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**Announcement Concerning Recording of Extraordinary Loss,
Expected Recording of Extraordinary Income, and
Revision to Full-Year Consolidated Forecasts**

Foster Electric Company (hereinafter “the Company”) has posted an extraordinary loss and will post an extraordinary income, as described below. Further, in view of recent earnings trends, the Company, as noted below, revised its consolidated earnings forecasts for the fiscal year ending March 31, 2020, which were released on April 26, 2019 in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2019.”

1. Recording of extraordinary loss in the third quarter of the fiscal year ending March 31, 2020

Amid taking measures to shift away from the packaged headphones business with a major customer, the Company’s earnings have inevitably declined during the fiscal year ending March 31, 2020. In consideration of this business environment, the Foster Group has worked to rebuild its revenue structure while examining the recoverability of its non-current assets, and has consequently concluded to post an impairment loss (extraordinary loss) of approximately ¥1,500 million.

2. Expected recording of extraordinary income in the fourth quarter of the fiscal year ending March 31, 2020

On January 23, BCPE Planet Cayman, L.P. (owned and operated by Bain Capital Private Equity, LP and its group) announced that it will launch a tender offer for ordinary shares in Showa Aircraft Industry Co., Ltd.

The Company holds 555,000 shares in Showa Aircraft Industry. It plans to submit these shares in connection with the tender offer, primarily because the Board of Directors at Showa Aircraft Industry has indicated their agreement on the offer.

In the event the Company tenders all its shares in Showa Aircraft Industry and the tender offer is successfully completed, it expects to post approximately ¥880 million in gain on sales of investment securities as an extraordinary income in the fiscal year ending March 31, 2020.

Moving forward, the Company will disclose any new and pertinent information as the need arises.

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3. Revisions to the full-year financial results forecasts

Revisions to the forecasts of the consolidated financial results for the fiscal year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Millions of yen unless otherwise stated)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Forecasts (A)	120,000	3,500	3,500	2,800	123.85 yen
Revised forecasts (B)	110,000	2,800	3,300	2,200	97.30 yen
Change (B)-(A)	(10,000)	(700)	(200)	(600)	
Percentage change	(8.3)%	(20.0)%	(5.7)%	(21.4)%	
(Reference) Results for the previous fiscal year (ended March 31, 2019)	140,303	3,937	4,318	(2,026)	(83.21)

4. Reasons for revisions

The Company projects that net sales will fall below its initial forecast due to a decline in the sales volumes of headsets for a major customer and of car speakers, the latter owing to global slowdown in new car sales.

Both operating and ordinary income are projected to come in below the initial forecasts as a result of the decline in net sales. Meanwhile, the Company expects to post approximately ¥350 million in non-operating income based on the assumption that the payment of dividends of surplus (special dividend of ¥631 per share) will be approved at Showa Aircraft Industry's extraordinary meeting of shareholders on March 17, 2020.

The Company also revised its forecast for net income attributable to owners of the parent to reflect the decline in net sales and the posting of an extraordinary loss and an extraordinary income detailed above.

Note: Considerations regarding the earnings forecasts

The earnings forecasts above are calculated based on currently available information. Actual earnings may differ from the forecasts and estimates above due to factors including, but not limited to, impact from the global spread of novel coronavirus.