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Introduction of Special Incentive Scheme for Employee Stock Ownership Association

CTI Engineering Co., Ltd. (the "Company") hereby announces that at the meeting of Board of Directors held on January 30, 2026, the specific details of the Special Incentive Scheme for Employee Stock Ownership Association (the "Scheme") were resolved as follows.

The Scheme is to grant ordinary shares issued by the Company (the "Company Shares") as special incentives to those employees who are eligible to participate in the Company Employee Stock Ownership Association (the "Association") and who agree to the Scheme (the "Eligible Employees"). This will be implemented through the Association by way of a third-party allotment.

For details on the third-party allotment, please refer to the "Notice Concerning Disposal of Treasury Shares Through Third-Party Allotment" released today.

1. Purpose of the Scheme

The Company will provide Eligible Employees with special incentives for the allocation of the Company Shares (the "Special Incentives"). This initiative aims to create opportunities for employees to hold the Company Shares, thereby fostering a stakeholder perspective and management mindset, promoting further value sharing with shareholders, and supporting the asset formation of each employee. The Company will allocate its shares to the Association through the accumulation of this Special Incentives.

2. Overview of the Scheme

Under the Scheme, the Special Incentives will be provided to Eligible Employees who participate in the Association, and Eligible Employees will deposit the Special Incentives with the Association. The Association will collect the Special Incentives accumulated by Eligible Employees and make payment to the Company, whereby the Association will be allocated the Company Shares.

Please also refer to "(Reference) Structure of the Scheme" at the end of this press release.

3. Granting of the Company Shares under the Scheme

The company resolved at the Board of Directors held to dispose of 59,500 shares (equivalent to approximately JPY 176 million) out of the 740,575 treasury shares currently held by the Company (as of December 31, 2025) to the Association through the Scheme.

The overview of the Association to which the shares will be disposed is as follows.

(1) Name: CTI Engineering Employee Stock Ownership Association

(2) Location: Nihombashi Hamacho F Tower, 3-21-1 Nihombashi Hamacho, Chuo-ku, Tokyo, Japan

(3) Chairman: Mitsuo Kaneko

(4) Number of shares held: 2,159,748 shares (as of December 31, 2025)

(5) Shareholding ratio: 7.62% (as a percentage of the total number of shares issued and outstanding)

In addition, the Company has filed a securities registration statement as of today in accordance with the Financial Instruments and Exchange Act. The "Number of shares for disposal" and the "Amount of funds to be procured" stated in the securities registration statement are maximum estimates. The actual "Number of shares for disposal" and "Amount of funds to be procured" will depend on the final number of Eligible Employees. Following a resolution by the Association Board of Directors meeting held today, the Association will conduct a promotion to encourage employees to join after an adequate notice period. As there may be employees who choose not to participate or who withdraw due to retirement or other reasons, the actual number of Eligible Employees may be less than the initial maximum estimate.

The "Number of shares for disposal" and the "Amount of funds to be procured" will be announced as soon as they are determined.

(Reference) Structure of the Scheme is as follows

