

November 17, 2021

For Immediate Release

(English translation of the original Japanese document)

Company name: Kakaku.com, Inc.

Representative: Shonosuke Hata, President and Representative Director

(Stock code: 2371; First Section of the Tokyo Stock Exchange)

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Notice Regarding the Issuance of Stock Acquisition Rights  
as Compensation-type Stock Options

On November 17, 2021, the Board of Directors of Kakaku.com, Inc. (the "Company") passed following resolutions pursuant to the provisions of Articles 236, 238 and 240 of the Companies Act, to issue stock acquisition rights to its executive officers (excluding those who concurrently serve as Directors) as compensation-type stock options.

1. Purpose of issuing compensation-type stock options

The Company plans to issue stock acquisition rights as compensation-type stock options to its executive officers (excluding those who concurrently serve as Directors), with the aim to improve the Company's operating performance and to promote increased awareness of management responsibilities to serve shareholder interests.

The Company plans to use treasury stock to fulfill stock acquisition right exercises instead of issuing new shares.

2. Overview of stock acquisition right issuance

(i) Name of stock acquisition rights:

16th Series of Stock Acquisition Rights of Kakaku.com, Inc.

(ii) Total number of stock acquisition rights and number of eligible grantees thereof:

a) Eligible grantees: the Company's executive officers (excluding those who concurrently serve as Directors)

b) Number of eligible grantees: 16

c) Number of stock acquisition rights to be granted: 128

(iii) Class and number of shares deliverable upon exercise of stock acquisition rights:

The class of shares underlying the stock acquisition rights shall be common stock of the Company. Upon exercising stock acquisition rights, grantees will receive 100 shares (the "Number of Deliverable Shares") of common stock per stock acquisition right exercised.

Regardless of the above, if the Company conducts a stock split (including an allotment

of the Company's common stock without receipt of monetary consideration; the same shall apply to the description with regard to the stock split hereinafter) or a stock consolidation, after the date of issuing stock acquisition rights, the Company shall adjust the Number of Deliverable Shares which have not been exercised at the time of such stock split or consolidation using the formula set forth below. Any fraction of less than one share shall be rounded down to the nearest share.

*Number of shares after the adjustment = Number of shares before the adjustment × stock split or stock consolidation ratio*

Additionally, if an inevitable need to adjust the Number of Deliverable Shares arises, the Company may adjust the Number of Deliverable Shares as deemed necessary by the Company's Board of Directors.

(iv) Total Number of Stock Acquisition Rights:

The Company plans to grant 128 stock acquisition rights, but the total number of stock acquisition rights will be reduced, if one or more of the eligible grantees fail to subscribe to the offering. In such an event, the total number of stock acquisition rights issued shall be the total number of stock acquisition rights actually granted.

(v) Amount to be paid for Stock Acquisition Rights:

The amount payable for stock acquisition rights shall be calculated based on the share price on the issuance date of the share subscription rights multiplied by the number of shares to be acquired based the Black-Scholes Model.

$$C = S_0 e^{-qt} N(d_1) - Ke^{-rt} N(d_2)$$

*In this formula,*

$$d_1 = \frac{\ln(S_0 / K) + (r - q + \sigma^2 / 2)t}{\sigma\sqrt{t}}, \quad d_2 = d_1 - \sigma\sqrt{t}$$

- a) C = option price per share
- b)  $S_0$  = share price: Closing price of the Company's common stock at the Tokyo Stock Exchange on December 2, 2021. (or the standard price on the following trading day if there is no closing price on that date)
- c) K = exercise price: 1 yen
- d) t = expected duration: 4.5years
- e)  $\sigma$  = volatility: *rate of stock price volatility, which is calculated based on the daily closing price of the common stock of the Company on the Tokyo Stock Exchange for the period of 4.5years (from June 3, 2017 to December 2, 2021)*
- f) r = risk-free interest rate: interest rate on Japanese government bonds in the

expected remaining period

g)  $q$  = dividend yield: dividends per share (actual dividend paid for the fiscal year ended March 31, 2021)  $\div$  share price as provided in Item b) above

h)  $N(\cdot)$  = cumulative distribution function of standard normal distribution ( $N(\cdot)$ )

Note: The amount calculated based on the above formula is the fair value of the stock acquisition rights and does not fall under favorable issue.

The Company will pay the persons to whom share acquisition rights are granted (the "Grantees") monetary compensation equal to the said amount and offset their claim for compensation from the Company against their payment obligations to be paid for the stock acquisition rights.

(vi) Amount to be paid upon exercise of each stock acquisition right:

The amount payable upon exercise of each share warrant shall be determined by multiplying one (1) yen, the per-share exercise price, by the number of common shares to be issued upon exercise of such stock acquisition right.

(vii) Exercise period of stock acquisition rights:

The exercise period of share warrants shall be from December 4, 2023 to December 1, 2028

(viii) Terms and conditions of the exercise of stock acquisition rights:

a) Grantees must be officers (directors and auditors; the same shall apply hereinafter) or employees (including executive officers and employees on loan; the same shall apply hereinafter) of the Company or the Company's subsidiaries at the time they exercise their stock acquisition rights. However, condition a) for the exercise of stock acquisition rights will be considered fulfilled where the Company recognizes a valid reason at the time that the stock acquisition rights are exercised.

b) Grantees must not have lost any position as an officer or employee of the Company or one of its subsidiaries at any time during the period from the Grant Date until the time stock acquisition rights are exercised. However, condition b) for the exercise of stock acquisition rights will be considered fulfilled where the Company recognizes a valid reason at the time that the stock acquisition rights are exercised.

c) Grantees must not have been the subject of disciplinary action or subject to dismissal as stipulated in the employment rules of the Company or one of the Company's subsidiaries even once during the period from the Grant Date until the time stock acquisition rights are exercised. However, condition c) for the exercise of stock acquisition rights will be considered fulfilled where the Company recognizes a valid reason at the time that the stock acquisition rights are exercised.

d) The exercise of stock acquisition rights by heirs of stock acquisition right holders is not permitted.

- e) Other conditions shall be set forth in the stock acquisition right grant agreement between the Company and Grantees.
- (ix) Matters concerning the amount of capital stock and capital surplus increased by the issuance of shares upon exercise of stock acquisition rights:
- a) The amount of capital stock increased by the issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by multiplying the maximum limit of capital increase, as calculated in accordance with the provisions of Article 17, paragraph 1 of the Company Accounting Regulation, by 0.5, and any fraction of less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest yen
  - b) The amount of capital surplus increased by the issuance of shares upon exercise of stock acquisition rights shall be the amount obtained by deducting the capital to be increased, as provided in Item a) above, from the maximum limit of capital increase, as also provided in Item a) above.
- (x) Conditions regarding the stock acquisition rights:
- a) The Company may acquire such acquisition rights without any consideration on the day which shall be determined by the Board of Directors, if Grantees forfeit the right to exercise their stock acquisition right, in accordance with the conditions provided in Item (viii) above or pursuant to the Stock Acquisition Rights Allocation Agreement.
  - b) The Company may acquire such acquisition rights without any consideration if a proposal prepared by the Board of Directors, such as the following proposals, is approved by the general meeting of shareholders (or by the Board of Directors in cases where approval in a general meeting of shareholders is not required).
    - (1) Proposal for approval of a merger contract pursuant to which the Company shall be a dissolving company;
    - (2) Proposal for approval of an agreement or a plan for corporate split pursuant to which the Company shall become a wholly-owned subsidiary of another company;
    - (3) Proposal for approval of a share exchange agreement or a share transfer plan where the Company shall become a wholly-owned subsidiary of another company;
    - (4) Proposal for approval of an amendment of the Company's Articles of Incorporation so that any acquisition by transfer of shares issued by the Company shall require approval of the Company;
    - (5) Proposal for approval of an amendment of the Company's Articles of Incorporation that would require an approval of the Company for an acquisition by transfer of shares issued upon exercise of share warrants, or that

would allow the Company to acquire all such shares with the approval by shareholders in a general meeting of shareholders;

- (6) Proposal for approval of consolidation of shares in the class into which the stock acquisition rights are exercisable (only in cases where the adjustment of trade units for the class of shares based on the proportion of consolidation results in fractions less than one share);
- (7) Proposal for approval of request for sales of shares by special controlling shareholders;

(xi) Restriction on transfer of stock acquisition rights:

Transfer of stock acquisition rights shall be subject to the approval of the Board of Directors.

(xii) Treatment of stock acquisition rights in the event of reorganization:

If the Company is involved in a merger (limited to the case where the Company is the dissolving company), absorption- or incorporation-type demerger (in both cases, limited to the case where the Company shall be demerged) or a stock swap or stock transfer (limited to the case where the Company shall be a wholly owned subsidiary) (any such merger, demerger or stock swap/transfer is referred to below as a "Reorganization"), the Company shall grant the persons holding stock acquisition rights immediately as of such a Reorganization's effective date, newly issued stock acquisition rights of the "Successor Company", as specified in Article 236, paragraph 1-8, (a) through (e) of the Companies Act.

This only applies in cases where such grant of stock acquisition rights is stipulated in the applicable merger agreement, absorption-type demerger plan, incorporation-type demerger plan, stock swap agreement or stock transfer plan, in accordance with the following conditions.

- a) Number of stock acquisition rights of the Successor Company to be granted:  
The number of stock acquisition rights of the successor company to be granted shall be the same as the number of existing share warrants.
- b) The type of shares of the Successor Company to be issued upon exercise of stock acquisition rights:  
Common stock of the Successor Company
- c) The number of shares of the Successor Company to be issued upon exercise of stock acquisition rights:  
The number shall be determined following Item (iii) above, considering the terms and conditions of the Reorganization.
- d) Amount to be paid upon exercise of share warrants:  
The amount payable to the Company upon exercise of stock acquisition rights shall be determined by multiplying one (1) yen, the per-share exercise price of the Successor Company, by the number of shares of the Successor Company to be issued upon exercise of such share warrants as determined in accordance with Item c) above.

- e) Exercise period of stock acquisition rights:  
The exercise period of stock acquisition rights shall begin on the date of commencement of the exercise period stipulated in Item (vii) above or the effective date of the Reorganization, whichever is later, and end on the closing date of the exercise of such share warrants as determined in accordance with item (vii) above.
- f) Matters concerning the amount of capital stock and capital surplus increased by the issuance of the shares upon exercise of stock acquisition rights:  
Shall be determined in accordance with Item (ix) above.
- g) Restrictions on the transfer of stock acquisition rights:  
Shall be determined in accordance with a resolution passed by the Board of Directors of the Successor Company.
- h) Conditions for the exercise of stock acquisition rights:  
Shall be determined in accordance with Item (viii) above.
- i) Conditions regarding the acquisitions of stock acquisition rights:  
Shall be determined in accordance with Item (x) above

(xiii) Treatment of fractional shares upon exercise of share warrants:  
Fractions of less than one (1) share in the number of shares to be issued upon exercise of stock acquisition rights shall be rounded down.

(xiv) Date of issuance of stock acquisition rights: December 2, 2021.

(xv) Issuance of stock acquisition right certificates:  
Stock acquisition right certificates will not be issued.