FOSTER

Sound to Life



Integrated Report 2026

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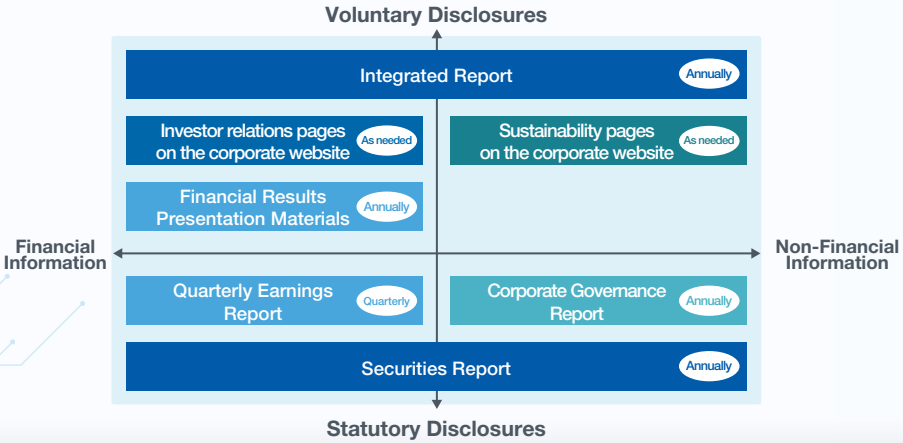
Step 1: Targets of Communication and Stakeholders

Customers and consumers | Shareholders and investors | Officers and employees | Suppliers | Communities and future generations | Governmental agencies | Industries

Step 2: Dialogue and Feedback

General meeting of shareholders and IR dialogue | Customer surveys | Employee surveys | Supply chain surveys | External surveys



Period Covered and Frequency of Reporting

This report is issued annually, and primarily covers fiscal 2025 (April 1, 2025 to March 31, 2026). Certain initiatives undertaken outside this period, as well as selected events from fiscal year 2026, are also included.

Reporting Scope

Unless specifically indicated, the reporting scope includes the activities of the Foster Group, which consists of Foster Electric Company, Limited, and its consolidated subsidiaries in Japan and overseas.

Referenced Standards and Guidelines

- IFRS Foundation, International Integrated Reporting Framework (2021)
- Ministry of Economy, Trade and Industry, "Guidance for Collaborative Value Creation"
- Task Force on Climate-related Financial Disclosures (TCFD) Recommendations
- Ministry of the Environment, "The Environmental Reporting Guidelines 2018"
- Global Reporting Initiative (GRI), "Sustainability Reporting Standards (2021)"
- European Sustainability Reporting Standards (ESRS)

Disclaimer Regarding Forward-looking Statements

The forward-looking statements contained in this report, including our plans, strategies, and earnings projections, are based on the currently available information. Please note that actual results may differ from the content of this report due to various uncertain factors.

Editorial Policy

This report was prepared with the goals of improving the transparency of the Foster Group and enhancing initiatives to increase the Foster Electric's corporate value and achieve sustainable growth through dialogue with its stakeholders. We hope that this report will help deepen your understanding of the Foster Group. Please refer to the Investor Relations pages of our website for detailed financial information and the Sustainability pages for our sustainability activities.

*Note: The reporting segments remain unchanged, comprising the "Speaker Business," "Mobile Audio Business," and "Other Businesses." In descriptions related to the mid-term business plan, they are classified as "Mobility-Related Business" and "Consumer-Related Business."

About the Cover Illustration



This report's cover illustration depicts wavy curves inspired by our proprietary RP diaphragm* surrounding the Earth at the center based on our corporate color, blue. These curves represent the connections between our products such as headphones, horn-equipped Acoustic Vehicle Alerting Systems (AVAS), automotive speakers, game consoles, actuators for healthcare products, the people who use them and our employees. In addition, our own brand Fostex orange color is used as an accent to add warmth and vitality to the entire illustration.

This illustration embodies our aspiration and stance to connect with people and society through solutions based on acoustic and vibration technologies and to help create a rich and comfortable future society.

RP TECHNOLOGY

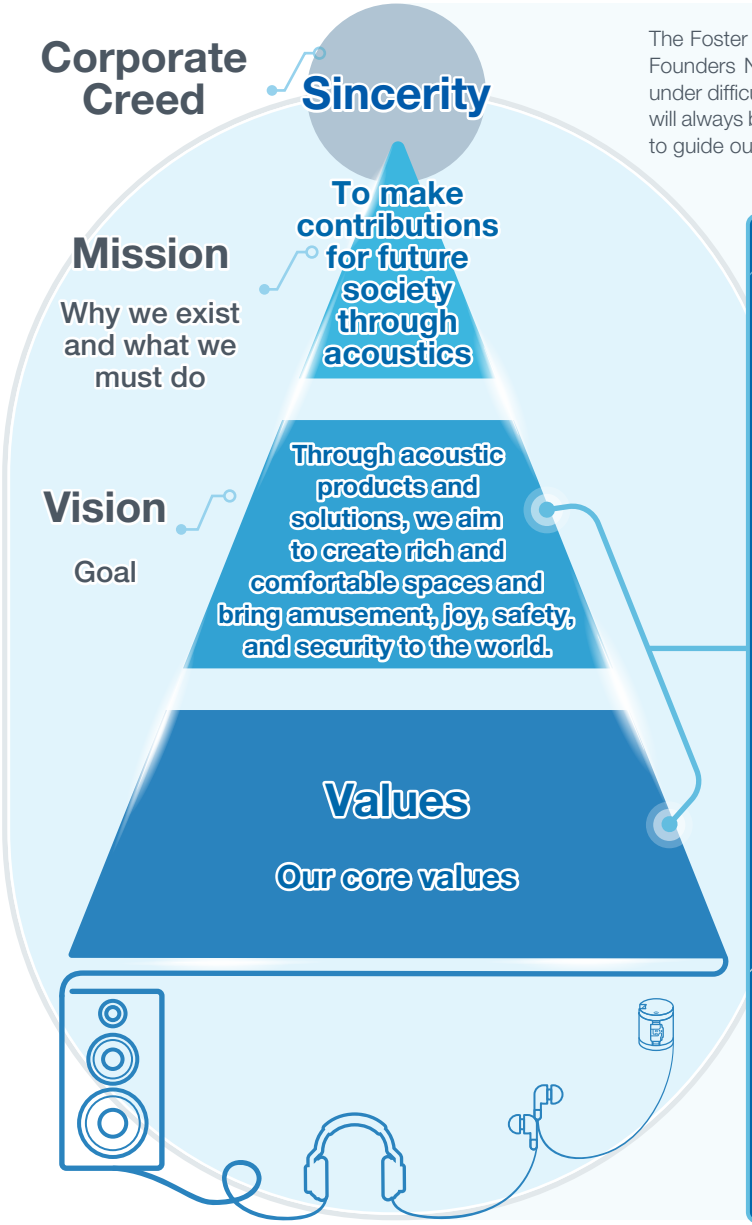
* RP diaphragm: A full-range transducer technology developed by Fostex. RP stands for "regular phase." A flat coil and a samarium-cobalt magnet evenly drive the entire diaphragm. This suppresses phase shift and produces natural high-quality audio.

Introduction

- Corporate Philosophy
- At a Glance
- CEO Message
- Foster's History
- Foster's Business
- Financial and Non-Financial Highlights

Corporate Philosophy

The corporate philosophy of Foster Electric consists of the corporate creed, mission, and vision. Each and every one of us will practice this corporate philosophy with the goal of contributing to future society through acoustics.



The Foster Group's corporate creed of "Sincerity" comes from its experiences during the company's founding. Founders Nishimura and Shinohara earned customer trust by approaching manufacturing with sincerity even under difficult circumstances. This experience gave rise to the belief that "If you make something with sincerity, it will always be recognized," which became the foundation of our corporate creed, "Sincerity." This belief continues to guide our management today.



Foster Rhythm (Our Principles and Values)

Our principles and values have been verbalized in simple language as Foster Rhythm to ensure our corporate philosophy becomes entrenched among our employees. It was created by employees thinking independently and proposing ideas so that it could be shared with employees from different cultures and backgrounds. It is shared by employees from all of the sites of the Foster Group, having been translated into their languages. We believe that our principles and values expressed in Foster Rhythm will help build a sound organizational culture and climate and improve the well-being of all of the employees working for Foster.

THE LEADING *Sound to Life** SOLUTION COMPANY

We aim to be the world's No. 1 acoustics solutions partner. We will continue to innovate to respond to the needs of a growing market.

ALWAYS IMPROVING

Create a more efficient, effective, profitable and better place to work. Always seek new market categories and opportunities.

EVER MORE GLOBAL AND INCLUSIVE

Embrace diversity and pursue more global synergy at all management levels.

*Sound to Life

Our corporate slogan, "Sound to Life," contains within it the meaning of enriching life through Foster acoustics.
It expresses our desire to be a one-of-a-kind entity that delivers the wonder, comfort, and reassurance that sound brings to people around the world while creating a richer future through the power of sound.

At a Glance

Founded in 1949

77 years

Since our founding, we have devoted ourselves sincerely to sound creation while honing our technologies. We currently develop products that appeal not only to the auditory sense but also to the tactile sense, as we evolve into a comprehensive solutions company that engages the human senses.

Business

Global Manufacturing Sites

17 sites

We are expanding our business in the global markets by leveraging our global manufacturing sites and sales network.

Overseas Production Ratio

100%

Overseas Sales Ratio

82%

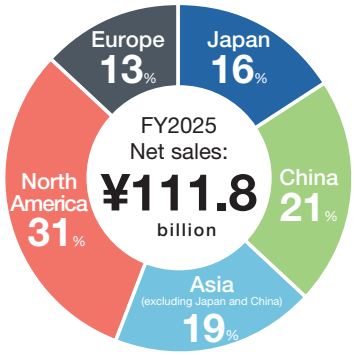
Number of Automotive Business Customers (Automotive OEM + Tier 1)

Global Over **50** companies

We have a track record of supplying products to North America, Europe, and China, and are building relationships of deeply held trust in the global market.

Automotive Speaker Net Sales Share by Region





Social

Ratio of Female Employees (Global) **74**%

(Headquarters) **27**%

Female employees are steadily becoming more active worldwide, particularly at our overseas manufacturing sites, where they leverage their expertise and diverse perspectives to support our business's growth.

Ratio of Overseas Human Resources (Global)

96%

Environment

CO_2

Reduced CO_2 emissions by approx.

39%

compared with FY2018

=

Corresponds to the power consumed by approximately

20 billion playbacks*

of music using active speakers



*A reduction of 30,503 t-CO_2 in FY2025 compared with FY2018 was converted into an equivalent number of song playbacks, based on the power consumption of the Fostex-branded active speaker NF04R (60 W/pair), and a song length of 3 minutes and 30 seconds.
CO_2 emissions factor: 0.000434 tCO_2/kWh (FY2022 national average)

Product

4.85 mm earphone driver diaphragms to **80** cm large-diameter speakers, we offer products suited to a wide range of applications.



4.85 mm earphone driver



80 cm super woofer (Product name: FW800HS)

CEO Message



Introduction

Since our founding in 1949, we have continued to grow with acoustic technologies at our core by responding flexibly to the changing times while overcoming numerous challenges. Based on our corporate creed, “Sincerity,” our business practices will be fair and highly transparent, and we will use our outstanding sound and vibration technologies to provide rich and comfortable spaces, and bring amusement, joy, safety, and security, with the goal of helping build a sustainable society. This is our unchanging mission.

Having overcome two major challenges, our withdrawal from the smartphone-related business and the serious impacts of the pandemic on our financial performance, we have steadily transformed our business and implemented structural reforms. As a result, our earning power has steadily increased, and the efforts of all our employees are beginning to bear fruit. However, we are only halfway through our improvement journey. We will continue to do our utmost to become a bright, vibrant, and strong company in the true sense while actively incorporating external knowledge.

Review of changes in the business environment and fiscal 2025 financial results

The global business environment is evolving at an unprecedented speed. For example, the tariff policy of the US Trump Administration has had a significant impact on our business. As a result of a quick review of our logistics, careful negotiations with customers on passing on tariffs, and other efforts to minimize its effects, we successfully mitigated their financial impact. We obtained export approval for dysprosium-containing magnets earlier than other Japanese companies, in response to China’s restrictions on rare earth exports. These measures enabled us to maintain a stable supply to our customers without a single interruption, earning praise from customers for our exceptional responsiveness. I believe this ability to respond to crises is the core of our competitiveness.

The Speaker Business was affected by a slowdown in part of our China business and the US tariff policies, but we were able to steadily pursue our sales strategy of focusing on branded and premium-level products as stated in our mid-term business plan. The decrease in profits due to the slowdown in our China business was milder than anticipated, and while sales decreased slightly, we were able to increase profits. Further, in the Mobile Audio Business, shipments of earphones, earphone drivers, and actuators for consumer use remained above plan, resulting in higher-than-planned profits. In Other Businesses, net sales increased due to continued strong sales of speakers for Acoustic Vehicle Alerting System (AVAS) and speakers for warning sounds, and the effects of the structural reforms we have been implementing steadily became apparent, establishing a trend of profitability.

As a result of these efforts, we exceeded our overall profit plan in the first year of the mid-term business plan and had a great start toward achieving our targets.

In the automotive market, structural changes are progressing rapidly, with slowing growth in the rate of EV adoption, the emergence of local Chinese manufacturers, and decreasing sales in the Chinese market for Japanese, European, and American

manufacturers. However, I see these changes as opportunities for significant growth. Major market changes - including advancements in autonomous driving technology, reorganization of the supply chain away from China, and growth in India and other emerging markets - present tremendous opportunities for companies that can respond quickly. I believe Foster has that ability.

Fiscal 2026 financial results outlook and current mid-term business plan

Some of the raw materials used in petrochemical products and ferrite magnets have risen sharply in price due to the situation in the Middle East and other geopolitical risks, but we have secured stable procurement by increasing inventories through advance purchases by both our suppliers and ourselves. If the impact of rising market prices continues, we will prioritize procurement to avoid delivery delays, and plan to ask customers to share the cost burden, similar to our approach with tariffs. The situation is changing daily at present, and it is difficult to see now how large an impact it will have and for how long, but we will work to make necessary preparations for contingencies while continuing to monitor market trends and other factors.

In the Speaker Business, we plan to expand our presence with new customer groups among North American and local Chinese EV manufacturers while further pursuing our sales strategy focused on branded and premium-level products, as detailed in our mid-term business plan. U.S. tariffs are not expected to negatively affect us this fiscal year. In the Mobile Audio Business, sales to key customers in the earphone and driver-related products should remain strong, as in the previous fiscal year. The overall contribution of actuators for consumer use to earnings is expected to be limited, as the special demand related to rare earth procurement that benefited us in the previous fiscal year has subsided, and there are concerns about indirect effects on the supply of semiconductors and other components. In Other Businesses, we expect stable profitability in the micro acoustic components business due to stronger sales of value-added mobility-related products such as speakers for Acoustic Vehicle Alerting System (AVAS), speakers for warning sounds, and cockpit speakers, along with cost improvements from structural reforms.

Under the current mid-term business plan, we are working toward achieving our long-term vision of becoming the No. 1 acoustics solutions partner by moving forward with our two pillars of growth strategy, our mobility-related business and our consumer-related business. The financial targets we set for FY2027, the final fiscal year of the current mid-term business plan, are net sales of ¥150.0 billion, operating profit of ¥9.0 billion, an operating profit margin of 6.0%, and an ROE of 8.0%. The pieces of the puzzle are steadily falling into place.

In the mobility-related business, we began doing business with one new American and five new Chinese customers in response to market changes associated with the shift to EVs. Through our value-added proposal activities focusing on branded and premium-level products and joint development efforts, sales of premium-level products with high profit margins have steadily increased. We have also continued to strengthen sales of mobility-related value-added products, including speakers for Acoustic Vehicle Alerting System (AVAS), speakers for warning sounds, and cockpit speakers, and have begun selling AVAS speakers to more than 10 customers. The automotive business under the current mid-term business plan has already secured almost all orders, and we expect to achieve a sales growth rate more than twice that of the new vehicle sales market, exceeding our target.

We position the consumer-related business as a pillar of further growth next to our mobility-related business. Under Beyond2025 (our initiative to establish a new long-term revenue base), we will work on three areas, lifestyle (personal audio), life solutions (biometric sensing headsets), and life enhancement (actuators), to improve profitability by expanding the high value-added finished product business and creating new businesses.

Regarding capital investment, from a local production for local consumption standpoint, we have secured mass-production approval for major European customers at our Hungary Factory and are steadily expanding our European production capacity. At our El Paso Factory in the US, we are also advancing our in-house production of large speakers to boost our competitiveness in Europe and the US. We are also constructing a new factory in Pune, India, to lay the groundwork for future growth markets. Over the three-year period of our mid-term business plan, we plan to make strategic investments of about ¥23 billion, balancing investments across automation and mechanization, new customer support, local production and consumption, in-house production, and IT and DX.

Strengthening the management foundation

To further strengthen our corporate governance, we have transitioned to a Company with an Audit and Supervisory Committee, further increasing the effectiveness of our Board of Directors. We will establish an Audit and Supervisory Committee with a majority of independent directors to enhance the Board's audit and oversight capabilities. We also plan to have independent directors make up more than half of all directors. We also aim to further accelerate management decision-making and execution, all under the proper supervisory framework of the Board, by delegating some authority to make decisions on business execution from the Board to executive directors.

With this transition, the Board of Directors will welcome 2 new independent directors in addition to the 4 directors who will become Audit and Supervisory Committee Members. These 2 directors will bring specialized expertise we have not previously possessed, and I am confident they will enhance our corporate value over the medium to long term.

We have now fully launched our next core system integration project to strengthen our competitiveness across the Group. We plan to invest about ¥1 billion and implement an integrated ERP system designed for the manufacturing industry. Adopting a "Fit to Standard" approach, this project will align business processes with standard functions without customization, thereby achieving both cost control and faster development simultaneously. We aim to start operations in the accounting and SCM areas in 2028 and will improve operational efficiency, standardize processes, and enable quicker decision-making across the Group.

For a sustainable society and enhanced corporate value

Since our founding, we have considered our contribution to society through our business activities to be a cornerstone of our management. We developed the ESG Management Statement in 2021 and have positioned the Environment, Social and Governance as essential foundations for the sustainable development of both society and the company, and are promoting ESG management with these elements at its core. In recent years, as the expectations and needs of customers, shareholders, and other stakeholders have diversified and responding to climate change, human rights, and other social issues has become more important, we have worked to further enhance our sustainability initiatives.

To combat climate change, we continue to promote investments in renewable energy like solar power generation and energy-saving measures, while also enhancing our efforts to meet our mid-term environmental targets. We also committed to obtaining SBT certification in May 2026, and will steadily advance our decarbonization efforts based on scientifically grounded targets.

This environmental approach is steadily reflected in our development and production activities, which integrate product development and manufacturing. In our development of the next generation of speakers, our mainstay product, we are spearheading a company-wide, cross-departmental project involving development, manufacturing, sales, and other units. This effort aims to achieve innovative product development and production processes. We also contribute to carbon neutrality by power conservation and the elimination of volatile organic compounds (VOCs) using new manufacturing methods, while working to standardize designs to facilitate automation and labor savings.

We have also developed our own wastewater recycling system for our in-house papermaking process and are gradually introducing it into our manufacturing processes. This technology emerged from an unconventional idea, and I believe it will significantly advance our future environmental response. Through this technology, I also believe we can simultaneously achieve the effective use of water resources and the reduction of wastewater discharge, thereby lowering both our environmental impact and costs. We will actively pursue improvement activities utilizing our unique technology and ingenuity, leading to further improvements in our environmental response capabilities and greater business efficiency.

For our sustainable growth, I believe it is important to create an environment where employees find their work rewarding and can fully demonstrate their potential. Creating such an environment is a key management responsibility, as it improves vitality and competitiveness across the organization. In FY2025, to enhance understanding of the mid-term business plan, we held 12 roundtable meetings with managers, and I personally engaged directly with 122 employees. The opinions and concerns shared during these meetings were also shared among executives and are being directly applied to develop an environment where employees can focus more on their core work, particularly by reducing the workload in the design department, reviewing operations across departments, and advancing IT and DX. We also go beyond just reaching quantitative goals for DE & I promotion, such as the ratio of female managers or the appointment of international talent. Using the DE & I survey launched in FY2025, we will continuously assess how employees experience diversity and inclusion in their everyday work and use the results to further enhance the workplace environment. Following our previous Kurumin Certification, we obtained the Platinum Kurumin Certification in March 2026. I believe this reflects our ongoing commitment to creating a workplace where employees can advance their careers with peace of mind while balancing work and childcare responsibilities.

We will continue to aim for improved employee well-being and achieve sustainable growth for the organization by creating a workplace environment where each employee can thrive in their own way, regardless of their life stage.

Strengthening the growth strategy and shareholder returns

Foster Electric is currently undergoing true transformation. The full-scale expansion of business with new EV-related customers, optimized global manufacturing systems, improved financial position, and strengthened management foundations, including governance, intellectual property, and IT systems, are all working together to steadily build a foundation for sustainable improvement in corporate value.

We will proceed steadily with our growth strategy and cost structure reforms in our efforts to continue to increase our earning power. I believe that the purpose of management is to produce stable profits that exceed expectations over the long term and on an ongoing basis. While our PBR reached 1.0x, our capital costs have also increased, mainly due to rising interest rates and stock price volatility. We will therefore make further improvements to meet all of your expectations. We will review our dividend policy from this perspective and strengthen shareholder returns.

While the environment will remain highly uncertain due to the situation in the Middle East and other events, we will steadily push forward with the strategy set under the mid-term business plan by implementing a wide range of measures, including the maintenance of the global sales mix that is one of our strengths and careful negotiations with customers in line with our price indexation mechanism, as well as the speedy transfer of manufacturing sites and the agile review of logistics.

I believe Foster has a strong future ahead. Believing in the power of each employee, we will come together as one company to overcome these difficulties and will undoubtedly build a bright, vibrant, and strong company.
Thank you for your unwavering support.



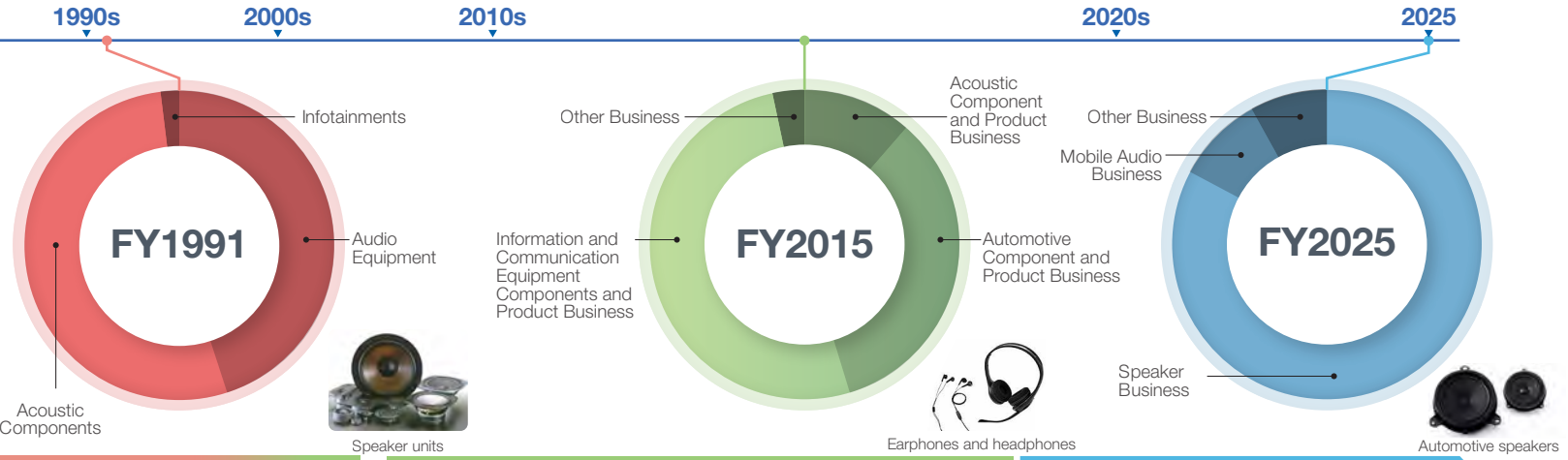
Foster's History

Foster Electric was founded as a loudspeaker manufacturer in 1949.
Since that time, we have established ourselves as a specialist in audio technologies, and have provided the audio industry with many products and technologies. Among them, acoustic transducers have become our mainstay products.

Around 1991, we began operating and expanded overseas factories and also increased speaker production, which resulted in an increase in sales in the audio equipment business.

Later, from around 1999 to 2015, the mobile-related business such as earphones and headphones expanded with the rise of mobile terminals and smartphones.

In our current portfolio, sales in the Speaker Business, primarily automotive speakers, account for the majority.



1984-1993 Expansion of speaker production/Introduction of mechanized lines

1994-2004 Period of transition from domestic to overseas production

2006-2015 Smartphone-related business expansion phase

2015-2018 Contraction phase

2016 to present day Automotive business acceleration phase

1959 Renamed as Foster Electric Co., Ltd.

1972-73 Established subsidiaries in the United States, Singapore, and Germany

1973 Established Fostex Company

1986 Merged with Tonegen Co., Ltd.

1988 Began production in China

1999 Our stock listing is moved from the Second Section to the First Section of the Tokyo Stock Exchange.

2006 Established a subsidiary in Vietnam

2009 Converted Korea-based ESTec CORPORATION into a consolidated subsidiary

2012 Headquarters functions relocated to the current location, Tsutsujigaoka, Akishima City

2014 Took over the micro acoustic components business from STAR MICRONICS CO., LTD.

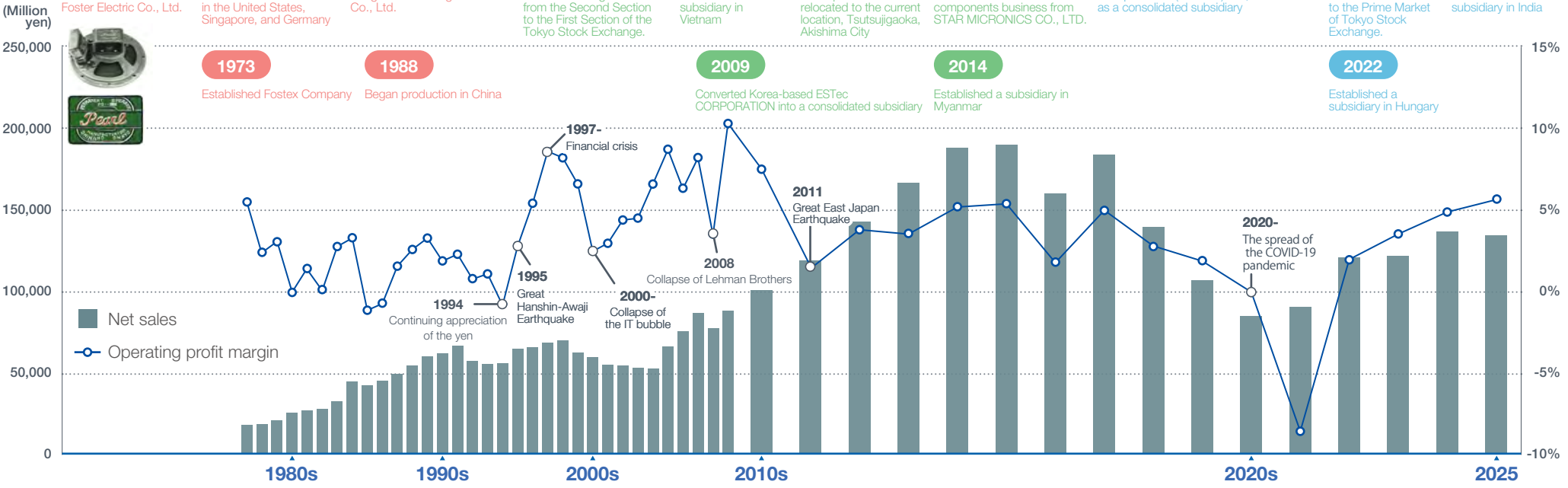
2014 Established a subsidiary in Myanmar

2017 Accepted FSK (Thailand) Co., Ltd. as a consolidated subsidiary

2022 Our stock was moved to the Prime Market of Tokyo Stock Exchange.

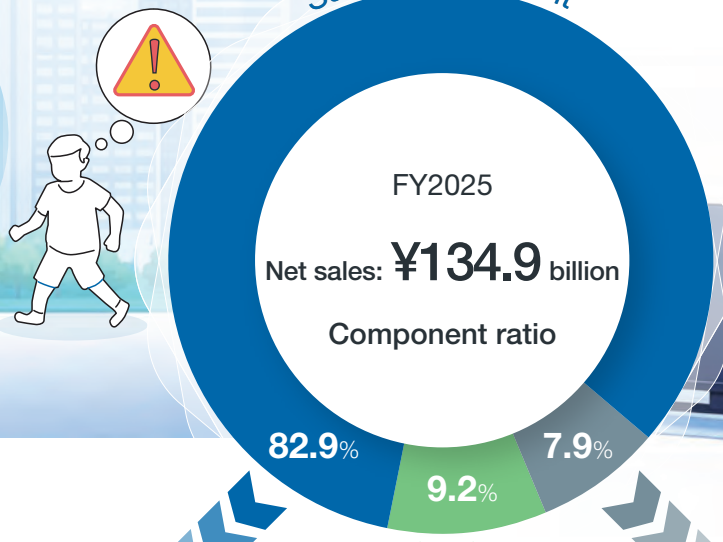
2022 Established a subsidiary in Hungary

2025 Established a subsidiary in India



Foster's Business







Speaker Business

Manufacturing and sales of automotive speakers and speaker systems, TV speakers, and more

Mobile Audio Business

Manufacturing and sales of headphones and headsets, earphone drivers, vibration actuators, and more

Other Businesses

Manufacturing and sales of speakers for the Acoustic Vehicle Alerting System (AVAS), speakers for in-vehicle emergency call systems (eCall), Fostex brand products, and more

Headquarters Gallery (Product Gallery) Renovations

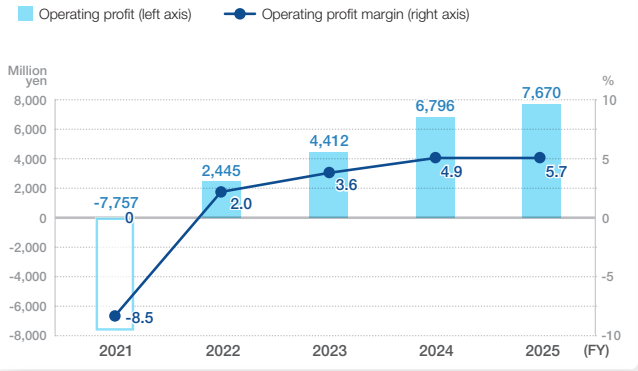
We renovated the gallery at our headquarters to more effectively convey our history and strengths to our various stakeholders. We showcase products that tell the current story of Foster Electric all in one place, incorporating visual content such as projectors and digital signage. We also established a new listening experience area for Fostex-brand speakers and enhanced the experiential areas where visitors can listen to and compare products across different categories, creating a space that appeals to both the visual and auditory senses. The group photo of the directors on p. 59 was also taken in this gallery.



Financial and Non-Financial Highlights

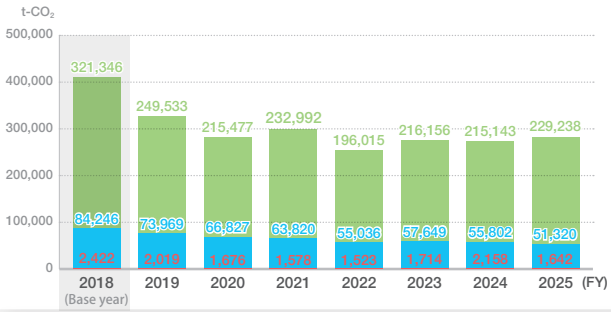
*A net sales graph can be found in the Foster's History section.
*For details of the data, please refer to Financial Summary (10 years) and Non-Financial Data.
*The icon at the upper right of each graph indicates that it is data for our materiality-related KPIs.
*1 The male parental leave uptake rate was calculated by dividing the number of male employees who took childcare leave during the fiscal year by the number of male employees who became eligible for childcare leave as a result of spouses' childbirth.
The uptake rate may exceed 100% if the spouse's childbirth fiscal year differs from the fiscal year when childcare leave was taken.
Where an employee has taken childcare leave over multiple fiscal years, that employee is counted for the fiscal year when their childcare leave started.

Operating Profit / Operating Profit Margin



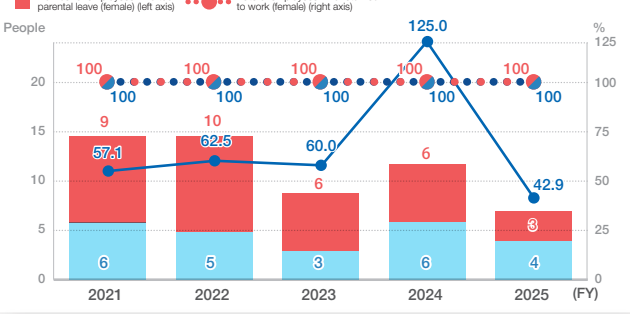
Greenhouse Gas Emissions

Addressing climate change

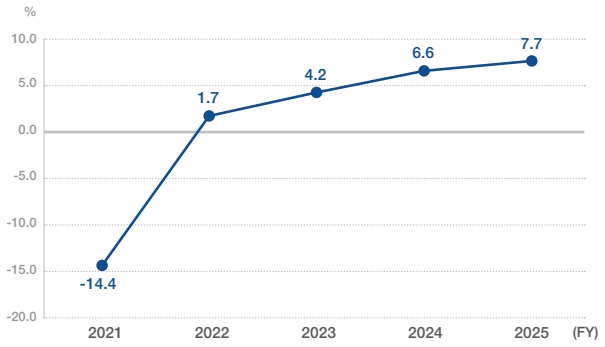


Employees Taking Parental Leave/% Returning to Work (Headquarters)

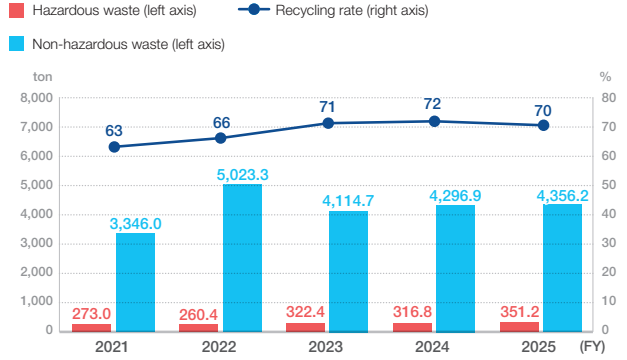
Improving employee well-being



ROE (Return on Equity)

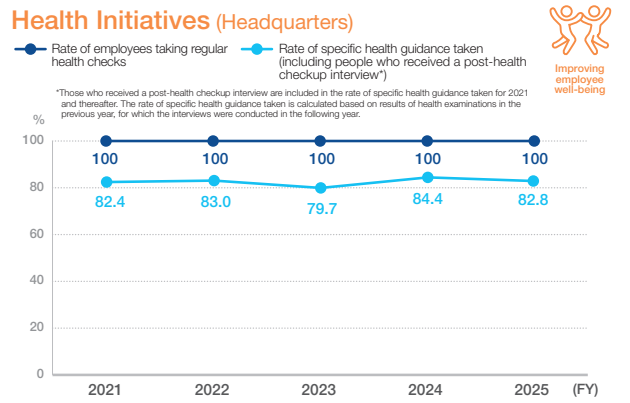


Waste Volume and Recycling Rate

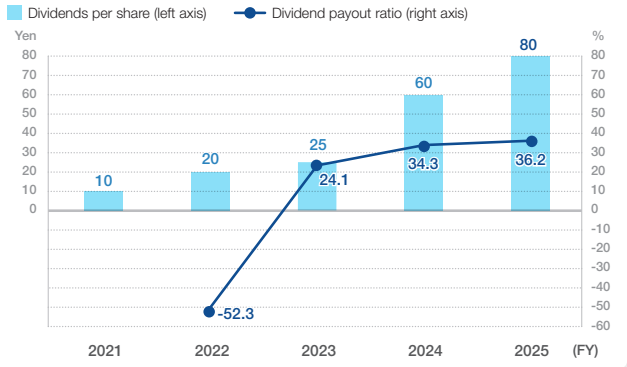


Health Initiatives (Headquarters)

Improving employee well-being

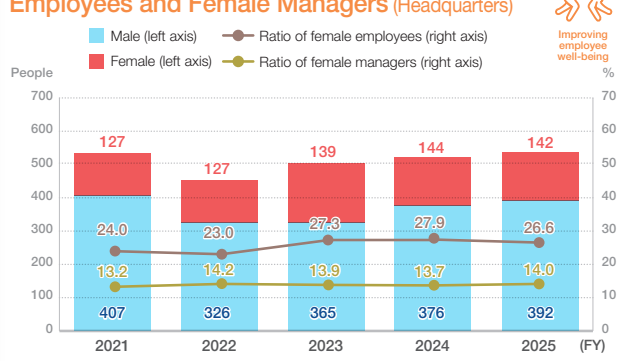


Dividend Payout Ratio / Dividends Per Share

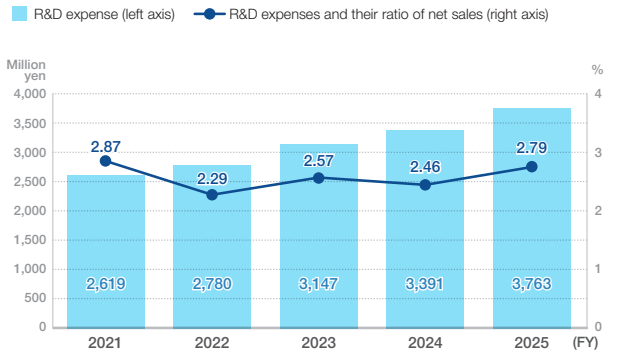


Number of Employees and Ratio of Female Employees and Female Managers (Headquarters)

Improving employee well-being



R&D Expense



Foster's Value Creation Story

- Value Creation Process
- Material Issues
- The Mid-term Business Plan and a Review of Its 1st Year
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- Foster's Strengths
- Sources of Strengths : Intellectual Capital
- Sources of Strengths : Manufactured Capital
- Special Feature : Driving Organizational Culture Reform and DX through the Introduction of Generative AI

Value Creation Process

At Foster Electric, we aim to enhance our corporate value and contribute to future society through sound by providing rich and comfortable spaces, and bringing amusement, joy, safety, and security.

Input

(Management resources)

Financial Capital

pp. 17-21

- Stable financial foundation

Manufacturing Capital

pp. 25-26

- Manufacturing technologies that enable both high quality and stable commercial production
- A global manufacturing system capable of optimally catering to customer needs

Intellectual Capital

pp. 24-25

- Core, elemental, and applied technologies related to speakers (vibrations)

Human Capital

pp. 42-46

- Global on-site capabilities and crisis response capabilities

Social and Relationship Capital

pp. 37-41

- Global customer network

Natural Capital

pp. 31-36

- Ability to reduce environmental impact

Business Model

Cultivated Strengths

Responsiveness

Creativity

Connections

Mid-Term Business Plan

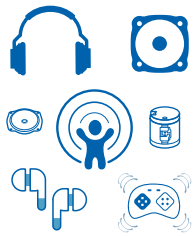
- Growth strategies
- Cost structure reform
- Capital policy
- Achieving financial targets by addressing non-financial issues

Focused Market

Mobility-related business



Consumer-related business



Output

(Products and solutions)

- **Rich sounds**
- **Emotionally engaging sounds**
- **A wide variety of sensations**

- **Clear sounds to signal safety and danger**
- **Effective alarm sounds**
- **Soundproofing**

Outcome

[Social]

Customer Satisfaction

Analog value integrated into a digital society



Enriching lives and creating amusement, joy, and comfortable spaces by providing sensory value (auditory and tactile senses)



High-quality products



Reducing environmental impact using environmentally friendly products



Safety, security and health



Employee Satisfaction

Stable life, personal development, and job satisfaction



[Economy]



Development of business partners



Enhancement of shareholder equity, dividends



Tax payment

Mission/Purpose: To make contributions for future society through acoustics

Long-Term Goal: The world's No. 1 acoustic solutions partner

Material Issues



Business (B) Environment (E) Social (S) Governance (G)

Governance Supporting Global Business Activities, B+ESG Management and Quality Management

Material Issues

In 2024, we revised our ESG-related material issues, which was established in 2021, to respond to changes in the business environment and the transparent disclosure of information. Specifically, we analyzed and evaluated the financial, social and environmental aspects of our material issues.

We adopted the double materiality concept to identify priority issues from two perspectives: the impact of the company on society and the environment, and the impact of social and environmental issues on financial performance. After collecting opinions from departments that interact directly with external stakeholders, engaging in discussions through cross-functional projects, and undergoing multifaceted deliberations by the Sustainability Committee and Board of Directors, we have clarified the priority material issues. This process also ensured alignment with our management policy and mid-term business plan. Through this process, we redefined these issues as "B+ESG material issues," adding Business (B) elements to the ESG perspective. Seeing management and sustainability as one, we are working to improve our corporate value and strengthen and advance our long-term growth strategies.

Identification of Material Issues

To clarify the priority issues related to management and sustainability, we implemented a four-step identification process as follows.

Process of Identifying Material Issues

STEP 1 Identifying issues

I Value chain survey
Identifying issues by clarifying the relationships between business, society, and the environment throughout the value chain

II Stakeholder survey
Identifying issues by analyzing the issues, concerns, and expectations by major stakeholders

III Understanding megatrends
Identifying issues by analyzing megatrends that will cause great change in the future business environment (in the period up to 2040)

IV Management and business analyses
Identifying issues connected to our future plans by analyzing internal documents including management policies and the mid-term business plan

STEP 2 Organization and consolidation

Organization and consolidation of the identified issues
We organized, integrated, and consolidated the various issues identified through the four analysis processes in Step 1, considering their overlap and relevance.

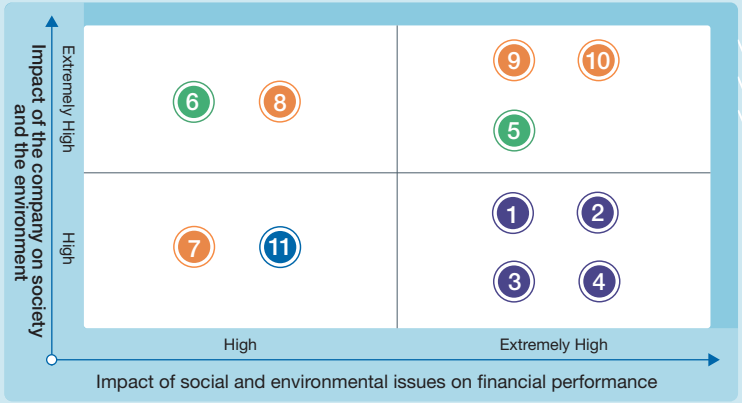
STEP 3 Assessment and prioritization

Assessment of financial, social and environmental impact (Assessment from a double materiality perspective)
Cross-functional members evaluated the degree of "the company's impact on society and the environment (Impact)" and "the impact of social and environmental issues on financial performance (Risks and Opportunities)" from the perspectives of scale, probability of occurrence, and other factors.

STEP 4 Finalization

Finalization of material issues
The Board of Directors deliberates the matter and approves the list of material issues after it is reviewed by the Sustainability Committee, which consists of staff members and managers in each of the B+ESG fields

Material Issue Matrix



Business (B)

- **Providing Comfortable Spaces, Amusement, and Joy through Sound and Vibrations** — 1
- **Building a Safe and Secure Society** — 2
- **Co-Creating New Value through Partnerships with Customers** — 3
- **Economic Contribution to Society through Stable Profit Generation** — 4

Environment (E)

- **Addressing Climate Change** — 5
  - Enhancing Resilience to Climate Change
  - Reducing Greenhouse Gas (GHG) Emissions
  - Improving Energy Efficiency and Promoting the Use of Renewable Energy
- **Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society** — 6
  - Realizing a Circular Economy
  - Complying with Global Environmental Regulations and Reducing Environmental Impact
  - Protecting and Restoring Natural Ecosystems

Social (S)

- **Promoting Corporate Philosophy and Developing Human Resources** — 7
- **Improving Employee Well-Being** — 8
  - Improving Employee Engagement
  - Promoting Occupational Health and Safety
  - Creating Fulfilling, Comfortable Workplaces
  - Promoting Diversity, Equity, and Inclusion (DE & I)
  - Raising Awareness of Human Rights and Preventing Violations
- **Promoting Sustainability in the Value Chain** — 9
- **Ensuring the Safety, Quality, and Stable Supply of Products** — 10
  - Product Safety
  - Securing Product and Service Quality
  - Stable Product Supply

Governance (G)

- **Strengthening Governance to Maintain and Enhance Stakeholder Trust** — 11
  - Reinforcement of Compliance
  - Enhancing Risk Management Systems
  - Strengthening IT Governance
  - Managing and Leveraging Intellectual Property

Rationale for Selection of Materiality

	Materiality (Priority Issues)	Rationale for Selection
B (Business)	Providing Comfortable Spaces, Amusement, and Joy through Sound and Vibrations	As stated in our Vision, this is one of our most fundamental initiatives. As interest in sound and vibrations in mobility and living spaces increases, it is important to contribute to providing comfortable spaces, amusement, and joy to people by utilizing our long-cultivated technology from the perspective of responding to social needs. Achievements from initiatives in this field not only directly impact profit, but also hold significant potential for creating future business opportunities, including expansion into other businesses.
	Building a Safe and Secure Society	With the growing popularization of electric automobiles such as EVs and HVs, demand for speakers for Acoustic Vehicle Alerting System (AVAS) is growing rapidly. This field is expected to make meaningful social contributions to traffic safety, while also serving as a key driver for business expansion, including our OEM business, and revenue growth from one of our core product lines.
	Co-Creating New Value through Partnerships with Customers	As the electrification of automobiles, robotics, and other technological innovations accelerates, market needs are becoming more advanced and diverse. To respond to these changes in the business environment, it is essential for us to build close, cooperative relationships with our customers and to jointly develop high-value-added products that accurately address their needs. We aim to achieve sustainable enhancement of corporate value by creating value through partnerships founded on relationships of trust and the technological capabilities we have cultivated over many years.
	Economic Contribution to Society through Stable Profit Generation	It is essential to secure stable earnings as a foundation for sustainable corporate growth as the business environment becomes increasingly uncertain due to intensifying global competition and rising raw material costs. We understand that securing stable earnings enables us to offer appropriate returns to shareholders, while also enabling us to provide fair compensation to employees, maintain stable business relationships with business partners, and make broad economic contributions to local communities where we operate globally.
E (Environment)	Addressing Climate Change	As natural disasters increase due to climate change, the risks of supply chain and social disruptions are rising, and efforts to reduce greenhouse gas emissions across the entire value chain have become a pressing need. Our customers are also demanding concrete measures, including production powered by 100% renewable energy, and addressing climate change has become an important initiative for business continuity as well.
	Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society	As a manufacturer, the use of chemical substances and water resources in our factories, along with the generation of waste, places a greater burden on the environment, can potentially affect local ecosystems, and carries legal and social risks. As regulations and requirements for the use of recycled materials are rising, particularly in Europe, transitioning to a circular economy is crucial for our future business continuity. We recognize this as an important issue for contributing to the conservation of the global ecosystem as well.
S (Social)	Promoting Corporate Philosophy and Developing Human Resources	Promoting our philosophy is the foundation for employees from diverse backgrounds to act as one based on shared values and is an essential element for our sustainable growth. We also position passing on our technologies and developing global human resources as important investments in the human capital that supports our competitiveness, and we understand that they have a significant impact on achieving mid- to long-term corporate growth and sustainable management.
	Improving Employee Well-Being	As working styles diversify and the working population declines, social interest is growing in improving employee well-being (mental and physical health and sense of fulfillment) as an essential element for improving productivity, reducing turnover rates, retaining talent, generating innovation, and ensuring sustainable corporate growth. We aim to improve employee well-being by increasing employee engagement through efforts such as workstyle reform, DE & I, safety and health, and other initiatives, along with motivating employees to take the initiative and providing them with opportunities for personal development.
	Promoting Sustainability in the Value Chain	The importance of managing risks across the entire value chain, including consideration for human rights and the environment, has further increased against the backdrop of tighter international regulations in recent years, including European supply chain due diligence legislation. Manufacturers such as us, with extensive global supply chains, are particularly expected to act responsibly at every process, from upstream to downstream. In addition, requests and survey inquiries from our business partners have been increasing and growing more sophisticated. This has made it essential for us to develop an internal system for responding to them appropriately and promptly as a company.
	Ensuring the Safety, Quality, and Stable Supply of Products	Ensuring the safety and quality of our automotive products is a top priority, because these products are directly linked to human lives. Supply chain disruptions due to unforeseen circumstances, such as geopolitical risks, natural disasters, and rising raw material costs, directly affect our customers' production lines, making it imperative to build a resilient system that can maintain a stable supply.
G (Governance)	Strengthening Governance to Maintain and Enhance Stakeholder Trust	In recent years, enhancing corporate governance has become an important issue in corporate management as demands for stronger governance from investors and society continue to grow. If an inappropriate governance issue arises, it not only damages our reputation but can also have a wide-ranging impact on all stakeholders, including shareholders, customers, and suppliers. By strengthening our governance framework, we strive to ensure compliance with laws and regulations and appropriate information disclosure. We consider maintaining and enhancing stakeholders' trust through these efforts to be an important initiative that contributes to increasing corporate value.

Our Approach to Materiality (Priority Issues)

B+ESG	Material issues	Subordinate issues	Target (KPI)		Achievements until FY2025	Refer to
B (Business)	Providing Comfortable Spaces, Amusement, and Joy through Sound and Vibrations	—	Strengthen initiatives for new products and technologies that relate to "comfortable spaces, amusement, and joy through sound and vibrations"	Strengthen the development of speakers and vibration products for creating in-vehicle sound environments for next-generation mobility, along with demo cars technology proposal activities Strengthen development and proposal activities of new consumer products and technologies Strengthen development and proposal activities of actuators	• Develop small subwoofers and install them in demo cars • Launched joint development of CFRTP*1 materials with partners • Continued exploring the development of personal audio zones • Continue exploring roof speakers for surround sound • Developed seat vibration actuators • Make technical proposals to target customers using demo cars • Proposed technologies to key customers • Developed gaming headsets and expand them under the Fostex brand • Proposed SVA*2 actuators • Developed voice coil actuators for automotive seats	pp. 17-21
	Building a Safe and Secure Society	—	Enhance initiatives for new products and technologies that help to build a safe and secure society	Strengthen compliance with laws and regulations and core technologies for mobility-related products that contribute to safety and security Develop consumer products related to safety and security	• Clarified warranty standards and standardized designs for regulatory and safety products, and launched their implementation • Developed and adopted core technologies for exterior acoustic products, including AVAS (Acoustic Vehicle Alerting System) and AVAS products with horns • Developed voice coil actuators for automotive seats and proposed their application to ADAS (Advanced Driver Assistance Systems) • Develop biometric sensing headset for the monitoring services market • Developed stabilometer program for medical and research applications and showcased at academic conferences	pp. 17-22
	Co-Creating New Value through Partnerships with Customers	—	Promote the development of new products and technologies that respond to target customer needs	Jointly develop technologies related to speaker products with target customers in the mobility market Develop high-performance proximity notification and warning products for target customers Develop and propose unique vibration expressions using actuators	Mass production of door vibration suppression speaker technology • Filed patents for proprietary technology • Achieved mass production of jointly developed products with customers Developed vibration-free speaker products for clusters (automotive instrument panels) • Achieved mass production for target customers Developed optimal vibration for game controllers • Achieved the optimal vibration design for products for target customers	pp. 17-22
	Economic Contribution to Society through Stable Profit Generation	—	Achieve FY2025 sales/operating profit (profit margin) Promote cost structure reform under the new mid-term business plan	Sales: 135.0 billion yen, Operating profit: 6.5 billion yen (Operating profit margin: 4.8%)	Sales: 134.9 billion yen, Operating profit: 7.6 billion yen (Operating profit margin: 5.7%)	pp. 17-22
E (Environment)	Addressing Climate Change	Enhancing Resilience to Climate Change	Establish BCP measures for scenarios assuming the loss of functionality at sites Conduct initial response BCP training for site disasters		• Completed the BCP process for early warning management based on flood scenarios in the areas around the Thailand factory • Developed press release template • Conducted joint BCP training between the Thailand factory and headquarters (January 2026)	p. 57
		Reducing Greenhouse Gas (GHG) Emissions	Absolute Scope 1, 2 emissions Absolute Scope 3 emissions	FY2030 Target: Reduce by 50% from a FY2018 base-year FY2030 Target: Reduce by 15% from a FY2018 base-year	39% reduction from a FY2018 base-year 29% reduction from a FY2018 base-year	p. 32
		Improving Energy Efficiency and Promoting the Use of Renewable Energy	Renewable energy ratio	FY2025: 10% or higher	14.9%	p. 34
	Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society	Realizing a Circular Economy	Ratio of environmentally friendly automotive audio speakers* (of sales)	FY2025: 22%	25.4%	p. 36
		Complying with Global Environmental Regulations and Reducing Environmental Impact	Response to the demand for reduced use of plastic Adoption rate of non-plastic materials in packaging for new mobile audio products Adoption rate of solvent-free adhesives for vibration actuator products	• FY2025: 20% • FY2026: 30% • FY2027: 40% 100%	57% 100%	
		Protecting and Restoring Natural Ecosystems	Analysis following the TNFD framework	—	—	p. 33
S (Social)	Promoting Corporate Philosophy and Developing Human Resources	—	Implementation rate of corporate philosophy training for new employees (headquarters) Annual training hours per employee (headquarters) Average score for effectiveness and satisfaction of company-wide training (headquarters) Training cost per employee (headquarters)	100% 35.0 hours or longer 85 or higher 70,000 yen	81.0% 28.5 hours 86.2 47,169 yen	pp. 42-43

B+ESG	Material issues	Subordinate issues	Target (KPI)		Achievements until FY2025	Refer to
S (Social)	Improving Employee Well-Being	Improving Employee Engagement	Percentage of employees who gave positive answers in the engagement survey (headquarters)	76.0% or higher	78.40%	pp. 42-47
		Promoting Occupational Health and Safety	Number of high-consequence work-related injuries*4	0	0	
		Creating Fulfilling, Comfortable Workplaces	Total working hours per employee (headquarters) Rate of participation in specific health guidance/post-health checkup interviews (headquarters) Rate of periodic health examinations taken (headquarters) Ratio of care-related resignations (headquarters)	Monthly average of 158 hours or less 80% Maintain 100% Maintain 0%	160.1 hours 82.8% 100% 0%	
		Promoting Diversity, Equity, and Inclusion (DE & I)	Conduct a DE & I survey to measure how diversity is embraced and utilized as part of the organizational culture Employment rate of persons with disabilities (headquarters) Rate of male employees taking paternity leave (headquarters) The male parental leave uptake rate (headquarters)	 More than 2.5% of the legal employment rate 100% 70%	Conducted 3.0% 100% 42.9%	pp. 44-45
		Raising Awareness of Human Rights and Preventing Violations	DE & I training, human rights training, and harassment training participation rates (headquarters)	100%	Harassment prevention training: 98.8% Human rights awareness and diversity training: 97.3% Held diversity lecture	pp. 30 and 44-45
	Promoting Sustainability in the Value Chain	—	CSR self-assessment response rate from suppliers • SAQ implementation rate for key suppliers*5 • CSR compliance rate for key suppliers*6 • CSR self-assessment implementation rate for newly registered suppliers Response rate from suppliers in the responsible minerals survey • Existing suppliers	 100% 100% 100% 99% or higher	 100% 100% 100% 99%	pp. 37-38
	Ensuring the Safety, Quality, and Stable Supply of Products	Product Safety	Occurrence of major complaints (prevented through proactive measures from order to mass production)*7	0	0	pp. 39-40
		Securing Product and Service Quality	Customer satisfaction “A rank” rate*8	95% or higher	97%	
		Stable Product Supply	Achieve target inventory turnover rates for speakers • Headquarters • Sites in the USA • Sites in Europe	 4.0 turns/year 4.8 turns/year 3.6 turns/year	 4.7 turns/year (target achieved) 7.0 turns/year (target achieved) 3.6 turns/year (target achieved)	p. 40
G (Governance)	Strengthening Governance to Maintain and Enhance Stakeholder Trust	Reinforcement of Compliance	Response rate of the compliance test and the compliance survey Awareness rate of the internal whistleblowing system Conduct compliance training and achieve the target employee satisfaction rate	Maintain 100% 100% Ensuring an average score of 4 or higher on a 5-point scale	100% 100% Average score of 4 or higher	pp. 55-56
		Enhancing Risk Management Systems	Improve the system and operation of risk and crisis management based on risk assessment. Completion rate of measures for key items*9 within the fiscal year, which are identified through the monitoring of the items	 100%	Improved risk and crisis management systems and operations by sharing top risks and risk topics and thereby examining predictable risks and identifying responsible departments and the status of implemented countermeasures. 100%	p. 56
		Strengthening IT Governance	Major incidents related to information security	0	0	p. 58
		Managing and Leveraging Intellectual Property	Enhancing the intellectual property management cycle	—	• Transitioned to a business unit-based structure • Expanded target participants for training • Held regular business division meetings: 24 sessions	pp. 24-25

*1 CFRTP: Carbon Fiber Reinforced Thermo Plastics
*2 SVA (Smart Vibration Actuator): Actuator with a feedback control system
*3 Environmentally friendly speaker: A speaker with any environmentally friendly element, such as reduced applications of VOC or solder, and application of dry process
*4 High-consequence work-related injuries: Injuries resulting in death or conditions where workers cannot fully recover to their pre-injury health within six months or are not expected to recover.
*5 Key suppliers: Approx. 50 corporate suppliers that account for 80% of our total procurement value
*6 Rate of conformity to our CSR standards: Suppliers who have achieved CSR self-assessment scores of 60% or higher are deemed conformant to our CSR standards (those with 59% or lower are deemed non-conforming).
*7 Failures which give serious consequences to human life, properties, the environment, etc.
*8 “A rank” rate: Status where customer satisfaction ratings show no issues or improvement requests, fully meeting requirements.
*9 1. Development of a global logistics system 2. Continuation of the examination and global expansion of the BCP structure 3. Management of suppliers’ business continuity 4. Enhancement of the global information security management system 5. Other risks predicted based on events which occur during the fiscal year

The Mid-term Business Plan and a Review of Its 1st Year

Mid-term Business Plan

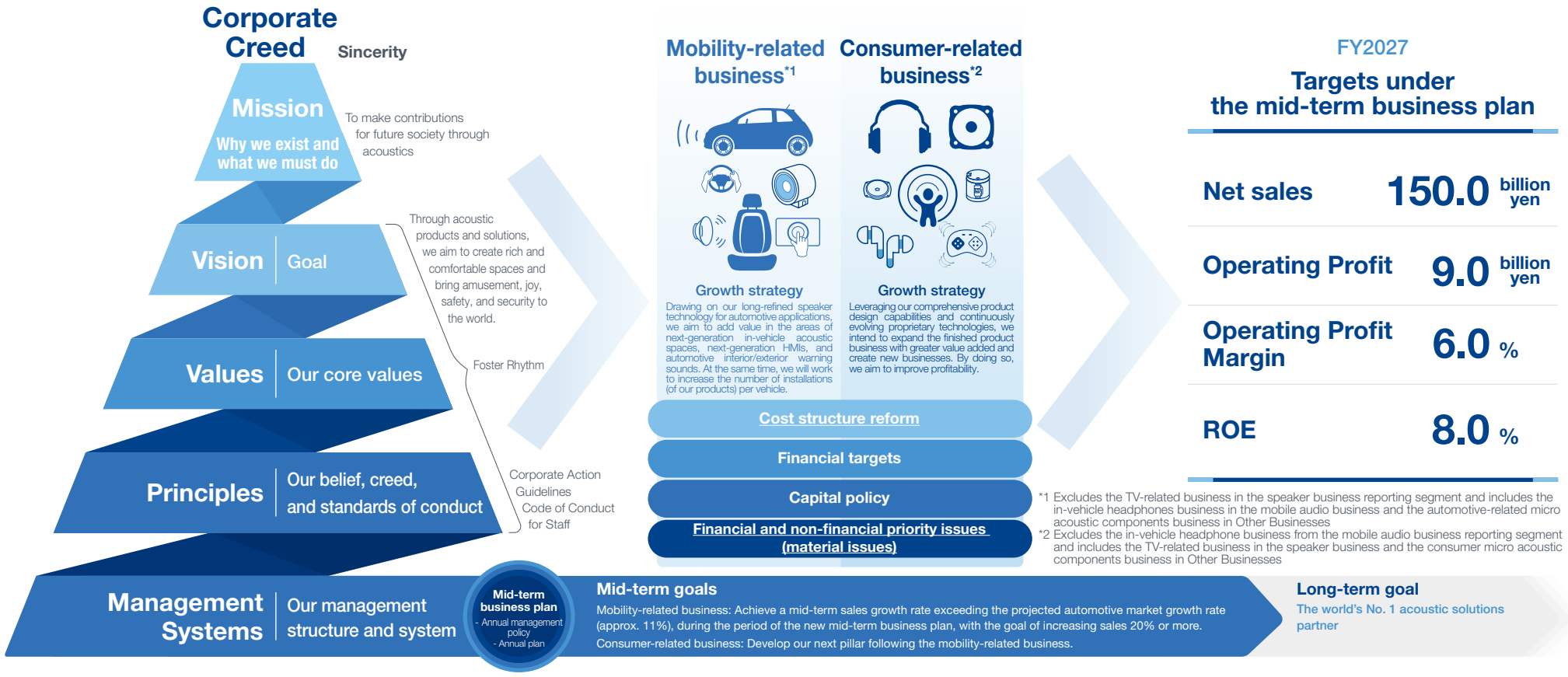
In November 2024, we released our mid-term business plan covering the 3-year period from FY2025 to FY2027, and began initiatives under this plan in FY2025.

In this mid-term business plan, we position mobility-related and consumer-related businesses as key growth areas. In these areas, where market changes are expected to have a significant impact on society, we will create rich and comfortable spaces and bring amusement, joy, safety, and security to people all over the world. We will achieve this by further leveraging our core acoustic expertise and its application in vibration technologies. In particular, we aim to be an essential partner for our clients in the mobility-related business, thus building a solid operational foundation for Foster and the achievement of our mid-term financial targets.

During the period of this mid-term business plan, we will continue to enhance investments in growth areas while at the same time building an efficient and robust profit structure implementing labor-saving, automation, standardization and other initiatives while maintaining our sound financial standing. Our financial targets for FY2027 are net sales of ¥150.0 billion, operating profit of ¥9.0 billion, operating profit margin of 6.0% and ROE of 8.0%.

In the mobility-related business, we will leverage the car speaker technologies we have honed over many years to increase added value in areas such as Next-generation Acoustic Spaces for car cabins, Next-generation HMI, and Warning sounds for both inside / outside vehicles. We will advance initiatives to increase the number of products installed per vehicle. We thus aim to achieve a mid-term sales growth rate exceeding the projected automotive market growth rate (approx. 11%), during the period of the new mid-term business plan, with the goal of increasing sales 20% or more.

Under the strategy of “leveraging our comprehensive product design capabilities and continuously evolving proprietary technologies, we intend to expand the finished product business with greater value added and create new businesses. By doing so, we aim to improve profitability,” we aim to develop the consumer-related business as our next pillar following the mobility-related business.



*1 Excludes the TV-related business in the speaker business reporting segment and includes the in-vehicle headphones business in the mobile audio business and the automotive-related micro acoustic components business in Other Businesses

*2 Excludes the in-vehicle headphone business from the mobile audio business reporting segment and includes the TV-related business in the speaker business and the consumer micro acoustic components business in Other Businesses

Key Strategies for the Period up to FY2027

Under the mid-term business plan, we will implement the following strategies in the mobility-related business and consumer-related business.

◉ Mobility-related Business

We will strengthen sales activities focused on value-added proposals for creating in-vehicle sound environments for target customers, expand installations (of our products) and improve profitability by focusing on sales of branded (automotive speakers for Tier 1 suppliers with audio brands) and premium-level products, offer comprehensive solutions encompassing automotive speakers, external speakers, and HMI actuators to OEMs and Tier 1 suppliers, develop a new customer base in response to market changes stemming from the transition to EVs, and employ other strategies.

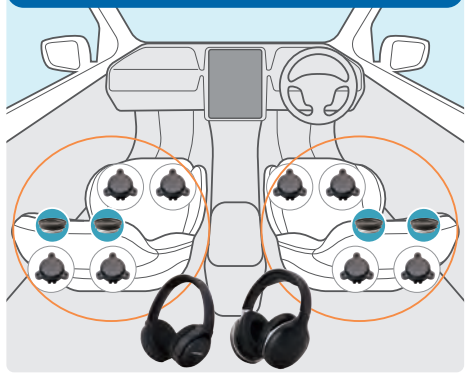
Further, as a pillar of our growth strategies, we will enhance our lineup of products including automotive speakers, actuators, proximity notification and warning speakers, high-quality cockpit speakers, acceleration sensors, microphone modules, and ADP products.

4D surround sound system



For branded and premium products, there are cases where more than 30 of our products are installed in a vehicle.

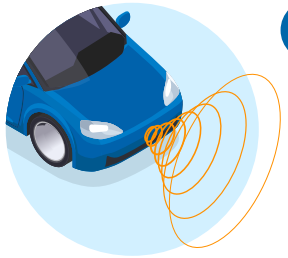
Personal entertainment



We are also developing products for seat massage features.

Automotive speakers, actuators

Products from Foster Electric that create rich and comfortable spaces and bring amusement, joy, safety, and security to next-generation mobility



Proximity notification and warning products

Speakers designed to notify pedestrians of approaching vehicles and/or support emergency notification systems in the event of accidents



▼ Product Examples
- AVAS speakers
- AVAS/Horn-equipped AVAS system
- Speakers for eCalls

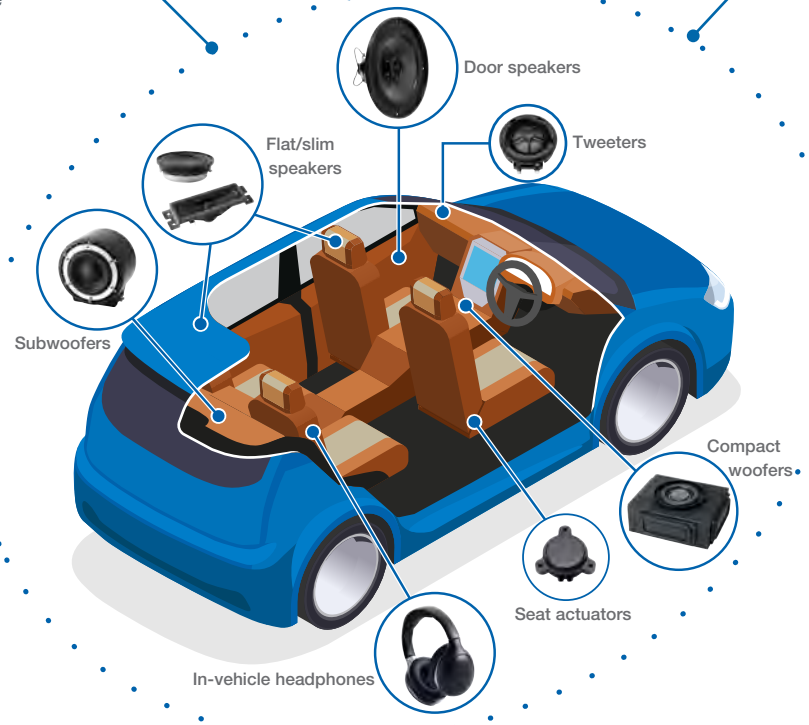


Cockpit and peripherals products

Products for utility sound to accurately convey various types of information to the driver



▼ Product Examples
- Speakers (for voice guidance and warning/notification sounds)
- Sounders (for warning/notification sounds and turn signal indicators)
- Buzzers (for warning/notification sounds)



Actuators

Compact and thin vibration devices designed to provide tactile feedback



▼ Usage Examples
- Touch-panel central displays
- Center consoles
- Steering wheels
- Seats

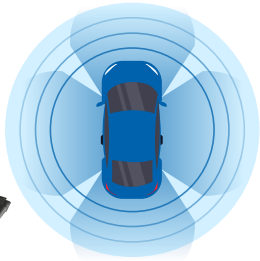


Circuit-integrated products

Modules for systems that cancel road noise during driving



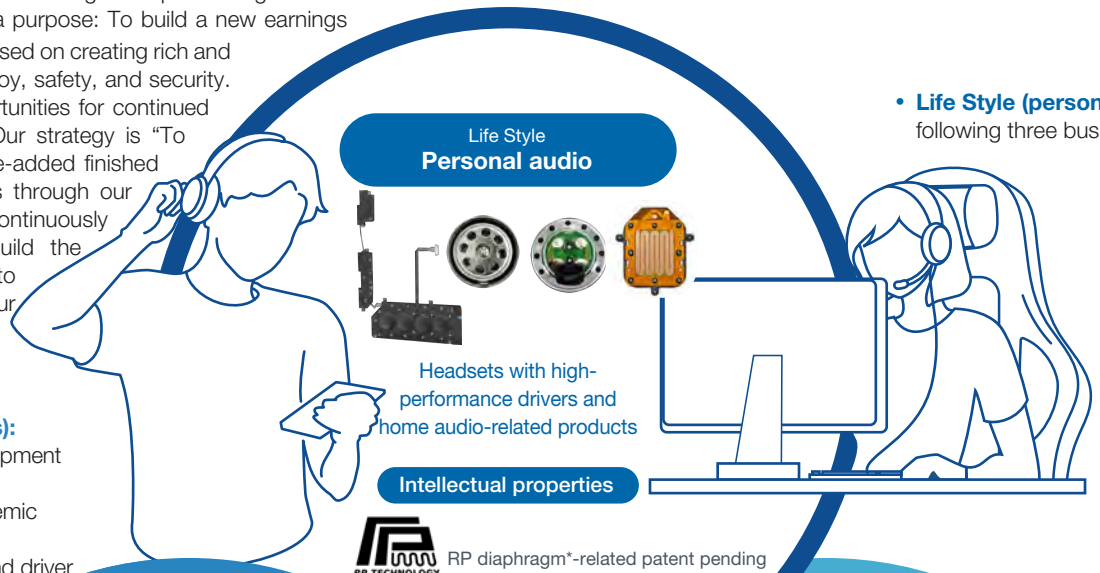
▼ Product Examples
- Acceleration sensor modules
- Microphone modules
- Circuit board modules for ADP products



* Products of South Korean subsidiary ESTec

Consumer-related Business

We position the consumer-related business as a new growth pillar alongside our existing mobility-related business. We have set a purpose: To build a new earnings pillar alongside the mobility-related business, focused on creating rich and comfortable spaces and delivering amusement, joy, safety, and security. Through this business, we will pursue the opportunities for continued growth beyond the mobility-related business. Our strategy is “To improve profitability by expanding the high value-added finished product business and creating new businesses through our comprehensive product design capabilities and continuously evolving proprietary technologies.” We will build the following three pillars in our Beyond2025 project to establish a new long-term revenue base under our strategy.



Life Style
Personal audio

Headsets with high-performance drivers and home audio-related products

Intellectual properties

RP diaphragm*-related patent pending

* Planar diaphragm driver (RP: regular phase)

- **Life Style (personal audio):** We aim to expand the following three businesses aligned with lifestyles.
  (1) Fully enter the OEM business for finished wireless headset products, including drivers utilizing planar diaphragm technology (RP technology), to expand sales
  (2) Steadily acquire orders in the home audio field (products of South Korean subsidiary ESTec, speakers for flat screen premium TVs and composite circuit products such as soundbars)
  (3) Expand business in the professional audio field (FOSTEX products) (premium headphones and monitor speakers)

- **Life Solution (biometric sensing headsets):** We will commercialize and advance the development of the biometric sensing headset Robin, which has begun to be used on a trial basis by academic institutions and corporations, for healthcare, rehabilitation, nursing care, lifestyle support, and driver assistance sensing applications.

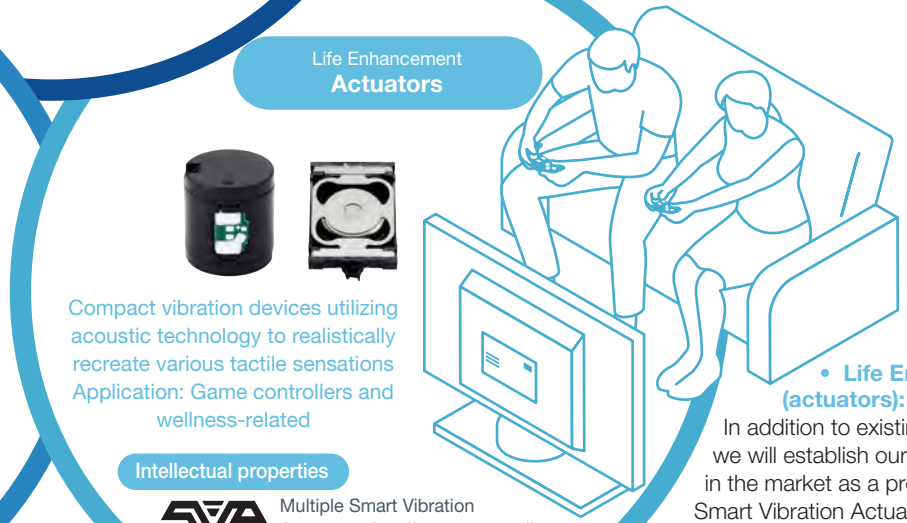


Life Solution
Biometric sensing headsets

Monitoring devices equipped with various sensors
Application: Healthcare, nursing care and lifestyle and driving support

Intellectual properties

Multiple related patents pending



Life Enhancement
Actuators

Compact vibration devices utilizing acoustic technology to realistically recreate various tactile sensations
Application: Game controllers and wellness-related

Intellectual properties

Multiple Smart Vibration Actuator-related* patents pending

* Actuator with a feedback control system

- **Life Enhancement (actuators):** In addition to existing actuators, we will establish our position in the market as a provider of Smart Vibration Actuators, which offer broader bandwidth vibration and higher output, to deliver a greater sense of immersion, aiming to contribute to the enhancement of people’s lives.

Cost Structure Reform

We will take the following specific measures to streamline and reduce costs.

(1) Optimization of Strategic Material Procurement Structure

We will enhance collaboration with partner companies and maximize the effects of cost reductions through value analysis (VA). For key components, we will promote joint production to strengthen cooperation with partner companies.

As one example of these efforts, we established a joint venture in Vietnam to manufacture ferrite magnets for speakers and other applications through a joint investment with Hengdian Group DMEGC Magnetics Co., Ltd., our ferrite magnet supplier in China. The joint venture began production in January 2025.

(2) Local Production for Local Consumption

We will promote the in-house production of mainstay components in Vietnam, as well as in Europe and the US, following production in China. We will also reduce inventory to optimize logistics routes.

(3) Review of Head Office Functions

We will improve organizational efficiency through the establishment of a standard workforce management system.

(4) Enhancement and Reinforcement of Technical and Development Capabilities

We will achieve efficient design and development activities by enhancing global technical responsiveness.

(5) Streamlining of Operations through IT and DX

We will reduce manufacturing and administrative costs by introducing smart factories utilizing IT and DX at our production sites, strategically applying AI and generative AI and rebuilding various operating systems.

(6) Automation and Mechanization

We will promote the standardization of components and processes and develop next-generation speaker manufacturing equipment to achieve further efficiency.

Cost Structure Reform Initiatives

(1) Optimization of Strategic Material Procurement Structure



- Capture value analysis (VA) benefits through collaboration with partner companies
- Further strengthen cooperation with partner companies
- Promote collaborative production of key components

(2) Local Production for Local Consumption



- Expanding in-house production of mainstay components from China to Vietnam, Europe, and the US



Logistics reform
Through local manufacturing in North America and Europe,

- Reduce inventory
- Optimize logistics routes

(3) Review of Head Office Functions



- Improve organizational efficiency through the establishment of a standard workforce management system

(4) Enhancement and Reinforcement of Technical and Development Capabilities



Enhance global technical responsiveness

- Achieve efficient design and development

(5) Streamlining of Operations through IT and DX



Reduce manufacturing expenses and management costs

- Utilize IT/DX at manufacturing sites: Smart factories
- Strategically utilize AI and generative AI
- Rebuild various operating systems

(6) Automation and Mechanization



Curtail manufacturing expenses

- Improve productivity by further promoting automation and labor-saving measures
- Standardize components and processes
- Develop next-generation speaker manufacturing equipment

Overview of FY2025 Performance and Review of Its 1st Year

For FY2025 (ended March 31, 2026), net sales were ¥134.9 billion and operating profit was ¥7.6 billion. In the main mobility-related business, we focused on increasing automotive business orders by leveraging our strengths: long established product quality and our stable global supply system.

(Unit: Million yen)

	FY2024	FY2025	Change	Change (%)
Net sales	137,607	134,910	(2,696)	(2.0%)
Operating profit	6,796	7,670	874	12.9%
Ratio of operating profit to net sales	4.9%	5.7%	–	–
Ordinary profit	7,726	8,002	275	3.6%
Ratio of ordinary profit to net sales	5.6%	5.9%	–	–
Profit (loss)*1	3,902	4,951	1,048	26.9%
Net profit margin or net loss margin*2	2.8%	3.7%	–	–
Profit per share	174.98 yen	221.04 yen	46.06 yen	26.3%
Dividend per share	60.00 yen	80.00 yen	20.0 yen	33.3%
Dividend payout ratio	34.3%	36.2%	–	–
ROE	6.6%	7.7%	–	–

*1 Profit/loss attributable to owners of parent
*2 Ratio of profit/loss attributable to owners of parent to net sales

(Unit: Million yen)

		FY2024	Component ratio	FY2025	Component ratio	Change (%)
All Businesses	Net sales	137,607	–	134,910	–	(2.0%)
	Operating profit	6,796	–	7,670	–	12.9%
	Operating profit margin	4.9%	–	5.7%	–	–
Speaker Business	Net sales	114,521	83.2%	111,869	82.9%	(2.3%)
	Operating profit	6,362	–	6,522	–	2.5%
	Operating profit margin	5.6%	–	5.8%	–	–
Mobile Audio Business	Net sales	12,893	9.4%	12,469	9.2%	(3.3%)
	Operating profit	641	–	672	–	4.9%
	Operating profit margin	5.0%	–	5.4%	–	–
Other Businesses*3	Net sales	10,192	7.4%	10,572	7.9%	3.7%
	Operating profit	(207)	–	475	–	–
	Operating profit margin	(2.0%)	–	4.5%	–	–

*3 Values for Other Businesses were calculated based on values after the elimination of inter-segment transactions.
Amount eliminated in FY2024: (Other Businesses) ¥3,839 million, FY2025: (Other Businesses) ¥3,629 million

Results by Business

Speaker Business

By focusing on branded and premium-level products, we advanced our sales strategy to build new customer bases, but sales of speakers for some automotive manufacturers in China declined as expected, leading to net sales of ¥111,869 million (down 2.3% year on year). Meanwhile, on the profit front, despite the impact of U.S. tariff policies, sales of speakers with high profit margins increased as we advanced the above sales strategy, while the negative impact on profits from the decline in sales of speakers for some automotive manufacturers in China was smaller than initially expected. As a result, operating profit was ¥6,522 million (up 2.5% year on year).

Mobile Audio Business

Shipments of actuators for consumer use, earphones, and earphone drivers for key customers exceeded the plan, but sales of automotive in-vehicle headphones and to other customers remained sluggish, resulting in net sales of ¥12,469 million (down 3.3% year-on-year). Meanwhile, on the profit front, sales of products with high profit margins remained strong, leading to operating profit of ¥672 million (up 4.9% year on year).

Other Businesses

Net sales of Other Businesses, including the micro acoustic components business and FOSTEX brand products, reached ¥10,572 million (up 3.7% year-on-year), fueled in part by the robust sales of speakers for Acoustic Vehicle Alerting System (AVAS) and for warning sounds. On the profit front, our profit structure was strengthened due to the effects of structural reforms we have been implementing, leading to operating profit of ¥475 million (compared to an operating loss of ¥207 million in the previous fiscal year).

CFO Message



Akihito Mochizuki

CFO, Executive Vice President
General Manager,
Global Corporate Support Division

Aiming to enhance our corporate value by integrating financial and non-financial value

A unique feature of Foster Electric's board composition is that the CFO also serves as the sustainability officer. This reflects our basic stance of assessing and utilizing non-financial capital appropriately while maintaining financial discipline with the goal of sustainably enhancing corporate value. In this dual role, I understand that it is an important duty to incorporate non-financial issues into our growth strategy as group-wide measures while also focusing on financial perspectives such as profitability and efficiency. It is also essential to connect the two organically. By effectively allocating limited management resources based on financial rationality, I am committed to maximizing corporate value from both financial and non-financial perspectives.

Financial growth and enhancement of shareholder returns

For FY2025 (ended March 31, 2026), net sales reached ¥134.9 billion, operating profit rose to ¥7.6 billion, and net profit reached ¥4.9 billion. Despite a challenging business environment in the automotive sector – largely driven by the U.S. tariff policy review – we secured operating profit increases for four consecutive fiscal years.

Our basic policy is to maintain a balanced financial position while meeting investors' expectations for growth rate and capital efficiency. Our ROE has steadily improved from the mid-6% range last year to 7.7%, and we expect it to continue improving moving forward.

Since Foster Electric was forced to record the largest deficit in its history due to the COVID-19 pandemic, the Company has taken an upward turn and is firmly on a growth track. FY2025 was the first year of our newly launched mid-term business plan, positioning us for a strong start. Regarding shareholder returns, the annual dividend was increased by ¥20 per share to ¥80 following our policy of a dividend payout ratio of 40% and DOE of 2% in the mid-term business plan.

In the current mid-term business plan, we laid out how we will achieve sustainable growth based on our growth strategy, allocate the revenue gained from our operations to growth investments, and strengthen shareholder returns to manage Foster Electric with a focus on the cost of capital and the share price. With these measures, we achieved our target of a PBR of 1.0x.

Capital allocation with a focus on efficiency

Under the current mid-term business plan, we formulated a three-year cash allocation plan for the plan period based on a robust financial foundation. We will focus on using cash generated from profits earned over three years for capital expenditures aligned with our growth strategy and cost structure reform, aiming to ensure the achievement of the financial goals outlined in our mid-term business plan. Specific investment plans for these capital expenditures have largely been finalized. We plan to further strengthen shareholder returns, and for FY2026, our policy is to target whichever is higher between a dividend payout ratio of 50% or a DOE of 4%. We will also consider our cash position and other factors when pursuing M&A and capital alliances, ensuring we capture timely opportunities.

We have achieved a PBR of 1.0x, but this is merely a milestone, not our final destination. Moving forward, to achieve the targets set forth in our mid-term business plan as soon as possible, we will increase our earning power through optimized capital allocation and aim for further enhancement of shareholder value.

Shareholder return policy

	FY2024 (Result)	FY2025 (Result)	FY2026 (Plan)
Shareholder return policy	Dividend payout ratio: 30%	Dividend payout ratio: 40%, DOE: 2% (Lower limit)	Dividend payout ratio: 50% or DOE: 4%, whichever is higher
Dividend payout ratio	34.3%	36.2%	51.7%
PBR	0.5x	1.0x	–

Strategic response to non-financial issues

In promoting the growth strategy of our current mid-term business plan, we have positioned the integrated management of financial and non-financial value at the core of management. We have positioned non-financial initiatives, including responses to ESG issues, as measures to reduce future risks and strategic investments that lead to the creation of new business opportunities. By setting KPIs and continuously managing their progress and results, we will achieve sustainable enhancement of corporate value. Recent key initiatives are as follows.

In the disclosure of environmental information, we introduced an environmental data management system to improve the accuracy and efficiency of our disclosed data, with a view to ensuring complete consolidated disclosure and obtaining third-party assurance. This enhances the transparency and reliability of our disclosure system. We are expanding our sustainability information disclosure in line with global frameworks through our efforts to obtain SBT*1 certification, which we committed to in May 2026, as well as our response to TCFD*2 and future response to TNFD*3.

To address climate change, we reduced our FY2025 greenhouse gas emissions by 39% compared to FY2018 through investments in solar power generation equipment and promoting energy-saving measures. We are steadily working to achieve our target of a 50% reduction by 2030. We also achieved a renewable energy ratio of 14.9% against our FY2025 target of 10%. These measures also help reduce energy costs, and I believe we can expect financial benefits as well. Starting in July 2026, we will introduce a compensation system that links remuneration for directors to the achievement of greenhouse gas emissions reduction targets, making our management commitment even clearer.

On the human capital side, following our previous Kurumin Certification, we obtained the Platinum Kurumin Certification in March 2026. This certification recognizes our continuous initiatives, including encouraging male parental leave uptake, supporting a balance between work and childcare, facilitating career growth, and addressing long working hours. We see this as the foundation for creating an environment in which employees can comfortably demonstrate their abilities and help enhance our corporate value over the medium to long term. We are also enhancing our human rights initiatives across the entire supply chain. In FY2025, we promoted harassment prevention training, business and human rights training, and thorough awareness-raising at supplier briefings. This will help reduce risks across the supply chain and increase trust from our business partners and investors, which we believe will also contribute to the sustainable enhancement of our corporate value.

Enhancing sustainable corporate value

Through engagement with our shareholders, we have received opinions and expectations on financial and non-financial matters and are incorporating them into our future management and sustainability initiatives. While engaging in these ongoing dialogues and initiatives, we will continue to work to deepen trust with all of our stakeholders and pursue management that achieves both sustainability and business stability.

*1 SBT (Science Based Targets): Greenhouse gas (GHG) reduction targets set by companies that are aligned with the levels required under the Paris Agreement
*2 TCFD: Task Force on Climate-related Financial Disclosures,
"Natural Capital Initiatives: (1) TCFD-based Information Disclosure"
*3 TNFD: Task Force on Nature-related Financial Disclosures

Foster's Strengths

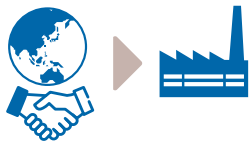
We have reaffirmed the strengths of Foster Electric, namely "Responsiveness," "Creativity" and "Connections," which we have cultivated over our 77-year history since our founding in 1949. We will use these strengths as the sources for the sustainable creation of value in the future.

We will leverage these strengths to be the world's No. 1 acoustic solutions partner, catering to a wide range of needs related to the auditory and tactile senses, not only in the mobility-related business that is the center of our business portfolio but also in promising industrial fields that will contribute to the future society, such as acoustic products, games, healthcare and nursing care.

(1) Responsiveness to Customer Requirements

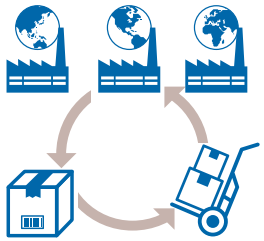
1. Ability to meet customers' needs

Built a global support system



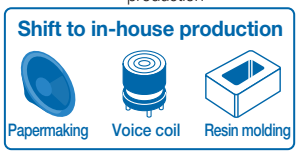
2. Quality control capability

High quality in accordance with automotive product quality standards



3. Manufacturing capability

Mass production and shift to in-house production



In the automotive business, we strictly maintain quality management standards compliant with International Automotive Task Force (IATF) requirements.

4. Technical capabilities

Development of a variety of products from our core technologies related to acoustics and vibration



Since our founding, we have built a global customer network and trust, while establishing systems for the mass production of high-quality products across Asia, the Americas, and Europe. By producing key parts in-house, we have enhanced the added value and reduced costs, while maintaining the quality control to conform faithfully to the quality standards of IATF in the automotive business. Utilizing the core technologies we possess, which are unique to us as a business operator specializing in acoustics, we have helped develop a range of products, from automotive audio speakers to audio accessories, actuators, and micro acoustic components.

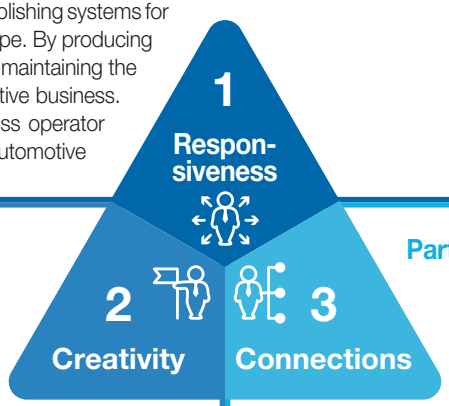
(2) Responsiveness to Change

We have encountered many difficulties in our long history, yet our employees value their sincere relationships with customers despite these circumstances and are capable of managing crises. They have become a great force for responding to change.

We have been steadily responding to the various changes in the business environment that we have been facing recently based on our stable financial foundation. We will continue to strengthen our foundation for mid- to long-term revenue and efficiently use capital in our efforts to develop and enhance our foundation for sustainable growth.

Responding to changes in customers' business environments and needs





Ability to Make Changes on Our Own and Ability to Create Things that Exceed Customers' Expectations

As professionals in acoustics, we have technologies in acoustical evaluation and reliability testing and the ability to design environmentally friendly speakers. We also have the technological capability to make changes ourselves and manufacture products which exceed customers' expectations. Further, we implement a program supporting employees taking on challenges (the Foster Incubation Program/FIP*), aiming to bring out employees' potential value as human capital, develop a climate for taking on challenges, and create an exciting society of the future.



* Please refer to "Human Capital Initiatives".

Partnerships with Customers Based on Cooperation and Trust

We have already dispatched our engineers to some customers, building strategic partnerships through collaboration in advanced development initiatives, among other efforts. We will continue to strengthen cooperation with customers and work to improve our value as a strategic partner globally based on trust. The Sales Division and Engineering Division at the headquarters and our overseas sales companies have highly experienced sales and engineering teams who deliver tailored solutions to customers who are global leaders in their industries. Further, on the procurement front, we have a supply chain network that enables us to procure the optimal components for our sites around the world. Thus, we have established a system that enables the timely procurement of components.



Highly experienced sales and engineering human resources who deliver tailored solutions to customers

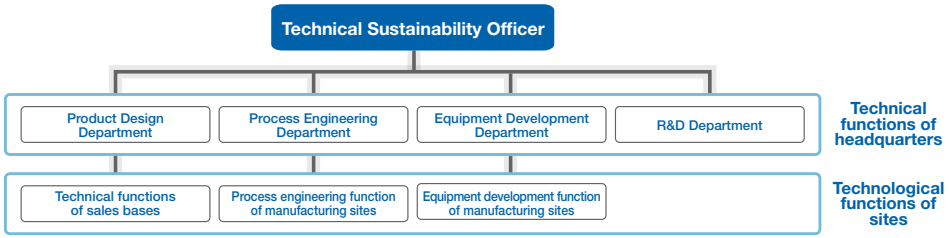
Sources of Strengths: Intellectual Capital

Developing Products Differentiated by Proprietary Technologies

We work every day to develop proprietary materials and audio features, always targeting the high-grade acoustics and high reliability that are required of speakers and headphones. Above all, automotive products must meet demanding environmental requirements, such as requirements regarding resistance to extreme temperatures, humidity, vibration and water. As these requirements are growing more rigorous every year, we continually work to innovate to meet them. We have been refining our proprietary equipment technologies with the goal of automating production and building optimal manufacturing systems that achieve both high quality and productivity. The sources of our competitiveness lie in the proprietary technologies we have accumulated and these proactive efforts to create the products that customers demand.

Technical Organizational Structure

Our headquarters oversees all of the technologies of the Group, and we have departments responsible for the design of products for each segment, a development department engaged in new material development and acoustic research, a process engineering department that designs manufacturing processes, and an equipment development department that develops innovative assembly automation and other equipment. Approximately half of the employees working at the headquarters are responsible for these technologies. Under these headquarters departments, the technical roles of our overseas sites are positioned to serve as technical liaisons for customers and provide technical support to our manufacturing sites. We have also pursued a strategy of filing patents for the inventions we have created through the above activities, so that we have a more advantageous position in our competition with other companies.



Passing Down Technologies

As an initiative to ensure that the valuable technologies we have accumulated are passed down to new generations of employees, we hold the Technology Convention and the QC Circle Convention every year as group-wide events. At the Technology Convention, technology-related departments report selected contents of their development of technology from among the matters considered that year, and the reported content is compiled in the Technology Yearbook. At the QC Circle Convention, case studies on solutions to issues at overseas manufacturing sites are presented, and technologies are shared across sites and passed on to other employees.

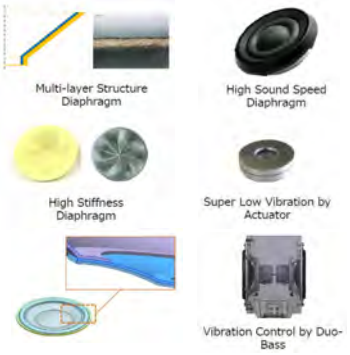
Additionally, we are proactively providing secondment training at the headquarters to develop overseas engineering staff and globally improve our comprehensive technological capabilities.



For the ongoing development of engineers at our headquarters, we offer the "A La Carte Training" program, featuring 45 technical courses. A cumulative total of more than 5,600 employees have participated in the program since 2011. We are striving to improve the capabilities of our engineers, including our new employees.

Important Technologies and Products for which They Are Applied

We have established a proprietary core technology that vertically integrates the in-house design and development, evaluation and manufacturing of key vibration components, such as the diaphragm, damper and voice coils, which form the basis of a speaker's acoustic performance. In recent years, due to the shift to EVs, demand has increased for external audio vehicle speakers, such as those used in Acoustic Vehicle Alerting Systems (AVASs) and horn-equipped AVASs, which are required to be highly reliable and have distinctive acoustic performance. These features have been realized through our proprietary design technologies that we have cultivated. In addition, we have established and are continuing to hone our own patented technologies for actuators that are excellent at providing tactile sensations. They are high output and offer broader bandwidth vibration.



Core technology affecting the speaker's acoustic performance

With the foundation of these core technologies, we have the following wide array of products.

Mobility-related Products

We have accumulated technologies for custom-designing automotive audio devices to meet our customers' needs. These devices include automotive audio speakers, automotive actuators (audio exciters, vibration actuators for seats, and haptics), proximity notification and warning speakers (AVAS, horn-equipped AVAS, and speakers for eCalls) and high-quality speakers for cockpits. Among our lineup of highly reliable products with superior heat resistance, vibration control performance, water-tightness, and chemical resistance, we have a track record of supplying automotive audio speakers, which we began to manufacture in 1982, to more than 50 companies as of the end of FY2024.

Consumer-related Products

We offer products in a wide range of markets with a special emphasis on rich and comfortable spaces, and bringing amusement, joy, safety, and security. These products include products in the field of personal audio, such as headsets with high-performance drivers, home audio-related products, and pro audio products, biometric sensing headsets for healthcare, rehabilitation, nursing care, lifestyle support, and driver assistance sensing applications, compact vibration devices utilizing acoustic technology to realistically recreate various tactile sensations, and smart vibration actuators (SVAs), our own patented technology that offers broader bandwidth vibration and higher output and deliver a greater sense of immersion.



The Mid-term Business Plan and a Review of Its 1st Year

Enhancing the Intellectual Property Management Cycle through Organizational Restructuring

To further solidify the coordination between management, business, and intellectual property strategies, we reorganized the Intellectual Property Section into the strategic Intellectual Property Department in FY2025, strengthening the organization. Through this reorganization, we are advancing intellectual property activities that align with our business growth strategy and leveraging generated intellectual property to achieve solid competitive advantage.

Building a Patent Portfolio to Support Our Evolution into a Strategic Partner

In the mobility-related business, which will drive our future revenue growth, we focused on strengthening our patent portfolio over the past five years (FY2021 to FY2025). As a result of strategically raising the ratio of patent applications in this field to an overall average of approximately 65%, we significantly increased the new patent registration rate from about 27% in FY2021 to about 60% in FY2025. We are steadily building a robust patent network to support our competitive advantage.

Improving Internal Literacy to Produce Intellectual and Intangible Assets

We are working to improve internal intellectual property literacy to protect and advance our core technologies, one of our strengths. In addition to supporting employees in obtaining certification through the Intellectual Property Management Skills Test, we are working to expand our practical training on patent searches and the preparation of invention proposals for young engineers and foster a corporate culture that continuously generates and utilizes intellectual property at the on-site level.

Strengthening Governance to Maintain and Enhance Stakeholder Trust

FY2025 Target	FY2025 Result
Enhancing the intellectual property management cycle	•Transitioned to a business unit-based structure •Expanded target participants for training •Held regular business division meetings: 24 sessions

Sources of Strengths: Manufactured Capital

Since establishing operations in Hong Kong in 1965, Foster Electric has been steadily accumulating unique manufactured capital, including global manufacturing sites, the human resources working at them, and manufacturing equipment and expertise. We are also working to further transform our manufacturing capital to respond promptly and sustainably to the intense changes in the business environment.

Global Manufacturing Sites

With 17 manufacturing sites across eight countries (Vietnam, China, South Korea, United States, Hungary, Myanmar, Thailand, and India), we have established an integrated manufacturing system covering everything from components to finished products. We have formulated a manufacturing site strategy based on business continuity planning to respond to changes in the business environment such as geopolitical risks and customer needs. We are transforming our global manufacturing and supply structure, aiming to ensure that manufacturing allocation is always optimized. As planned, we are also strengthening the competitiveness of the parts manufactured in-house and capturing the added value that has been lost to outsourcing in our efforts to build a sustainable profit-making structure.

We have established a system that enables in-house manufactured parts, which were predominantly produced in China, to also be produced in Vietnam. Following the commencement of production at the bases in the United States in 2020, we began to manufacture automotive audio speakers at a manufacturing base in Hungary, which we established in 2022, in October 2024. We have also begun in-house production of resin parts at our bases in Europe and the U.S. We also established a subsidiary in India as a new manufacturing base, with a factory currently under construction. Through these changes in manufacturing allocation, we will reduce transportation costs, GHG emissions, Scope 3 emissions, and lead time while achieving other goals at the same time.

The In-house Production of Manufacturing Equipment, Molds, and Jigs

At all of our manufacturing sites, the manufacturing equipment used for products and the parts produced in-house were developed and designed within the individual sites. These pieces of equipment incorporate the experience, knowledge, and expertise that is unique to us, and they contribute greatly to the improvement of quality and productivity. Novel products and equipment that require new technologies are jointly developed by the headquarters and manufacturing sites to promote standardization. At all of our bases, we are also capable of designing and producing jigs that are essential in multiproduct manufacturing, and at our bases in China and Vietnam, molds for the in-house production of parts. Through these efforts, we have established a system for flexibly handling the diverse specifications of our products.

Global Manufacturing Sites



Manufacturing Reforms

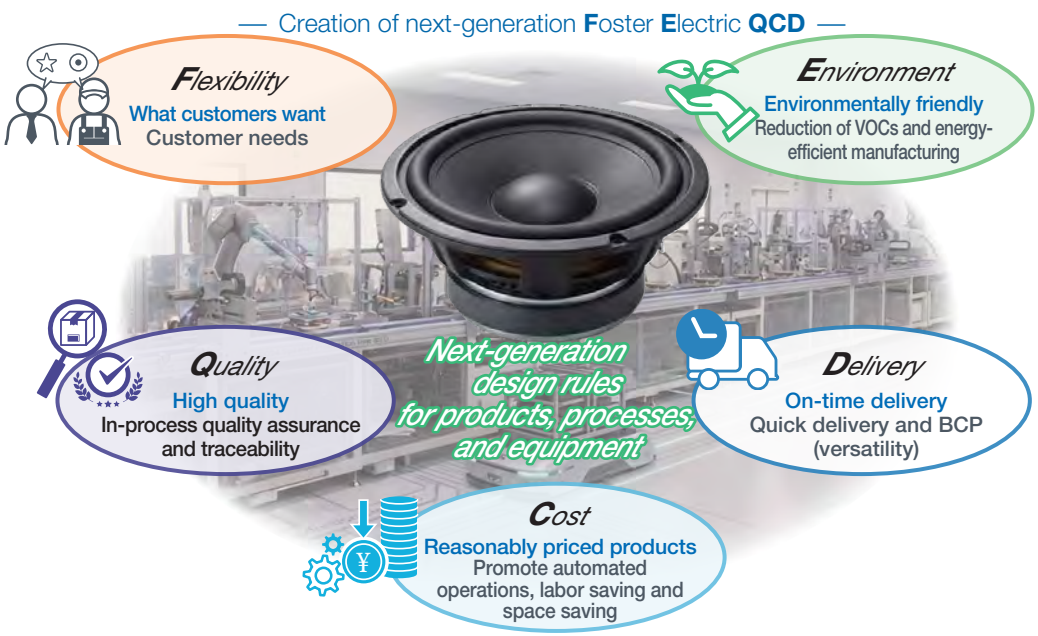
To build a sustainable profit-generating structure, we are striving to manufacture our products to meet automotive-quality standards and improve productivity by promoting automation and labor reduction activities with a strong focus on the elimination of waste. We are also proactively taking on challenges in the assembly of soft parts, an area which is considered to be difficult to automate, as a part of our manufacturing reform efforts. One example of these activities is the standardization of parts, processes, jigs, equipment and other related elements. In each phase of our operations, we standardize as much as possible to reduce the time required to create new designs and to achieve economies of scale in material procurement. Through these standardization efforts, we stabilize quality, improve operational efficiency and productivity, and reduce lead time and cost, which improves competitiveness. We will dramatically reduce labor by developing assembly automation for parts manufactured in-house in FY2025.

Speakers are the mainstay products of Foster, and for them, we are advancing projects aimed at creating the next generation of innovative manufacturing processes. We are working to develop next-generation speakers and the equipment for manufacturing them. Multiple related departments are participating in these efforts, including not only development, design, and manufacturing departments but also sales, procurement, and quality assurance departments.

On the environmental front, we have achieved significant progress in power conservation and the elimination of volatile organic compounds (VOCs) using new manufacturing methods. We aim to contribute to the achievement of carbon neutrality. We are working to establish design rules for products, processes, and equipment, and are designing products and developing equipment alongside standardization efforts that follow these rules to implement large-scale automation and labor reduction while responding to customers' needs.

The project is progressing according to plan, and we are now at a stage where we are considering applying some new manufacturing methods developed through our activities to mass-produced models.

Development of Next-generation Speakers and Manufacturing Equipment



Smart Factory System (SFS) Developed In-house

We are working on the Smart Factory System (SFS), our information platform supporting our manufacturing reforms. We have introduced it in multiple stages including in information collection and accumulation, data analysis and prediction, and data-driven control and optimization. The system is used to manage not only production lines but the entire process from upstream (design and development) to downstream (shipment) and peripheral management. In recent years, we have been working to utilize AI and data coordination technologies and enhance the system as a real-time decision-making platform that bridges on-site operations and management.

We have developed an SFS-related system ourselves and incorporated functions that fulfill the quality requirements of IATF 16949 (Automotive Industry Quality Management System), VDA (German Automotive Industry Association), and customer demands, improving our quality management and driving Foster Electric's digital transformation (DX). In addition to increasing the efficiency of business and productivity by using SFS, we also promote independent improvement activities based on data with the goal of making our manufacturing processes more flexible and responsive.

For SFS, we have conducted trial development at a model factory and are expanding it to other factories, aiming to standardize the operations and improve management levels across all locations. This also plays an important role in developing manufacturing methods and next-generation products and equipment that focus on reducing our environmental load. We are committed to creating a sustainable and resilient future for the manufacturing industry through these initiatives.

Development of Globally Competitive Manufacturing Human Resources

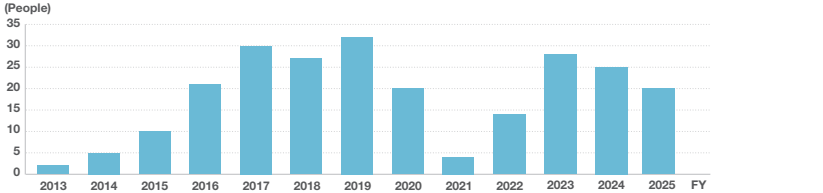
To further increase the motivation of our talented global human resources, we are implementing a one- to two-year secondment training at the headquarters. This secondment is not just a training program; trainees are assigned to practical work to learn so that these operations can be transferred to each manufacturing site in the future. Of course, learning the language and culture of Japan and establishing human networks that include headquarters staff are also major purposes of the training program.

Additionally, we provide global leader training to select executive employees of our headquarters and overseas business sites to develop candidates that can be the leaders of our overseas sites in the future. This includes basic training on financial affairs, leadership, strategy and other subjects and training based on case studies. Some individuals who have completed the secondment or global leader training programs have already become officers at the headquarters or supervisors at overseas sites or department heads at various sites.

We provide training using practical textbooks customized to each program based on our understanding of the strengths and weaknesses of each site, which are identified through surveys of human resources' skills by function, as well as the requests from each site. We identify issues and problems faced on site as subjects and provide the knowledge and skills needed to resolve them in our efforts to elevate the onsite staff.

These initiatives have resulted in the establishment of smooth communication and frameworks for cooperation between headquarters and overseas sites and between overseas sites.

Number of Employees Temporarily Assigned from Overseas Sites to Headquarters for Training



* Reduced in 2020 to 2022 due to overseas travel restrictions caused by the spread of the COVID-19 pandemic

Special Feature: Driving Organizational Culture Reform and DX through the Introduction of Generative AI



We began the full-scale company-wide rollout of the FaiS (FOSTER AI Sense) generative AI platform in 2024, to further accelerate our digital transformation (DX).

This initiative goes beyond simply introducing a tool to improve operational efficiency. We have positioned it as an effort to transform our organizational culture into one that embraces challenges, and have worked to create an environment where all employees can utilize generative AI. Since its introduction, a growing number of employees have experienced improvements in AI literacy and operational efficiency within the company, demonstrating steady progress. In this special feature, we will introduce our initiatives to promote the use of AI by providing the background to FaiS's introduction, specific use cases, and the future outlook.

Staff Interview

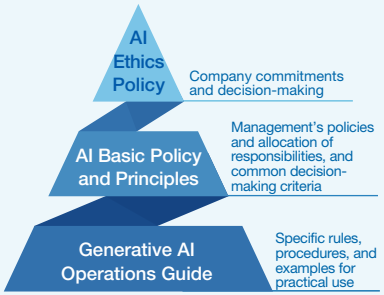


Toshikazu Nakamura
Manager,
IT and DX Promotion Department

Background and Challenges of Internal Implementation

Generative AI utilization at our company was limited due to concerns about information security and a tendency to define the use cases before implementation, which prevented company-wide adoption. With this in mind, we shifted our policy to prioritizing the creation of a safe environment for all employees to utilize generative AI, rather than defining its application in advance. At the same time, to encourage employees to take on challenges and foster an organizational culture where they can learn from failure, we built and introduced the company-wide unified platform FaiS, promoting the safe and efficient use of AI.

We will continue to offer training to improve AI literacy and enhance the organization's overall competitiveness by expanding the use of AI based on the insights and needs of the on-site staff.



Development of Generative AI Regulations

Improving the Governance Structure

To ensure the safe and continuous use of generative AI, we are working to improve our governance system that enables us to "protect while advancing." We have established guidelines comprising an AI Ethics Policy, an AI Basic Policy and Principles, and a Generative AI Operations Guide, clarifying management's decision-making criteria and operational rules for on-site use.

We are also fostering a safe environment by clarifying prohibited uses and criteria for determining whether AI may be used while mitigating risks such as information leaks and copyright and other rights infringement.

Furthermore, through a design that does not rely on specific technologies or services and the continuous review of the Operations Guide, we aim to respond flexibly to changes while achieving both effective governance and on-site utilization.

Staff Interview

Spreading Generative AI Use Across the Company: On-Site Utilization through Learning and Practice

We have set improving all employees' AI literacy as a basic policy as we aim to use generative AI company-wide, and are connecting learning through internal seminars and workshops to on-site utilization. We hold these seminars once a month in four stages: "Know", "Try", "Get Accustomed to", and "Use." We focus on understanding the basics and acquiring methods for practical utilization in their work. We also hold open consultation sessions, allowing each employee to advance their own utilization of AI.

By sharing best practices and providing hands-on support, each employee has come to take ownership of generative AI, and independent utilization of AI is spreading. In addition to applications for simulation and the creation of cases that lead to patent applications, its use is expanding beyond specialized fields, including among employees not in IT or engineering.

These activities support operational reforms based on the insights and needs of the on-site staff and the development of an organizational culture that encourages employees to take on challenges, contributing to improved productivity and stronger competitiveness over the medium to long term.



Kota Yoneyama
Assistant Manager,
IT and DX Promotion Department

Awareness of Workplace Use after FaiS Introduction



Around 93% of employees reported increased motivation to use generative AI in their work through internal training and education and the use of FaiS.

Perceived Improvements in AI Literacy through FaiS Use



Around 89% of employees perceived improvements in their AI literacy through this project.

Operational Efficiency Improvements through the Development of Generative AI Applications

We are working to improve operational efficiency using generative AI, driven by on-site issues and needs. By combining internal work expertise with generative AI technologies, we are developing applications that provide the necessary functions and fostering an environment that promotes improvements originating on-site.

FosterOne, A Company-wide Integrated RAG* App

In response to employee demand for AI utilization based on proprietary internal data, we developed FosterOne, an AI chat application built on the generative AI platform FaiS that provides answers using company information. This has contributed to reducing search time and improving operational efficiency.

On-site-led Operational Improvements Utilizing Vibe Coding

We are also stepping up our initiatives to develop AI-powered business applications in-house. In FY2025, we invited an external instructor to conduct a hands-on seminar on app creation using vibe coding*. After the seminar, volunteer employees, including those with no programming experience, created business apps and tools that we have started using practically on-site. Their use has expanded to document creation and information organization, promoting on-site-led digital transformation, while improving AI literacy and fostering an organizational culture that encourages employees to take on challenges. We will continue to expand their use in day-to-day operations.

Perceived Productivity after FaiS Introduction



Around 82% of employees perceived improvements in their work productivity through the use of FaiS.

* RAG (Retrieval-Augmented Generation): A technology that searches for and retrieves relevant information from external databases and documents before AI generates an answer, enabling it to generate highly accurate answers based on that information.

* Vibe Coding: A software development method that allows users to build software through AI interaction using natural language and intuitive prompts, without requiring programming knowledge or skills.

Training Digital Talent and Future Developments

We aim to develop an environment that expands individual use of AI as we train digital talent capable of utilizing AI, while also improving AI literacy through continuous education and training.

Together with this, we will incorporate technological advancements and promote on-site AI utilization. By applying the knowledge accumulated through repeated verification and practice to AI utilization tailored to specific operations, we will deepen AI utilization across the organization.

We will also gradually expand these initiatives globally and further accelerate group-wide DX while achieving a balance between on-site-led activities and governance.

Strategies for Achieving Sustainable Growth

- Foster's Sustainability
- Natural Capital Initiatives: (1) TCFD-based Information Disclosure
- Natural Capital Initiatives: (2) Environment
- Social and Relationship Capital Initiatives
- Human Capital Initiatives

Foster's Sustainability

Our activities are guided by the corporate creed of "Sincerity", and mission of "To make contributions for future society through acoustics" and its vision "Through acoustic products and solutions, we aim to create rich and comfortable spaces and bring amusement, joy, safety, and security to the world."
The philosophy of sustainability is deeply rooted in the foundation of the company, and we have consistently aimed since our founding to become a sustainable company that is indispensable to society and that continues to develop.

We are committed to management focused on Environmental (E), Social (S), and corporate Governance (G) initiatives, aiming to achieve sustainability for both the Group and society.

Foster Group Sustainability Charter

The Company issued the first version of its CSR Charter in 2006, and updated it in 2010 to pursue global versatility and universality, by incorporating the EICC* Code of Conduct, the CSR standards established by U.S. Electronic Industry Citizenship Coalition, as our basic policy.

Further, in 2022, we established the Sustainability Charter as a revision of the CSR Charter to clearly state that we will pursue sustainability of both the Group and society, in addition to continuing to work on corporate social responsibility (CSR). The Charter aims to ensure that all officers and employees recognize corporate sustainability (mid- to long-term sustainability including ESG elements) as an important issue and remain conscious of and committed to achieving sustainability in their daily activities.

* Electronic Industry Citizenship Coalition (renamed Responsible Business Alliance in 2017)

ESG Management Statement

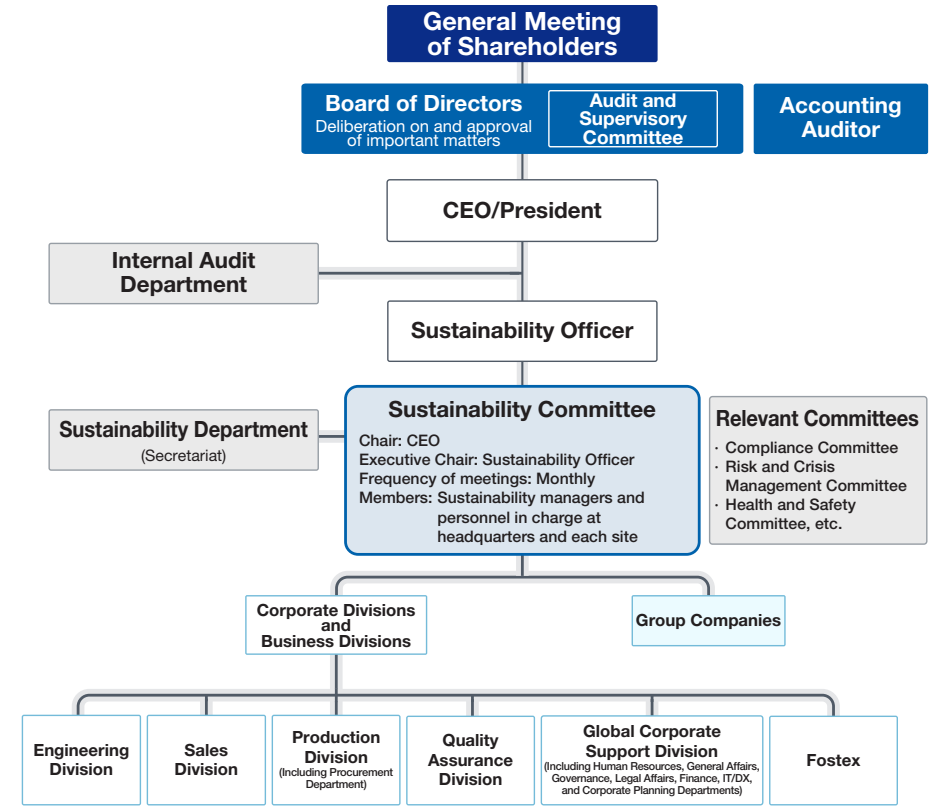
In 2021, we established our ESG Management Statement, thus announcing Foster's commitment to management focused on E (Environmental), S (Social), and G (Governance) initiatives, both internally and externally. It expresses in specific terms our commitment to working on ESG management in the mid to long term and our vision for the future, toward the realization of the sustainability of both the Group and society, by positioning the well-being of our employees, who are at the root of all corporate activities, as the base of our activities.

Foster Group ESG Management Statement

Sustainability Promotion Structure

At its headquarters, the Foster Group has established the Sustainability Committee chaired by the president. The core members of the committee are representatives of related sections. The Sustainability Committee, including the sustainability representatives and staff from the headquarters and each site, meets every month with the Sustainability Officer who is the executive chairman of the committee in attendance. They monitor the activities of the Group as a whole for the promotion of sustainability and engage in collaborative activities. Important matters reported and submitted by the Sustainability Committee are deliberated and approved during Board of Directors meetings which are attended by directors and outside directors.

Sustainability Promotion Structure



Major Topics that Were Reported to and Deliberated by the Sustainability Committee in FY2025

- Establishment, progress, and results of material issue KPIs
- Disclosure of sustainability information (conforming to SSBJ, TCFD, and TNFD)
- Results of external ESG rating agencies and customer surveys, and ESG material issues identified based on those results
- Revision of the "Environmental Charter"
- Revision of the "Foster Group Supplier Code of Conduct"
- Setting of annual environmental targets
- Formulation, progress, and results of the FY2025 CO_2 Reduction Action Program
- Results of internal environmental audits, management reviews, and ISO 14001 audits
- Progress and results in customer CSR audits
- Publication of Integrated Report*

* Deliberated and approved by the Board of Directors

Initiatives to Ensure Respect for Human Rights

In recent years, the importance of human rights initiatives in business is growing in international society. Guided by the corporate creed of “Sincerity,” we position human rights as an important task for society and take initiatives to respect human rights across in our entire value chain. In January 2017, we joined the United Nations Global Compact and expressed our commitment to the Ten Principles including respect for human rights. We are promoting activities accordingly.

Governance Related to Human Rights

In 2003, we established the Foster Group Corporate Action Guidelines and the Foster Group Code of Conduct for Staff. They define our respect for human rights in compliance with all laws and regulations, international rules, and their spirit and intent, regarding aspects such as forced labor, child labor, discrimination, harassment, the protection of personal information, safety and health and responsible minerals sourcing. Further, we ensure respect for human rights throughout the entire supply chain with cooperation from suppliers under the Foster Group Supply Chain Code of Conduct.

Further, in 2024, we established the Foster Group Human Rights Policy as our top-level human rights policy, aiming to strengthen our human rights initiatives further. This policy applies to all employees and suppliers, and it clarifies our responsibilities regarding human rights and our commitment to human rights. At the same time, it serves as guidelines as we promote sustainable business practices through internal and external control and mitigating human rights risks.

In 2025, we revised our Harassment Prevention Regulations to address diverse types of harassment, including non-sexual harassment. We will continue to focus on initiatives to prevent harassment so as to create a workplace where employees with diverse attributes can work comfortably.

Foster Group Corporate Action Guidelines (available in Japanese)
Foster Group Code of Conduct for Staffs
Foster Group Supply Chain Code of Conduct
Foster Group Human Rights Policy

Respect for Employees’ Human Rights and Increasing Employees’ Awareness

We value employees’ well-being and work to ensure that their human rights are respected, from the perspectives of respect for employees’ human rights, the prohibition of discrimination, the prevention of harassment, the protection of personal information and privacy, workplace safety and health, compliance with labor laws, and other perspectives. As awareness-raising activities, we provide harassment training for all employees, and every year in conjunction with Human Rights Week, provide all employees with e-learning and raise their awareness regarding human rights and business, and provide e-learning programs to enable them to increase their understanding of LGBTQ+ issues as part of our activities promoting diversity. We continuously inform employees of our internal whistleblowing system using a compliance questionnaire, maintaining 100% awareness among staff.

Respecting Human Rights Throughout the Supply Chain

We have our suppliers sign a letter of intent to comply with the Foster Group Supply Chain Code of Conduct, conduct surveys on the status of initiatives taken including items related to human rights infringements (CSR self-assessments), and request that our suppliers take corrective actions as necessary. Further, in the sourcing of minerals, we conduct due diligence (a survey on responsible minerals sourcing) to confirm that the minerals we procure do not provide funding to armed forces/groups engaging in serious human rights violations, and are promoting to procure minerals only from certified smelters.

Responsible Minerals Sourcing

Consultation Contacts / Hotline

We have established contacts for consultation and reporting such as the Compliance Hotline and the Harassment Helpline, our internal whistleblowing system, accepting inquiries from various stakeholders (including employees and officers of the Foster Group, their families, and employees of our business associates). We strictly protect the confidentiality of whistleblowers and conduct rigorous investigations, ensuring they are not subjected to retaliation or disadvantageous treatment. If a human rights violation is confirmed, we promptly provide a remedy and take disciplinary action.

Compliance Structure

Participation in the United Nations Global Compact (UNGC)

In January 2017, Foster Group signed and joined the United Nations Global Compact (UNGC).

About United Nations Global Compact

The UNGC is the world’s largest sustainability initiative, proposed by the UN in 2000. It defines ten principles in four key areas (Human Rights, Labor, Environment, and Anti-Corruption), and is a global initiative that aims to realize a sustainable society through responsible management practices by companies and organizations.

As a company that operates globally, we support the 10 principles of the UN Global Compact and promote activities for compliance, decent work, care for the environment, and sustainable procurement, etc.

Activities as a Member of the Global Compact Network Japan (GCNJ)

Many Japanese companies and organizations participate in the GCNJ (Global Compact Network Japan), the Japanese network of the UN Global Compact, actively collaborating and sharing knowledge through theme-based subcommittee activities.

The Company also participates in the GCNJ, engaging in subcommittee activities on a wide range of themes, including the environment, human rights, supply chains, and SDGs. Each subcommittee offers lectures by experts, insights into current sustainability trends, and presentations of leading practices by participating companies. This enables us to deepen our practical knowledge through cross-industry discussions and information exchange, drawing on the diverse perspectives and cross-industry experiences unique to GCNJ. The knowledge and best practices gained through these subcommittees are actively reflected in the Company’s sustainability activities, helping to improve the quality of our initiatives toward realizing a sustainable society.

Natural Capital Initiatives: (1) TCFD-based Information Disclosure

The Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Recognizing environmental and climate-change-related themes as material, in February 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)*1, and have since disclosed information related to climate change. We also joined the GX Future Consortium*2, an organization of supporting companies in Japan, which was established in April 2026.

*1 Task Force on Climate-related Financial Disclosures: This task force was established in 2015 by the Financial Stability Board (FSB), which comprises central banks, financial authorities, and international organizations from all over the world. It is aimed at considering how to estimate the impact of climate change on business management and how to disclose such information. It recommends that companies and other entities disclose information about climate change-related risks and opportunities.

*2 In April 2026, the TCFD Consortium was reorganized as the GX Future Consortium, integrating some of the functions of the GX League.

We will identify our climate change-related risks and opportunities and then continue to drive effective measures by leveraging internal and external knowledge. At the same time, we will disclose information proactively by following the TCFD recommendations.

1. Governance

Viewing sustainability as an important theme, we established our ESG Management Statement in 2021. We set “Addressing climate change” as part of our Materiality. These goals and reduction activities have been shared by all employees.

The Sustainability Committee, which is chaired by the president, meets every month for the purpose of driving ESG management. This committee meets with the attendance of the Sustainability Officer, heads of divisions, and persons responsible for the promotion of sustainability activities appointed by departments of the headquarters and overseas bases. It identifies climate change-related issues, deliberates on and determines related policies and measures, and shares and monitors their progress.

The Board of Directors deliberates on and makes decisions on announcements of support and information disclosure related to TCFD concerning management issues, as well as reduction targets, measures, and other matters. It also receives reports on deliberations and progress made by the committee, regularly and as needed, thus supervising the committee’s execution of operations.

Sustainability Promotion Structure

Since July 2026, we have adopted greenhouse gas reduction metrics as an evaluation indicator and criterion for performance-linked remuneration for Directors (excluding Independent Directors) and Executive Officers.

Overview of Officer Remuneration System

Impact on Business Related to Climate Change Risks and Opportunities

- Target business: Automotive as the Company’s main business
- Level of impact on business activities: Evaluated on a three-point scale of High, Medium, and Low

Climate-related risks/ opportunities		Impact on business activities	Assess-ment	Measures
Transition risks	Policies and regulations	• Increased business costs to comply with climate change-related regulations (including carbon tax, investments in additional equipment for saving energy and using renewable energy, and the purchase of green energy certificates) • Increase in cost, which is expected if regulations related to recycling and the use of recycled materials are tightened	High	• Promoting CO_2 reduction to achieve the mid-term environmental goals • Introducing solar power generation equipment, procuring electricity from renewable energy sources, and purchasing green energy certificates • Strengthening cooperation with suppliers
	Technologies	• Loss of market share due to delayed development of decarbonization technologies	High	• Understanding the needs of society and developing environmentally friendly products
	Market	• The impact that is expected if we fail to respond to business partners’ requests to take environmental measures (such as introduction of renewable energy and use of recycled materials) • Intensification of competition resulting from an increase in new entrants to the electric vehicle market, which is expected to expand	High	• Collecting information from customers and consumers and analyzing the information • Engaging in proposal-based marketing activities and giving feedback to development personnel
	Reputation	• Decrease in business opportunities resulting from insufficient initiatives to tackle climate change • Decline in corporate value that may result from lower ESG ratings by customers and rating agencies	High	• Information disclosure regarding responses to climate change
Physical risks	Acute	• Suspension of factory operations and supply chain disruptions resulting from damage from a disaster caused by climate change	Medium	• Formulating BCPs that are appropriate for the regions and businesses • Appropriate inventory control
	Chronic	• Increase in energy consumption for the use of air conditioners and other equipment • Depletion of water resources and restrictions on water intake • Factory inundation resulting from rising sea levels	Low	• Introducing energy-saving equipment • Reinforcing the BCP management structure
Opportunities	Resource effectiveness	• Reduction of CO_2 to be achieved by promoting local production for local consumption • Increase in sales opportunities resulting from manufacturing appropriate for a recycling-oriented society	Medium	• Promoting local production for local consumption • Developing products using circulating materials
	Energy sources	• Decrease in energy costs resulting from the introduction of energy-saving equipment and technologies	High	• Expanding the introduction of renewable energy and energy-efficient equipment
	Products and services	• Increase in sales opportunities achieved by driving the development of technologies for low-carbon products • Growth in demand for ADAS-compatible products resulting from the expansion of markets related to electric vehicles (development of a function that sends alerts with sounds and vibrations)	Medium	• Expanding sales of environmentally friendly products • Marketing of high value-added products

[Scenarios that were used]

Transition risks:
International Energy Agency (IEA)
- World Energy Outlook 2022: APS*1, STEPS*2
- Net Zero Emissions by 2050 Scenario

Physical risks:
Intergovernmental Panel on Climate Change (IPCC)
- 6th Report: SSP*3 1-1.9, SSP5-8.5

*1. APS: Announced Pledges Scenario
*2. STEPS: Stated Policies Scenario
*3. SSP: Shared Socioeconomic Pathways

2. Strategy

Under the TCFD framework, we considered changes in the external environment in 2030 and analyzed the impact of climate change on the Company. To analyze risks and opportunities, we adopted the 1.5-degree and 4-degree scenarios for increases in the global average temperature compared with pre-industrial levels. Regarding transition risks, we considered how policies and markets will change for the mitigation of climate change. For physical risks, we also analyzed how the frequency and impact of climate change-related weather disasters will change.

We reflected the identified risks and opportunities in the medium-term business plan. Moving forward, we will also consider the financial impact on the Company. We are conducting an analysis focusing on the automotive business, which is subject to a significant impact. We will continue the analysis by focusing on other businesses as well. We evaluate the degree of importance of transition risks, physical risks, and opportunities by multiplying "degree of impact" (on a scale of 1 to 3) by "probability of occurrence" (on a scale of 1 to 3), and classify them into three levels (High, Medium, Low) based on the matrix shown on the right.

Significance Rating	Low	Medium	High
Impact 3	6	9	
2	4	6	
1	2	3	

Probability

3. Risk Management

We have established the Risk and Crisis Management Committee, which is chaired by the president, to ensure that management risks are addressed promptly and appropriately. This committee evaluates and manages company-wide risks and devises and implements measures to address them.

Especially, climate change-related risks are positioned among the top risks in the committee's total risk assessment. The Sustainability Committee identifies and evaluates such risks, implements measures to tackle them, and takes other initiatives to improve the effectiveness of risk management.

Information about the statuses of risk management and measures is also shared with the Board of Directors, which supervises and monitors risk and crisis management of the overall company and tries to ensure consistency between risk management and materiality analysis, thus enhancing the total risk management in the entire company.

Risk Management

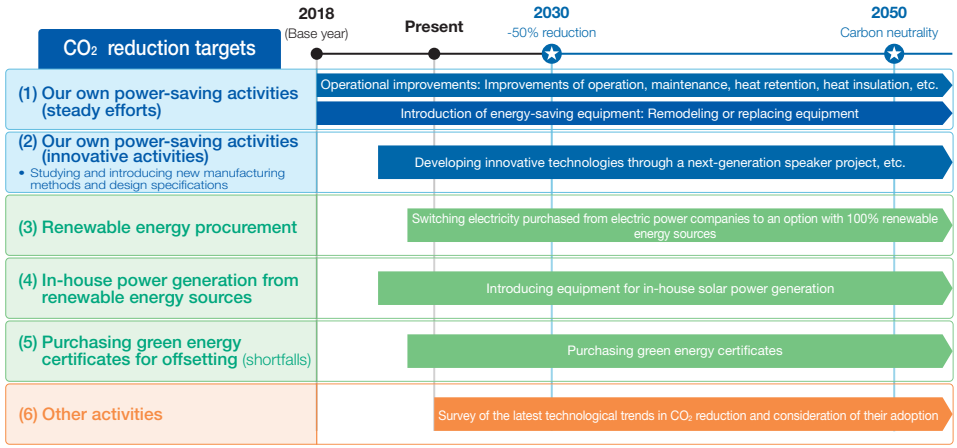
4. Metrics and Targets

We submitted a commitment letter to the Science Based Targets initiative (SBTi), on May 12, 2026, aiming to obtain certification for Science Based Targets (SBTs), greenhouse gas reduction targets aligned with the standards set by the Paris Agreement. We also revised our reduction targets to a consolidated basis, including our South Korean affiliate, ESTec, from FY2026. We will continue to develop near-term targets aligned with SBTs and promote initiatives to address climate change.

Addressing Climate Change

Mid-Term Target	FY2025 Result
(1) Mid-Term Reduction Goals for 2030 •Scope 1, 2: Reduce absolute CO_2 emissions 50% by 2030 from a FY2018 base-year •Scope 3: Reduce absolute CO_2 emissions 15% by 2030 from a FY2018 base-year **(2) Long-Term Reduction Goal for 2050** •Aim to achieve carbon neutrality by 2050	Scope 1, 2: 39% reduction from a FY2018 base-year Scope 3: 29% reduction from a FY2018 base-year

Roadmap for CO_2 Emissions Reduction

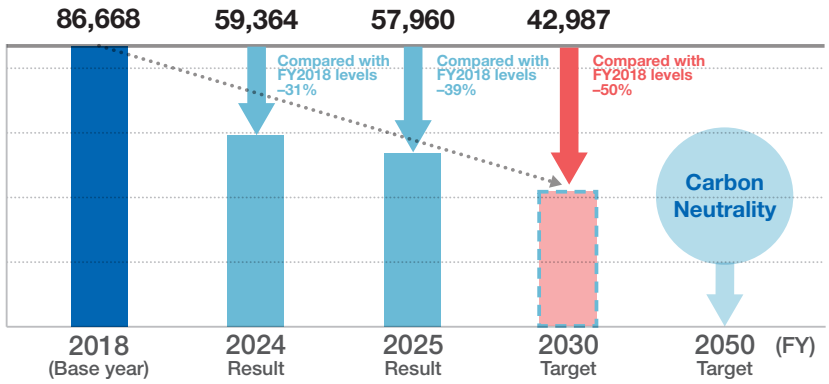


Specific KPIs

At each site, we have set electricity consumption reduction as a KPI and are pursuing well-planned energy-saving initiatives. We are committed to achieving the FY2030 targets of reducing absolute Scope 1 and 2 emissions (by 50% from a FY2018 base year) through these activities.

To achieve this goal, we have developed the CO_2 Reduction Action Program [Ver. 2026]. The headquarters and the other sites will work together in accelerating CO_2 reduction activities in a group-wide manner.

Mid- and Long-term CO_2 Reduction Targets (Scope 1 and 2)



Natural Capital Initiatives: (2) Environment

Initiatives to Tackle Environmental Issues

We have obtained ISO 14001 certification at headquarters and all overseas manufacturing sites and implement the Group's Environmental Philosophy and Policy and mid-term environmental goals. At headquarters, we monitor the activities conducted at each site and review their performance.

Environmental Philosophy and Policy

Environmental Philosophy

As a global corporation in the acoustic industry, Foster Group contributes to the realization of a sustainable society in all fields of corporate activities by considering harmony with the environment as one of our top priorities, along with our mission of "To make contributions for future society through acoustics."

Environmental Policy

- Preface -

At the Foster Group, we pursue eco-friendly technologies in the lifecycle of our products and each of us prioritizes eco-friendliness, aiming to conserve the global ecosystem by addressing climate change and by contributing to building a resource-recycling society.

1. We contribute to the realization of a sustainable society by continually improving our environmental management systems, and by communicating and cooperating with our stakeholders proactively.
2. To address climate change, we are working to reduce CO_2 emissions and promote the use of renewable energy throughout our value chain including procurement of raw materials, manufacturing, transportation, selling and disposal of our products.
3. We strive to reduce waste by promoting effective use of resources in our group-wide activities and product development. We also use water resources responsibly in our manufacturing processes.
4. We strive to promote activities that conserve biodiversity, prevent pollution, and reduce environmental impact through chemical substance management.
5. We comply with domestic and international environmental laws and regulations and other requirements related to our group-wide activities.
6. We develop human resources who practice environmental activities by raising environmental awareness among those involved in group activities and educating employees.

[Issued following the approval by senior management in July 1993. Revised in July 2025.]

Foster Group Environmental Philosophy and Policy

Mid-Term Environmental Goals 2025-2027

We have set two priority tasks of "Addressing climate change" and "Conserving the global ecosystem by contributing to building a resource-recycling society" as Mid-Term Environmental Goals 2025-2027 in alignment with our material issues.

Material issues	Target (April 2025 to March 2028)
Addressing Climate Change	Improving resilience to climate change
	Reducing greenhouse gas emissions * FY2030 Target
	Reducing the use of energy and promoting the use of renewable energy
Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society	Realizing a circular economy
	Complying with environmental regulations of each country and reducing environmental impact
	Protecting and restoring natural ecosystems

* Greenhouse gas emissions reduction targets were established with the goal of being achieved by 2030.

Our Headquarters' Environmental Initiatives

Initiatives at Our Headquarters Building

By introducing the latest environmentally friendly technologies (lighting and climate control, etc.) and implementing energy-saving measures (switching to LED lighting, ensuring lights are turned off, Cool Biz, etc.), we are reducing electricity consumption. We have also achieved decarbonization since October 2024 by switching the electricity used at our headquarters to 100% renewable energy.



Example of LED lighting installed in the headquarters cafeteria

Appropriate Management of Industrial Waste: Implementation of an Electronic Manifest

We have introduced an electronic manifest system that centrally and digitally manages industrial waste from discharge to final disposal. In doing so, we have improved administrative efficiency and ensured data transparency while strengthening measures to prevent illegal dumping and ensure legal compliance. At present, we have introduced the electronic manifest for regularly generated waste. We aim to achieve a 100% digitization rate, including irregularly generated waste.

Contribution to the Local Community: Introduction of the Adopt Program

Under an agreement with Akishima City, we have introduced the Adopt Program (Public Space Stewardship Program) and continued to conduct beautification and cleaning activities in public spaces surrounding our company. Through these initiatives, we are working to help maintain the local landscape, improve environmental awareness among employees, and build positive relationships with local residents.

The Foster Group's Environmental Initiatives

Reduction of GHG Emissions (Scope 1 & 2)

We implement various initiatives to efficiently use limited resources in accordance with local regulations and the requests of customers, as well as the Foster Group Environmental Policy and the CO_2 Reduction Action Program. We have all employees share the targets and drive reduction activities by establishing a cooperative framework, such as the sharing of best practices between sites.



Solar panels installed at the Heyuan Factory (China)

We promote the use of renewable energy as an initiative to address climate change. Since 2022, we have installed solar panels at the Heyuan Factory (China) and at the Bac Ninh Factory (Vietnam), and in 2026, we installed solar panels in the Ho Chi Minh Factory (Vietnam). At offices, we use electricity from renewable energy sources and purchase green energy certificates to reduce CO_2 emissions. We will continue to introduce renewable energy.



Solar panels installed at the Bac Ninh Factory (Vietnam)

Conserving the Globa Ecosystem by Contributing to Building a Resource-Recycling Society

FY2025 Target	FY2025 Result
Renewable energy ratio: 10% or higher	14.9%

Reduction of GHG Emissions - Scope 3

We have set a target of reducing Scope 3 emissions by 15% from the 2018 base year by 2030 as one of our medium-term environmental goals, and are taking actions to achieve it.

To reduce the category 1 emissions (from purchased goods and services), which account for the largest share percentage of Scope 3 emissions, we began to conduct an energy consumption survey with cooperation from our suppliers in FY2023. We continued this survey in FY2025. Based on its results, we have meetings with our suppliers to assess the current state of affairs. We also hold sessions for explaining sustainable procurement for our suppliers. We explain the latest trends and our future policies on sustainability and our CO_2 reduction targets, and request suppliers to cooperate in the energy consumption survey.

Regarding category 4 emissions (from upstream transportation and distribution), we introduced GHG emission calculation and reduction support services from a specialized company in the logistics field in FY2024. We use data from the current logistics control system and have increased the frequency of calculation. This has enabled the efficient visualization of specific key points for the reduction and changing points. Moving forward, we will promote specific reduction measures based on this data.

Activities to Preserve Biodiversity

We recognize "Conserving the global ecosystem by contributing to building a resource-recycling society" as one of our material issues. Our efforts to conserve biodiversity include actions such as addressing climate change, using water resources efficiently, using recycled materials, minimizing waste and chemical use, and conducting local clean-up activities and tree-planting activities.

Water Risk Management

At our overseas production sites, we reduce water withdrawal by recycling process water and manage wastewater in accordance with local laws and regulations. With regard to water risks, we also evaluate water stress at our headquarters and production sites using the Baseline Water Stress evaluation indicator from Aqueduct, a water analysis tool provided by the World Resources Institute (WRI).

Sites where we evaluated water stress: 12 sites in Japan, China, Vietnam, Myanmar, Thailand, the USA, and Hungary

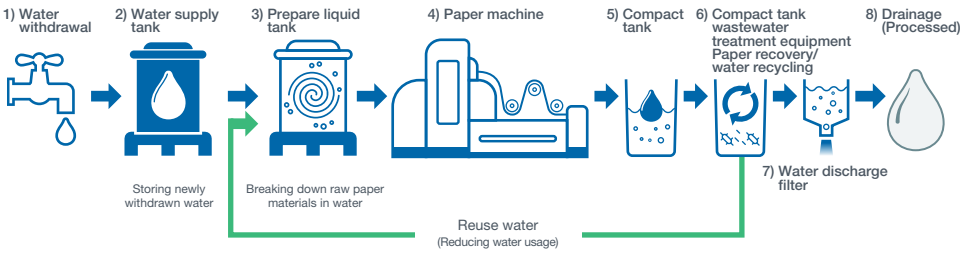
(Unit: number of sites)

Country	Extremely high	High	Medium-high	Low-medium	Low
Japan	0	0	1	0	0
China	0	0	0	0	3
Vietnam	0	1	1	2	0
Myanmar	0	0	1	0	0
Thailand	1	0	0	0	0
USA	1	0	0	0	0
Hungary	0	0	0	0	1

Effective Utilization of Water Resources

One of our strengths is the in-house production of diaphragms, which are the most important parts of speakers in determining the sound quality. However, the papermaking process is a necessary part of manufacturing the paper parts used in these diaphragms. This process uses a large amount of water as paper is made from raw materials dissolved in water. At the headquarters and the Panyu Factory (China), the Quang Ngai Factory (Vietnam), and the Thilawa Factory (Myanmar), we have been studying the reuse of discharged water for many years. The water used in the papermaking process is recycled water, allowing us to effectively utilize this resource.

We have also been considering the recycling of the paper raw materials collected during the wastewater recycling process. We are using them for paper ring subcomponents and other purposes, enabling us to recycle 6% of the waste materials. Moving forward, we will take inspiration from the reuse of waste materials in industries such as clothing to incorporate waste materials into our diaphragms and other components, further reducing waste.



Chemical Substance Management

We have set forth our own management standards that reflect applicable laws and regulations of countries and customers' requests for handling environmentally hazardous substances contained in our products to minimize their environmental impact. We eliminate any controlled substances from our products via eco-friendly procurement and management of necessary parts and/or materials purchased. Based on this framework, we have established an optimum management system for the efficient search and collection of information about chemical substances that are contained in parts and materials and precise communication of information necessary in the supply chain.

External Communications

Green Value Chain Platform

As a corporate member, we participate in a network for promoting Green Value Chains (available in Japanese) as part of the Ministry of the Environment's Green Value Chain Platform.

Japan Climate Initiative (JCI)

In 2020, we joined the Japan Climate Initiative (JCI) (available in Japanese) by agreeing to its philosophy of "Joining the front line of the global push for decarbonization from Japan."

Environmental Digital Platform

In March 2023, we joined the Environmental Digital Platform (available in Japanese) operated by Konica Minolta, Inc.

Environment Month Activities

Japan

Environment Lecture Presentation

We invited an outside expert to speak on "Implementing Decarbonized Management" to our officers, department heads, and group leaders. The lecture served as an opportunity to think about issues that we should address. We also offered "Carbon Neutrality by 2050 Training" for members of the Environment Committee. In this training, we offered participants an opportunity to experience the importance of maintaining environmental awareness in their everyday work across the entire organization, as well as the challenges of balancing corporate activities with environmental activities and investments.

Cleanup Activities at Headquarters

Many employees, including officers, participated in the cleanup movement of Akishima City as an environmental event.

We also conducted cleanup activities throughout the year, with 111 employees participating (31.2% participation rate) and a total of 33.4 kg of waste collected. Junior high school students were able to participate in the activities through a work experience program.




Internal training for Environment Committee members

Shizuoka Office: River Cleanup Activities

Since 2022, the Shizuoka Office has participated in the Kasen Kankyo Adopt Program (River Environment Adoption Program), hosted by the city government of Shizuoka. Under this program, our office carries out cleanup activities twice a year. This program divides neighboring rivers into specific sections, which are "adopted" by participants to support environmental beautification and provide information.

Overseas

The Foster Group's Environmental Activities

We held environmental events between June and September in FY2025.

At our sites in China, Vietnam, Myanmar, and the United States, we held events including workshops and internal training related to environmental knowledge, waste management and recycling, planting activities on premises, and emergency drills, as part of our efforts to raise the environmental awareness of employees.

We also cleaned up areas both inside and outside the premises under the themes of environmental protection and harmonious co-existence with nature, and implemented activities with an awareness of biodiversity.



Environmentally Friendly Products

Speakers

We are accelerating the development of basic technologies for next-generation speakers for eco-friendly vehicles and to introduce such technologies to commercial products.

Reduce the Weight of Speakers

We are using CAE analysis to optimize the design of resin and metal components and study carbon fiber reinforced thermoplastics (CFRTP) as new materials. We are also working to commercialize self-developed products, incorporating lightweight technologies that contribute to extending EV range and reducing power consumption.



Speakers developed with weight reduction technologies

Environmentally Friendly Speakers

As initiatives to reduce the volume of VOCs remaining at production sites and in the passenger cabins of vehicles, we have cut the use of organic solvent adhesives for bonding parts and promote the development and mass-production adoption of solvent-free adhesives.

We are also committed to the development of bonding methods which do not use adhesives, such as use of quick-drying adhesives and ultrasonic bonding that do not use a drying furnace, as well as clamp terminal and tinsel wire (no soldering).

Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society

Mid-Term Target[*1]	FY2025 Result
Ratio of environmentally friendly automotive audio speakers[*2] (of sales): ● FY2025 22% or higher ● FY2030 30% or higher	25.4%

*1 Mid-Term Target: We will continue developing and introducing commercialized car speakers incorporating these environmental technologies for mass production through 2030.

*2 Environmentally friendly speaker: A speaker with any environmentally friendly element, such as reduced applications of VOC or solder, and application of dry process

Reduction of CO_2 Emissions

We are undertaking design development activities for reducing power consumed in manufacturing speakers to cut CO_2 emissions. We are making development efforts to achieve the mid-term CO_2 emissions reduction target, by improving and changing methods of bonding parts and by reducing the use of a drying furnace in stages.

Microspeaker

Waste Reduction

To minimize the environmental impact of our product manufacturing processes and optimize resource use, we are promoting the recycling (reuse) of resin runners produced during the resin molding process. We have built a system to reuse scrap materials in-house that would previously have been discarded, allowing for waste reduction, resource circulation, and cost savings by lowering the use of raw materials.

Under strict quality controls, we have implemented processes to minimize waste during molding.

FY2025 Result
Recycling rate for resin runners: Maintaining a 100% recycling rate



Example of a speaker component for vehicle warning sounds produced using resin runner recycling technology

Actuators

We proactively apply environmentally friendly design to haptic vibration actuator devices, which are a part of new user interfaces for CASE*, VR, AR, and other technologies. In consideration of VOC emissions, we have adopted adhesives that do not contain harmful solvents. To reduce the labor necessary to manufacture products, we have realized quick curing using UV radiation and pulse heat soldering. In addition, to reduce solder consumption, we have developed resistance welding, etc. and put it to practical use.

* CASE: Connected, Autonomous, Shared, Electric

Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society

FY2025 Target	FY2025 Result
Adoption rate of solvent-free adhesives for vibration actuator products: 100%	100%



Automotive actuator featuring slim dimensions

Headphones and Headsets

We are accelerating our actions to reduce plastic, aimed at reducing environmental impact.

Based on our Mid-term Plan, we started making a complete shift from plastic bags, plastic trays, and foam cushioning materials, which were conventionally essential for individual packaging of headphones and other products, to mainly paper-based, environmentally friendly materials in 2025.

By optimizing the structural design during implementation, we were able to successfully maintain the same standard of protection and cushioning as conventional plastic materials. We will continue to expand this new packaging style globally, helping to achieve a resource recycling and decarbonized society without sacrificing product safety.



Example of reduced plastic packaging
Paper-based parts used in place of plastic parts

Conserving the Global Ecosystem by Contributing to Building a Resource-Recycling Society

FY2025 Target	FY2025 Result
Adoption rate of non-plastic materials in packaging for new mobile audio products to reduce plastic demand: 20% or higher	57%

Social and Relationship Capital Initiatives

Relationship with the Supply Chain

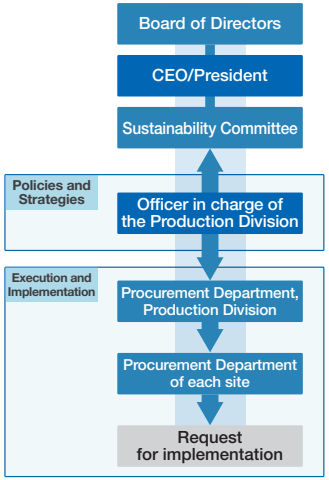
Responsible Procurement

We contribute to solving social issues and the development of society through our business and sustainability initiatives based on our corporate creed, “Sincerity.”
Procurement Policy

Representatives and Structures

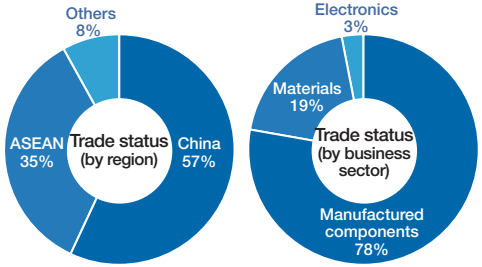
The Procurement Department belongs to the Production Division and operates under the head of the division (Director) as the representative. Each manufacturing site has a procurement department. We promote company-wide sustainability activities in close cooperation with each manufacturing site.

We implement and manage basic policies and key sustainability issues by sharing information at Sustainability Committee meetings (held monthly), which are chaired by the CEO/President with core members representing related departments, global procurement meetings attended by representatives of the Procurement Department from all sites (held biannually), and the Global Procurement Conference, attended by our president, executives, and supplier management (held once every two years).



Outline of Supply Chain

We carry out procurement activities globally and work together with our suppliers worldwide to enhance sustainability. We procure a wide variety of parts and materials, ranging from raw materials to processed parts.

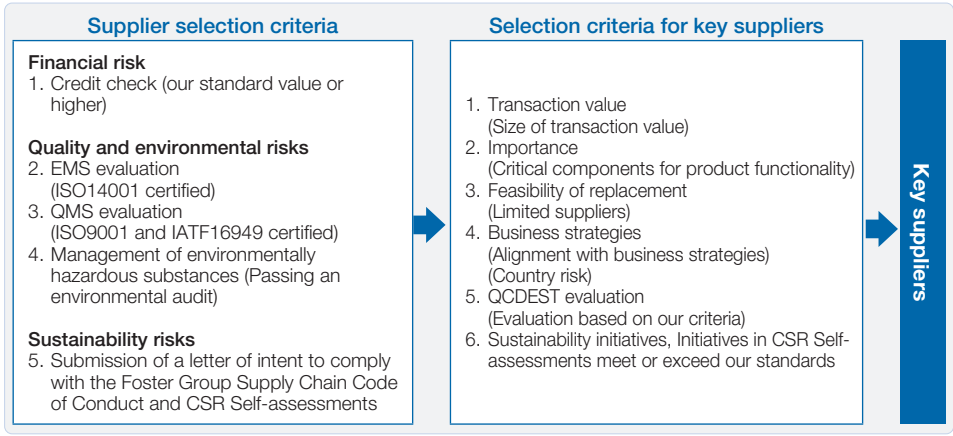


Supplier Selection and Key Suppliers

Important criteria that we employ in our supplier selection process are their Environment, Social, and Governance (ESG) initiatives in addition to their financial standing. For both new and existing suppliers, it is mandatory to complete a basic purchase agreement, including an agreement to the Foster Group Supply Chain Code of Conduct, as well as financial evaluation, confirmation of environmental management and quality control systems.

We carefully select key suppliers through an evaluation based on the transaction size, the importance of items we procure, and the feasibility of replacement as the basic criteria, while taking into account multiple perspectives including geopolitical factors, an assessment of risks specific to their businesses, compatibility with our business strategy and technological strategy, and evaluation criteria such as QCDEST (quality, cost, delivery, environment, safety, and technology).

We also require that key suppliers implement sustainability activities in accordance with the UN Global Compact and the RBA (Responsible Business Alliance) Code of Conduct and fulfill quality audit standards.



Supply Chain Due Diligence

The Foster Group conducts supply chain due diligence to ensure compliance with the Foster Group Supply Chain Code of Conduct. Our Code of Conduct is based on international standards and principles, such as the RBA Code of Conduct, the Automotive Industry Action Group (AIAG) and Drive Sustainability, and we request our suppliers to support them. The contents of the Supply Chain Code of Conduct include matters regarding labor and human rights, health and safety, the environment, ethics, and management systems reflecting laws, ordinances and international norms.

To clearly express these requests, we have made it mandatory for our suppliers to agree to the Foster Group Supply Chain Code of Conduct before starting transactions with us. This Code of Conduct is available in Japanese, English, Chinese, and Vietnamese on our website. Additionally, we aim to notify all our suppliers thoroughly by distributing updated versions when revisions are made. We request that our suppliers inform our tier-2 and lower-tier suppliers of the requirements in the Code of Conduct and have them confirm their compliance, in our efforts to ensure sustainable procurement activities throughout the entire supply chain.
Foster Group Supply Chain Code of Conduct

Initiatives to Prevent Bribery and Conflicts of Interest

The Foster Group Code of Conduct for Staff clearly prohibits bribery and acts of conflict of interest, for the purpose of maintaining sound relationship with suppliers. Specifically, we have set strict rules on the provision and acceptance of money and gift certificates, acceptance of gifts, as well as entertainment and other acts, in our efforts to ensure fair, highly transparent transactions.

CSR Self-assessments and Corrective Activities

To promote sustainable procurement in the supply chain, we request that our suppliers conduct CSR self-assessments. At the Foster Group, we use the CSR Procurement Self-Assessment Questionnaire prepared by the Global Compact Network Japan (GCNJ). The CSR self-assessments refer to international standards including the Ten Principles of the UN Global Compact (UNGC),

ISO26000, and the GRI Standards. The self-assessments are made about a wide range of items, including corporate governance, human rights, labor, the environment, fair corporate activities, corrupt practices, quality and safety, information security, supply chains, and harmonious co-existence with local communities.

Above all, we value the Ten Principles of the UN Global Compact. We confirm the status of compliance with minimum wages in the countries and regions of operation, the fairness of work hours, and control of excessive work hours, among others, and request suppliers to build a system for corrective activities. Based on results of the self-assessments, we conduct audits, provide guidance for improvement actions, or implement awareness-raising activities as necessary. When a serious violation is identified, we suspend orders or take other appropriate actions in accordance with the selection criteria.

In fiscal 2025, we had all of our approx. 300 suppliers, which are our tier-1 suppliers, conduct self-assessments, and no violations of standards were found.

We will continue to request that suppliers conduct self-assessments regularly and take corrective action immediately if any problems are identified, in our efforts to build a sound supply chain.

Promoting Sustainability in the Value Chain

FY2025 Target	FY2025 Result
● **SAQ implementation rate for key suppliers*1:** 100%	100%
● **CSR compliance rate for key suppliers*2:** 90% or higher	100%
● **Agreement rate for key suppliers regarding the letter of intent to comply with the Supply Chain Code of Conduct:** 100%	100%

*1 Important suppliers: Approx. 50 corporate suppliers who together constitute the top 80% or so in terms of the amount of our purchases
*2 Definition of conformity: percentage of suppliers that achieved a score of 60% or higher in CSR self-evaluations

Responsible Minerals Sourcing

To promote responsible minerals sourcing, we implement initiatives in accordance with the RMI's due diligence guidance, aiming to have all suppliers provide information from smelters and refineries via the supply chain. At the same time, we promote responsible minerals sourcing throughout the supply chain to fulfill our social responsibilities. If a mineral involved in a conflict or the infringement of human rights should be identified in our supply chain, we take measures to discontinue the use of the mineral, such as by changing the supplier.

Foster Group Responsible Minerals Sourcing Policy

Promoting Sustainability in the Value Chain

FY2025 Target	FY2025 Result
● **Response rate from suppliers in the responsible minerals survey** **Existing suppliers:** 99% or higher	99% * Number of companies subject to the responsible minerals sourcing survey: 150 companies * Percent of conformant smelters* 84%

* Percentage of smelters and refineries conforming to the Responsible Minerals Initiative (RMI)

Intra-industry Collaboration (Engagement)

Since fiscal 2016, we have been a member of the Global Compact Network Japan, a network of the United Nations Global Compact, and have engaged in the activities of the Supply Chain Subcommittee of the GCNJ. In this subcommittee, we have discussed the latest global supply chain trends, beyond the boundaries between industries, and the practical issues regarding sustainable procurement, and are improving CSR self-assessments.

In addition, in response to the increasing number of minerals subject to responsible mineral sourcing, we participate in the Outreach Meeting hosted by the RBA and explanatory meetings on responsible mineral sourcing hosted by the Japan Electronics and Information Technology Industries Association (JEITA), to ensure that information is shared regarding the latest trends and to develop intra-industry collaborations that raise awareness in the supply chain and strive to improve the efficiency of investigations into responsible mineral sourcing.

Green Procurement Across the Entire Supply Chain

We have established the Green Procurement Standard and are promoting environmental initiatives with our suppliers for the realization of a sustainable society. This Standard sets out the following six items as our Environmental Policy: (1) contributing to the realization of a sustainable society by continually improving our environmental management systems, (2) establishing a decarbonized society, (3) realizing resource recycling, (4) being in harmony with nature and conserving biodiversity, (5) complying with domestic and international environmental laws and regulations, and (6) developing environmental human resources.

We have published the Standard on our website along with written instructions and submission forms, creating an environment that makes it easier for suppliers to take action. We also aim to reduce our environmental burden across the entire supply chain by expanding our requests through tier-1 suppliers to tier-2 suppliers. Using our designated format, we survey environmentally hazardous substances contained in the products and materials procured from our suppliers. In doing so, we are able to thoroughly manage chemical substances across all our products, reduce environmental risks, and ensure compliance with laws and regulations.

Education

Training Personnel in the Procurement Department

The Procurement Department provides education and training on sustainability and compliance with the goal of developing human resources who can fulfill social responsibilities. We have developed a compulsory curriculum for employees in charge of procurement, which includes courses on the environment (the reduction of CO_2 emissions and environmentally hazardous substances), compliance (human rights and harassment), sustainability, and anti-corruption. In fiscal 2025, all Procurement Department employees took the required courses.

Awareness-raising Activities for Suppliers

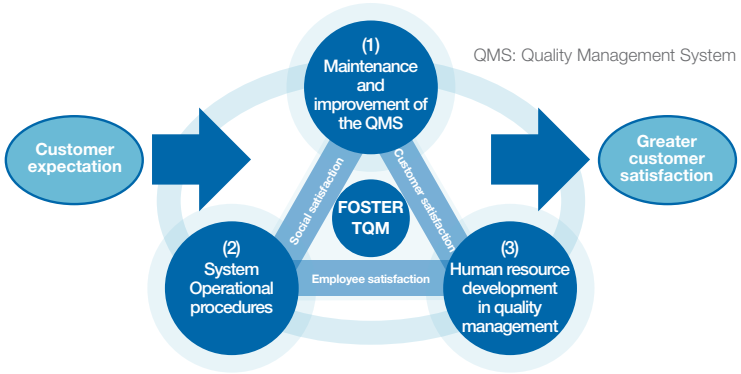
We actively develop awareness-raising activities for our suppliers to promote sustainability throughout the entire supply chain. In fiscal 2025, we held a remote briefing on environmentally hazardous substances and sustainable procurement, attended by 300 participants from 200 companies. We also hold a global supplier meeting every other year for important suppliers. At the meeting, we explained recent sustainability-related trends, our policies, and specific requests to 173 participants from 74 companies.

Quality and Safety Assurance

The Foster Group is promoting and deploying quality assurance activities based on the FOSTER TQM (Total Quality Management).

◉ Our Quality Assurance Policies and Actions

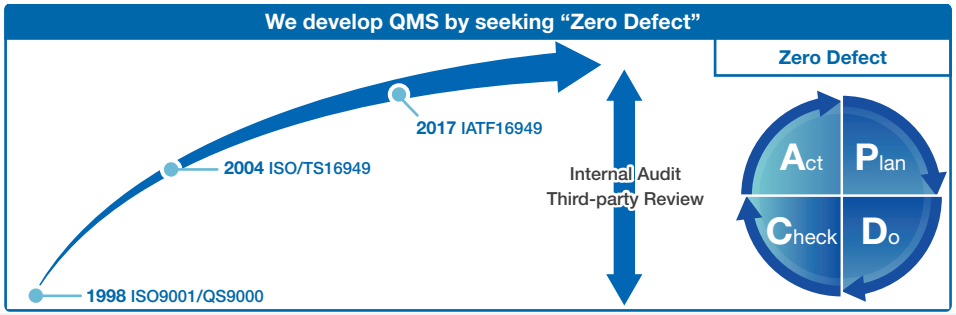
Under our customer-focused philosophy, our policy is to carry out quality assurance activities globally together with all of our employees to deliver safe, eco-friendly products of reliable quality. We promote our quality assurance activities in accordance with FOSTER TQM, which is based primarily on the maintenance and improvement of the quality management system (QMS) and process through daily improvements, the development of a system and operational procedures using diverse methods, and human resource development in quality management targeting all employees. We believe that we can satisfy our customers, society and our employees by focusing on these three primary initiatives while responding to changes in our business environment. We will strive to achieve long-term growth through these initiatives.



(1) Maintenance and Improvement of the QMS

Having started with the acquisition of the ISO 9001 and QS9000 certifications in 1998, we have been steadily expanding certifications on international quality management systems, having obtained certifications under ISO/TS 16949 in 2004 and IATF 16949 in 2017. At the same time, we identify issues through internal and regular third-party audits and implement a PDCA cycle, thus improving the effectiveness of our QMS.

Moreover, in addition to fulfilling the requirements of these standards, we are working to improve our QMS with the aim of achieving “Zero Defect”.



(2) Development of a System and Operational Procedures

For quality assurance throughout processes from product planning to shipment, we have built a quality assurance activity system based on Advanced Product Quality Planning (APQP) and operate this system globally. We ensure that we take the quality actions needed in each Phase. At each one of the five Gates, we review the activities in each Phase, and approve the transition to the next Phase. Through this process, we ensure comprehensive and uninterrupted quality assurance.

With these activities, we pay meticulous attention to quality in the early development phase to prevent complaints, ensure uniform quality globally, shorten the development period by front-loading, and further, drive cost reduction.

We will continue to evolve this APQP system to enhance our quality assurance activities.

Operation of quality assurance system conforming to Advanced Product Quality Planning (APQP) requirements

Definition of product process		Confirmation of customer requirements and contracting		Product development and production process development				Continuous production	
Phase 0	Gate 0	Phase 1	Gate 1	Phase 2	Gate 2	Phase 3	Gate 3	Phase 4	Gate 4	Phase 5	Gate 5
Concept review and implementation		Program planning and definition		Verification of design/development ⇩ Design approval of model/prototype		Verification of process design/development ⇩ Pilot approval		Validation of product and process ⇩ Approval of the start of mass production		Post-production, feedback, evaluation, and corrective actions	

Preparation and planning
Mass-production planning
Product development/design
Process development/design
Product and process verification
Mass-production
Feedback, evaluation, and corrective actions

[Phase] Each item of APQP [Gate] Review of each Phase and approval of transition to the next Phase

(3) Enhancing Quality Awareness and Developing Human Resources in Quality Management

We have designated every November as Quality Month and hold a variety of events by involving overseas sites to raise quality awareness among all employees.

Quality Improvement Case Exhibition

We hold this exhibition online by collecting cases of quality-related improvement and know-how we should share from headquarters and all overseas sites, and summarizing them in videos.

Leveraging the advantages of an online exhibition, we ensure the cases are viewed by many employees and encourage them to horizontally deploy the improvement activities across departments.



Quality Lecture Presentation

In response to growing demand for advanced quality management amid current quality trends, we hold quality lectures by inviting speakers from other companies. They introduce the latest information and examples of advanced initiatives and compare them with our quality issues. In doing so, we identify new ways to address quality issues based on specialized knowledge and objective third-party perspectives, which we in turn apply to our quality improvement activities.

QC Circle Company-Wide Convention

We promote QC Circle activities and company-wide conventions of teams representing factories to improve on-site capabilities. Each year, a total of more than 100 circle teams conduct quality improvement activities at overseas sites.

Among them, teams that won the QC Circle Convention at each factory give presentations of their achievements at the company-wide convention.

During the Quality Month, we develop a quality awareness and accelerate the development of human resources in quality management with specialized knowledge. By sustaining and enhancing Quality Month, we establish a foundation for fostering human resources, helping develop talent as the basis of our quality competitiveness.



QC Circle Company-wide Convention

Holding the Global Quality Meeting (GQM)

We hold the Global Quality Meeting (GQM) at the end of each fiscal year for a general review of our quality improvement activities in each year. At GQM, senior management from headquarters and overseas factories and sales companies come together to share the progress of priority measures and issues in our quality improvement activities and express their commitment to improving quality in the coming year.

Through GQM, we align the direction and awareness of quality globally and further reinforce the quality assurance system of the overall Foster Group, thereby providing value that fulfills customer expectations and improving customer satisfaction.

Ensuring the Safety, Quality, and Stable Supply of Products

FY2025 Target	FY2025 Result
● **Occurrence of major complaints (prevented through proactive measures from order to mass production)[*1]:** 0 failures	0
● **Customer satisfaction "A rank" rate[*2]:** 95% or higher	97%

*1 Failures that have serious consequences for human life, properties, the environment, management, etc.
*2 "A rank" rate: Status where customer satisfaction ratings show no issues or improvement requests, fully meeting requirements.

Stable Product Supply

The supply of our products to customers may affect their production lines, so it is essential to build a system that enables us to handle unforeseeable circumstances in the supply chain. We therefore take daily measures to ensure a stable supply.

In fiscal 2025, transit time from Asia to the U.S. and Japan was stable. However, as the situation in the Middle East, which had calmed down for a time, began to worsen again in February 2026, shipments to Europe continued to be rerouted via the Cape of Good Hope to bypass the Suez Canal, resulting in normalized increases in transit time. In this situation, we have meticulously analyzed and managed customer demand, while also planning inventories in response to the prolonged transit times and optimizing factory production systems and inventory levels in sales regions.

As a result, our annual inventory turnover was 4.7 times in Headquarters, exceeding the target of 4.0. Meanwhile, the target was achieved in the USA, with 7.0 turns 4.8, and in Europe, with 3.6 turns 3.6.

By ensuring stable product supply, we are striving to achieve both greater customer satisfaction and bolster our financial structure.

Ensuring the Safety, Quality, and Stable Supply of Products

FY2025 Target	FY2025 Result
● **Achieve target inventory turnover rates for speakers**	
Headquarters: 4.0 turns/year	4.7 turns (target achieved)
Sites in the USA: 4.8 turns/year	7.0 turns (target achieved)
Sites in Europe: 3.6 turns/year	3.6 turns (target achieved)

Relationship with Customers (Corporate Customers, Individual Customers, and Response to Sustainability Requests from Customers)

Corporate Customers

Foster Group Sales Department

Policies

We manufacture and sell products with a focus on acoustic transducers for the mobility-related business, and consumer-related business. While many of our products are used as components for playing back music, people around the world come into contact with our products in many ways that are not limited to uses involving playing back music. Our products serve people in various settings in their lives as micro acoustic components for warning sounds, actuators for haptics and other products. The purposes of use of sounds and vibrations that we offer are expanding daily. Working together with customers around the world, our Sales Department acts every day to widely deliver the value of our products to realize our mission, “To make contributions for future society through acoustics.”

Structure

We engage in sales activities through a global sales structure, with a presence in Japan, the U.S., Europe, China and Thailand. The value that is required is different in different markets around the world with different business customs, cultures and social situations. We have established a structure for satisfying customers around the world by sharing the value and ideas that only we can provide between regions while responding flexibly to local values. By proactively using and developing new communication tools that we introduced in the period when business travel was restricted significantly, we have established a system to enable inter-regional exchange to be more lively than ever before, transcending distance and time differences.

Activities

We emphasize making proposals for the future, and of course making sure that we deliver the products that are in demand every day. The things that are required of products change according to ever-changing social and economic situations, widespread environmental awareness, and many other factors impacting the business environment. By proactively proposing the functions that are appropriate for the sustainability of society in the future in addition to performance and prices, we will be a strategic partner that can be involved in development and design from a position that is closer to customers, achieving high-level customer satisfaction.

Future Plan



We aim to be an acoustic solutions partner that contributes for a future society. In our existing mainstay business, automotive products, we will enhance the lineup of products and services related to sound and vibration in addition to audio devices. We will also take on new outside-the-box challenges to expand the business in anticipation of the future. In addition to automotive products, we will develop new business fields including entertainment and healthcare and engage in activities to leverage our strengths to solve social issues.

Individual Customers

Fostex

Policies

We provide high quality products at appropriate prices to deliver an enriched and comfortable life to customers who purchase those products. The company seeks to develop products that lead to impressive experiences and that provide peace of mind and satisfaction for the customers who select and own the Fostex brand. In its after-sales services, the company also pursues customer satisfaction by always promptly providing services from the customers’ perspective.

Structure

We listen to our customers’ comments to seek the products that they need today and will need over the medium to long term. As such, we have established a project promotion structure across our sales and technical units. In addition to the domestic market, we also understand global needs to develop products specific to each region.

Activities



We share information with the dealers and also make efforts to listen to as many customers’ voices as possible at exhibitions and trial listening events. As part of our awareness-raising activities for audio equipment, we offer speaker craft classes and lectures on working principles of speakers at universities, vocational schools, local junior high schools and in other places.

Future Plan

We will continue to supply products of our trusted original brand, Fostex, to introduce our high technical competence and the high competitiveness of our products. We will continue to develop products that can deliver greater pleasure in the creation of and listening to music.

Response to Sustainability Requests from Customers

We understand that sustainability considerations, including labor and human rights, health and safety, the environment, and ethics, are essential requirements in business. Based on this understanding, we comply with sustainability requests from customers and disclose the status of our initiatives while pursuing our own initiatives. During fiscal 2025, we responded to a total of approx. 38 sustainability related surveys from 22 corporate customers. We will continue to enhance our sustainability initiatives by organizing and addressing issues identified through customer surveys and audits, while ensuring the transparency of our value chain.

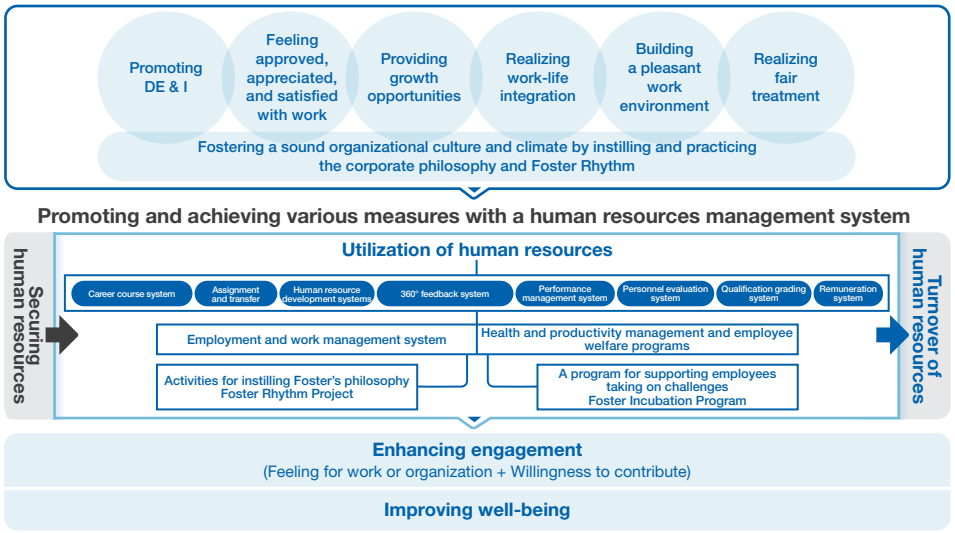
We will continue to drive sustainability-based manufacturing and strive to respond with integrity and responsibility through risk assessment, risk mitigation, and monitoring across the entire value chain.

Human Capital Initiatives

Initiatives to Improve Well-being

We respect the diversity of all employees and value an environment that enables them to choose their workstyles and careers. We have defined well-being as a state where employees can maintain and improve their physical and mental health while ensuring that their work enables them to develop personally, be satisfied in their jobs and take pride in their contributions to society. We are actively working towards this goal.

The well-being we aim to achieve is a state where employee engagement has been improved and employees are motivated to take the initiative and are given opportunities for personal development. We aim to create an environment where working for Foster Electric contributes to improvements in employee well-being.



1. Human Resource Development

Policies

It is based on "continuous performance by linking various personnel systems with individual development goals determined by mid- to long-term business strategies and individual characteristics (strengths/ weaknesses)". We have formulated the Personnel Grand Design by viewing recruitment, development, utilization, assessment, and treatment organically and in an integrated manner from a long-term perspective, built a Personnel Framework that enables every employee to demonstrate their capabilities with pride and job satisfaction, and promote the development of human resources to solidify our human resource foundation for Foster Electric in the next generation.

Target Employee Profile Guiding Human Resource Development

- Personnel who embody our vision through their duties and who have a "strong will" and "initiative" to work toward their realization.
- Personnel who do not remain complacent about the current situation but utilize every opportunity to improve their own abilities and grow with ingenious attempts and efforts.
- Professional personnel who use their expertise to play a key part in strategy formulation and implementation and who can create value continuously.
- Self-directed personnel who are conscious about their expected and assigned roles and missions and who can take responsibility for their own actions and results.

Basic policy

Initiatives for Independent Career Development

Employees' voluntary initiatives shaping their careers are essential. Employees' thinking about how they want to develop personally and the skills they need to acquire and acting accordingly will form the foundation of our human resource development and be a source of increased added value. We have established a career course system, which permits employees to choose options flexibly in accordance with the career plan and life stage of each, thus encouraging and helping employees to develop themselves independently under the system.

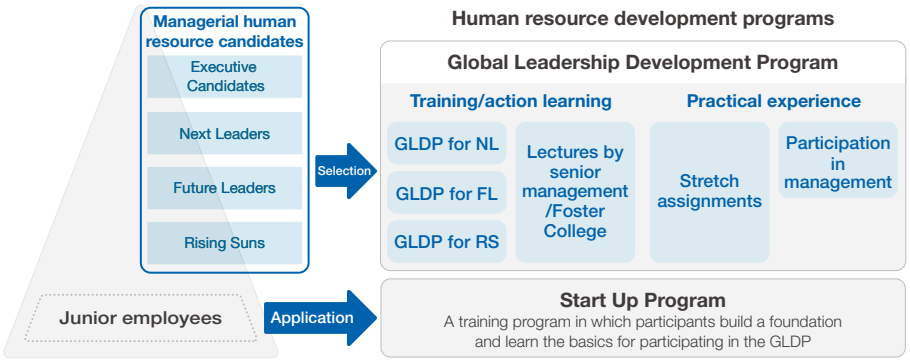
Career stages		Career courses (Career interviews are conducted every year to select and determine the course.)		
Management-level employees Employees with high-level specialist jobs	**Period for completing career development** Establishing a domain where each can contribute to management to complete their career development	**Global Course** Developing career assuming missions will be executed in a global environment, beyond national and regional boundaries (proactively creating opportunities to take on diverse challenges including overseas assignments)	**Expert Course** Developing careers exclusively in specific domains assuming missions will be executed mainly in Japan	**Associate Course** Developing careers exclusively in specific areas by valuing the consideration of personal circumstances (with consideration of and limitations on job responsibilities, the content of work, the amount of work, the place of work and other matters)
Mid-career employees	**Period for improving employability** Enhancing specialist capabilities with opportunities to broaden employees' perspectives and experience for broadening and deepening occupational abilities			
	Period for establishing core competencies Laying a foundation in a specialized field and improving business capabilities			
Junior level	**Period for developing core competencies** Enhancing basic capabilities	**Basic Course** Positioned as a period for the development of core skills when basic capabilities are enhanced and various opportunities for bringing out future potential are given for the development of employees' careers		

Initiatives for Developing Next-generation Managerial Human Resources

As part of our continuing strategies for developing managerial personnel, we implement the Global Leadership Development Program (GLDP) to globally foster human resources for the next and future generations.

The GLDP was developed based on a program for fostering managerial human resources that we began to fully implement in 2010. This program was rebuilt and newly systematized into the GLDP in 2019. Intended for personnel who are candidates for key posts, this program is implemented to individually develop the capabilities appropriate for each post.

In addition, in fiscal 2023, we introduced the Start Up Program, a development program that solicits participants from among young employees to develop future managerial human resource candidates.



Initiatives for Developing Globally Competitive Human Resources

We operate systematic programs for developing globally competitive human resources, aiming for well-planned, ongoing development of human resources who understand diverse cultures and values and can demonstrate their capabilities at sites around the world.

The program for practical training at overseas factories, in which all new employees participate, forms the foundation of our development of globally competitive human resources. Through practical experience at overseas manufacturing sites, employees learn manufacturing processes, quality control, and initiatives for production innovation. They also have the opportunity to collaborate with colleagues from different cultural backgrounds. Acquiring this overseas experience at an early stage contributes greatly to fostering a global mindset, as well as a deep understanding of the essence of our manufacturing.

We also promote various forms of international employee reassignment, including the “Global-eye Program”, an overseas training program for junior employees, and the Overseas Trainee Program intended for mid-career employees. In doing so, we provide opportunities to accumulate more practical experience in overseas operations, as part of our efforts to foster future global leaders. The focus of the training for newly promoted employees and manager training includes promoting understanding and practice of DE & I. We are instilling the understanding of the importance of building an organization which turns diversity into a strength, across the entire company.

With this multi-layered approach, we are striving to develop globally competitive human resources, who can demonstrate their capabilities at our sites worldwide, and increase our international competitiveness.

Initiatives for Retaining Young Employees and Developing Young Employees’ Work-related Skills as Early as Possible

We have established a comprehensive support system to assist the personal development of young employees multilaterally. In the Mentorship Program, senior colleagues serve as their close advisers and help them adapt to daily operations and the workplace environment. In the Mentorship Program by Officers, members of management directly interview young employees on a regular basis and give advice on career formation and long-term personal development. Further, in the Escort Runner Program, dedicated HR staff support young employees in the process of their development and provide them with comprehensive support throughout the process from workplace relationship-building to career planning. By having these programs work together, we have established a system for catering to the diverse needs of young employees and providing detailed assistance in their personal development.

Further, the Roundtable Meetings between Officers and Young Employees, serve as valuable opportunities for direct dialogue between management and young employees. In these meetings, young employees can share with management the issues they encounter in daily operations and propose improvements, and engage in Q&A sessions about business strategies and the company’s vision for the future.

Initiatives for Passing Down Skills and Developing Engineers

We have introduced the “A La Carte Training” as a program for the development of engineers. This permits participants to choose necessary courses from among approx. 46 courses, with a total length of more than 172 hours, in accordance with their needs. We have also built an environment which allows them to watch videos of classes that have been taught in the past.

The greatest features of this program are that the content of the program is optimized for the practical operations at Foster because all the lectures are given by internal staff and it allows internal lecturers to continuously refine their own teaching capabilities through the process.

This initiative is improving our technological capabilities, facilitating the passing down of skills, and serving as the foundation for Foster’s reliable technological capabilities.

Having been introduced in 2011, more than 5,600 people have participated in this training program.

Initiatives for Reforming the Organizational Climate

Based on the results of stress checks and the employee satisfaction/engagement survey which we conduct every year, we perform an organizational analysis to identify issues. In addition, in fiscal 2022, we introduced the 360° Feedback System which encourages managerial employees to self-reflect and change their behaviors, thus enhancing initiatives to build a better workplace environment.

In addition to the above, we have continued to identify issues based on various requests and recommendations received through labor-management consultations via the “Shinjukai,” an employee organization serving a similar function to a labor union, the results of exit interviews with people leaving the company, the results of employee questionnaire surveys conducted after interviews for providing feedback on personnel evaluations, and other channels, and we ensure personnel measures reflect these issues.

Initiatives for Instilling the Philosophy and Improving Engagement

We implement the Foster Rhythm Project globally to instill our corporate philosophy. In this project, we have redefined “the ideal company” for Foster Electric and verbalized our principles and values, with employees themselves thinking on their own and generating ideas. We summarized these into a guidebook and a card and distribute them to our employees around the world. In addition, we continue to hold workshops and implement many training programs in our efforts to develop human resources who can embody our corporate philosophy and to create a lively organizational environment.

Further, the employee challenge support program (the Foster Incubation Program)* includes the production of short videos, FOSTER STORIES, as an initiative to tell the public about our strengths and appeal. These and other activities for improving engagement continue to spread and evolve.

* Foster Incubation Program (FIP): An internal initiative launched in 2020.
In this program, employees themselves launch projects to do something exciting or take on challenges leveraging their ideas and skills, and support for these projects is provided to them.

2. Diversity, Equity, and Inclusion (DE & I)

Policies

The co-creation of value with our diverse human resources through global cooperation is essential for our manufacturing.

We are driving the creation of an organizational culture that respects the diversity of various personal qualities, such as age, gender, sexual orientation, physical traits, values, educational background, career, place of birth, race, ethnicity, and nationality, and which at the same time permits employees to work vigorously with peace of mind by catering to diverse needs, including individual circumstances and life events such as childcare and nursing care.

We aim to build a Win-Win relationship between the company and its employees and create synergies with the realization of enjoyable personal lives for each employee, the creation of new value, and improvement in the company's creativity and competitiveness.

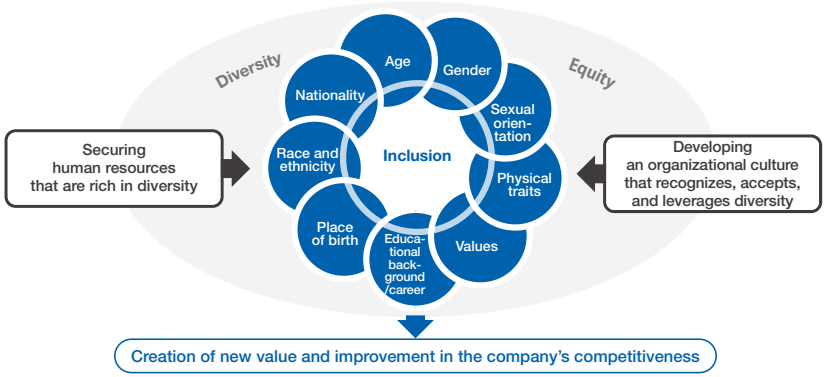
Activity Promotion Structure

We have established the Diversity Management Section, a dedicated organization for promoting diversity, equity and inclusion (DE & I), within the Human Resources Department.

Main Measures and Activities (Headquarters)

Educational Activities on Diversity

We have set up a special website on diversity on our internal intranet, where we provide various information to foster a better understanding of the fact that active participation of diverse human resources will lead to new value creation by the company. On this website, we are also raising awareness of inclusive language, which is aimed at promoting communications with respect for diversity. In 2018, we added "Actions for diversity that have been taken" to the personnel evaluation items. In fiscal 2024, we provided diversity management training for managers, in which trainees learned how to manage effectively while taking into account different individual attributes. In fiscal 2025, we invited a transgender speaker and hosted a lecture, offering an opportunity to learn how to engage with people of diverse ages, values and perspectives. We are working to create a more inclusive, diverse workplace by raising awareness of diversity among all employees and encouraging them to engage in self-driven activities.



Our Activities for Promoting Understanding of LGBTQ+ (Sexual Minority)

We have been working to deepen understanding of LGBTQ+ issues and increase the number of allies (people who understand and support LGBTQ+ individuals). In fiscal 2023, we established the LGBTQ+-Friendly Promotion Committee to promote respect for people's sexual orientation and gender identity. We have introduced online training content, including a course for learning about LGBTQ+ to turn diversity into an organizational strength and a course for creating a harassment-free workplace. These courses are available on demand.

DE & I Survey

We are actively engaged in promoting DE & I (Diversity, Equity, and Inclusion) as a material issue.

The DE & I we strive for is not simply about a numerical balance in a single attribute (such as gender), but rather a state where diverse values are respected and utilized as organizational strengths. To understand this essential state as a measurable indicator, we introduced the DE & I Survey to gauge employee perceptions of the organization. The DE & I Survey measures the extent to which diversity is accepted and utilized within the organizational culture. Through regular surveys and improvement cycles, we aim to drive meaningful DE & I progress.

In fiscal 2025, we conducted a DE & I survey based on this concept. By continuing to conduct this survey each year, we strive to further promote DE & I and refine our organizational culture through continuous improvement cycles.

Support for Employees Raising Children and Providing Nursing Care

To promote a working environment where employees who are raising young children or providing nursing care can work with peace of mind, we have improved our system to support the balance between work and childcare or nursing care. Since April 2018, we have extended the childcare leave period to a maximum of three years and the nursing care leave to a maximum of 183 days. We have also expanded the range of employees eligible for sick/injured childcare leave from those stipulated by law to include employees raising children up to junior high school age. We have also introduced an internal consultation service to provide appropriate advice and information individually. In fiscal 2025, we created the Maternity and Childcare Support System Guidebook and the Nursing Care Support System Guidebook, both of which were published on the company intranet. These guidebooks list both public support systems and Foster Electric's own support systems, allowing employees to check all the required information in one place. This greatly improved employee convenience.

Initiatives for Using Senior Human Resources

We have a program under which employees who reach the mandatory retirement age of 60 years old can continue to be employed until the age of 65 (re-employment program). Based on the idea that experienced senior human resources are an essential part of the Company's workforce, we are building an environment that enables the active participation of these employees so that they can work proactively and remain motivated. While the working arrangements of senior human resources are determined individually based on organizational needs and other factors, we support diverse ways of working, by providing flexible options regarding regular working days and regular working hours.

Initiatives for Global Human Resource Employment

We emphasize diversity in the employment of human resources as well. We are proactive in employing non-Japanese people to promote the globalization of human resources at headquarters, not to mention ensuring fair selection without discrimination. The percentage of overseas human resources among new graduates has been 19.6% since 2011. We are also emphasizing globalization in our mid-career hiring. In addition to recruiting human resources through conventional means, we are using diverse recruitment channels, such as establishing a program for employment

transfer from overseas Group companies to headquarters in Japan. In doing so, we attract human resources with different nationalities and cultures to our organization, aiming to increase diversity and inclusiveness.

Reform of Retirement Pension Plans

We worked on the reform of our retirement pension plans to expand options in response to the diversification of individuals' life plans and to build a system that will enable stable pension payment into the future. As a result, in July 2022, we unified our retirement pension plans into the defined-contribution pension.

At the same time, we introduced the retirement benefit advance payment plan, which permits employees to receive advance payment of retirement benefits, to respond flexibly to needs associated with life events, such as their children's education or the purchase of a home. The provision of these options also reflects the consideration we give to employees of non-Japanese nationality, whose future place of residence may not be Japan.

Improving Employee Wellbeing

Mid-Term Target	FY2025 Result
● **DE & I Survey (headquarters)**	Conducted
● **Percentage of female managers (headquarters):** 2030: 30%	14.0% (as of March 31, 2026)
● **Employment rate of persons with disabilities (headquarters):** Maintain the employment rate 2.5% that exceeds the statutory requirement.	3.0%
● **Ratio of care-related resignations (headquarters):** Maintain 0%	0%
● **Rate of males employees taking paternity leave (headquarters):** 100%	100%
● **The male parental leave uptake rate (headquarters):** 70%	42.9%

3. Labor (Labor Practices and Decent Work)

Policies

We believe it is important to create a worker-friendly environment where emphasis is placed on permitting each employee to achieve personal development through work and to demonstrate their capabilities while finding their job rewarding. We also seek to create an environment where employees with various backgrounds support each other spontaneously through daily communications and give ideas to each other. Under labor-management trust and mutual cooperation, we seek to create an organizational culture and develop various institutions, aiming to create an environment where employees with various lifestyles and aspirations can work in the style that suits their situation.

Activity Promotion Structure

In addition to the activities led by the Diversity Management Section, we have established the work-style reform with cooperation between labor and management.

Main Measures and Activities (Headquarters)

Workstyle Reform Initiatives

Since September 2016, we have established the systems and culture that satisfy a variety of work-style to promote diversity and realize a work-life balance. In fiscal 2017, we applied the flex time system to all employees and introduced the work-at-home program. At present, we have fully introduced a work-at-home program without any limitations on eligibility.

In fiscal 2020, we reduced scheduled working hours per day by 15 minutes, to 7 hours and 30 minutes. At the same time, we enabled all employees to work using the flex time system without core time. We have engaged in creating a work environment where employees can work flexibly to suit their lifestyles regardless of time or place by fundamentally overhauling work procedures and utilizing ICT.

In fiscal 2021, we eliminated distance constraints to give employees more freedom to choose their place of residence. This has enabled us to respond flexibly to cases where an employee moves to a distant place due to the job relocation of their spouse.

We will continue to work on work-style reform to become a company that can offer a more desirable work environment and fulfilling career.

Initiatives to Enhance the Leave System and the Leave of Absence System

We are taking initiatives to enhance the leave system and the leave of absence system, aiming to promote the diversity of work styles, respond to diverse lifestyles, and improve working conditions.

We offer various leave systems, including the volunteer leave system, systems that grant a leave of absence to employees desiring to pursue further education and those who desire to accompany their spouses on overseas assignment. We also enhanced the Paid Leave Accumulation Program, which permits employees to accumulate expired annual leave, and offer family-care leave, leave for fertility treatment, and sick/injured childcare leave. In addition, in July 2022, we introduced the Leave for Attending Child-related Event, so that employees can attend events such as their children's entrance ceremonies and graduation ceremonies without hesitation.

In addition, we introduced the two designated company-wide paid leave days per year and a monthly day to encourage employees to take paid leave in our efforts to increase the paid leave acquisition rate. (Paid leave acquisition rate for fiscal 2025: 76.9%)

Initiatives for Preventing Overwork

Attaching importance to the medical knowledge that long working hours cause a decline in labor productivity and accumulation of fatigue and increase the risk of cerebrovascular and cardiovascular diseases, we are taking the following initiatives aimed at helping employees maintain good health and building a comfortable workplace environment.

- Company-wide application of the flex time system
  We have introduced the flex time system without core time across the company, offering an environment where employees can adjust their work hours flexibly according to their workload and lifestyle. This system contributes greatly to business efficiency improvement and prevention of overwork.
- Expansion and enhancement of the work-at-home program
  We had introduced the work-at-home program before teleworking became widespread. At present, we have removed the limit on the number of days worked at home and introduced a partial work-at-home program that permits employees to work both in office and at home on the same work day. We have thus realized more flexible, efficient workstyles.
- Strategic encouragement of uptake of paid leave
  Appropriate uptake of leave not only prevents overwork but also helps improve employee engagement and productivity. Therefore, we have introduced a program that grants paid leave in a well-planned manner and set a monthly day when employees are encouraged to take paid leave, as part of our efforts to develop a workplace culture that facilitates the uptake of leave.
- Building an enhanced occupational health system
  We have set our own monthly overtime limit of 45 hours, which is far below the statutory standard

of 100 hours. Employees who exceed this limit are interviewed by our occupational doctors, who provide guidance. This is aimed at detecting mental or physical issues in the early stage and taking appropriate countermeasures. We have also established a system for consultation by occupational health nurses, providing an environment where employees feel free to seek health advice.

We take these initiatives with the aim of helping employees maintain and enhance their mental and physical health and establish a sustainable workstyle.

Second Job System

On September 1, 2020, we introduced a second job system. This reflects our belief that a wide variety of experience gained outside the company will increase opportunities to demonstrate one's capabilities and achieve personal development, thus helping to increase the breadth and depth of career development of individuals. At present, more than ten employees are utilizing the second job system. They are broadening their perspective by doing work that they cannot experience in their primary jobs, thus acquiring diverse skills and expertise.

Health Enhancement Initiatives

Mental and physical health is essential for employees to feel job satisfaction and have a fulfilling career. We position employees' health as an important management issue and are taking various initiatives. We have established a system where occupational doctors interview new employees after they join the company to ensure their mental health, and have enhanced health counseling services by occupational health nurses, in our efforts to prevent mental health problems and illnesses, detect them early, and prevent them from becoming severe. In addition, to raise employees' health awareness, we implement the Health Point System. In this system, we give points to employees when they have received health examinations or comprehensive medical examinations, participated in mental health seminars, and received training related to mental health, for example, and provide them with health incentives. In fiscal 2024 and fiscal 2025, we had occupational health nurses provide mental health training, and trainees learned about mental health.

Our initiatives for improving employee health were evaluated and we received a "Certification of Excellent Company in Health: Gold Accreditation" from the Tokyo Promotion Council for Healthy Company Declaration in December 2018. We have maintained this certification since. (renewed on January 1, 2026.) In addition, in March 2026, we were certified under the Ministry of Economy, Trade and Industry's 2026 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category).

健康優良企業 認定 協会第10号（7）

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

Improving Employee Wellbeing

FY2025 Target	FY2025 Result
● **Total working hours per employee (headquarters):** Achieve 158 hours or less per month on average	160.1 hours
● **Rate of periodic health examinations taken (headquarters):** Maintain 100%	100%
● **Rate of participation in specific health guidance/post-health checkup interviews (headquarters):** Achieve 80%	82.8%

4. Safety and Health

Policies

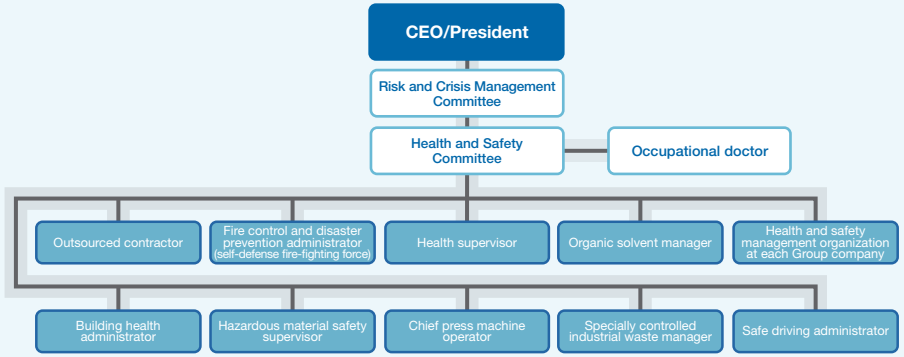
Foster Electric has established a principle to prioritize health and safety, and endeavors to create a safe and healthy working environment. Based on this principle, we deliberate on risks impacting all of our employees and stakeholders, including contractors, with the leading role played by the Health and Safety Committee and the health and safety management organizations at individual sites. Where necessary, risks are reported to the Risk and Crisis Management Committee, the upper-level organization, to coordinate with the Board of Directors, so as to facilitate activities to prevent health and safety risks in a company-wide manner.

Excerpt from the Code of Conduct for Staff

1. Understand laws and orders concerning work-related safety, health and emergency and comply with them. And prepare countermeasures to minimize the impact of emergency situations.
2. Risks to workplace safety are managed through appropriate control measures, including preventive actions, workplace safety measures, ongoing training, and posting notices within the facility.
3. Procedures and systems are to be in place to prevent, manage, track and report occupational injury and illness.
4. Employee exposure to chemical, biological and physical agents is to be identified, evaluated, and controlled.
5. Employee exposure to the hazards of physically demanding tasks is to be identified, evaluated and controlled.
6. Production and other machinery are to be evaluated for safety hazards.
7. Employees are to be provided with ready access to clean toilet facilities, canteen with suitable drinking and eating environment.

Activity Promotion Structure

The health and safety activities are operated by the Health and Safety Committee at headquarters in cooperation with occupational doctors, under the supervision of its upper-level organization, the Risk and Crisis Management Committee. By sharing information among the health and safety management organizations at each site, the Group is working as one to create an appropriate working environment.



Main Activities

Every year, we implement health and safety education, which is the basis of occupational activities. Further we tackle “group-wide issues” based around the Risk and Crisis Management Committee at headquarters. As part of the activities based on the Health and Safety Management Regulations, the health and safety management organization, which consists of representative workers and management, discusses issues specific to each site, conducts legal inspections, and confirms the implementation of risk assessments at each base and takes measures such as posting evacuation routes and displaying warnings where hazardous areas exist to prevent accidents and eliminate risks for not only employees but all stakeholders working on premises, including contractors and contract employees.

With regard to the group-wide issues, we take initiatives to resolve occupational health and safety issues and also address global health problems such as HIV/AIDS, tuberculosis, and malaria. These initiatives are guided by our “Occupational Health and Safety Management Program Procedure Manual,” based on the “Foster Group Corporate Action Guidelines” and the “Foster Group Code of Conduct for Staff”. At headquarters, in line with the policy of the Health and Safety Committee, we created a health and safety action plan. This plan sets a target of maintaining zero high-consequence work-related injuries and prioritizing system development to achieve zero occupational injuries caused by chemical substances during prototype work and other activities. Under this plan, we took steps to address occupational injury risks for all employees, including contractors, to achieve zero occupational injuries. As a result, none of the 20 occupational injuries that occurred within the Group as a whole were high-consequence work-related injuries.

Initiatives and Achievements in Japan

- Implementation of audits and promotion of corrective activities in collaboration with occupational doctors to establish chemical substance management
- Provision of an e-learning program on maintaining good health with a healthy diet for interested employees
- Traffic safety seminars by police officers from the local police department
- Reorganization of self-defense fire-fighting forces in response to changes in workstyles, including increased remote work
- Preparations for age-friendly guidelines in response to the April 1, 2026 revisions to the Industrial Safety and Health Act

Promotion of Chemical Management

In Japan, we established a chemical substance management promotion team in response to the need to strengthen chemical management following the revision of the Industrial Safety and Health Act. The team has strengthened our operations, including the attachment of GHS (Globally Harmonized System of Classification and Labelling of Chemicals) labels, confirmation of safety data sheets (SDSs), and the use of safety equipment. Based on risk assessments, we promote autonomous chemical substance management. In fiscal 2025, the Health and Safety Committee collaborated with occupational doctors to carry out audits and corrective activities to embed these initiatives.

Activities of the Chemical Management Promotion Team

- Promotion and implementation of chemical substance risk assessments
- Actions taken and promoted for the management of chemicals under the Industrial Safety and Health Act (including special rules)
- Actions taken and promoted for the use of personal protective equipment
- Appropriate management of SDSs and implementation of countermeasures based on assessment results

Bicycle Safety

In recognition of our employees’ safe use of bicycles and our traffic accident prevention activities, we were certified by the Japan Traffic Management Technology Association as a Model Company for National Bicycle Safety in February 2017, with our activities being seen as making us a role model. The certification was again renewed in fiscal 2025 in recognition of our continuing activities. We made it mandatory to wear a helmet when using a company-owned bicycle for work. We also hold internal lectures by local police officers, as part of our efforts to ensure the safety of employees.



Bicycle Safety Model Company certification

Initiatives at Overseas Sites

We seek to improve areas related to health and safety at overseas factories and other overseas sites, either on our own or through externally certified management systems. We minimize the occurrence of work-related injuries and diseases with safe, hygienic work environments, in an effort to ensure high quality products and services and uniformity of manufacturing, retain workers, and increase their motivation to work. We also share information with employees and provide them with ongoing training, so as to identify and solve health and safety problems in workplaces.

Regarding the international standard ISO 45001 for occupational health and safety, the Bac Ninh Factory (Vietnam) and the Panyu and Heyuan Factories (China) received ISO 45001 certification in 2019, while the Ho Chi Minh Factory (Vietnam) became certified in 2022. In addition, the ESTec Group, our subsidiary in South Korea, has also obtained this certification at its Ho Chi Minh Factory (Vietnam), Phu Tho Factory (Vietnam), Jiaxing Factory (China), and the headquarters factory (South Korea).

Among the 15 manufacturing sites of the Foster Group, the above eight sites have obtained the ISO 45001 certification and have continued to renew the certification every year.

At sites that have yet to obtain it, we have stipulated that specific actions shall be taken by following “6.1.4 Planning Action” shown in the standard. We aim for appropriate operation based on the structure of each site.

Future Plan

In fiscal 2026, we will continue to examine our global BCP structure and enhance its management, including the BCP drill assuming a fire at our Myanmar Factory, restructuring the BCP framework for products supplied to domestic automakers assuming a Nankai Trough earthquake, and preparing for a Mt. Fuji eruption. While pushing forward with the development of a system based on the “Multi-hazard BCP” that responds flexibly to diverse risks, including infectious diseases, we also engage in initiatives aimed at improving the well-being of each employee.

Social Contribution and Philanthropy

Basic Approach

We support the SDGs and the principles of the United Nations Global Compact and aim to contribute to the development and well-being of local communities while also fulfilling our corporate social responsibility. Establishing smooth communication and mutual trust with local communities is an important foundation for the company's business initiatives. Article 18 of the Foster Group Code of Conduct for Staff stipulates the following regarding social contribution activities:

- We actively participate in social contribution activities as a good corporate citizen to contribute to the development of society.
- We continuously execute social contribution activities, such as sponsorship of culture, art and sports, cooperation to regional community, participation in volunteer activities or contribution to international society and fulfill our role as a corporate citizen.

We engage proactively in effective communication and philanthropic activities in the countries and regions where we operate, aiming to be a company that develops together with people from local communities and that enjoys widespread trust.

Main Activities

Communicating with the Community

In 2014, we acquired the naming rights for Akishima Community Hall. This facility is popular with local residents as FOSTER Hall. The blue parts of the logo, FOSTER and ALL reflect our strong desire that the hall will contribute to the growth of all the people who use it.



In addition, we co-sponsor Akishima Kyodo Geino Matsuri (Akishima hometown entertainment festival) and Showa no Mori Music Festival through the activities of the Akishima Showa No Mori Arts and Culture Promotion Association and the Akishima Tourism & City Planning Association, in which we participate. Through these efforts we are promoting activities to enable people to encounter local traditional cultures.

To revitalize the local area, we are cooperating with the Akishima Location Service, contributing to regional revitalization by attracting TV commercial producers, filmmakers, and similar professionals to the city as a shooting location for films, television shows and other videos.

Initiatives Related to Fairtrade

In fiscal 2024, we began serving Fairtrade-certified coffee at the headquarters cafeteria, where it has become popular as a daily initiative to promote sustainable supply chains.

International Fairtrade Certification Label

Partnership Agreement with Japan Goalball Association

In March 2024, we signed an Official Gold Partner agreement with the Japan Goalball Association (Headquarters: Adachi Ward, Tokyo, President: Michiko Kajimoto).

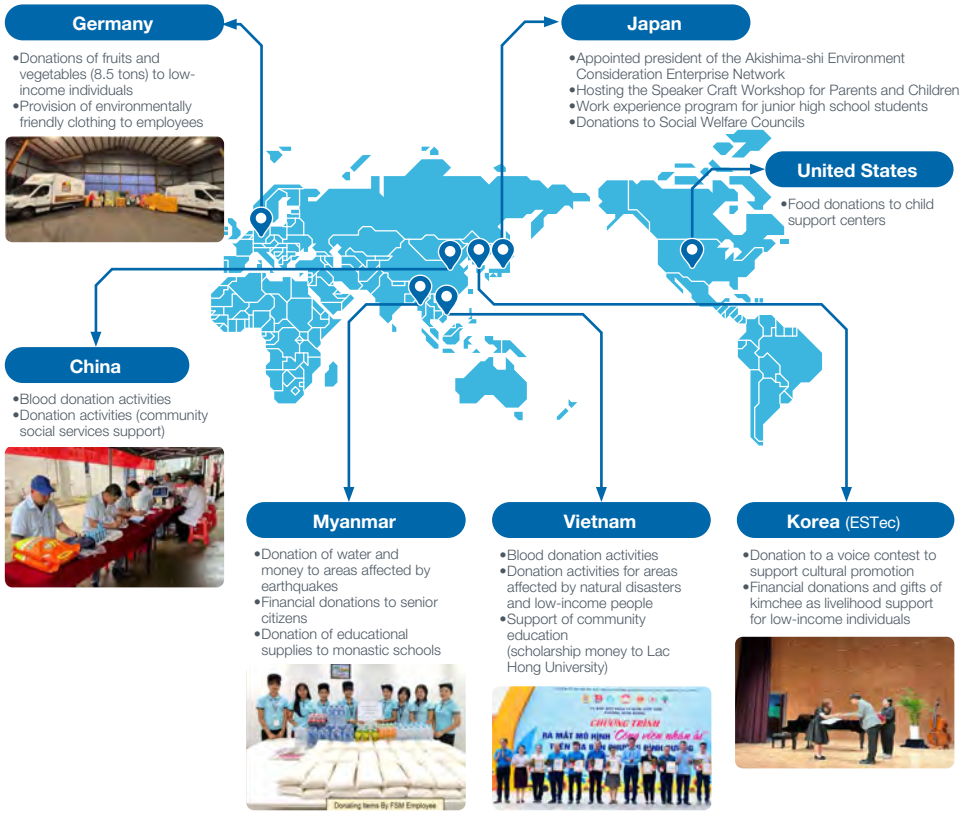
The basic philosophy of the Japan Goalball Association, "Value hearing all the more for the absence of vision" is highly consistent with our vision, "To make contributions for future society through acoustics." We support this organization, believing that it is linked to an inclusive society and diversity, a matter that is stated in the SDGs we respect.

In the lobby of our headquarters, we exhibit signage, uniforms, game rules, and other items to promote goalball. In 2025, our employees attended matches and participated in a friendly tournament for supporting companies hosted by the Goalball Association, deepening connections both within and outside the company.



JAPAN 一般社団法人 日本ゴールボール協会 Japan Goalball Association

The Foster Group's Social Contribution Activities and Philanthropy



Sound Management Structure

- Roundtable Talk with Independent Directors
- Governance
- Directors, Audit and Supervisory Committee Members, and Executive Officers

Roundtable Talk with Independent Directors

We transitioned to a company with an Audit and Supervisory Committee in June 2026. We organized a roundtable talk with three independent directors (Minoru Matsumoto, Kaoru Chujo and Yoshito Ezure), to review the first fiscal year of the mid-term business plan and discuss Foster's strengths.



Q: What are your views regarding our business environment and business operations in FY2025?



Matsumoto: When I look back at the past fiscal year, I strongly feel that this past year was defined by the materialization of geopolitical risks. The external environment changed drastically. Key factors included the Trump administration's tariff policies, China's restrictions on rare earth exports, and the tight supplies and price hikes of petroleum products due to the Iran situation. In response to these extreme changes in the external environment, we were able to negotiate with customers to quickly and properly incorporate the increased costs into prices. I see this as very appropriate.

At the same time, we also actively discussed capital investments. There has been steady progress in the expansion of manufacturing sites aligned with the concept of "local production for local consumption," the installation of automated equipment and other initiatives for the mid-to-long-term improvement of competitiveness. These were the major highlights of the year. Additionally, we have actively engaged in dialogue with investors since last fall. I feel that there has been a steady accumulation of internal and external actions during the year.

It is vital that we have contingency plans to respond to drastic changes in the external environment in the future. I hope the experience gained through these actions will be leveraged for our future preparations.

* This roundtable talk was held in April 2026. Minoru Matsumoto stepped down on June 25, 2026.

Q: The first year of the mid-term business plan has ended. As independent directors, what is your assessment of this first year?



Chujo: In assessing the first fiscal year, I believe it is important to examine not only the degree of achievement of numerical targets but also the appropriateness of the direction of strategies and the degree to which the foundation for implementing these strategies has been developed. Regarding this, I assess that we have succeeded in earning profits that were higher than our fundamental financial targets, and we are steadily producing results by implementing the strategies specified in the mid-term business plan.

In the mobility-related business, we are steadily achieving positive results via our sales strategies focusing on the branded and premium segment and our initiatives to increase the number of installations of our products per vehicle, leveraging automotive speaker technologies. Additionally, we were able to swiftly respond to an unexpected revision of U.S. tariff policies at an early stage by negotiating prices with customers and flexibly changing logistics operations. I believe that this was made possible based on the "optimization of our strategic material procurement structure" and the "logistics reforms" we worked on as cost structure reforms under the mid-term business plan.

At the same time, some of our initiatives are still in transitional phases. In particular, I see improving the profit margin of the Foster Electric Group as a whole, together with our approach to collaboration and generation of synergy with consolidated subsidiary ESTec CORPORATION, as key issues that should be addressed in the future. Building on the insights gained in year one, I expect that addressing these key current issues intensively and accelerating reforms will drive mid- to long-term results.

Ezure: Indeed. I feel that we achieved our numerical financial targets and, on the whole, made a good start on the mid-term business plan in line with the strategies in it. The focus on the branded premium segment served as our primary pillar. Additionally, we were able to return to profitability as a result of the structural reforms in the "Other Businesses" segment. I feel these are our major achievements in the past year.

From the perspective of financial targets, the setting of targets including a PBR of more than 1.0 and an ROE of 8% has stimulated the discussions of the Board of Directors regarding capital efficiency. I think it was meaningful that targets set under the mid-term business plan were clearly understood within the company and deliberations in line with them are beginning. Given the increasingly active discussions with investors, I feel we have entered a phase requiring deeper discussions on our overall capital allocation, including dividend policy.

Matsumoto: Although sales decreased slightly, we were able to generate solid profits. I believe these results demonstrate the effectiveness of our focus on high value-added products in the branded premium segment. Our ROE is steadily approaching the 8% target, and I feel that we were able to make a very good start on this.

In the future, increasing the profitability of the Foster Group with a view toward the achievement of even higher consolidated profits will be a major theme. Of course I have hopes regarding the capital policy, but I believe that improving the profitability of the businesses themselves is the basis.

Q: What do you think about Foster's technological strengths and issues and about its IT and digital transformation (DX) initiatives?



Ezure: I experienced the demo car on two occasions, and both times it was truly impressive. I was overwhelmed by the sound quality and the immersive audio experience created through surround sound systems and actuators. Looking ahead to an era in which the shift to autonomous driving technologies is accelerating, the vision of transforming each seat in a vehicle into a personal entertainment space is truly compelling. The technology exhibition showcased many different interesting elemental technologies, including automotive speakers with damping functions to control vibration. After seeing these initiatives, I reaffirmed Foster is a manufacturer with reliable expertise and unique strengths. Speaking candidly from my background in the acoustic and electronics industry, I feel that the commitment to sound shown by Foster's engineers is quite similar to the engineering spirit I have experienced throughout my career.

If I may add one point, I think that there should be more opportunities for open discussion of visions and ideas related to technology. For example, it would be even better if the direction of technological development were shared at meetings of the Board of Directors. By actively communicating our vision of what can be achieved in the future through Foster's acoustic technologies, both internally and externally, and by valuing Foster's strengths as a technology-oriented company, we can enhance our corporate branding and develop an internal technical culture. Internally, there are already some initiatives, including the Foster Incubation Program (FIP). I hope that these activities will further cultivate a corporate culture where employees discuss their technological aspirations.

Chujo: Among our IT and DX initiatives, I would like to specifically mention the ones related to generative AI. Since I am a member of the Ministry of Economy, Trade and Industry's Study Group on AI Guidelines for Business, I have closely watched Foster's developments from the perspective of AI governance.

I particularly value two key aspects of our initiatives. First, management itself has taken the initiative in building a secure in-house generative AI environment and launching a company-wide community for sharing know-how. Second, we have established our AI ethics policies and AI basic policies, while steadily developing generative AI operational guidelines and internal training programs to ensure that personnel on-site can utilize generative AI with confidence. I admire company-wide initiatives like these.

Currently, generative AI produces outstanding results in the areas of back office streamlining and the transition from programming tasks to checks. It is important to apply it actively in these domains. In the future, the issue will be changing to a mindset of having AI conduct all business processes, and not confining its use to the streamlining of individual operations. As AI plays an expanding role in operations, we need to shift to a design in which AI carries out the tasks while humans focus on reviewing and decision-making.

Furthermore, in the future, it will be essential to introduce AI agent-like features in our internal generative AI platform. Today, the widespread use of no-code tools is establishing an environment in which anyone can use generative AI without any programming knowledge. I think that all employees will eventually use it. Given this situation, I believe that the competitiveness of the company as a whole will be improved by enabling employees to allocate their resources to essential tasks such as making final decisions and developing concepts and ideas.

Particularly for manufacturing companies like ours, I expect that applying generative AI to manufacturing sites and to passing down the expertise that engineers have cultivated over years will lead to the creation of value over the mid- to long-term across our global operations.

Q: In June 2026, Foster Electric transitioned to a company with an Audit and Supervisory Committee. In your view, what opportunities will this structural change bring about and what are the key factors in the successful implementation of this transition?

Matsumoto: With our transition to a company with an Audit and Supervisory Committee, the directors who are Audit and Supervisory Committee members will have voting rights. This will be expected to further strengthen the supervisory function of the Board of Directors. One key factor to ensure the effectiveness of our structure is clearly distinguishing between matters that should be deliberated by the Board of Directors and those that should be handled by the Board of Managing Directors and other executive bodies.

The way that information is provided to independent directors is also important. Promptly sharing sufficient information before meetings of the Board of Directors will improve deliberations and accelerate decision-making, ultimately ensuring the effectiveness of the Board of Directors. The point is not just to establish a formal structure, but to elevate operational quality.

Chujo: The goal of the structural change is not merely to formally change the governance structure. I understand that it is an important turning point that will further increase the effectiveness of the Board of Directors. Integrating audit and supervisory functions more closely will enhance the quality of decision-making processes.

In addition, newly appointed independent directors will share their diverse perspectives, expertise and knowledge of shareholders, the capital markets and South Korea, where our significant affiliate ESTec is based. I hope that they will further increase the breadth and depth of our discussions of strategy.

As Mr. Matsumoto said, enhancing operational effectiveness requires operational refinements, such as the enhancement of the information provided to directors and the revision of the Board's agenda design to allow more time for essential discussions. I feel that the Board of Directors should concentrate more intensely on advancing strategies, monitoring and supervision. These activities are a part of the planning (P) and checking (C) processes in the PDCA cycle. It will evolve governance, enabling management to take risks more boldly and carry out strategies to achieve growth.

Ezure: Regarding the strengthening of the supervisory functions of the Board, granting voting rights to directors who are Audit and Supervisory Committee members, along with delegating authority to executive management, will also enhance the effectiveness of the Board. What I find particularly significant among these changes is that independent directors now account for a majority of the Board of Directors for the first time, even though this is not directly associated with the transition to being a company with an Audit and Supervisory Committee. I think this is a symbolic event in Foster's history. The collaboration between internal directors with abundant experience and knowledge and independent directors with independent perspectives establishes a framework in which discussions from the perspectives of shareholders will be more in-depth and corporate value will increase. I think this is very significant.

Governance

Corporate Governance

Transition to a Company with an Audit and Supervisory Committee and Related Policies

At the Ordinary General Meeting of Shareholders on June 25, 2026, we transitioned to a company with an Audit and Supervisory Committee.

This means that we established our Audit and Supervisory Committee, with independent directors being a majority of the committee, and also the directors who are Audit and Supervisory Committee members have voting rights on the Board of Directors. By enabling our Audit and Supervisory Committee to exercise its right to state opinions at Board meetings and through other means, we have enhanced the auditing and supervision of the Board of Directors and further accelerated decision making and the execution of business properly supervised by the Board of Directors to enhance corporate governance.

Corporate Governance Structure

Board of Directors

The Board of Directors meetings are held regularly on a monthly basis, in principle, and whenever necessary to discuss and decide important agenda items and the execution of important business concerning the Group's management policies and strategies. It also supervises the management from an independent and objective standpoint.

- Members of the Board of Directors and their meeting attendance

  The Board of Directors consists of 12 directors. Seven of them, a majority of the Board, are independent directors supervising or auditing corporate management. In addition, the Board of Directors is chaired by the president. Because we are in a period of business transformation, with many agenda items related to important business execution, we believe that the smooth operation of the Board of Directors is best achieved by having the president, who is familiar with the status of business execution and the internal situation, chair the meetings. In addition, sessions for exchange of views among directors, hosted by independent directors, are also held to enhance the effectiveness of the Board of Directors.

  Members of the Board of Directors and their meeting attendance are as shown in Table 1 (page 54).

- Major matters considered by the Board of Directors

  The Board of Directors votes on important matters related to business execution, including management policies, business plans, and sustainability-related issues, in addition to the agenda for the general meeting of shareholders and legal matters for resolution. Progress in important matters of business execution is also reported. Matters to be reported include those requested at sessions for exchange of views between independent directors and corporate auditors as well as among independent officers, leading to a lively exchange of opinions.

Audit and Supervisory Committee

Directors who are Audit and Supervisory Committee members attend Board of Directors meetings and other important meetings to audit and supervise the execution of business in accordance with the auditing standards, policies and other matters formulated by the Audit and Supervisory Committee.

- Members of the Audit and Supervisory Committee and their meeting attendance

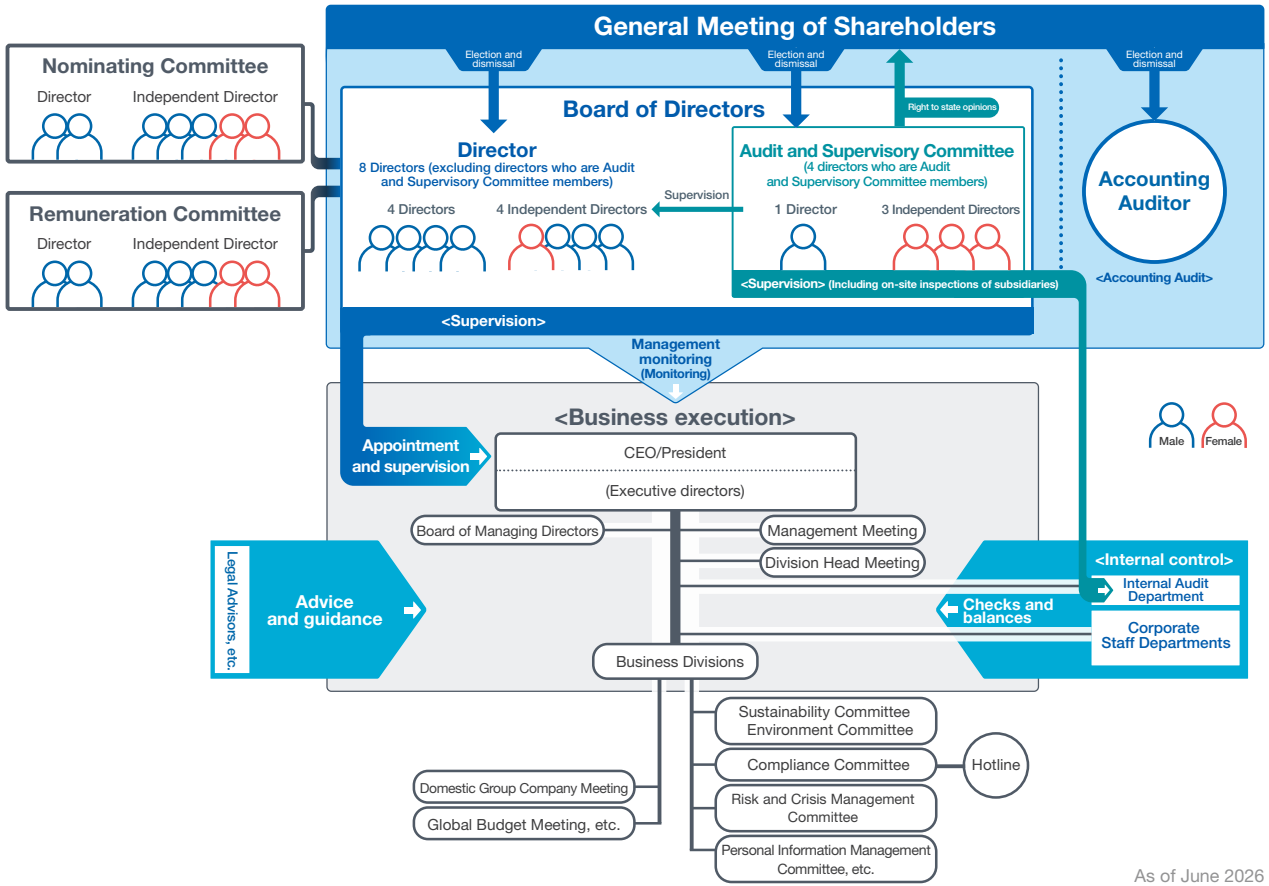
  Directors who are Audit and Supervisory Committee members consist of four members (including three independent directors). Each member has considerable knowledge in accounting, tax affairs, or legal affairs.

  Members of Audit and Supervisory Committee and their meeting attendance are as shown in Table 1 (page 54).

  * Since the company transitioned to a company with an Audit and Supervisory Committee on June 25, 2026, the directors who are Audit and Supervisory Committee members have taken on the roles formerly held by the corporate auditors, and the Audit and Supervisory Committee has taken on the roles of the Board of Corporate Auditors.

- Major matters considered by the Audit and Supervisory Committee

  They include audit policies, the legality of business reports and annexed detailed statements, the legality of the execution of duties by directors, the internal control system and its status of operation, the reasonableness of the methods and results of audits conducted by the accounting auditor, and the Audit and Supervisory Committee's exercising of their right to state their opinions.



As of June 2026

Status of Activities of the Nominating Committee

The committee is chaired by the lead independent outside director, and its members are five independent directors (including one director who is an Audit and Supervisory Committee member), and two inside directors.

To ensure the fair, transparent selection and appointment, etc. of directors, the committee drafts agendas on the appointment or dismissal of directors that the Board of Directors submits to the general meeting of shareholders, as well as agenda items on the appointment or dismissal of the president for the Board of Directors meetings. In the process of appointing the president, the committee has the authority to select a succession plan and candidates and interview the candidates.

During the last fiscal year, the committee met once.

- Selection of candidates for directors to be submitted to the 92nd Ordinary General Meeting of Shareholders and submission of the candidates to the Board of Directors and the Board of Corporate Auditors
- Selection of executive officers with titles and executive officers, and submission of the candidates to the Board of Directors

The attendance record of each member is shown in Table 1 (page 54).

Status of Activities of the Remuneration Committee

The committee is chaired by the lead independent outside director, and its members are five independent directors (including one director who is an Audit and Supervisory Committee member), and two inside directors.

This committee has the authority to determine the director remuneration system, criteria, and policies and content of remuneration of individual directors, within the amount limits set by resolution by the general meeting of shareholders and within the scope specified in internal regulations on remuneration, so as to ensure fair, transparent decisions on directors' remuneration, their treatment, and other areas.

During the last fiscal year, the committee met once.

- Review of business performance of the overall company and each division
- Evaluation of individuals for performance-linked remuneration for the fiscal year
- Review of the progress of the mid-term business plan
- Evaluation of individuals for mid-to-long-term performance-linked remuneration

The total amount of remuneration of directors was submitted for discussion at the Board of Directors meeting held on June 25, 2026, and received approval. Regarding the amount of remuneration of each director (and each executive officer), it was resolved that the Board of Directors would leave the decision to the committee within the total amount and the scope set forth in the internal regulations on remuneration of directors, etc.

The attendance record of each member is shown in Table 1 (page 54).

Sessions for Exchange of Views Among Officers

We hold the following sessions for exchanges of views for the purpose of strengthening corporate governance. At each session, attendees have unrestricted, constructive discussion and exchange of views, including the presentation of problems. The content is utilized for the discussion and operation of the Board of Directors, supervision of management, business execution, and other purposes.

Meeting name	Chairperson	Organizer	Month
Session for exchange of views among independent officers	Lead Independent Outside Director	Exchanging views from independent standpoint	June 2025
Session for exchange of views between independent directors and corporate auditors	Full-time Corporate Auditor	Exchanging views from the standpoint of auditor or supervisor	July 2025 February 2026
Session for exchange of views among the president, independent directors, and corporate auditors	CEO/President	Recommendations to the president from auditors or supervisors	September 2025 March 2026
Session for exchange of views between the president and corporate auditors	Full-time Corporate Auditor	Reporting audit results, giving recommendations for improving the execution of duties, etc.	November 2025

◉ Evaluation of Effectiveness of the Board of Directors

To increase the effectiveness of the Board of Directors, we evaluate its effectiveness based on questionnaires completed by directors and corporate auditors. We also use the results of the surveys in the operations of the Board of Directors.

Overview of Results of the Effectiveness Evaluation of the Board of Directors

1. Last fiscal year (FY2025)
   1) Composition
      The Board of Directors has a well-balanced composition, with internal and external officers with diverse experience and insights. Its size is appropriate for having sufficient communication and lively discussions. Meanwhile, age demographics and the appointment of directors with expertise in investor perspectives and comprehensive strategic insight, as well as directors of foreign nationality, remain challenges.
   2) Status of operation
      To help the Board of Directors conduct meaningful discussions, materials are distributed to its members before each meeting, thereby promoting their understanding of the background, purpose, and content of each agenda. In addition, where necessary, explanations are given by the Board of Directors secretariat or others. The frequency of meetings is also set appropriately. Although there are unavoidable circumstances at times, there is room for improvement regarding the early distribution of materials. Going forward, with respect to important matters, extraordinary Board of Directors meetings and prior discussion meetings to exchange views will be held in addition to regular Board meetings, to further invigorate the Board of Directors through repeated, step-by-step deliberations.
   3) Status of deliberations
      Effectiveness has been increased with sufficient time provided for questions, answers and discussion, and unrestricted, constructive discussion and exchange of views, among other improvements. The clarification and sharing of important items at the beginning of meetings of the Board of Directors will enable the Board to focus on the deliberation of matters and manage time effectively. It is necessary to narrow down Board agenda items and create opportunities to deliberate selected important themes.
2. Future initiatives

In light of the results of evaluation for the last fiscal year, the following initiatives will be taken in an attempt to enhance deliberations by the Board of Directors and further increase its effectiveness.

- Presenting materials earlier, and improving prior explanations about such matters
- Enhancing deliberations of management strategies and important matters and follow-up reporting
- Narrowing down Board agenda items and creating opportunities to deliberate selected important themes

Table 1: Activities of each director and corporate auditor in the Board of Directors, Board of Corporate Auditors, and voluntary committees (April 2025 to March 2026)

		Board of Directors	Board of Corporate Auditors	Nominating Committee	Remuneration Committee
Kazuhiro Kishi	CEO	◎ 12/12		○ 1/1	○ 1/1
Akihito Mochizuki	CFO, Executive Vice President	○ 12/12		○ 1/1	○ 1/1
Hiroki Miura	Senior Managing Director	○ 12/12			
Yasuhide Takahara	Managing Director	○ 12/12			
Naoki Kanai	Director	○ 12/12			
Minoru Matsumoto	Lead Outside Director Independent	○ 12/12		◎ 1/1	◎ 1/1
Kaoru Chujo	Independent Director Independent Female	○ 12/12		○ 1/1	○ 1/1
Yoshito Ezure	Independent Director Independent	○ 10/10		○ 1/1	○ 1/1
Tatsuhito Tanaka	Full-time Corporate Auditor	△ 12/12	◎ 9/9		
Satoko Kimoto	Independent Corporate Auditor Independent Female	△ 12/12	○ 9/9	○ 1/1	△ 1/1
Aiko Oue	Independent Corporate Auditor Independent Female	△ 12/12	○ 9/9		
Yukiko Nomura	Independent Corporate Auditor Independent Female	○ 10/10	○ 6/6		

◎: Chairperson, ○: Member, △: Attendee

(Note) 1. Mr. Yoshito Ezure was appointed as an independent director at the 91st Ordinary General Meeting of Shareholders held on June 25, 2025.
2. Ms. Yukiko Nomura was appointed as an independent corporate auditor at the 91st Ordinary General Meeting of Shareholders held on June 25, 2025.

Overview of Officer Remuneration System

The remuneration for officers is paid in such a way that the amount will not exceed the limit on remuneration, a resolution on which was passed at the general meeting of shareholders.

Regarding the remuneration of directors, the remuneration system, criteria, and policies and content of remuneration of individual directors are determined by the Remuneration Committee so as to ensure fair, transparent decisions on directors' remuneration, their treatment, and other aspects.

The remuneration of internal directors consists of the basic remuneration, performance-linked remuneration, and stock remuneration for each position.

The system, criteria, and policies for the remuneration of directors who are Audit and Supervisory Committee members and the contents of remuneration of individual corporate auditors are determined by the Audit and Supervisory Committee.

		Basic remuneration	Performance-linked remuneration	Stock remuneration for each position
Payment method	Fixed	Paid in cash, with the amount set for each position	—	Stock is provided, with the number of shares set for each position
	Variable	—	Paid in cash, based on the level of performance achieved in each fiscal year and in consideration of the progress of mid-to-long-term strategies	—
Evaluation indicators/ criteria		—	Operating profit, ROE, relative total shareholder return (TSR) and greenhouse gas (GHG) emissions reduction	—
Payment timing		Monthly	Monthly	Yearly
Performance evaluation period		—	1 year	—
Recipients		Director Executive Officer	Directors (excluding directors who are Audit and Supervisory Committee members or independent directors) and Executive Officers	Directors (excluding directors who are Audit and Supervisory Committee members or independent directors) and Executive Officers

Corporate Governance Guidelines

The Foster Group has established Corporate Governance Guidelines that express our basic way of thinking and framework with regard to corporate governance. (The following site is in Japanese.)
Corporate Governance Guidelines (available in Japanese)

Foster Group Corporate Action Guidelines

The Foster Group has established Corporate Action Guidelines that express our actions with public decency in compliance with laws and regulations inside and outside Japan, international rules, and their spirit and intent as well as corporate ethics.
Foster Group Corporate Action Guidelines

Compliance

Policies

The Foster Group emphasizes compliance (with laws, regulations and corporate ethics) as a core element of its CSR philosophy and promotes a compliance program—setting internal rules and building a structure for management—to all Group companies.

Compliance Structure

In promoting a compliance program, emphasis should be placed on a whistleblowing system that serves as a self-cleansing mechanism. We have established the "Compliance Hotline" and "Harassment Helpline," whose contact points are outside legal counsel available 24 hours a day by email, as well as the highly independent Internal Audit Office and HR representative internally. These hotlines function as internal reporting channels for compliance violations and other issues occurring both in Japan and overseas. They are extensively available to employees and officers of the entire Group as well as to their families and the employees of business associates. We also provide internal training, e-learning programs and information via the internal portal, display posters in workplaces, conduct surveys and implement other activities to ensure that employees are fully informed of the internal whistleblowing system. When an investigation based on a whistleblowing report reveals any violation of laws and regulations or similar act, we will swiftly implement corrective and recurrence prevention measures and take internal disciplinary actions regarding the people involved in such acts in accordance with employment and other rules and regulations. After the handling of the reported matter is completed, we check that the violations of laws or regulations have not recurred and the corrective and recurrence prevention measures are functioning effectively, and, as appropriate, we improve the system for handling and processing internal reports and implement new corrective measures and recurrence prevention measures.

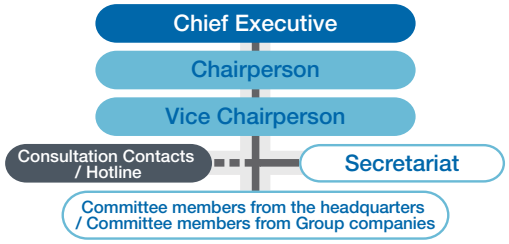
It is also important to fully consider the protection of whistle-blowers and establish and disseminate internal regulations, including internal reporting regulations, to ensure that whistleblowers are not subject to unfair treatment or trouble as a result of their actions. In light of amendments to the Whistleblower Protection Act, our internal reporting regulations clearly mandate the confidentiality of information that could identify a whistleblower, and clearly state that any violation of the prohibition of attempting to identify whistleblowers as well as the prohibition of retaliation and disadvantageous treatment, may result in disciplinary action.

Compliance Committee

We established our Compliance Committee in accordance with the Foster Group Code of Conduct for Staff. With the president serving as chief executive, the committee promotes compliance programs.

In fiscal 2025, we conducted a compliance test and a questionnaire on overall compliance matters, including "the Foster Group Code of Conduct for Staff." We also provided compliance training for all employees on the Subcontract Act, export management, and the prevention of bribery and corrupt practices, the latter conducted by outside legal counsel, in our efforts to raise employee awareness of compliance.

Organization of the Compliance Committee
(The same applies to the Risk and Crisis Management Committee)



Anti-corruption Initiatives

Our basic approach to anti-corruption is set out in the "Foster Group Code of Conduct for Staff," and we have been instilling it among officers and all employees. We have also established a framework to prevent bribery of government officials and excessive entertainment and gift-giving to and from individuals. We have also enacted the Regulations for Preventing Bribery, etc. to prevent corrupt practices. Violations of anti-corruption laws and regulations, the Foster Group Code of Conduct for Staff, the Regulations for Preventing Bribery, etc., and other internal rules and regulations are to be reported to the Compliance Hotline.

Strengthening Governance to Maintain and Enhance Stakeholder Trust

FY2025 Target	FY2025 Result
● **Response rate of the compliance test and the compliance survey:** 100%	100%
● **Awareness rate of the internal whistleblowing system:** 100%	100% * Employees were informed of the system through training, questionnaires, and others.
● **Conduct compliance training and achieve the target employee satisfaction rate:** 4 or higher out of 5	Average rating of 4 or higher

Future Plan

Led by the Compliance Committee, we will conduct compliance tests and questionnaires, to increase awareness of the whistleblowing hotline, and to raise compliance awareness through employee training. We will also set up the departments responsible for legal and regulatory research and work to strengthen our legal compliance framework.

Risk Management

Policies

The Foster Group is focused on predicting risks and taking preventive measures so that such risks will not materialize. We also focus on minimizing damage to the Company should a risk develop and materialize, resulting in the occurrence of danger. Specifically, we are working to make the risk control matrix (RCM) framework more sophisticated and to reinforce our structure for managing and sharing information under the basic operating policy of "being prepared for forward-looking risk and crisis management."

Risk Management Structure

As the foundations for "the Foster Group's risk management structure," we have established the Rules on Risk and Crisis Management and the Risk and Crisis Management Committee with the president as the chairman to identify risks using a checklist, analyze such risks and promote preventive measures on a Foster Electric-wide basis.

In the event of any incidents or accidents, we minimize the damage and restore the situation to our original state as quickly as possible. We also establish a crisis task force, mainly consisting of Risk and Crisis Management Committee members, and take other prompt measures to prevent any recurrence.

Risk and Crisis Management Committee

The Committee identifies and evaluates risks based on the result of risk reexamination conducted by respective department each year. From among risks, the Committee selects important risk items that it needs to control. We specifically monitor the status of responses to important risk items, top risks that have materialized, and risk topics expected to impact the company in the future, through regular meetings of the Committee, which are held every three months. The risk evaluation result is also referenced during the business policy planning. The Committee reports the status of its activities, the risks faced by the Group, and the measures that have been taken to address those risks to the Board of Directors as appropriate. This enables the Board of Directors to exercise its function of supervising risk management, including advice and guidance based on the specialized knowledge of independent directors. Our important risk items that were monitored in fiscal 2025 included the continuation of the validation and global expansion of the BCP structure, the global reinforcement of the information security management system, suppliers' business continuity management, and the development of a global logistics system.

* The same applies to the Compliance Committee

Strengthening Governance to Maintain and Enhance Stakeholder Trust

FY2025 Target	FY2025 Result
● **Improve the system and operation of risk and crisis management based on risk assessment.**	• Improved risk and crisis management systems and operations by sharing top risks and risk topics and thereby examining predictable risks and identifying responsible departments and the status of implemented countermeasures.
● **Completion rate of measures for key items* within the fiscal year, which are identified through the monitoring of the items:** 100%	100%

* 1. Development of a global logistics system
2. Continuation of the examination and global expansion of the BCP structure
3. Management of suppliers' business continuity
4. Enhancement of the global information security management system
5. Other risks predicted based on events which occur during the fiscal year

Future Plan

In addition to monitoring important risk items through regular meetings of the Risk and Crisis Management Committee, we will keep a higher level of risk control based on management policies, headquarters policies, and other criteria.

We will also identify risks at each overseas site based on a risk control matrix to improve the completeness of the identified risks, our ability to predict them, and our ability to handle them promptly. Meanwhile, we will enhance the Group's risk management system by creating elaborate risk maps and

identifying top risks, mainly through interviews with the responsible person from each overseas site and deep exploration of risk topics deliberated on by the Risk and Crisis Management Committee.

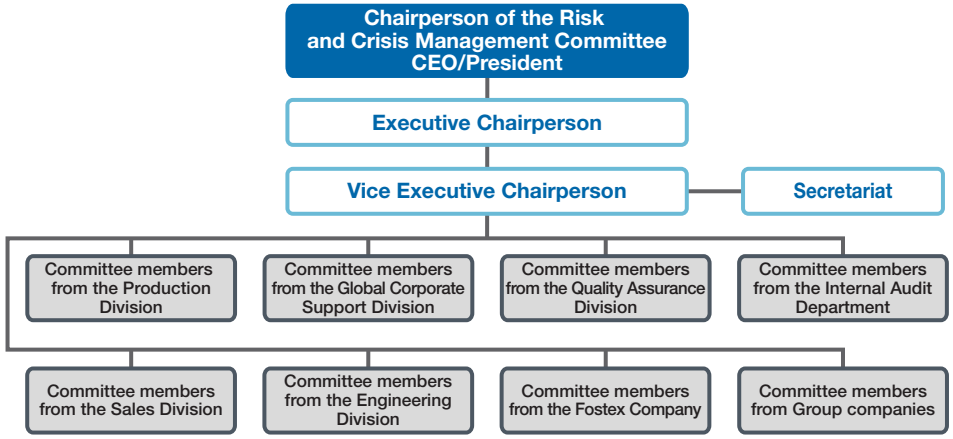
Business Continuity Plan (BCP)

Policies

The Foster Group will prevent and avoid various business risks and crises. The Group promotes initiatives to build a global system for addressing risks that materialize or occur by prioritizing the minimization of damage to the Group and avoiding inconveniences to customers, with the cooperation and assistance of its supply chain.

Activity Promotion Structure

The Foster Group promotes business continuity through the function recovery activities undertaken by each function department and through collaboration with the Board of Directors and the task forces at each site in accordance with the decisions made by the Risk and Crisis Management Committee consisting of its senior management.



Main Activities and Measures

Operation of the Emergency-contact System (Safety Confirmation System)

In Japan, which is a disaster-prone country, we operate our emergency-contact system and take initial response measures promptly.

Disaster-Prevention Activities

In fiscal 2025, we conducted BCP drills for early warning management based on flooding risk scenarios at the Thailand factory in addition to the BCP drills we have conventionally implemented based on unexpected event scenarios.

At our headquarters, we established and strengthened disaster-prevention systems, including the restructuring of our self-defense fire-fighting organization in line with the increase in teleworking and other workstyle changes and the safety protection activities of managers of individual facilities.

Activities in the United Nations Global Compact

We signed the United Nations Global Compact and have participated in the Disaster Risk Reduction (DRR) Subcommittee since 2017. Amid the increase in the occurrence of major disasters across the world due to climate change, in addition to working to ensure our business continuity as a primary corporate social responsibility, we also examine and implement specific contribution measures to fulfill the social roles expected of companies in disaster prevention and mitigation. Through these activities, we aim to implement the Sendai Framework for Disaster Risk Reduction, which is a set of international disaster prevention guidelines, to contribute to the achievement of the SDGs and enhance resilience.

Pest Control Measures

We regularly take measures to prevent pests at overseas manufacturing sites. We thus prevent damages from pests, including red imported fire ants, which have caused severe problems in the past.

Disaster Drills

At each site, we conduct BCP disaster drills once a year. With top priority given to the safety of employees, the drills are aimed at preparing for infectious disease outbreaks as well as for earthquakes and fires.



AED operation and CPR training at the Shizuoka Office



Initial fire-fighting drill to reduce disaster risk at a factory in China



Infectious waste handling drill at a factory in Vietnam

Targets and Results

We carry out activities with a focus on the continuation of the validation and global expansion of the BCP structure. In fiscal 2025, we enhanced the level of our initial response capabilities through BCP drills, improved their contents, and established a framework for disaster scenarios.

Addressing Climate Change

FY2025 Target	FY2025 Result
Formulation of an action plan for the establishment of a global BCP structure • **Establish BCP measures for scenarios assuming the loss of functionality at sites** • **Conduct initial response BCP training for site disasters**	• Completed the BCP process for early warning management based on flood scenarios in the areas around the Thailand factory • Developed press release template • Conducted joint BCP training between the Thailand factory and headquarters (January 2026)

Future Plan

In fiscal 2026, we will continue to reestablish BCP structures at overseas sites and conduct drills. We will also hold drills at domestic sites with a view to further enhancing our resilience.

Our Stance on Tax Matters

Basic Stance

The Foster Group works to maintain and improve tax compliance and perform proper filing and payment of taxes in accordance with the local tax-related laws and international rules based on its business and sustainable development strategies.

The Group does not make use of differences in tax-related laws between countries and regions to benefit from low tax rates without legitimate business purposes.

Governance

The Foster Group has established the global tax department within the Finance and Accounting Department of the Global Corporate Support Division at headquarters, so as to manage and monitor tax risks. Critical issues are reported to the top management, including the Board of Directors for their directions.

Conditions of Transactions with Related Parties Outside Japan

The Foster Group determines prices based on the arm's length principle.

Relationship with Tax Authorities

The Foster Group provides information and otherwise responds to tax authorities in good faith. In addition, the Group has received a bilateral advance pricing arrangement (BAPA) to ensure the predictability of the application of transfer pricing taxation.

Ensuring Transparency and Responding to Income Taxes Concerning the Global Minimum Corporate Tax Rate

The Foster Group prepares and discloses its financial statements in compliance with the Financial Instruments and Exchange Act and related laws. It also discloses tax information in the financial statements based on the related laws and regulations.

Regarding the newly introduced global minimum corporate tax, we will examine whether the safe harbor criteria based on qualified country-by-country reporting (CbCR) are met and respond appropriately.

Information Security

Policies

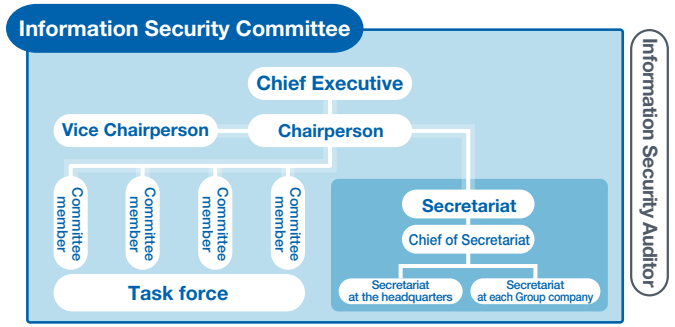
We recognize the importance of securing the trust of our customers, suppliers, shareholders, employees and other stakeholders based on our corporate creed of "Sincerity." We also recognize that appropriate management of information assets is an important part of the management agenda. To appropriately protect and handle the Group's information assets, we have established our Information Security Policy, and to ensure the responsible use of AI technologies, our AI Ethics Policy, as follows:

Information Security Policies

AI Ethics Policy

Activity Promotion Structure

For protection and appropriate management of all information assets possessed by the Group, it has established the Information Security Committee, whose members include the president serving as a chief executive and management, to maintain the system for understanding the management status of information security and prompt implementation of required security measures according to the risk analysis results.



Main Activities and Measures

The Group takes appropriate measures as organizational, human, physical and technical safety management initiatives against security threats, which change daily, to prevent unauthorized access, damage, leakage, falsification and other accidents involving information assets.

As part of our security enhancement measures, we will take regular actions, including internal drills and third-party vulnerability assessments.

Mid-term Plan

- Establishment and global implementation of the information security management framework
- Conducting risk analyses and formulating concrete measures based on BCPs
- Fostering awareness of information security policies and regulations

Acquisition of Certification

As a part of its measures to develop an information security management system and in response to customer requests, the Foster Group has acquired Trusted Information Security Assessment Exchange (TISAX) certification. TISAX is an information security standard for supply chains in the German automotive industry that was developed by VDA, the German Association of the Automotive Industry.

Strengthening Governance to Maintain and Enhance Stakeholder Trust

FY2025 Target	FY2025 Result
● **Major incidents related to information security:** 0 failures	0

Directors, Audit and Supervisory Committee Members, and Executive Officers



1. **Kazuhiro Kishi**
CEO

2. **Akihito Mochizuki**
CFO, Executive Vice President

3. **Hiroki Miura**
Senior Managing Director

4. **Naoki Kanai**
Director

5. **Kaoru Chujo**
Outside Director

6. **Yoshito Ezure**
Outside Director

7. **Yasuto Monden**
Outside Director

8. **Jisoo Kim**
Outside Director

9. **Tatsuhito Tanaka**
Director, Standing Audit and Supervisory Committee Member

10. **Satoko Kimoto**
Outside Director, Audit and Supervisory Committee Member

11. **Aiko Oue**
Outside Director, Audit and Supervisory Committee Member

12. **Yukiko Nomura**
Outside Director, Audit and Supervisory Committee Member

Director

Name and position	Kazuhiro Kishi CEO	Akihito Mochizuki CFO, Executive Vice President	Hiroki Miura Senior Managing Director	Naoki Kanai Director
Career summary	Mar. 1986 Joined the Company Jun. 2009 Director, Deputy Head of Mobile Audio Business Division of the Company Jun. 2010 Director, Acting Head of Mobile Audio Business Division of the Company Apr. 2011 Director, Head of Sales Division of the Company Apr. 2013 Director, Head of Mobile Audio Business Division of the Company Jun. 2014 Managing Director, Head of Mobile Audio Business Division of the Company Apr. 2017 Managing Director, Head of New Business Development Division, and Head of Sales & Marketing of the Company Aug. 2019 Managing Director, Head of Sales Division and Head of Sales & Marketing of the Company Apr. 2020 Managing Director, Head of Sales Division, Head of Sales & Marketing, and in charge of the Americas of the Company Jun. 2023 CEO of the Company (to the present)	Apr. 1988 Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.) Apr. 2018 Managing Executive Officer, Mizuho Financial Group, Inc. May 2021 Advisor of the Company Jul. 2021 Senior Executive Officer, Head of Global Corporate Support Division of the Company Apr. 2022 CFO, Senior Executive Officer, and Head of Global Corporate Support Division of the Company Jun. 2023 CFO, Managing Director, and Head of Global Corporate Support Division of the Company Apr. 2024 CFO, Executive Vice President, and Head of Global Corporate Support Division of the Company (to the present)	Apr. 1985 Joined the Company May 2008 Director, Foster Electric Co., (Hong Kong) Ltd. Oct. 2013 General Director, Foster Electric (Vietnam) Co., Ltd. Nov. 2014 Chairman and General Director, Foster Electric (Vietnam) Co., Ltd. Apr. 2019 Executive Officer, Deputy Head of Speaker Business Division, and Head of Engineering of the Company / Fellow Aug. 2019 Executive Officer, Head of Engineering Division and Head of Engineering of the Company / Fellow Jun. 2021 Director, Head of Engineering Division and Head of Engineering of the Company / Fellow Jun. 2023 Managing Director, Head of Engineering Division of the Company / Fellow Apr. 2024 Senior Managing Director, Head of Engineering Division of the Company/ Fellow (to the present)	Mar. 1986 Joined the Company Sep. 2002 General Manager, Sales Department No. 1, Sales Division, Foster Electric Co., (Hong Kong) Ltd. Jan. 2011 General Director, Foster Electric (Vietnam) Co., Ltd. Apr. 2012 Chairman and General Director, Foster Electric (Vietnam) Co., Ltd. Apr. 2017 Executive Officer, Deputy Head of Manufacturing Division, and General Manager, Manufacturing Management Department of the Company Apr. 2018 Executive Officer, Head of Manufacturing Division of the Company Oct. 2018 Executive Officer, Head of Manufacturing Division, and Deputy Head of Manufacturing of the Company Apr. 2022 Senior Executive Officer, Head of Manufacturing Division, and Head of Manufacturing of the Company Jun. 2023 Senior Executive Officer, Head of Manufacturing Division of the Company Jun. 2024 Director, Head of Manufacturing Division of the Company (to the present)
Term of office	17 years	3 years	5 years	2 years
Skill Matrix: Corporate management	●	●	●	●
Skill Matrix: International experience/ Global business	●	●	●	●
Skill Matrix: Sales/Marketing	●	●		●
Skill Matrix: Manufacturing (Production/Quality)			●	●
Skill Matrix: Technology/Development			●	
Skill Matrix: Finance		●		
Skill Matrix: Legal/Risk management		●		
Skill Matrix: Sustainability*	●	●	●	●
Skill Matrix: IT/DX		●		
Skill Matrix: Industry knowledge	●		●	●
Committee Membership: Nominating Committee	●	●		
Committee Membership: Remuneration Committee	●	●		

* Including climate change-related matters

Name and position	Kaoru Chujo Outside Director	Yoshito Ezure Outside Director	Yasuto Monden Outside Director	Jisoo Kim Outside Director
Career summary	Apr. 1983 Joined Fujitsu Limited Mar. 2000 IP Networking Research Senior Researcher, Fujitsu Laboratories of America, Inc. Dec. 2009 General Manager, Advanced Technologies Division, Mobile Phone Business Unit of Fujitsu Limited Jun. 2013 General Manager, Advanced Technologies Division, Ubiquitous Business Strategy Unit of Fujitsu Limited Feb. 2016 Deputy General Manager, Ubiquitous IoT Business Unit of Fujitsu Limited Apr. 2017 General Manager, AI Service Business Unit of Fujitsu Limited Jul. 2019 Executive Director in charge of AI alliance, Software Business Unit of Fujitsu Limited Dec. 2020 Founded SoW Insight, Inc., President and CEO (to the present) Jun. 2021 Outside Director, ITOCHU-SHOKUHIN Co., Ltd. Jun. 2021 Outside Director of the Company (to the present) Apr. 2022 Outside Director, Mitsubishi UBE Cement Corporation (to the present)	Apr. 1982 Joined Sony Corporation Apr. 1992 Sony Hellas S.A. Managing Director Mar. 2004 Sony Logistics of America, Inc., President Jan. 2007 Sony Latin America, Inc., President Jun. 2010 Representative Director and President, Sony Supply Chain Solutions, Inc. Jun. 2012 Corporate Executive, SVP, and President of Logistics Group, Sony Corporation Jan. 2014 Business Executive, SVP, and Senior General Manager of Energy Division, Device Solutions Business Group, Sony Corporation Jan. 2015 Representative Director and President, Sony Energy Devices Corporation Sep. 2017 Vice President, Director of Energy Device Division, Module Business Unit, Murata Manufacturing Co., Ltd. Apr. 2019 Executive Officer, Deputy Executive General Manager of International Business Division, METAWATER Co., Ltd. Apr. 2024 Executive Advisor, METAWATER Co., Ltd. (to the present) Jun. 2024 Trustee, International Christian University (to the present) Jun. 2025 Outside Director of the Company (to the present)	Jul. 2000 Joined UBS Warburg (Japan) Limited (currently UBS Securities Japan Co., Ltd.) Jan. 2004 Investment Banking, EMEA (Europe, Middle East & Africa), London, UBS Limited Oct. 2006 Global Banking, UBS Securities Japan Co., Ltd. Jan. 2010 Investment Banking Corporate Division, Deutsche Securities Inc. Jan. 2011 Head of Industrials and Chemicals Sector Coverage, Investment Banking Managing Division, Deutsche Securities Inc. Jun. 2012 Representative Director and President, Aslead Advisory Co., Ltd. Sep. 2015 Managing Director, Lone Star Japan Acquisitions, Ltd. May 2017 Director in charge of Corporate Investments, Lone Star Japan Acquisitions, Ltd. Nov. 2019 Co-Founder and Managing Director, Aslead Capital Pte. Ltd. Dec. 2022 Chief Investment Officer, Swiss-Asia Financial Services Pte. Ltd. Jun. 2025 Representative Director and President (CEO), Chairman of the Board, Tokyo Cosmos Electric Co., Ltd. (to the present) Jul. 2025 CEO and CIO, Axium Capital Pte. Ltd. (to the present) Jun. 2026 Representative Director and Chairman of the Board, Tokyo Cosmos Electric Co., Ltd. (to the present) Outside Director of the Company (to the present)	May 1991 Attorney at law, Watson Farley & Williams LLP (New York) Jan. 1994 Attorney at law, Yoon & Partners (Seoul) Apr. 1995 Attorney at law, Davis Polk & Wardwell LLP (Tokyo) May 1997 Vice President, In-house Counsel, Legal Department, Morgan Stanley Japan Limited, Tokyo Branch Apr. 2000 Vice President, Investment Banking Division (IBD), Morgan Stanley Japan Limited Apr. 2003 Head of Legal, Asia Real Estate Investment Division, General Electric Capital Corporation Jan. 2007 Executive Officer in charge of Global M&A activities, FAST RETAILING CO., LTD. May 2008 Representative Director and President, UNIQLO FRANCE S.A.S. Oct. 2009 COO, Private Equity Division, CLSA Capital Partners Apr. 2015 Managing Director, Business Development Division, CLSA Capital Partners Oct. 2016 Senior Advisor, Yulchon LLC (Seoul) Jan. 2021 Executive Officer, Waara Inc. (Tokyo) Jan. 2021 Advisor, SK On Co., Ltd. (EV battery subsidiary of the SK Group, South Korea) Oct. 2022 Head of Global Legal and Risk Management (Officer), UnaBiz Co., Ltd. (Taiwan) Jan. 2025 Founder and CEO, ASPIRE Inc. (South Korea) (to the present) Jun. 2026 Outside Director of the Company (to the present)
Term of office	5 years	1 year	Appointed in June 2026	Appointed in June 2026
Skill Matrix: Corporate management	●	●	●	●
Skill Matrix: International experience/ Global business	●	●	●	●
Skill Matrix: Sales/Marketing		●	●	●
Skill Matrix: Manufacturing (Production/Quality)				
Skill Matrix: Technology/Development	●			
Skill Matrix: Finance			●	●
Skill Matrix: Legal/Risk management				●
Skill Matrix: Sustainability*	●		●	●
Skill Matrix: IT/DX	●			
Skill Matrix: Industry knowledge	●	●	●	
Committee Membership: Nominating Committee	● (Chairperson)	●	●	●
Committee Membership: Remuneration Committee	● (Chairperson)	●	●	●

* Including climate change-related matters

Name and position	Tatsuhito Tanaka Director, Standing Audit and Supervisory Committee Member	Satoko Kimoto Outside Director, Audit and Supervisory Committee Member	Aiko Oue Outside Director, Audit and Supervisory Committee Member	Yukiko Nomura Outside Director, Audit and Supervisory Committee Member
Career summary	Oct. 1991 Joined Price Waterhouse Aoyama Auditing Corporation Oct. 1998 Assigned to PricewaterhouseCoopers Ho Chi Minh Office Jul. 2000 Assigned to PricewaterhouseCoopers Bangkok Office Jul. 2002 Assigned to PricewaterhouseCoopers Beijing Office Nov. 2003 Returned to PricewaterhouseCoopers ChuoAoyama Auditing Corporation (Audit Department No. 1) Apr. 2005 Joined SoftBank Corp. (Internal Audit Office) Apr. 2007 Joined PricewaterhouseCoopers Aarata Auditing Corporation (Internal Control Advisory Department) Oct. 2011 Set up Tatsuhito Tanaka CPA Office (to the present) Oct. 2011 Joined the Company Apr. 2014 Executive Officer, General Manager, Administration Division of the Company Jan. 2017 Executive Officer, General Manager, Corporate Management Division of the Company Jun. 2018 Senior Executive Officer, General Manager, Corporate Management Division of the Company Oct. 2021 Senior Executive Officer of the Company, and Advisor of Foster Electric (U.S.A), Inc. Apr. 2023 Senior Executive Officer of the Company Jun. 2023 Full-Time Corporate Auditor of the Company Jun. 2026 Director and Standing Audit and Supervisory Committee Member of the Company (to the present)	Apr. 1983 Joined the Large Enterprise Examination Division, Large Enterprise Examination and Criminal Investigation Department, National Tax Agency Jul. 2007 Assistant Regional Commissioner of First Taxation Department, Kanto-Shinetsu Regional Taxation Bureau Jul. 2008 Assistant Regional Commissioner of Planning and Administration Department, Sendai Regional Taxation Bureau Jul. 2010 Director of Consumption Tax Office, Taxation Management Division, Taxation Department, National Tax Agency Jul. 2011 Director of Information Technology Office, Planning Division, Commissioner's Secretariat, National Tax Agency Jul. 2014 Vice President, National Printing Bureau Jul. 2018 Director-General, Nagoya National Tax Tribunal Apr. 2020 Visiting Professor of Graduate School of Accounting & Finance, Chiba University of Commerce Jun. 2020 Outside Corporate Auditor of the Company Jun. 2021 Full-Time Outside Corporate Auditor of the Company Jun. 2025 Outside Corporate Auditor of the Company Jun. 2026 Outside Director, Audit and Supervisory Committee Member of the Company (to the present)	Jan. 2017 Admitted to the Japanese Bar Jan. 2017 Entered Nakamoto Law Office Apr. 2017 Policy researcher of the Secretariat of the Public Interest Corporation Commission of the Cabinet Office Jan. 2020 Entered Kaikai Kiki Co., Ltd. May 2020 Outside Director, Kakiyasu Honten Co., Ltd. (to the present) Jan. 2022 Returned to Nakamoto Law Office Jun. 2022 Outside Director, Sourcenext Corporation (to the present) Jun. 2022 Outside Corporate Auditor of the Company Jan. 2023 Joined JLX Partners (to the present) Jun. 2026 Outside Director, Audit and Supervisory Committee Member of the Company (to the present)	Apr. 1994 Joined Hyatt Regency Osaka Corporation Oct. 2002 Joined Asahi & Co. (currently KPMG AZSA LLC) Apr. 2006 Registered as Certified Public Accountant Oct. 2008 Seconded to KPMG LLP Hong Kong Office Oct. 2013 Joined Philip Morris Japan Limited Jun. 2014 Outside Corporate Auditor, MONEY SQUARE HOLDINGS, INC. Apr. 2021 Joined Nagase & Co., Ltd. Mar. 2022 Outside Director and Audit and Supervisory Committee Member, ONE CAREER Inc. Nov. 2023 Independent Director, UPR Corporation (to the present) Jun. 2025 Outside Corporate Auditor of the Company Jun. 2025 Outside Director, Audit and Supervisory Committee Member of the Company (to the present)
Term of office	Appointed in June 2026	Appointed in June 2026	Appointed in June 2026	Appointed in June 2026
Skill Matrix: Corporate management				
Skill Matrix: International experience/ Global business	●			●
Skill Matrix: Sales/Marketing				●
Skill Matrix: Manufacturing (Production/Quality)				
Skill Matrix: Technology/Development				
Skill Matrix: Finance	●	●	●	●
Skill Matrix: Legal/Risk management	●	●	●	●
Skill Matrix: Sustainability*				
Skill Matrix: IT/DX				●
Skill Matrix: Industry knowledge	●			
Committee Membership: Nominating Committee				
Committee Membership: Remuneration Committee				

* Including climate change-related matters

Executive Officer



Yasuhide Takahara
Senior Managing Executive Officer

General Manager, Sales Division,
Head of Asian Region



Yuji Sakuta
Senior Executive Officer

Head of Speaker Business,
Head of European Region



Hiroyuki Akutsu
Executive Officer

Head of Mobile Audio Business,
Sales Division Manager,
Sales Department No. 5



Masaru Ono
Executive Officer

General Manager, Quality
Assurance Division



Tsuyoshi Yamagishi
Executive Officer

Acting General Manager,
Manufacturing Division Manager,
Procurement Department



Nguyen Quan Hoang
Senior Executive Officer
(Part-time)

Chairman,
FOSTER ELECTRIC (VIETNAM)
CO., LTD.



Tan GuiHai
Senior Executive Officer (Part-time)

Managing Director,
FOSTER ELECTRIC CO., (HONG
KONG) LTD.



Wong Wing Chung
Executive Officer (Part-time)

Director, in charge of sales,
FOSTER ELECTRIC CO., (HONG
KONG) LTD.



Takafumi Asukagawa
Executive Officer (Part-time)

General Director,
FOSTER ELECTRIC (VIETNAM)
CO., LTD. and General Director,
FOSTER ELECTRIC (BAC NINH)
CO., LTD. / Meister



Michael P. McGowan
Executive Officer (Part-time)

President,
FOSTER ELECTRIC (U.S.A.), INC.



Kyung-Woo Kim
Executive Officer (Part-time)

Director & Managing Director,
ESTec Corporation

Data Section

- External Recognition
- Financial Summary (10 years)
- Non-Financial Data
- GRI Content Index
- Corporate Overview / Stock Information

External Recognition

Japan

Selected as a Constituent of the "S&P/JPX Carbon Efficient Index" by the Government Pension Investment Fund (GPIF)

We have been selected as a constituent of the "S&P/JPX Carbon Efficient Index" (evaluated based on the disclosure status and results of CO_2 emissions data) for the ninth consecutive year, an ESG index adopted by the GPIF in 2018.

Selected as a Constituent of the "SOMPO Sustainability Index" (Fiscal 2025)

May 2025: We have been selected as a constituent of the "SOMPO Sustainability Index", which is operated by Sompo Asset Management Co., Ltd., for the tenth consecutive year. The index places weight on the ESG evaluations by rating firms.

Sompo Sustainability Index

Global

CDP

February 2026: We received the "B: Management Level" for Climate Change and "B-: Management Level" for Water Security category for the 2025 survey by CDP, a British non-profit organization that evaluates and discloses information on organization's environmental management. (CDP applies an eight-point scale consisting of A, A-, B, B-, C, C-, D, and D-.)

EcoVadis

March 2026: We received a silver medal (awarded to the top 15% of assessed companies) from EcoVadis, France, in recognition of our sustainability initiatives in the CSR assessment to evaluate suppliers based on the following categories: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.

Selected as a Top Company in the "Asia-Pacific Climate Change Leaders 2025"

June 2025: We were ranked as one of the top 350 excellent companies that contribute to reducing greenhouse gas emissions in the "Asia-Pacific Climate Change Leaders 2025," which were compiled jointly by the Financial Times (U.K.) and Statista (Germany).

Surveys from External Rating Agencies

We view external evaluations as an opportunity to assess the progress of our sustainability management activities. We respond to various surveys conducted by external rating agencies.

In fiscal 2025, we responded to a total of five surveys, including the "Toyo Keizai CSR Corporate Ranking" survey and the survey on socially responsible investment by The Good Bankers Co., Ltd. We will continue to respond to survey requests from external rating agencies with sincerity and make use of the survey results and insights gained in initiatives to enhance the corporate value of Foster Electric.

"Platinum Kurumin" Special Certification Awarded by the Ministry of Health, Labour and Welfare in March 2026

For consecutive years, we have been awarded "Kurumin" certification pursuant to the Act on Advancement of Measures to Support Raising Next-Generation Children since 2014. In 2026, we obtained "Platinum Kurumin" certification in recognition of our higher-level initiatives as an excellent childcare support company.

Evaluations Received in Japan for Job Satisfaction and the Creation of a Comfortable Workplace

New Diversity Management Selection 100 (2018)

Top 100 Telework Pioneers (fiscal 2018)

"Platinum Kurumin" Certification (obtained in 2026)

2026 Health and Productivity Management Outstanding Organizations (fiscal 2026)
* Certified for consecutive years since 2019.

Certification of Excellent Company in Health: Gold Accreditation
* Certified for consecutive years since 2018.

Financial Summary (10 years)

	Unit	FY2016 83rd term	FY2017 84th term	FY2018 85th term	FY2019 86th term	FY2020 87th term	FY2021 88th term	FY2022 89th term	FY2023 90th term	FY2024 91st term	FY2025 92nd term
Financial Results											
Net sales	Million yen	160,896	184,800	140,303	107,298	85,220	91,106	121,338	122,447	137,607	134,910
Gross profit	Million yen	17,369	24,359	17,534	14,687	11,123	7,484	16,155	18,836	24,123	23,645
Gross profit margin	%	10.8%	13.2%	12.5%	13.7%	13.1%	8.2%	13.3%	15.4%	17.5%	17.5%
Operating profit	Million yen	2,963	9,307	3,937	2,064	0.7	-7,757	2,445	4,412	6,796	7,670
Operating profit margin	%	1.8%	5.0%	2.8%	1.9%	0.0%	-8.5%	2.0%	3.6%	4.9%	5.7%
EBITDA*1	Million yen	9,885	17,462	8,345	5,223	3,149	-4,548	6,010	7,609	9,988	11,068
EBITDA margin	%	6.1%	9.4%	5.9%	4.9%	3.7%	-5.0%	5.0%	6.2%	7.3%	8.2%
Net profit	Million yen	1,088	4,265	-2,026	1,565	-3,363	-7,017	848	2,304	3,902	4,951
Cash flows from operating activities	Million yen	4,372	8,153	17,961	11,092	739	-12,767	354	15,428	14,831	6,936
Cash flows from investing activities	Million yen	-11,089	-7,131	-3,425	516	-1,960	-3,071	-1,321	-8,539	-844	-5,781
Free cash flow*2	Million yen	-6,717	1,022	14,536	11,608	-1,221	-15,838	-967	6,889	13,987	1,155
Cash flows from financing activities	Million yen	1,690	-2,859	-2,937	-8,823	-2,624	6,771	1,776	-4,440	-9,884	-2,331
Capital expenditures	Million yen	10,262	5,937	3,994	4,328	2,131	2,749	2,559	4,810	3,816	6,804
Depreciation	Million yen	6,922	8,155	4,408	3,159	3,148	3,209	3,565	3,197	3,192	3,398
R&D expense	Million yen	2,305	2,421	2,380	2,740	2,476	2,619	2,780	3,147	3,391	3,763

*1 EBITDA = Operating profit + Depreciation
*2 Free cash flow = Cash flows from operating activities + Cash flows from investing activities

As of the End of Fiscal Year											
Cash and cash equivalents	Million yen	12,037	10,150	21,524	23,930	20,373	12,089	13,646	17,034	20,771	20,451
Interest-bearing debt	Million yen	13,376	11,702	14,605	6,542	5,203	13,366	17,456	15,128	7,152	7,503
Net assets	Million yen	63,901	66,792	59,294	58,995	55,993	51,632	56,515	64,319	68,731	76,926
Per Share Information											
Earnings per share (EPS)	Yen	41.16	165.78	-83.21	69.15	-148.47	-315.53	38.23	103.70	174.98	221.04
Book value per share (BPS)	Yen	2,316.09	2,412.06	2,404.10	2,369.46	2,276.20	2,125.72	2,302.49	2,606.90	2,726.13	3,013.47
Dividends	Yen	40	55	20	35	15	10	20	25	60	80
Dividend payout ratio	%	97.2%	33.2%	–	50.6%	–	–	52.3%	24.1%	34.3%	36.2%
Other Financial Indicators											
ROIC*3	%	1.8%	10.3%	3.8%	2.2%	-0.6%	-14.9%	2.6%	4.8%	8.5%	8.6%
ROE	%	1.8%	7.0%	-3.5%	2.9%	-6.4%	-14.4%	1.7%	4.2%	6.6%	7.7%
Overseas net sales ratio	%	91.2%	91.7%	87.5%	83.7%	79.1%	80.0%	81.3%	79.6%	83.5%	82.2%
Equity ratio	%	58.2%	61.5%	59.5%	66.5%	65.6%	54.7%	55.0%	56.5%	57.0%	60.3%

*3 ROIC = (Operating profit - Income taxes) ÷ (Trade receivables - Trade payables + Inventories + Non-current assets (Property, plant and equipment + Intangible assets))

Non-Financial Data

Boundaries (scopes of reporting) are as follows.

Non-consolidated	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)
Consolidated ①	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS* including FOSTER BUSINESS SERVICE LTD. and FOSTER ELECTRONICS LTD.), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee), FOSTER ELECTRIC CO., (HEYUAN) LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTER ELECTRIC (DA NANG) CO., LTD., FOSTER ELECTRIC (QUANG NGAI) CO., LTD., FOSTER ELECTRIC (BAC NINH) CO., LTD., FOSTER ELECTRIC (THILAWA) CO., LTD., FSK (Thailand) Co., Ltd., FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS), FOSTER ELECTRIC (EUROPE) GmbH, FOSTER ELECTRIC (HUNGARY) Kft., ESTec CORPORATION and group companies
Consolidated ②	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS* including FOSTER BUSINESS SERVICE LTD. and FOSTER ELECTRONICS LTD.), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee), FOSTER ELECTRIC CO., (HEYUAN) LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTER ELECTRIC (DA NANG) CO., LTD., FOSTER ELECTRIC (QUANG NGAI) CO., LTD., FOSTER ELECTRIC (BAC NINH) CO., LTD., FOSTER ELECTRIC (THILAWA) CO., LTD., FSK (Thailand) Co., Ltd., FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS), FOSTER ELECTRIC (EUROPE) GmbH, FOSTER ELECTRIC (HUNGARY) Kft.
Consolidated ③	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS, SHIZUOKA OFFICE, OSAKA OFFICE, IGA WAREHOUSE), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee), GUANGZHOU FOURSTAR ELECTROACOUSTIC TECH CO., LTD., FOSTER ELECTRIC CO., (HEYUAN) LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTERELECTRIC (DA NANG) CO., LTD., FOSTER ELECTRIC (QUANG NGAI) CO., LTD., FOSTER ELECTRIC (BACNINH) CO., LTD., FOSTER ELECTRIC (THILAWA) CO., LTD., FSK (Thailand) Co., Ltd., FOSTER ELECTRIC (U.S.A.), INC., FOSTER ELECTRIC (EUROPE) GmbH, FOSTER ELECTRIC (HUNGARY) Kft.
Consolidated ④	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS, SHIZUOKA OFFICE, OSAKA OFFICE, IGA WAREHOUSE), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee), GUANGZHOU FOURSTAR ELECTROACOUSTIC TECH CO., LTD., FOSTER ELECTRIC CO., (HEYUAN) LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTERELECTRIC (DA NANG) CO., LTD., FOSTER ELECTRIC (QUANG NGAI) CO., LTD., FOSTER ELECTRIC (BAC NINH) CO., LTD., FOSTER ELECTRIC (THILAWA) CO., LTD., FSK (Thailand) Co., Ltd., FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS), FOSTER ELECTRIC (EUROPE) GmbH, FOSTER ELECTRIC (HUNGARY) Kft.
Significant sites of operations (GRI's definition)	Headquarters and fourteen overseas sites of the Company with large net sales
Breakdown:	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS), FOSTER ELECTRIC CO., (HONG KONG) LTD., FOSTER ELECTRIC CO., (GUANGZHOU) LTD., FOSTER ELECTRIC CO., (HEYUAN) LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD, FOSTER ELECTRIC (BAC NINH) CO., LTD., FSK (Thailand) Co., Ltd., ESTec CORPORATION and group companies, FOSTER ELECTRIC (U.S.A.), INC., FOSTER ELECTRIC (EUROPE) GmbH
ISO 14001 certified locations	
Breakdown:	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS: 1-1-109, Tsutsujigaoka, Akishima City, Tokyo), SHIZUOKA OFFICE (6-12-2 Toro, Suruga-ku Shizuoka-shi, Shizuoka), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsourcee), FOSTER ELECTRIC CO (HEYUAN)., LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTERELECTRIC (DA NANG) CO., LTD., FOSTER ELECTRIC (QUANG NGAI) CO., LTD., FOSTER ELECTRIC (BAC NINH) CO., LTD., FOSTER ELECTRIC (THILAWA) CO., LTD., FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS), FOSTER ELECTRIC (THAILAND) CO., LTD.

"-" in the columns for fiscal 2022 to 2024 indicates data that in the past was not disclosed and therefore the columns are left blank.
Highlighted data are based on consolidated results

● Environment

Environmental Investment and Environmental Conservation Cost		Unit	2022	2023	2024	2025	Boundary	GRI Standards
Costs for measures taken to manage risks and opportunities - total environmental protection expenditures and investments		Thousand yen					Non-consolidated	201-2
Environmental preservation cost (classification through business operations)								
(1) Business area cost			26,338	60,825	76,825	59,690		
(1)-1 Pollution prevention costs	Air and water control-related prevention countermeasures		3,756	12,786	5,838	4,484		
(1)-2 Global environmental conservation costs	Prevention of global warming and energy-saving measures		1,632	1,230	750	1,295		
(1)-3 Resource circulation costs	Waste disposal and recycling		20,950	46,809	70,238	53,911		
(2) Upstream/downstream cost: Green purchasing expenses			0	0	0	0		
(3) Administration costs: Environmental education, EMS construction expenses etc.			13,345	8,962	11,410	10,219		
(4) R&D costs: Research and development, etc.			1,587,556	1,835,937	1,966,874	2,133,142		
(5) Social activity costs	Tree planting, etc.		529	779	881	646		
(6) Environmental damage handling costs			0	0	0	0		
Total			1,627,768	1,906,503	2,055,991	2,203,697		

* "Investment" refers to equipment investments for the purpose of environmental conservation. "Cost" refers to personnel and miscellaneous expenses/costs incurred for environmental conservation activities.
* The amount invested was 0 in all of the years.

Climate Change			Unit	2018 (Base year)	2019	2020	2021	2022	2023	2024	2025	Boundary	GRI Standards
Greenhouse gas emissions	Scope 1		t-CO_2	2,422	2,019	1,676	1,578	1,523	1,714	2,158	1,642	Consolidated ①	302-3, 305-2, 305-5
	Scope 2		t-CO_2	84,246	73,969	66,827	63,820	55,036	57,649	55,802	51,320		
	Scope 1 + Scope 2		t-CO_2	86,668	75,988	68,503	65,398	56,559	59,364	57,960	52,962		
	Net sales		100 million yen	1,403	1,073	852	911	1,213	1,224	1,376	1,349		
	Emission intensity per unit of net sales		(t-CO_2/100 million yen)	62	71	80	72	47	48	42	39		
	Carbon dioxide		t-CO_2	86,668	75,988	68,503	65,398	56,559	59,364	57,960	52,962		
Scope 3	Upstream categories	1. Purchased products and services	t-CO_2	190,087	147,202	117,453	139,466	121,972	126,523	127,880	149,813	Consolidated ②	305-3
		2. Capital goods		8,109	8,697	3,573	4,288	4,549	9,299	8,144	15,261		
		3. Fuel- and energy-related activities (not included in Scope 1 or Scope 2)		4,777	7,591	6,764	6,460	5,601	5,539	5,890	5,862		
		4. Upstream transportation and distribution		25,014	23,972	16,640	20,597	11,560	10,740	12,002	9,794		
		5. Waste generated in operation		3,104	2,140	787	1,251	932	796	963	981		
		6. Business travel		612	1,661	352	321	607	621	1,491	1,468		
		7. Employee commuting		6,914	4,309	3,562	3,066	2,817	2,804	2,792	3,482		
	Downstream categories	9. Downstream transportation and distribution		3,225	3,206	2,237	2,809	2,316	2,059	1,369	1,390		
		11. Use of sold products		74,359	47,624	62,945	54,742	44,775	56,585	53,020	39,921		
		12. Disposal of sold products		5,147	3,131	1,163	991	877	1,189	1,661	1,265		
	Total			321,346	249,533	215,477	232,992	196,015	216,156	215,143	229,238		

- CO_2 emission factor (Electric) Japan: Ministry of the Environment, 2022 factor based on a CO_2 emission factors by electric power supplier (2024) Overseas: FY2021 factor based on IEA CO_2 Emissions Factors 2024
- CO_2 emission factor (Fuel): Japan/Overseas: Factor based on the "Greenhouse gas emissions calculation and reporting manual" released by the Ministry of the Environment, Ministry of Economy, Trade and Industry.
- The IPCC Fifth Assessment Report (AR5) 100 year values are applied.
- Calculated with reference to the GHG Protocol.
- We have set a medium-term target of reducing GHG emissions by 50% from a FY2018 base-year by 2030 based on the 1.5-degree target of Science Based Targets.

* All disclosed data, including past data, have been revised to consolidated data including the ESTec Group.
* The scope of sites, actual sales and per sales unit for FY2018 and subsequent years have been revised due to changes in targets and data.
* Results for FY2018 and subsequent years have been revised due to partial changes in the calculation method.

Consumption of Resources			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Energy consumption within the organization		Total consumption	MWh	113,006	113,308	120,598	123,851	Consolidated ③	302-1
	Renewable energy	Total consumption	MWh	1,149	2,230	3,301	8,092		
		Solar power generation	MWh	1,108	2,194	2,352	6,065		
	Non-renewable energy	Total consumption	MWh	111,857	111,078	117,297	115,759		
		Electricity	MWh	105,241	103,846	110,545	110,109		
		Kerosene	liter	8,051	5,396	70	0		
		Gasoline	liter	212,796	234,608	191,613	223,539		
		Light oil	liter	104,945	158,733	159,413	107,467		
		LPG	kg	74,584	94,683	113,145	114,349		
		Natural gas	m^3	188,027	150,016	199,639	214,658		
		City gas	m^3	11,301	11,819	14,498	15,646		

Consumption of Resources				Unit	2022	2023	2024	2025	Boundary	GRI Standards
Energy consumption within the organization	Breakdown by site	Japan		MWh	2,584	2,475	1,656	687	–	302-1
		Asia			108,086	109,017	116,184	120,057		
		North America			2,302	1,802	2,109	2,139		
		Europe			33	15	649	968		
* Gross Calorific Values (Fuel): Japan/Overseas: Factor based on the "Greenhouse gas emissions calculation and reporting manual" released by the Ministry of the Environment, and the Ministry of Economy, Trade and Industry. * The scope of sites was revised in FY2021.										
Water intake and discharge		Total	Water intake amount	m^3	1,330,337	1,300,492	1,311,437	1,311,333	Consolidated ③	303-3
			Water discharge amount		982,259	999,100	1,030,225	1,033,984		
			Total water consumption		348,078	301,392	281,212	253,749		
		Japan	Water intake amount		9,128	8,913	9,434	9,434		
			Water discharge amount		8,672	8,467	8,962	8,692		
			Total water consumption		456	446	472	472		
		Asia	Water intake amount		1,319,449	1,290,059	1,299,921	1,299,561		
			Water discharge amount		972,178	989,415	1,091,565	1,023,150		
			Total water consumption		347,272	300,644	280,356	252,811		
		North America	Water intake amount		1,748	1,508	1,872	2,110		
			Water discharge amount		1,398	1,206	1,498	1,688		
			Total water consumption		350	302	374	422		
		Europe	Water intake amount		12	12	210	228		
			Water discharge amount		11	11	200	184		
			Total water consumption		1	1	11	44		
Water resources	Total discharge			m^3	348,078	301,392	281,212	253,749	Consolidated ③	303-3, 303-4, 303-5
	Water intake amount	Total			1,330,337	1,300,492	1,311,437	1,311,333		
		Surface water			–	–	–	–		
		Groundwater			–	–	–	–		
		Seawater			–	–	–	–		
		Produced water			–	–	–	–		
		Third-party water			1,330,337	1,300,492	1,311,437	1,311,333		
	Water discharge amount	Total			982,259	999,100	1,030,225	1,033,984		
		Surface water			–	–	–	–		
		Groundwater			–	–	–	–		
		Seawater			–	–	–	–		
		Produced water			–	–	–	–		
		Third-party water			982,259	999,100	1,030,225	1,033,984		
Waste directed to disposal		Hazardous waste directed to disposal	Total waste	ton	260.41	322.42	316.76	351.17	Consolidated ④	306-3, 306-5
			Recycling		52.52	60.21	50.35	49.47		
			Landfill		207.72	261.30	266.41	301.70		
		Non-hazardous waste directed to disposal	Total waste		5,023.25	4,114.68	4,296.89	4,356.19		
			Recycling		3,298.40	2,905.51	3,105.62	3,035.59		
			Landfill		1,724.86	1,209.17	1,191.27	1,320.60		

Procurement (Environment)	Unit	2022	2023	2024	2025	Boundary	GRI Standards
Recycled input materials used * Percentage of recycled materials to total purchased resin materials	%	9	8	14	18	All procurement sites	301-2
New suppliers screened using environmental criteria * We distribute and update our environmental regulations for the suppliers, and obtain relevant environmental materials.	%	100.0	100.0	100.0	100.0	All procurement sites	308-1

● Social

Unless otherwise stated, data covers directly hired employees.

Number of Employees				Unit	2022	2023	2024	2025	Boundary	GRI Standards
Directly hired employees (Number of employees)*1	Gender		Total	People	503	504	520	534	Non-consolidated	401-1
			Male		376	365	376	392		
			Female		127	139	144	142		
			Total		17,956	15,654	14,980	15,512	Consolidated	2-7
			Male		3,804	3,429	3,532	3,937		
			Female		14,152	12,225	11,448	11,575		
	By region		Total		17,956	15,654	14,980	15,512		
			Japan		573	546	564	578		
			China		3,911	3,920	3,812	4,057		
			Asia and Oceania		13,356	11,011	10,379	10,627		
			North America		83	125	135	145		
			South America		0	0	0	0		
			Europe, Africa and Middle East		33	52	90	105		
Indirectly hired employees*1	Dispatched workers	Gender	Total	People	544	307	525	669		
			Male		215	171	207	271		
			Female		329	136	318	398		
Number and ratio of non-regular employees (contract employees + dispatched workers)*1		Gender	Total	People	967	472	705	858		–
			Male		319	277	319	389		
			Female		648	195	386	469		
			Male	%	9.3	7.7	8.5	9.2		
			Female		5.4	1.6	3.3	3.9		
Number of new graduates who were recruited			Total	People	15	14	14	22	Non-consolidated	–
			Male		7	9	10	18		
			Female		8	5	4	4		
Number and ratio of new employee hires*2		Gender	Total	People	23	41	48	34	Non-consolidated	401-1
			Male		15	28	35	27		
			Female		8	13	13	7		
			Total	%	4.3	8.3	9.3	6.3		
			Male		3.8	7.8	9.4	6.8		
			Female		6.1	9.6	9.0	4.7		
		Age	Less than 30 year old	People	15	20	22	25		
			30-50 year old		4	17	24	7		
			Over 50 year old		4	4	2	2		
			Less than 30 year old	%	22.7	28.6	31.9	25.8		
			30-50 year old		1.5	7.4	10.3	2.9		
			Over 50 year old		1.9	2.0	0.9	1.0		
		Gender	Total	People	5,177	5,811	4,870	6,403	Consolidated*4	
			Male		1,099	1,208	1,221	1,995		
			Female		4,078	4,603	3,649	4,408		
			Total	%	25.4	38.3	31.4	42.2		
			Male		25.9	37.7	36.1	55.4		
			Female		25.3	38.5	30.0	38.1		
		Age	Less than 30 year old	People	3,307	3,746	2,956	3,943		
			30-50 year old		1,853	2,021	1,798	2,422		
			Over 50 year old		17	44	116	38		

Number of Employees				Unit	2022	2023	2024	2025	Boundary	GRI Standards
Number and ratio of new employee hires*2			Less than 30 year old	%	61.0	78.1	61.0	83.3	Consolidated*4	401-1
			30-50 year old		13.0	20.8	18.2	27.2		
			Over 50 year old		2.6	7.0	14.4	2.5		
Total employee turnover and turnover rate*3	Gender	Total		People	40	33	21	19	Non-consolidated	
		Male			36	26	16	12		
		Female			4	7	5	7		
		Total		%	7.5	6.3	4.1	3.5		
		Male			9.0	7.0	4.3	3.0		
		Female			3.1	4.7	3.4	4.7		
	Age	Less than 30 year old		People	5	4	2	3		
		30-50 year old			19	15	9	7		
		Over 50 year old			16	14	10	9		
		Less than 30 year old		%	7.6	5.7	2.9	3.1		
		30-50 year old			7.3	6.3	3.9	2.9		
		Over 50 year old			7.8	6.5	4.7	4.3		
Resignations for personal reasons included in the above	Gender	Total		People	28	28	21	18	Non-consolidated	–
		Male			24	23	16	12		
		Female			4	5	5	6		
		Total		%	5.3	5.6	4.1	3.3		
		Male			6.0	6.4	4.3	3.0		
		Female			3.1	3.7	3.4	4.1		
	Age	Less than 30 year old		People	5	4	2	3		
		30-50 year old			18	14	9	7		
		Over 50 year old			5	10	10	8		
		Less than 30 year old		%	7.6	5.7	2.9	3.1		
		30-50 year old			6.9	6.1	3.9	2.9		
		Over 50 year old			2.4	5.1	4.7	3.8		
	Gender	Total		People	6,433	5,746	6,819	6,353	Consolidated*4	401-1
		Male			1,368	1,076	1,351	1,696		
		Female			5,065	4,670	5,468	4,657		
		Total		%	31.5	37.9	43.7	41.9		
		Male			32.2	33.6	39.3	47.1		
		Female			31.4	39.0	44.9	40.3		
	Age	Less than 30 year old		People	3,782	3,233	3,781	3,696		
		30-50 year old			2,482	2,278	2,792	2,443		
		Over 50 year old			169	235	246	214		
		Less than 30 year old		%	69.7	67.4	77.4	78.1		
		30-50 year old			17.4	23.5	28.2	27.5		
		Over 50 year old			25.4	37.4	30.4	13.9		

*1 As of March 31 of each year

*2 New employee hires rate = New employee hires for the period from April 1 to March 31 (of the following year) / Total number of employees as of April 1 of each year

*3 Employee turnover rate = Employee turnover for the period from April 1 to March 31 (of the following year) / Total number of employees as of April 1 of each year

*4 Numbers for new hires, turnover, and turnover rate tend to fluctuate at manufacturing sites due to staffing adjustments in response to changess in production volume.

Diversity, Equity, and Inclusion (DE & I)				Unit	2022	2023	2024	2025	Boundary	GRI Standards
Diversity of employees*1	Gender	Male		%	74.8	72.4	72.3	73.4	Non-consolidated	405-1
		Female			25.2	27.6	27.7	26.6		
	Age	Less than 30 year old		%	10.9	12.9	14.4	15.4		
		30-50 year old			46.5	44.4	44.8	42.9		
		Over 50 year old			42.5	42.7	40.8	41.8		
	Gender	Male		%	21.4	21.9	23.6	25.4	Consolidated	
		Female			78.6	78.1	76.4	74.6		
	Age	Less than 30 year old		%	31.3	31.4	31.3	30.7		
		30-50 year old			64.1	63.8	63.1	59.6		
		Over 50 year old			4.6	4.8	5.7	9.8		
Ratio of female managers*2				%	12.6	13.9	13.7	14.0	Non-consolidated	–
Ratio of women to junior managers*2				%	17.2	20.0	17.4	16.9		–
Ratio of female managers				%	31.0	26.5	25.3	26.9	Consolidated	–
Ratio of women to junior managers*2				%	43.3	31.8	28.9	30.1		–
Ratio of female employees to all employees*1*3				%	78.6	77.4	75.9	74.0	Consolidated	405-1
Proportion of senior management hired from the local community*1	Japan	FOSTER ELECTRIC CO., LTD. (Headquarters)		%	95.1	98.4	96.7	100.0	Significant sites of operations	202-2
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies			57.1	83.3	100.0	88.9		
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies			80.0	75.0	78.6	83.3		
		FSK (Thailand) Co., Ltd.			80.0	100.0	66.7	100.0		
		ESTec CORPORATION and group companies			52.0	89.3	87.3	83.6		
	North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies			50.0	100.0	100.0	100.0		
	Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies			100.0	100.0	100.0	100.0		
Employment rate of people with disabilities				%	2.1	2.0	3.1	3.0	Non-consolidated	405-1
Ratio of overseas human resources*4				%	11.0	12.2	11.9	10.8	Non-consolidated	405-1
	Nationalities of non-Japanese employees and their ratios	Nationality with the highest ratio		People	Japan (91.7%)	Japan (88.1%)	Japan (88.8%)	Japan (89.1%)		–
		Nationality with the 2nd highest ratio			China (4.2%)	Vietnam (4.8%)	China (4.2%)	China (4.3%)		
		Nationality with the 3rd highest ratio			Vietnam (1.4%)	China (4.4%)	Vietnam (3.8%)	Vietnam (3.7%)		
		Nationality with the 4th highest ratio			Myanmar (1.2%)	Myanmar (1.2%)	Myanmar (1.2%)	Myanmar (1.1%)		
		Other nationalities			Others (1.6%)	Others (1.6%)	Others (1.9%)	Others (1.7%)		
	Nationalities of managers and their ratios*3	Nationality with the highest ratio		People	Japan (94%)	Japan (96.6%)	Japan (95.2%)	Japan (95.5%)		
		Nationality with the 2nd highest ratio			China (1.8%)	China (1.4%)	China (2.1%)	Korea (1.9%)		
		Nationality with the 3rd highest ratio			Korea (1.2%)	Korea (1.4%)	Korea (1.4%)	China (1.3%)		
		Nationality with the 4th highest ratio			Vietnam (1.2%)	Taiwan (0.7%)	Taiwan (0.7%)	Taiwan (0.6%)		
		Other nationalities			Others (1.8%)	–	Others (0.7%)	Others (0.6%)		

*1 As of March 31 of each year
*2 As of March 31 of each year. The ratio of female managers is calculated based on the number of senior and middle managers (equivalent to department managers and section managers). The ratio of female junior managers is calculated based on the number of employees equivalent to those of section managers.
*3 Calculated based on ratio of directly and indirectly hired female employees.
*4 Executive officers are included in the scope.

Parental Leave			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Parental leave*1	Number of employees entitled to parental leave	Total	People*2	14,897	14,644	14,614	15,114	Consolidated	401-3
		Male		3,152	3,314	3,501	3,844		
		Female		11,745	11,330	11,113	11,270		

Parental Leave			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Parental leave*1	Number of employees who took childcare leave	Total	People*3	624	782	668	592	Consolidated	401-3
		Male		75	150	123	148		
		Female		549	632	545	447		
	Number of employees who returned to work	Total	People*4	540	613	600	535		
		Male		77	141	120	139		
		Female		463	472	480	396		
	Number of retained employees	Total	People*5	436	417	472	405		
		Male		64	69	98	117		
		Female		372	348	374	288		
	Return to work rate	Total	%*4	90.3	79.8	92.9	93.2		
		Male		98.7	97.9	99.2	97.9		
		Female		89.0	75.6	91.4	91.7		
	Retention rate	Total	%*5	65.1	67.6	74.7	79.6		
		Male		83.1	60.5	77.8	92.9		
		Female		62.7	69.2	73.9	75.2		
	Male parental leave uptake rate*6		%	62.5	60.0	125.0	42.9	Non-consolidated	–

*1 Employees on parental leave assigned to overseas sites are counted locally.
*2 Total number of employees who were entitled to parental leave during the reporting period
*3 Total number of employees who were entitled to and took parental leave during the reporting period
*4 Employees who were expected to and did return to work after parental leave
*5 Employees retained 12 months after returning to work following a period of parental leave in the prior reporting period
*6 The ratio of male employees taking parental leave was calculated by dividing the number of male workers who took parental leave in the fiscal year by the number of male employees whose spouses gave birth.
The uptake rate may exceed 100% if the spouse's childbirth fiscal year differs from the fiscal year when childcare leave was taken. Where an employee has taken childcare leave over multiple fiscal years, that employee is counted for the fiscal year when their childcare leave started.

Health and Safety			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Work-related injuries	Work-related fatalities	Total	People	0	0	0	0	Non-consolidated	403-9
		Directly hired employees		0	0	0	0		
		Indirectly hired employees		0	0	0	0		
		Total	People	0	0	0	0	Consolidated	
		Directly hired employees		0	0	0	0		
		Indirectly hired employees		0	0	0	0		
	The main type of work-related injury			–	–	–	–		
	Occupational accident frequency rate*1	Directly hired employees		0.00	0.00	0.00	0.00		
		Indirectly hired employees		0.00	0.00	0.00	0.00		
	High-consequence work-related injuries	Total	People	0	0	0	0	Non-consolidated	
		Directly hired employees		0	0	0	0		
		Indirectly hired employees		0	0	0	0		
		Total	People	1	0	0	0	Consolidated	
		Directly hired employees		1	0	0	0		
		Indirectly hired employees		0	0	0	0		
	The main type of work-related injury			Bone fracture	Bone fracture	–	–		
	Occupational accident frequency rate*2	Directly hired employees		0.03	0.00	0.00	0.00		
		Indirectly hired employees		0.00	0.00	0.00	0.00		

Health and Safety			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Work-related injuries	Recordable work-related injuries	Total	People	1	1	1	0	Non-consolidated	403-9
		Directly hired employees		1	1	1	0		
		Indirectly hired employees		0	0	0	0		
		Total	People	31	25	27	20	Consolidated	
		Directly hired employees		30	25	25	20		
		Indirectly hired employees		1	0	2	0		
	The main type of work-related injury			Fractures, cuts, bruises, sprains, chemical eye injuries, etc.	Fractures, bruises, hand/foot/back injuries	Cuts, bruises, fractures, burns, sprains	Compression injuries, fall-related injuries, reactive arthritis and burns		
	Occupational accident frequency rate*3	Directly hired employees		0.95	0.76	0.79	0.61		
		Indirectly hired employees		0.85	0.00	1.84	0.00		
	The number of hours worked	Total	Hours	32,821,403	33,707,891	32,641,834	32,383,790		
		Directly hired employees		31,649,902	33,097,562	31,556,265	31,971,150		
		Indirectly hired employees		1,171,501	610,329	1,085,570	703,800		
	Total of all occupational accidents – LTIFR*4	Directly hired employees		–	0.76	0.79	0.61		
		Indirectly hired employees		–	0.00	1.84	0.00		
	Total of all occupational accidents – Severity rate*5	Directly hired employees		0.01	0.01	0.02	0.01		
		Indirectly hired employees		0.00	0.00	0.00	0.00		

*1 Rate of fatalities as a result of work-related injury = Number of fatalities as a result of work-related injury × 1,000,000 / Total hours worked

*2 The rate of high-consequence work-related injuries (excluding fatalities) = Number of high-consequence work-related injuries (excluding fatalities) × 1,000,000 / Total hours worked

*3 Rate of recordable work-related injuries = Number of recordable work-related injuries × 1,000,000 / Total hours worked

*4 Lost time injury frequency rate (LTIFR) = Number of lost time injuries × 1,000,000 / Total work hours

*5 Severity rate = Total number of lost workdays × 1,000 / Total number of hours worked

Health and Safety			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Work-related ill health	Fatalities	Total	People	0	0	0	0	Consolidated	403-10
		Directly hired employees		0	0	0	0		
		Indirectly hired employees		0	0	0	0		
	Number of people in ill health	Total	People	0	0	0	0		
		Directly hired employees		0	0	0	0		
		Indirectly hired employees		0	0	0	0		
	Main reasons for work-related ill health			–	–	–	–		

Human Resource Development		Unit	2022	2023	2024	2025	Boundary	GRI Standards
Average hours of training per year per employee	Total	Hours	21	38	37	32	Non-consolidated	404-1
	Male		25	37	37	33		
	Female		20	41	37	29		
	Management		10	12	31	15		
	Regular employees		23	46	39	39		
	Total	Hours	26	26	30	26	Consolidate	
	Male		29	29	31	32		
	Female		26	25	30	23		
	Management		36	16	22	17		
	Regular employees		25	26	30	26		

Human Resource Development			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Percentage of employees receiving regular performance and career development reviews	Total		%	94.8	91.9	91.1	93.7	Non-consolidated	404-3
		Male		96.0	92.2	91.7	93.2		
		Female		91.3	91.1	89.4	95.0		
		Management		98.6	100.0	97.7	100.0		
		Regular employees		93.3	89.0	88.8	91.5		
	Total			57.0	46.7	49.8	49.8	Consolidate	
		Male		72.0	60.1	64.1	58.8		
		Female		52.0	43.0	45.3	46.8		
		Management		95.0	72.3	81.0	81.1		
		Regular employees		54.0	45.7	48.5	48.6		
Percentage of employees who gave positive answers in the employee engagement survey (headquarters)			%	71.8	75.0	78.5	78.4	Non-consolidated	–

Measures Related to Human Rights		Unit	2022	2023	2024	2025	Boundary	GRI Standards
Employee training on human rights policies or procedures	Total hours	Hours	726	1,176	1,298	1,582	Non-consolidated	412-2
			54,569	32,804	32,998	37,317	Consolidate	
	Ratio of employees who received the training	%	99.8	100.0	100.0	100.0	Non-consolidated	
			96.4	90.1	98.1	97.0	Consolidate	
Security personnel trained in human rights policies or procedures		%	100.0	100.0	100.0	100.0	Non-consolidated	410-1
			100.0	100.0	100.0	100.0	Consolidate	

Social Contribution			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Expenses for social contribution activities	Expenses for activities	Total	Thousand yen	9,732.0	7,627.1	8,415.4	10,650.5	Consolidate	–
		Cash donations		8,236.1	7,244.8	6,945.1	9,948.0		
		Voluntary activities by employees		5.0	47.6	300.2	22.4		
		In-kind donations		1,490.9	334.7	1,170.1	680.0		

Payments and Benefits			Unit	2022		2023		2024		2025		Boundary	GRI Standards
				Basic salary	Total amount of remuneration	Basic salary	Total amount of remuneration	Basic salary	Total amount of remuneration	Basic salary	Total amount of remuneration		
Wage gap between men and women at headquarters	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		%*1	–	77.0	–	78.8	–	79.4	–	83.2	Non-consolidated	
	Gender wage gap among all employees			–	77.9	–	80.4	–	81.0	–	84.6		
	Gender wage gap among regular employees			–	70.7	–	65.7	–	64.8	–	72.8		
	Gender wage gap among contract employees												
Ratio of basic salary and remuneration of women to men	Directly hired employees - Managers		%*1									Significant sites of operations	405-2
	Japan	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		101.9	92.6	101.8	92.9	100.0	92.4	100.0	95.2		
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies		83.9	77.1	78.3	77.7	65.8	69.3	88.2	89.1		
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies		100.0	106.5	100.0	100.0	100.0	97.3	100.0	100.0		
		FSK (Thailand) Co., Ltd.		–	–	100.0	100.0	125.1	124.8	125.1	124.8		
		ESTec CORPORATION and group companies		96.8	96.3	99.9	96.5	98.2	92.6	100.0	99.7		
	North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies		88.0	84.7	94.1	100.0	100.0	100.0	98.6	93.2		
	Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies		–*2	–*2	–*2	–*2	–*2	–*2	–*2	–*2		

Payments and Benefits			Unit	2022		2023		2024		2025		Boundary	GRI Standards
	Directly hired employees - General employees												
	Japan	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		100.5	81.0	107.6	84.4	94.2	86.4	95.3	89.6		
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies		111.4	95.0	78.3	76.4	80.2	79.9	88.1	89.2		
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies		100.0	89.6	100.0	100.0	100.0	81.5	100.0	86.3	Significant sites of operations	405-2
		FSK (Thailand) Co., Ltd.	%*1	–	–	100.0	100.0	100.0	100.0	100.0	100.0		
		ESTec CORPORATION and group companies		90.6	93.3	100.6	84.8	98.4	87.6	105.3	87.9		
	North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies		86.2	95.7	100.0	100.0	100.0	100.0	100.0	100.0		
	Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies		100.0	100.0	100.0	98.9	100.0	100.0	100.0	100.0		

*1 Ratio of women's pay to men's, indexed to 100 for men
*2 Not calculated because only one gender is employed at the site or no eligible employees exist.

Benefits provided to full-time employees but not to non-regular employees			Retirement allowance					Non-consolidated	401-2
			Life insurance, disability and sickness coverage, medical insurance, parental leave, retirement benefits, etc.					Consolidate	
Ratios of standard entry level wage by gender compared to local minimum wage * Same ratio for men and women	Japan	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		108.0	107.9	105.4	112.6	Significant sites of operations	202-1
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies		130.5	121.1	102.2	112.8		
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies		116.6	120.9	113.7	116.5		
		FSK (Thailand) Co., Ltd.	%	–	100.0	100.0	100.0		
		ESTec CORPORATION and group companies		120.0	122.4	127.6	123.4		
	North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies		127.6	132.6	148.3	162.1		
	Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies		116.0	116.1	116.1	116.1		

Procurement (Social)			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Proportion of spending on local suppliers*1	Manufacturing in China*1	Percentage of materials that are procured locally in China	%*2	83	88	91	91	–	204-1
	Manufacturing in ASEAN countries*1	Percentage of raw materials and components procured within ASEAN	%*2	73	61	61	62	–	

*1 Local / Significant sites of operation: The above-mentioned areas where Foster's manufacturing sites reside.
*2 Indicates the percentage of material procurement spending with entities located at the target sites.

New suppliers screened using social criteria			%	100	100	100	100	All procurement sites	414-1

● Governance

Governance			Unit	2022	2023	2024	2025	Boundary	GRI Standards
Diversity of governance body	Gender	Male	%	86.4	86.4	80.0	82.6	Non-consolidated	405-1
		Female		13.6	13.6	20.0	17.4		
	Age	Less than 30 year old	%	0.0	0.0	0.0	0.0		
		30-50 year old		18.2	18.2	20.0	13.0		
		Over 50 year old		81.8	81.8	80.0	87.0		
	Gender	Male	%	91.7	88.7	84.5	86.8	Consolidate	
		Female		8.3	11.3	15.5	13.2		
	Age	Less than 30 year old	%	0.0	0.0	0.0	0.9		
		30-50 year old		25.8	27.1	37.1	17.5		
		Over 50 year old		74.2	72.9	62.9	81.6		
Attendance rate	Board of Directors		%	100	100	100	100	–	–
	Nominating Committee			94	100	100	100		
	Remuneration Committee			100	100	100	100		
	Board of Corporate Auditors			100	100	100	100		
Communication and training about anti-corruption policies and procedures.	Governance body members		Total*	24	22	19	22	Non-consolidated	205-2
			%*	100	100	100	100		
			Total*	86	95	86	86	Consolidate ②	
			%*	93	90	94	94		
* Total number and percentage of notifications on anticorruption related organizations policies and procedures.									
Operations assessed for risks related to corruption			Total	12	12	19	18	–	205-1
			%	67	63	95	95		
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Complaints received from outside parties and substantiated by the organization		Cases	0	0	0	0	–	418-1
	Complaints from regulatory bodies			0	0	0	0		
	Total number of identified leaks, thefts, or losses of customer data			0	0	0	0		
Compliance with public laws, regulations and other rules									
Non-compliance with laws and regulations	Total		Cases	0	0	0	0	Consolidate	2-27, 205-3, 406-1, 416-2, 417-2, 417-3, 418-1
Non-compliance with laws and regulations				0	0	0	0		
Non-compliance with environmental laws and regulations				0	0	0	0		
Non-compliance regarding corrupt practices				0	0	0	0		
Non-compliance regarding customer health and safety				0	0	0	0		
Violation of customer privacy				0	0	0	0		
Non-compliance regarding product information and labeling				0	0	0	0		
Marketing communications				0	0	0	0		
Long working hours and unfair dismissal				0	0	0	0		
Human rights violations and harassment				0	0	1	0		
* There were no financial penalties or surcharges incurred due to non-compliant practices.									

Governance		Unit	2022	2023	2024	2025	Boundary	GRI Standards
Political contributions	Total	Yen	0	0	0	0	Non-consolidated	–
	Lobbying activities		0	0	0	0		
	Political activities		0	0	0	0		
	Trade associations		0	0	0	0		
	Others		0	0	0	0		

GRI Content Index

Statement of use	Foster Electric Company, Limited has reported in accordance with the GRI Standards for the period from April 1, 2025 to March 31, 2026.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	–

GRI 2: General Disclosures 2021

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
1. The organization and its reporting practices	2-1	Organizational details	P.76 –	Corporate Profile and Stock Information ▸ Securities Report
	2-2	Entities included in the organization's sustainability reporting	P.76 –	Corporate Profile and Stock Information ▸ Securities Report
	2-3	Reporting period, frequency and contact point	P.1	Contents/Editorial Policy
	2-4	Restatements of information	P.67-72	Non-Financial Data (Described changes in calculation methods, scope etc.)
	2-5	External assurance	–	– (External assurance not received)
2. Activities and workers	2-6	Activities, value chain and other business relationship	P.76 P.36-41 –	Corporate Profile and Stock Information Social and Relationship Capital Initiatives ▸ Securities Report
	2-7	Employees	P.67-72 –	Non-Financial Data ▸ Securities Report
	2-8	Workers who are not employees	P.67-72 –	Non-Financial Data ▸ Securities Report
3. Governance	2-9	Governance structure and composition	P.52-58 P.59-63 – –	Governance Officers ▸ Securities Report ▸ Corporate Governance Guidelines (available in Japanese)
	2-10	Nomination and selection of the highest governance body	P.52-58 P.59-63 –	Governance Officers ▸ Securities Report
	2-11	Chair of the highest governance body	P.52-58 P.59-63 –	Governance Officers ▸ Securities Report
	2-12	Role of the highest governance body in overseeing the management of impacts	P.29-30 P.31-32 P.52-58 – –	Foster's Sustainability Natural Capital Initiatives: (1) TCFD Governance ▸ Securities Report ▸ Corporate Governance Guidelines (available in Japanese)
	2-13	Delegation of responsibility for managing impacts	P.29-30 P.52-58	Foster's Sustainability Governance
	2-14	Role of the highest governance body in sustainability reporting	P.29-30 P.52-58	Foster's Sustainability Governance
3. Governance	2-15	Conflicts of interest	P.59-63 – –	Officers ▸ Securities Report ▸ Corporate Governance Guidelines (available in Japanese)
	2-16	Communication of critical concerns	P.52-58 P.67-72	Governance Non-Financial Data
	2-17	Collective knowledge of the highest governance body	P.29-30 P.67-72	Foster's Sustainability Non-Financial Data
	2-18	Evaluation of the performance of the highest governance body	P.52-58 –	Governance ▸ Securities Report
	2-19	Remuneration policies	P.52-58 –	Governance ▸ Securities Report
	2-20	Process to determine remuneration	P.52-58 –	Governance ▸ Securities Report
	2-21	Annual total compensation ratio	–	–
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	P.5-7 P.22	Message from the CEO Message from the CFO
	2-23	Policy commitments	P.29-30 P.33-36 – –	Foster's Sustainability Natural Capital Initiatives: (2) Environment ▸ Corporate Action Guidelines ▸ Code of Conduct for Staffs
	2-24	Embedding policy commitments	P.29-30 P.37-41	Foster's Sustainability Social and Relationship Capital Initiatives
	2-25	Processes to remediate negative impacts	P.52-58	Governance
	2-26	Mechanisms for seeking advice and raising concerns	P.52-58	Governance
	2-27	Compliance with laws and regulations	P.67-72	Non-Financial Data
	2-28	Membership associations	–	–
5. Stakeholder engagement	2-29	Approach to stakeholder engagement	P.42-48	Human Capital Initiatives
	2-30	Collective bargaining agreements	–	–

GRI 3: Material Topics 2021

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
	3-1	Process to determine material topics	P.13-16	Material Issues
	3-2	List of material topics	P.13-16	Material Issues
	3-3	Management of material topics	P.13-16 P.29-30 P.24-25 P.31-36 P.37-41 P.42-48 P.52-58	Material Issues Foster's Sustainability Sources of Strengths: Intellectual Capital Natural Capital Initiatives: (1) TCFD-based Information Disclosure Social and Relationship Capital Initiatives Human Capital Initiatives Governance

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss	P.13-16 P.33	Material Issues Environmental Philosophy and Policy
	101-2	Management of biodiversity impacts	P.34	The Foster Group's Environmental Initiatives
	101-3	Access and benefit-sharing	–	–
	101-4	Identification of biodiversity impacts	–	–
	101-5	Locations with biodiversity impacts	P.34	The Foster Group's Environmental Initiatives
	101-6	Direct drivers of biodiversity loss	P.67-72	Non-Financial Data
	101-7	Changes to the state of biodiversity	–	–
	101-8	Ecosystem services	–	–
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	–	▸ Securities Report
	201-2	Financial implications and other risks and opportunities due to climate change	P.67-72	Non-Financial Data
	201-3	Defined benefit plan obligations and other retirement plans	–	▸ Securities Report
	201-4	Financial assistance received from government	–	201-4-a, 201-4-b i. Tax relief and tax credits At headquarters: ¥113 million, at sites in China: ¥27 million, at sites in South Korea: ¥52 million
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P.67-72	Non-Financial Data
	202-2	Proportion of senior management hired from the local community	P.67-72	Non-Financial Data
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	P.48	Social Contribution and Philanthropy
	203-2	Significant indirect economic impacts	–	–
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	P.67-72	Non-Financial Data
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	P.67-72	Non-Financial Data
	205-2	Communication and training about anti-corruption policies and procedures.	P.37-41 P.67-72	Social and Relationship Capital Initiatives Non-Financial Data
	205-3	Confirmed incidents of corruption and actions taken	–	–
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–	–
GRI 207: Tax 2019	207-1	Approach to tax	P.58	Our Stance on Tax Matters
	207-2	Tax governance, control, and risk management	–	–
	207-3	Stakeholder engagement and management of concerns related to tax	–	–
	207-4	Country-by-country reporting	–	▸ Securities Report
GRI 301: Materials 2016	301-1	Materials used by weight or volume	–	–
	301-2	Recycled input materials used	P.67-72	Non-Financial Data
	301-3	Reclaimed products and their packaging materials	–	–

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 302: Energy 2016	302-1	Energy consumption within the organization	P.67-72	Non-Financial Data
	302-2	Energy consumption outside of the organization	–	–
	302-3	Energy intensity	P.67-72	Non-Financial Data
	302-4	Reduction of energy consumption	P.67-72	Non-Financial Data
	302-5	Reductions in energy requirements of products and services	P.36	Environmentally Friendly Products
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	P.34	The Foster Group's Environmental Initiatives
	303-2	Management of water discharge-related impacts	P.34	The Foster Group's Environmental Initiatives
	303-3	Water withdrawal	P.67-72	Non-Financial Data
	303-4	Water discharge	P.67-72	Non-Financial Data
	303-5	Water consumption	P.67-72	Non-Financial Data
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P.67-72	Non-Financial Data
	305-2	Energy indirect (Scope 2) GHG emissions	P.67-72	Non-Financial Data
	305-3	Other indirect (Scope 3) GHG emissions	P.67-72	Non-Financial Data
	305-4	GHG emissions intensity	P.67-72	Non-Financial Data
	305-5	Reduction of GHG emissions	P.67-72	Non-Financial Data
	305-6	Emissions of ozone-depleting substances (ODS)	–	–
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	–	–
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	–	–
	306-2	Management of significant waste-related impacts	–	–
	306-3	Waste generated	P.67-72	Non-Financial Data
	306-4	Waste diverted from disposal	–	–
	306-5	Waste directed to disposal	P.67-72	Non-Financial Data
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers screened using environmental criteria	P.67-72	Non-Financial Data
	308-2	Negative environmental impacts in the supply chain and actions taken	–	No "Negative environmental impacts in the supply chain and actions taken," according to the results of CSR self-assessments containing these questions
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	P.67-72	Non-Financial Data
	401-2	Benefits provided to full-time employees but not to non-regular employees	P.67-72	Non-Financial Data
	401-3	Parental Leave	P.67-72	Non-Financial Data
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	–	The minimum notices are given according to the law of the countries / regions.
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	P.46-47	4. Safety and Health
	403-2	Hazard identification, risk assessment, and incident investigation	P.46-47	4. Safety and Health
	403-3	Occupational health services	P.46-47	4. Safety and Health

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 403: Occupational Health and Safety 2018	403-4	Worker participation, consultation, and communication on occupational health and safety	P.46-47	4. Safety and Health
	403-5	Worker training on occupational health and safety	P.46-47	4. Safety and Health
	403-6	Promotion of worker health	P.45-46 P.46-47	3. Labor (Labor Practices and Decent Work) 4. Safety and Health
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P.46-47	4. Safety and Health
	403-8	Workers covered by an occupational health and safety management system	P.46-47	4. Safety and Health
	403-9	Work-related injuries	P.46-47 P.67-72	4. Safety and Health Non-Financial Data
	403-10	Work-related ill health	P.46-47 P.67-72	4. Safety and Health Non-Financial Data
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P.67-72	Non-Financial Data
	404-2	Programs for upgrading employee skills and transition assistance programs	P.42-43	1. Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	P.67-72	Non-Financial Data
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P.67-72	Non-Financial Data
	405-2	Ratio of basic salary and remuneration of women to men	P.67-72	Non-Financial Data
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	–	–
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	No “Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk,” according to the results of CSR self-assessments containing these questions
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	–	No “Operations and suppliers at significant risk for incidents of child labor,” according to the results of CSR self-assessments containing these questions
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–	No “Operations and suppliers at significant risk for incidents of forced or compulsory labor,” according to the results of CSR self-assessments containing these questions
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	P.67-72	Non-Financial Data
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	–	–

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	P.48	Social Contribution and Philanthropy
	413-2	Operations with significant actual and potential negative impacts on local communities	–	–
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers screened using social criteria	P.67-72	Non-Financial Data
	414-2	Negative social impacts in the supply chain and actions taken	–	No “Negative social impacts in the supply chain and actions taken,” according to the results of CSR self-assessments containing these questions
GRI 415: Public Policy 2016	415-1	Political contributions	–	–
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	–	–
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	P.67-72	Non-Financial Data
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	–	–
	417-2	Incidents of non-compliance concerning product and service information and labeling	P.67-72	Non-Financial Data
	417-3	Incidents of non-compliance concerning marketing communications	P.67-72	Non-Financial Data
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P.67-72	Non-Financial Data

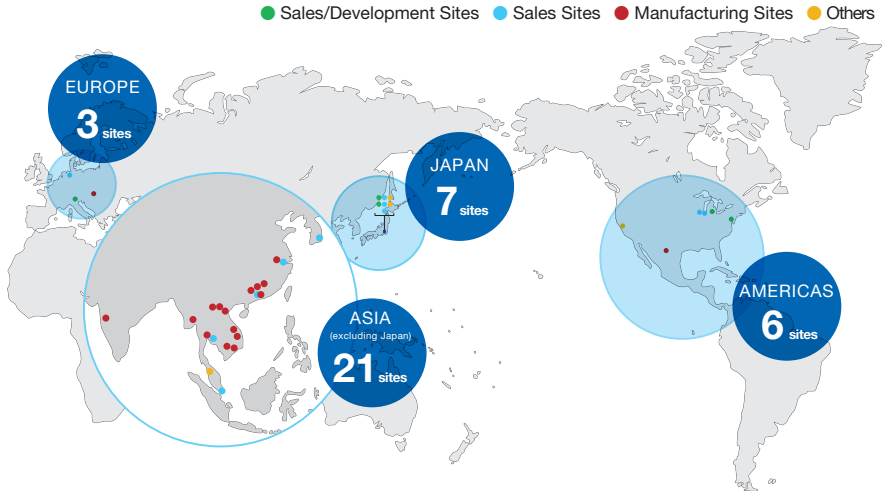
Corporate Overview / Stock Information

Corporate Overview (as of March 31, 2026)

Company Name	Foster Electric Company, Limited
Founded	June 20, 1949
Common Stock	6,770,360,135 yen
Headquarters	The Prime Market of the Tokyo Stock Exchange 1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550 Phone: +81-42-546-2311 (main number)
Employees	16,260

Foster's Global Network

The Group operates 37 sites in 12 countries and regions worldwide as sites for development, manufacturing, and sales activities. We have established a sophisticated production system integrating processes from component manufacturing to finished product assembly.



Website

FOSTER ELECTRIC CO., LTD. website
Japanese version English version

Investor Relations
Japanese version English version

Sustainability
Japanese version English version

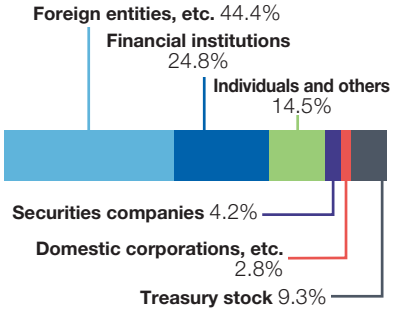
Stock Information
(as of March 31, 2026)

Total number of shares authorized to be issued by the company
80,000,000 shares

Total number of shares issued
25,000,000 shares

Number of shareholders
6,247

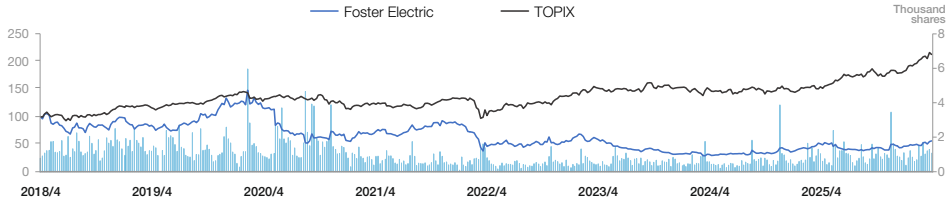
Distribution of Shareholders by Shareholder Type



Shareholder's Name	Number of Shares Held (thousands)	Ratio of Shares Held (%)
BRIDGESTREAM LIMITED, AS TRUSTEE OF AXC STRATEGIC OPPORTUNITIES	3,440	15.17
The Master Trust Bank of Japan, Ltd. (trust account)	2,537	11.19
BRIDGESTREAM LIMITED, AS TRUSTEE OF AXC STRATEGIC OPPORTUNITIES	2,224	9.81
AVI JAPAN OPPORTUNITY TRUST PLC	1,406	6.20
Mizuho Bank, Ltd.	1,016	4.48
MUFG Bank, Ltd.	945	4.17
STATE STREET BANK AND TRUST COMPANY 505223	747	3.30
Custody Bank of Japan, Ltd. (trust account)	713	3.15
Tachibana Securities Co., Ltd.	459	2.03
Mizuho Trust & Banking Co., Ltd.	405	1.79

Treasury stock (2,325,393 shares) is excluded for the calculation of the "Ratio of Shares Held."

Share Price Trend



Foster Electric share price and TOPIX figures are shown based on their closing values at the end of April 2018 being set to 100 in the chart.

	FY2022	FY2023	FY2024	FY2025
Highest price	1,207 yen	1,278 yen	1,959 yen	3,220 yen
Lowest price	657 yen	840 yen	1,140 yen	962 yen

FOSTER ELECTRIC CO., LTD.

Foster Electric Company, Limited

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