



June 18, 2025

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Notice on the Disposal of Treasury Shares as Restricted Stock Compensation

Baycurrent, Inc. (hereinafter, the “Company”) hereby announces that, at the Board of Directors meeting held on June 18, 2025, it has resolved to dispose of treasury shares as restricted stock compensation (hereinafter, the “Disposal of Treasury Shares” or the “Disposal”). The details are as follows.

1. Summary of the Disposal

(1) Disposal date	July 14, 2025
(2) Class and number of shares to be disposed of	176,938 shares of common stock of the Company
(3) Disposal price	7,497 yen per share
(4) Total disposal amount	1,326,504,186 yen
(5) Allottees, number of allottees, and number of shares to be allotted	Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members): 3 persons, 61,093 shares Executive employees of the Company: 40 persons, 115,845 shares
(6) Other	The Disposal of Treasury Shares is subject to the condition that the notification under the Financial Instruments and Exchange Act takes effect.

2. Purpose and Reason for the Disposal

At the Board of Directors meeting held on April 20, 2018, the Company resolved to introduce a restricted stock compensation plan (hereinafter, the “Plan”) with the aim of increasing the linkage between Directors’ compensation and the Company’s medium- to long-term business performance and stock value, and thereby further promoting value sharing with shareholders.

Subsequently, at the 9th Annual General Meeting of Shareholders held on May 26, 2023, in connection with the Company’s transition to a company with an Audit and Supervisory Committee, it was resolved that, in line with the pre-transition framework, monetary compensation to be contributed as property for acquiring restricted stock (hereinafter, “Restricted Stock Compensation”) would be granted to Directors of the Company (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members; hereinafter, the “Eligible Directors”) under the Plan, with

the aim of further enhancing incentives to sustainably increase the Company's corporate value throughout their term of office. Specifically, it was approved that the total annual amount of monetary compensation claims for the purpose of granting restricted stock to the Eligible Directors under the Plan shall not exceed 800 million yen (the total number of shares of the Company's common stock to be delivered through contribution in kind of the monetary compensation claims shall not exceed 1,500,000 shares per year, and as before, the employee salary portion of Directors who concurrently serve as employees are excluded).

In addition to the Eligible Directors, the Plan also grants Restricted Stock Compensation to the Company's executive employees (hereinafter, collectively with the Eligible Directors, the "Eligible Directors, etc.") under terms similar to those for the Eligible Directors.

3. Overview of the Plan

Under the Plan, the Eligible Directors, etc. will pay a contribution in kind of all monetary compensation claims or monetary claims granted by the Company based on a resolution of the Company's Board of Directors, and in return receive an allotment of issued or disposed shares of the Company's common stock each year, in principle. These monetary compensation claims or monetary claims are granted as part of compensation or incentive plans on the condition that the Eligible Directors, etc. remain in service for the forthcoming one-year period. In order to increase the linkage between Directors' compensation and the Company's medium- to long-term business performance and stock value, and thereby further promote value sharing with shareholders, which is the purpose of the Plan, the transfer restriction period for the restricted stock shall be a period of between three to five years, as determined by the Company's Board of Directors, starting from the allotment date.

The total annual amount of monetary compensation claims to be granted to the Eligible Directors under the Plan shall not exceed 800 million yen, and the total number of shares of the Company's common stock to be issued or disposed of to the Eligible Directors under the Plan shall not exceed 1,500,000 shares per year (in the case that the Company conducts a share split (including a gratis allotment of shares) or a reverse share split of its common stock, or if any other event occurs that necessitates an adjustment to the total number of shares of the Company's common stock to be issued or disposed of as restricted stock, such total shall be adjusted to a reasonable extent). The per-share paid-in amount for the Company's common stock to be issued or disposed of under the Plan shall be determined by the Board of Directors 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 the relevant resolution of the Company's Board of Directors (or, if no transactions were made on that date, the closing price on the most recent trading day prior thereto), and shall not be set at a particularly favorable price for the Eligible Directors, etc. who subscribe to such shares.

The issuance or disposal of the Company's common stock under the Plan shall be subject to the execution of a restricted stock allotment agreement (hereinafter, the "Allotment Agreement") between the Company and the Eligible Directors, etc. as described in "5. Summary of the Restricted Stock Allotment Agreement" below. The Allotment Agreement shall include, among others, the following provisions: (i) the Eligible Directors, etc. shall not transfer, pledge, or otherwise dispose of the shares of the Company's common stock allotted pursuant to the Allotment Agreement (hereinafter, the "Allotted Shares") for a certain period of time; and (ii) if certain events occur, the Company may acquire such shares without consideration.

4. Details of the Current Disposal

Following consultation with the Nomination and Compensation Committee, the majority of which consists of Outside Directors, the Company resolved at its Board of Directors meeting held today to grant monetary compensation claims and monetary claims totaling 1,326,504,186 yen to the Eligible Directors, etc., and to dispose of a total of 176,938 shares of the Company's common stock to the Eligible Directors, etc. by way of payment by contribution in kind of the entire amount of such monetary compensation claims or monetary claims. The granting of the monetary compensation claims or monetary claims shall be subject to each of the Eligible Directors, etc. entering into the Allotment Agreement with the Company.

The details of the monetary compensation claims or monetary claims granted to the Eligible Directors, etc. as Restricted Stock Compensation under the Plan are as follows:

	Number of recipients	Number of shares to be allotted	Paid-in amount
Directors of the Company*	3 persons	61,093 shares	458,014,221 yen
Executive employees of the Company	40 persons	115,845 shares	868,489,965 yen

*Excluding Outside Directors and Directors who are Audit and Supervisory Committee Members.

5. Summary of the Restricted Stock Allotment Agreement

(1) Transfer restriction period

The period shall be from July 14, 2025 to July 22, 2028.

During the transfer restriction period stipulated in the Allotment Agreement (hereinafter, the "Transfer Restriction Period"), the Eligible Directors, etc. shall not transfer, pledge, or otherwise dispose of the Allotted Shares to any third party.

(2) Conditions for lifting of transfer restrictions

At the expiration of the Transfer Restriction Period, the Company shall lift the transfer restrictions on all of the Allotted Shares held at that time by the Eligible Directors, etc. on the condition that they have continuously held the position of Director, executive officer, or employee of the Company or any of its subsidiaries (hereinafter, collectively, the "Group") throughout the Transfer Restriction Period (or, if an Eligible Director, etc. has resigned or retired from all positions as a Director, executive officer, or employee within the Group (hereinafter, the "Retirement, etc.") during the Transfer Restriction Period, when (i) the Board of Directors determines the Retirement, etc. is for a legitimate reason or (ii) the Retirement, etc. is due to death (excluding suicide), throughout the period from the payment date to the date of such Retirement, etc.).

(3) Acquisition without consideration

In the case of Retirement, etc. of an Eligible Director, etc. during the Transfer Restriction Period, the Company shall automatically acquire all of the Allotted Shares without consideration at the time of such Retirement, etc., on the condition that the Retirement, etc. of an Eligible Director, etc. is due to the reason set forth in (2), (i) or (ii) above, the Company shall automatically acquire without consideration the number of Allotted Shares obtained by subtracting (b) from (a) below at the time of such Retirement, etc.

(a) The number of Allotted Shares

(b) The number obtained by multiplying [the number of Allotted Shares] by [the number of months from the month including the payment date (for Directors, from the month prior to the payment date) to the month including the date of Retirement, etc. of the Eligible Director, etc., divided by 12 (provided that the resulting number shall not exceed 1)] (subject to any fractional share less than one resulting from the calculation shall be rounded down)

In addition, the Company shall automatically and immediately acquire without consideration all of the Allotted Shares for which the transfer restrictions have not been lifted at the time of expiration of the Transfer Restriction Period.

(4) Management of Shares

During the Transfer Restriction Period, in order to ensure that the Allotted Shares cannot be transferred, pledged, or otherwise disposed of to any third party, the Allotted Shares shall be managed in dedicated accounts for restricted stock opened under the names of the Eligible Directors, etc. at SMBC Nikko Securities Inc., separately from other shares held in the names of the Eligible Directors, etc.

(5) Treatment in the Event of Organizational Restructuring, etc.

If, during the Transfer Restriction Period, matters relating to organizational restructuring, etc., such as a merger agreement under which the Company will be dissolved, a share exchange agreement under which the Company will become a wholly owned subsidiary, or a share transfer plan, are approved at a General Meeting of Shareholders of the Company (or, in cases where an approval of the Company's General Meeting of Shareholders is not required, at a meeting of the Board of Directors of the Company), when the effective date of such organizational restructuring, etc. occurs before the expiration of the Transfer Restriction Period, then, by resolution of the Company's Board of Directors, the transfer restrictions shall be lifted, immediately prior to the close of business on the business day immediately preceding the effective date of such organizational restructuring, etc., with respect to the number of Allotted Shares obtained by multiplying [the number of Allotted Shares held at the time of such approval by the Eligible Directors, etc.] by [the number of months from the month including the commencement date of the Transfer Restriction Period to the month including the date of such approval, divided by 12 (provided that the resulting number shall not exceed 1)] (subject to any fractional share less than one resulting from the calculation shall be rounded down). In this case, the Company shall, as of the business day immediately preceding the effective date of the organizational restructuring, etc., automatically acquire without consideration all of the Allotted Shares for which the transfer restrictions have not been lifted as of such date.

6. Basis for Calculation and Specific Details of the Paid-in Amount

The issue price for the Disposal of Treasury Shares has been set at 7,497 yen, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of the Company's Board of Directors resolution (June 17, 2025). This pricing method eliminates arbitrariness, and therefore, we believe it is evident that the price does not constitute a particularly favorable price.

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