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Company name: baudroie, inc.

Name of representative: Shigehiro Tominaga,
President and Chief Executive Officer
(Stock code: 4413; TSE Prime Market)

Inquiries: Keisuke Mizushima, General Manager,
Business Administration Division
(Telephone: +81-3-6807-4525)

Notice of Issuance of Share Acquisition Rights (Stock Options Offered for Value)

Baudroie Inc. (the "Company") hereby announces that, at the meeting of the Board of Directors held on August 1, 2025, it resolved to issue stock options (Share Acquisition Rights) with consideration as outlined below. These stock options will be issued at fair value and are not deemed to be issued under particularly favorable conditions, and therefore, do not require shareholder approval. Furthermore, the stock options are not issued as compensation, but rather are to be subscribed for based on individual investment decisions.

1. Purpose and Reason for the Issuance

The purpose of this issuance is to further enhance the motivation and morale of the Company's directors and employees, as well as those of its subsidiaries, and to strengthen unity toward the goal of achieving mid- to long-term growth in business performance and corporate value.

If all of the stock options are exercised, the total number of shares to be issued will represent approximately 1.37% of the Company's total number of outstanding shares (32,084,308 shares). However, as the exercise of these stock options is conditional upon the achievement of certain performance targets, which are expected to contribute to an increase in the Company's corporate and shareholder value, the impact of dilution is considered reasonable and in the best interest of existing shareholders.

2. Overview of the Issuance

(1)	Number of allottees of the Share Acquisition Rights and number of Share Acquisition Rights to be allotted	Employees of the Company: 156 persons / 1,947 rights Directors of subsidiaries: 3 persons / 88 rights Employees of subsidiaries: 105 persons / 2,365 rights
(2)	Type and number of shares to be delivered upon the exercise of Share	The number of the Company's common shares to be delivered upon the exercise of one Share Acquisition Rights (the "Number of Shares Granted") shall be 100. The Number of Shares Granted shall be adjusted using the formula indicated below if the

Acquisition Rights	<p>Company splits or combines its shares (including any allotment of the Company's common shares without contribution; the same applies hereinafter) after the allotment date of the Share Acquisition Rights. However, such adjustment shall be made only for the number of shares underlying the Share Acquisition Rights that remain unexercised at the time of the share split or combination, and any fractions of one share resulting from the adjustment shall be rounded down.</p> <p>Number of Shares Granted after adjustment = Number of Shares Granted before adjustment × Split (or combination) ratio</p> <p>If the Company effects a merger with another company, a company split, a reduction in share capital, or otherwise needs to adjust the Number of Shares Granted in cases similar to these after the allotment date of Share Acquisition Rights, the adjustment shall be made properly within a reasonable range.</p>
(3) Total number of Share Acquisition Rights	4,400
(4) Amount to be paid in exchange for Share Acquisition Rights	<p>The issue price of one share subscription right shall be 1,700 yen. The amount was determined by referring to the results of the calculation that PLUTUS CONSULTING Co., Ltd., a third-party evaluation institution, obtained using Monte Carlo simulations, a commonly-used option pricing model, based on factors such as the Company's share price information. The Company has determined that the said amount does not constitute a favorable issuance.</p>
(5) Value of the property to be contributed upon the exercise of Share Acquisition Rights or the method of calculating the value	<p>The value of the property to be contributed upon the exercise of Share Acquisition Rights shall be the amount obtained by multiplying the amount paid per share (the "Exercise Price") by the Number of Shares Granted.</p> <p>The exercise price is set at JPY 2,882.</p> <p>If the Company splits or combines its shares after the allotment date of Share Acquisition Rights, the Exercise Price shall be adjusted using the formula shown below, and any fractions of one yen resulting from the adjustment shall be rounded up.</p> $\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{1}{\text{Split (or combination) ratio}}$ <p>If the Company issues new common shares or disposes of its treasury stock at a price lower than the market price (excluding the issuance of new shares and disposal of treasury stock based on the exercise of Share Acquisition Rights, and transfer of treasury stock due to share exchange) after the allotment date of Share Acquisition Rights, the Exercise Price shall be adjusted using the formula shown below, and any fractions of one yen resulting from the adjustment shall be rounded up.</p>

		$\frac{\text{Post-adjustment Exercise Price} = \text{Pre-adjustment Exercise Price} \times \frac{\text{Number of already issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share before new issuance}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}}$ <p>In the formula shown above, the number of already issued shares refers to the number obtained by deducting the number of common shares held as treasury stock from the total number of issued common shares; and if the Company's common shares held in treasury are disposed of, the number of newly issued shares shall be replaced by the number of disposed treasury shares. In addition to the case cited above, if the Company effects a merger with another company, a company split, a reduction in share capital, or otherwise needs to adjust the Exercise Price in cases similar to these after the allotment date of Share Acquisition Rights, the Company may adjust the Exercise Price properly within a reasonable range.</p>
(6)	Period during which Share Acquisition Rights may be exercised	The period during which the Share Acquisition Rights may be exercised (the "Exercise Period") shall be from June 1, 2028 to August 28, 2035.
(7)	Conditions for exercising Share Acquisition Rights	<p>(1) The Share Acquisition Rights may only be exercised if the operating profit, as calculated based on the consolidated statement of profit or loss (or the statement of profit or loss, if the consolidated version is not prepared), exceeds JPY 5,493 million in either the fiscal year ending February 2028 or the fiscal year ending February 2029.</p> <p>If the Board of Directors determines that judgment based on the figures disclosed in such financial statements is inappropriate due to events such as changes in the applicable accounting standards or material business combinations that significantly impact the Company's performance, the Company may make reasonable adjustments to exclude the effects of such events from the actual figures used for assessment.</p> <p>In addition, if share-based compensation expenses related to the Share Acquisition Rights are recorded in the relevant consolidated statement of profit or loss, the Company shall evaluate the target profit by excluding the impact of such expenses and calculating operating profit and before share-based compensation expenses.</p> <p>(2) The holders of the Share Acquisition Rights must continuously serve as directors, corporate auditors, or employees of the Company or its affiliates during the period from the allotment date of the Share Acquisition Rights until February 28, 2027.</p> <p>However, this requirement shall not apply in cases where the Board of Directors recognizes legitimate reasons such as resignation upon expiration of term of office or retirement due to age.</p> <p>(3) The Share Acquisition Rights may not be exercised by the legal heirs of the holders.</p> <p>(4) If the exercise of Share Acquisition Rights causes the total number of issued shares of the Company to exceed the number of its authorized shares at the time of the exercise, those Share Acquisition Rights may not be exercised.</p> <p>(5) Fractions of one Share Acquisition Rights may not be exercised.</p>
(8)	Matters related to the	(1) The amount of increase in share capital when new shares are issued upon the exercise of

	increase in share capital and capital reserve	<p>Share Acquisition Rights shall be half the maximum amount of increase in share capital, etc. calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting. Any fractions of one yen resulting from the calculation shall be rounded up.</p> <p>(2) The amount of increase in capital reserve when new shares are issued upon the exercise of Share Acquisition Rights shall be the amount obtained by deducting the amount of increase in share capital provided in 1) above from the maximum amount of increase in share capital, etc. stated in 1) above.</p>
(9)	Matters related to the acquisition of Share Acquisition Rights	<p>(1) If a merger agreement under which the Company becomes a defunct company, an agreement or plan for a company split under which the Company becomes a split company, or a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary is approved by the General Meeting of Shareholders (or by resolution of the Board of Directors if the approval of the General Meeting of Shareholders is not required), the Company may acquire all of the Share Acquisition Rights free of charge upon arrival of the day separately specified by its Board of Directors arrives.</p> <p>(2) If a Holder of Share Subscription Rights becomes unable to exercise the Share Acquisition Rights in accordance with the provisions of Section (7) above before exercising them, the Company may acquire them free of charge.</p>
(10)	Restrictions on acquiring Share Acquisition Rights through transfer	Restrictions on acquiring Share Acquisition Rights through transfer shall be that the acquisition shall require approval based on a resolution of the Board of Directors of the relevant stock company.
(11)	Handling of Share Acquisition Rights in case of organizational restructuring	<p>If the Company merges with another company (limited to the case in which it becomes defunct through the merger), undergoes an absorption- or incorporation-type split, or conducts a share exchange or transfer (collectively referred to as "Organizational Restructuring"), the Share Acquisition Rights of relevant stock companies listed in (a) through (e) of Article 236, Paragraph 1, Item 8 of the Companies Act shall be respectively delivered to Holders of Share Acquisition Rights under the conditions set forth below on the effective date of the Organizational Restructuring. However, this applies only if the absorption-type merger agreement, incorporation-type merger agreement, absorption-type split agreement, incorporation-type split plan, share exchange agreement, or share transfer plan stipulates that Share Acquisition Rights for the relevant stock company shall be issued under the conditions set forth below.</p> <p>(1) The number of Share Acquisition Rights of the relevant stock company to be delivered The same number of share subscription rights as those owned by Holders of Share Acquisition Rights shall be issued.</p> <p>(2) Type of shares of the relevant stock company to be delivered upon the exercise of Share Acquisition Rights. The type of shares shall be common shares in the relevant stock company.</p> <p>(3) Number of shares of the relevant stock company to be delivered upon the exercise of Share Acquisition Rights. The number shall be determined in accordance with Section (2) above while taking into account the conditions of the Organizational Restructuring.</p>

		<p>(4) Value of the property to be contributed upon the exercise of Share Acquisition Rights.</p> <p>The value of the property to be contributed upon the exercise of Share Acquisition Rights shall be the amount obtained by multiplying the post-restructuring Exercise Price, which is obtained by adjusting the Exercise Price specified in Section (5) above in consideration of factors such as the conditions of the Organizational Restructuring, by the number of shares in the relevant stock company to be delivered upon the exercise of Share Acquisition Rights, as determined under Section 11.(3) above.</p> <p>(5) Period during which Share Acquisition Rights may be exercised</p> <p>The period shall be from the first day of the Exercise Period stipulated in Section (6) above or the effective date of the Organizational Restructuring, whichever comes later, until the last day of the Exercise Period stipulated in Section (6) above.</p> <p>(6) Matters related to the increase in share capital and capital reserve when new shares are issued upon the exercise of Share Acquisition Rights</p> <p>These matters shall be determined in accordance with Section(8) above.</p> <p>(7) Restrictions on acquiring Share Acquisition Rights through transfer</p> <p>Restrictions on acquiring Share Acquisition Rights through transfer shall be that the acquisition shall require approval based on a resolution of the Board of Directors of the relevant stock company.</p> <p>(8) Other conditions for exercising stock acquisition rights</p> <p>These conditions shall be determined in accordance with Section(7) above.</p> <p>(9) Reasons and conditions for acquiring stock acquisition rights</p> <p>These conditions shall be determined in accordance with Section(9) above.</p> <p>(10) Other conditions shall be determined according to the conditions set by the relevant stock company.</p>
(12)	Allotment date of Share Acquisition Rights	August 29, 2025
(13)	Matters related to certificates for Share Acquisition Rights	The Company shall not issue certificates for the Share Acquisition Rights.
(14)	Date of payment to be made in exchange for Share Acquisition Rights	August 29, 2025