

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2022
(Based on Japanese GAAP)**

May 16, 2022

Company name: Foster Electric Company, Limited
 Stock exchange listing: Tokyo
 Stock code: 6794 URL <https://www.foster-electric.com/>
 Representative: COO Atsushi Narikawa
 General Manager, IR and Governance
 Inquiries: Management Dept. Yuzo Yamamoto TEL +81-42-546-2305
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 24, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	91,106	6.9	(7,757)	–	(7,473)	–	(7,017)	–
Year ended March 31, 2021	85,220	(20.6)	0	(100.0)	219	(91.6)	(3,363)	–

Note: Comprehensive loss: Fiscal year ended March 31, 2022 ¥(3,868) million [-%]
 Fiscal year ended March 31, 2021 ¥(1,729) million [-%]

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	(315.53)	–	(14.4)	(9.1)	(8.5)
Year ended March 31, 2021	(148.47)	–	(6.4)	0.3	0.0

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2022 ¥ - million
 Fiscal year ended March 31, 2021 ¥ - 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, 2022	86,148	51,632	54.7	2,125.72
As of March 31, 2021	77,233	55,993	65.6	2,276.20

Reference: Equity capital: As of March 31, 2022 ¥47,163 million
 As of March 31, 2021 ¥50,638 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, 2022	(12,767)	(3,071)	6,771	12,089
Year ended March 31, 2021	739	(1,960)	(2,624)	20,373

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, 2021	–	10.00	–	5.00	15.00	570	–	0.6
Year ended March 31, 2022	–	10.00	–	0.00	10.00	223	–	0.5
Year ending March 31, 2023 (Forecast)	–	10.00	–	–	–		–	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	100,000	9.8	500	–	500	–	300	–	13.52

Percentages indicate year-on-year changes

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: No

(iii) Changes in accounting estimates: No

(iv) 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, 2022	25,000,000 shares	As of March 31, 2021	25,000,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	2,812,993 shares	As of March 31, 2021	2,752,847 shares
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Average number of shares during the period

Year ended March 31, 2022	22,240,527 shares	Year ended March 31, 2021	22,657,406 shares
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* Consolidated financial statements are not subject to quarterly audit by a certified public accountant or audit corporation.

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

(Precautionary notes on forward-looking statements)

Forward-looking statements in this document, including earnings projections, are based on currently available information and certain assumptions that the Company regards as reasonable at the time of writing, and the Company does not in any way guarantee the achievement of the projections. Actual results may differ substantially from the forecast figures depending on various factors.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	15,470	10,846
Notes and accounts receivable - trade	16,768	19,001
Electronically recorded monetary claims - operating	177	350
Securities	5,622	2,343
Finished goods	11,517	18,413
Raw materials	5,656	10,355
Work in process	1,159	1,578
Supplies	147	108
Accounts receivable - other	831	1,170
Advance payments to suppliers	85	859
Other	1,636	2,202
Allowance for doubtful accounts	(32)	(86)
Total current assets	59,040	67,143
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,995	13,944
Accumulated depreciation	(6,237)	(7,080)
Buildings and structures, net	6,758	6,863
Machinery, equipment and vehicles	18,364	19,789
Accumulated depreciation	(13,770)	(15,134)
Machinery, equipment and vehicles, net	4,594	4,655
Tools, furniture and fixtures	10,918	11,758
Accumulated depreciation	(9,385)	(9,970)
Tools, furniture and fixtures, net	1,533	1,788
Land	1,442	1,521
Construction in progress	883	785
Total property, plant and equipment	15,213	15,614
Intangible assets		
Software	69	80
Other	119	122
Total intangible assets	189	203
Investments and other assets		
Investment securities	1,482	1,306
Long-term prepaid expenses	83	82
Retirement benefit asset	791	880
Deferred tax assets	199	637
Other	234	280
Total investments and other assets	2,790	3,187
Total non-current assets	18,193	19,005
Total assets	77,233	86,148

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,735	11,179
Short-term borrowings	2,556	12,247
Current portion of long-term borrowings	1,528	818
Accounts payable - other	2,768	3,861
Income taxes payable	301	630
Accrued expenses	1,719	2,848
Provision for bonuses	362	398
Other	766	903
Total current liabilities	18,738	32,889
Non-current liabilities		
Long-term borrowings	1,118	300
Deferred tax liabilities	588	475
Retirement benefit liability	74	60
Provision for retirement benefits for directors (and other officers)	16	20
Reserve for stocks payment	146	163
Asset retirement obligations	254	281
Other	301	325
Total non-current liabilities	2,501	1,627
Total liabilities	21,239	34,516
Net assets		
Shareholders' equity		
Share capital	6,770	6,770
Capital surplus	6,896	6,896
Retained earnings	41,299	33,906
Treasury shares	(4,129)	(4,163)
Total shareholders' equity	50,837	43,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	298	323
Foreign currency translation adjustment	(82)	3,617
Remeasurements of defined benefit plans	(414)	(187)
Total accumulated other comprehensive income	(198)	3,753
Non-controlling interests	5,354	4,469
Total net assets	55,993	51,632
Total liabilities and net assets	77,233	86,148

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	85,220	91,106
Cost of sales	74,097	83,621
Gross profit	11,123	7,484
Selling, general and administrative expenses	11,122	15,241
Operating profit (loss)	0	(7,757)
Non-operating income		
Interest income	125	84
Dividend income	39	56
Foreign exchange gains	–	199
Subsidy income	167	137
Miscellaneous income	343	364
Total non-operating income	675	843
Non-operating expenses		
Interest expenses	67	78
Foreign exchange losses	15	–
Loss on retirement of non-current assets	82	131
Miscellaneous losses	291	349
Total non-operating expenses	456	559
Ordinary profit (loss)	219	(7,473)
Extraordinary losses		
Impairment losses	1,988	132
Extra retirement payments	522	715
Loss on revision of retirement benefit plan	–	239
Loss on valuation of investment securities	360	–
Total extraordinary losses	2,871	1,088
Loss before income taxes	(2,652)	(8,561)
Income taxes - current	261	345
Income taxes - deferred	64	(676)
Total income taxes	325	(331)
Loss	(2,978)	(8,230)
Profit (loss) attributable to non-controlling interests	385	(1,213)
Loss attributable to owners of parent	(3,363)	(7,017)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Loss	(2,978)	(8,230)
Other comprehensive income		
Valuation difference on available-for-sale securities	171	24
Foreign currency translation adjustment	1,129	4,081
Remeasurements of defined benefit plans, net of tax	(52)	255
Total other comprehensive income	1,248	4,362
Comprehensive income	(1,729)	(3,868)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,998)	(3,066)
Comprehensive income attributable to non-controlling interests	268	(802)

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,770	7,957	45,696	(5,089)	55,335
Changes during period					
Dividends of surplus			(570)		(570)
Loss attributable to owners of parent			(3,363)		(3,363)
Purchase of treasury shares				(569)	(569)
Disposal of treasury shares				5	5
Cancellation of treasury shares		(1,060)	(463)	1,523	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,060)	(4,397)	959	(4,498)
Balance at end of period	6,770	6,896	41,299	(4,129)	50,837

	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	126	(1,281)	(409)	(1,563)	5,224	58,995
Changes during period						
Dividends of surplus						(570)
Loss attributable to owners of parent						(3,363)
Purchase of treasury shares						(569)
Disposal of treasury shares						5
Cancellation of treasury shares						–
Net changes in items other than shareholders' equity	171	1,198	(4)	1,365	130	1,495
Total changes during period	171	1,198	(4)	1,365	130	(3,002)
Balance at end of period	298	(82)	(414)	(198)	5,354	55,993

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,770	6,896	41,299	(4,129)	50,837
Changes during period					
Dividends of surplus			(335)		(335)
Loss attributable to owners of parent			(7,017)		(7,017)
Purchase of treasury shares				(48)	(48)
Disposal of treasury shares				14	14
Sale of shares of consolidated subsidiaries			(40)		(40)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(7,393)	(34)	(7,427)
Balance at end of period	6,770	6,896	33,906	(4,163)	43,409

	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	298	(82)	(414)	(198)	5,354	55,993
Changes during period						
Dividends of surplus						(335)
Loss attributable to owners of parent						(7,017)
Purchase of treasury shares						(48)
Disposal of treasury shares						14
Sale of shares of consolidated subsidiaries						(40)
Net changes in items other than shareholders' equity	24	3,700	226	3,951	(885)	3,065
Total changes during period	24	3,700	226	3,951	(885)	(4,361)
Balance at end of period	323	3,617	(187)	3,753	4,469	51,632

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Loss before income taxes	(2,652)	(8,561)
Depreciation	3,148	3,209
Decrease (increase) in retirement benefit asset	(75)	(85)
Increase (decrease) in retirement benefit liability	8	(16)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	0	3
Increase (decrease) in allowance for doubtful accounts	1	46
Increase (decrease) in provision for bonuses	(185)	30
Loss on retirement of property, plant and equipment	82	131
Subsidy income	(167)	(137)
Impairment losses	1,988	132
Extra retirement payments	522	715
Retirement benefit expenses	—	239
Loss (gain) on valuation of investment securities	360	—
Interest and dividend income	(165)	(141)
Interest expenses	67	78
Foreign exchange losses (gains)	(56)	328
Decrease (increase) in trade receivables	(1,636)	(1,513)
Decrease (increase) in inventories	(792)	(10,255)
Increase (decrease) in trade payables	1,332	1,810
Decrease (increase) in accounts receivable - other	90	(294)
Increase (decrease) in accounts payable - other	(240)	880
Decrease (increase) in advance payments to suppliers	100	(712)
Other, net	(457)	2,050
Subtotal	1,274	(12,060)
Interest and dividends received	165	141
Interest paid	(67)	(78)
Subsidies received	167	137
Extra retirement payments	(227)	(537)
Income taxes paid	(968)	(473)
Income taxes refund	396	103
Net cash provided by (used in) operating activities	739	(12,767)
Cash flows from investing activities		
Purchase of securities	(771)	(1,551)
Proceeds from redemption of securities	990	1,197
Purchase of investment securities	(0)	(0)
Purchase of property, plant and equipment	(2,099)	(2,658)
Purchase of intangible assets	(31)	(91)
Purchase of long-term prepaid expenses	(39)	(32)
Other, net	(8)	65
Net cash provided by (used in) investing activities	(1,960)	(3,071)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	428	8,811
Repayments of long-term borrowings	(1,753)	(1,540)
Dividends paid	(570)	(335)
Dividends paid to non-controlling interests	(159)	(116)
Purchase of treasury shares	(569)	(48)
Other, net	—	—
Net cash provided by (used in) financing activities	(2,624)	6,771
Effect of exchange rate change on cash and cash equivalents	287	782
Net increase (decrease) in cash and cash equivalents	(3,557)	(8,284)
Cash and cash equivalents at beginning of period	23,930	20,373
Cash and cash equivalents at end of period	20,373	12,089