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**CTI Engineering Co., Ltd.**

April 27, 2026

## **Notice of Disposal of Treasury Shares as Restricted Stock Compensation**

CTI Engineering Co., Ltd. (the “Company”) announces that the Board of Directors resolved on April 27, 2026, to dispose of treasury shares as restricted stock compensation (the "Disposal") as follows.

### **1. Outline of the Disposal**

(1) Disposal date	May 26, 2026
(2) Class and number of shares to be disposed	32,152 shares of common stock of the Company
(3) Disposal price	2,898 yen per share
(4) Total value of shares to be disposed	93,176,496 yen
(5) Allottees and number thereof, number of shares to be disposed	7 Directors of the Company (excluding External Directors) : 18,580 shares 15 Executive Officers : 13,572 shares

### **2. Purpose and Reasons for the Disposal**

At the 60th Annual General Meeting of Shareholders held on March 28, 2023, the Company obtained approval to provide eligible directors with monetary claims of up to 100 million yen per year as compensation to be used as property to be contributed for the acquisition of restricted stock (the “Restricted Stock Compensation”), and to issue or dispose of up to 50,000 shares per year of the Company’s common stock under the scheme.

It was also approved that the transfer restricted period shall begin on the date an allotment is received under an agreement between the Company and the eligible director. This period continues until the eligible director resigns or retires from a predetermined position as an officer or employee of the Company or its subsidiaries.

However, the end of the transfer restriction period may be adjusted within a reasonable range if the timing of resignation or retirement is earlier than the date on which three months have elapsed since the end of the fiscal year in which the allotment was received.

An outline of this scheme is as follows.

#### **Outline of the Scheme**

Under this scheme, the eligible directors (including Executive Officers) (“Eligible Directors/Officers”) shall contribute entire amount of the monetary claims granted by the Company as property contributed in kind, and shall receive the issuance or disposal of the Company’s common stock. The amount to be paid per share shall be determined by the Board of Directors within a range that is not particularly advantageous to the Eligible Directors/Officers who subscribe for such shares, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of

Directors (or the closing price of the most recent preceding day if no transaction is effected on that day),

In addition, upon the issuance or disposal of the Company's common stock under this scheme, the Company and the Eligible Directors/Officers shall enter into a restricted stock allotment agreement. The agreement shall include:

- (i) a prohibition on the transfer, creation of security interests, or any other form of disposition of the allotted shares for a certain period; and
- (ii) a provision that the Company shall acquire the allotted shares without consideration if certain events occur.

For this allotment, following deliberation by the Nomination and Remuneration Advisory Committee and in consideration of the purpose of the scheme, the Company's business performance, the scope of responsibilities of each Eligible Director/Officer, and various other circumstances, the Company has decided to grant monetary claims totalling JPY 93,176,496 (the "Monetary Claims") and 32,152 shares of common stock for the purpose of further enhancing the motivation of each Eligible Director/Officer.

In this disposal of treasury shares, pursuant to the scheme, the 22 Eligible Directors/Officers who are scheduled allottees shall contribute full amount of the Monetary Claims to the Company as property contributed in kind and receive the disposal of the Company's common stock (the "Allotted Shares"). The outline of the restricted stock allotment agreement (the "Allotment Agreement") to be executed between the Company and the Eligible Directors/Officers in connection with this disposal is set forth in Section 3 below.

Furthermore, the Allotment Agreement includes a clawback clause under which the Company shall acquire all of the shares without consideration in the event of accounting fraud, significant losses, or other incidents recognised by the Board of Directors.

### **3. Outline of the Allotment Agreement**

#### **(1) Transfer Restriction Period**

From May 26, 2026 (the "Disposal Date") until the later of:

- (i) the time immediately after the resignation or retirement from all positions as director, executive officer, executive officer not concurrently serving as director, or any other equivalent position of the Company; or
- (ii) April 1, 2027.

#### **(2) Conditions for Removal of the Transfer Restrictions**

The Company shall remove the transfer restrictions on all of the Allotted Shares at the time of expiration of the Transfer Restriction Period on the condition that the Eligible Director/Officer has continuously held any of the position of director, executive officer, executive officer not concurrently serving as a director, or any equivalent position of the Company during the period from the commencement date of duties until the time immediately preceding the conclusion of the first Annual General Meeting of Shareholders thereafter. However, in the case where the Eligible Directors/Officers are executive officers not concurrently serving as directors, this period shall instead mean the period from the time of appointment as an executive officer following the Annual General Meeting until March 31 of the year following the year of such appointment, and the same shall apply hereinafter (the "Service Provision Period").

**(3) Treatment in Cases of Expiration of Term, Mandatory Retirement, or Other Justifiable Reasons During or After the Service Provision Period until March 31, 2027**

**(a) Timing of Removal of Transfer Restrictions**

If the Eligible Director/Officer resigns or retires from all applicable positions due to expiration of term, mandatory retirement or other justifiable reasons (including resignation or retirement due to death), the transfer restrictions shall be removed immediately after such resignation or retirement.

**(b) Number of Shares Subject to Removal of Transfer Restrictions**

The number of shares shall be calculated by multiplying the number of Allotted Shares held at the time of resignation or retirement as defined (a) above by the result of dividing the number of months from the month containing the date of the resolution for the allotment to the month containing the date of resignation or retirement by the number of months in the Service Provision Period (12) (if the result exceeds 1, it shall be 1). Any fraction of less than one share resulting from this calculation shall be rounded down.

**(4) Acquisition by the Company without Consideration**

In the event that an Eligible Director/Officer commits an act in violation of laws and regulations during the Transfer Restriction Period, or in the event that the Board of Directors recognises that the Eligible Director/Officer has caused significant damage to the Company or its affiliates due to accounting misconduct, substantial losses, or other reasons, or in the event that any other specified grounds set forth in the Allotment Agreement occur, the Company shall, as a matter of course, acquire all of the Allotted Shares held by said Eligible Director/Officer at that point in time without consideration.

Furthermore, the Company shall, as a matter of course, acquire without consideration any Allotted Shares for which the transfer restrictions have not been removed as of the expiration of the Transfer Restriction Period or at the time the transfer restrictions are removed as specified in (3) above.

**(5) Treatment in the event of Reorganisation**

In the event that, during the Transfer Restriction Period, a merger agreement in which the Company becomes the dissolving company, a share exchange agreement or a share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other matter relating to reorganisation, is approved at the Company's General Meeting of Shareholders (or by the Board of Directors of the Company where such reorganisation does not require approval by General Meeting of Shareholders), the Company shall, by resolution of the Board of Directors, remove the transfer restrictions as of the time immediately preceding the business day prior to the effective date of the reorganisation for a specific number of shares.

The number of shares shall be calculated by multiplying the number of Allotted Shares held at that time by the result of dividing the number of months from the month containing the date of the resolution for the allotment (provided, however, that in the case where the Eligible Director/Officer is an executive officer not concurrently serving as director, this shall be read as the start date of the fiscal year to which the date of the resolution for the allotment belongs) to the month containing the date of approval of the reorganisation by the number of months in the Service Provision Period (12) (if the result exceeds 1, it shall be 1). Any fraction of less than one share resulting from

this calculation shall be rounded down.

#### **(6) Management of Shares**

To ensure that the Allotted Shares may not be transferred, pledged as collateral, or otherwise disposed of during the Transfer Restriction Period, such shares shall be managed in a dedicated account opened by each Eligible Director/Officer at Nomura Securities Co., Ltd. The Company has entered into an agreement with Nomura Securities Co., Ltd. regarding the management of such accounts to ensure the effectiveness of the transfer restrictions. In addition, each Eligible Director/Officer shall consent to the management of the account.

#### **4. Basis for Calculation of the Amount to be Paid and its Specific Details**

This disposal of treasury shares to the scheduled allottees is conducted by contributing monetary claims granted as restricted stock compensation for the Company's 62nd fiscal year under the scheme.

To eliminate arbitrariness in determining the disposal price, the price has been set at JPY2,898, which is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on April 24, 2026, the business day immediately preceding the date of the resolution of the Board of Directors.

This represents the market price immediately prior to the Board resolution and is considered reasonable and does not constitute an especially favourable price.