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Period covered and frequency of reporting

This report is issued annually, and primarily covers fiscal 2024 (April 1, 2024 to March 31, 2025). Certain initiatives undertaken outside this period, as well as selected events from fiscal year 2025, 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)"
[GRI Content Index](#)
- 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 new mid-term business plan, they are classified as "Mobility-Related Business" and "Consumer-Related Business."



This report's cover illustration, based on our corporate color blue, depicts our products extending out from a speaker in the center. This expresses our vision: Through acoustic products and solutions, we aim to create rich and comfortable spaces and bring amusement, joy, safety, and security to the world. Our products in the illustration are depicted to express the diverse types of social value they provide, showing a comfortable -in-car space, an entertainment setting, and safe, secure driving enabled by our Acoustic Vehicle Alerting System (AVAS) and buzzers.

Introduction

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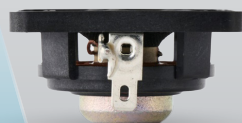


Corporate Philosophy

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

Corporate Creed Sincerity

Mission
To make
contributions
for future society
through acoustics



Vision

Through acoustic products and solutions,
we aim to create rich and comfortable
spaces and bring amusement, joy, safety,
and security to the world.

Foster Rhythm (Our Principles and Values)

Our corporate philosophy, principles, and values have been verbalized as Foster Rhythm to ensure our corporate philosophy becomes entrenched among our employees. It was created by employees thinking on their own and proposing ideas so that it can be shared with employees from different cultures and backgrounds.

It is shared by employees from all of the bases 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.

Our Principles and Values

THE LEADING

Sound to Life*

SOLUTION COMPANY

Strive to be number one in the global acoustic fields. Innovate to support ever wider market needs.



Trusted

Earn the trust of users and partners



Inspiring

Add unique value, motivate partners and excite customers



Expert

Take pride in our expertise in acoustic technology

ALWAYS IMPROVING

Create a more efficient, effective, profitable and better place to work.

Always seek new market categories and opportunities.



Fast and Flexible

Be fast moving and flexible



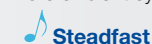
Proactive

Embrace learning and proactive leadership



Reliable Quality

Deliver totally reliable quality via ever more efficient systems



Steadfast

Show steadfast dedication in going beyond our promised goals

EVER MORE GLOBAL AND INCLUSIVE

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



Open Mind

Be open-minded and inclusive



Team

Respect others as part of a team with shared goals



Responsible

Fulfill our duty to protect people and the environment

Corporate Slogan

*Sound to Life

Our corporate slogan reflects 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.



Kazuhiro Kishi
CEO

Introduction

Since our founding in 1949, we have continued to grow with acoustic technologies at our core by responding flexibly to the changing times and 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.

Review of Fiscal 2024 Financial Results and the Previous Mid-term Business Plan

“Transition from an OEM/ODM supplier to a strategic partner” was a goal we set in our previous mid-term business plan. Leveraging the automotive speaker technologies we have developed over many years, we have been working to establish a system that enables us to offer one-stop services to provide not only automotive audio speakers, but also Acoustic Vehicle Alerting Systems (AVAS) / eCall speakers and Automotive Headphones. As a result, we are steadily establishing our position as a “strategic partner” involved in development and design that works closely with its customers. We do this by proactively proposing technologies, including technologies for the in-vehicle sound tuning solutions and vibration suppression technologies, tasks previously done by automotive manufacturers, instead of our traditional role of an OEM/ODM supplier as before. In addition, to create and enhance the added value for our business, we are actively pushing forward with activities to propose solutions regarding the creation of an in-vehicle sound environment, using demo cars. This has enabled us to establish a competitive advantage in the market.

Financial targets under the previous mid-term business plan were net sales of ¥120.0 billion, operating income of ¥5.0 billion, and operating profit margin of 4.2%. We achieved all of these targets, with net sales being ¥137.6 billion, operating profit being ¥6.8 billion, and the operating profit margin being 4.9%. Achievement rates were 115% for net sales, 136% for operating income, and 118% for operating profit margin, which far exceeded our targets. These results represent a major accomplishment and provide a solid foundation for stable future growth.

While the automotive market as a whole, our major target, faced various challenges, including the slowdown of EV market, we focused our efforts on continuing to increase orders received in the automotive business by leveraging the quality of the automotive speakers that we have been developing for many years. As a part of our regional strategies, we established a new factory in Hungary in Europe and began mass production in October 2024, while also producing speakers in the United States in response to the demand for local production and consumption. We also continued to push forward with cost improvement measures and structural reforms by monitoring inventory turnover and other indicators and improving the precision of our demand forecasts to maintain optimal production systems and inventory levels.

In the Speaker Business, sales of branded speakers for Tier-1 manufacturers with audio brands and premium-level speakers were strong, with the Chinese market making a significant contribution to profit. In addition to the increased high-profit margin product ratio, successful

cost-related initiatives contributed to enhancing the segment's profitability.

In the Mobile Audio Business, the shipments of actuators for consumer use exceeded the target, but overall net sales decreased partly due to a decrease in sales of automotive headphones. On the other hand, profit increased mainly because sales of high-profit margin products offset the decrease in net sales.

In the Other Business, net sales increased due to strong sales of speakers for Acoustic Vehicle Alerting Systems (AVAS), but a loss was posted, mainly due to the impact of the inventory adjustments associated with structural reforms. This loss, however, represented an improvement over the previous fiscal year.

As a result of these strategic business initiatives, we achieved financial results that far exceed the targets under the previous mid-term business plan, thus establishing our position as a "strategic partner." We were also able to build a solid business foundation in preparation for the mid-term business plan that started in 2025.

Current Mid-term Business Plan and Outlook

We have set the long-term vision of becoming the No. 1 acoustics solutions partner, aiming to be an entity that customers know they should turn to when it comes to acoustics and vibrations. Under the current mid-term business plan that started this fiscal year, we will further strengthen our foundation of being a strategic partner, an area we had already focused on during the previous plan. We will also move forward with our growth strategy of promoting two businesses, our mobility-related business and our consumer-related business. This is a critical step toward our achievement of our long-term vision.

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 income of ¥9.0 billion, an operating profit margin of 6.0%, and an ROE of 8.0%.

In the mobility-related business, orders are finalized more than three years before the start of mass production in many cases. Approx. 85% of the orders in the consolidated sales plan for FY2027 have already been secured. It is expected that the remaining 15% will be finalized gradually. The expansion of our business detailed in the current mid-term business plan has begun to be pieced together steadily, and we have grown more confident about the path toward achieving our targets.

The purpose of our growth strategy in the mobility-related business is to create rich and comfortable spaces and bring amusement, joy, safety, and security to next-generation mobility. To achieve this purpose, we will strengthen activities to propose added value in the creation of acoustic spaces for car cabins and focus on branded and premium-level products. Specifically, we plan to increase the percentage of the Group's speakers that are branded or premium speakers from 62% to 72% during the period from FY2024 to FY2027. Further, we will focus our efforts on acquiring new customers in North America and China and expanding sales of new products, including proximity notification and warning products, actuators, and cockpit peripherals. By doing so, we will accelerate initiatives to increase the number of products installed per vehicle and improve profitability. This means that we will use the automotive speaker technologies we have been honing for many years to enhance added value and establish competitive advantages.

We position the consumer-related business as a new growth pillar alongside our existing mobility-related business. The purpose of our growth strategy is to build a new earnings pillar next to the mobility-related business, focused on creating rich and comfortable spaces and delivering amusement, joy, safety, and security. We will thus pursue possibilities of further growth beyond the mobility business. At the same time, with our comprehensive product design capabilities and our evolving

proprietary technologies, we will expand the high value-added finished product business and create new businesses with the goal of improving profitability. Under Beyond2025 (our initiative to establish a long-term revenue base), we will work on three areas, lifestyle (personal audio), life solutions (biometric sensing headsets), and life enhancement (actuators), to simultaneously achieve the growth in the consumer-related business and increase our earning power.

We began to achieve a V-shaped recovery of operating income in FY2022 and this upward trend has continued since then. The operating profit margin has also improved steadily. We will continue to aim to achieve the sustainable profit growth by increasing sales and improving the fixed cost ratio through the implementation of our growth strategy, increasing profit leveraging out model mix, and executing a cost structure reform. We believe that these initiatives to improve profitability will also lead to a higher ROE. While our ROE has been recovering gradually over the past several years, the improvement of profitability is not yet sufficient, and challenges remain regarding the stability of profit. We will allocate resources appropriately and formulate and implement a growth strategy for the stable improvement of profitability as we work to improve ROE. In addition, we will ensure that the Group is managed with a focus on capital efficiency and invest intensively in highly profitable businesses to maximize shareholder value in the mid to long term.

For details, please refer to ["New Mid-term Business Plan and Review of the Previous Plan."](#)



On-site Capabilities and Organizational Collaboration Supporting Target Achievement

We have received excellent quality awards and many other awards from our automotive customers. The high-quality, stable mass production system that is our strength has been highly evaluated. In addition, as a part of our cost structure reform, we have been advancing the automation and mechanization of the manufacturing equipment at overseas manufacturing sites. The achievements due to this equipment have exceeded expectations. This cost-efficient and competitive equipment further improves quality and challenges conventional production methods. We have great hopes for the continued improvement of our competitiveness in the future. We have been able to reaffirm the importance of developing equipment guided by the insights and needs of the on-site staff.

In addition, at the headquarters, we have been pushing forward with the reform of our organizational culture to become a “cheerful and energetic company,” by sharing the vision of senior management and providing all employees with real-time updates on the company’s current status and direction, ensuring that everyone is aligned toward the same goals and works together with a strong sense of unity. The purpose of the reform has been to maximize the power of the organization as a whole as the center of a global operations. We will continue to push forward to achieve our goals and both high-quality manufacturing and management efficiency through the united efforts of all of our employees and company-wide collaboration.



Promotion of ESG Management Aimed at Achieving a Sustainable Society

We created our “ESG Management Statement” in 2021 and are aggressively moving forward with initiatives to achieve a sustainable society. We have positioned our activities regarding the Environment, Social and Governance as essential foundations for the sustainable development of both society and the company, and we are engaged in various activities with these elements at their core. In recent years, the expectations and needs of customers and other stakeholders have become increasingly diverse, requiring a higher level of responsiveness.

To respond to the growing demands, we have further enhanced initiatives in the environmental field. One accomplishment from these activities was that we reduced our CO₂ emissions to achieve our FY2025 mid-term environmental goal one year ahead of schedule. This was a result of company-wide efforts, including initiatives promoting energy-saving measures, the proactive introduction of renewable energy at each manufacturing site and investments in environmentally friendly equipment. It is clear that our environmental management activities are progressing.

These achievements have earned international recognition. We were selected as one of the Asia-Pacific Climate Change Leaders 2025, a list of companies with outstanding contributions to the reduction of greenhouse gas emissions jointly selected by the U.K.’s Financial Times and Statista in Germany. This serves as evidence of the global acknowledgement of the environmental initiatives we have developed to date.

Guided by our environmental policy, we have continued to implement initiatives to reduce environmental impact and achieve carbon neutrality in response to the expectations of our environmentally conscious global customers. We will continue to address social issues and accelerate the creation of value for a sustainable future through the development and provision of products, leveraging our strength in acoustic technologies, material development capabilities, and manufacturing technologies.

Additionally, it is essential that we use technologies to grow sustainably. We will press ahead with necessary investments in digital transformation (DX), including smart factories that utilize AI and other technologies to drive DX at manufacturing sites, and Foster AI Sense (FaiS), a unique generative AI platform that significantly improves productivity at our headquarters.

Strengthening the Growth Strategy and Shareholder Return

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. Based on this, we will aim to further increase shareholder returns. During the period of the current mid-term business plan, we would like to resolve the issue of our PBR below 1.0 sooner than planned. We are determined to continue working to live up to the expectations of our shareholders and investors.

While the environment will remain highly uncertain due to the U.S. tariff policies 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 the price-linked system, as well as the speedy transfer of manufacturing sites and the agile review of logistics, as we work to achieve sustainable growth and enhance corporate value.

We respectfully ask for the continued support and encouragement of our shareholders and all of our other stakeholders.

Financial and Non-financial Highlights

*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.

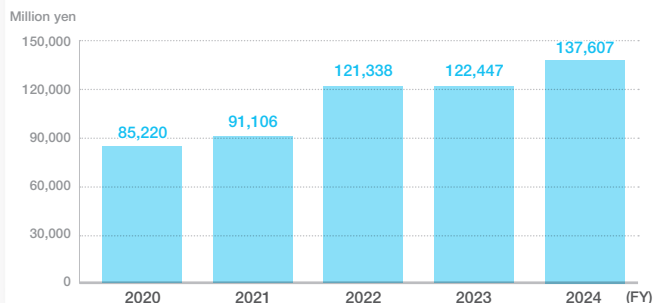
*1 The male parental leave uptake rate was calculated by dividing the number of male employees who took childcare leave during the fiscal year by the number of male employees who became eligible for childcare leave as a result of spouses' childbirth.

The uptake rate may be greater than 100% if the spouse's childbirth fiscal year differs from the fiscal year when childcare leave was taken.

When an employee takes childcare leave spanning multiple fiscal years, they are counted for the fiscal year when their childcare leave started.

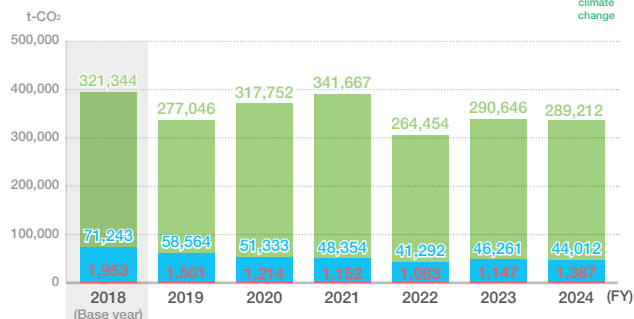
Net sales

■ Net sales (Million yen)

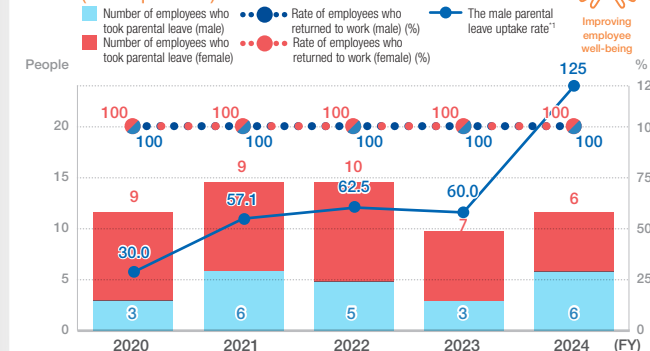


Greenhouse gas emissions

■ Scope 1 ■ Scope 2 ■ Scope 3

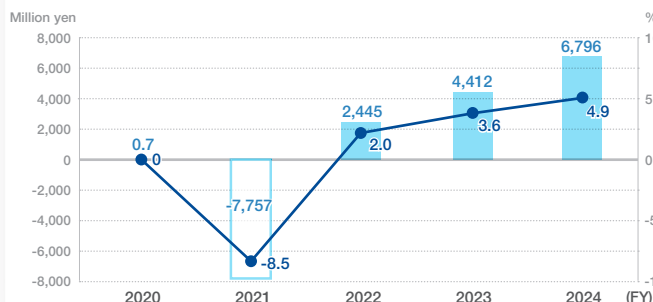


Employees taking parental leave / % returning to work (headquarters)



Operating income / Operating profit margin

■ Operating income (Million yen) ● Operating profit margin (%)



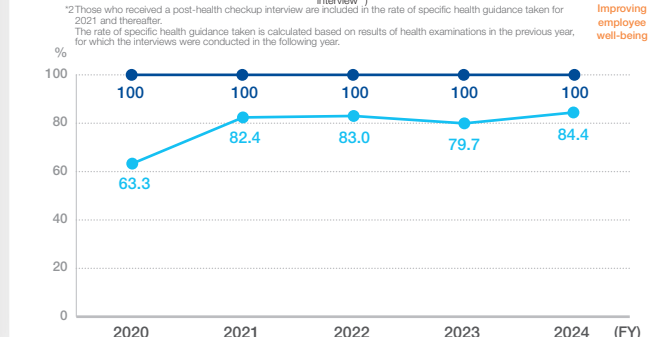
Waste volume and recycling rate

■ Hazardous waste ● Recycling rate (%)

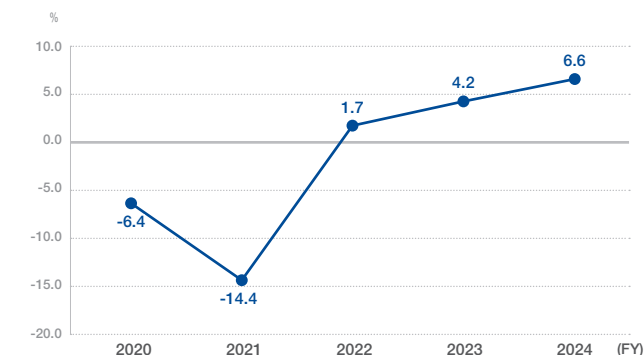


Health initiatives (headquarters)

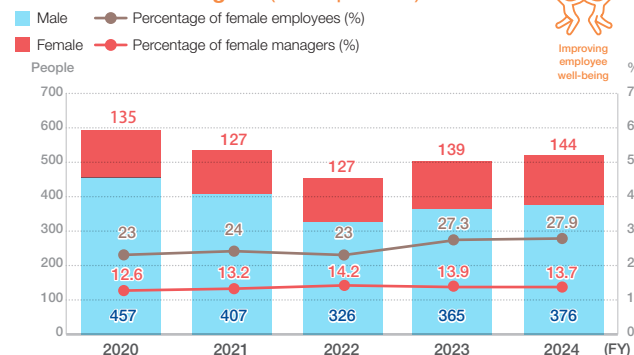
● Rate of employees taking regular health checks (%) ● Rate of specific health guidance taken (%)



ROE (Return on equity)

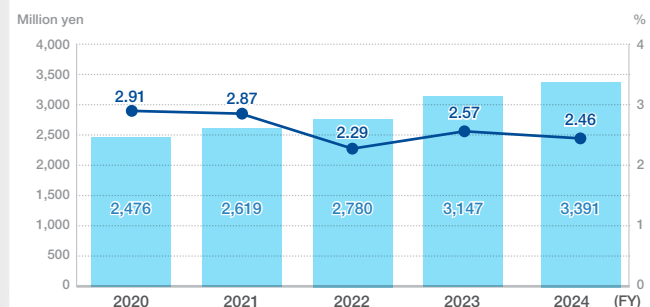


Number of employees and ratios of female employees and female managers (headquarters)



R&D expense

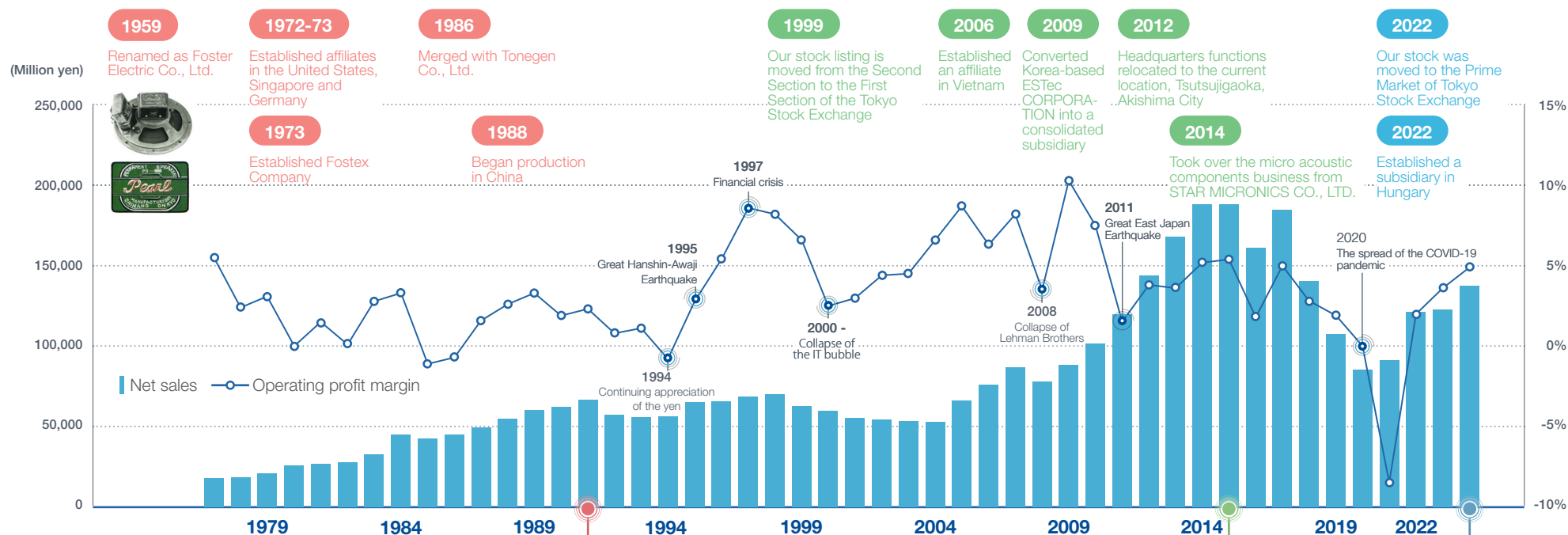
■ R&D expense (Million yen) ● R&D expenses and their ratio of net sales (%)



Foster's History

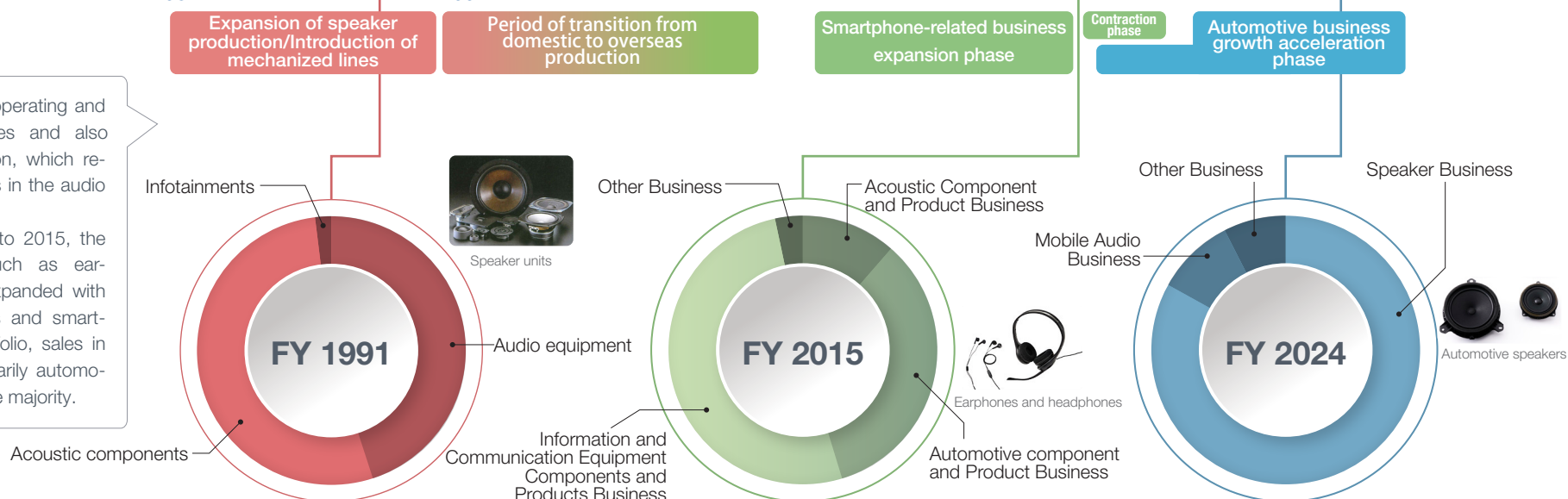
Foster Electric was founded as a loudspeaker manufacturer in 1949.

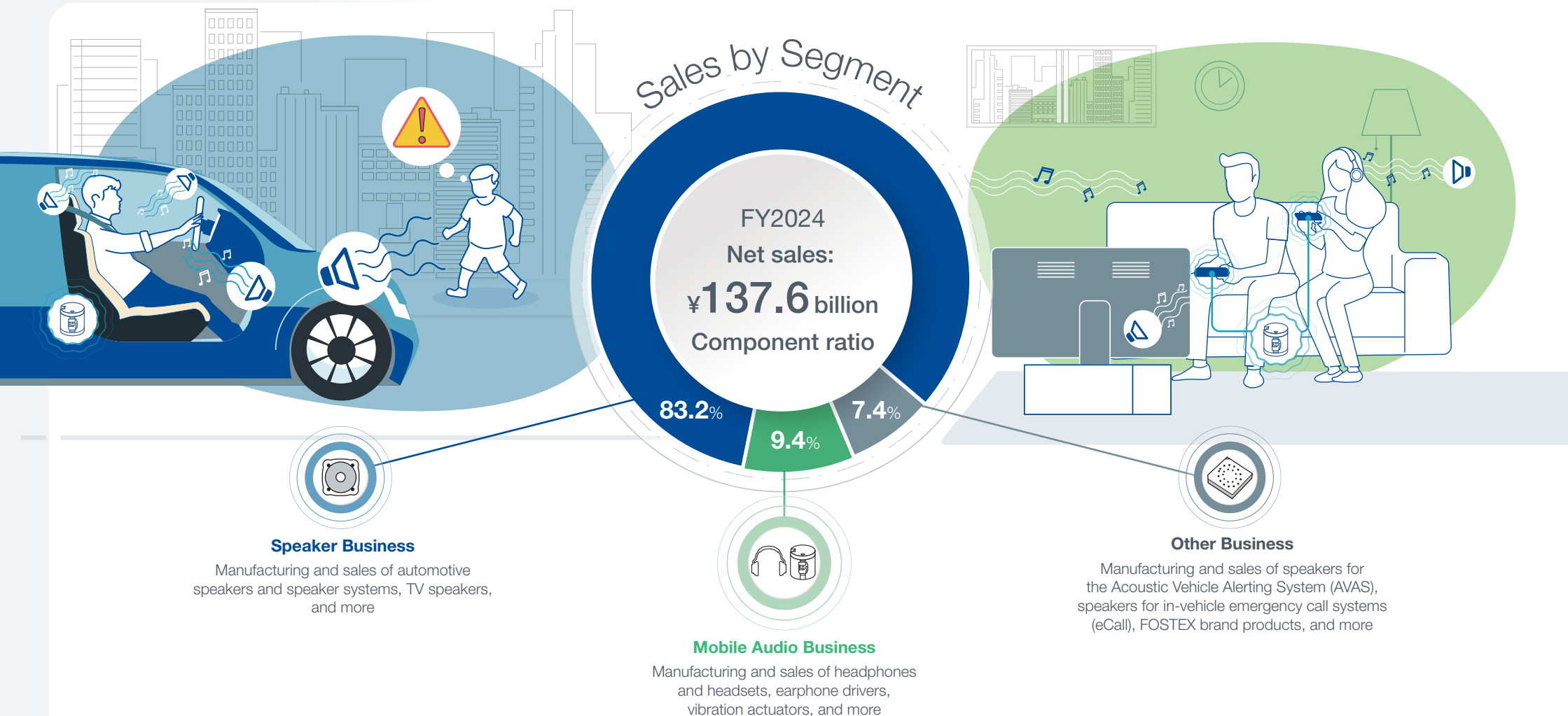
Since that time, we have established ourselves as a specialist in audio technologies, and have provided the audio industry with many products and technologies. Among them, acoustic transducers have become our mainstay products.



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.





A global trade show as an opportunity to understand technologies and a venue for customers to experience our products

The CES (Consumer Electronics Show), an international trade fair showcasing the latest technologies, is held every January in Las Vegas, USA. Our engineers also participate in this event for the purpose of broadening their perspective and collecting information. In addition, in the same period, we set up a private booth in a nearby venue, where visitors can experience our products and technologies firsthand. This provides our existing customers with the opportunity to engage with our new technologies, serving as a platform to showcase our innovations.



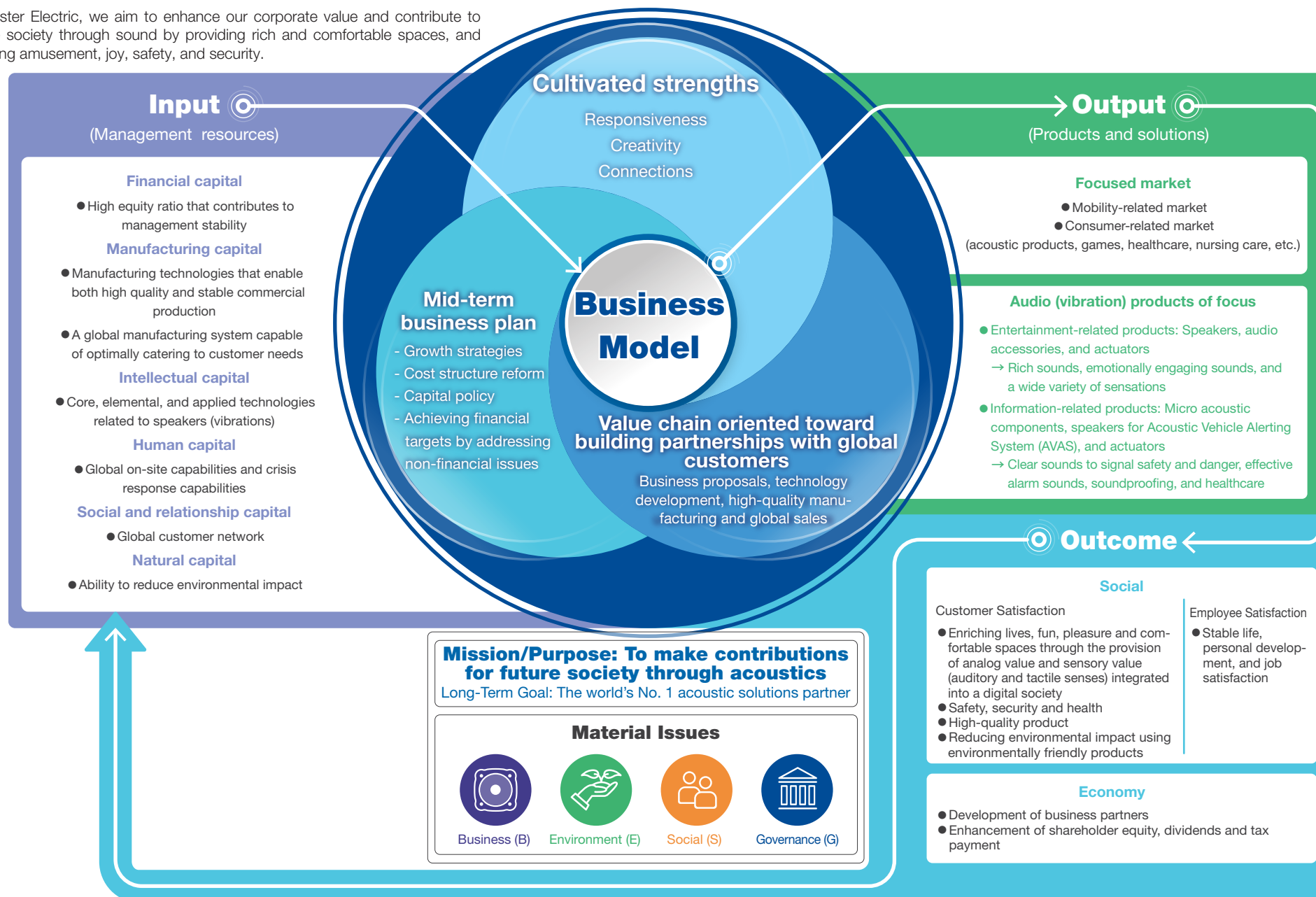
Foster's Value Creation Story

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- 🕒 Special Feature: Opening of Hungary Factory
—Reinforcing the Supply System for Europe



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.



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

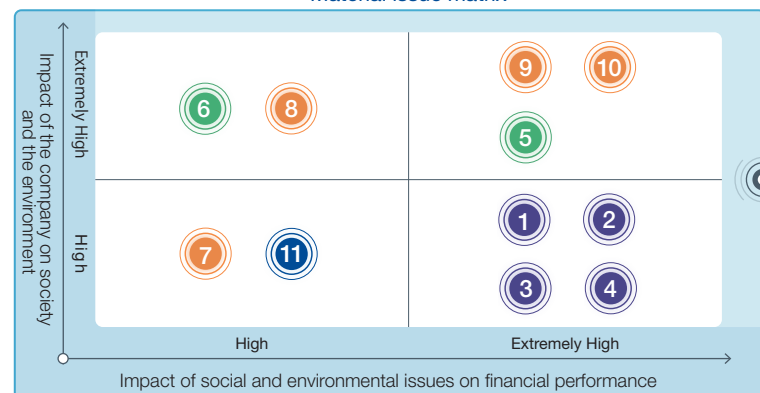
Materiality (Priority Issues)

We revised our ESG-related material issues in 2024 to respond to changes in the business environment and the growing demand for 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. We clarified our priority issues based on the reasons identified during the analyses. In addition, to ensure alignment with our management strategies, we incorporated the direction of our management policies and the mid-term business plan into our existing ESG-related material issues, adding the Business (B) aspect, and identified issues in the B+ESG fields. Accordingly, we will implement initiatives with both management and sustainability at our core to enhance our corporate value and continue to strengthen and promote our long-term growth strategies.

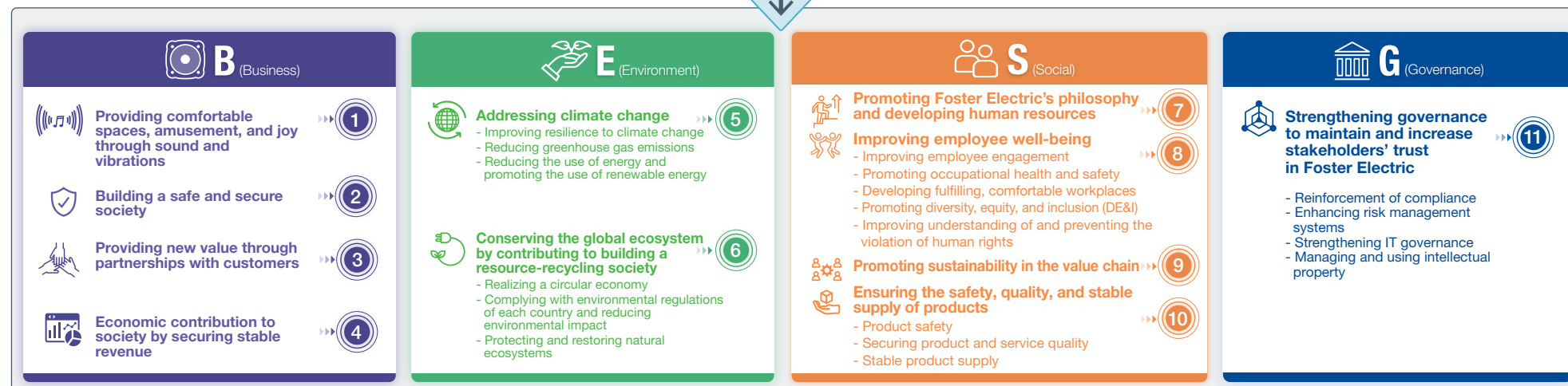
Our Material Issues

Material issue matrix














Identification of Material Issues












Process of Identifying Material Issues














Background Behind the Selection of Materiality (Priority Issues)

	Materiality (Priority Issues)	Reason for selection
B (Business)	 Providing comfortable spaces, amusement, and joy through sound and vibrations	Set as our Vision, this is one of our most fundamental themes. Achievements from initiatives in this field are important for creating future business opportunities, including Foster Electric's potential expansion into other businesses. They also directly impact profit.
	 Building a safe and secure society	With the popularization of next-generation automobiles such as EVs and HVs, demand for speakers for Acoustic Vehicle Alerting System (AVAS) is growing rapidly. It is expected they will contribute to society in terms of traffic safety. At the same time, this is an important field for the expansion of our businesses, including our OEM business, and for increasing revenue from one of our core product lines.
	 Providing new value through partnerships with customers	Collaborating with customers to develop high value-added products in response to new technologies, including robotics and technologies that are a part of the shift to hybrid vehicles and EVs, will drive the growth of business. By creating value through these partnerships, we will achieve the sustainable improvement of our corporate value.
	 Economic contribution to society by securing stable revenue	We understand that securing stable revenue makes it possible to appropriately return profits to our shareholders, and it also contributes to the economies of the local communities in which we operate around the world.
E (Environment)	 Addressing climate change	With the intensification of natural disasters caused by climate change, there are concerns regarding risks of society and the supply chain being disrupted. This has made it even more important than ever to reduce greenhouse gas emissions from the entire value chain and take additional measures to address climate change. In addition, we understand that fulfilling the demand for environmentally friendly products, which is growing mainly in Europe, is an important initiative in the era of the circular economy.
	 Conserving the global ecosystem by contributing to building a resource-recycling society	The use of chemical substances and water resources as well as the generation of waste at factories increases their environmental impact, and may affect local ecosystems, creating legal and social risks. Further, while demand for the use of recycled materials is rising particularly in Europe, actions to support a circular economy are essential for the future sustainability of the business.
S (Social)	 Promoting Foster Electric's philosophy and developing human resources	Promoting Foster Electric's philosophy and developing human resources forms the foundation of our creation of value and competitiveness, significantly impacting the company's growth and sustainable management over the mid- to long-term. We also understand that handing down the skills of our globally competitive talent and the development of these human resources are important for our future growth.
	 Improving employee well-being	Improving employee well-being (good physical and mental health as well as happiness) has a positive impact on the company in various ways, such as by improving productivity, decreasing the turnover rate, increasing employee retention, and increasing innovation. 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 to motivate employees to take the initiative and by providing them with opportunities for personal development.
	 Promoting sustainability in the value chain	In recent years, the management of risks throughout the value chain, including risks related to human rights and environmental considerations, has grown more important than ever. The importance of risk management is continuing to increase for manufacturers who have broad-ranging supply chains, like Foster. They must act responsibly in every process, from upstream to downstream. 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. In addition, because our supply of products directly affects customers' production lines, it is essential that we build a system that enables us to respond promptly to unforeseen circumstances, such as rises in the prices of materials or social disruptions in the countries where the materials are procured.
G (Governance)	 Strengthening governance to maintain and increase stakeholders' trust in Foster Electric	An incident involving inappropriate corporate governance may not only affect our evaluation but also impact our shareholders, customers, suppliers and other stakeholders in wide-ranging way. This makes it vital for us to fulfill our social responsibilities as a company by complying with laws and regulations and ensuring that we appropriately disclose information.

Our Approach to Materiality (Priority Issues)

B+ESG	Material issues	Subordinate issues	Target (KPI)		Achievements until FY2024	Refer to	Corresponding SDGs
Business (B)	Providing comfortable spaces, amusement, and joy through sound and vibrations	-	-		Because the new mid-term business plan was launched in April 2025, achievements under the plan have not yet been reported at this stage.	-	
	Building a safe and secure society	-	-			-	
	Providing new value through partnerships with customers	-	-			-	
	Economic contribution to society by securing stable revenue	-	-			-	
Environment (E)	Addressing climate change	Improving resilience to climate change	Conduct BCP drills.	Joint BCP drills between HQ and sites during disasters, conducted annually with issue resolution	<ul style="list-style-type: none"> Conducted joint BCP drill between HQ, Shizuoka, Osaka, and Iga. Completed initial response process and press release template. Updated disaster reporting format for sites. 	P. 56	
		Reducing greenhouse gas emissions	Absolute Scope 1, 2 emissions	<ul style="list-style-type: none"> FY2025 Target: Reduce by 30% from a FY2018 base-year FY2030 Target: Reduce by 50% from a FY2018 base-year 	38% reduction from a FY2018 base-year	P. 31	
			Absolute Scope 3 emissions	<ul style="list-style-type: none"> FY2025 Target: Reduce by 3% from a FY2018 base-year FY2030 Target: Reduce by 15% from a FY2018 base-year 	10% reduction from a FY2018 base-year		
		Reducing the use of energy and promoting the use of renewable energy	Increase the share of the renewable energy	-	Renewable energy ratio: 10%	P. 33	
	Conserving the global ecosystem by contributing to building a resource-recycling society	Realizing a circular economy	Complete proprietary products incorporating lightweight technology below 105 g. Increase the ratio of environmentally friendly speakers ^{*1} • Percentage of Environmentally Friendly Automotive Audio Speakers (in terms of sales)	FY2024: 20% FY2025: 22%	Achieved the 2025 target ahead of schedule due to the completion of a 99.0 g proprietary product. 19.9%	P. 35	
		Complying with environmental regulations of each country and reducing environmental impact	Percentage of new mobile audio products that are toluene-free	100%	100% (Achieved for all of the 4 newly launched models)	P. 35	
		Protecting and restoring natural ecosystems	Evaluate the dependency and impact of business activities on biodiversity	-	Considered actions based on case examples of other companies.	P. 32	
Social (S)	Promoting Foster Electric's philosophy and developing human resources	-	Implementation rate of corporate philosophy training for new employees (headquarters)	100%	89%	P. 42	
			Annual training hours per employee (headquarters)	35.0 hours or longer	33.4 hours		
			Average score for effectiveness and satisfaction of company-wide training (headquarters)	85 or higher	85.5		
			Training cost per employee (headquarters)	70,000 yen	62,488 yen		

^{*1} Environmentally friendly speaker: A speaker with any environmentally friendly element, such as reduced applications of VOC or solder, and application of dry process

B+ESG	Material issues	Subordinate issues	Target (KPI)		Achievements until FY2024	Refer to	Corresponding SDGs
Social (S)	Improving employee well-being	Improving employee engagement	Percentage of employees who gave positive answers in the engagement survey (headquarters)	76.0% or higher	78.5%	PP. 41-46	
		Promoting occupational health and safety	Number of high-consequence work-related injuries ²	0	0		
		Developing 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%	159.7 hours 84.4% 100% 0%		
		Promoting diversity, equity, and inclusion (DE&I)	Percentage of female managers (headquarters) Percentage of overseas human resources (headquarters) Employment rate of persons with disabilities (headquarters) Rate of male employees taking paternity leave (headquarters) The male parental leave uptake rate (headquarters)	FY2025: 30% FY2025: 30% More than 2.5% of the legal employment rate 100% 70%	13.7% (as of March 31, 2025) 13.9% (as of April 1, 2025) 11.9% 3.1% 100% 125%	PP. 43-44	
		Improving understanding of and preventing the violation of human rights	DE&I training, human rights training, and harassment training participation rates (headquarters)	100%	Training conducted • Harassment prevention seminar: 100% • Diversity management training for managers: 93.8% • Roundtable discussion on women's careers		
	Promoting sustainability in the value chain	-	Percent of key suppliers ³ who conduct CSR self-assessments Percent of key suppliers who conform to our CSR standards ⁴ Response rate from suppliers in the responsible minerals survey • Existing suppliers • New suppliers	100% 100% 99% or higher 100%	100% 100% 99% 100%	PP. 36-37	
Governance (G)	Ensuring the safety, quality, and stable supply of products	Product safety	Major complaints ⁵ (prevented through proactive measures from order to mass production)	0	0		
		Securing product and service quality	Customer satisfaction "A rank" rate ⁶	95% or higher	97%		
		Stable product supply	Achieve target inventory turnover rates for speakers • Headquarters • Sites in the U.S. • Sites in Europe	4 turns/year 4.8 turns/year 3.6 turns/year	3.4 turns/year 6.3 turns/year 3.8 turns/year		
	Strengthening governance to maintain and increase stakeholders' trust in Foster Electric	Reinforcement of compliance	Response rate of the compliance test and the compliance survey Percentage of employees informed 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. 54-55	
		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 ⁷ within the fiscal year, which are identified through the monitoring of the items	100%	• Identified risks at each overseas sites based on a risk control matrix and improved the completeness of the identified risks and our ability to handle them promptly. • 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. Completed 100% of the measures.		
		Strengthening IT governance	Major incidents related to information security	0	0	P. 57	
		Managing and using intellectual property	Advancement of the intellectual property management cycle	-	Strengthened the process for discovering important inventions that are hidden. • Held a seminar on the Intellectual Property Management Skills Test. • Provided on-the-job training on the discovery of inventions. • Regularly held brainstorming sessions with engineering departments.	P. 23	

² 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.

³ Key suppliers: Approx. 50 corporate suppliers that account for 80% of our total procurement value

⁴ Rate of conformity to our CSR standards: Suppliers who have achieved CSR self-assessment scores of 66% or higher are deemed conformant to our CSR standards (those with 65% or lower are deemed non-conforming).

⁵ Failures which give serious consequences to human life, properties, the environment, etc.

⁶ "A rank" rate: Status where customer satisfaction ratings show no issues or improvement requests, fully meeting requirements.

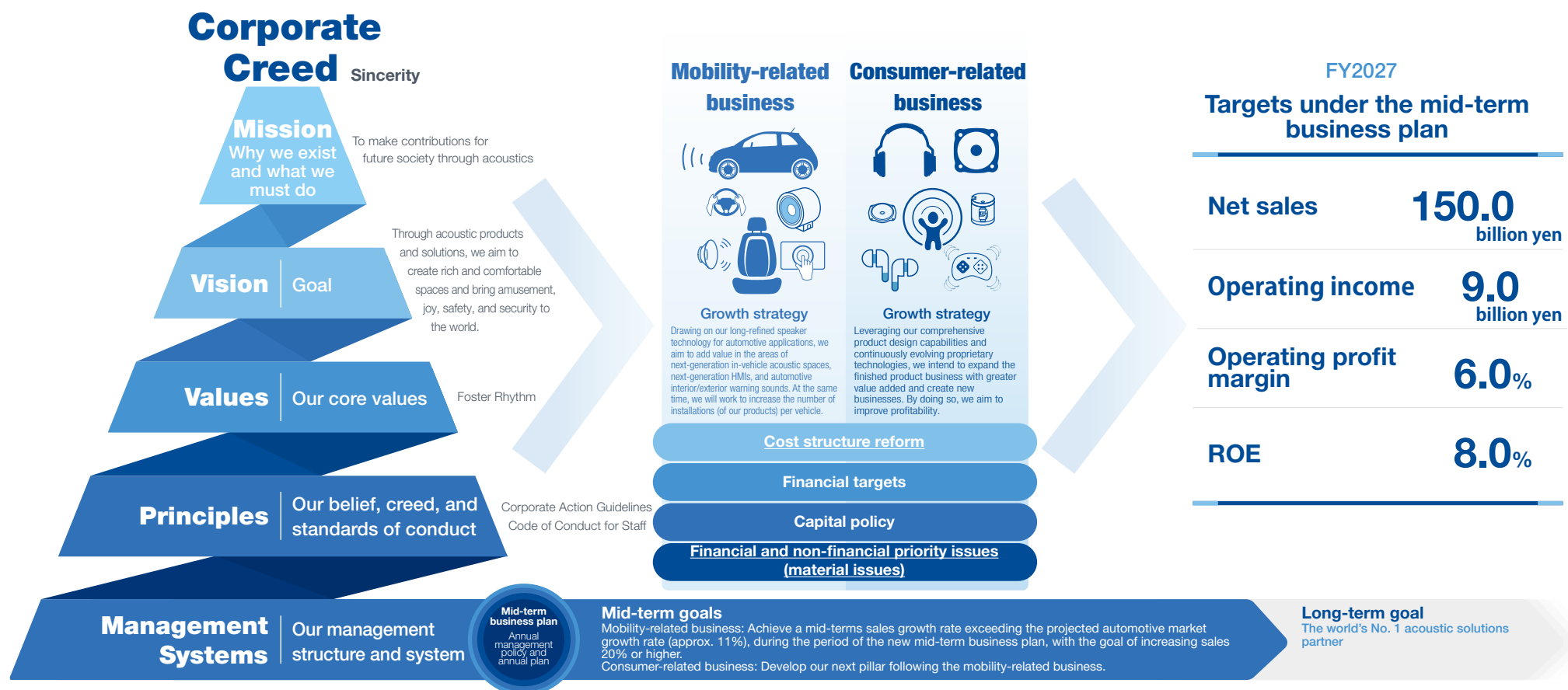
⁷ 1. Expansion and development of a global logistics system 2. Continuation of the examination and global expansion of the BCP structure 3. Management of suppliers' business continuity 4. Enhancement of the global information security management system 5. Other risks predicted based on events which occur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

New Mid-term Business Plan

We announced the new three-year mid-term business plan for the period from FY2025 to FY2027 in November 2024. 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 by leveraging the acoustic technology that is at the core of our founding business, as well as our vibration technology developed based on this acoustic expertise. In particular, we aim to be an essential partner for our clients in the mobility-related area, thus building a solid foundation for the management of 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 while at the same time building a lean profit structure implementing labor-saving, automation, standardization and other initiatives while striving to maintain our sound financial standing. We aim to achieve our financial targets for FY2027, net sales of ¥150.0 billion, operating income of ¥9.0 billion, operating profit margin of 6.0% and ROE of 8.0%.

In addition to these financial targets, we aim to achieve a 20% mid-term sales growth rate in the mobility-related business, which exceeds the projected growth rate of the automotive market (approx. 11%) in the period of the new mid-term business plan, and we plan to establish the consumer-related business as a new earnings pillar next to the mobility-related business. To this end, our objectives are: To create rich and comfortable spaces and bring amusement, joy, safety, and security through next-generation mobility products. To build a new earnings pillar next to the mobility-related business, focused on creating rich and comfortable spaces and delivering amusement, joy, safety, and security. Our strategies to achieve these objectives are: - Drawing on our long-refined speaker technology for automotive applications, we aim to add value in the areas of next-generation in-vehicle acoustic spaces, next-generation HMI, and automotive interior/exterior warning sounds. At the same time, we will work to increase the number of installations (of our products) per vehicle. - 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.



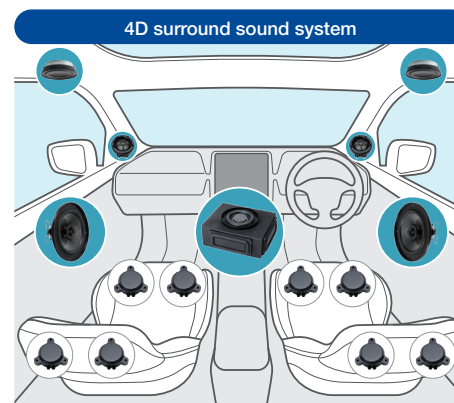
Key Strategies for the Period up to FY2027

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.



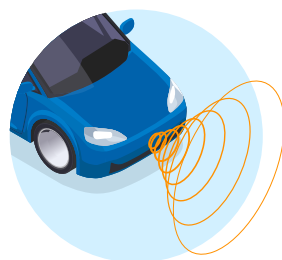
For branded and premium products, there are cases where more than 30 of our products are installed in a vehicle.



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



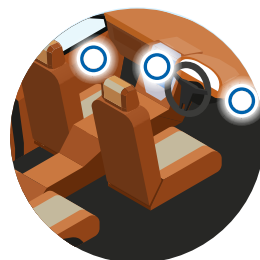
Proximity notification and warning products

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



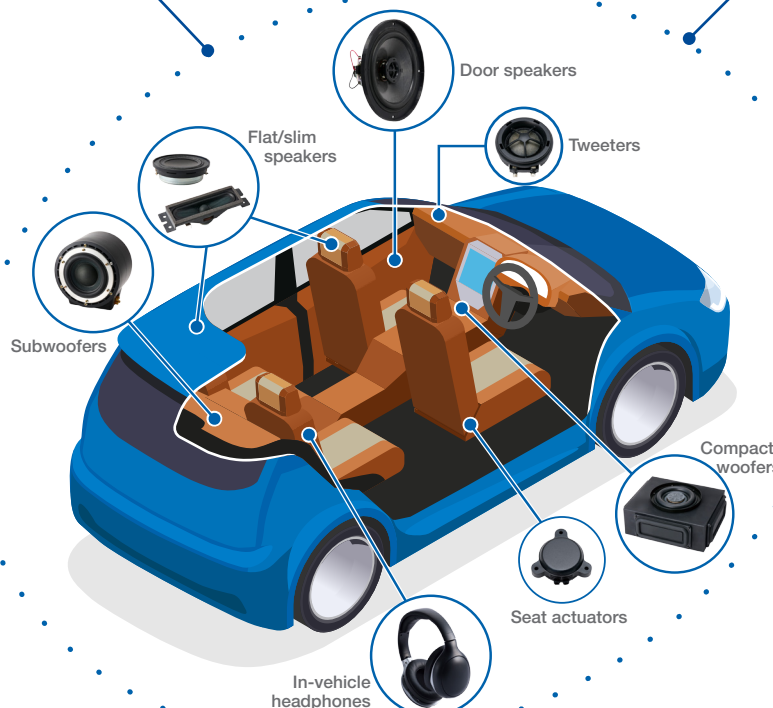
Cockpit and peripherals products

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

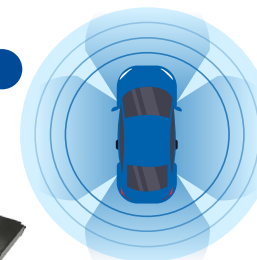


Usage Examples

- 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
- Base modules for ADP products

*Products of South Korean subsidiary ESTec

Consumer-related Business

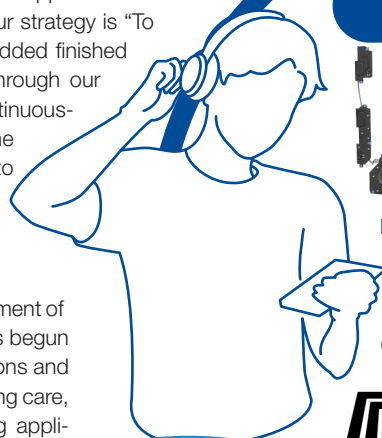
We position the consumer-related business as a new pillar for continued growth complementing our existing pillar, mobility-related business. We have set a purpose: To build a new earnings pillar next to the mobility-related business, focused on creating rich and comfortable spaces and delivering amusement, joy, safety, and security. Through this business, we will pursue the opportunities for continued growth beyond the mobility 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 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 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 Styles (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 Enhancement Actuators



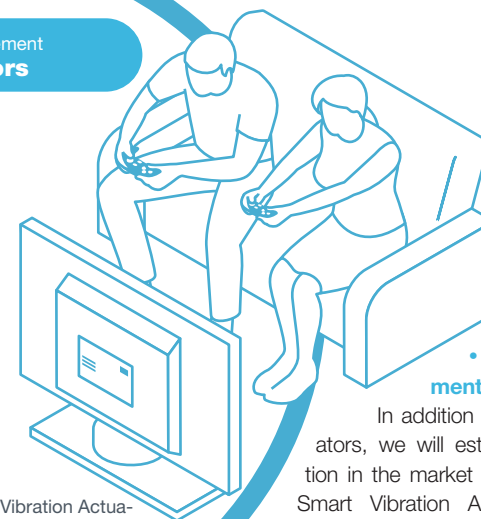
Compact vibration devices utilizing acoustic technology to realistically recreate various tactile sensations
Application: Game controllers and wellness-related

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 and 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 generative AI and other AI technologies and rebuilding various operating systems.

(6) Automation and mechanization

We will promote the standardization of components and processes.

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 and consumption



- Promote in-house production of mainstay components in Vietnam, as well as in Europe and the US, following China



- 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 and 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

Strategically utilize AI and generative AI

By building the FOSTER AI Sense (FaiS) generative AI platform, we have created an environment where all of our employees can utilize generative AI with a sense of security. We have introduced a system that leverages our own knowledge by combining our unique data and retrieval-augmented generation (RAG), in addition to 12 types of operational support apps, including apps for summarizing information, translation and image generation.

We have provided multiple training and consultation sessions to enable employees to efficiently use generative AI, so that all of our employees can apply it in their daily operations. These initiatives made it possible to achieve both creativity and operational efficiency, and are expected to reduce approx. 46,000 person-hours per year across the company.



Overview of Business Performance in FY2024 and Review of the Previous Plan

In the fiscal year ended March 31, 2025, net sales were ¥137.6 billion and operating income was ¥6.8 billion. We achieved the FY2024 net sales target of ¥120.0 billion stated in the previous mid-term business plan ahead of schedule, due in part to an increase in the quantity of Automotive Speakers shipped and the contributions of the weaker yen. The operating profit ratio also improved to 4.9%, and there was steady progress in bolstering the profit structure.

(Unit: Million yen)

	FY2023	FY2024	Change	Change (%)
Net sales	122,447	137,607	15,160	12.4%
Operating income	4,412	6,796	2,384	54.0%
Ratio of operating income to net sales	3.6%	4.9%	-	-
Ordinary income	4,305	7,726	3,421	79.5%
Ratio of ordinary income to net sales	3.5%	5.6%	-	-
Profit (loss) ^{*1}	2,304	3,902	1,598	69.3%
Net profit margin or net loss margin ^{*2}	1.9%	2.8%	-	-
Profit per share	103.70 yen	174.98 yen	71.28 yen	68.7%
Dividend per share	25.00 yen	60.00 yen	35.0 yen	140.0%
Dividend payout ratio	24.1%	34.3%	-	-
ROE	4.2%	6.6%	-	-

*1 Profit/loss attributable to owners of parent

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

Results by business

Speaker Business

Net sales rose to ¥114,521 million (up 15.5% year on year), mainly due to the absence of inventory adjustments made by some customers in the previous fiscal year and strong speaker sales for some automotive manufacturers in China. On the profit front, operating income increased to ¥6,362 million (up 50.8% year on year) as a result of an increase in sales of speakers with high profit margins and ongoing measures to improve costs.

Mobile Audio Business

Net sales decreased to ¥12,893 million (down 9.2% year on year), mainly reflecting a decline in sales of automotive headphones although actuators for consumer use shipped exceeded the forecast. On the profit front, operating income rose to ¥641 million (up 5.6% year on year) mainly because the impact of the decreased sales was offset by the sales of products with high profit margins.

(Unit: Million yen)

		FY2023	Component ratio	FY2024	Component ratio	Change (%)
All businesses	Net sales	122,447	-	137,607	-	12.4%
	Operating income	4,412	-	6,796	-	54.0%
	Operating profit margin	3.6%	-	4.9%	-	-
Speaker Business	Net sales	99,175	81.0%	114,521	83.2%	15.5%
	Operating income	4,218	-	6,362	-	50.8%
	Operating profit margin	4.3%	-	5.6%	-	-
Mobile Audio Business	Net sales	14,197	11.6%	12,893	9.4%	(9.2%)
	Operating income	607	-	641	-	5.6%
	Operating profit margin	4.2%	-	5.0%	-	-
Other businesses ^{*3}	Net sales	9,074	7.4%	10,192	7.4%	12.6%
	Operating income	(412)	-	(207)	-	-
	Operating profit margin	(4.5%)	-	(2.0%)	-	-

*3 Values for other businesses were calculated based on values after the elimination of inter-segment transactions.
Amount eliminated in FY2023: (Other businesses) ¥3,175 million, FY2024: (Other businesses) ¥3,839 million

Other Business

Net sales of other businesses, including the micro acoustic components business and FOSTEX brand products, reached ¥10,192 million (up 12.3% year on year), fueled in part by the robust sales of speakers for Acoustic Vehicle Alerting System (AVAS). On the profit front, an operating loss of ¥207 million was posted (compared to an operating loss of ¥412 million in the previous fiscal year) primarily due to the impact of inventory adjustments implemented as part of ongoing measures since the previous fiscal year.



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 the Foster Electric's board composition is that the CFO also serves as the sustainability officer. This reflects our basic stance of integrating "financial and non-financial value with the goal of enhancing our corporate value." Since our founding in 1949, we have consistently striven to be a sustainable company that is needed by society and that continues to develop under the corporate creed, "Sincerity," mission, "To make contributions for future society through acoustics," and vision, "Through acoustic products and solutions, we aim to create rich and comfortable spaces and bring amusement, joy, safety, and security to the world.

Financial growth and enhancement of shareholder returns

In the fiscal year ended March 31, 2025, net sales were ¥137.6 billion, operating income was ¥6.8 billion, and net income was ¥3.9 billion. Accordingly, we have achieved a year-on-year increase in sales and profit for three consecutive fiscal years, significantly exceeding our financial targets for the final fiscal year of the previous mid-term business plan (the fiscal year ended March 31, 2025), namely net sales of ¥120.0 billion and operating income of ¥5.0 billion. Although 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. Regarding shareholder returns, the annual dividend was increased by ¥40 per share to ¥60, exceeding the company's target dividend payout ratio of 30%.

Under the new mid-term business plan that started in FY2025, we will enhance shareholder returns to manage Foster Electric with a focus on the cost of capital and the share price. Specifically, we will achieve sustainable growth based on the growth strategy set under the current mid-term business plan. We will allocate the revenue gained from our operations during that period to growth investments, internal reserves and other uses. Regarding shareholder returns, we will at the same time increase our dividend payout ratio from the 30% level, which was our target until last fiscal year, to the 40% level.

Further, to maintain continuous and stable shareholder return, we have introduced dividend on equity ratio (DOE), in addition to dividend payout ratio, setting a minimum threshold of 2% for it.

Shareholder Return Policy

	FY2024		FY2025 - 2027 Mid-term business plan
Dividend payout ratio	30%		40%
DOE	-		2% (Lower limit)

Change of capital policy

We have attached importance to stability and managed the company with a focus on the equity ratio with the goal of earning the trust of customers as an OEM. As a result, we have maintained a high equity ratio exceeding 50%.

In contrast, investors value growth rate and capital efficiency, and increasingly use ROE to judge whether internal reserves are on a level that permits them to be invested efficiently. Our ROE has remained midway between 6% and 7%. We understand the need to shift from our previous stability-oriented approach to a

capital policy aimed at achieving both stability and efficiency.

Under the current mid-term business plan, we aim to maintain an ROE that exceeds the cost of shareholders' equity and consider further shareholder returns as necessary by ensuring that our business plan reflects our progress and changes in internal and external conditions. In addition, in reviewing our capital policy, we will secure a capital buffer to facilitate future growth initiatives, such as corporate acquisitions, and seek to restructure the shareholder return ratio based on profit or loss for the period, taking into account our liquidity and capital resilience.

We will simultaneously promote measures related to our growth strategy and capital policy, aiming to achieve a PBR of 1.0 or higher as quickly as possible during the period of the current mid-term business plan.

The promotion of B+ESG material issue initiatives and the accelerated achievement of the CO₂ reduction targets included in the mid-term environmental goals

As part of our group-wide measures to support our growth strategy under the current mid-term business plan, we have incorporated non-financial issues into the plan, and are strategically implementing integrated initiatives addressing both financial and non-financial elements of our business.

To address ESG issues in an integrated manner through our business activities, we reviewed our previous ESG material issues in 2024, and analyzed both financial and social/environmental impacts. Further, to ensure alignment with our management strategies, we incorporated our management policies and mid-term business plan, and added the material issues specific to the Business (B) category. Accordingly, we have identified material issues in the B+ESG areas and are making company-wide efforts to achieve the KPIs set for these material issues.

Above all, "addressing climate change", an environmental material issue, we have also considered external factors such as customer requirements and the needs of society. We positioned it as one of our most important management priorities and are addressing the issue proactively. We have been implementing various measures to reduce CO₂ emissions, such as energy-saving initiatives, the installation of solar panels at manufacturing sites and switching to 100% renewable energy at Foster Electric's head office. As a result, we achieved our mid-term environmental targets for 2025, a 30% reduction in absolute Scope 1 and 2 emissions and a 3% reduction of absolute Scope 3 emissions from a FY2018 base-year, one year ahead of schedule. Further, we are promoting the use of recycled materials and the reduction of the size and weight of automotive audio speakers while also developing environmentally friendly products as our next generation of speakers. We will leverage the full technological capabilities of the Foster Group to transform our products into a source of a differentiating competitive advantage.

In recent years society's concerns regarding human rights have grown, in addition to environmental issues. As a company operating globally, we established the Foster Group Human Rights Policy with the goal of strengthening initiatives to promote respect for human rights throughout our supply chain and provide workplace environments where diversity is respected. In 2024, we implemented specific initiatives, including harassment prevention training, awareness-raising activities during Human Rights Week, and the promotion of suppliers' understanding of human rights at supplier briefings. Through this series of initiatives, we will work together with all of our stakeholders and strive to build a supply chain that is both sustainable and resilient.

Toward sustainable improvement in corporate value

Moving forward, the Foster Group and all of us employees will integrate the financial value and trust that we have accumulated over many years of history with the non-financial value that is our strength, including intellectual capital, human capital, manufactured capital, social and relationship capital, and natural capital. In doing so, we will live up to our stakeholders' expectations and fulfill their requests. Thus, we will continue to enhance our corporate value and increase our contribution to the sustainability of both our company and society.

We have reaffirmed the strengths of Foster, namely “Responsiveness,” “Creativity” and “Connections,” which we have cultivated over our 75-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 solution partner that is able to support a wide range of needs related to the tactile and auditory 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

(1) Responsiveness to customer requirements

Since our founding, we have continued to build our global customer network and receive orders from customers as a highly reliable strategic partner. We have also continued to receive major orders for high-quality products and built a global support system, improving the quality of our responses to customers, the quality of our proposals to customers and the quality of products. As a result of these initiatives, we have been involved in a number of innovative era-leading products.

Customer requirements are becoming increasingly diverse as the times change. To respond appropriately to these requirements, we have built a manufacturing system that is capable of commercial production of customized high-quality products in Asia, the Americas, and Europe. Further, we are working to expand the global manufacturing system and improve its efficiency to cater to needs for the local production of products for local consumption.

We are shifting to the in-house production of key parts (such as parts for papermaking, voice coil production, and resin molding processes). We have thus enhanced the added value and reduced manufacturing costs. In the automotive business, we maintain the ability to control product quality to conform faithfully to the quality standards of the International Automotive Task Force (IATF). We respond appropriately to customers' quality needs leveraging the experience and expertise we have accumulated over many years.

We possess core technologies related to acoustics and vibration which are unique to us as a business operator specialized in acoustics. These technologies help us develop not just automotive speakers but also various other products. We can say that these technologies form the foundation for not only our car speakers but all of our products including audio accessories, actuators, compact audio products and acoustic vehicle alert systems.

(2) Responsiveness to change

In our long history, we have faced a number of difficulties. Even after the revision of the business portfolio in 2018, we faced unprecedented crises due to various factors, such as the personnel expenses generated in relation to the transformation of the product portfolio, the response to the COVID-19 pandemic (the surging cost of ocean container transportation, raw materials and components) and the political upheaval in Myanmar. Our employees value their sincere relationships with customers despite these circumstances and are capable of controlling crises. They have become a great force for responding to change.

While the major trend towards protecting the global environment is accelerating around the world, customers' environmental needs are growing every day in many domains, mainly reflecting the tightening of government regulations in many countries and regions. We are proceeding steadily with mid- to long-term environmental action programs based on the resource conservation in our products, the improvement of manufacturing processes, chemical management, biodiversity conservation, and partnerships with customers and suppliers.

We have been steadily responding to the various changes in the business environment that we have been facing recently based on our high equity ratio which contributes to the stability of management. 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.

2 Creativity

Ability to make changes on our own and create things that exceed customers' expectations

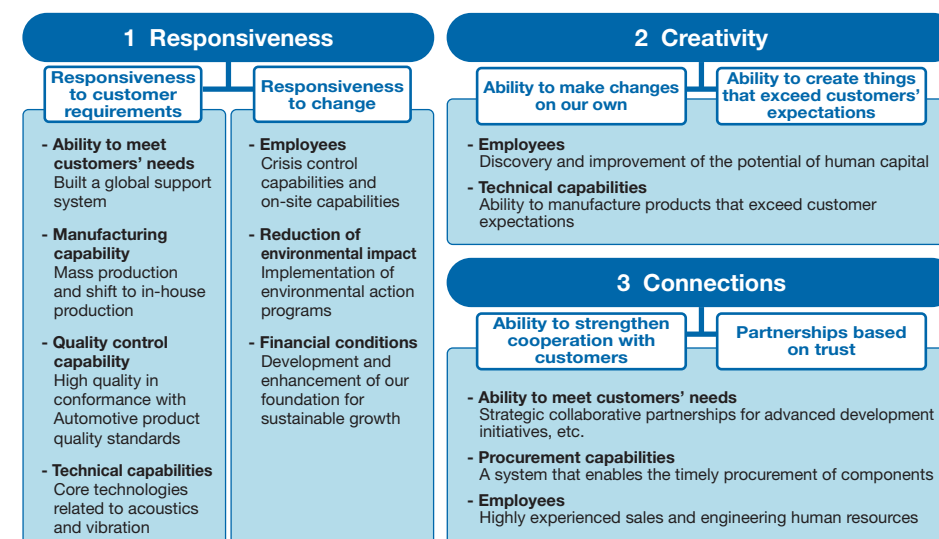
As professionals in acoustics, we have technologies in acoustical evaluation and reliability testing and the ability to design environmentally friendly speakers. We also have the technological capability to make changes ourselves and manufacture products which exceed customers' expectations. We implement 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](#).

3 Connections

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 human resources who propose many 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.

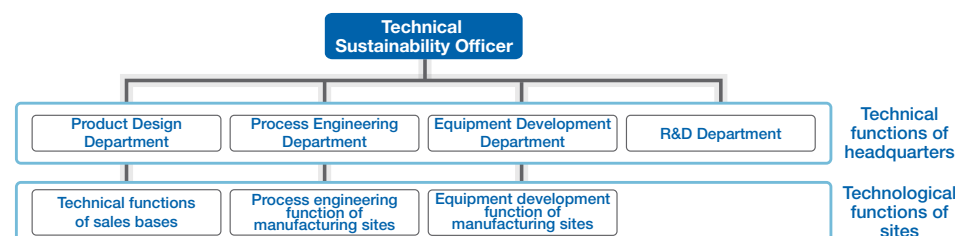


Developing products differentiated by proprietary technologies

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 design 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 providing 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.

A program we have continued to provide for the development of engineers at headquarters is the A La Carte Training program which offers 45 technical training courses. A cumulative total of more than 4,600 employees have participated in the program since 2011. We are striving to improve the capabilities of our engineers, including our new employees.



Further, we have enhanced activities for improving the internal intellectual property literacy of our employees to protect our proprietary technologies.

We provide our engineers with support to help them pass the Intellectual Property Management Skills Test and provide young engineers with practical training, including training on patent searches and the preparation of proposals for inventions.

Important technologies and products for which they are applied

We have established a core technology that vertically integrates the 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.

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 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 quality speakers for automotive cockpits. Offering a 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 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, life-style 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.

[*New Mid-term Business Plan and Review of the Previous Plan](#)



Sources of Strengths: Manufactured Capital

Since entering 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

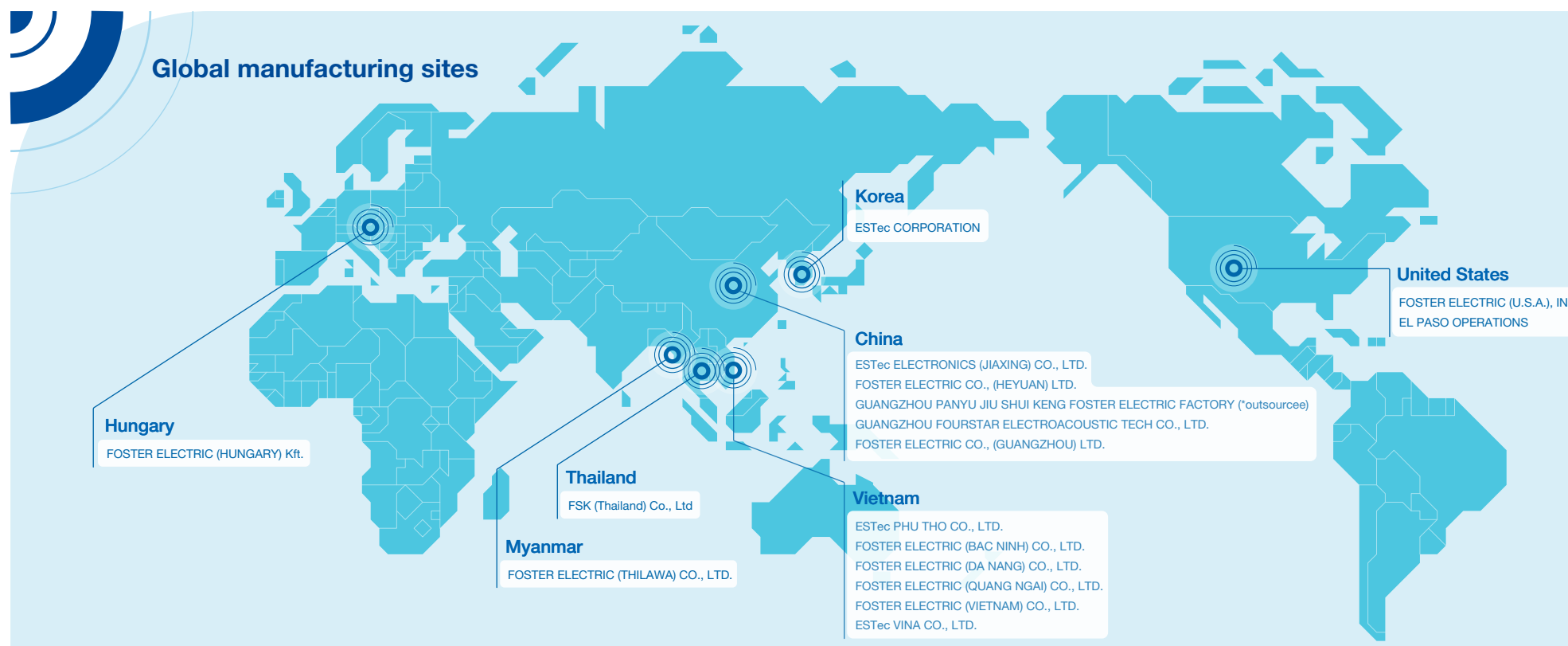
With 15 manufacturing sites across seven countries (Vietnam, China, South Korea, United States, Hungary, Myanmar, and Thailand), we have established a comprehensive manufacturing system from parts to products. We have formulated a manufacturing site strategy based on business continuity planning to respond 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. We are also strengthening the competitiveness of the parts manufactured in-house and incorporating added value that has drained out of Foster Electric due to outsourcing in our efforts to build a sustainable profit-making structure.

One specific initiative is that since 2021 we have been gradually transferring in-house manufactured parts, which were predominantly manufactured in China, to our group companies in Vietnam. Regarding

our products, we established a manufacturing site in Hungary in 2022, following the commencement of production in the United States in 2020, and began to manufacture automotive speakers in October 2024. Moving forward, we will promote the shift to the in-house production of key parts at our sites in Europe and the U.S. 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 Foster Electric's 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 at Foster, 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 the standardization of equipment. We are also capable of designing and producing jigs that are essential in multiproduct manufacturing and 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.



● 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 parts of our business. 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.

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.

Regarding the environmental aspects of our business, 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.

Further, we are designing products and developing equipment for efficient mechanization using hybrid processes including humans and machines. At the same time, we are working to create design rules for products, processes, and equipment that will make it possible for us to address increasingly diverse product specifications.

Development of next-generation speakers and manufacturing equipment

— Creation of next-generation Foster Electric QCD —



● 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 entire process from upstream (design and development) to downstream (shipment) and peripheral management.

We developed an SFS-related system ourselves and incorporated functions that fulfill the quality requirements of IATF 16949 (Automotive Industry Quality Management Systems), VDA (German Automotive Industry Association), and customer demands, improving our quality management and driving Foster Electric's digital transformation (DX). We will also increase the efficiency of business and productivity by using SFS, 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. SFS also plays an important role in developing environmentally friendly manufacturing methods and next-generation products and equipment. We are committed to creating a sustainable future for the manufacturing industry through these advanced initiatives.

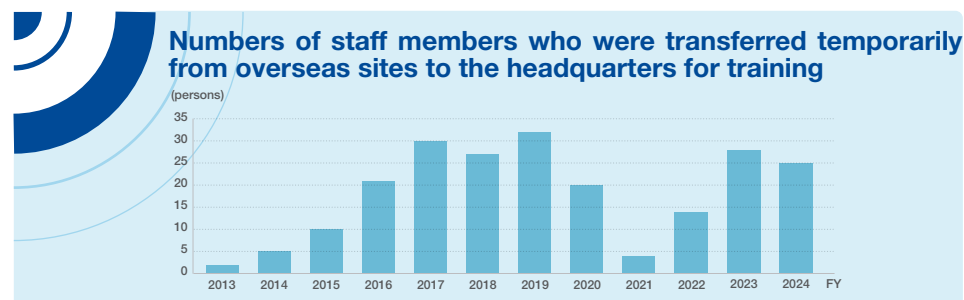
● Development of globally competitive manufacturing human resources

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 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 the overseas sites.



Special Feature: Opening of Hungary Factory — Reinforcing the Supply System for Europe

In October 2024, we began to operate a new factory in Hungary, our first production base in Europe. This factory plays an important role in ensuring the stable supply of products to our major customers in Europe. Having established this system for promptly supplying products, we aim to optimize our supply chain globally while further enhancing customer satisfaction. In addition to reducing CO₂ emissions by shortening transportation distance, we have established a production system that incorporates environmental considerations, such as solar power generation equipment at the factory, as part of our initiatives to achieve sustainable growth.

Transportation benefits

Because the location of the Hungary factory is close to our customers in Europe, it offers greater transportation advantages than factories in Asia. In addition to reducing the transportation lead time of finished products, it also lowers overall transportation cost. Marine transportation was disrupted by the COVID-19 pandemic, and the factory will mitigate the risk of a similar event in the future.

Further, as an initiative to reduce transportation volume, we began the local procurement of large resin parts and eliminated the need to transport them from Asia. This has reduced total transportation volume.

Environmental benefits

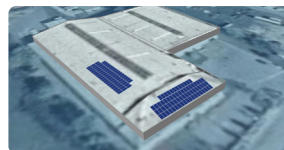
In Hungary, the energy supply features the growing adoption of renewable energy and a high percentage of nuclear power, resulting in relatively low CO₂ emissions from the generation of electricity. In addition, as described in Transportation benefits above, the reduction in logistics volumes contributes to a decrease in CO₂ emissions associated with transportation.

On top of these achievements, this factory is ready to respond promptly to Europe's movement toward mandatory CO₂ emissions reductions, as the strict environmental regulation in the region have accelerated these actions.

The factory has solar panels with a capacity of 50 kW installed on its premises to generate electricity from this renewable source of energy. In light of Hungary's energy composition, this factory's CO₂ emissions reduction effects are greater than our factories in Asia.

Enhancing employee engagement

Many employees who are well-versed in manufacturing in Europe are working in this factory. They develop systems based on their accurate understanding of customers' intentions and smoothly communicate with each other. The company's direction and its significance are shared in all-hands meetings that are held regularly. The company has developed a culture that enables its employees to work together and cooperate. This has resulted in an environment where employees enjoy working and have job satisfaction, and a positive, motivating atmosphere has been developed in the process of operating the business.



Solar panels installed at the roof of the factory in Hungary



Staff from the Vietnamese site teaching manufacturing line operations to staff at the Hungary site



Outline of the factory

Name	: FOSTER ELECTRIC (HUNGARY) Kft.
Location	: H-8060 Mór, Lakatos utca 22, Hungary
Site area	: 9,747 square meters
Building area	: 4,607 square meters
Number of employees	: 80 people

Interview

— Opening of the Factory in Hungary and Future Development —



Yohei Tomita
Factory in Hungary
Managing Director

We were able to use the expertise gained from establishing factories in many countries and regions when setting up the factory in Hungary. However, because we had no prior experience establishing factories in Europe, we had to prepare in entirely new ways, and we faced various challenges.

For example, the cost of labor is high and people have a high awareness of automation, unlike at the factories in Asia. Therefore, it was necessary for us to design a manufacturing line that was suited to these conditions. Further, we faced challenges such as the labor shortage and the soaring cost of energy, in addition to having to adapt the factory to the labor environment and environmental regulations of Europe and Hungary. We also needed to devise creative recruitment strategies and cost control measures.

We received advice and various other forms of support from other companies that had already entered Hungary to take on these challenges, in addition to leveraging the knowledge of our experienced employees.

At present, production has just begun at the factory in Hungary, and our immediate task is to continue to improve productivity and quality in order to increase production quantity in the future. The advantages of our bases in Europe include the short physical distance between them and our customers and ease of communicating with them. This enables us to understand our customers' needs and inform them of the advantages and strengths of our technologies. Maximizing these advantages, we will build a more effective and efficient factory structure to contribute to our business in Europe in the medium term. We will also create a good organization and examples for the future development of our business in Europe. We would like to work together with our Hungarian staff to achieve these objectives.



Zoltán Szikál
Factory in Hungary
Production Manager

We faced some major challenges during the establishment of the factory in Hungary. A very important question was where we would construct the factory. We needed to carefully consider the availability of a stable labor force, in addition to logistics conditions and the state of infrastructure development. It also took us a great deal of time and effort to comply with local regulations and obtain official approvals.

We focused our efforts on recruitment activities and the development of human resources to build a team with both specialized knowledge and strong motivation to maintain efficient operations in the future. Key points of the successful opening of the factory included the clarification of shared goals, the well-defined responsibilities of each team member, a strong sense of responsibility for their work, confidence in the achievement of results, and the enhanced unity of the team.

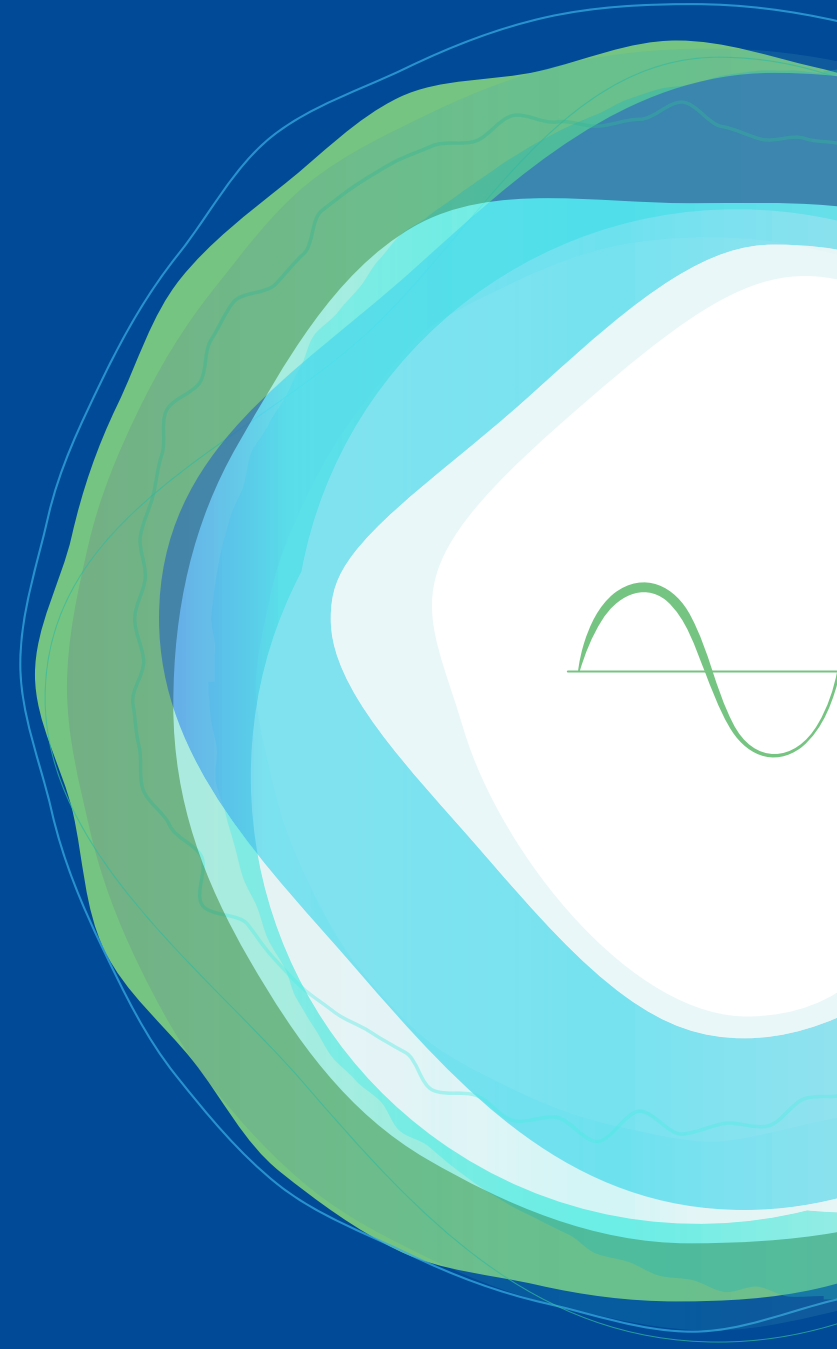
Moving forward, we will achieve faster and more precise assembly processes by automating tasks and adopting innovative technologies while reducing manufacturing costs and maintaining quality.

In addition, to maintain and increase our competitiveness, we will proactively introduce new technologies and innovations, and will also focus our efforts on establishing a motivating workplace.

Through these initiatives, we will develop this factory into Europe's highest-level speaker assembly factory and advance our long-term strategies with the goal of making the factory a regional hub in the future.

Strategies for Achieving Sustainable Growth

- 🕒 Foster's Sustainability
- 🕒 Natural Capital Initiatives: (1) Information Disclosure
Based on the TCFD Recommendations
- 🕒 Natural Capital Initiatives: (2) Environment
- 🕒 Social and Relationship Capital Initiatives
- 🕒 Human Capital Initiatives



Foster Electric's activities are under the corporate creed of "Sincerity", and mission of "To make contributions for future society through acoustics" and its vision "Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around 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 the sustainability for both the company and society.

Foster Group Sustainability Charter

The Company issued the first version of its CSR Charter in 2006, and updated it to pursue global versatility and universality in 2010, 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 is aimed at making it known that all officers and employees regard corporate sustainability (mid- to long-term sustainability including ESG elements) to be an important issue and ensuring that they will be conscious of and achieve sustainability in their daily activities.

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

ESG Management Statement

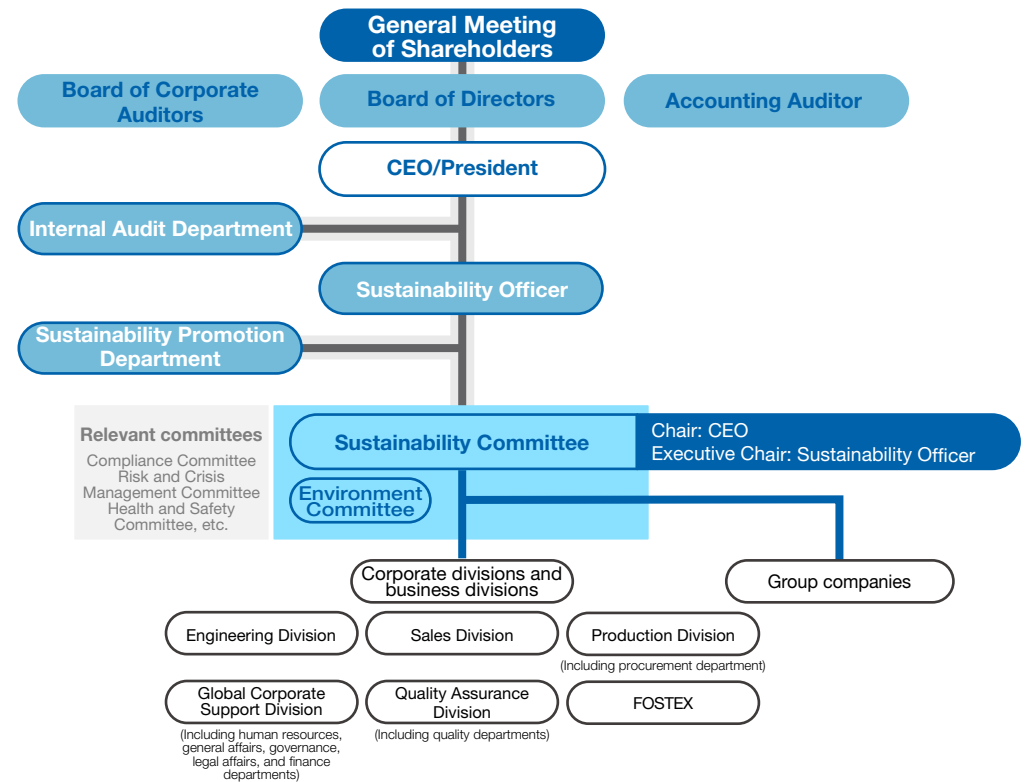
In 2021, we established our ESG Management Statement, thus announcing Foster's commitment to management focused on E (Environmental), S (Social), and G (Governance) initiatives, both internally and externally. It expresses in specific terms our commitment to working on ESG management in the mid to long term and what we want to be like, 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 about which the Sustainability Committee is consulted are deliberated and approved during Board of Directors meetings which are attended by directors and independent directors. In addition, we have established the Environment Committee under the Sustainability Committee. The Environment Committee sets goals for each topic and action plans for achieving the goals and discusses and takes specific actions, including measures to address climate change issues.

Sustainability Promotion System



Major topics that were reported to and deliberated by the Sustainability Committee in FY2024

- Revision of material issues (based on the double materiality principle)*
- Progress and review of KPIs for the material issues
- Disclosure of sustainability information (conforming to CSRD, TCFD, and TNFD)
- Key ESG issues based on surveys by external ESG rating agencies and customer survey
- Revision of the Foster Group Supplier Sustainability Code of Conduct
- Formulation of and progress in the FY2024 CO₂ 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 throughout the processes 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 and protection of labor-related 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 Supplier Sustainability Code of Conduct.

Further, in 2024, we established the Foster Group Human Rights Policy as our top-level human right 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 improving human right 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](#)

[Foster Group Code of Conduct for Staff](#)

[Foster Group Supplier Sustainability 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. Further, we provide harassment training for all employees, which is aimed at increasing their awareness of the issue, provide all employees with e-learning and raise their awareness regarding human rights and business in the Human Rights Week every year, and provide e-learning programs to enable them to increase their understanding of LGBTQ+ issues as part of our activities promoting diversity. We inform employees of our internal whistleblowing system using a compliance questionnaire, and the percentage of employees informed of the internal whistleblowing system has been kept at 100%.

Respecting human rights throughout the supply chain

We have our suppliers sign a letter of intent to comply with the Foster Group Supplier Sustainability 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 and advise various stakeholders (including employees and officers of the Foster Group, their families, and employees of our business associates). When a vigorous investigation confirms a violation of human rights, we take corrective and punitive actions ensuring that the whistleblower will not be retaliated against or treated disadvantageously.

[Compliance Structure](#)



Participation in the United Nations Global Compact

(United Nations Global Compact, UNGC)

About United Nations Global Compact

In January 2017, Foster Group signed and joined the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative.

As a company that operates globally, we support the 10 principles of the UNGC of “Human Rights,” “Labour,” “Environment” and “Anti-Corruption” and conduct activities for compliance, decent work, care for the environment, and sustainability procurement, etc.

WE SUPPORT



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

The Supply Chain Subcommittee, Environmental Management Subcommittee, Human Rights Training Education Subcommittee, Human Rights Due Diligence (HRDD) Subcommittee, Disaster Risk Reduction (DRR) Subcommittee, SDGs Subcommittee, ESG Subcommittee, WEPs Subcommittee, Reporting Study Subcommittee, Circular Economy Subcommittee, and Well-Being Subcommittee of the GCNJ, which consist of the member companies of the UNGC do not just share information about the latest sustainability-related trends and case studies from each company through lecture meetings led by experts. They are also working to achieve results in broad areas supporting the sustainability activities of many companies based on the wide-ranging experience of the member companies. In addition, the knowledge obtained through the subcommittees' activities is reflected in our sustainability activities.

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

Recognizing the importance of topics related to the environment and climate change, we declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022. At the same time, we joined the TCFD Consortium, where member companies, financial institutions, and other entities discuss effective information disclosure and appropriate initiatives following the TCFD recommendations.

*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.

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 March 2021. We set response to climate change as part of our materiality. These goals and reduction activities have been shared by all employees and are being driven by them.

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](#)

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 Large, Medium, and Small

	Climate-related risks/opportunities	Impact on business activities	Assessment	Measures
Transition risks	Policies and regulations	<ul style="list-style-type: none"> • Increase in business costs for responding to 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	<ul style="list-style-type: none"> • Promoting CO₂ 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	<ul style="list-style-type: none"> • Risk that market share may be decreased due to a delay in technology development toward a decarbonized society 	High	<ul style="list-style-type: none"> • Understanding the needs of society and developing environmentally friendly products
	Market	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Collecting information from customers and consumers and analyzing the information • Engaging in proposal-based marketing activities and giving feedback to development personnel
	Reputation	<ul style="list-style-type: none"> • Decrease in business opportunities resulting from insufficient initiatives to tackle climate change • Risk of a decline in corporate value that may result from lower ESG ratings by customers and rating agencies 	High	<ul style="list-style-type: none"> • Information disclosure regarding responses to climate change
Physical risks	Acute	<ul style="list-style-type: none"> • Suspension of factory operations and supply chain disruptions resulting from damage from a disaster caused by climate change 	Medium	<ul style="list-style-type: none"> • Formulating BCPs that are appropriate for the regions and businesses • Appropriate inventory control
	Chronic	<ul style="list-style-type: none"> • Increase in energy consumption for the use of air conditioners and other equipment • Depletion of water resources and restrictions on water intake • Risk of factory inundation resulting from rising sea levels 	Low	<ul style="list-style-type: none"> • Introducing energy-saving equipment • Reinforcing the BCP management structure
Opportunities	Resource effectiveness	<ul style="list-style-type: none"> • Reduction of CO₂ to be achieved by promoting local production for local consumption • Increase in sales opportunities resulting from manufacturing appropriate for a recycling-oriented society 	Medium	<ul style="list-style-type: none"> • Promoting local production for local consumption • Developing products using circulating materials
	Energy sources	<ul style="list-style-type: none"> • Decrease in energy costs resulting from the introduction of energy-saving equipment and technologies 	High	<ul style="list-style-type: none"> • Expanding the introduction of renewable energy and energy-efficient equipment
	Products and services	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Expanding sales of environmentally friendly products • Marketing of high value-added products

[Scenarios that were used]

Transition risks:

International Energy Agency (IEA)^{*1}

- World Energy Outlook 2022: APS^{*2}, STEPS^{*3}
- Net Zero Emissions by 2050 Scenario^{*4}

Physical risks:

Intergovernmental Panel on Climate Change (IPCC)^{*5}

- 6th Report: SSP1-1.9, SSP5-8.5^{*6}

^{*1} IEA: International Energy Agency

^{*2} APS: Announced Pledges Scenario

^{*3} STEPS: Stated Policies Scenario

^{*4} NZE: Net Zero Emissions by 2050 Scenario

^{*5} IPCC: Intergovernmental Panel on Climate Change

^{*6} SSP: Shared socioeconomic pathways

2. Strategy

Under the framework advocated in the TCFD recommendations, we considered changes in the external environment in 2030 and analyzed the impact of climate change on us. We adopted the 1.5-degree and 4-degree scenarios for analyzing risks and opportunities. Regarding transition risks, we considered how policies and markets will change for the alleviation of climate change. Concerning 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 of the part of the automotive business, which is subject to a significant impact. We will continue the analysis by focusing on other businesses as well.

3. Risk Management

We have established the Risk and Crisis Management Committee, which is chaired by the president, to ensure that risks which may affect business management 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 revised our CO₂ emissions reduction targets in 2021. The revised mid-term goals are to reduce absolute Scope 1 and 2 emissions 50% by 2030 from a FY2018 base year and to reduce absolute Scope 3 emissions 15% by 2030 from a FY2018 base year. We also set a new long-term goal of achieving carbon neutrality by 2050. We are actively promoting initiatives to achieve the reduction.



Mid-Term Target

(1) Mid-Term Reduction Goals for 2030

- Scope 1, 2:
Reduce absolute CO₂ emissions 50% by 2030 from a FY2018 base-year
- Scope 3:
Reduce absolute CO₂ emissions 15% by 2030 from a FY2018 base-year

(2) Long-Term Reduction Goal for 2050

- Aim to achieve carbon neutrality by 2050

FY2024 Result

Scope 1, 2:
38% reduction from a FY2018 base-year
Scope 3:
10% reduction from a FY2018 base-year

To achieve this goal, we have developed the CO₂ Reduction Action Program [Ver. 2025]. The head-quarters and the other sites will work together in accelerating CO₂ reduction activities in a group-wide manner.

[Our Approach to Materiality \(Priority Issues\)](#)

Specific Reduction Measures

(1) Our own power-saving efforts (steady efforts and innovative activities)

■ Steady efforts

Specific measures:

- Operational improvements: Improvements of operation, maintenance, heat retention, heat insulation, etc.
- Introduction of energy-saving equipment: Remodeling or replacing equipment

■ Innovative activities

Activities:

- Studying and introducing new manufacturing methods and design specifications

Specific measures:

- Developing innovative technologies through a next-generation speaker project, etc.

(2) Renewable energy procurement

- Switching electricity purchased from electric power companies to an option with 100% renewable energy sources

(3) In-house power generation from renewable energy sources

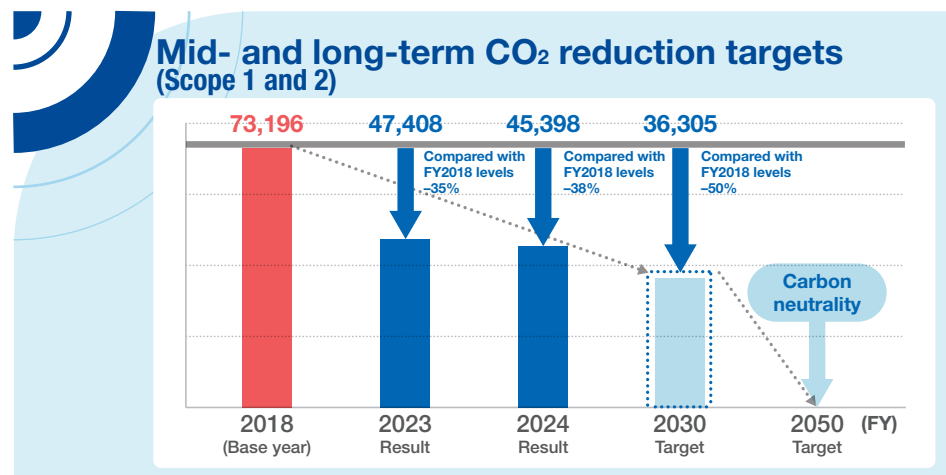
- Introducing equipment for in-house solar power generation

(4) Purchasing green energy certificates for offsetting (shortfalls)

- Purchasing green energy certificates for overseas factories

Specific KPIs

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



Initiatives to tackle environmental issues

Foster Electric has obtained ISO 14001 certifications at its headquarters and all of its overseas manufacturing sites, and promotes the Group's Environmental Philosophy and mid-term environmental goals. At headquarters, we monitor the activities conducted at each site and check 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 the harmony between its mission of "To make contributions for future society through acoustics," and the environment as one of essential tasks.

Environmental Policy

- Preface -



At the Foster Group, we pursue eco-friendly technologies in the lifecycle of our products and each one of us acts by prioritizing 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. For addressing climate change, we reduce CO₂ 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 for the waste reduction 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 for the promotion of activities considering Biodiversity conservation, prevention of pollution and environmental load reduction by 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 through enlightening people 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

Because we achieved the 2025 environmental goal (35% reduction from the FY2018 base year) ahead of schedule, we set the next environmental goals one year earlier than originally planned. In the new goals, we have set two priority tasks of "Addressing climate change" and "Conserving the global ecosystem by contributing to building a resource-recycling society."

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

Environmental Activities

Activities to Preserve Biodiversity

We have set "Biodiversity conservation" as one of the tasks for the new mid-term environmental goals and continue to hold lecture meetings and training on biodiversity and carry out neighborhood cleanup activities. Currently, we began to prepare for information collection and other initiatives for disclosing information based on the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD).

Water Risk Management

Each site manages water withdrawal and discharge by setting their standards based on local laws and regulations. The headquarters uses "AQUEDUCT," a water risk assessment tool of the World Resources Institute (WRI), to understand the local water risks at each site. Since 2020, we have been addressing water risks by including "Reduce water consumption" in the mid-term environmental plan.

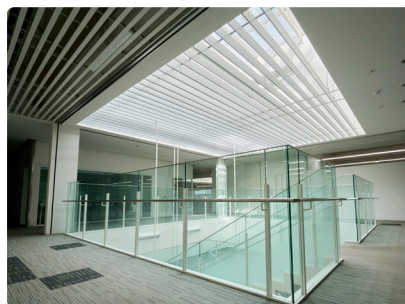
Chemical Substance Management

We have set forth its autonomous management standard, in which applicable laws and regulations of countries and customers' requests are reflected, for handling environmentally hazardous substances contained in its products to minimize their impact on the environment. We eliminate any controlled substances from our products via eco-friendly procurement and management of necessary parts and/or materials purchased. Based on the aforementioned scheme, 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.

The Foster Group's Environmental Initiatives

Initiatives at our headquarters building

Our headquarters employs environmental load reduction technologies such as lighting control by daytime sunlight, air conditioning by outside air, ice thermal storage air conditioning system, and double-skin facade. Electricity consumption is controlled further by limiting maximum power consumption during the day, promoting Cool Biz and Warm Biz campaigns, turning off all the lights in the building for lunch breaks, and promoting the replacement of all of the lights in building with LEDs. In October 2024, we began to use electricity certified as coming from renewable energy power plants* and all of the electricity consumed at the headquarters now comes from renewable energy sources.



Lighting control by daytime sunlight

*Electricity using Non-Fossil Certificates (with renewable energy specified as the sources) which is 100% virtually from renewable sources of energy and whose actual CO₂ emission factor is zero

Introduction of electronic waste manifests in Japan

The waste manifest (industrial waste control form) system enables generators of industrial waste to track and manage the process of industrial waste from its generation to the final disposal. The electronic version of this system is called an electronic manifest. The introduction of this system streamlines administrative processes, ensures data transparency, and prevents illegal dumping, allowing waste generators to fulfill their responsibilities. Centralized management also leads to the strengthening of legal compliance. At present, we have introduced the electronic manifest for regularly generated industrial waste. We continue to use it, aiming to introduce electronic manifest for 100% of waste, including irregularly generated waste.

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), we have been studying the reuse of discharged water for many years. As of March 31, 2025, 60% of 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.



Final filtration tanks



Intermediate treatment



After treatment

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 CO₂ 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 bases.

We promote the use of renewable energy as an initiative to address climate change. In 2022, we installed solar panels at Heyuan Factory in China and at Bac Ninh Factory in Vietnam. At offices, we use electricity from renewable energy sources and purchase green energy certificates to reduce CO₂ emissions. We will continue to expand the introduction of renewable energy.



Solar panels installed at the Heyuan Factory (China)



Solar panels installed at the Bac Ninh Factory (Vietnam)



Addressing climate change

FY2024 Target

Increase the share of the renewable energy.

FY2024 Result

Renewable energy ratio: 10%

Reduction of GHG emissions activity (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 mid-term environmental goals, and are taking actions to achieve it.

To reduce the category 1 emissions (from purchased goods and services), which has the greatest 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 FY2024, and based on its results, we held meetings with our suppliers and conducted fact finding. We also hold sustainable procurement briefings for our suppliers, explaining the latest trends and our future policies on sustainability and our CO₂ reduction targets, while requesting them 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 logistics specialist company in FY2024. By using data from the current logistics control system and increasing the frequency of calculation, we can now efficiently visualize specific key points for the reduction and changing points. Moving forward, we will take measures against the points to make improvements.

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 declaration 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 about what biodiversity is and why biodiversity needs to be protected to our officers, department heads, and group leaders (in the form of a Web conference). The lecture served as an opportunity to think about issues that we should address.

• Headquarters: Akishima City Cleanup Movement (Mini-Clean Activities)

The annual number of participants increased by as much as 14% from the previous fiscal year, to 402 (participation rate: 35.8%). The total weight of waste increased to 49.5 kg. In addition, junior high school students were able to participate in the activities through a work experience program.

• Shizuoka Office: River cleanup activities

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

• Other activities

At the headquarters, we created opportunities to think about environmental initiatives from different perspectives through activities such as asking people to submit photos of the natural environment around them and providing environmentally friendly lunch menus.

Overseas

• The Foster Group's environmental activities

Although June has traditionally been designated as Environment Month, this fiscal year, we extended the period and held environmental events.

At our sites in China, Vietnam, Myanmar, and the United States, we held events including workshops and internal training related to environmental knowledge and waste management, planting activities on premises, and emergency drills, as part of our efforts to raise the environmental awareness of employees. We also cleaned up the area around each factory 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 moves to develop 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 to address concerns related to EVs, particularly extending their range and improving their power consumption efficiency.



Mid-Term Target

- By FY2025, reducing the weight of 6.5" lightweight speakers, which are approx. 200 g, to 100 g or less

FY2024 Result

Achieved the target by completing production of a self-developed 99.0 g product that incorporates CFRTP in the frame as a lightweight technology.



Speakers developed with weight reduction technologies



Reduction of volatile organic compounds (VOCs)

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 drive the development and adoption for commercial products of an adhesive with a reduced solvent content.

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).

*We will continue development and introduction with a target of achieving 30% as the ratio (to net sales) of commercialized car speakers incorporating these environmental technologies.



Mid-Term Target

- Ratio of in-vehicle environmentally friendly speakers (of sales)
- FY2025: 20% or higher
 - FY2030: 30% or higher

FY2024 Result

19.9%



Reduction of CO₂ emissions

We are undertaking design development activities for reducing power consumed in manufacturing speakers to cut CO₂ emissions. We are making development efforts to achieve the mid-term CO₂ emissions reduction target, by improving and changing methods of bonding parts and by reducing the use of a drying furnace in stages.

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

FY2024 Result

Maintained our status of using adhesives that 100% do not contain harmful solvents.



Automotive actuator featuring slim dimensions

Headphones and Headsets

We have been active in incorporating environmental considerations in our product and/or process design. In reducing environmentally hazardous substances in our products, we address the most up-to-date information regarding country-specific legal requirements and the RoHS2, and propose to our customers. In addition, to reduce the energy consumed during manufacturing and the volume of waste materials, we need to continue to minimize waste materials, reuse raw materials by introducing new equipment, and develop products made of natural materials. For products with electronic circuits, we have adopted power-saving parts in our efforts to develop products with low power consumption. For microspeakers used for headphones or headsets, we are working towards environmentally friendly product manufacturing by introducing adhesives that do not contain toluene for new microspeakers in order to reduce VOCs. (replacing the parts that use solvent adhesives.)

As a mechanism for achieving our targets, we have built an internal system to examine whether toluene is used in the development and design phases and continue to check that products are toluene-free every month thereafter. We are also exploring alternative adhesives on an ongoing basis.



Example of environmentally friendly microspeaker (Microspeaker with a 35 mm diameter for headphones)



Example: Product developed by using power-saving parts (Bluetooth wireless earphones)

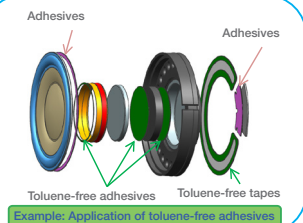


FY2024 Target

- The ratio of toluene-free new mobile audio products: 100%

FY2024 Result

100%



Example: Application of toluene-free adhesives

Relationship with the Supply Chain

Responsible Procurement

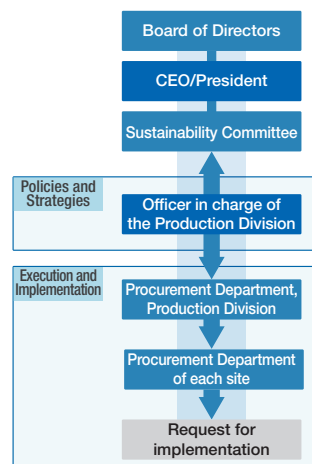
We solve social issues through business and contribute to the development of society through sustainability initiatives based on our corporate creed, “Sincerity.”

[Procurement Policy](#)

Representatives and Structures

The Procurement Department belongs to the Production Division and performs activities under the head of the division (Director) as the representative. Each manufacturing site has a procurement department. We are promoting sustainability activities in a company-wide manner and enhancing the activities in 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, directors, and managers of our suppliers (held once every two years).



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.

Supply Chain Due Diligence

The Foster group conducts supply chain due diligence to ensure compliance with the Sustainability Code of Conduct. Our Code of Conduct is based on international standards and principles, such as the Responsible Business Alliance (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 Sustainability 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 Sustainability Code of Conduct before starting transactions with us. It is available in Japanese, English, Chinese, and Vietnamese on our website. When revisions are made, we distribute it to all suppliers, making sure they are informed of the updates.

[Foster Group Supplier Sustainability Code of Conduct](#)

Initiatives for Tier-2 and Lower-Tier Suppliers

We request that our suppliers inform our tier-2 and lower-tier suppliers of the requirements in the Sustainability Code of Conduct and have them confirm their compliance, in our efforts to ensure sustainable procurement activities throughout the entire supply chain.

CSR Self-assessments and Corrective Activities

To promote sustainable procurements 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. The CSR self-assessments conform to international standards including the Ten Principles of the UN Global Compact, ISO 26000, 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 about the proper payment of wages, 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 particularly problematic issue is identified, we suspend orders or take other punitive actions in accordance with the selection criteria.

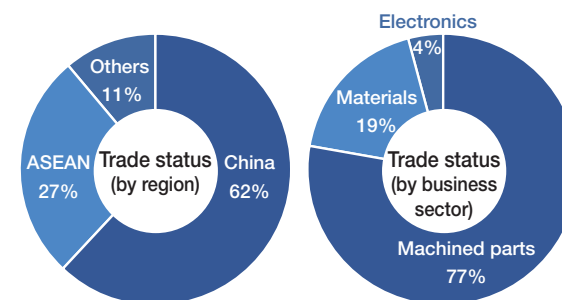
Outline of Supply Chain

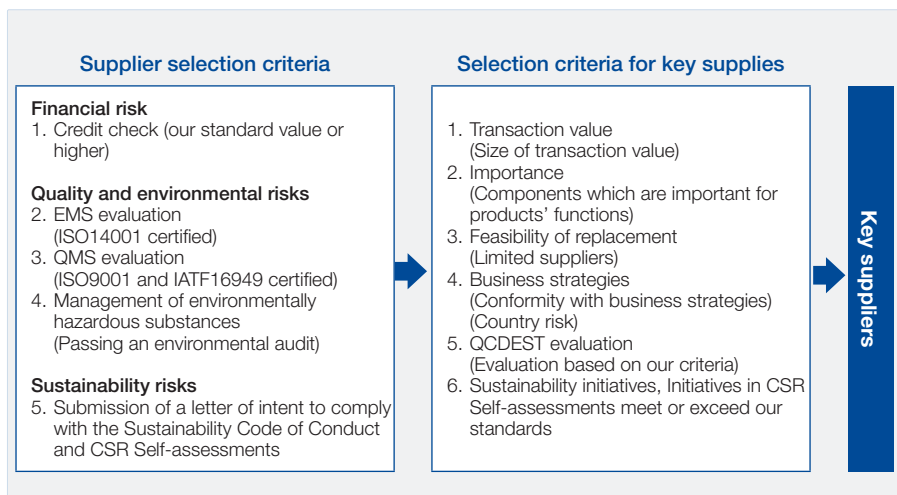
At Foster Electric, we carry out procurement activities globally and work together with our suppliers in each area to enhance sustainability. We procure a wide variety of parts and materials, ranging from raw materials to processed parts.

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 “Supplier Sustainability 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 QCDEST. We also require that key suppliers implement sustainability activities in accordance with the UN Global Compact and the RBA Code of Conduct and fulfill quality audit standards.





Results of CSR Self-assessments and Audits

In fiscal 2024, we had all of our approx. 300 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

FY2024 Target	FY2024 Result
<ul style="list-style-type: none"> Percent of key suppliers^{*1} who conduct CSR self-assessments: 100% Percent of key suppliers who conform to our CSR standards^{*2}: 90% or higher 	100% 100% *Corrective action plan: 0 suppliers Audit: 0 suppliers *Serious violations: 0 supplier

^{*1} Important suppliers: Approx. 50 corporate suppliers who together constitute the top 80% or so in terms of the amount of our purchases

^{*2} Rate of conformity to our CSR standards: Suppliers who have achieved CSR self-assessment scores of 66% or higher are deemed conformant to our CSR standards. Those with 65% or lower are deemed non-conforming.

Intra-Industry Collaboration (Engagement)

Since fiscal 2016, we have been a member of the Global Compact Network Japan (GCNJ), a network of the United Nations Global Compact (UNGC), 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, because the number of minerals to be managed to ensure responsible minerals sourcing is increasing, we participate in the Outreach Meeting hosted by the Responsible Business Alliance (RBA) and explanatory meetings on responsible minerals 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 improve the efficiency of investigations into these minerals.

Establishment of the Green Procurement Standard and Collaborations with Suppliers

We have established the Green Procurement Standard, in which we have summarized the environmental aspects of our requests for suppliers. Our Environmental Policy is to (1) contribute to the realization of a sustainable society by continually improving our environmental management systems, (2) establish a decarbonized society, (3) realize resource recycling, (4) be in harmony with nature and protect biodiversity, (5) comply with domestic and international environmental laws and regulations, and (6) develop human resources who can implement environmental activities through awareness-raising activities and training.

We have published the Green Procurement Standard on our website along with written instructions, submission forms, and other documents. We request that they are also shared with tier-2 suppliers. In addition, we hold an environmental briefing remotely every year in Japan, China, and Vietnam, where we have our business sites. Approximately 300 people from our suppliers participate in the briefing, where we promote compliance with environmental regulations.

Responsible Minerals Sourcing

To promote responsible minerals sourcing, we implement initiatives in accordance with the OECD'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.

[Responsible Minerals Procurement Policy](#)



Promoting sustainability in the value chain

FY2024 Target	FY2024 Result
<ul style="list-style-type: none"> Response rate from suppliers in the responsible minerals survey 	
Existing suppliers: 99% or higher	99%
New suppliers: 100%	100%
	*Number of companies subject to the responsible minerals sourcing survey: 150 companies
	*Percentage of conformant smelters: 84%

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

Education

The Procurement Department provides education and training to learn about Foster Electric's approach to sustainability and to acquire knowledge about compliance with the goal of developing human resources who can fulfill social responsibilities in its operations. We have developed a compulsory curriculum for employees in charge of procurement, which includes courses on the environment (the reduction of CO₂ emissions and environmentally hazardous substances), compliance (human rights and harassment), sustainability, and anti-corruption. In 2024, all Procurement Department employees took the required courses.

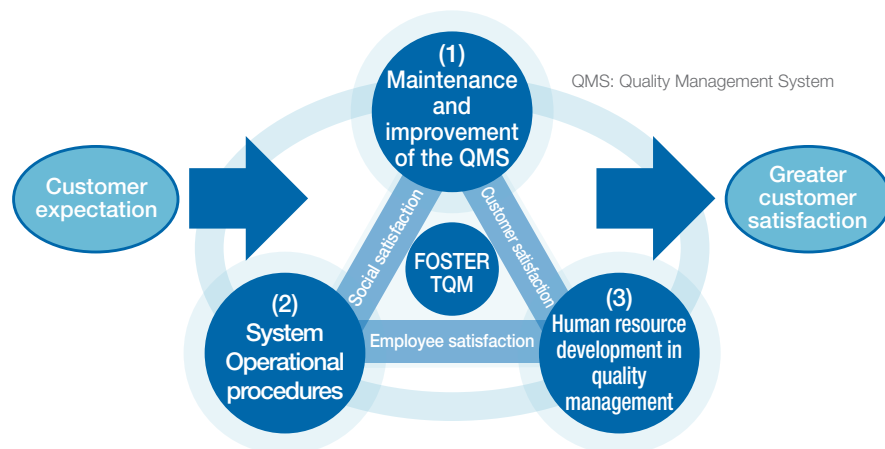
For raising awareness in the supply chain, we held a remote briefing on environmentally hazardous substances and sustainable procurement. The briefing was attended by 300 participants from 200 companies. For important suppliers, we hold a global supplier meeting every other year and explain recent sustainability-related trends, policies to be implemented in the future, and the things we requests of them to 150 participants from approximately 75 companies. We are thus implementing initiatives to build a sustainable supply chain.

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

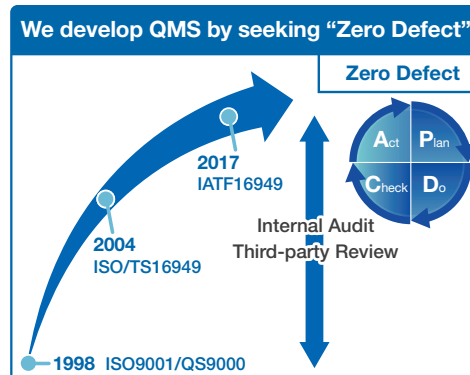
Under our customer-focused philosophy, our policy is to carry out quality assurance activities globally together with all of our employees to deliver safe, eco-friendly products of reliable quality. We promote our quality assurance activities in accordance with FOSTER TQM, which is based primarily on 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".

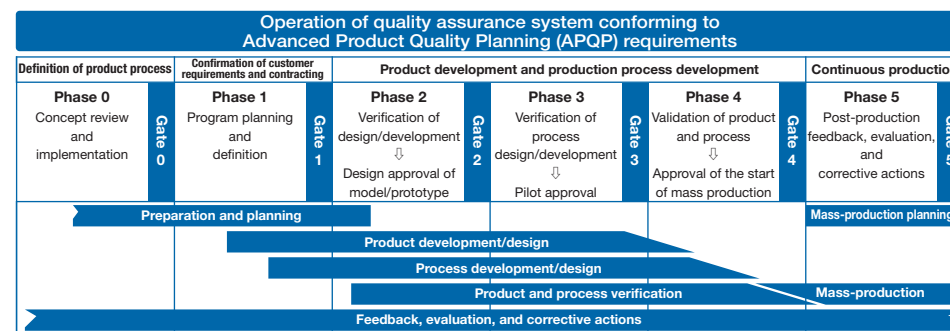


(2) Development of a System and Operational Procedures

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.



[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 are conducting activities at overseas sites under the theme of quality improvement.

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



Ensuring the safety, quality, and stable supply of products

*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 2024, while transit time from Asia to the U.S. and Japan was stable, shipments to Europe were rerouted via the Cape of Good Hope to bypass the Suez Canal due to the deteriorating Middle East situation. This caused delays and longer transit times, leading to major fluctuations in inventories in Europe and disruptions in the first quarter. However, as in the previous fiscal year, we meticulously analyzed and managed customer demand, and planned inventories in response to the prolonged transit time, aiming to synchronize factory production and inventory levels in sales areas with the quantity demanded by customers.

As a result, our annual inventory turnover was 3.4 times in Japan, falling short of the target of 4. Meanwhile, the target was achieved in the U.S., with 6.3 times against 4.8, and in Europe, with 3.8 times against 3.6.

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

FY2024 Target	FY2024 Result
● Achieve target inventory turnover rates for speakers Japan: 4 turns/year The U.S.: 4.8 turns/year Europe: 3.6 turns/year	3.4 turns/year (target unachieved) 6.3 turns/year (target achieved) 3.8 turns/year (target achieved)

FY2024 Target	FY2024 Result
● Occurrence of major complaints (prevented through proactive measures from order to mass production)*1: 0 failures	0 failures
● Customer satisfaction "A rank" rate*2: 95% or higher	97%

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, 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 five regional sales offices 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 always listen to our customers' comments and seek the products that they need today and they will need in the near future. 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 who are constantly in contact with our customers and also make efforts to listen to as many customers' voices as possible at exhibitions and trial listening events. As part of our educational 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 competences 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 FY2024, we responded to a total of approx. 50 sustainability related surveys from 27 corporate customers. In addition, at the Bac Ninh Factory (Vietnam), we underwent an onsite audit by the Responsible Supply Chain Initiative (RSCI) at the request of a customer. 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.

Initiatives to Improve Well-being

We respect the diversity of all of the employees working for Foster Electric and value the environment which 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 the well-being of our employees.

1. Human Resource Development

• Policies

It is based on “continuous performance by linking various personnel systems with individual development goals determined by mid/long term business strategy and individual personality (strength/weakness)”. 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.

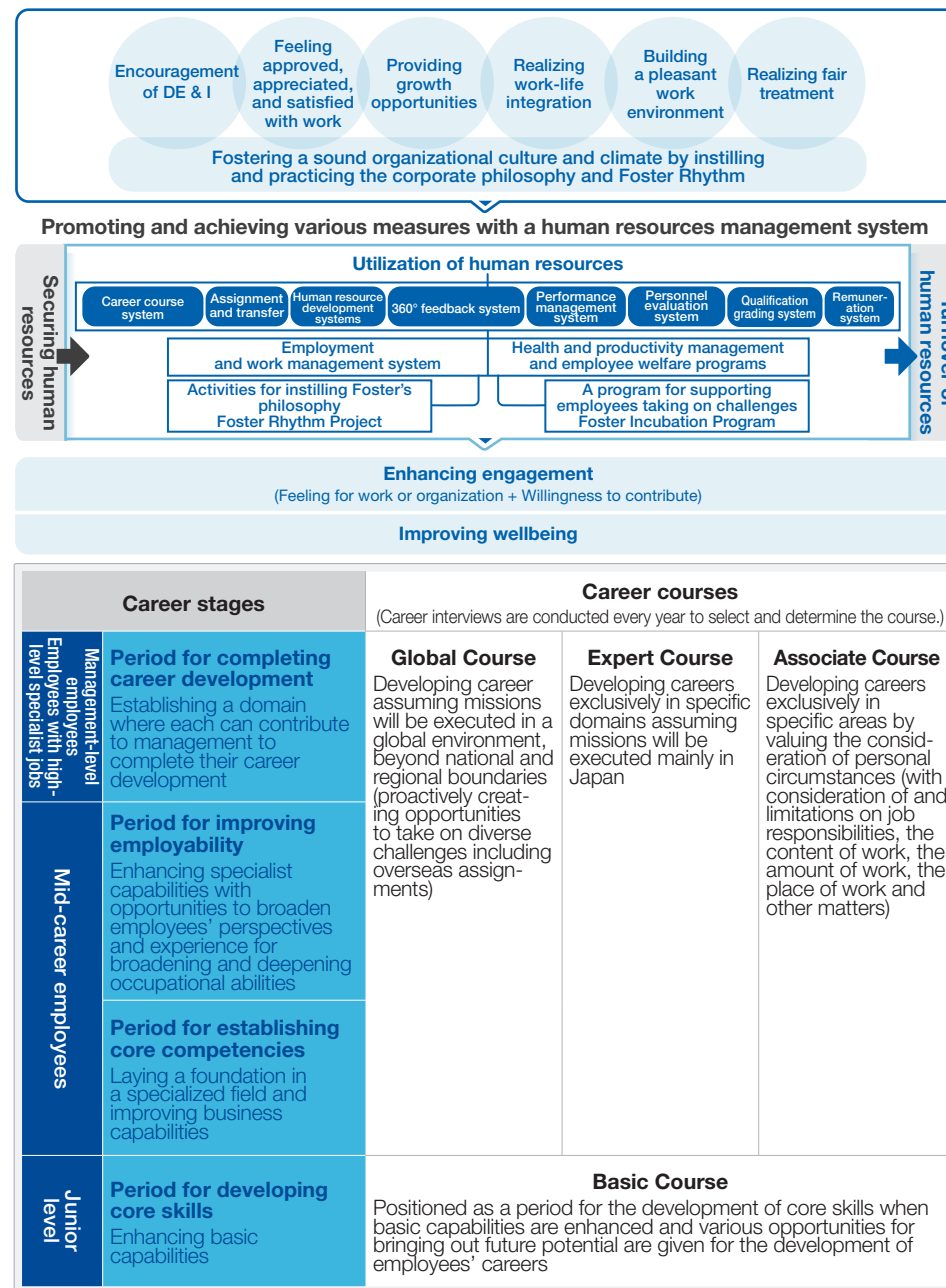
Ideal for human resource development

- 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-directing 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.

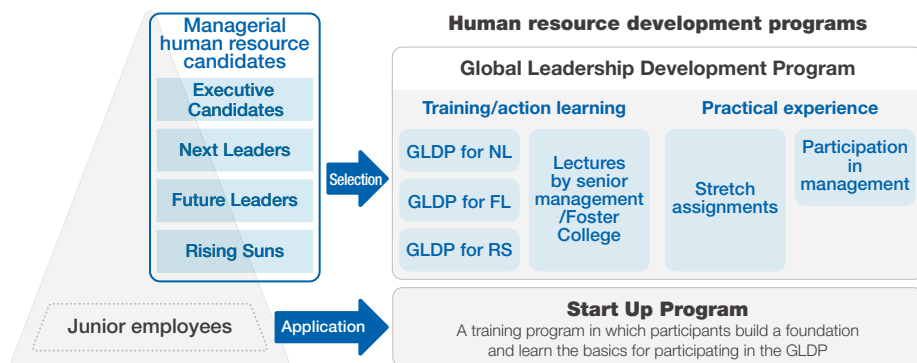


Initiatives for developing next-generation managerial human resources

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 develop the qualities of trainees as 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. 45 courses, with a total length of more than 200 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 the internal lecturers are being developed continuously as the training is being provided to participants.

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 4,600 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 that is an alternative 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 the 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.

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 trait, values, educational background, career, hometown, race, ethnicity, and nationality, and which at the same time permits employees to work vigorously with a 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.

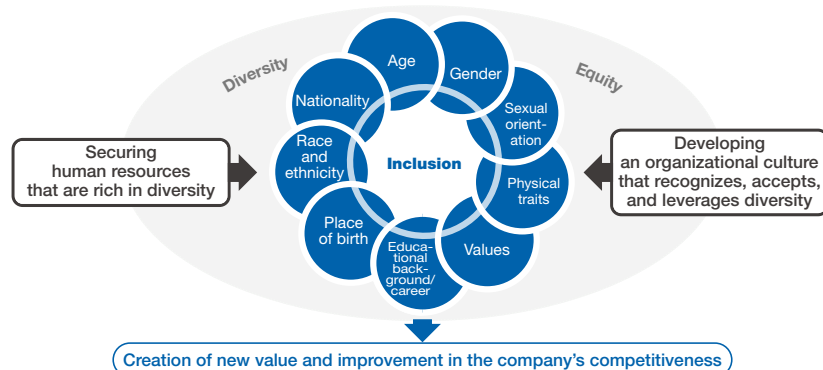
● Activity Promotion Structure

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. Further, in fiscal 2023, a lecture was held by our female director on the theme, "For each one of us to participate actively in our own way, let's be aware of unconscious biases and take the first step toward changing our behaviors." 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. 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 carrying out activities to deepen understanding of LGBTQ+ issues and promoting the number of allies (people who demonstrate their understanding and support for LGBTQ+ people). 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 LGBT to turn diversity into an organizational strength and a course for creating a harassment-free workplace. This training is available at any time.

Promoting women's empowerment

Having set a goal of increasing the percentage of female managers to 30% by the end of fiscal 2025, we are developing female employees in a well-planned manner and supporting their career development. In fiscal 2022, we provided career training for young and mid-career female employees, in the form of lectures given by a female director. This training is aimed at deepening trainees' understanding of diverse career options, so that they will have a clear picture of their career development, while building a network of female employees. In fiscal 2024, we held a roundtable meeting of female managers and female employees. During the session, the managers openly talked about the efforts they had made in their career development, what gives them job satisfaction as managers, and the creative measures they devised to balance work and private life, among other topics. Participants commented that they found the meeting meaningful because they could directly hear about things not typically discussed in day-to-day work.

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 at ease, we have improved our system to support the balance between work and child care or nursing care. Since April 2018, we have extended the childcare leave period to three years maximum and the nursing care leave period to 183 days maximum. We have also expanded the range of employees eligible for sick/injured childcare leave from the those stipulated by law to all who are raising children who are junior high school students. We have also introduced an internal consultation service to provide appropriate advice and information individually. In fiscal 2023, we began providing an e-learning program titled "Nursing care seminar: living in the era of the 100-year lifespan," and made it available at any time.

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 for the last fifteen years has been more than 20%. 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 well-being

Mid-Term Target	FY2024 Result
<ul style="list-style-type: none"> ● Percentage of female managers (headquarters): 30% by FY2025 ● Percentage of overseas human resources (headquarters): 30% by FY2025 ● Employment rate of persons with disabilities (headquarters): Maintain the employment rate 2.5% above the statutory requirement. ● Percentage of care-related resignations (headquarters): Maintain 0% ● Rate of males employees taking paternity leave (headquarters): 100% ● The male parental leave uptake rate (headquarters): 70% 	<ul style="list-style-type: none"> ● 13.7% (as of March 31, 2025) ● 13.9% (as of April 01, 2025) <p>*Global female manager ratio: 25.3%</p>
	11.9%
	3.1% (as of March 31, 2025)
	0%
	100%
	125%

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 innovative working style project 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 workstyle 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 child care 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 semiannual day for company-wide paid leave and a monthly day to encourage employees take paid leave in our efforts to increase the paid leave acquisition rate. (Paid leave acquisition rate for fiscal 2024: 78.3% *Including five days of annual paid leave)

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 brain or heart failure, 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. 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 doctors, 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 in new domains 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, we had occupational doctors 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. (The certification was renewed on January 1, 2025.) In addition, in March 2025, we were certified under the Ministry of Economy, Trade and Industry's 2025 Certified Health & Productivity Management Outstanding Organizations (Large Enterprise Category).



FY2024 Target	FY2024 Result
<ul style="list-style-type: none"> • Total working hours per employee (headquarters): Achieve 158 hours or less per month on average • Rate of periodic health examinations taken (headquarters): Maintain 100% • Rate of participation in specific health guidance/post-health checkup interviews (headquarters): Achieve 80% 	<p>159.7 hours</p> <p>Maintain 100%</p> <p>84.4%</p>

4. Safety and Health

Policies

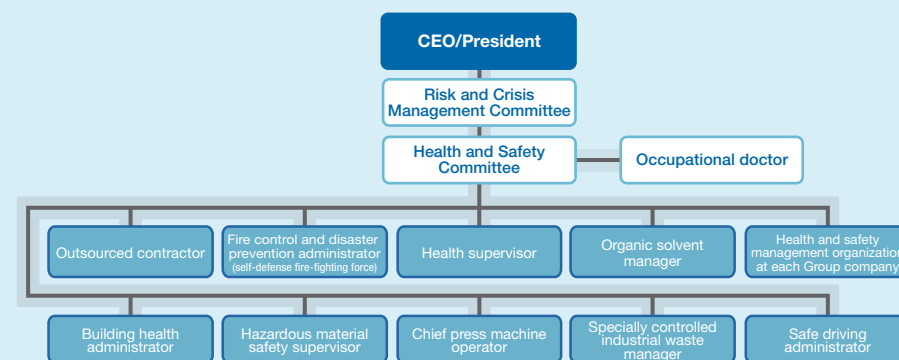
Foster Electric has established a principle to prioritize health and safety, and endeavors to create a safe and healthy working environment. Based on this principle, we deliberate on risks impacting all of our stakeholders, including employees and contractors, with the leading role played by the Health 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.

Abstract from the Code of Conduct

1. Understand laws and orders concerning work-related safety, health and emergency and comply with them. And minimize and prevent a recurrence of an accident in a reliable manner.
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 is 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 head-quarters. 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 bases, conducts legal inspections, and confirms the implementation of risk assessments at each base to prevent accidents and eliminate risks for not only employees but all stakeholders 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, by following the “Occupational Health and Safety Management Program Procedure Manual”, which is based on the “Foster Group Corporate Action Guidelines” and the “Foster Group Code of Conduct for Staff”. At head-quarters, we have set a target of achieving zero occupational injuries by developing infrastructure and systems to reduce risks of occupational injuries, in line with the policy of the Health and Safety Committee, and have created a health and safety action plan. Based on this, we took steps to address the risks of occupational injuries and worked to achieve zero occupational injuries. As a result, none of the 21 occupational injuries that occurred within the Group as a whole were high-consequence work-related injuries.

Initiatives and achievements in Japan

- Implementation of a BCP drill and a fire evacuation equipment training session given by the local fire department following the completion of the new office in Osaka
- Provision of e-learning program on maintaining good health with a healthy diet to employees who are interested
- Remote traffic safety exercises by police officers from the local police department
- Activities by the chemical management promotion team and distribution of safety equipment to applicable employees, which were implemented in response to the legal revision

Promotion of chemical management

In Japan, we established a chemical management promotion team in response to the need to strengthen chemical management following the revision of the Industrial Safety and Health Act. We have strengthened our confirmation of labeling and creation of safety data sheets (SDSs) under the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and operations including the use of safety equipment. Based on risk assessments at each base, we took countermeasures centered around autonomous management. We have also established a system under which these activities are audited by the Health and Safety Committee.

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 fiscal 2024 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 in preparation for a Nankai Trough earthquake

Following the updated probability of a Nankai Trough earthquake, we reviewed our initial actions and systems at our sites in Japan, assuming the issuing of a warning. We implemented safety checks of our facilities, identified potential risks, and carried out improvement activities, considering not only an earthquake but also flooding and the eruption of Mt. Fuji. We are taking disaster control measures with an awareness of unexpected events.

Initiatives at overseas sites

We seek to improve areas related to health and safety at overseas plants 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), Jiaying 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 the ISO 45001 certification for occupational health and safety, 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

We will continue to examine our global BCP structure by assuming disasters affecting our overseas plants and updated probability of a Nankai Trough earthquake and enhance the management of our fire protection framework. While pushing forward with the development of the Multi-hazard BCP System for responding flexibly to a range of risks such as various infectious diseases, we plan and execute 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 desire to contribute to the development and well-being of local communities while also fulfilling our corporate social responsibilities. Having smooth communication with local communities and building relationships of social trust with them will have a positive impact on the company's long-term growth. Article 18 of the Foster Group Code of Conduct for Staff states the following about social contribution activities.

- Contribution to Society: As Good Corporate Citizen, Foster Group Directors and Staff actively participate in the social contribution activity and contribute to the development of the society.
- We continuously execute the social contribution activity such as sponsorship of culture, art and sports, cooperation to regional community, participation in volunteer activity or contribution to international society and perform the 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 fiscal 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 2014, we introduced Fairtrade-certified coffee at the headquarters, launching it as a daily initiative to promote sustainable supply chains.

Partnership agreement with Japan Goalball Association

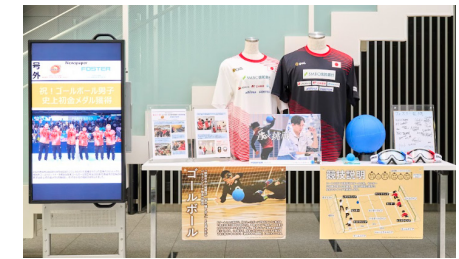
In March 2024, we signed an Official Gold Partner agreement with the Japan Goalball Association (Headquarters: Adachi Ward, Tokyo, President: Michiko Kajimoto).



International Fairtrade
Certification Label

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.

At the lobby of our headquarters, we exhibit a signage, uniforms, game rules, and other items to promote goalball. We also hold sessions for experiencing goalball at internal events to engage employees with the sport.



Japanese athletes who belong to the Japan Goalball Association participated in the 2024 Summer Paralympics held in Paris, France. The men's national team won the first-ever gold medal, while the women's team finished in sixth place. After the athletes returned to Japan, we held a gathering with the athletes and employees.

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 Officers



New Mid-term Business Plan and Expectations for Improving Corporate Value

– Foster Electric's changes and challenges –



Minoru Matsumoto
Independent Director

Kaoru Chujo
Independent Director

Yasuhiro Goto
Independent Director

The new mid-term business plan will start in April 2025. What points of the plan do you rate highly as independent directors?

Chujo: I give the new mid-term business plan high marks in two aspects.

The first is that while previous mid-term business plans covered five-year periods, the new plan focuses on a three-year period, reflecting the rapid changes in the current era, and clearly indicates quantitative targets to achieve and a growth strategy showing how to achieve them. The actual growth strategy clearly indicates the direction common to the mobility-related business as our mainstay business and the consumer-related business; that is, instead of providing parts or products only, we will provide solutions to enhance overall customer value from a broader perspective.

For example, for the mobility-related business, the strategy outlines how we will expand the speaker technologies we have cultivated for entertainment into areas of information, safety, and security to increase customer value, including through the creation of in-vehicle sound environments. On the



other hand, for the consumer-related business, the strategy shows a clear concept that we will not confine our technologies, including biometric sensing and actuator technologies, only to devices but will propose them as Life Solution and Life Enhancement products that serve every customer. I think that communicating this concept both internally and externally will serve as an extremely important message for employees.

The second point is that the direction of our cash allocation and our approach and message about the enhancement of shareholder returns have been clearly articulated. How best to increase returns to customers and shareholders has been discussed repeatedly by the Board of Directors in the last few years. Based on these discussions, our approach was clearly reflected in the new mid-term business plan. I think this is highly commendable.

Matsumoto: Both financial and non-financial aspects have been considered, and investment for growth is also factored in. I therefore think that well-grounded, well-balanced targets have been set, which is something that deserves high marks.

In the mobility-related business, the plan describes achieving growth that exceeds the forecast growth rate of the automotive market. I would request that measures should be steadily taken to achieve this.

In the consumer-related business, I think that we can fulfill our mission, “To make contributions for future society through acoustics,” by providing support for comfortable living as Life Solution products, in addition to comfortable acoustic spaces.



Goto: Regarding the business portfolio that was restructured this time, the Mobile Audio Business, or headsets in particular, was the mainstay when sales were at their peak in 2015. Later, after the shift to the automotive business, the businesses were organized under ‘mobility’ and ‘consumer’ as two pillars under the new mid-term business plan. This is my impression.

Looking at the mobility field, it has already matured, and the forecast growth rate of the automotive market for the coming three years is 11%. The actual rate could be lower. As the market matures and competition intensifies, and with the emergence of new technologies such as EVs and automated driving, these changes are appropriately organized and reflected in the new mid-term business plan, which I evaluate highly. Reflecting these circumstances, the conventional structure of the mobility business is about to change. Nevertheless, we have already established a certain level of market share and track record and have a stable revenue base.

On the other hand, in the consumer field, we will advance development in various areas for end users, including wireless earphones and healthcare, which holds higher growth potential.

I think that this combination of a “stable mobility business” and “consumer business with growth potential” is a reasonable, effective approach.

*This roundtable talk was held in February 2025. Mr. Yasuhiro Goto resigned on June 25, 2025.

Matsumoto: On the other hand, regarding targets, I expect that higher targets will be set as stretch goals, with efforts made to achieve them.

Chujo: Regarding numerical values, I feel that we can also set higher targets exactly as you pointed out. The Board of Directors has engaged in repeated discussion on this matter. President Kishi's belief that "Those in responsible positions should set numerical targets with a general consensus, with a strong will to go through with them, instead of letting the president set high goals unilaterally" is evident throughout. Actually, the determination to achieve numerical values that exceed the targets as a matter of course was felt fully from the executive officers. I therefore think that the very process of setting numerical targets with such determination deserves high marks.

Where do you think Foster Electric's challenges in enhancing its corporate value lie?

Chujo: First and foremost, I think that it is essential to enhance earning power, such as the income ratio and ROE. Since the COVID-19 pandemic, we have swiftly implemented various measures, such as the optimization of global logistics, promotion of local production and consumption, and transition to in-house production at overseas factories. The factory in Hungary began operating last year, and we have thus sown many seeds. Going forward, our most important task is to make real improvements in our earning capacity based on these preparations.

Human resource development is also an important theme. While our employees have strong technical skills and many of them are very sincere, it is essential to develop human resources with a high level of engagement, who can make proposals to customers more proactively. I think it is important to instill the idea of being "autonomous, organic, and dispersive," which President Kishi often says, throughout the organization in a truly meaningful way.

It is also important to strengthen brand strategy as a means of transmitting information aggressively. As an ODM supplier of automotive-related products, we do not have many opportunities to have our company name appear in public. However, we have proprietary technologies that other companies cannot imitate, including FOSTEX brand audio products. I believe that enhancing the value of this brand will create a virtuous cycle that not only leads to the enhancement of value provision to customers but also contributes to improving employee engagement.

Matsumoto: I think our proprietary technologies that other companies cannot imitate, or in other words, higher added value, will be crucial. It is important to develop differentiated products that other companies cannot readily imitate, especially in the mobility-related business, instead of seeking mere quantitative expansion. While there may be a certain limit to quantitative growth, we can achieve higher profitability by establishing a reputation for offering "products that can only be made here."



Goto: In addition to these initiatives, stories, or narratives, will be even more necessary in the future. Foster Electric has a corporate culture of being very humble and sincere. I have the impression that the company is a little low-profile when it comes to talking about dreams and setting a bold vision. Going forward, it will be necessary to set higher goals and bigger aspirations and clarify the routes towards them in the form of stories.

For example, the existence of the brand, which leads people to say "that car has speakers from Foster Electric," and products including speakers for Acoustic Vehicle Alerting System (AVAS), which have attracted attention in recent years, should be evaluated fairly for their high quality products instead of affordable ones. However, the idea that if you create something good, it will automatically be valued, which is the mindset often found in Japanese companies tend to have, is insufficient. We need to be proactive in giving out information.

Specifically, we need to enhance our corporate value mainly by developing clear stories, giving out information in various settings, and carrying out strategic communication activities. Achieving a PBR of 1.0 is difficult with shareholder returns alone. I think the key to value enhancement lies in how to describe this growth story and how to give it out internally and externally.

What initiatives are actually taken on site to address productivity and human resource development, which are challenges in improving corporate value? Factory inspections, which had been suspended during the COVID-19 pandemic, were resumed in fiscal 2024. How were the visits to the factories in Vietnam?

Matsumoto: In August 2024, I visited and observed our four manufacturing sites in Vietnam. I visited Ho Chi Minh for the first time since the inspection in 2016. The factory had many female managers and young engineers were taking the initiative in process improvement, which was impressive. I felt that they shared locally cultivated production technologies and expertise while applying feedback from Japan, thus pressing forward with better manufacturing.

Chujo: I joined the inspections for the first time. Our facilities in Vietnam are the largest manufacturing sites of Foster Electric, and before departing, I was looking forward to expressing my gratitude to them for having supported us strongly during the COVID-19 pandemic by giving consideration to appropriate inventory management and production systems. I also wanted to see with my own eyes why they were able to implement those initiatives. While talking with local executives, managers, and employees working on production lines, I felt that they had clearly taken on board our corporate creed of Sincerity, our determination to do manufacturing while maintaining the trust of customers, and Foster Rhythm as our management philosophy. I think that management and the local people who were involved in the launch of our sites in Vietnam have been sharing our philosophy while valuing interpersonal bonds, and as a result, their thinking has been retained.

In addition, at the factories that I inspected, I was surprised that women constitute the majority of general manager-level executive employees as key staff members. They value diversity and actually embody this idea in the organization. I was strongly impressed with this throughout the inspections.

Goto: I myself had a relationship with Foster Electric before I was assigned as its independent director. I inspected factories in Vietnam more than ten years ago and visited them several times after that. Looking at historical changes, I have the impression that they were extremely busy and a large number of people were working when the production of headsets was at its peak. At present, I feel that the advancement from labor-intensive production to automated production is making progress.

Behind this advancement is the point that almost all new items of production equipment are manufactured in-house in Vietnam. And the final adjustments are made in cooperation with headquarters. This system for close collaborations has been established. Our factories in Vietnam have been developed significantly in the last decade or so, and this has been done at the initiative of local people. I feel that this reflects the true ability of Foster Electric. In Vietnam, I felt in my bones that the roles played by our factories in Vietnam have been growing in the process of production transfer from China to Vietnam or other countries.

Of course, the active participation of women also caught my eye, but I feel encouraged by the strong motivation of people working on site and the fact that engineers are developed locally.

Please tell us about your expectations for Foster Electric, including the new mid-term business plan.

Goto: I think that, in the field of mobility as the current pillar of business, it is important to always have the intention to live in the field of mobility and use it as the point of departure. I think that mobility, or automotive-related business, will continue growing and is supporting stable management with its sales size. I believe that this makes it all the more necessary to continue making efforts, and maintain the intention, to depart from it. It is necessary to keep looking for businesses that will be the pillars of Foster Electric in different business fields as well. I look forward to our continued initiatives in this regard.

Chujo: I expect the company to be sustainable. This has two meanings. One is the sustainability of Foster Electric itself. The company will celebrate its 76th anniversary. To ensure that it reaches its centenary, it needs to generate good profits and achieve sustainable management. The second meaning is the contribution to the sustainability of society. The company has set a mission: “To make contributions for future society through acoustics”. Acoustics appeal directly to the sensibility of humans. I think that the sensibility of humans will become even more important, especially in the society of the future where AI and humans will co-exist. In this context, the act of hearing and sound as an element will have an extremely important position.

Matsumoto: Regarding “To make contributions for future society through acoustics,” the company signed an Official Gold Partner agreement with the Japan Goalball Association last year. I thought that the company is indeed making a contribution with acoustics.

Engaging in BtoB business, the company is not widely known to the public. However, I think it also needs to strive to create playful products and focus on development with an eye on future value, instead of being preoccupied with current market needs. I hope that expanding the possibilities of high value-added product development will lead to the further development of the company.

Governance

Corporate Governance

Policies

To maximize our corporate and shareholder values, we recognize the importance of establishing a fair and sound corporate management system and a managerial structure that enables quick and accurate decision making to accommodate an ever-changing business environment, and the execution of legitimate and appropriate business operations. To that end, we are working to improve and enhance our approach to 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 attendance at its meetings

The Board of Directors meeting currently consists of eight directors and four corporate auditors present. Seven of the meeting attendants (three independent outside directors and four corporate auditors), who constitute the majority, are in a position to supervise or audit management from an independent standpoint. 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 enabled by having the president, who is familiar with the status of business execution and the internal situation, host the meetings as the chair. In addition, sessions for exchanges of views between directors, which are hosted by independent directors, are held to increase the effectiveness of the Board of Directors. Members of the Board of Directors and their attendance at its meetings are as shown in Table 1 (page 53).

• Major matters considered by the Board of Directors

The Board of Directors vote on important matters related to business execution, including management policies, business plans, and sustainability-related issues, in addition to 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 exchanges of views between independent directors and corporate auditors and among independent officers, leading to a lively exchange of opinions.

Board of Corporate Auditors

Corporate auditors attend the Board of Directors meetings and other important meetings to audit the execution of duties by following audit standards, policies, and other rules set by the Board of Corporate Auditors.

• Members of the Board of Corporate Auditors and their attendance at its meetings

The Board of Corporate Auditors consists of four members (including three independent corporate auditors). Each auditor has considerable knowledge in accounting, tax affairs, or legal affairs. Members of the Board of Corporate Auditors and their attendance at its meetings are as shown in Table 1 (page 53).

• Major matters considered by the Board of Corporate Auditors

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, and the reasonableness of the methods and results of audits conducted by the accounting auditor.

Status of Activities of the Nominating Committee

The committee is chaired by the lead independent outside director and its members are three independent directors, two directors, and the independent corporate auditor.

To ensure the fair, transparent selection and appointment, etc. of officers (directors and corporate auditors), the committee drafts agendas on appointment or dismissal of directors and corporate auditors that the Board of Directors submit 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.

In the last fiscal year, this committee met once.

- Discussion of specific criteria for the selection of CEO candidates
- Interviews with CEO candidates
- Selection of CEO candidates
- Selection of candidates for directors and corporate auditors to be submitted to the 91st Ordinary General Meeting of Shareholders and submission of the candidates to the Board of Directors and the Board of Corporate Auditors

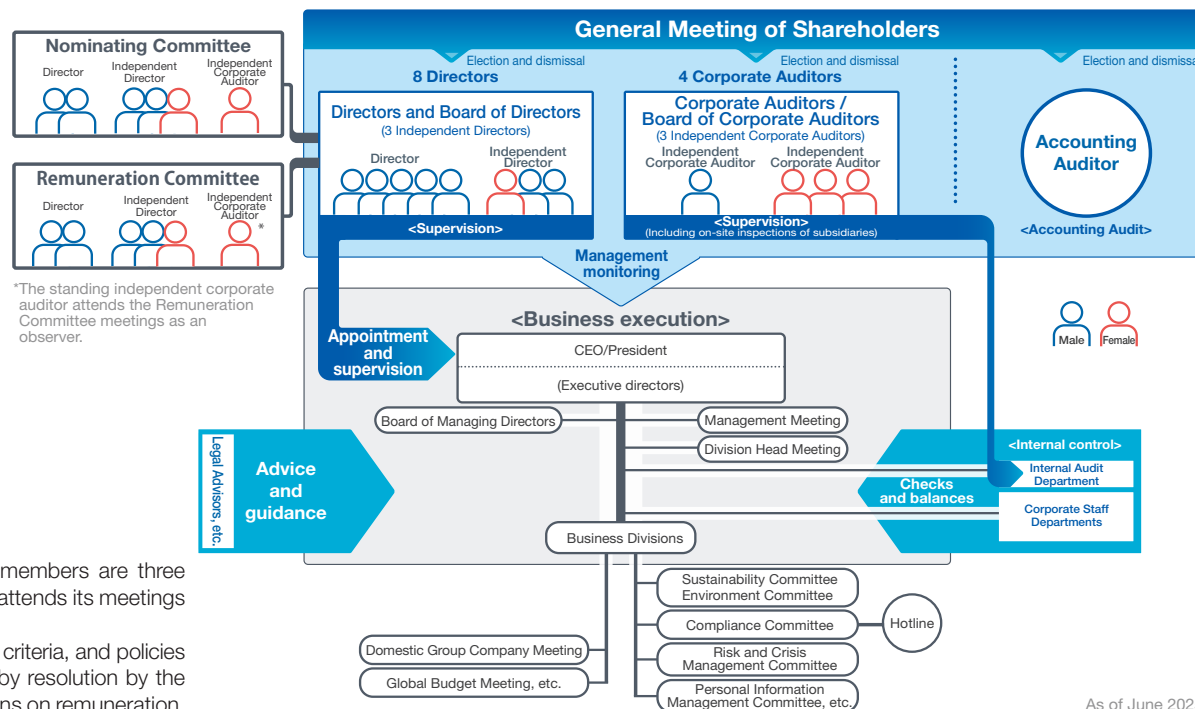
The status of attendance of each member is as shown in Table 1 (page 53).

Status of Activities of the Remuneration Committee

The committee is chaired by the lead independent outside director and its members are three independent directors and two directors. The independent corporate auditor also attends its meetings as an observer.

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.

In the last fiscal year, this committee met once.



As of June 2025

Sessions for Exchange of Views between Officers

We hold the following sessions for exchanging views for the purpose of strengthening corporate governance. At each session, attendants 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 between independent officers	Lead Independent Outside Director	Exchanging views from independent standpoint	June 2024
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 2024 August 2024 February 2025
Session for exchange of views between the president, independent directors, and corporate auditors	CEO/President	Recommendations to the president from auditors or supervisors	September 2024 March 2025
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.	May 2024 November 2024

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

The total amount of remuneration of directors was submitted for discussion at the Board of Directors meeting held on June 25, 2025 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 status of attendance of each member is as shown in Table 1 (page 53).

Evaluation of Effectiveness of the Board of Directors

To increase the effectiveness of the Board of Directors, we evaluate its effectiveness based on questionnaires filled out 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 (FY2024)

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 communications and lively discussions. Meanwhile, appointing directors with expertise in investor perspectives, technology and R&D, and comprehensive strategic judgment, as well as recruiting foreign nationals, remain challenges for the future.

2) Status of operation

To help the Board of Directors conduct meaningful discussions, materials are distributed to its members before a meeting is held, thus having them understand the background, purpose, and content of each agenda. In addition, where necessary, explanations are given by the secretariat to the Board of Directors or others. The set frequency of meetings is also appropriate. While improvements have been made in the early presentation of materials, there is room for improvement in the earlier provision of materials and prior explanations to outside officers. In addition, in the case of an important matter, holding repeated deliberations, such as holding an extraordinary meeting of the Board of Directors without waiting for a regular meeting, will further vitalize the operations of the Board of Directors.

3) Status of deliberations

As a result of the extended duration of each Board of Directors meeting, effectiveness has been increased with more thorough explanations of each agenda item, sufficient time provided for questions, answers and discussion, and unrestricted, constructive discussion and exchanges of views, among other improvements. Moving forward, deliberations need to be enhanced by checking the actual conditions and situation of businesses at each overseas site, and discussion of important matters, such as the mid-term business plan, needs to be enhanced.

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, ensuring the early provision of materials about important matters, and improving prior explanations about such matters
- Enhancing deliberations of management strategies and important matters and follow-up reporting
- Enhancing deliberations by checking the actual conditions and situation of businesses at each overseas site

Table 1: Activities of each director and corporate auditor in the Board of Directors, Board of Corporate Auditors, and arbitrary committees (April 2024 to March 2025)

		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	○ 10/10			
Naoki Kanai	Director	○ 10/10			
Lu San Tie	Director Non-Japanese	○ 2/2			
Minoru Matsumoto	Lead Independent Director Independent	○ 12/12		◎ 1/1	◎ 1/1
Yasuhiro Goto	Independent Director Independent	○ 12/12		○ 1/1	○ 1/1
Kaoru Chujo	Independent Director Independent Female	○ 12/12		○ 1/1	○ 1/1
Satoko Kimoto	Full-time Corporate Auditor Independent Female	△ 12/12	◎ 8/8	○ 1/1	△ 1/1
Tatsuhito Tanaka	Full-time Corporate Auditor	△ 12/12	○ 8/8		
Takashi Suzuki	Independent Corporate Auditor Independent	△ 2/2	○ 2/2		
Aiko Oue	Independent Corporate Auditor Independent Female	△ 12/12	○ 8/8		

◎: Chairperson, ○: Member, △: Attendant

(Note) 1. Mr. Yasuhide Takahara was appointed as Managing Director at the 90th Ordinary General Meeting of Shareholders of the Company that was held on June 26, 2024.

2. Mr. Naoki Kanai was appointed as Director at the 90th Ordinary General Meeting of Shareholders of the Company that was held on June 26, 2024.

3. Mr. Lu San Tie resigned at the close of the 90th Ordinary General Meeting of Shareholders of the Company that was held on June 26, 2024.

4. Mr. Takashi Suzuki resigned at the close of the 90th Ordinary General Meeting of Shareholders of the Company that was held on June 26, 2024.

Overview of Officer Remuneration System

The remuneration of directors and corporate auditors 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 corporate auditors and the contents of remuneration of individual corporate auditors are determined by the Board of Corporate Auditors.

		Basic compensation	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	–
Evaluation indicators/criteria		–	Operating income	–
Payment timing		Monthly	Monthly	Yearly
Performance evaluation period		–	1 year	–
Recipients		Director Corporate Auditor Executive Officer	Directors (excluding Independent Directors) and Executive Officers	Directors (excluding 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.

[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. Such system is under operation through “the Compliance Hotline” and “Harassment Helpline” that connects whistleblowers to external corporate lawyers available for 24 hours by email. Internally, the highly independent internal audit office and HR representative act as a window to early detect violations of compliance. The whistleblowing hotline is extensively available to employees and officers of the entire Group as well as to their families and the employees of business associates. We also hold briefings on the Compliance Hotline and Harassment Helpline for employees, to ensure that they are fully informed of the internal whistleblowing system.

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 employees are treated fairly or not involved in any trouble as a result of their actions. Partly reflecting the revision of the Whistleblower Protection Act, our internal reporting regulations clearly state that the obligation to maintain the confidentiality of information that enables the whistleblower to be identified shall be ensured, and that any violation of the prohibition of searching for the whistleblower and prohibition of retaliation against and disadvantageous treatment of the whistleblower may result in disciplinary action.

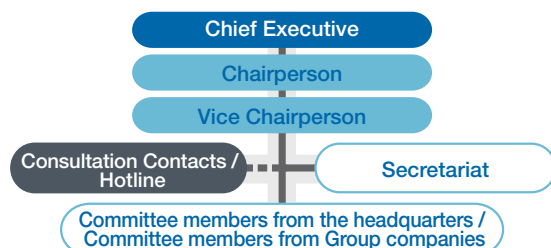
Compliance Committee

The Compliance Committee leads compliance programs with the president serving as chief executive. This committee was set up in accordance with “the Foster Group Code of Conduct for Staff.”

In fiscal 2024, we conducted a compliance test and a questionnaire on overall compliance matters, including “the Foster Group Code of Conduct for Staff.” We also provided online compliance training for all employees on the Subcontract Act, export management, and the prevention of bribery and corrupt practices, as well as compliance training, including harassment prevention, conducted by the corporate lawyers. Through these initiatives, we worked 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 private 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 increase stakeholders' trust in Foster Electric

FY2024 Target

- Response rate of the compliance test and the compliance survey: 100%
- Awareness rate of the internal whistleblowing system: 100%
- Provide compliance training and maintain an average satisfaction rating: 4 or higher out of 5

FY2024 Result

100%

100%
*Employees were informed of the system through training, questionnaires, and others.

Average rating of 4 or higher

Future Plan

The Foster Group, led by the Compliance Committee, will conduct compliance tests and questionnaires to increase the degree of awareness of the whistleblowing hotline, and to raise awareness of compliance through employee training. We will also review the responsible departments involved in research of laws and legal regulations and work to restructure 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. They 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 2024 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 increase stakeholders' trust in Foster Electric

FY2024 Target

- Improve the system and operation of risk and crisis management based on risk assessment.
- Completion rate of measures for key items* within the fiscal year, which are identified through the monitoring of the items: 100%

FY2024 Result

- Identified risks at each overseas sites based on a risk control matrix and improved the completeness of the identified risks and our ability to handle them promptly.
- 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%

(Note) *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 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 2024, we took the update to the probability of Nankai Trough earthquakes as an opportunity to have a BCP drill conducted jointly by our domestic facilities. Through preparations for the drill, we identified potential risks and carried out improvement activities. We are working to establish a BCP structure that has the resilience to withstand unforeseen circumstances. We also continued to sign disaster-prevention agreements with neighboring companies. In recent years, we will build a new disaster-prevention system which reflects our consideration of teleworking initiatives through workstyle reform.

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. To fulfill the social roles expected of companies in disaster prevention and mitigation amid the increasing occurrence of major disasters across the world, we examine and implement specific contribution measures and take actions with an aim to implement the Sendai Framework for Disaster Risk Reduction and contribute to the achievement of the SDGs.

Pest control measures

We regularly take measures to prevent the occurrence of pests at overseas manufacturing sites. We thus prevent damages from pests including red imported fire ants, which have gone on the rampage in the past.

Disaster drills

At overseas sites, we conduct disaster drills once a year. With top priority given to the safety of employees, the drills are aimed at preparing for spread of infection as well as for a fire as in conventional drills.



Lecture on the handling of fire escape equipment given at the new office in Osaka



A pest control measure being taken at a factory in China



An infection control 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 2024, 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

FY2024 Target

- Conducting a joint BCP drill at headquarters, Shizuoka, Osaka, and Iga Logistics Center by assuming Nankai Trough earthquakes

FY2024 Result

- Completed the initial response process and press release template.
- Updated disaster reporting format for sites through BCP drills.
- Organized issues that will arise in the event of a Mt. Fuji eruption and confirmed measures to tackle them.

● Future Plan

In fiscal 2025, the Foster Group will reestablish BCP and resume drills at overseas sites based on last year's BCP drill at domestic sites. We will continue to take actions to increase 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 enjoy 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 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.

The Group responds appropriately to income taxes concerning the global minimum corporate tax rate, which was established based on Pillar Two of the BEPS 2.0 project which has been discussed by the OECD and the G20. For example, the Group examines whether it fulfills exemption criteria based on Country-by-Country Reporting (CbCR).

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 understand that appropriate management of information assets is an important part of the management agenda. To appropriately protect and handle the information assets possessed by the Group, we define the information security policies as follows:

[Information Security Policies](#)

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

- Penetration of the infrastructure for information protection and management on a global basis
- Conduct of risk analyses and plan of concrete preventive measures based on the Business Continuity Plans (BCPs)
- Assurance of the awareness of the information security policies and respective 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 (Verband der Automobilindustrie), the German Association of the Automotive Industry.



Strengthening
governance to
maintain and
increase
stakeholders'
trust in Foster
Electric

FY2024 Target

- Major incidents related to information security:
0 failures

FY2024 Result

0 failures



1. **Kazuhiro Kishi**
CEO

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

3. **Hiroki Miura**
Senior Managing Director

4. **Yasuhide Takahara**
Managing Director

5. **Naoki Kanai**
Director

6. **Minoru Matsumoto**
Independent Director



7. **Kaoru Chujo**
Independent Director

8. **Yoshito Ezure**
Independent Director

9. **Tatsuhito Tanaka**
Corporate Auditor

10. **Satoko Kimoto**
Independent Corporate Auditor

11. **Aiko Oue**
Independent Corporate Auditor

12. **Yukiko Nomura**
Independent Corporate Auditor

Director



Name and position		Kazuhiro Kishi CEO	Akihito Mochizuki CFO, Executive Vice President	Hiroki Miura Senior Managing Director	Yasuhide Takahara Managing Director
Career summary		<p>Mar. 1986 Joined the Company</p> <p>Jun. 2009 Director of the Company</p> <p>Jun. 2010 Director, Acting Head of Mobile Audio Business Division of the Company</p> <p>Apr. 2011 Director, Head of Sales Division of the Company</p> <p>Apr. 2013 Director, Head of MA Business Division of the Company</p> <p>Jun. 2014 Managing Director, Head of MA Business Division of the Company</p> <p>Apr. 2017 Managing Director, Head of New Business Development Division, and Head of Sales & Marketing of the Company</p> <p>Aug. 2019 Managing Director, Head of Sales Division, and Head of Sales & Marketing of the Company</p> <p>Apr. 2020 Managing Director, Head of Sales Division, Head of Sales & Marketing, and in charge of the Americas of the Company</p> <p>Jun. 2023 CEO of the Company (to the present)</p>	<p>Apr. 1988 Joined The Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2018 Managing Executive Officer, Mizuho Financial Group, Inc.</p> <p>May 2021 Advisor of the Company</p> <p>Jul. 2021 Senior Executive Officer, Head of Global Corporate Support Division of the Company</p> <p>Apr. 2022 CFO, Senior Executive Officer, and Head of Global Corporate Support Division of the Company</p> <p>Jun. 2023 CFO, Managing Director, and Head of Global Corporate Support Division of the Company</p> <p>Apr. 2024 CFO, Executive Vice President, and Head of Global Corporate Support Division of the Company (to the present)</p>	<p>Apr. 1985 Joined the Company</p> <p>May 2008 Director, Foster Electric Co., (Hong Kong) Ltd.</p> <p>Oct. 2013 General Director, Foster Electric (Vietnam) Co., Ltd.</p> <p>Nov. 2014 Chairman and General Director, Foster Electric (Vietnam) Co., Ltd.</p> <p>Apr. 2019 Executive Officer, Deputy Head of SP Business Division, and Head of Engineering of the Company / Fellow</p> <p>Aug. 2019 Executive Officer, Head of Engineering Division, and Head of Engineering of the Company / Fellow</p> <p>Jun. 2021 Director, Head of Engineering Division and Head of Engineering of the Company / Fellow</p> <p>Jun. 2023 Managing Director, Head of Engineering Division of the Company / Fellow</p> <p>Apr. 2024 Senior Managing Director, Head of Engineering Division of the Company/ Fellow (to the present)</p>	<p>Apr. 1985 Joined the Company</p> <p>Oct. 2010 Director, Foster Electric Co., (Hong Kong) Ltd.</p> <p>Apr. 2017 Executive Officer, Deputy Head of SP Business Division, and General Manager of Speaker Production Management Department of the Company</p> <p>Aug. 2019 Executive Officer, Head of Automotive Speaker Business, Sales Division of the Company</p> <p>Apr. 2020 Executive Officer, Head of Automotive Speaker Business, Sales Division, and in charge of Asia of the Company</p> <p>Jul. 2020 Senior Executive Officer, Head of Automotive Business, Sales Division, and in charge of Asia of the Company</p> <p>Jun. 2023 Senior Executive Officer, Head of Sales Division, and Head of Asian Region of the Company</p> <p>Jun. 2024 Managing Director, Head of Sales Division, and Head of Asia Region of the Company (to the present)</p>
Term of office		16 years	2 years	4 years	1 year
Skill Matrix	Corporate management	●	●	●	
	International experience/ Global business	●	●	●	●
	Sales/Marketing	●	●		●
	Manufacturing (Production/ Quality)			●	
	Technology/ Development			●	
	Finance		●		
	Legal/Risk management		●		
	Sustainability*	●	●	●	●
	IT・DX		●		
Committee Membership	Industry knowledge	●		●	●
	Nominating Committee	●	●		
	Remuneration Committee	●	●		

*Including the climate-change issues



Name and position		Naoki Kanai Director	Minoru Matsumoto Independent Director	Kaoru Chujo Independent Director	Yoshito Ezure Independent Director
Career summary		<p>Mar. 1986 Joined the Company</p> <p>Sep. 2002 Manager, Sales Department No. 1, Sales Division, Foster Electric Co., (Hong Kong) Ltd.</p> <p>Jan. 2011 President, Foster Electric (Vietnam) Co., Ltd.</p> <p>Apr. 2012 Chairman and President, Foster Electric (Vietnam) Co., Ltd.</p> <p>Apr. 2017 Executive Officer, Deputy Head of Manufacturing Division, and General Manager of Manufacturing Management Department of the Company</p> <p>Apr. 2018 Executive Officer, Head of Manufacturing Division of the Company</p> <p>Oct. 2018 Executive Officer, Head of Manufacturing Division, and Deputy Head of Manufacturing of the Company</p> <p>Apr. 2022 Senior Executive Officer, Head of Manufacturing Division, and Head of Manufacturing of the Company</p> <p>Jun. 2023 Senior Executive Officer Head of Manufacturing Division of the Company</p> <p>Jun. 2024 Director, Head of Manufacturing Division of the Company (to the present)</p>	<p>Oct. 1983 Joined Tohatsu Aoki Audit Firm (currently Deloitte Touche Tohmatsu LLC)</p> <p>Mar. 1987 Registered as Certified Public Accountant</p> <p>Sep. 2012 Resigned from Deloitte Touche Tohmatsu LLC</p> <p>Oct. 2013 Set up Minoru Matsumoto CPA Office (to the present)</p> <p>Jun. 2014 Outside Corporate Auditor, Sanshin Electronics Co., Ltd.</p> <p>Feb. 2015 Outside Corporate Auditor, JASTEC Co., Ltd.</p> <p>Jun. 2015 Independent Director of the Company (to the present)</p> <p>Feb. 2016 Outside Director (Audit and Supervisory Committee Member), JASTEC Co., Ltd.</p> <p>Mar. 2021 Outside Audit & Supervisory Board Member, Toyo Ink SC Holdings Co., Ltd. (currently, artience Co., Ltd.)</p> <p>Mar. 2022 Outside Director (Audit & Supervisory Committee Member), Toyo Ink SC Holdings Co., Ltd. (currently artience Co., Ltd.) (to the present)</p> <p>Oct. 2022 Representative Partner of Terada Accounting Tax Corporation (to the present)</p>	<p>Apr. 1983 Joined Fujitsu Limited</p> <p>Mar. 2000 IP Networking Research Senior Researcher, Fujitsu Laboratories of America, Inc.</p> <p>Dec. 2009 General Manager, Advanced Technologies Division, Mobile Phone Business Unit of Fujitsu Limited</p> <p>Jun. 2013 General Manager, Advanced Technologies Division, Ubiquitous Business Strategy Unit of Fujitsu Limited</p> <p>Feb. 2016 General Manager, Ubiquitous IoT Business Unit of Fujitsu Limited</p> <p>Apr. 2017 General Manager, AI Service Business Unit of Fujitsu Limited</p> <p>Jul. 2019 Executive Director in charge of AI alliance, Software Business Unit of Fujitsu Limited</p> <p>Dec. 2020 Founded SoW Insight, Inc., President and CEO (to the present)</p> <p>Jun. 2021 Outside Director, ITOCHU-SHOKUHIN Co., Ltd. (to the present)</p> <p>Jun. 2021 Independent Director of the Company (to the present)</p> <p>Apr. 2022 Outside Director, Mitsubishi UBE Cement Corporation (to the present)</p>	<p>Apr. 1982 Joined Sony Corporation</p> <p>Apr. 1992 Managing Director, Sony Hellas S.A.</p> <p>Mar. 2004 President, Sony Logistics of America</p> <p>Jan. 2007 President, Sony Latin America, Inc.</p> <p>Jun. 2010 Representative Director and President, Sony Supply Chain Solutions, Inc.</p> <p>Jun. 2012 Corporate Executive, SVP, and President of Logistics Group, Sony Corporation</p> <p>Jan. 2014 Business Executive, SVP, and Senior General Manager of Energy Division, Device Solutions Business Group, Sony Corporation</p> <p>Jan. 2015 Representative Director and President, Sony Energy Devices Corporation</p> <p>Sep. 2017 Vice President, Director of Energy Device Division, Module Business Unit, Murata Manufacturing Co., Ltd.</p> <p>Apr. 2019 Executive Officer, Deputy Executive General Manager of International Business Division, METAWATER Co., Ltd.</p> <p>Apr. 2024 Executive Advisor, METAWATER Co., Ltd. (to the present)</p> <p>Jun. 2024 Trustee, International Christian University (to the present)</p> <p>Jun. 2025 Independent Director of the Company (to the present)</p>
Term of office		1 year	10 years	4 years	Appointed in June 2025
Skill Matrix	Corporate management	●		●	●
	International experience/ Global business	●	●	●	●
	Sales/Marketing	●			●
	Manufacturing (Production/ Quality)	●			
	Technology/ Development			●	
	Finance		●		
	Legal/Risk management				
	Sustainability*	●		●	
	IT•DX			●	
	Industry knowledge	●			●
Committee Membership	Nominating Committee		● (Chairperson)	●	●
	Remuneration Committee		● (Chairperson)	●	●

*Including the climate-change issues

Corporate Auditor



Tatsuhito Tanaka
Standing Corporate Auditor

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 Standing Corporate Auditor of the Company (to the present)



Satoko Kimoto
Independent Corporate Auditor

Apr. 1983 Joined 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 Independent Corporate Auditor of the Company (to the present)



Aiko Oue
Independent Corporate Auditor

Jan. 2017 Admitted to 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 of Kakiyasu Honten Co., Ltd. (to the present)
Jan. 2022 Returned to Nakamoto Law Office
Jun. 2022 Outside Director of Sourcnext Corporation (to the present)
Jun. 2022 Independent Corporate Auditor of the Company (to the present)
Jan. 2023 Joined JXL Partners (to the present)



Yukiko Nomura
Independent Corporate Auditor

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. (to the present)
Nov. 2023 External Director, UPR Corporation (to the present)
Jun. 2025 Independent Corporate Auditor of the Company (to the present)

Executive Officer



Yuji Sakuta
Senior Executive Officer

Head of Speaker Business,
Head of European Region,
Sales Division



Hiroyuki Akutsu
Executive Officer

Head of Mobile Audio Business,
Sales Division



Masaru Ono
Executive Officer

General Manager,
Quality Assurance Division



Tsuyoshi Yamagishi
Executive Officer

Acting General Manager,
Manufacturing Division



Nguyen Quan Hoang
Executive Officer (Part-time)

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



Tan GuiHai
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.



Takashi Asukagawa
Executive Officer (Part-time)

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

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 Indices 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 CO₂ emissions data) for the eighth consecutive year, an ESG index which was adopted by the GPIF since 2018.



Selected as a constituent of SOMPO Sustainability Index (fiscal 2024)

May 2024: We have been selected as a constituent of the SOMPO Sustainability Index, which is operated by Sompo Asset Management Co., Ltd., for the ninth consecutive year. The index places weight on the ESG evaluation by rating firms.



Nikkei Sustainable Comprehensive Survey: Smart Work Management Edition

November 2024: We were rated 3.5 stars in the above survey recognizing leading companies that drive a productivity revolution through workstyle reforms.



Global

CDP

February 2025: We received the “B: Management Level” for Climate Change and “B-: Management Level” for Water Security category for the 2024 survey by CDP, a British non-profit organization that evaluates and discloses information on organizations’ environmental management. (CDP applies an eight-point scale consisting of A, A-, B, B-, C, C-, D, and D-.)



EcoVadis

March 2025: We received a gold medal 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 one of the companies in the Asia-Pacific Climate Change Leaders 2025

June 2025: We were ranked among the top 350 companies that contribute to reducing greenhouse gas emissions in the “Asia-Pacific Climate Leaders 2025,” which were jointly conducted by the Financial Times (U.K.) and Statista (Germany).

Surveys from External Organizations

We respond sincerely to the sustainability surveys received from external investigatory bodies.

In fiscal 2024, we responded to a total of seven surveys, including the survey for the Toyo Keizai CSR Ranking, the Nikkei SDGs Management Survey, the Nikkei Smart Work Management Survey, and a survey on socially responsible investments by The Good Bankers Co., Ltd. We will continue to respond to survey requests from external investigatory bodies with sincerity and make use of the survey results and what we learn from the surveys in initiatives to enhance the corporate value of the Foster Electric.

Job Satisfaction and Creation of Comfortable Workplace Evaluations Received in Japan



New Diversity Management Selection 100 (2018)



Top 100 Telework Pioneers (fiscal 2018)



“Kurumin” Certification (obtained in 2021)



2025 Health and Productivity Management Outstanding Organizations (fiscal 2025)
*Certified for consecutive years since 2019.



Excellent Company in Health
*Certified for consecutive years since 2018.

Financial Summary (10 years)

	Unit	FY2015 82nd term	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
Financial Results											
Net sales	Million yen	190,928	160,896	184,800	140,303	107,298	85,220	91,106	121,338	122,447	137,607
Gross profit	Million yen	27,052	17,369	24,359	17,534	14,687	11,123	7,484	16,155	18,836	24,123
Gross profit margin	%	14.2%	10.8%	13.2%	12.5%	13.7%	13.1%	8.2%	13.3%	15.4%	17.5%
Operating income	Million yen	10,351	2,963	9,307	3,937	2,064	0.7	-7,757	2,445	4,412	6,796
Operating profit margin	%	5.4%	1.8%	5.0%	2.8%	1.9%	0.0%	-8.5%	2.0%	3.6%	4.9%
EBITDA ^{*1}	Million yen	15,803	9,885	17,462	8,345	5,223	3,149	-4,548	6,010	7,609	9,988
EBITDA margin	%	8.3%	6.1%	9.4%	5.9%	4.9%	3.7%	-5.0%	5.0%	6.2%	7.3%
Profit	Million yen	6,833	1,088	4,265	-2,026	1,565	-3,363	-7,017	848	2,304	3,902
Cash flows from operating activities	Million yen	24,057	4,372	8,153	17,961	11,092	739	-12,767	354	15,428	14,831
Cash flows from investing activities	Million yen	-3,946	-11,089	-7,131	-3,425	516	-1,960	-3,071	-1,321	-8,539	-844
Free cash flow ^{*2}	Million yen	20,111	-6,717	1,022	14,536	11,608	-1,221	-15,838	-967	6,889	13,987
Cash flows from financing activities	Million yen	-6,676	1,690	-2,859	-2,937	-8,823	-2,624	6,771	1,776	-4,440	-9,884
Capital expenditures	Million yen	5,843	10,262	5,937	3,994	4,328	2,131	2,749	2,559	4,810	3,816
Depreciation	Million yen	5,452	6,922	8,155	4,408	3,159	3,148	3,209	3,565	3,197	3,192
R&D expense	Million yen	2,714	2,305	2,421	2,380	2,740	2,476	2,619	2,780	3,147	3,391
^{*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	17,858	12,037	10,150	21,524	23,930	20,373	12,089	13,646	17,034	20,771
Interest-bearing debt	Million yen	8,761	13,376	11,702	14,605	6,542	5,203	13,366	17,456	15,128	7,152
Net assets	Million yen	67,017	63,901	66,792	59,294	58,995	55,993	51,632	56,515	64,319	68,731
Per Share Information											
Earnings per share (EPS)	Yen	255.44	41.16	165.78	-83.21	69.15	-148.47	-315.53	38.23	103.70	174.98
Book value per share (BPS)	Yen	2,350.26	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
Dividends	Yen	50	40	55	20	35	15	10	20	25	60
Dividend payout ratio	%	19.6%	97.2%	33.2%	-	50.6%	-	-	52.3%	24.1%	34.3%
Other Financial Indicators											
ROIC ^{*3}	%	13.3%	1.8%	10.3%	3.8%	2.2%	-0.6%	-14.9%	2.6%	4.8%	8.5%
ROE	%	11.0%	1.8%	7.0%	-3.5%	2.9%	-6.4%	-14.4%	1.7%	4.2%	6.6%
Overseas sales ratio	%	93.2%	91.2%	91.7%	87.5%	83.7%	79.1%	80.0%	81.3%	79.6%	83.5%
Equity ratio	%	63.7%	58.2%	61.5%	59.5%	66.5%	65.6%	54.7%	55.0%	56.5%	57.0%
^{*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 (*outsources), 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 (2)	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS, SHIZUOKA OFFICE, OSAKA OFFICE, IGA WAREHOUSE), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsources), GUANGZHOU FOURSTAR ELECTROACOUSTIC TECH CO.,LTD., FOSTER ELECTRIC CO (HEYUAN), LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTER ELECTRIC (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 (3)	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS, SHIZUOKA OFFICE, OSAKA OFFICE, IGA WAREHOUSE), GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY (*outsources), GUANGZHOU FOURSTAR ELECTROACOUSTIC TECH CO.,LTD. FOSTER ELECTRIC CO., (HEYUAN) LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTER ELECTRIC (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. (EL PASO OPERATIONS), FOSTER ELECTRIC (EUROPE) GmbH, FOSTER ELECTRIC (HUNGARY) Kft.
Significant locations of operations (GRI's definition):	Headquarters and fifteen overseas sites of the Company with large net sales Breakdown: FOSTER ELECTRIC CO., LTD. (HEADQUARTERS), FOSTER ELECTRIC CO., (HONG KONG) LTD., GUANGZHOU FOURSTAR ELECTROACOUSTIC TECH CO.,LTD. FOSTER ELECTRIC CO., (GUANGZHOU) 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 (*outsources), FOSTER ELECTRIC CO (HEYUAN), LTD., FOSTER ELECTRIC (VIETNAM) CO., LTD., FOSTER ELECTRIC (DA NANG) CO., LTD., FOSTER ELECTRIC (QUANG NGAI) CO., LTD., FOSTER ELECTRIC (BACNINH) CO., LTD., FOSTER ELECTRIC (THILAWA) CO., LTD., FOSTER ELECTRIC (U.S.A.), INC. (EL PASO OPERATIONS), FOSTER ELECTRIC (THAILAND) CO., LTD., FOSTER ELECTRIC (EUROPE) GmbH

"-" in the columns for fiscal 2021 to 2022 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	2021	2022	2023	2024	Boundary	GRI Standards
Costs for measures taken to manage risks and opportunities - total environmental protection expenditures and investments								
Environmental preservation cost (classification through business operations)								
(1) Business area cost			28,599	26,338	60,825	76,825		
(1)-1 Pollution prevention costs	Air and water control-related prevention countermeasures		6,971	3,756	12,786	5,838		
(1)-2 Global environmental conservation costs	Prevention of global warming and energy-saving measures		3,479	1,632	1,230	750	Non-consolidated	201-2
(1)-3 Resource circulation costs	Waste disposal and recycling	Thousand yen	18,149	20,950	46,809	70,238		
(2) Upstream/downstream cost: Green purchasing expenses			0	0	0	0		
(3) Administration costs: Environmental education, EMS construction expenses etc.			12,486	13,345	8,962	11,410		
(4) R&D costs: Research and development, etc.			1,597,994	1,587,556	1,835,937	1,966,874		
(5) Social activity costs	Tree planting, etc.		342	529	779	881		
(6) Environmental damage handling costs			0	0	0	0		
Total			1,639,421	1,627,768	1,906,503	2,055,991		
(Note) **"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	Boundary	GRI Standards
Greenhouse gas emissions	Scope 1	t-CO ₂	1,953	1,501	1,214	1,152	1,083	1,147	1,387		
	Scope 2	t-CO ₂	71,243	58,564	51,333	48,354	41,292	46,261	44,012		
	Scope 1+ Scope 2	t-CO ₂	73,196	60,065	52,547	49,505	42,375	47,408	45,398		
	Net sales	100 million yen	1,205	876	675	594	731	774	807	Consolidated (1)	302-3, 305-2, 305-5
	Emission intensity per unit of revenue	(t-CO ₂ /100 million yen)	61	69	78	83	58	61	56		
	Carbon dioxide	t-CO ₂	73,196	60,065	52,547	49,505	42,375	47,408	45,398		
	Methane	t-CO ₂	0.03	0.03	0.02	0	0	0.02	0		
	Dinitrogen monoxide	t-CO ₂	0.06	0.05	0.04	0	0	0.03	0		

• CO₂ conversion factor (Electric) Japan: Ministry of the Environment, 2021 factor based on CO₂ conversion factor of electric power supplier (2023)
Overseas: Fiscal 2021 factor based on IEA CO₂ Emissions Factors 2023

• CO₂ conversion factor (Fuel) Japan/overseas: Factor based on the "Greenhouse gas emissions calculation and report manual" released by the Ministry of the Environment, Ministry of Economy, Trade and Industry.

• The IPCC Fifth Assessment Report (AR5) 100 year values are used.

• We have set a medium-term target of reducing 50% from a FY2018 base-year by 2030 based on the 1.5-degree target of Science Based Targets.

• Net sales: Amount of consolidated net sales excluding ESTec CORPORATION

*The scope of sites, actual sales and per sales unit for FY2019 and thereafter were corrected reflecting revisions of targets and data.

Scope 3	Upstream categories	1. Purchased products and services	190,087	147,202	117,453	139,466	121,972	126,523	127,880		
		2. Capital goods	8,109	8,697	3,573	4,288	4,549	9,299	8,144		
		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	6,006		
		4. Upstream transportation and distribution	25,014	23,972	16,640	20,597	11,560	10,740	12,002		
		5. Waste generated from operation	t-CO ₂	3,104	2,140	2,189	1,251	932	796	778	Consolidated (1)
		6. Business trip	612	1,661	352	321	607	621	1,491		305-3
		7. Employee commute	6,914	4,309	3,562	3,066	2,817	2,804	2,792		
	Downstream categories	9. Downstream transportation and distribution	3,225	3,206	2,237	2,809	2,316	2,059	1,369		
		11. Use of sold products	74,357	73,323	155,887	160,565	111,952	129,611	124,646		
		12. Disposal of sold products	5,147	4,945	9,095	2,843	2,139	2,653	4,105		
	Total		321,344	277,046	317,752	341,667	264,444	290,646	289,212		

*Results for fiscal 2019 and after were corrected reflecting the addition of sites in the scope.

Consumption of resources		Unit	2021	2022	2023	2024	Boundary	GRI Standards
Energy consumption within the organization	Total consumption	MWh	97,172	86,046	86,058	91,881		
	Renewable energy							
	Total consumption	MWh	-	1,149	3,230	9,301		
	Solar power generation	MWh	-	1,108	2,194	2,352		
	Total consumption	MWh	97,172	84,938	83,828	82,580		
	Electricity	MWh	91,826	79,700	78,612	83,766	Consolidated (2)	302-1
	Kerosene	liter	9,556	8,051	5,396	70		
	Gasoline	liter	178,885	137,869	151,620	111,826		
	Light oil	liter	30,142	38,687	89,169	100,130		
	LPG	kg	88,261	68,840	57,394	219,258		
	Natural gas	m ³	151,734	188,027	150,016	83,630		
	City gas	m ³	10,813	11,301	11,819	14,498		

Consumption of resources			Unit	2021	2022	2023	2024	Boundary	GRI Standards
Energy consumption within the organization	Breakdown by site	Japan	MWh	3,160	2,584	2,475	1,656	-	302-1
		Asia		92,021	81,085	81,731	89,515		
		North America		1,902	2,302	1,802	707		
		Europe		89	75	51	649		
*Calorific Value (Fuel): Japan/Overseas: Factor based on the “Greenhouse gas emissions calculation and report manual” released by the Ministry of the Environment, Ministry of Economy, Trade and Industry.									
*The scope of sites was changed in FY2021.									
Water withdrawal and Water discharge	Total	Total water withdrawal	m³	954,475	761,419	691,447	764,982	Consolidated (2)	303-3
		Total water discharge		764,924	527,125	511,864	593,061		
		Total water consumption		189,551	234,295	179,583	171,921		
	Japan	Total water withdrawal		8,828	9,128	8,913	9,434		
		Total water discharge		8,387	8,672	8,467	8,962		
		Total water consumption		441	456	446	472		
	Asia	Total water withdrawal		943,894	750,531	681,014	753,466		
		Total water discharge		755,133	517,043	502,179	582,401		
		Total water consumption		188,761	233,488	178,835	171,065		
	North America	Total water withdrawal		1,741	1,748	1,508	1,872		
		Total water discharge		1,393	1,398	1,206	1,498		
		Total water consumption		348	350	302	374		
	Europe	Total water withdrawal		12	12	12	210		
		Total water discharge		11	11	11	200		
Total water consumption		1	1	1	10				
Water resources	Total emissions		m³	189,551	234,295	179,583	171,921	Consolidated (2)	303-3, 303-4, 303-5
	Total water withdrawal	Total		954,475	761,419	691,447	764,982		
		Surface water		-	-	-	-		
		Groundwater		-	-	-	-		
		Seawater		-	-	-	-		
		Produced water		-	-	-	-		
		Third-party water		954,475	761,419	691,447	764,982		
	Total water discharge	Total		764,924	527,125	511,864	593,061		
		Surface water		-	-	-	-		
		Groundwater		-	-	-	-		
		Seawater		-	-	-	-		
		Produced water		-	-	-	-		
		Third-party water		764,924	527,125	511,864	593,061		
Waste directed to disposal	Hazardous waste directed to disposal	Total waste	ton	273.29	212.79	246.50	237.40	Consolidated (3)	306-3, 306-5
		Recycling		53.24	52.52	60.21	50.35		
		Landfill		220.05	160.10	185.38	187.05		
	Non-hazardous waste directed to disposal	Total waste		3,345.59	4,480.09	3,518.78	3,598.59		
		Recycling		2,219.35	3,028.99	2,615.24	2,699.94		
		Landfill		1,126.24	1,451.11	903.54	877.20		

Procurement (Environment)	Unit	2021	2022	2023	2024	Boundary	GRI Standards
Recycled input materials used	%	7	9	8	14	All procurement sites	301-2
*Percentage of recycled materials among all the resin materials purchased						All procurement sites	308-1
New suppliers that were screened using environmental criteria	%	100	100	100	100	All procurement sites	308-1

● Social

Number of employees			Unit	2021	2022	2023	2024	Boundary	GRI Standards
Directly hired employees (Number of employees) ¹⁾	Gender	Total	People	534	503	504	520	Non-consolidated	401-1
		Male		407	376	365	376		
		Female		127	127	139	144		
		Total	People	16,275	17,956	15,654	14,980	Consolidated	
		Male		3,428	3,804	3,429	3,532		
		Female		12,847	14,152	12,225	11,448		
	By region	Total	People	16,275	17,956	15,654	14,980		2-7
		Japan		597	573	546	564		
		China		3,649	3,911	3,920	3,812		
		Asia and Oceania		11,919	13,356	11,011	10,379		
		North America		78	83	125	135		
		South America		0	0	0	0		
		Europe, Africa and Middle East		32	33	52	90		
Indirectly hired employees ¹⁾	Temporary employees	Total	People	687	544	307	525		
		Male		-	215	171	207		
		Female		-	329	136	318		
Ratio of non-regular employees (contract employees + temporary employees) ¹⁾	Gender	Total	People	-	967	472	705		-
		Male		-	319	277	319		
		Female		-	648	195	386		
		Male	%	-	9.3	7.7	8.5		
		Female		-	5.4	1.6	3.3		
Number of new graduates who were recruited		Total	People	7	15	14	14	Non-consolidated	-
		Male		4	7	9	10		
		Female		3	8	5	4		
Number and ratio of new employee hires ²⁾	Gender	Total	People	17	23	41	48	Non-consolidated	401-1
		Male		11	15	28	35		
		Female		6	8	13	13		
		Total	%	3.0	4.3	8.3	9.3		
		Male		2.6	3.8	7.8	9.4		
		Female		4.3	6.1	9.6	9.0		
	Age	Less than 30 year old	People	8	15	20	22		
		30-50 year old		7	4	17	24		
		Over 50 year old		2	4	4	2		
		Less than 30 year old	%	13.3	22.7	28.6	31.9		
		30-50 year old		2.3	1.5	7.4	10.3		
		Over 50 year old		1.3	1.9	2.0	0.9		
		Number and ratio of new employee hires ²⁾	Gender	Total	People	7,812	5,177	5,811	
Male	2,049			1,099		1,208	1,221		
Female	5,763			4,078		4,603	3,649		
Total	%			43.8	25.4	38.3	31.4		
Male				66.2	25.9	37.7	36.1		
Female				39.1	25.3	38.5	30.0		
Age	Less than 30 year old		People	5,180	3,307	3,746	2,956		
	30-50 year old			2,578	1,853	2,021	1,798		
	Over 50 year old			54	17	44	116		

Number of employees		Unit	2021	2022	2023	2024	Boundary	GRI Standards
Number and ratio of new employee hires ²	Less than 30 year old		83.8	61.0	78.1	61.0	Consolidated ⁴	
	30-50 year old	%	23.2	13.0	20.8	18.2		
	Over 50 year old		9.8	2.6	7.0	14.4		
Total employee turnover and turnover rate ³	Gender	Total	-	40	33	21	Non-consolidated	401-1
		Male	People	-	36	26		
		Female		-	4	7		
	Age	Total		-	7.5	6.3		
		Male	%	-	9.0	7.0		
		Female		-	3.1	4.7		
	Less than 30 year old	People	-	5	4	2		
		30-50 year old		-	19	15		
		Over 50 year old		-	16	14		
	30-50 year old	%	-	7.6	5.7	2.9		
			-	7.3	6.3	3.9		
		Over 50 year old		-	7.8	6.5		

*1 As of March 31 of each year

*2 New employee hires rate = $\frac{\text{New employee hires for the period from April 1 to March 31 (of the following year)}}{\text{Total number of employees as of April 1 of each year}}$

*3 Employee turnover rate = $\frac{\text{Employee turnover for the period from April 1 to March 31 (of the following year)}}{\text{Total number of employees as of April 1 of each year}}$

*4 Figures for new employee hires, employee turnover, and turnover rate tend to be high at manufacturing sites because staff are assigned in accordance with changes in production volume.

Diversity, equity and inclusion (DE & I)			Unit	2021	2022	2023	2024	Boundary	GRI Standards
Diversity of employees ¹	Gender	Male	%	76.2	74.8	72.4	72.3	Non-consolidated	405-1
		Female		23.8	25.2	27.6	27.7		
	Age	Less than 30 year old		9.7	10.9	12.9	14.4		
		30-50 year old	%	51.1	46.5	44.4	44.8		
		Over 50 year old		39.1	42.5	42.7	40.8		
	Gender	Male	%	21.1	21.4	21.9	23.6	Consolidated	
		Female		78.9	78.6	78.1	76.4		
	Age	Less than 30 year old		36.0	31.3	31.4	31.3		
		30-50 year old	%	60.0	64.1	63.8	63.1		
		Over 50 year old		4.0	4.6	4.8	5.7		
Percentage of female employees ¹			%	79.0	78.6	77.4	75.9	Consolidated	405-1
Percentage of female managers ²			%	-	31.0	26.5	25.3		-
Percentage of women to junior managers ²			%	-	43.3	31.8	28.9		-
Proportion of senior management hired from the local community ¹	Japan	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		100.0	95.1	98.4	96.7	Significant locations of operations	202-2
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies		76.3	57.1	83.3	100.0		
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies		72.0	80.0	75.0	78.6		
		FOSTER ELECTRIC (THAILAND) CO., LTD.	%	-	80.0	100.0	66.7		
		ESTec CORPORATION and group companies		89.6	52.0	89.3	87.3		
	North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies		100.0	50.0	100.0	100.0		
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies		100.0	100.0	100.0	100.0			
Employment rate of persons with disabilities			%	2.3	2.1	2.0	3.1	Non-consolidated	405-1
Percentage of overseas human resources ⁴			%	9.8	11.0	12.2	11.9		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%)	Non-consolidated	-
		Nationality with the 2nd highest ratio		-	China (4.2%)	Vietnam (4.8%)	China (4.2%)		
		Nationality with the 3rd highest ratio		-	Vietnam (1.4%)	China (4.4%)	Vietnam (3.8%)		
		Nationality with the 4th highest ratio		-	Myanmar (1.2%)	Myanmar (1.2%)	Myanmar (1.2%)		
		Other nationalities		-	Others (1.6%)	Others (1.6%)	Others (1.9%)		
	Nationalities of managers and their ratios ³	Nationality with the highest ratio	People	-	Japan (94%)	Japan (96.6%)	Japan (95.2%)		
		Nationality with the 2nd highest ratio		-	China (1.8%)	China (1.4%)	Korea (2.1%)		
		Nationality with the 3rd highest ratio		-	Korea (1.2%)	Korea (1.4%)	China (1.4%)		
		Nationality with the 4th highest ratio		-	Vietnam (1.2%)	Taiwan (0.7%)	Taiwan (0.7%)		
		Other nationalities		-	Others (1.8%)	-	Others (0.7%)		

*1 As of March 31 of each year.

*2 As of March 1 of each year. The percentage of female managers was calculated based on the number of middle-ranking and senior managers (equivalent to department and section managers). The percentage of female junior managers was calculated based on the number of employees in positions equivalent to section managers.

*3 Some of the values for FY2021 and FY2023 have been revised.

*4 The number of officers is included.

Parental leave		Unit	2021	2022	2023 ⁶	2024	Boundary	GRI Standards
Parental leave ¹	Number of employees entitled to parental leave	Total	16,269	14,897	14,644	14,614	Consolidated	401-3
		Male	3,419	3,152	3,314	3,501		
		Female	12,840	11,745	11,330	11,113		

Parental leave			Unit	2021	2022	2023 ⁶	2024	Boundary	GRI Standards
Parental leave ¹	Number of employees who took childcare leave ³	Total	People	981	624	782	668	Consolidated	401-3
		Male		109	75	150	123		
		Female		872	549	632	545		
	Number of employees who returned to work ⁴	Total	People	896	540	613	600		
		Male		107	77	141	120		
		Female		789	463	472	480		
	Number of retained employees ⁵	Total	People	803	436	417	472		
		Male		146	64	69	98		
		Female		657	372	348	374		
	Return to work rate ⁴	Total	%	94.9	90.3	79.8	92.9		
		Male		99.1	98.7	97.9	99.2		
		Female		94.4	89.0	75.6	91.4		
	Retention rate ⁵	Total	%	76.3	65.1	67.6	74.7		
		Male		90.7	83.1	60.5	77.8		
		Female		76.3	62.7	69.2	73.9		
The male parental leave uptake rate ⁷				%	57.1	62.5	60.0	125.0	Non-consolidated

*1 The employees who have taken parental leave who are assigned to overseas sites are counted locally.

*2 Total number of employees that were entitled to parental leave during the reporting period

*3 Total number of employees that were entitled to and took parental leave during the reporting period

*4 The number of employees due 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 Some figures regarding the number in FY2023 were corrected.

*7 The male parental leave uptake rate was calculated by dividing the number of male employees who took parental leave during the fiscal year by the number of male employees whose spouses gave birth. The ratio may be greater than 100% if the fiscal year of the child's birth differs from the fiscal year when childcare leave was taken. If childcare leave spans multiple fiscal years, the employee is counted in the fiscal year when the leave began.

Health and safety			Unit	2021	2022	2023	2024	Boundary	GRI Standards
Work-related injuries	Work-related fatalities	Total		0	0	0	0	Non-consolidated	403-9
		Directly hired employees	People	0	0	0	0		
		Indirectly hired employees		0	0	0	0		
		Total		0	0	0	0	Consolidated	
		Directly hired employees	People	0	0	0	0		
		Indirectly hired employees		0	0	0	0		
	The main type of 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		0	0	0	0	Non-consolidated	
		Directly hired employees	People	0	0	0	0		
		Indirectly hired employees		0	0	0	0		
		Total		0	1	0	0	Consolidated	
		Directly hired employees	People	0	1	0	0		
		Indirectly hired employees		0	0	0	0		
	The main type of injury			-	Bone fracture	-	-		
	Occupational accident frequency rate ²	Directly hired employees		0.00	0.03	0.00	0.00		
		Indirectly hired employees		0.00	0.00	0.00	0.00		

Health and safety			Unit	2021	2022	2023	2024	Boundary	GRI Standards	
Work-related injuries	Recordable work-related injuries	Total		0	1	1	1	Non-consolidated	403-9	
		Directly hired employees	People	0	1	1	1			
		Indirectly hired employees		0	0	0	0			
		Total		46	31	25	27			
		Directly hired employees	People	43	30	25	25			
		Indirectly hired employees		3	1	0	2			
	The main type of injury			Cutting, bruise, sprain, burn, etc.	Bone fracture, cutting, bruise, sprain, chemical ocular injury, etc.	Bone fracture, bruise, bone fracture, foot/back injury	Cutting, bruise, bone fracture, burn, sprain			
	Occupational accident frequency rate ³	Directly hired employees		1.05	0.95	0.76	0.79			
		Indirectly hired employees		2.03	0.85	0.00	1.84			
	The number of hours worked	Total		35,657,326	32,821,403	33,707,891	32,641,834	Consolidated		
		Directly hired employees	Hours	34,179,000	31,649,902	33,097,562	31,556,265			
		Indirectly hired employees		1,478,325	1,171,501	610,329	1,085,570			
	Total of all occupational accidents	LTIFR ⁴	Directly hired employees		-	-	0.76	0.79		
			Indirectly hired employees		-	-	0.00	1.84		
		Severity rate ⁵	Directly hired employees		-	0.01	0.01	0.02		
			Indirectly hired employees		-	0.00	0.00	0.00		

*Some values for FY2021, FY2022, and FY2023 were corrected to reflect the revision of the calculation method.

*1 Rate of fatalities as a result of work-related injury = $\frac{\text{Number of fatalities as a result of work-related injury} \times 1,000,000}{\text{Number of hours worked}}$

*2 The rate of high-consequence work-related injuries = $\frac{\text{Number of high-consequence work-related injuries (excluding fatalities)} \times 1,000,000}{\text{Number of hours worked}}$

*3 Rate of recordable work-related injuries = $\frac{\text{Number of recordable work-related injuries} \times 1,000,000}{\text{Number of hours worked}}$

*4 Lost time injury frequency rate (LTIFR) = $\frac{\text{Number of lost time injuries} \times 1,000,000}{\text{Total work hours}}$

*5 Severity rate = $\frac{\text{Total number of lost workdays} \times 1,000}{\text{Total number of hours worked}}$

Work-related ill health	Fatalities	Total		0	0	0	0	Consolidated	403-10
		Directly hired employees	People	0	0	0	0		
		Indirectly hired employees		0	0	0	0		
	Number of people in ill health	Total		0	0	0	0		
		Directly hired employees	People	0	0	0	0		
		Indirectly hired employees		0	0	0	0		
	Main reasons for work-related ill health	Total		-	-	-	-		

Human resource development		Unit	2021	2022	2023*	2024	Boundary	GRI Standards
Average hours of training per year per employee	Total	Hours	11	21	38	37	Non-consolidated	404-1
	Male		11	25	37	37		
	Female		11	20	41	37		
	Management		9	10	12	31		
	Regular employees		12	23	46	39		
	Total	Hours	17	26	26	30	Consolidated	
	Male		16	29	29	31		
	Female		17	26	25	30		
	Management		31	36	16	22		
	Regular employees		16	25	26	30		

Human resource development			Unit	2021	2022	2023*	2024	Boundary	GRI Standards		
Percentage of employees receiving regular performance and career development reviews	Total			95.9	94.8	91.9	91.1	Non-consolidated	404-3		
	Male			97.5	96.0	92.2	91.7				
	Female	%		90.6	91.3	91.1	89.4				
	Management			100.0	98.6	100.0	97.7				
	Regular employees			94.7	93.3	89.0	88.8				
	Total			53.2	57.0	46.7	49.8	Consolidated			
	Male			70.1	72.0	60.1	64.1				
	Female	%		48.9	52.0	43.0	45.3				
	Management			95.4	95.0	72.3	81.0				
	Regular employees			51.5	54.0	45.7	48.5				
*Some values for fiscal 2023 were corrected.											
Percentage of employees who gave positive answers in the engagement survey			%	-	71.8	75.0	78.5	Non-consolidated	-		
Measures related to human rights			Unit	2021	2022	2023	2024	Boundary	GRI Standards		
Employee training on human rights policies or procedures	Total hours	Hours	1,121	726	1,176	1,298	Non-consolidated	412-2			
			66,594	54,569	32,804	32,998	Consolidated				
	Ratio of employees who received the training	%	99.6	99.8	100.0	100.0	Non-consolidated				
			94.5	96.4	90.1	98.1	Consolidated				
Ratio of security personnel trained in human rights policies or procedures			%	100.0	100.0	100.0	100.0	Non-consolidated	410-1		
				98.1	100.0	100.0	100.0	Consolidated			
Social contribution			Unit	2021	2022	2023	2024	Boundary	GRI Standards		
Expenses for social contribution activities	Expenses for activities	Total	Thousand yen	-	9,732.0	7,627.1	8,415.4	Consolidated	-		
		Cash donations		-	8,236.1	7,244.8	6,945.1				
		Voluntary activities by employees		-	5.0	47.6	300.2				
		In-kind donations		-	1,490.9	334.7	1,170.1				
Payments and benefits			Unit	2021	2022	2023	2024	Boundary	GRI Standards		
Wage gap between men and women at headquarters	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		% ¹⁾		Basic salary	Total amount of remuneration	Basic salary	Total amount of remuneration	Non-consolidated		
	Gender wage gap among all employees			-	-	77.0	-	78.8		-	79.4
	Gender wage gap among regular employees			-	-	77.9	-	80.4		-	81.0
	Gender wage gap among contract employees			-	-	70.7	-	65.7		-	64.8
Ratio of basic salary and remuneration of women to men	Directly hired employees - Managers		% ¹⁾						Significant locations of operations		
	Japan	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		-	101.9	92.6	101.8	92.9		100.0	92.4
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies		-	83.9	77.1	78.3	77.7		65.8	69.3
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies		-	100.0	106.5	100.0	100.0		100.0	97.3
		FSK(Thailand) Co.,Ltd.		-	-	-	100.0	100.0		125.1	124.8
		ESTec CORPORATION and group companies		-	96.8	96.3	99.9	96.5		98.2	92.6
	USA	FOSTER ELECTRIC (U.S.A.), INC. and group companies		-	88.0	84.7	94.1	100.0		100.0	100.0
	Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies		-	- ²⁾	- ²⁾	- ²⁾	- ²⁾		- ²⁾	- ²⁾
				-	- ²⁾	- ²⁾	- ²⁾	- ²⁾		- ²⁾	- ²⁾
				-	- ²⁾	- ²⁾	- ²⁾	- ²⁾		- ²⁾	- ²⁾

Payments and benefits			Unit	2021	2022	2023	2024	Boundary	GRI Standards	
Ratio of basic salary and remuneration of women to men	Directly hired employees - Non-management employees									
	Japan	FOSTER ELECTRIC CO., LTD. (HEADQUARTERS)		-	100.5	81.0	107.6	84.4	86.4	
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies		-	111.4	95.0	78.3	76.4	80.2	
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies	% ¹	-	100.0	89.6	100.0	100.0	81.5	
		FSK(Thailand) Co.,Ltd.		-	-	-	100.0	100.0	100.0	
		ESTec CORPORATION and group companies		-	90.6	93.3	100.6	84.8	98.4	
	USA	FOSTER ELECTRIC (U.S.A.), INC. and group companies		-	86.2	95.7	100.0	100.0	100.0	
Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies		-	100.0	100.0	100.0	98.9	100.0		
*1 Ratio of the amount paid to women to the amount paid to men with the amount paid to men set at 100 *2 Calculation not possible because only one gender is present at the location or there are no applicable individuals.										
Benefits provided to full-time employees that are not provided to temporary or part-time employees			Retirement allowance						Non-consolidated	401-2
			Life insurance, disability and illness compensation, medical insurance, parental leave, retirement allowance, etc.						Consolidated	
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)			107.6		108.0		107.9	105.4
	Asia	FOSTER ELECTRIC CO., (HONG KONG) LTD. and group companies			113.4		130.5		121.1	102.2
		FOSTER ELECTRIC (VIETNAM) CO., LTD. and group companies	%		118.9		116.6		120.9	113.7
		FSK(Thailand) Co.,Ltd.			-		-		100.0	100.0
		ESTec CORPORATION and group companies			119.5		120.0		122.4	127.6
	North America	FOSTER ELECTRIC (U.S.A.), INC. and group companies			113.8		127.6		132.6	148.3
	Europe	FOSTER ELECTRIC (EUROPE) GmbH and group companies			116.1		116.0		116.1	116.1
Procurement (Social)			Unit	2021	2022	2023	2024	Boundary	GRI Standards	
Proportion of spending on local suppliers ¹	Manufacturing in China ¹	Percentage of materials that are procured locally in China	% ²	90	83	88	91	-	204-1	
	Manufacturing in ASEAN countries ¹	Percentage of materials that are procured locally in ASEAN countries	% ²	70	73	61	61	-		
*1 Local / Significant locations of operation: The above-mentioned areas where Foster's manufacturing sites reside. *2 Indicates the percentage in transaction amount for material procurement with corporations in above sites.										
New suppliers that were screened using social criteria			%	100	100	100	100	All procurement sites	414-1	

● Governance

Governance			Unit	2021	2022	2023	2024	Boundary	GRI Standards
Diversity of governance body	Gender	Male	%	92.0	86.4	86.4	80.0	Non-consolidated	405-1
		Female		8.0	13.6	13.6	20.0		
	Age	Less than 30 year old	%	0.0	0.0	0.0	0.0		
		30-50 year old	%	4.0	18.2	18.2	20.0		
		Over 50 year old		96.0	81.8	81.8	80.0		
	Gender	Male	%	88.4	91.7	88.7	84.5	Consolidated	
		Female		11.6	8.3	11.3	15.5		
	Age	Less than 30 year old	%	0.0	0.0	0.0	0.0		
		30-50 year old	%	24.0	25.8	27.1	37.1		
		Over 50 year old		76.0	74.2	72.9	62.9		
Attendance rate	Board of Directors		%	-	100	100	100	-	-
	Nominating Committee			-	94	100	100		
	Remuneration Committee			-	100	100	100		
	Board of Corporate Auditors			-	100	100	100		
Communication and training about anti-corruption policies and procedures	Governance body members		Total*	27	24	22	19	Non-consolidated	205-2
			%*	100	100	100	100		
			Total*	88	86	95	86	Overseas	
			%*	81	93	90	94		
*Total number and percentage of notifications on anticorruption related organizations policies and procedures.									
Operations assessed for risks related to corruption			Total	13	12	12	19	-	205-1
			%	72	67	63	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
				0	0	0	0		
				0	0	0	0		
				0	0	0	0		
Compliance with public laws, regulations and other rules									
	Non-compliance with laws and regulations	Total		0	0	0	0	Consolidated	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	Cases	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	0	1			
*There were no financial penalties or surcharges incurred due to non-compliant practices.									

*There were no financial penalties or surcharges incurred due to non-compliant practices.

Governance		Unit	2021	2022	2023	2024	Boundary	GRI Standards
Political contributions	Total		0	0	0	0	Non-consolidated	-
	Lobbying activities		0	0	0	0		
	Political activities	Yen	0	0	0	0		
	Trade associations		0	0	0	0		
	Others		0	0	0	0		

Statement of use	Foster Electric Company, Limited has reported in accordance with the GRI Standards for the period from April 1, 2024 to March 31, 2025.
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.74 -	Corporate Overview / Stock Information ▶ Securities Report (available in Japanese)
	2-2	Entities included in the organization's sustainability reporting	P.74 -	Corporate Overview / Stock Information ▶ Securities Report (available in Japanese)
	2-3	Reporting period, frequency and contact point	P.1	Contents / Editorial Policy
	2-4	Restatements of information	P.65 - 70	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 relationships	P.74 P.36 - 40 -	Corporate Overview / Stock Information Social and Relationship Capital Initiatives ▶ Securities Report (available in Japanese)
	2-7	Employees	P.65 - 70 -	Non-financial Data ▶ Securities Report (available in Japanese)
	2-8	Workers who are not employees	P.65 - 70 -	Non-financial Data ▶ Securities Report (available in Japanese)
	2-9	Governance structure and composition	P.51 - 57 P.58 - 61 - -	Governance Officers ▶ Securities Report (available in Japanese) ▶ Corporate Governance Guidelines (available in Japanese)
3. Governance	2-10	Nomination and selection of the highest governance body	P.51 - 57 P.58 - 61 -	Governance Officers ▶ Securities Report (available in Japanese)
	2-11	Chair of the highest governance body	P.51 - 57 P.58 - 61 -	Governance Officers ▶ Securities Report (available in Japanese)
	2-12	Role of the highest governance body in overseeing the management of impacts	P.28 - 29 P.30 - 31 P.51 - 57 - -	Foster's Sustainability Natural Capital Initiatives: (1) TCFD Governance ▶ Securities Report (available in Japanese) ▶ Corporate Governance Guidelines (available in Japanese)
	2-13	Delegation of responsibility for managing impacts	P.28 - 29 P.51 - 57	Foster's Sustainability Governance
	2-14	Role of the highest governance body in sustainability reporting	P.28 - 29	Foster's Sustainability

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
3. Governance	2-15	Conflicts of interest	P.58 - 61 - -	Officers ▶ Securities Report (available in Japanese) ▶ Corporate Governance Guidelines (available in Japanese)
	2-16	Communication of critical concerns	P.51 - 57 P.65 - 70	Governance Non-financial Data
	2-17	Collective knowledge of highest governance body	P.28 - 29 P.65 - 70	Foster's Sustainability Non-financial Data
	2-18	Evaluation of the performance of the highest governance body	P.51 - 57 -	Governance ▶ Securities Report (available in Japanese)
	2-19	Remuneration policies	P.51 - 57 -	Governance ▶ Securities Report (available in Japanese)
	2-20	Process to determine remuneration	P.51 - 57 -	Governance ▶ Securities Report (available in Japanese)
	2-21	Annual total compensation ratio	-	-
4. Strategy, policies and practices	2-22	Statement on sustainable development strategy	P.4 - 6 P.21	Message from the CEO Message from the CFO
	2-23	Policy commitments	P.28 - 29 P.32 - 35 - -	Foster's Sustainability Natural Capital Initiatives: (2) Environment ▶ Corporate Action Guidelines ▶ Code of Conduct for Staffs
	2-24	Embedding policy commitments	P.28 - 29 P.36 - 40	Foster's Sustainability Social and Relationship Capital Initiatives
	2-25	Processes to remediate negative impacts	P.51 - 57	Governance
	2-26	Mechanisms for seeking advice and raising concerns	P.51 - 57	Governance
	2-27	Compliance with laws and regulations	P.65 - 70	Non-financial Data
	2-28	Membership associations	-	-
5. Stakeholder engagement	2-29	Approach to stakeholder engagement	P.41 - 47	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.12 - 15	Material Issues
	3-2	List of material topics	P.12 - 15	Material Issues
	3-3	Management of material topics	P.12 - 15 P.28 - 29 P.23	Material Issues Foster's Sustainability Sources of Strengths: Intellectual Capital
			P.30 - 35	Natural Capital Initiatives: (1) Information Disclosure Based on the TCFD Recommendations
			P.36 - 40 P.41 - 47 P.51 - 57	Social and Relationship Capital Initiatives Human Capital Initiatives Governance

Economy

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	-	► Securities Report (available in Japanese)
	201-2	Financial implications and other risks and opportunities due to climate change	P.65 - 70	Non-financial Data
	201-3	Defined benefit plan obligations and other retirement plans	-	► Securities Report (available in Japanese)
	201-4	Financial assistance received from government	-	201-4-a, 201-4-b i. Tax relief and tax credits At sites in China: ¥12 million ii. Subsidies Total amount of subsidies received at sites in Korea: ¥2 million
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P.65 - 70	Non-financial Data
	202-2	Proportion of senior management hired from the local community	P.65 - 70	Non-financial Data
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	P.47	Social Contribution and Philanthropy
	203-2	Significant indirect economic impacts	-	-
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	P.65 - 70	Non-financial Data
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	P.65 - 70	Non-financial Data
	205-2	Communication and training about anti-corruption policies and procedures	P.36 - 40 P.65 - 70	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.57	Our Stance on Tax Matters
	207-2	Tax governance, control, and risk management	-	-
	207-3	Stakeholder engagement and management of concerns related to taxes	-	-
	207-4	Country-by-country reporting	-	► Securities Report (available in Japanese)

Environment

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 301: Materials 2016	301-1	Materials used by weight or volume	-	-
	301-2	Recycled input materials used	P.65 - 70	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.65 - 70	Non-financial Data
	302-2	Energy consumption outside of the organization	-	-
	302-3	Energy intensity	P.65 - 70	Non-financial Data
	302-4	Reduction of energy consumption	P.65 - 70	Non-financial Data
	302-5	Reductions in energy requirements of products and services	P.35	Environmentally Friendly Products
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	P.32 P.33	Natural Capital Initiatives: (2) Environment The Foster Group's Environmental Initiatives
	303-2	Management of water discharge-related impacts	P.32 P.33	Natural Capital Initiatives: (2) Environment The Foster Group's Environmental Initiatives
	303-3	Water withdrawal	P.65 - 70	Non-financial Data
	303-4	Water discharge	P.65 - 70	Non-financial Data
	303-5	Water consumption	P.65 - 70	Non-financial Data
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	-
	304-2	Significant impacts of activities, products, and services on biodiversity	-	-
	304-3	Habitats protected or restored	-	-
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	-
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	P.65 - 70	Non-financial Data
	305-2	Energy indirect (Scope 2) GHG emissions	P.65 - 70	Non-financial Data
	305-3	Other indirect (Scope 3) GHG emissions	P.65 - 70	Non-financial Data
	305-4	GHG emissions intensity	P.65 - 70	Non-financial Data
	305-5	Reduction of GHG emissions	P.65 - 70	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.65 - 70	Non-financial Data
	306-4	Waste diverted from disposal	-	-
	306-5	Waste directed to disposal	P.65 - 70	Non-financial Data
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	P.65 - 70	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

Social

GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	P.65 - 70	Non-financial Data
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P.65 - 70	Non-financial Data
	401-3	Parental Leave	P.65 - 70	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.45 - 46	4. Safety and Health
	403-2	Hazard identification, risk assessment, and incident investigation	P.45 - 46	4. Safety and Health
	403-3	Occupational health services	P.45 - 46	4. Safety and Health
	403-4	Worker participation, consultation, and communication on occupational health and safety	P.45 - 46	4. Safety and Health
	403-5	Worker training on occupational health and safety	P.45 - 46	4. Safety and Health
	403-6	Promotion of worker health	P.44 - 45 P.45 - 46	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.45 - 46	4. Safety and Health
	403-8	Workers covered by an occupational health and safety management system	P.45 - 46	4. Safety and Health
	403-9	Work-related injuries	P.45 - 46 P.65 - 70	4. Safety and Health Non-financial Data
	403-10	Work-related ill health	P.43 - 44 P.65 - 70	4. Safety and Health Non-financial Data
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	P.65 - 70	Non-financial Data
	404-2	Programs for upgrading employee skills and transition assistance programs	P.41 - 42	1. Human Resource Development
	404-3	Percentage of employees receiving regular performance and career development reviews	P.65 - 70	Non-financial Data
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	P.65 - 70	Non-financial Data
	405-2	Ratio of basic salary and remuneration of women to men	P.65 - 70	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

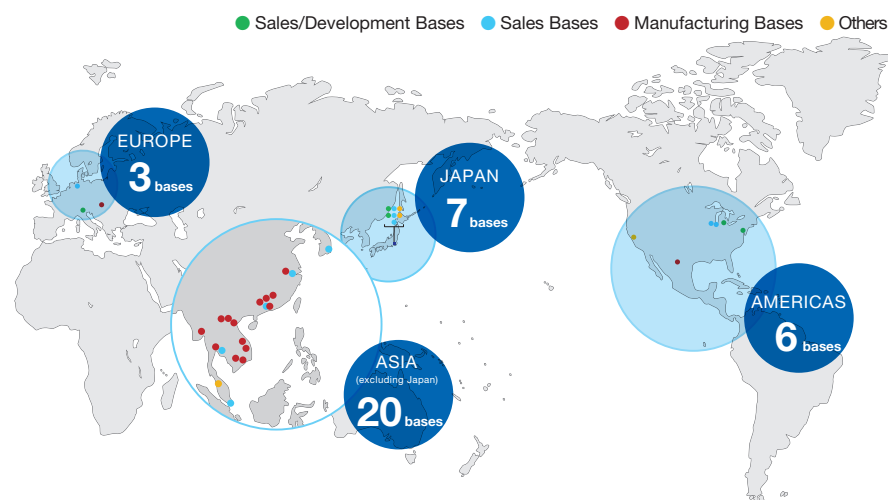
GRI Standards	Disclosures		Where the information is disclosed	
	No.	Disclosure item	Refer to	This report and corporate website
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	-	No "Operations and suppliers at significant risk for incidents of 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.65 - 70	Non-financial Data
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	-	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	P.47	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 that were screened using social criteria	P.65 - 70	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	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.65 - 70	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.65 - 70	Non-financial Data
	417-3	Incidents of non-compliance concerning marketing communications	P.65 - 70	Non-financial Data
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P.65 - 70	Non-financial Data

Corporate Overview (as of March 31, 2025)

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	15,606 (Number includes our outsourcee in Panyu, China)

Foster's Global Network

The Group operates 36 bases in 11 countries and regions worldwide as bases for development, manufacturing, and sales activities. We have established a sophisticated production system integration processes from components manufacturing to finished goods manufacturing.



Website

FOSTER ELECTRIC CO., LTD. website
[Japanese version](#) [English version](#)

Investor Relations
[Japanese version](#)
[English version](#)

Sustainability
[Japanese version](#)
[English version](#)

Stock Information

Status of Shares (as of March 31, 2025)

Total number of shares authorized to be issued by the company

80,000,000 shares

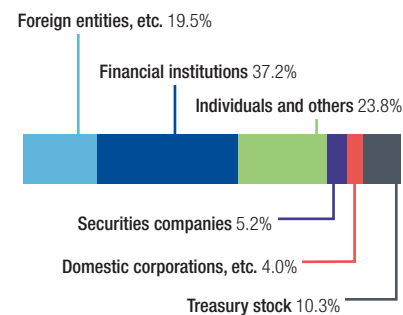
Total number of shares issued

25,000,000 shares

Number of shareholders

8,784

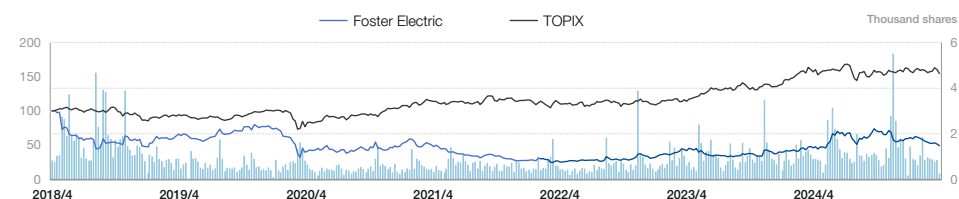
Distribution of Shareholders by Shareholder Type



Shareholder's Name	Number of Shares Held (thousands)	Ratio of Shares Held (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,619	16.15
Custody Bank of Japan, Ltd. (trust account)	2,386	10.65
Mizuho Bank, Ltd.	1,016	4.54
MUFG Bank, Ltd.	945	4.22
MURAKAMI TAKATERU	900	4.02
STATE STREET BANK AND TRUST COMPANY 505223	681	3.04
Morgan Stanley MUFG Securities Co., Ltd.	538	2.40
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	448	2.00
Mizuho Trust & Banking Co., Ltd.	405	1.81
THE BANK OF NEW YORK MELLON 140044	391	1.75

Treasury stock (2,587,101 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.

	FY2021	FY2022	FY2023	FY2024
Highest price	1,344 yen	1,207 yen	1,278 yen	1,959 yen
Lowest price	631 yen	657 yen	840 yen	1,140 yen

FOSTER ELECTRIC CO., LTD.

Foster Electric Company, Limited

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