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January 30, 2026

Notice Concerning Disposal of Treasury Shares Through Third-Party Allotment

CTI Engineering Co., Ltd. (the "Company") hereby announces that it has resolved, at a meeting of the Board of Directors held on January 30, 2026, to dispose of treasury shares through a third-party allotment as described below.

1. Overview of disposal

(1) Date of disposal	July 20, 2026
(2) Number of shares for disposal	59,500 shares* (Ordinary shares)
(3) Disposal price	JPY 2,959 per share
(4) Amount of funds to be procured	JPY 176,060,500*
(5) Method of offering or disposal (scheduled disposal recipient)	Disposal through third-party allotment (Employee Stock Ownership Association (the "Association"))
(6) Other matters	The disposal of treasury shares shall be subject to the securities registration statement under the Financial Instruments and Exchange Act taking effect.

* The "Number of shares for disposal" and the "Amount of funds to be procured" are maximum estimates. The actual "Number of shares for disposal" and "Amount of funds to be procured" will depend on the number of eligible employees who agree to Special Incentive Scheme for Employee Stock Ownership Association (the "Scheme") and are eligible to participate in the Scheme (the "Eligible Employees"). The "Number of shares for disposal" and the "Amount of funds to be procured" will be announced as soon as they are determined.

2. Purpose and reason for disposal

As announced in the "Introduction of Special Incentive Scheme for Employee Stock Ownership Association" released today, the Board of Directors has resolved the specific details of the Scheme. Under the Scheme, the Company will provide special incentives to Eligible Employees for the purpose of allocating Company Shares (the "Special Incentives"), and the Company Shares will be allocated to the Association through the contribution of these Special Incentives.

The purpose of the Special Incentives is to create opportunities for employees to own ordinary shares issued by the Company (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.

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

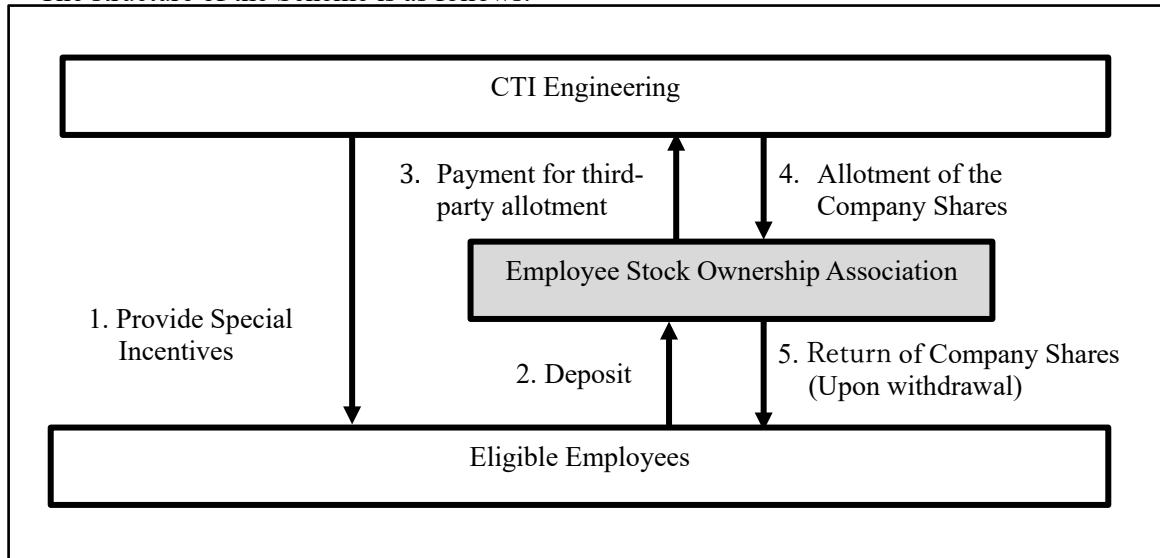
Under the Scheme, the Special Incentives will be paid to the Eligible Employees who will use the Special Incentives to acquire the Company Shares through the Association. As noted in the '1. Overview of disposal', the Company plans to dispose of a maximum of 59,500 shares to the Association.

The scale of dilution represents approximately 0.21% of the total number of the Company Shares as of December 31, 2025 (28,318,172 shares), and approximately 0.22% of the total number of voting rights of 275,453 as of December 31, 2025 (both rounded to the two decimal place). Therefore, the Company believes the scale is reasonable in light of the objectives of the Scheme.

3. Overview of the Scheme

Under the Scheme, the Company will provide the Special Incentives to the Eligible Employees participating in the Association, and the Eligible Employees will deposit the Special Incentives into the Association. The Association will then aggregate the Special Incentives accumulated by the Eligible Employees and pay them to the Company. In return, the Company allocates the Company Shares to the Association.

The structure of the Scheme is as follows:



4. Basis for calculation of the amount to be paid in

In order to eliminate arbitrariness, the disposal price for this treasury shares has been set at JPY 2,959, which is the closing price of the Company Shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors (January 29, 2026). The Company considers this to be reasonable, as it is based on the market share price immediately prior to the resolution date.

This price represents a deviation of 1.73% (rounded to two decimal places; the same shall apply hereinafter for calculations of deviation rates) from JPY 3,011 (rounded down to the nearest yen; the same applies hereinafter for the simple average closing price) for the one-month period (from December 30, 2025, to January 29, 2026) immediately preceding the business day prior to the date of resolution by the Board of Directors. It also represents a deviation of 0.40% from the simple average closing price of JPY 2,971 for the preceding three-month period (from October 30, 2025, to January 29, 2026), and a deviation of 0.17% from the simple average closing price of JPY 2,964 for the preceding six-month period (from July 30, 2025, to January 29, 2026). Consequently, the Company has determined that the disposal price does not constitute a particularly

favorable price.

All of 4 Corporate Auditors (including 2 external Corporate Auditors) who attended the Board of Directors held today have expressed the opinion that the process by which the Company determined that the abovementioned payment amount does not constitute a payment amount that is particularly favorable to the Association was reasonable and that such determination was appropriate. This opinion was based on the facts that the disposal of treasury shares was intended to introduce the Scheme, and that the payment amount was equal to the closing price of the Company Shares on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors regarding the disposal of treasury shares.

5. Matters Concerning Procedures under the Code of Corporate Actions

The Company is not required to obtain an opinion from an independent third party or confirm the intent of shareholders as (1) the dilution ratio is less than 25% and (2) the disposal of treasury shares does not involve a change in the controlling shareholder pursuant to Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.