

Note: This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.



February 14, 2022

Company Name	free 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 New Restricted Shares to free Employees

free K.K. (the "Company") announces that, at the Board of Directors' meeting held today, the Board of Directors made the decision to issue new restricted shares (the "New Share Issuance") as follows.

1. Overview of the Share Issuance

(1) Pay-in date	March 18, 2022
(2) Type and number of shares to be issued	45,311 common shares of the Company
(3) Issue price of shares	JPY 4,385 per share
(4) Total issue price	JPY 198,688,735
(5) Allottees	45,311 shares to be allocated to 154 employees of the Company
(6) Other	For the New Share Issuance, a securities registration statement has been submitted as required under the Financial Instruments and Exchange Act.

2. Purposes and reasons of the New Share Issuance

Pursuant to a resolution at the Board of Directors meeting held today, the Company granted 154 of its employees who satisfy certain requirements (the "Eligible Employees") monetary receivables of JPY 198,688,735 in total, for the purpose of motivating its employees to work for sustainable growth of the Company's corporate value and strengthening the sense of values shared with our shareholders. On this basis, the Company, at the Board of Directors meeting, further decided to allocate 45,311 common shares of the Company through the New Share Issuance ("Allocated Shares") for the purpose of the total monetary receivables of JPY 198,688,735 to be paid as property contributed in kind (the amount of the monetary receivables paid per share: JPY 4,385). In order to encourage medium-/long-term continuous service of the Eligible Employees, Allocated Shares are subject to a transfer restriction for a period defined by the Board of Directors (the "Transfer Restriction Period").

Note: This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.

The Eligible Employees will pay-in all of the monetary receivables paid as property contributed in kind and take up common shares allocated by the Company through the New Share Issuance. The New Share Issuance is subject to a restricted share allocation agreement signed between the Company and the Eligible Employees. Overview of the restricted share allocation agreement is as provided below.

Allocated Shares will be allocated only to Eligible Employees who wish to take up the shares.

Overview of the Restricted Share Allocation Agreement

(1) Transfer Restriction Period

The Eligible Employees shall not transfer, pledge as collateral, or otherwise dispose of Allocated Shares during the Transfer Restriction Period.

(2) Conditions subsequent

The transfer restriction of Allocated Shares will be lifted as of expiration of the Transfer Restriction Period upon condition that the Eligible Employees continue to serve in the status of officers or employees at the Company.

(3) Uncompensated acquisition by the Company

Upon expiration of the Transfer Restriction Period, the Company may automatically acquire all Allocated Shares for which the transfer restriction has not been lifted without providing compensation.

(4) Management of Shares

Allocated Shares shall be managed in a dedicated account for restricted shares established by the Eligible Employees at Daiwa Securities Co. Ltd. in order to prevent Allocated Shares from being transferred, pledged as collateral, or otherwise disposed of during the Transfer Restriction Period.

(5) Reorganizations

In the event a merger agreement in which the Company becomes a dissolved company, or a share exchange agreement, share transfer plan, or any other matters of reorganization with which the Company becomes a wholly owned subsidiary is approved by the General Meeting of Shareholders (or the Board of Directors where approval of the General Meeting of Shareholders is not required in a relevant reorganization case), the Board of Directors of the Company shall lift the transfer restriction on the number of Allocated Shares reasonably calculated as of the moment immediately prior to the business day prior to the effective date of such reorganization.

3. Basis and Details of Calculation of the Pay-in Amount

The New Share Issuance will be funded by monetary receivables paid to the Eligible Employees as property contributed in kind. In order to exclude arbitrariness with regard to the pay-in amount, the closing price of the common shares of the Company on Tokyo Stock Exchange on February 10, 2022 (the business day before the resolution at the Board of Directors), which is JPY 4,385, is taken as the pay-in amount. The amount is the market price immediately prior to the date of the Board of Directors meeting resolution and the Company believes it appropriately and reasonably reflects the Company's corporate value and is not a price particularly favorable to the Eligible Employees unless there is any special circumstance suggesting that dependence on the latest stock price is inappropriate.