

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 Year Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 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: Ichiro Kosuge TEL +81-42-546-2305
 Management Dept.
 Scheduled date of ordinary general meeting of shareholders: June 26, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	122,447	0.9	4,412	80.4	4,305	84.9	2,304	171.7
Year ended March 31, 2023	121,338	33.2	2,445	—	2,327	—	848	—

Note: Comprehensive income: Fiscal year ended March 31, 2024 ¥8,236 million [64.3%]
 Fiscal year ended March 31, 2023 ¥5,013 million [-%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	103.70	—	4.2	4.4	3.6
Year ended March 31, 2023	38.23	—	1.7	2.6	2.0

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2024 ¥ - million
 Fiscal year ended March 31, 2023 ¥ - million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	102,747	64,319	56.5	2,606.90
As of March 31, 2023	92,871	56,515	55.0	2,302.49

Reference: Equity capital: As of March 31, 2024 ¥58,004 million
 As of March 31, 2023 ¥51,095 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	15,428	(8,539)	(4,440)	17,034
Year ended March 31, 2023	354	(1,321)	1,776	13,646

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	—	10.00	—	10.00	20.00	447	52.3	0.9
Year ended March 31, 2024	—	10.00	—	15.00	25.00	559	24.1	1.0
Year ending March 31, 2025 (Forecast)	—	20.00	—	20.00	40.00		29.6	

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
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	130,000	6.1	5,500	24.6	5,000	15.0	3,000	27.3	134.83

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of March 31, 2024	25,000,000 shares	As of March 31, 2023	25,000,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2024	2,749,532 shares	As of March 31, 2023	2,808,421 shares
----------------------	------------------	----------------------	------------------

Average number of shares during the period

Year ended March 31, 2024	22,227,254 shares	Year ended March 31, 2023	22,188,152 shares
---------------------------	-------------------	---------------------------	-------------------

(Reference) Summary of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

(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	%
Year ended March 31, 2024	55,394	7.4	(1,086)	-	825	-	470	-
Year ended March 31, 2023	51,576	20.5	(1,676)	-	(904)	-	(1,016)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended March 31, 2024	21.18	-
Year ended March 31, 2023	(45.81)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	46,802	17,507	37.4	786.82
As of March 31, 2023	42,500	17,003	40.0	766.22

Reference Equity capital: As of March 31, 2024 ¥17,507 million
As of March 31, 2023 ¥17,003 million

* Consolidated financial statements are not subject to audit by a certified public accountant or an audit corporation.

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

Forward-looking statements in this document, including earnings projections, are based on currently available information and certain assumptions that the Group regards as reasonable at the time of writing. Actual results may differ greatly from the forecast figures depending on various factors. For the preconditions of and precautions in using the earnings projections, please refer to "Overview of operating results, etc." on page 2 of the Attachment.

○ Contents of Attachment

1. Overview of operating results, etc.	2
(1) Operating results for the year under review	2
(2) Financial position for the year under review	3
(3) Cash flow for the year under review	3
(4) Future outlook	3
(5) Basic policy for profit sharing and dividends for the current and next fiscal year	4
2. Basic policies concerning the selection of accounting standards	4
3. Consolidated financial statements and important notes	5
(1) Consolidated balance sheet	5
(2) Consolidated statement of income and consolidated statement of comprehensive income	7
(Consolidated statement of income)	7
(Consolidated statement of comprehensive income)	8
(3) Consolidated statement of changes in shareholders' equity	9
(4) Consolidated statement of cash flows	11
(5) Notes to the consolidated financial statements	13
(Notes on going concern assumption)	13
(Changes in presentation method)	13
(Segment information, etc.)	14
(Per-share information)	16
(Important subsequent events)	16

1. Overview of operating results, etc.

(1) Operating results for the year under review

During the fiscal year ended March 31, 2024, the global economy finally saw an end to the over-three-year-long COVID-19 pandemic, and economic activities have normalized. Meanwhile, geopolitical risks such as those associated with the prolonged Russia–Ukraine war and the Israeli–Palestinian conflict continued to intensify. Despite the subsiding inflation in developed countries, the persistently high policy interest rates in the US and Europe and the slowdown of the Chinese economy, among other factors, have prompted continuing uncertainties in the global outlook.

The automotive market, the Foster Group (the “Group”)’s focus, has seen an ongoing recovery in automobile production and sales, thanks to the easing of semiconductor shortages. Against this backdrop, the market continued its shift to electric vehicles (EVs) and consistent progress was made in the technologies for autonomous driving. Based on these factors, we expect firm demand to continue moving forward.

Under these circumstances, the Group further stepped up proposal activities to win orders in the automotive business, targeting customers based on the partner strategy, which is at the core of its operations. We have thus far secured enough orders to meet our target for the fiscal year ending March 31, 2025, the final year of the current medium-term business plan. In the mobile audio segment, we are expanding our business based on our high quality, and we secured orders for actuators, and together with earphone drivers and car headphones, we secured profits for the full year. As for the joint development projects and other collaborations with outside companies as well as our R&D-oriented businesses, we are pressing ahead with such initiatives while carefully assessing their future prospects.

On the production front, considering further escalation of US–China tensions, we are preparing to begin speaker production at our plant in Binh Duong Province, Vietnam. Mass production is slated to start in the first half of 2025, factoring in the handling of new models.

In addition, we plan to begin producing speakers at our production subsidiary in Hungary in the latter half of 2024, in an effort to promote local production and consumption. This initiative also helps reduce CO2 emissions on the logistics front. We are also working to improve manufacturing efficiency through mechanization, labor-saving, and automation, while optimizing the ratio of external purchase to in-house manufacture of components in a bid to enhance competitiveness.

As for the challenges posed by soaring raw material, component, and logistics costs, in addition to our ongoing efforts to reduce costs and fixed expenses, we have strengthened our global logistics system and are seeking to control inventory at appropriate levels by accurately capturing demand trends. Some projects have incurred higher-than-expected costs due to a partial hike in sea freight costs from the recent deterioration of the Middle East situation. However, thanks to the understanding of many of our customers regarding cost pass-through, we have in place a system that ensures ample control and an earnings structure that is less susceptible to changes in the market.

As a result, consolidated net sales for the fiscal year ended March 31, 2024 amounted to ¥122,447 million (up 0.9% YoY), operating profit to ¥4,412 million (up 80.4% YoY), and ordinary profit to ¥4,305 million (up 84.9% YoY). Profit attributable to owners of parent was ¥2,304 million (up 171.7% YoY).

Results by segment were as follows.

[Speaker Segment]

Amid the ongoing sales recovery in the automotive market, we focused on the partner strategy and actively promoted sales to target customers. As a result, despite the shipment volume decline in the first quarter due to some customers adjusting their inventories that had expanded during the supply chain disruptions, net sales finished at ¥99,175 million (up 0.1% YoY). On the profit front, the decrease in one-off air freight charges and ongoing measures to improve costs, among other factors, lifted earnings, and operating profit rose to ¥4,218 million (up 110.5% YoY).

[Mobile Audio Segment]

Sales of consumer actuators were ¥14,197 million (down 3.4% YoY) as a result of securing orders for the full year despite some adjustments in shipment volume and focusing on sales of earphone drivers and car headphones. As a result, net sales came to ¥14,197 million (down 3.4% YoY). On the profit front, operating profit amounted to ¥607 million (down 49.6% YoY).

[Other Segment]

In the Other segment, which includes micro acoustic components and FOSTEX brand products, net sales reached ¥9,074 million (up 20.1% YoY), fueled in part by the robust sales of speakers for acoustic vehicle alerting systems. On the profit front, however, we recorded an operating loss of ¥412 million (operating loss of ¥762 million in the previous year). This was attributable to the expenses incurred in association with our plan to transfer the production of micro acoustic components, previously outsourced to NAM WAH STAR ELECTRONICS (SHENZHEN) CO., LTD., to our plant in China, with the aim of optimizing the manufacturing system.

Note: As of the fiscal year ended March 31, 2024, the net sales by segment shown above reflect figures after the elimination of inter-segment transactions.

(2) Financial position for the year under review

As of March 31, 2024, total assets amounted to ¥102,747 million, up ¥9,876 million from their level on March 31, 2023, mainly due to an increase in cash and deposits. Total liabilities were up ¥2,072 million to ¥38,428 million, chiefly owing to an increase in long-term borrowings aimed at improving our financing structure. Net assets came to ¥64,319 million, up ¥7,804 million, mainly as a result of increases in retained earnings and foreign currency translation adjustment. The equity ratio was 56.5% as of March 31, 2024, up 1.4 percentage points from March 31, 2023.

(3) Cash flow for the year under review

[Operating activities]

Net cash provided by operating activities was ¥15,428 million, due mainly to a decrease in inventories.

[Investing activities]

Net cash used in investing activities totaled ¥8,539 million, due mainly to capital investments.

[Financing activities]

Net cash used in financing activities totaled ¥4,440 million, mainly attributable to a decrease in short-term borrowings.

As a result, cash and cash equivalents as of March 31, 2024 stood at ¥17,034 million, up ¥3,387 million from the level on March 31, 2023.

(4) Future outlook

The global economy is expected to remain uncertain, compounded by geopolitical risks, worldwide inflation, soaring cost-of-living, and rising interest rates, along with concerns over an economic slowdown in China, among other factors.

On the other hand, we anticipate the automotive market, the Group's focus, to maintain strong performance moving forward. While EV market growth has slowed down recently, the general shift toward EV is expected to continue. The added value anticipated from the initiatives centered on autonomous driving and other new technologies is raising expectations for new business opportunities and further EV market growth.

Under such circumstances, the Group has adopted the vision "to make contributions for future society through acoustics." We have embraced the mission statement, "through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world," positioning the Group as "a truly global enterprise our future society counts on." In addition to solidifying our position in the industry, we will work to create a structure that enables sustainable growth while further enhancing our businesses and corporate value as a global company.

Although the operating environment remains uncertain, we will implement measures to fully achieve the goals set forth in the medium-term business plan, which concludes in March 2025. In addition, we will seek to improve productivity and efficiency by clarifying and promptly addressing the issues that need to be cleared for us to accomplish the plan.

Specifically, the Group will implement various initiatives based on the following policy.

[Basic policy]

The year to achieve medium-term business plan goals

[Measures]

1. Proactive business expansion toward the next mediumterm business plan
2. Strengthening of initiatives for new products and new technologies
3. Thorough focus on quality in the automotive business
4. Operational and structural reforms and rigorous enhancement of competitiveness
5. Promotion of ESG management

Each employee of the Group will work together as one team, consistently maintaining a positive attitude, and being mindful of taking on the challenge of new technologies, having passion for growth, responding to changes flexibly, and making unwavering efforts for improvement. Further, we will steadily continue practicing ESG management to be a corporation that is needed and trusted by society and the market.

Consolidated earnings projections for the fiscal year ending March 31, 2025 are as follows.

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
¥130,000 million	¥5,500 million	¥5,000 million	¥3,000 million

* The projections above are based on exchange rates of ¥145 to the US dollar and ¥155 to the euro.

Notes concerning earnings projections

The earnings projections above are calculated based on information currently available and assumptions made at the present time, which include risk factors and other uncertainties that may affect future earnings. Actual earnings may differ from the projections and estimates above due to a broad range of factors including but not limited to economic conditions surrounding the business segments of the Group, business conditions in related markets and at OEM customers, rival and price competition trends in Japan and overseas, market conditions for raw materials, exchange rates, risks associated with overseas operations, laws and regulations in Japan and overseas, disasters and accidents, and share prices.

(5) Basic policy for profit sharing and dividends for the current and next fiscal year

The Group regards the enhancement of corporate value as a management priority, and its basic policy is to comprehensively increase the benefit of shareholders, while balancing profit distributions commensurate with earnings with long-term expansion of internal reserves. The Group targets a dividend payout ratio of at least 30% on a consolidated basis.

For the fiscal year under review, after comprehensively considering the basic policy, the need to maintain internal reserves for future growth, and other factors, the Group has decided to pay a year-end dividend of ¥15 per share. Combined with a ¥10 per share interim dividend, this will bring the annual dividend to ¥25 per share.

For the next fiscal year, the Group forecasts an annual dividend of ¥40 per share, considering the current business environment and future earnings outlook.

2. Basic policies concerning the selection of accounting standards

In consideration of the comparability between consolidated financial statements for different fiscal years and companies, the Group's policy is to continue to prepare consolidated financial statements under Japanese GAAP for the foreseeable future.

Meanwhile, with an eye to the future adoption of IFRS, the Group is preparing internal manuals, guidelines, and other documentation, and examining the timing of IFRS adoption.

3.Consolidated financial statements

(1)Consolidated balance sheets

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	13,646	20,216
Notes and accounts receivable - trade	24,988	24,934
Electronically recorded monetary claims - operating	482	865
Securities	—	649
Finished goods	20,037	18,357
Raw materials	8,195	7,908
Work in process	1,492	1,539
Supplies	137	140
Accounts receivable - other	813	1,673
Advance payments to suppliers	3,096	367
Other	1,173	2,381
Allowance for doubtful accounts	(169)	(109)
Total current assets	73,893	78,925
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,585	16,964
Accumulated depreciation	(7,866)	(8,873)
Buildings and structures, net	6,718	8,091
Machinery, equipment and vehicles	19,367	21,681
Accumulated depreciation	(15,244)	(17,123)
Machinery, equipment and vehicles, net	4,122	4,557
Tools, furniture and fixtures	12,665	12,277
Accumulated depreciation	(10,901)	(10,390)
Tools, furniture and fixtures, net	1,764	1,887
Land	1,575	3,404
Construction in progress	848	1,437
Total property, plant and equipment	15,030	19,377
Intangible assets		
Software	81	189
Other	132	147
Total intangible assets	214	336
Investments and other assets		
Investment securities	1,446	2,162
Long-term prepaid expenses	82	82
Retirement benefit asset	1,313	1,344
Deferred tax assets	669	306
Other	221	212
Total investments and other assets	3,732	4,108
Total non-current assets	18,977	23,822
Total assets	92,871	102,747

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,380	12,169
Short-term borrowings	17,156	10,571
Current portion of long-term borrowings	300	775
Accounts payable - other	2,909	3,135
Lease liabilities	137	483
Income taxes payable	839	762
Accrued expenses	2,274	2,288
Provision for bonuses	432	537
Other	1,369	1,175
Total current liabilities	34,799	31,899
Non-current liabilities		
Long-term borrowings	—	3,781
Deferred tax liabilities	564	681
Lease liabilities	131	1,326
Retirement benefit liability	81	108
Provision for retirement benefits for directors (and other officers)	24	27
Reserve for stocks payment	188	137
Other	566	466
Total non-current liabilities	1,556	6,529
Total liabilities	36,356	38,428
Net assets		
Shareholders' equity		
Share capital	6,770	6,770
Capital surplus	6,896	6,896
Retained earnings	34,531	36,364
Treasury shares	(4,152)	(4,042)
Total shareholders' equity	44,045	45,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	385	803
Foreign currency translation adjustment	6,687	11,345
Remeasurements of defined benefit plans	(22)	(134)
Total accumulated other comprehensive income	7,050	12,014
Non-controlling interests	5,419	6,314
Total net assets	56,515	64,319
Total liabilities and net assets	92,871	102,747

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

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	121,338	122,447
Cost of sales	105,182	103,610
Gross profit	16,155	18,836
Selling, general and administrative expenses	13,709	14,424
Operating profit	2,445	4,412
Non-operating income		
Interest income	116	183
Dividend income	64	69
Subsidy income	75	6
Foreign exchange gains	211	334
Miscellaneous income	327	279
Total non-operating income	794	875
Non-operating expenses		
Interest expenses	511	645
Loss on retirement of non-current assets	143	85
Borrowing fee	—	78
Miscellaneous losses	257	173
Total non-operating expenses	912	982
Ordinary profit	2,327	4,305
Extraordinary income		
Gain on sale of non-current assets	71	707
Gain on reversal of asset retirement obligations	—	133
Total extraordinary income	71	841
Extraordinary losses		
Impairment losses	67	—
Extra retirement payments	253	—
Severance payments	—	488
Total extraordinary losses	321	488
Profit before income taxes	2,078	4,658
Income taxes - current	887	1,475
Income taxes - deferred	(40)	(25)
Total income taxes	846	1,450
Profit	1,231	3,207
Profit attributable to non-controlling interests	382	902
Profit attributable to owners of parent	848	2,304

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,231	3,207
Other comprehensive income		
Valuation difference on available-for-sale securities	61	418
Foreign currency translation adjustment	3,457	4,785
Remeasurements of defined benefit plans, net of tax	263	(174)
Total other comprehensive income	3,782	5,028
Comprehensive income	5,013	8,236
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,145	7,269
Comprehensive income attributable to non-controlling interests	867	967

(3) Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,770	6,896	33,906	(4,163)	43,409
Changes during period					
Dividends of surplus			(223)		(223)
Profit attributable to owners of parent			848		848
Purchase of treasury shares				—	—
Disposal of treasury shares				10	10
Net changes in items other than shareholders' equity					
Total changes during period	—	—	624	10	635
Balance at end of period	6,770	6,896	34,531	(4,152)	44,045

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	323	3,617	(187)	3,753	4,469	51,632
Changes during period						
Dividends of surplus						(223)
Profit attributable to owners of parent						848
Purchase of treasury shares						—
Disposal of treasury shares						10
Net changes in items other than shareholders' equity	61	3,070	165	3,297	950	4,247
Total changes during period	61	3,070	165	3,297	950	4,882
Balance at end of period	385	6,687	(22)	7,050	5,419	56,515

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,770	6,896	34,531	(4,152)	44,045
Changes during period					
Dividends of surplus			(447)		(447)
Profit attributable to owners of parent			2,304		2,304
Purchase of treasury shares				(69)	(69)
Disposal of treasury shares			(24)	179	155
Net changes in items other than shareholders' equity					
Total changes during period	—	—	1,833	110	1,944
Balance at end of period	6,770	6,896	36,364	(4,042)	45,989

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	385	6,687	(22)	7,050	5,419	56,515
Changes during period						
Dividends of surplus						(447)
Profit attributable to owners of parent						2,304
Purchase of treasury shares						(69)
Disposal of treasury shares						155
Net changes in items other than shareholders' equity	418	4,657	(111)	4,964	895	5,859
Total changes during period	418	4,657	(111)	4,964	895	7,804
Balance at end of period	803	11,345	(134)	12,014	6,314	64,319

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,078	4,658
Depreciation	3,565	3,197
Decrease (increase) in retirement benefit asset	(403)	(3)
Increase (decrease) in retirement benefit liability	16	22
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	3
Increase (decrease) in allowance for doubtful accounts	76	(79)
Increase (decrease) in provision for bonuses	26	100
Loss on retirement of property, plant and equipment	143	85
Loss (gain) on sale of property, plant and equipment	(71)	(707)
Borrowing fee	—	78
Subsidy income	(75)	(6)
Impairment losses	67	—
Severance payments	—	488
Extra retirement payments	253	—
Gain on reversal of asset retirement obligations	—	(133)
Interest and dividend income	(180)	(253)
Interest expenses	511	645
Foreign exchange losses (gains)	1,237	183
Decrease (increase) in trade receivables	(4,976)	1,279
Decrease (increase) in inventories	2,558	4,231
Increase (decrease) in trade payables	(2,695)	1,990
Decrease (increase) in accounts receivable - other	430	(801)
Increase (decrease) in accounts payable - other	(1,149)	(9)
Decrease (increase) in advance payments to suppliers	(2,201)	2,990
Other, net	1,954	(14)
Subtotal	1,168	17,944
Interest and dividends received	180	253
Interest paid	(511)	(645)
Subsidies received	75	6
Severance payments	—	(488)
Extra retirement payments	(253)	—
Income taxes paid	(741)	(1,672)
Income taxes refund	435	28
Net cash provided by (used in) operating activities	354	15,428
Cash flows from investing activities		
Purchase of securities	—	(636)
Proceeds from redemption of securities	1,042	—
Purchase of investment securities	(0)	(150)
Purchase of property, plant and equipment	(2,530)	(4,761)
Proceeds from sale of property, plant and equipment	201	327
Purchase of intangible assets	(29)	(48)
Purchase of long-term prepaid expenses	(68)	(130)
Payments into time deposits	—	(3,142)
Proceeds from withdrawal of time deposits	111	—
Other, net	(47)	3
Net cash provided by (used in) investing activities	(1,321)	(8,539)

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from long-term borrowings	—	4,750
Net increase (decrease) in short-term borrowings	2,818	(7,653)
Repayments of long-term borrowings	(818)	(493)
Dividends paid	(223)	(447)
Dividends paid to non-controlling interests	—	(150)
Borrowing fee	—	(78)
Purchase of treasury shares	—	(0)
Other, net	—	(366)
Net cash provided by (used in) financing activities	1,776	(4,440)
Effect of exchange rate change on cash and cash equivalents	747	938
Net increase (decrease) in cash and cash equivalents	1,556	3,387
Cash and cash equivalents at beginning of period	12,089	13,646
Cash and cash equivalents at end of period	13,646	17,034

(5) Notes to the consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation method)

(Consolidated balance sheets)

In the fiscal year ended March 31, 2023, "Lease liabilities" were included in "Other" under "Current liabilities" and "Non-current liabilities." However, we have decided to report "Lease liabilities" as an independent item from the fiscal year ended March 31, 2024 as their monetary impact has increased. The consolidated financial statements for the previous fiscal year have been adjusted to reflect this change in presentation.

As a result, ¥1,506 million presented as "Other" in "Current liabilities" in the consolidated balance sheet for the previous fiscal year was reclassified as "Lease liabilities" of ¥137 million and "Other" of ¥1,369 million, and ¥433 million presented as "Other" in "Non-current liabilities" was reclassified as "Lease liabilities" of ¥131 million and "Other" of ¥302 million. The amount of ¥433 million presented as "other" in "Non-current liabilities" was reclassified as "Lease liabilities" of ¥131 million and "other" of ¥302 million.

"Asset retirement obligations" under "Non-current liabilities", which was presented separately in the previous consolidated fiscal year, is included in "other" under "Non-current liabilities" in the current consolidated fiscal year because the amount is insignificant (¥24 million in the current consolidated fiscal year). To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, "Asset retirement obligations" of ¥264 million and "Other" of ¥433 million presented in "Non-current liabilities" in the consolidated balance sheet for the previous fiscal year have been reclassified as "Other" of ¥697 million in "Non-current liabilities."

(Segment information, etc.)

[Segment information]

1. Outline of reportable segments

The reportable segments are the business units for which the Group is able to obtain separate financial information, and for which its Board of Directors makes periodic reviews to determine the distribution of management resources and evaluate performance.

The Group distinguishes three business segments according to the nature of the products they provide and the similarity of the markets they supply: "Speaker Segment," "Mobile Audio Segment," and "Other Segment."

The Speaker Segment manufactures and distributes speakers and speaker systems for automobiles and flat screen TVs, and audio speakers.

The Mobile Audio Segment manufactures and distributes mobile audio products including headsets for mobile phones, headphones, micro speakers, and vibration actuators.

The Other Segment manufactures and distributes FOSTEX brand products and micro acoustic components, including electronic buzzers and sounders for applications such as alarms or warnings, and provides logistics and other services.

2. Method of accounting for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting method for the reported business segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

Profit in the reportable segments is based on operating profit.

3. Information on net sales, profit or loss, assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments			Total	Adjustments * Note 1	Amounts on consolidated financial statements * Note 2
	Speaker	Mobile Audio	Other			
Net sales						
Sales to external customers	99,087	14,691	7,558	121,338	—	121,338
Inter-segment sales or transfers	—	—	2,845	2,845	(2,845)	—
Total	99,087	14,691	10,403	124,183	(2,845)	121,338
Segment profit (loss)	2,004	1,203	(762)	2,445	(0)	2,445
Segment assets	54,733	7,884	7,611	70,228	22,642	92,871
Other						
(1) Depreciation	2,497	821	246	3,565	—	3,565
(2) Impairment loss	5	39	22	67	—	67
(3) Investment in entities accounted for using equity method	—	—	—	—	—	—
(4) Increase in property, plant and equipment, and intangible assets	2,092	282	184	2,559	—	2,559

Notes: 1. The adjusted amounts are as follows:

(1) Segment adjustments reflect the elimination of inter-segment transactions.

(2) The ¥22,642 million in adjustments to segment assets pertain to company-wide assets that are not distributed to each reportable segment.

2. Total segment profit (loss) is adjusted with the value of operating profit posted in the consolidated statement of income.

3. Information on impairment loss of non-current assets and goodwill by reportable segment

(Significant impairment loss on non-current assets)

In the Speaker segment, an impairment loss of ¥5 million was recorded on non-current assets related to business assets.

In the Mobile Audio segment, an impairment loss of ¥39 million was recorded on non-current assets related to business assets.

In the Other segment, an impairment loss of ¥22 million was recorded on non-current assets related to business assets.

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments			Total	Adjustments * Note 1	Amounts on consolidated financial statements * Note 2
	Speaker	Mobile Audio	Other			
Net sales						
Sales to external customers	99,175	14,197	9,074	122,447	—	122,447
Inter-segment sales or transfers	—	—	3,175	3,175	(3,175)	—
Total	99,175	14,197	12,250	125,623	(3,175)	122,447
Segment profit (loss)	4,218	607	(412)	4,412	—	4,412
Segment assets	56,745	7,962	8,832	73,540	29,206	102,747
Other						
(1) Depreciation	2,566	296	334	3,197	—	3,197
(2) Impairment loss	—	—	—	—	—	—
(3) Investment in entities accounted for using equity method	—	—	149	149	—	149
(4) Increase in property, plant and equipment, and intangible assets	3,590	609	609	4,810	—	4,810

Notes: 1. The adjusted amounts are as follows:

(1) Segment adjustments reflect the elimination of inter-segment transactions.

(2) The ¥29,206 million in adjustments to segment assets pertain to company-wide assets that are not distributed to each reportable segment.

2. Total segment profit (loss) is adjusted with the value of operating profit posted in the consolidated statement of income.

(Per-share information)

The amounts and bases for the calculation of net assets per share and earnings per share are as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share	¥2,302.49	¥2,606.90
Earnings per share	¥38.23	¥103.70

Note 1. Diluted earnings per share is not stated as there were no dilutive shares.

Note 2. The basis for calculation of earnings per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Earnings per share		
Profit attributable to owners of parent (millions of yen)	848	2,304
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent relating to common shares (millions of yen)	848	2,304
Average number of common shares outstanding for the year (shares)	22,188,152	22,227,254

Note 3. The basis for the calculation of net assets per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total net assets (millions of yen)	56,515	64,319
Amount to be deducted from total net assets (millions of yen)	5,419	6,314
Of which, non-controlling interests (millions of yen)	5,419	6,314
Year-end net assets relating to common shares (millions of yen)	51,095	58,004
Number of common shares at year-end used for calculating net assets per share (shares)	22,191,579	22,250,468

Note 4. In the calculation of net assets per share, the Group's shares held as trust assets of the Board Benefit Trust (BBT) by Custody Bank of Japan, Ltd. (Trust E Account) are included in the treasury stock that is deducted from the number of shares outstanding at year-end (158,597 shares at the end of the previous consolidated fiscal year, 162,497 shares at the end of the fiscal year under review).

In addition, in the calculation of earnings per share, they are included in the treasury stock that is deducted in the calculation of the average number of shares outstanding for the period (162,636 shares in the previous consolidated fiscal year, 130,587 shares in the fiscal year under review).

(Important subsequent events)

Not applicable.