

January 30, 2024

**Announcement on the Disposition of Treasury Shares by Third-party Allotment
in Conjunction with Additional Contribution to the Board Benefit Trust (BBT)**

Foster Electric Company, Limited (hereinafter “the Company”) hereby announces that its Board of Directors, at a meeting held today, resolved to dispose of its treasury shares by third-party allotment (the “Treasury Share Disposition”) as follows.

1. Outline of the disposition

(1) Disposition date	Wednesday, February 14, 2024
(2) Class and number of shares to be disposed of	63,000 shares of common stock of the Company
(3) Disposition price	1,102 yen per share
(4) Total disposition value	69,426,000 yen
(5) Intended allottee	Custody Bank of Japan, Ltd. (Trust Account E)
(6) Other	A securities notice pursuant to the Financial Instruments and Exchange Act has been submitted for the Treasury Share Disposition.

2. Purpose and reason for the disposition

Based on the resolution of the Ordinary General Meeting of Shareholders held on June 22, 2017, the Company has introduced the Board Benefit Trust (BBT) (hereinafter the “Plan,” with the trust established in accordance with the trust agreement concluded with Mizuho Trust & Banking Co., Ltd. regarding the Plan being referred to as the “Trust”). (For a summary of the Plan, please refer to the “Announcement on Introduction of a Performance-based Stock Compensation Plan for Directors and Executive Officers” dated May 15, 2017, and the “Announcement on the Disposition of Treasury Shares by Third-party Allotment in Conjunction with the Introduction of a Performance-based Stock Compensation Plan,” dated July 28, 2017.)

In continuing the Plan, the Company has decided at this time to make additional monetary contributions to the Trust (“Additional Trust”) so that the Trust can acquire shares that are expected to be required for future benefits. Further, the Company has decided on the disposition of treasury shares by third-party allotment (the Treasury Share Disposition) to Trust Account E established at the Custody Bank of Japan, Ltd. (party to which the trustee, Mizuho Trust & Banking Co., Ltd. re-trusted the Trust) for the purpose of holding and disposing of the Company shares for the operation of the Plan.

The number of shares to be disposed of is equivalent to the number of shares expected to be granted to the Company’s directors (excluding independent directors) and executive officers during the trust period (portion for the three fiscal years from the fiscal year ending March 2024 through the fiscal year ending March 2026). Its ratio to the total number of outstanding shares of 25,000,000 as of September 30, 2023 will be 0.25% (ratio to the total number of voting rights of 223,372 as of September 30, 2023 will be 0.28% [both rounded to two decimal places]).

* Outline of the Additional Trust

Date of the Additional Trust:	February 14, 2024
Additional Trust amount:	69,426,000 yen
Type of shares to be acquired:	Common stock of the Company
Number of shares to be acquired:	63,000 shares
Date of share acquisition:	February 14, 2024
Method of share acquisition:	Acquisition by subscription of the Company's treasury shares to be disposed of (in the Treasury Share Disposition)

3. Basis for calculation of the disposition price and specific details

The disposition price was set at 1,102 yen, which represents the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution of the Treasury Share Disposition.

The Company determined that the closing price on the business day immediately preceding the date of the Board of Directors' resolution was reasonable, as this price represents the Company's appropriate corporate value in the stock market.

The disposition price of 1,102 yen is equivalent to the average closing price of 1,077 yen (rounded down to the nearest yen) over the one-month period ending on the business day preceding the date of the Board of Directors' resolution, multiplied by 102.32%; the average closing price of 1,035 yen (rounded down to the nearest yen) over the three-month period ending on the said business day, multiplied by 106.47%; and the average closing price of 981 yen (rounded down to the nearest yen) over the six-month period ending on the said business day, multiplied by 112.33%. In consideration of the above, the Company has determined that the disposition price for the Treasury Share Disposition is not particularly advantageous and is reasonable.

4 of the corporate auditors (including 3 independent corporate auditors) who attended the Board of Directors meeting are of the opinion that the above disposition price is not particularly advantageous to the Company.

4. Matters concerning procedures under the Code of Corporate Conduct

Given that the Treasury Share Disposition (1) has a dilution ratio of less than 25%, and (2) does not involve a change in the controlling shareholder, the procedures for obtaining an opinion from an independent third party and confirming the intent of shareholders, as stipulated in Article 432 of the Securities Listing Regulations established by Tokyo Stock Exchange, Inc., are not required.