

January 21, 2025

For Immediate Release:

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## **Notice Regarding Issuance of New Shares as Restricted Stock Remuneration and Cancellation of Treasury Stock**

MTI Ltd. (hereinafter referred to as the “Company”) announces that a meeting of the Board of Directors of the Company held on January 21, 2025, resolved to issue new shares as restricted stock compensation (hereinafter referred to as the "New Share Issuance") and to cancel treasury stock as follows.

### **1. Overview of Issuance**

(1) Payment date	February 21, 2025
(2) Class and number of shares issued	30,500 shares of common stock
(3) Issuance price	1,031 yen per share
(4) Total issuance amount	31,445,500 yen
(5) Scheduled allottees	Directors of the Company: 5*                      18,400 shares Executive Officers of the Company: 23            12,100 shares * Excluding outside directors.

### **2. Purpose and Reasons for Issuance**

The Company has introduced a restricted stock compensation plan (hereinafter referred to as the "Plan") for Directors (excluding Outside Directors, hereinafter referred to as the "Eligible Directors") and Executive Officers (hereinafter referred to as the "Eligible Officers"). The purpose of the Plan is to clarify the linkage between the compensation of Eligible Officers and the value of the Company's shares, as well as to enhance their awareness of contributing to medium- to long-term performance growth and corporate value enhancement by sharing the benefits and risks of stock price fluctuations with shareholders.

In this context, at today's Board of Directors meeting, the Company resolved to issue 30,500 shares of its common stock (hereinafter referred to as the "Allocated Shares") as restricted stock to 28 Eligible Officers (comprising 5 Directors and 23 Executive Officers of the Company). This decision was made after considering the purpose of the Plan, the scope of responsibilities, contributions, and other relevant factors for each Eligible Officer. As part of this issuance, a total monetary compensation claim of ¥31,445,500 will be granted to the Eligible Officers, and all of these claims will be contributed as payment in kind for the allocation of restricted stock.

## < Overview of the Restricted Share Allotment Agreement >

In connection with the New Share Issuance, the Company will individually enter into Restricted Stock Allocation Agreements with the Eligible Officers. The key terms of these agreements are outlined as follows.

### **(1) Transfer restriction period**

- i. Eligible Officers shall not transfer, pledge, or otherwise dispose of Allocated Shares A during the period from February 21, 2025 (payment date) to February 29, 2028 (Transfer Restriction Period A).
- ii. Eligible Officers shall not transfer, pledge, or otherwise dispose of Allocated Shares B, excluding Allocated Shares A, during the period from February 21, 2025 (payment date) to March 31, 2028 (Transfer Restriction Period B).
- iii. Eligible Officers shall not transfer, pledge, or otherwise dispose of Allocated Shares C, excluding Allocated Shares A and B, during the period from February 21, 2025 (payment date) to April 30, 2028 (Transfer Restriction Period C).
- iv. Eligible Officers shall not transfer, pledge, or otherwise dispose of Allocated Shares D, the remaining Allocated Shares, during the period from February 21, 2025 (payment date) to May 31, 2028 (Transfer Restriction Period D). Transfer Restriction Periods A to D are collectively or individually referred to as the Transfer Restriction Period.

### **(2) Conditions for release of transfer restrictions**

- i. At the end of Transfer Restriction Period A, the transfer restrictions on Allocated Shares A will be lifted, provided that the Eligible Officer has continuously held the position of Director, Auditor, Executive Officer, or employee at the Company or its subsidiaries during Transfer Restriction Period A.
- ii. At the end of Transfer Restriction Period B, the transfer restrictions on Allocated Shares B will be lifted, provided that the Eligible Officer has continuously held the position of Director, Auditor, Executive Officer, or employee at the Company or its subsidiaries during Transfer Restriction Period B.
- iii. At the end of Transfer Restriction Period C, the transfer restrictions on Allocated Shares C will be lifted, provided that the Eligible Officer has continuously held the position of Director, Auditor, Executive Officer, or employee at the Company or its subsidiaries during Transfer Restriction Period C.
- iv. At the end of Transfer Restriction Period D, the transfer restrictions on Allocated Shares D will be lifted, provided that the Eligible Officer has continuously held the position of Director, Auditor, Executive Officer, or employee at the Company or its subsidiaries during Transfer Restriction Period D.

However, if the Eligible Officer loses their position as a Director, Auditor, Executive Officer, or employee at the Company or its subsidiaries due to the expiration of their term, death, or any other reason deemed valid by the Company's Board of Directors, the transfer restrictions on: i. Allocated Shares A for Eligible Directors, and ii. Allocated Shares A, Allocated Shares B, Allocated Shares C, and Allocated Shares D for Eligible Executive Officers, will be lifted immediately after such loss, except for cases where the loss is due to death. In the case of Executive Officers, the calculation will exclude the number of shares corresponding to the months from the following month after the payment date to the month including the date of loss, based on the respective periods: 36 months for Allocated Shares A, 37 months for Allocated Shares B, 38 months for Allocated Shares C, and 39 months for Allocated Shares D. The number of shares for each restricted stock (A to D) that has not had its transfer restriction lifted will be multiplied accordingly (however, if the result is less than one share, any fractions will be disregarded). In the case of loss due to death, all shares held under the restricted stock will have their restrictions lifted.

### **(3) Gratis acquisition by the Company**

The Company will, at the end of Transfer Restriction Period D or immediately after the Eligible Officer loses their position as a Director of the Company or its subsidiaries, or as Auditor, Executive Officer, or employee, automatically and without compensation, acquire the restricted shares that have not had their transfer restrictions lifted.

### **(4) Management of shares**

The Allocated Shares will be managed during the transfer restriction period in a dedicated account for restricted stock, which has been opened by the Eligible Officers at Daiwa Securities Co., Ltd. These shares cannot be transferred, pledged, or otherwise disposed of during the transfer restriction period.

### **(5) Treatment in the event of organizational restructuring, etc.**

If any merger agreement in which the Company becomes the surviving company, any share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other organizational restructuring is approved at the Company's general meeting of shareholders (or, if such approval is not required, at the Company's Board of Directors), the Company will automatically acquire all of the Allocated Shares at the end of the business day immediately preceding the effective date of such organizational restructuring, free of charge.

## **3. Basis for Calculation and Specific Details of Paid-in Amount**

The issuance of new shares under this plan will be conducted using the monetary compensation claims allocated to the allotment recipients as contributed assets. The payment amount is set at the closing price of the Company's common shares on the Tokyo Stock Exchange on January 20, 2025 (the business day prior to the date of the Board of Directors' resolution), which is 1,031 yen. This reflects a market price just before the Board of Directors' resolution and, in the absence of any specific circumstances indicating otherwise, appropriately reflects the Company's value. It is not considered particularly advantageous to the Eligible Officers.

## **4. Cancellation of treasury stock**

In accordance with Article 178 of the Companies Act, on the same date as the payment date of this new share issuance, an equal number of the Company's common shares will be issued and, on the same date, an equal number of shares will be cancelled.

(1) Class of shares to be cancelled	Common stock of the Company
(2) Number of shares to be cancelled	30,500 shares 0.05% of total shares issued before cancellation
(3) Scheduled date of cancellation	February 21, 2025

### **<Points to consider concerning forecasts>**

Matters stated in this material concerning results forecasts are based on assessments, assumptions and convictions derived from information available to the Company at the time when this material is published. They may differ significantly from actual results due to a variety of factors, including future economic conditions in Japan and overseas, changes in conditions for business operations in Japan and overseas, or uncertain factors and potential risks inherent in forecasts. Those risks and uncertain factors include unpredictable effects on results that may arise from future events.

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**Contact information for inquiries**

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