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October 13, 2020

Company Name	freee K.K.
Representative	Daisuke Sasaki, CEO and Representative Director
Code No.	4478, Tokyo Stock Exchange Mothers
Contact	Sumito Togo, CFO and Director (TEL. +81 3-6630-3231)

### **Announcement regarding Issuance of Stock Acquisition Rights (Stock Options)**

freee K.K. (hereinafter the “Company”) hereby announces that, at the meeting of the Board of Directors held on October 13, 2020, the Company resolved to issue stock acquisition rights to directors and employees of the Company pursuant to Articles 236, 238, and 240 of the Companies Act as stated below. The Company will issue the stock acquisition rights without obtaining approval of the General Meeting of Shareholders because the rights are to be issued to those who intend to subscribe to the stock acquisition rights at a fair price without discount from market price. Furthermore, the stock acquisition rights will not be issued as a remuneration to subscribers but based on individual investment decisions of each subscriber.

#### **I. Purpose and reason for solicitation of subscribers for the stock acquisition rights**

The Company will issue and allot the stock acquisition rights with charge to the Company’s directors and employees with the aim of further enhancing their motivation, enthusiasm, and cohesiveness toward improving the Company’s business performance and growing its enterprise value in the medium to long term.

The total number of the Company’s common shares increased when all of the stock acquisition rights are exercised will account for 0.1% of the total number of issued shares. However, exercise of the stock acquisition rights is conditioned on achievement of a preset performance target and the Company believes that achievement of the target will contribute to improvement of the Company’s enterprise value and shareholder value. Therefore, it is assumed

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that issuance of the stock acquisition rights will promote the interests of the Company's existing shareholders and impact of dilution of shares will be within a reasonable extent.

## II. Outline of the issuance of the stock acquisition rights

### 1. Number of the stock acquisition rights

68,000 units

The total number of shares to be allotted upon exercise of the stock acquisition rights will be 68,000 common shares. If the number of shares to be allotted for each stock acquisition right is adjusted as per 3-(1) below, it will be the adjusted number of shares to be allotted multiplied by the number of the stock acquisition rights.

### 2. Payment of cash in exchange for the stock acquisition rights

The issue price per new share stock subscription right will be JPY 30. The price was determined by a third-party assessment organization Plutus Consulting Co., Ltd. based on a generally-accepted option price calculation model called Monte Carlo Simulation Model with consideration given to the Company's market price.

### 3. Details of the stock acquisition rights

#### (1) Class and number of shares to be issued upon exercise of the stock acquisition rights

One common share (the "Number of Shares to be Allotted") will be issued upon exercise of each of the stock acquisition rights.

Should the Company conduct a share split (including an allotment of common shares without consideration; the same shall apply hereinafter) or share consolidation on or after the date of allotment of the stock acquisition rights, the Number of Shares to be Allotted shall be adjusted in accordance with the following formula; provided, however, such adjustment shall be made only to the Number of Shares to be Allotted for the stock acquisition rights, which have not yet been exercised at the time of the adjustment. Any fraction less than one share arising from the adjustment shall be rounded off.

Number of Shares to be Allotted after adjustment = Number of Shares to be Allotted before adjustment x Ratio of share split or share consolidation

In addition to the above, in any event that makes it necessary to adjust the Number of Shares to be Allotted, including a merger, company split, and reduction of the stated capital, on and after the date of allotment of the stock acquisition rights, the Number of Shares to be Allotted shall be adjusted appropriately within a reasonable range.

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(2) Value of assets to be contributed upon exercise of the stock acquisition rights or calculation method thereof

The value of assets to be contributed upon exercise of each stock acquisition right shall be the amount to be paid in for each share (the “Exercise Price”), multiplied by the Number of Shares to be Allotted.

The Exercise Price shall be the closing price of the Company’s shares on the Tokyo Stock Exchange on the allotment date of the stock acquisition rights (or the closing price on the immediately preceding trading day, if no trading is made on that day).

Should the Company conduct a share split or share consolidation on or after the date of allotment of the stock acquisition rights, the Exercise Price shall be adjusted in accordance with the following formula, with any fraction less than JPY 1 rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of share split or share consolidation}}$$

Should the Company issue new common shares or distribute its treasury common shares at a price lower than current market price on or after the date of allotment of the stock acquisition rights (except issuance of new shares or distribution of treasury shares upon exercise of the stock acquisition rights and transfer of treasury shares upon exchange of shares), the Exercise Price shall be adjusted in accordance with the following formula, with any fraction less than JPY 1 rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of issued shares} + \frac{\text{Number of new issue shares} \times \text{Amount to be paid in per share}}{\text{Current market price per share before new issuance}}}{\text{Number of issued shares} + \text{Number of new issue shares}}$$

“Number of issued shares” in the above formula refers to the total number of issued common shares minus the number of treasury common shares and “Number of new issue

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shares” shall be read as “The number of treasury shares to be distributed” in the case of distribution of the Company’s treasury common shares.

In addition to the above, in any event that makes it necessary to adjust the Number of Shares to be Allotted, including a merger and company split, on and after the allotment date of the stock acquisition rights, the Company may make appropriate adjustment to the Exercise Price within a reasonable range.

(3) Period during which the stock acquisition rights are exercisable

Period during which the stock acquisition rights are exercisable (the “Exercise Period”) is from October 1, 2022 to October 29, 2028.

(4) Matters concerning the capital and capital reserve to be increased

- (i) The amount of capital to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be one half of the maximum amount of increases of the capital, etc. to be calculated according to Article 17, Paragraph 1 of Corporate Accounting Regulations , with any amount less than JPY 1 arising from such calculation to be rounded up.
- (ii) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be the amount obtained by deducting the amount of capital to be increased set forth in (i) above, from the maximum amount of increases of the capital, etc. set forth in (i) above.

(5) Restriction on acquisition of the stock acquisition rights through transfer

Any acquisition of the stock acquisition rights through transfer shall require the approval by resolution of the Board of Directors of the Company.

(6) Conditions for the exercise of the stock acquisition rights

- (i) The stock acquisition rights are exercisable only when net sales stated in the Company’s consolidated statement of income (or a statement of income if no consolidated statement of income is created) satisfies all of the following conditions.
  - (a) Net sales above JPY 9,657 million for the fiscal year ending June 30, 2021
  - (b) Net sales above JPY 13,000 million for the fiscal year ending June 30, 2022

For judgment of satisfaction of the net sales requirements, if the Board of Directors deems it inappropriate to make judgment relying on stated figures due to any change of accounting standards to be applied or any event that significantly affects the corporate business performance such as a merger, the

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Company may exclude the impact of a relevant corporate merger, for example, within a reasonable range and make adjustment of the performance figures for judgment. When there is any material change in reference figures due to, for example, application of the International Financial Reporting Standards and change of the financial term, the Board of Directors will define separate reference figures.

- (ii) Subscribers of the stock acquisition rights must continue to be directors, Audit & Supervisory Board members, or employees of the Company or its subsidiaries or affiliates at the time of exercise of the rights, unless otherwise approved by the Board of Directors for a justifiable reason such as retirement due to expiration of term of office and mandatory retirement.
- (iii) Heirs of the stock acquisition rights holders are not permitted to exercise the rights.
- (iv) In case, through exercise of the stock acquisition rights, the total number of issued shares of the Company will exceed the total number of authorized shares of the Company that is valid as of the exercise, the stock acquisition rights may not be exercised.
- (v) Any stock acquisition right less than one unit may not be exercised.

#### 4. Allotment date of the stock acquisition rights

October 30, 2020

#### 5. Matters concerning acquisition of the stock acquisition rights

- (1) The Company may acquire all the stock acquisition rights without compensations at the arrival of the day separately prescribed by the Board of Directors when a General Meeting of Shareholders (or the Board of Directors, if approval of a General Meeting of Shareholders is not required) approves: a corporate merger contract under which the Company will become a dissolving company; a corporate split-up contract or plan under which the Company will become a split company; or a share exchange contract or share transfer plan under which the Company will become a 100% owned subsidiary.
- (2) The Company may acquire the stock acquisition rights without compensations at the arrival of the day prescribed by the Board of Directors in case the subscribers comes to be unable to exercise the stock acquisition rights in accordance with 3-(6) above before exercise of the rights are duly effected.

#### 6. Treatment of stock acquisition rights upon reorganization

In case the Company conducts a merger (limited to the case where the Company is to become a dissolving company as a result of the merger), an absorption-type company split, an incorporation-type company split, a stock exchange or a stock transfer (hereafter

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collectively referred to as the “Reorganization”), stock acquisition rights of the companies listed in (a) to (e) of Article 236, Paragraph 1, Item 8, of the Companies Act (the “Reorganized Company”) will be allotted, in each of the above cases, to the subscribers holding the stock acquisition rights at the effective time of the Reorganization according to the conditions stated below; provided, however, that the foregoing shall be on the condition that allotment of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a stock exchange agreement or a stock transfer plan.

(1) Number of stock acquisition rights of the Reorganized Company to be allotted

Equal to the number of the remaining stock acquisition rights held by the subscribers.

(2) Class of shares of the Reorganized Company to be allotted upon exercise of the stock acquisition rights

Common shares of the Reorganized Company.

(3) Number of shares of the Reorganized Company to be allotted upon exercise of the stock acquisition rights

To be determined in accordance with 3-(1) above, based on the consideration of conditions for the Reorganization.

(4) Value of assets to be contributed upon exercise of the stock acquisition rights

The value of assets to be contributed upon exercise of each stock acquisition right to be allotted shall be the amount obtained by multiplying the exercise price after reorganization calculated by adjusting the Exercise Price stipulated in 3-(2) above by the number of shares of the Reorganized Company to be allotted upon exercise of the relevant stock acquisition rights determined in accordance with 6-(3) above.

(5) Period during which the stock acquisition rights are exercisable

From the initial date of the Exercise Period stipulated in 3-(3) above or the effective date of the Reorganization, whichever is later, to expiry date of the Exercise Period stipulated in 3-(3) above.

(6) Matters concerning the capital and capital reserve to be increased when shares are issued upon exercise of the stock acquisition rights

To be determined in accordance with 3-(4) above.

(7) Restriction on acquisition of the stock acquisition rights through transfer

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Any acquisition through transfer requires approval by a resolution of the Board of Directors of the Reorganized Company.

(8) Other conditions for exercise of the stock acquisition rights

To be determined in accordance with 3-(6) above.

(9) Reasons and conditions for acquisition of the stock acquisition rights

To be determined in accordance with 5 above.

(10) Other conditions are to be determined in accordance with conditions stipulated by the Reorganized Company.

7. Matters concerning certificates of the stock acquisition rights

The Company will not issue certificates of the stock acquisition rights.

8. Due date for payment in exchange for the stock acquisition rights

November 6, 2020

9. Due date for application

October 28, 2020

10. Allottees and number of the stock acquisition rights

Directors of freee K.K.	4 persons	24,000 units
Employees of freee K.K.	13 persons	44,000 units