498)
Shareholders' equity	62,077	54,322	(7,755)
Total accumulated other comprehensive income	(15)	27	42
Non-controlling interests	4,731	4,944	213
Total liabilities and net assets	100,870	91,271	(9,599)

Statement of Cash Flows

Free cash flow as of end-FY03/19 was 14.5 billion yen (up 13.5 billion yen YoY).

	(Millions of yen)		
	FY03/18	FY03/19	Amount of change
Operating activities	8,153	17,961	9,808
Investing activities	(7,131)	(3,425)	3,706
Free cash flow*	1,022	14,536	13,514
Financing activities	(2,859)	(2,937)	(78)
Net increase (decrease) in cash and cash equivalents	(1,886)	11,373	13,259
Cash and cash equivalents at the end of the period	10,150	21,524	11,374

*Free cash flow = Cash flow from operating activities + cash flow from investing activities

II. Forecasts for Fiscal Year Ending March 31, 2020

(Millions of yen)

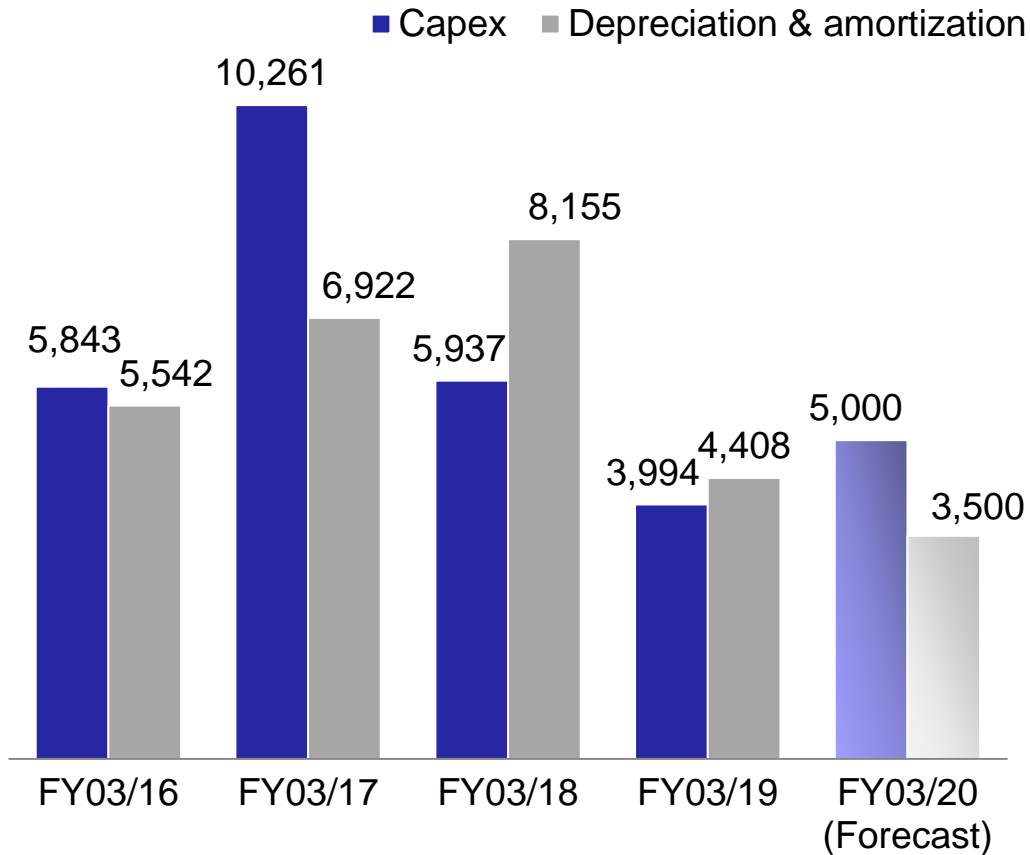
	FY03/19	FY03/20 (Forecast)	Amount of change	Percentage change (YoY)
Net sales	140,303	120,000	(20,303)	(14.5%)
Operating income	3,937	3,500	(437)	(11.1%)
<i>Operating income to net sales</i>	2.8%	2.9%		
Ordinary income	4,318	3,500	(818)	(18.9%)
<i>Ordinary income to net sales</i>	3.1%	2.9%		
Net income (loss)	(2,026)	2,800	4,826	—
<i>Net income (loss) to net sales*</i>	(1.4%)	2.3%		
Net income per share (in exact yen)	(83.21)	123.85	207.06	—
Dividends per share (in exact yen)	20.0	35.0	15.0	75.0%
Dividend payout ratio	-%	28.3%		
Exchange rates	111.07 yen/USD 128.24 yen/EUR	110.00 yen/USD 125.00 yen/EUR		

*Net income (loss) attributable to owners of the parent. **Net income (loss) to net sales attributable to owners of the parent.

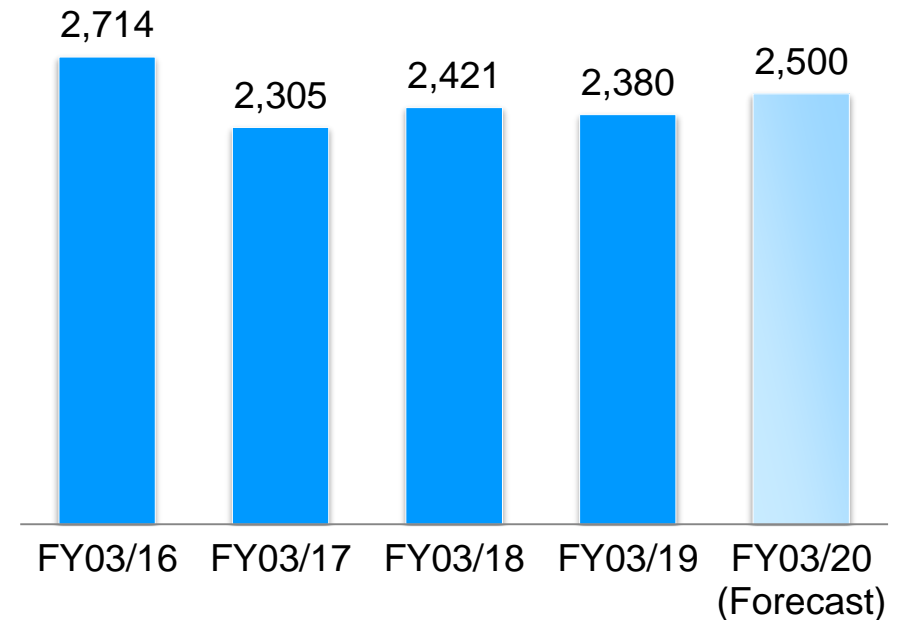
We expect sales and profits to decline YoY on an operating environment that remains challenging.

Speaker	Sales	<ul style="list-style-type: none">■ We expect car speakers to continue to drive demand.■ We forecast sales on par with FY03/19 despite an impact from the slowing global economy.
	Operating income	<ul style="list-style-type: none">■ Head office expenses allocation increased.■ We forecast operating income near the FY03/19 level.
Mobile Audio	Sales	<ul style="list-style-type: none">■ We expect weaker demand for headsets at a major customer.■ We plan to launch a new business around end-FY03/20.
	Operating income	<ul style="list-style-type: none">■ We expect lower sales to push down operating income.■ We still forecast operating income on par with FY03/19, owing to the measures we took in FY03/19.

Capex and depreciation & amortization (Millions of yen)



R&D expenses (Millions of yen)



III. Future Initiatives

Summary

Mobile Audio

▣ Addressed the drop in demand for headsets from a major customer



Restructured to optimize our production capacity

- Offered early retirement program to employees in Vietnam
- Reduced non-current assets by booking an impairment loss

Speaker

▣ Made automotive products core to our business



Reinforced our organizational structure for sales and production

- Strengthened sales structure in China and the ASEAN region
- Began a full-scale effort to start production of car speakers at our El Paso operation in the US

Promote quality management and target long-term growth focused on profit

Medium-term management target: ROE over 10%

Improve management quality based on thorough efforts to enhance quality

- Quality of products
- Quality of proposals
- Quality of customer communication

Pursue added value in our product strategy

- Initiatives geared toward the age of autonomous driving
- Development of new products in markets such as electric vehicles, robotics, and healthcare

Optimization of global production and supply structure

- Strengthen cost competitiveness through improvements to production base allocation and labor savings

Promotion of cash flow-oriented management

CASE

Increase market share



**Expand solutions
(increase products
installed per vehicle)**

Solid track record (Trust) + More effective solutions
Sound + Vibration

Lighter weight, Better energy efficiency

Bolster product lineup
(synergy between business headquarters)

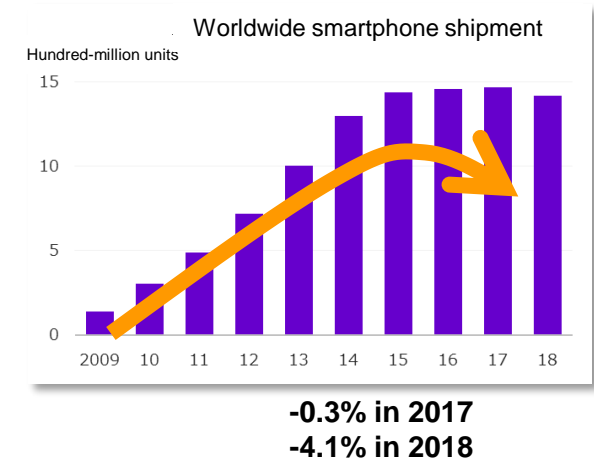
Offer comprehensive sound and vibration solutions





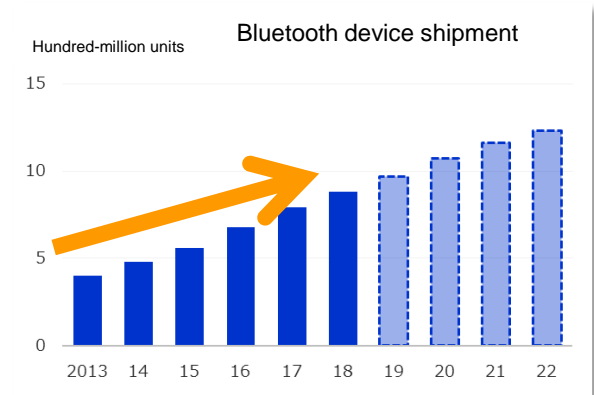
- Longer replacement cycles
- Penetration rate peaking
- Impact from US-China trade friction

Slower growth



- Growing market
- Polarization of mega players versus numerous small players

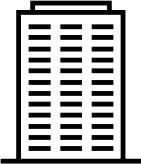
Intensified competition



*Shipment figures are our estimates based on available data.

We will turn new technological trends into business opportunities.

FOSTER



Developing new businesses beyond our conventional target markets



Medical



AR/VR



Automotive



IoT

New businesses

New businesses

Automotive Products

Devices

Rear entertainment

HMI (Human Machine Interface) Actuator

Foster Alliance Program

Vibration devices

Mass production from 2019

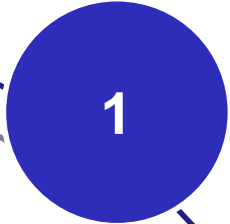
Projects in progress

Medical Audio VR/AR (Ongoing)

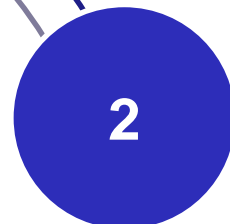
Mass production scheduled from 2020

Expand operations

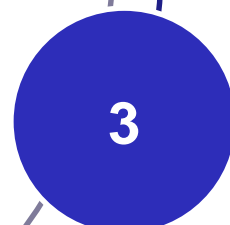
Sound to Life



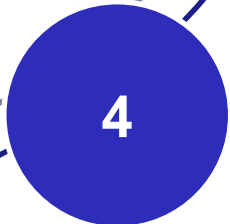
Break away from packaged headsets business



Make automotive products core to our business



Commercialize our next earnings drivers early on



Increase our presence in the industry through sound and vibration

We plan an annual dividend of 35 yen per share

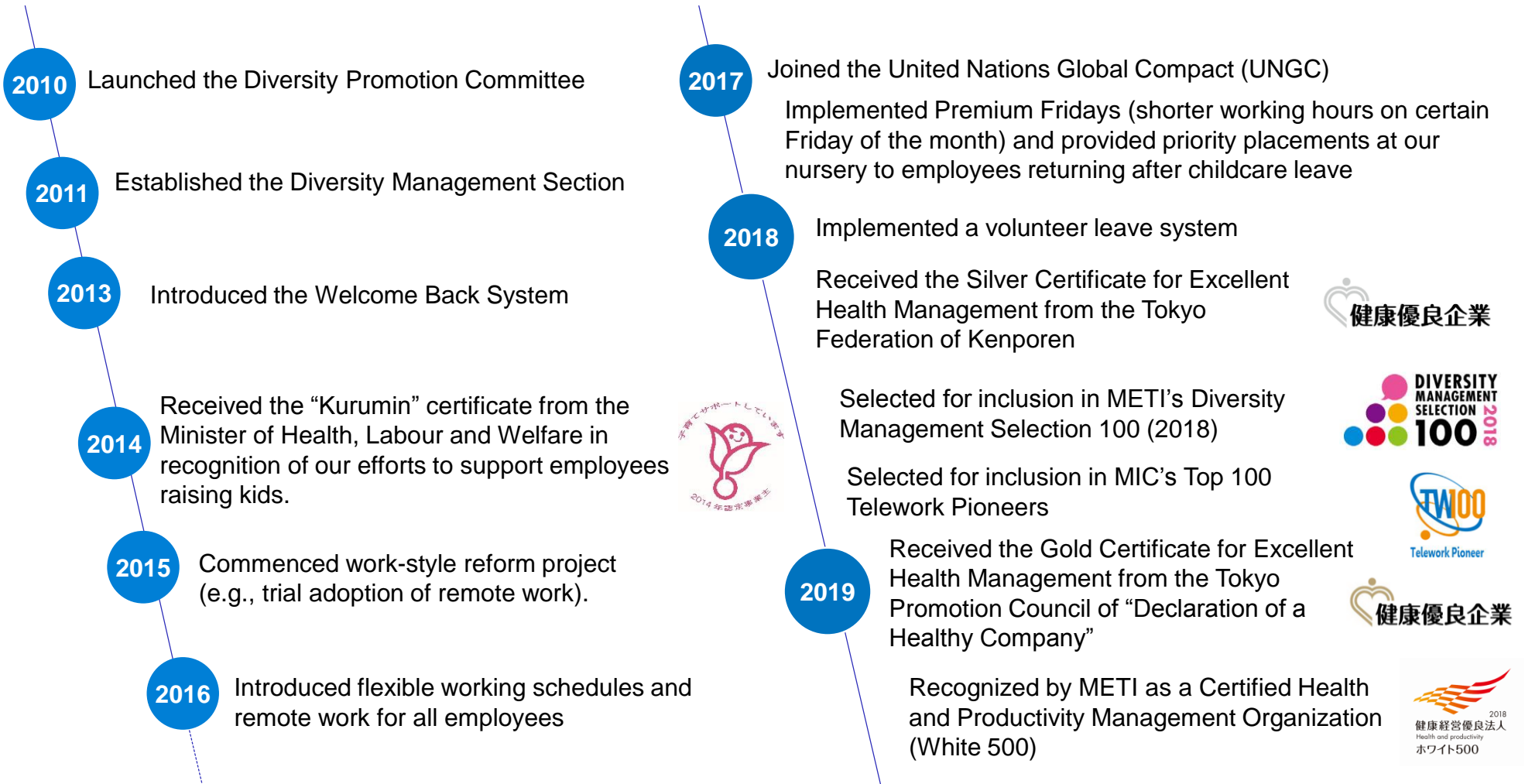
- Interim dividend will include 5 yen per share of commemorative dividend.

[Dividend policy]

The Group aims to improve the comprehensive benefit to shareholders, while recognizing the enhancement of corporate value as a corporate challenge and keeping the balance between profit allocation and financial sustainability on a long-term perspective.

	FY03/17	FY03/18	FY03/19	FY03/20 (Forecast)
Net income per share (in exact yen)	41.16	165.78	(83.21)	123.85
Dividend per share (in exact yen)	40.0	55.0	20.0	35.0
Dividend payout ratio	97.2%	33.2%	-%	28.3%

■ We believe our sustainable growth as a company rests on helping each employee lead a fulfilling life by working in a way that fits their own needs and enhances their creativity and productivity.



IV. Reference Materials

Our Corporate Creed is “Sincerity.”

Our Vision is “To make contributions to future society through acoustics.”

Company name	Foster Electric Company, Limited
Representative	Hiroshi Yoshizawa, President & Representative Director
Founded	June 20, 1949
Headquarters	1-1-109 Tsutsujigaoka, Akishima, Tokyo 196-8550
Stock exchange	Second Section of the Tokyo Stock Exchange (May 1962) First Section of the Tokyo Stock Exchange (September 1999)
Common stock	6,770 million yen (as of March 31, 2019)
Business domain	Production and sales of speakers, audio equipment, and electronic equipment
Number of employees	Consolidated: 25,601 (including employees at a contract manufacturer in Panyu, China) Non-consolidated: 487 (as of March 31, 2019 for both consolidated and non-consolidated)

We provide acoustic products, leveraging our original analog technologies, mainly through ODMs and OEMs.

Speaker Segment

- Audio and TV speakers and speaker systems, and car speakers and speaker systems

TV speakers



Car speakers



Car speaker systems



Mobile Audio Segment

- Headsets, headphones, micro speakers, and commercial microphones

Headphones



Headsets



Micro speakers for PCs and smartphones



Microphones



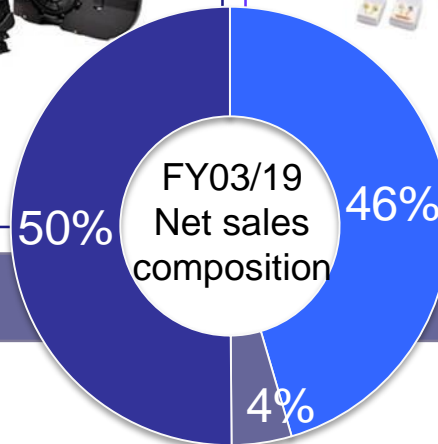
Other Segment

- Buzzers and sounders for alarms, FOSTEX brand products, and logistics services.

Micro acoustic components



FOSTEX products

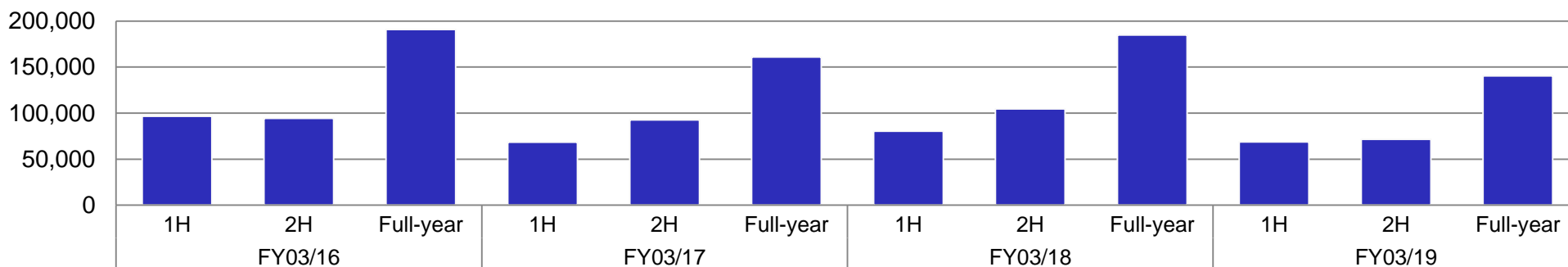


Half-Year and Full-Year Results

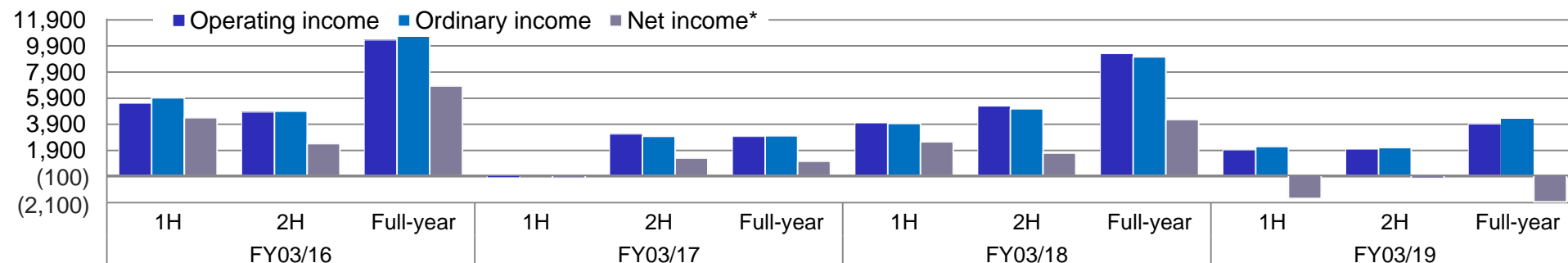
Results (Millions of yen)

	FY03/16			FY03/17			FY03/18			FY03/19		
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
Net sales	96,641	94,287	190,928	68,342	92,554	160,896	80,286	104,514	184,800	68,758	71,545	140,303
Operating income	5,524	4,827	10,351	(182)	3,145	2,963	4,015	5,292	9,307	1,938	1,999	3,937
Ordinary income	5,927	4,920	10,847	28	2,989	3,017	3,973	5,089	9,062	2,198	2,120	4,318
Net income*	4,406	2,427	6,833	(227)	1,315	1,088	2,559	1,706	4,265	(1,776)	(250)	(2,026)
Income ratio	5.7%	5.1%	5.4%	(0.3%)	3.4%	1.8%	5.0%	5.1%	5.0%	2.8%	2.8%	2.8%
Ordinary income to net sales	6.1%	5.2%	5.7%	0.0%	3.2%	1.9%	4.9%	4.9%	4.9%	3.2%	3.0%	3.1%
Net income to net sales**	4.6%	2.6%	3.6%	(0.3%)	1.4%	0.7%	3.2%	1.6%	2.3%	(2.6%)	(0.3%)	(1.4%)

Net sales (Millions of yen)



Profits (Millions of yen)



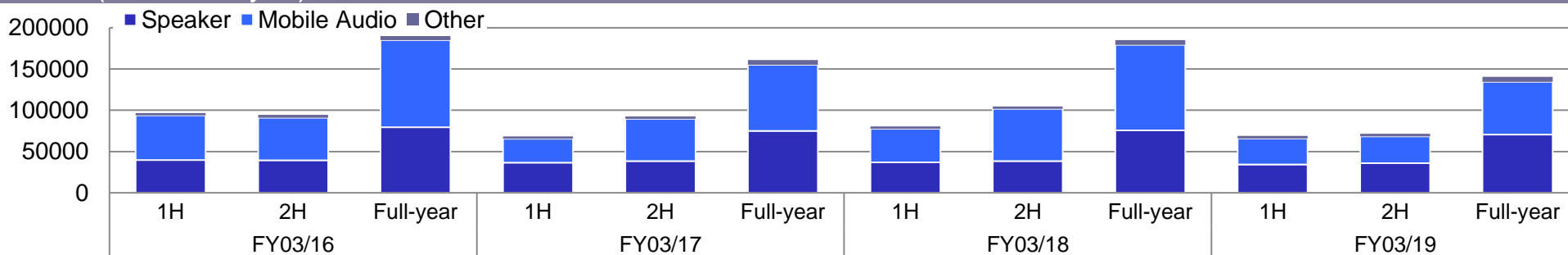
*Net income (loss) attributable to owners of the parent. **Net income (loss) to net sales attributable to owners of the parent.

Half-Year and Full-Year Results by Segment

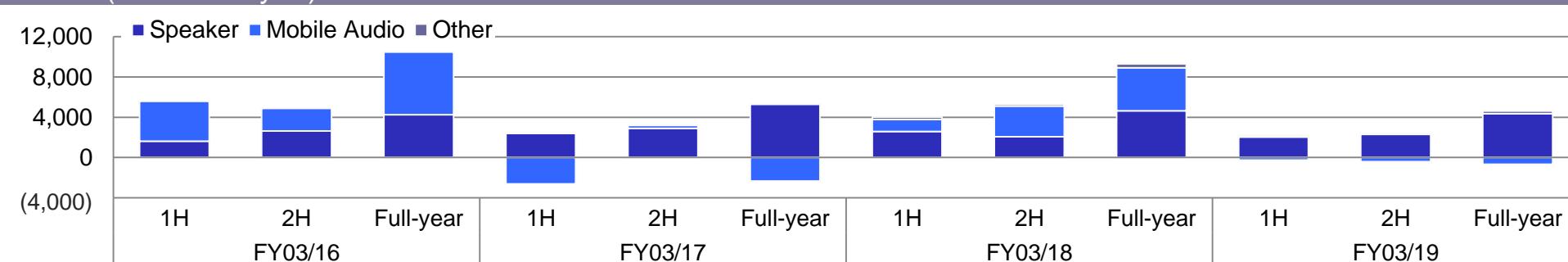
Results (Millions of yen)

	FY03/16			FY03/17			FY03/18			FY03/19		
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
Sales												
Speaker	39,859	39,440	79,299	36,437	38,403	74,840	36,946	38,574	75,520	34,450	35,953	70,403
Mobile Audio	53,914	51,542	105,456	29,050	51,243	80,293	40,440	63,073	103,513	31,407	32,444	63,851
Other	2,867	3,306	6,173	2,853	2,909	5,762	2,900	2,986	5,886	2,990	3,234	6,224
Operating income												
Speaker	1,631	2,630	4,261	2,396	2,892	5,288	2,579	2,057	4,636	2,050	2,293	4,343
Mobile Audio	3,951	2,245	6,196	(2,620)	295	(2,325)	1,212	3,047	4,259	(254)	(416)	(670)
Other	(58)	(48)	(106)	42	(41)	1	223	190	413	143	122	265

Sales (Millions of yen)



Profits (Millions of yen)

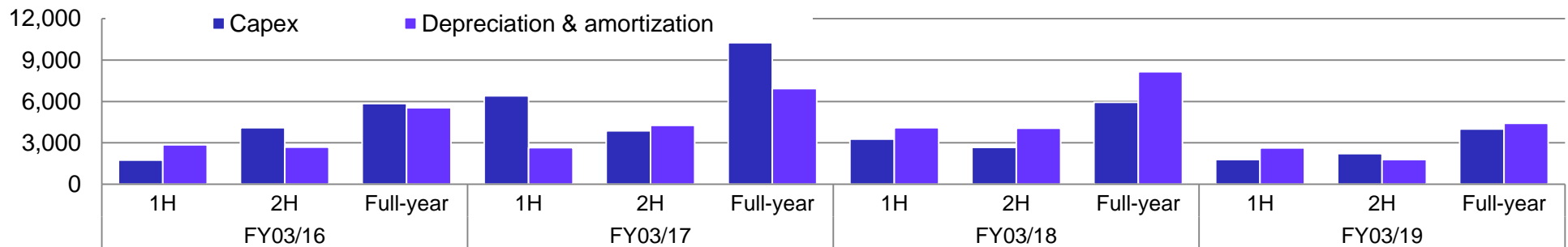


Half-Year and Full-Year Capex, Depreciation and Amortization, and R&D Expenses

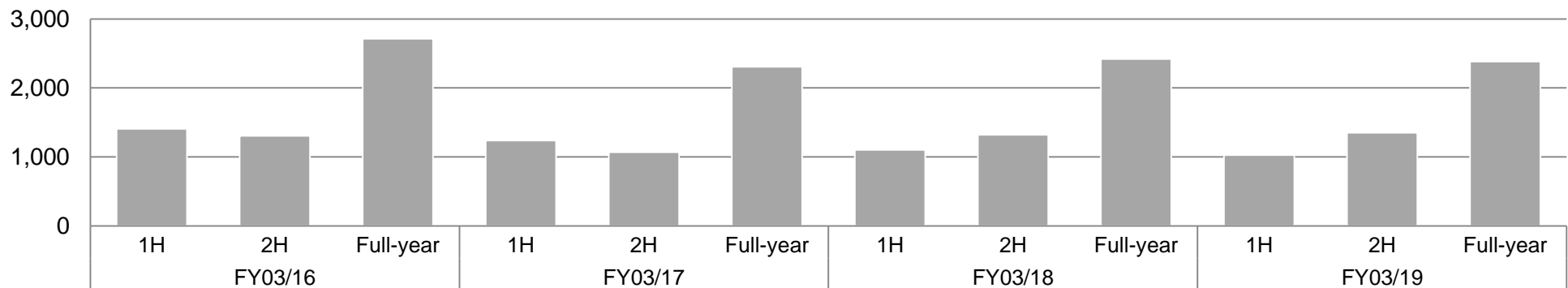
Capex, Depreciation & Amortization, and R&D Expenses (Millions of yen)

	FY03/16			FY03/17			FY03/18			FY03/19		
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
Capex	1,751	4,092	5,843	6,395	3,866	10,261	3,266	2,671	5,937	1,786	2,208	3,994
Depreciation & amortization	2,860	2,682	5,542	2,651	4,271	6,922	4,102	4,053	8,155	2,631	1,777	4,408
R&D expenses	1,409	1,305	2,714	1,238	1,067	2,305	1,101	1,320	2,421	1,029	1,351	2,380

Capex, Depreciation & Amortization (Millions of yen)



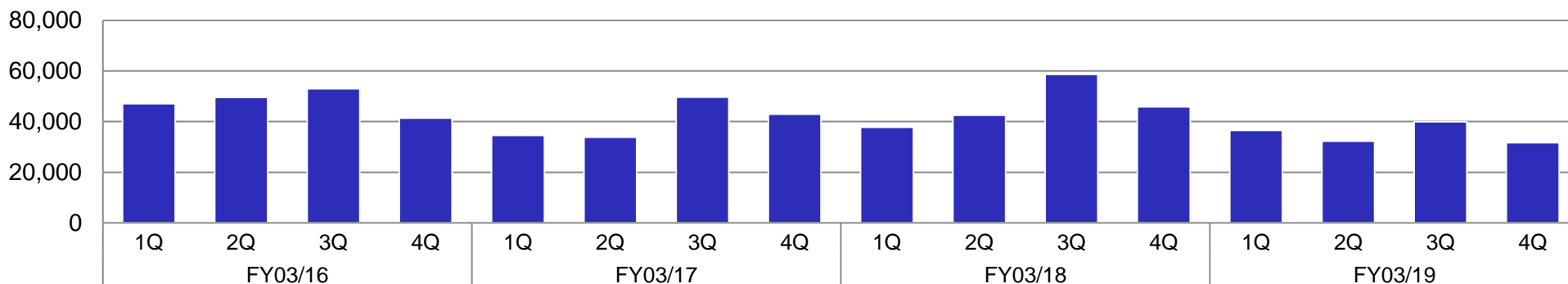
R&D expenses (Millions of yen)



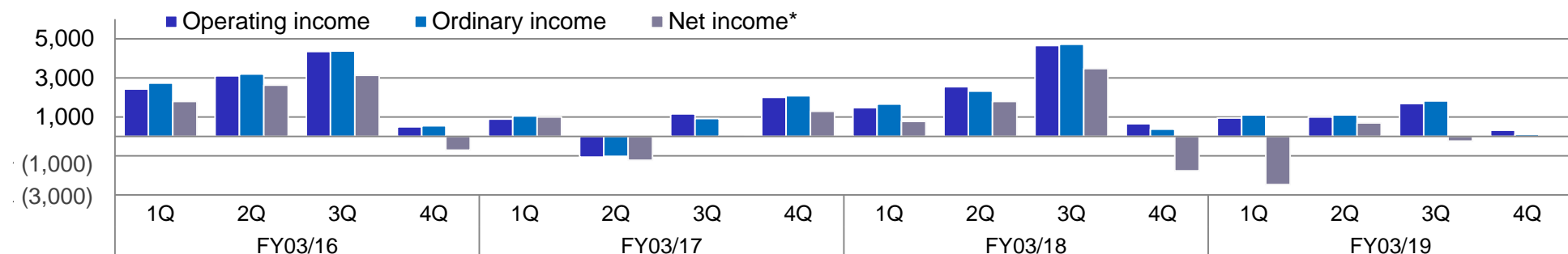
Results (Millions of yen)

	FY03/16				FY03/17				FY03/18				FY03/19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	47,092	49,549	52,934	41,353	34,555	33,787	49,645	42,909	37,800	42,486	58,660	45,854	36,512	32,246	39,894	31,651
Operating income	2,424	3,100	4,343	484	885	(1,067)	1,148	1,997	1,468	2,547	4,647	645	947	991	1,682	317
Ordinary income	2,728	3,199	4,376	544	1,048	(1,020)	908	2,081	1,656	2,317	4,722	367	1,101	1,097	1,815	305
Net income*	1,784	2,622	3,124	(697)	997	(1,224)	28	1,287	770	1,789	3,474	(1,768)	(2,464)	688	(244)	(6)
Income ratio	5.1%	6.3%	8.2%	1.2%	2.6%	(3.2%)	2.3%	4.7%	3.9%	6.0%	7.9%	1.4%	2.6%	3.1%	4.2%	1.0%
Ordinary income to net sales	5.8%	6.5%	8.3%	1.3%	3.0%	(3.0%)	1.8%	4.8%	4.4%	5.5%	8.0%	0.8%	3.0%	3.4%	4.5%	0.3%
Net income to net sales**	3.8%	5.3%	5.9%	(1.7%)	2.9%	(3.6%)	0.1%	3.0%	2.0%	4.2%	5.9%	(3.9%)	(6.7%)	2.1%	(0.6%)	(0.0%)

Net sales (Millions of yen)



Profits (Millions of yen)



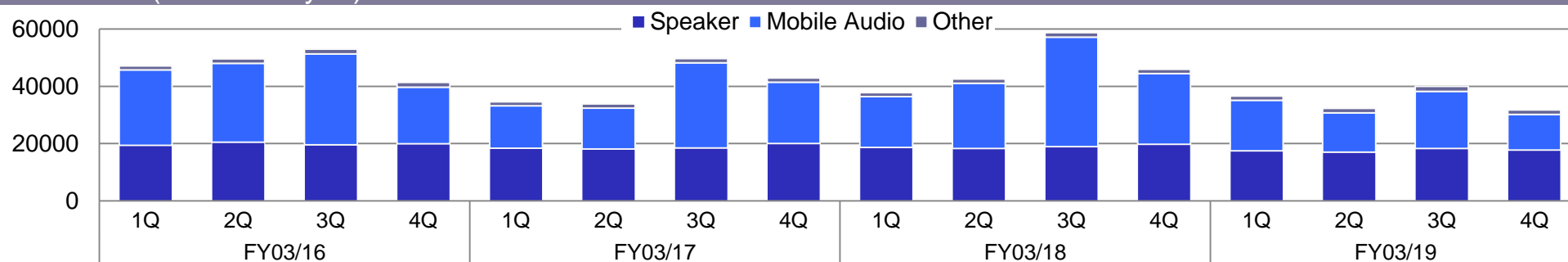
*Quarterly net income (loss) attributable to owners of the parent. **Quarterly net income (loss) to net sales attributable to owners of the parent.

Quarterly Results by Segment

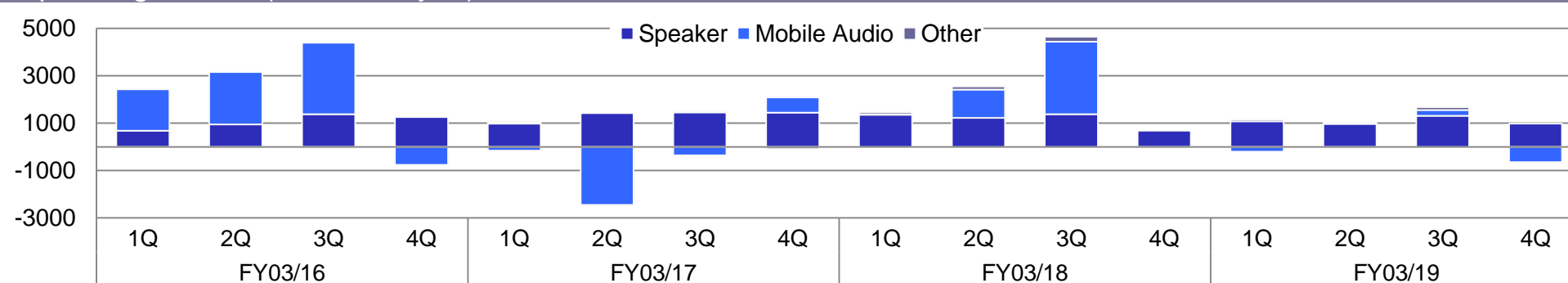
Results (Millions of yen)

Sales	FY03/16				FY03/17				FY03/18				FY03/19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Speaker	19,358	20,501	19,523	19,917	18,351	18,086	18,412	19,991	18,647	18,299	18,879	19,695	17,462	16,988	18,269	17,684
Mobile Audio	26,411	27,503	31,762	19,780	14,799	14,251	29,767	21,476	17,719	22,721	38,306	24,767	17,693	13,714	19,941	12,503
Other	1,322	1,545	1,649	1,657	1,404	1,449	1,467	1,442	1,434	1,466	1,536	1,450	1,399	1,591	1,731	1,503
Operating income																
Speaker	681	950	1,377	1,253	979	1,417	1,453	1,439	1,359	1,220	1,375	682	1,077	973	1,315	978
Mobile Audio	1,750	2,201	3,011	(766)	(161)	(2,459)	(353)	648	16	1,196	3,059	(12)	(203)	(51)	235	(651)
Other	(6)	(52)	(45)	(3)	67	(25)	48	(89)	92	131	214	(24)	76	67	130	(8)

Net sales (Millions of yen)



Operating income (Millions of yen)



Quarterly Balance Sheet and Statement of Cash Flows



Balance sheet (Millions of yen)

	FY03/16				FY03/17				FY03/18				FY03/19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total current assets	74,107	77,218	78,898	69,959	63,208	65,776	75,523	69,315	70,265	76,770	82,913	73,614	73,361	73,013	70,263	67,773
Cash and deposits	15,071	12,882	13,089	16,519	10,588	9,419	10,583	10,258	6,992	7,233	9,239	9,704	11,003	13,108	15,255	11,854
Notes and accounts receivable - trade	26,141	30,650	32,196	24,444	22,779	22,031	27,396	19,479	18,817	20,534	27,107	22,243	19,939	19,324	22,174	19,261
Other	32,895	33,686	33,613	28,996	29,841	34,326	37,544	39,578	44,456	49,003	46,567	41,667	42,419	40,581	32,834	36,658
Total non-current assets	31,288	29,880	30,085	28,775	29,566	31,781	34,587	33,094	31,910	31,701	30,349	27,255	24,231	24,332	23,340	23,497
Net property, plant and equipment	23,017	22,396	22,293	21,995	23,335	23,749	26,445	25,945	25,157	24,914	23,727	21,120	18,768	18,922	18,357	18,475
Total intangible assets	1,745	1,699	1,584	1,534	1,436	1,383	1,435	1,429	1,451	1,435	1,409	1,300	1,259	1,182	1,139	1,171
Total investments and other assets	6,525	5,785	6,207	5,245	4,794	6,648	6,706	5,718	5,301	5,351	5,212	4,835	4,203	4,227	3,844	3,851
Total assets	105,395	107,099	108,983	98,735	92,775	97,557	110,111	102,409	102,175	108,471	113,263	100,870	97,593	97,346	93,604	91,271
Total current liabilities	30,206	32,325	35,224	29,111	27,062	32,087	37,073	29,390	29,106	33,227	34,594	25,953	25,748	24,338	26,788	25,453
Notes and accounts payable - trade	15,466	16,398	17,215	13,096	10,939	15,425	19,428	15,512	14,605	16,103	19,157	13,113	11,295	9,535	9,184	8,334
Short-term loans and bonds payable	5,931	6,373	8,420	7,329	7,757	8,296	7,233	5,240	7,011	8,170	5,728	4,603	7,322	6,952	9,953	9,497
Other	8,809	9,554	9,589	8,686	8,366	8,366	10,412	8,638	7,490	8,954	9,709	8,237	7,131	7,851	7,651	7,622
Total non-current liabilities	8,328	6,358	3,453	2,605	2,427	4,556	9,590	9,116	9,147	8,855	8,592	8,124	8,555	9,293	7,380	6,523
Long-term debt and bonds payable	6,600	4,804	1,768	1,432	1,241	3,428	8,238	8,135	8,095	7,726	7,507	7,098	7,529	8,243	5,455	5,108
Other	1,728	1,554	1,685	1,173	1,186	1,128	1,352	981	1,052	1,129	1,085	1,026	1,026	1,050	1,925	1,415
Total net assets	66,860	68,415	70,305	67,017	63,285	60,913	63,447	63,901	63,922	66,388	70,076	66,792	63,289	63,714	59,436	59,294
Shareholders' equity	56,573	59,195	61,650	60,954	61,282	60,057	58,247	58,972	59,099	60,887	63,845	62,077	58,634	58,155	54,328	54,322
Accumulated other comprehensive income	6,401	5,131	4,666	1,924	(1,961)	(2,857)	1,393	620	633	1,230	1,691	(15)	263	975	154	27
Non-controlling interests	3,885	4,088	3,987	4,138	3,964	3,713	3,807	4,309	4,188	4,270	4,539	4,731	4,391	4,583	4,952	4,944
Total liabilities and net assets	105,395	107,099	108,983	98,735	92,775	97,557	110,111	102,409	102,175	108,471	113,263	100,870	97,593	97,346	93,604	91,271

Statement of cash flows (Millions of yen)

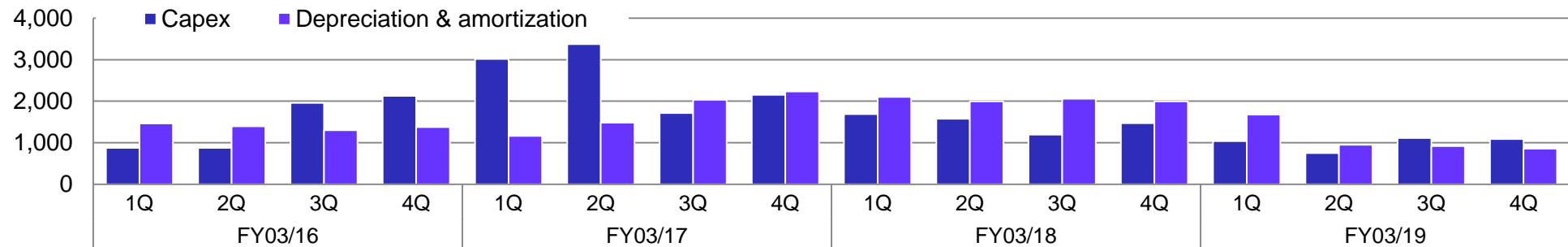
	FY03/16				FY03/17				FY03/18				FY03/19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating activities	9,565	331	4,895	9,266	(1,015)	1,260	(106)	4,233	(2,243)	884	6,742	2,770	675	2,942	7,373	6,971
Investing activities	(1,183)	(302)	(870)	(1,591)	(3,080)	(5,137)	(1,837)	(1,035)	(1,738)	(1,927)	(2,311)	(1,155)	(556)	(1,598)	(533)	(738)
Financing activities	(2,429)	(1,265)	(1,500)	(1,482)	(330)	2,665	1,940	(2,585)	859	801	(3,188)	(1,331)	2,043	(885)	(3,315)	(780)
Foreign exchange impact	381	(415)	151	(1,616)	(1,493)	(332)	1,089	(59)	(420)	140	377	(146)	(320)	510	(318)	(96)
Net increase (decrease) in cash flow	6,333	(1,652)	2,678	4,575	(5,920)	(1,541)	1,085	556	(3,541)	(104)	1,622	137	1,840	972	3,204	5,357
Cash flow at the end of period	12,257	10,606	13,283	17,858	11,938	10,397	11,481	12,037	8,495	8,392	10,013	10,150	11,991	12,962	16,167	21,524

Quarterly Capex, Depreciation and Amortization, and R&D Expenses

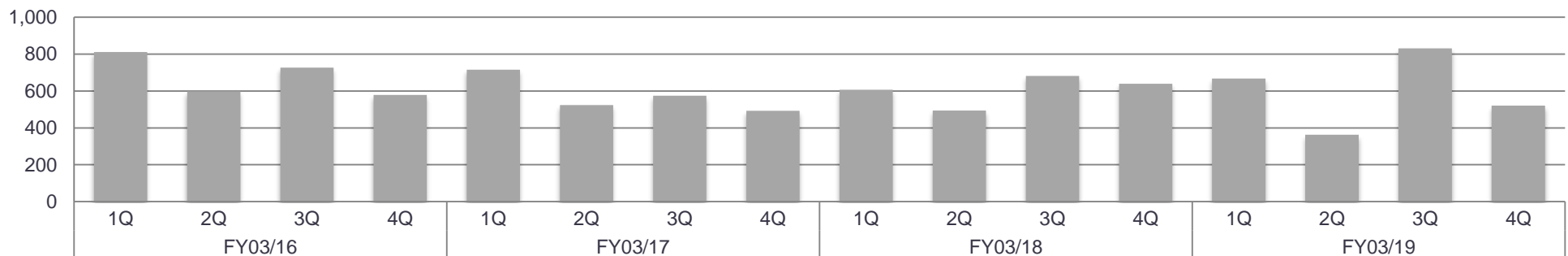
Capex, Depreciation & Amortization, and R&D Expenses (Millions of yen)

	FY03/16				FY03/17				FY03/18				FY03/19			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Capex	874	877	1,962	2,130	3,018	3,377	1,713	2,153	1,687	1,579	1,198	1,473	1,036	750	1,116	1,092
Depreciation & amortization	1,466	1,394	1,302	1,380	1,166	1,485	2,037	2,234	2,103	1,999	2,057	1,996	1,680	951	921	856
R&D expenses	811	598	726	579	715	523	574	493	607	494	681	639	667	362	831	520

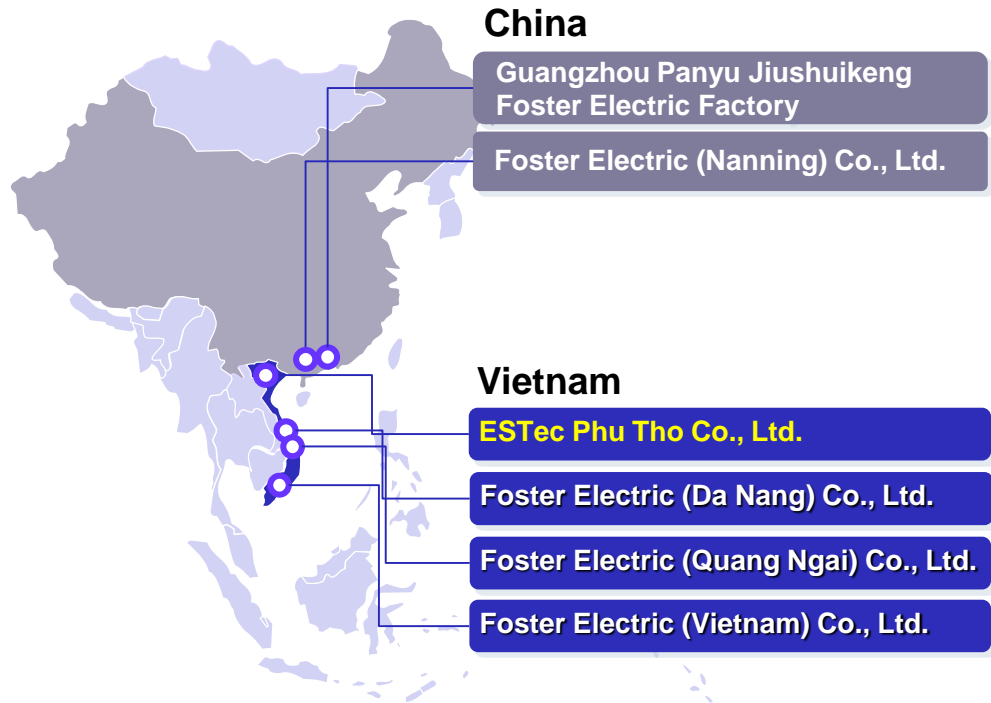
Capex, Depreciation & Amortization (Millions of yen)



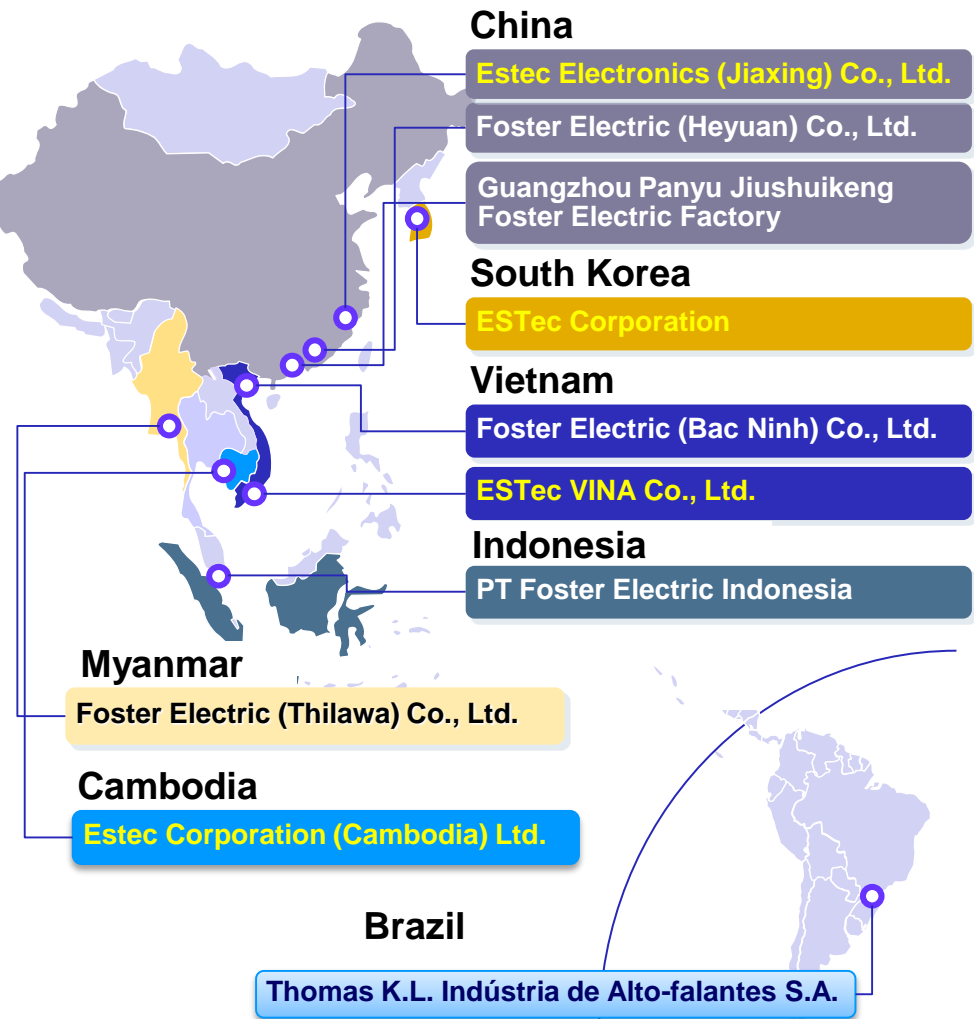
R&D expenses (Millions of yen)



Headphones and Headsets



Speakers



(As of March 31, 2019)

[Precautionary Notes]

Forward-looking statements contained herein, including forecasts, plans, and outlooks on current and future earnings, are based on information currently available to us and our assumptions on risks and uncertainties that may affect our future earnings. Actual results may differ from our above-mentioned forecasts or estimates due to various factors, including economic conditions surrounding our Group's business operations or business conditions of related markets and OEM customers, the competitive environment and pricing competition in Japan and overseas, raw material prices, forex exchange rates, risks affecting our overseas business, regulations in Japan and overseas, disasters or accidents, and share prices.

[Inquiries]

IR Section, IR and Legal Affairs Department, Foster Electric Company, Limited

TEL: +81-42-546-2305 / FAX: +81-42-546-2317

1-1-109 Tsutsujigaoka, Akishima, Tokyo 196-8550, Japan