

July 29, 2025

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

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, as outlined below. This includes the disposition of treasury shares under the Board Benefit Trust (BBT) plan (defined below; the “Treasury Share Disposition [BBT]”) and the disposition of treasury shares under the Board Benefit Trust-Restricted Stock (BBT-RS) plan (also defined below; the “Treasury Share Disposition [BBT-RS]”), collectively referred to as the “Treasury Share Disposition.” The Treasury Share Disposition will be formally conducted through an allotment to Custody Bank of Japan, Ltd. (Trust Account E), which serves as the re-trustee under a trust (the “Trust”) established based on a trust agreement concluded between the Company and Mizuho Trust & Banking Co., Ltd. for the BBT and BBT-RS stock compensation plans (the “BBT Plan” and the “BBT-RS Plan,” respectively; collectively, the “Plans”). However, the transaction is effectively equivalent to an allotment of shares to the Company’s directors (excluding outside directors) and executive officers (the “Directors and Officers”) as compensation for services rendered.

1. Outline of the disposition

Treasury Share Disposition (BBT)

|     |  |   |
|-----|--|---|
| (1) | Disposition date                             | Tuesday, August 19, 2025  |
| (2) | Class and number of shares to be disposed of | 21,779 shares of common stock of the Company  |
| (3) | Disposition price                            | 1,864 yen per share   |
| (4) | Total disposition value                      | 40,596,056 yen  |
| (5) | Intended allottees                           | Five directors of the Company (excluding outside directors), 19,963 shares<br>Four executive officers of the Company, 1,816 shares<br>(See notes 1 and 2) |
| (6) | Other  | An extraordinary report pursuant to the Financial Instruments and Exchange Act will be submitted for the Treasury Share Disposition (BBT).                |

Note 1: The formal allottee for the Treasury Share Disposition (BBT) is Custody Bank of Japan, Ltd. (Trust Account E). This trust account was established based on a trust agreement concluded between the Company, as trustor, and Mizuho Trust & Banking Co., Ltd., as trustee, with Custody Bank of Japan, Ltd. serving as re-trustee. However, since the Treasury Share Disposition (BBT) is conducted under the BBT Plan for the purpose of providing stock-based compensation to Directors and Officers, the transaction is effectively equivalent to an allotment of shares to those individuals as compensation for

services rendered. Accordingly, the intended allottees are listed as Directors and Officers.

Note 2: Under the BBT Plan, points are granted to Directors and Officers based on their position and the achievement level of performance. When certain conditions are met and the recipients become eligible to receive benefits (compensation), they are granted shares of the Company and cash equivalent to the market value of such shares, in proportion to the number of points awarded (the “Company Shares, etc.”).

## Treasury Share Disposition (BBT-RS)

|     |  |   |
|-----|--|---|
| (1) | Disposition date                             | Tuesday, August 19, 2025  |
| (2) | Class and number of shares to be disposed of | 240,000 shares of common stock of the Company   |
| (3) | Disposition price                            | 1,864 yen per share   |
| (4) | Total disposition value                      | 447,360,000 yen   |
| (5) | Intended allottees                           | Five directors of the Company (excluding outside directors), 214,000 shares<br>Four executive officers of the Company, 26,000 shares<br>(See notes 3 and 4) |
| (6) | Other  | An extraordinary report pursuant to the Financial Instruments and Exchange Act will be submitted for the Treasury Share Disposition (BBT-RS).               |

Note 3: The formal allottee for the Treasury Share Disposition (BBT-RS) is Custody Bank of Japan, Ltd. (Trust Account E). This trust account was established based on a trust agreement concluded between the Company, as trustor, and Mizuho Trust & Banking Co., Ltd., as trustee, with Custody Bank of Japan, Ltd. serving as re-trustee. However, since the Treasury Share Disposition (BBT-RS) is conducted under the BBT-RS Plan for the purpose of providing stock-based compensation to Directors and Officers, the transaction is effectively equivalent to an allotment of shares to those individuals as compensation for services rendered. Accordingly, the intended allottees are listed as Directors and Officers.

Note 4: Under the BBT-RS Plan, points are granted to Directors and Officers based on their position and other relevant factors. When certain conditions are met and the recipients become eligible to receive benefits (compensation), they are granted Company Shares, etc. in proportion to the number of points awarded. Accordingly, the number of shares stated above represents the maximum possible allotment, and the actual number of Company Shares, etc. to be granted will vary depending on the position and other attributes of each Director and Officer.

## 2. Purpose and reason for the disposition

Based on the resolution approved at the Ordinary General Meeting of Shareholders held on June 22, 2017, the Company introduced the BBT Plan. Subsequently, at the Ordinary General Meeting of Shareholders held on June 25, 2025, the Company obtained approval to revise the BBT Plan into the BBT-RS Plan. At the same meeting, shareholders also approved a revision to the maximum number of points that may be granted to Directors and Officers under the BBT Plan for the fiscal year ended March 31, 2025, considering the fiscal year is the final year of the Company’s five-year medium-term business plan, and the points granted will reflect the degree of achievement of the plan’s targets. In conjunction with this revision, shareholders also approved an additional

monetary contribution to the Trust (collectively, the “Stock Allocation Increase under the BBT Plan”) to fund the delivery of Company Shares, etc. to Directors and Officers. (For details on the BBT Plan, please refer to the “Announcement on Introduction of a Performance-based Stock Compensation Plan for Directors and Executive Officers,” dated May 15, 2017. For details on the BBT-RS Plan and the Stock Allocation Increase under the BBT Plan, please refer to the “Announcement on Revisions to the Stock Compensation Plan,” dated May 15, 2025.)

In connection with the Stock Allocation Increase under the BBT Plan, the Company has decided to make an additional monetary contribution to the Trust (the “Additional Trust [BBT]”) to enable the Trust to acquire the shares expected to be required for future grants under the BBT Plan. The Company has also decided to dispose of treasury shares through a third-party allotment to the Trust Account E established at Custody Bank of Japan, Ltd. (the re-trustee designated by Mizuho Trust & Banking Co., Ltd., the original trustee) for the purpose of holding and disposing of Company shares in the course of operating the Plans (the Treasury Share Disposition [BBT]). Although the Treasury Share Disposition (BBT) will be formally conducted through an allotment to Custody Bank of Japan, Ltd. (Trust Account E), the transaction is effectively equivalent to an allotment of shares to the Company’s Directors and Officers as compensation for services rendered.

The number of shares to be disposed of corresponds to the number of shares expected to be granted to Directors and Officers under the “Stock Compensation Regulations for Directors and Officers” prior to the revision to the BBT-RS Plan. This represents 0.09% of the total number of issued shares as of March 31, 2025 (25,000,000 shares) and 0.10% of the total number of voting rights as of the same date (223,975 voting rights), with both figures rounded to two decimal places. Given the purpose of the BBT plan, the Company believes the level of dilution is reasonable.

#### \*Outline of the Additional Trust (BBT)

|                                  |  |
|----------------------------------|--|
| Date of Additional Trust:        | August 19, 2025  |
| Additional Trust Amount:         | 40,596,056 yen   |
| Class of shares to be acquired:  | Common stock of the Company  |
| Number of shares to be acquired: | 21,779 shares  |
| Date of share acquisition:       | August 19, 2025  |
| Method of share acquisition:     | Acquisition by subscription of the Company’s treasury shares to be disposed of (in the Treasury Share Disposition [BBT]) |

In connection with the continuation of the BBT Plan as the BBT-RS Plan, the Company has decided to make an additional monetary contribution to the Trust (the “Additional Trust [BBT-RS]”) to enable the Trust to acquire the shares expected to be required for future grants. The Company has also decided to dispose of treasury shares through a third-party allotment to the Trust Account E established at Custody Bank of Japan, Ltd. (the re-trustee designated by Mizuho Trust & Banking Co., Ltd., the original trustee) for the purpose of holding and disposing of Company shares in the course of operating the Plans (the Treasury Share Disposition [BBT-RS]). Although the Treasury Share Disposition (BBT-RS) will be formally conducted through an allotment to Custody Bank of Japan, Ltd. (Trust Account E), the transaction is effectively equivalent to an allotment of shares to Directors and Officers as compensation for services rendered.

The number of shares to be disposed of corresponds to the number of shares expected to be granted to Directors and Officers during the trust period under the “Stock Compensation Regulations for Directors and Officers” after

the revision to the BBT-RS Plan (for the three fiscal years from the fiscal year ending March 31, 2026, to the fiscal year ending March 31, 2028). This represents 0.96% of the total number of issued shares as of March 31, 2025 (25,000,000 shares) and 1.07% of the total number of voting rights as of the same date (223,975 voting rights), with both figures rounded to two decimal places. In light of the purpose of the BBT-RS Plan outlined in the May 15, 2025 press release, “Announcement on Revisions to the Stock Compensation Plan,” the Company believes the level of dilution is reasonable.

**\*Outline of the Additional Trust (BBT-RS)**

|                                  |   |
|----------------------------------|---|
| Date of Additional Trust:        | August 19, 2025   |
| Additional Trust Amount:         | 447,360,000 yen   |
| Class of shares to be acquired:  | Common stock of the Company   |
| Number of shares to be acquired: | 240,000 shares  |
| Date of share acquisition:       | August 19, 2025   |
| Method of share acquisition:     | Acquisition by subscription of the Company’s treasury shares to be disposed of (in the Treasury Share Disposition [BBT-RS]) |

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

The disposition price is set at 1,864 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 is reasonable, as this price represents the Company’s appropriate corporate value in the stock market.

The disposition price of 1,864 yen is equivalent to the average closing price of 1,657 yen (rounded down to the nearest yen) over the one-month period ending on the business day immediately preceding the date of the Board of Directors’ resolution, multiplied by 112.49%; the average closing price of 1,477 yen (rounded down to the nearest yen) over the three-month period ending on the said business day, multiplied by 126.20%; and the average closing price of 1,416 yen (rounded down to the nearest yen) over the six-month period ending on the said business day, multiplied by 131.64%. 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.

All four corporate auditors (including three outside 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 the Tokyo Stock Exchange, Inc., are not required.