

April 27, 2018

Notice Concerning Differences between the Forecast of Financial Results and Results for the Fiscal Year Ended March 31, 2018, and Posting of Extraordinary Loss

Foster Electric Company hereby announces differences between the forecast of financial results for the fiscal year ended March 31, 2018 that was announced on January 30, 2018 and the performance results that were announced today, and a posting of extraordinary loss.

1. Differences between the forecast of financial results and actual results

- (1) Differences between the forecast of consolidated financial results and actual results for the fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018).

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income attributable to owners of the parent | Net income per share |
|---|-----------|------------------|-----------------|---|----------------------|
| Forecasts (A) | 190,000 | 9,500 | 9,500 | 6,500 | 252.63 yen |
| Results (B) | 184,800 | 9,307 | 9,062 | 4,265 | 165.78 yen |
| Change (B)-(A) | (5,200) | (193) | (438) | (2,235) | |
| Percentage change | (2.7)% | (2.0) % | (4.6)% | (34.4) % | |
| (Reference) Results for the previous fiscal year (The fiscal year ended March 31, 2017) | 160,896 | 2,963 | 3,017 | 1,088 | 41.16 yen |

(2) Reasons for the differences

In the consolidated financial results for the fiscal year ended March 31, 2018, net sales, operating income, and ordinary income decreased due to shipments of headsets to major customers for which volume was less than planned. Net income attributable to owners of the parent was lower than the forecasts due to the posting of extraordinary loss mentioned below.

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2. Posting of extraordinary loss

The business environment surrounding the Company is becoming challenging as sales of mobile phones, particularly high-end smartphones, are slowing down.

Taking this into consideration, based on the tests of cash generation from non-current assets, we posted an extraordinary loss (impairment) of ¥1,850 million in the fiscal year ended March 31, 2018.

The Group will continue to secure orders by employing sales activities responding to changes in the market, improve operation efficiency and productivity, and take cost-cutting initiatives, such as reducing material costs.

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.