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July 18, 2025

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Announcement Regarding the Establishment of Share Grant Rules and Issuance of New Shares through Third-Party Allotment in Conjunction with the Introduction of an Employee Stock Ownership Plan (J-ESOP)

freee K.K. (the "Company") hereby announces that, at the Board of Directors' meeting held today, the Board of Directors made the decision to introduce an incentive plan under which shares of the Company will be granted to employees, namely, the Employee Stock Ownership Plan (J-ESOP) (the "Plan"), with a trust (the "Trust") to be established in accordance with a trust agreement to be concluded with Mizuho Trust & Banking Co., Ltd. in relation to the Plan. In addition, the Company has resolved to establish the Share Grant Rules (the "Rules") as set forth below.

Furthermore, in conjunction with the introduction of the Plan, the Board of Directors made the decision to issue new shares through a third-party allotment (the "New Share Issuance"). The details are described below.

<Introduction of the Plan>

1. Background of the introduction

The Company group has been enhancing compensation systems utilizing shares of the Company since before its listing, with the aim of enabling each employee to take ownership of their work in order to achieve our mission of "Empower Small Businesses to Take Center Stage."

As part of these efforts, the Company introduced a restricted share plan for its employees at a meeting of the Board of Directors on August 12, 2020. However, following a review of the plan, we have decided to partially replace the existing restricted share plan with the Plan in order to further enhance our employees' motivation, sustainably improve our corporate value, and further promote value sharing with our shareholders.

Please note that the restricted stock compensation plan and the performance share unit plan for Directors are not subject to any changes under this announcement.

2. Overview of the Plan and establishment of the Rules

The Plan is a trust-based scheme modeled after the U.S. Employee Stock Ownership Plan (ESOP), under which shares of the Company and cash equivalent to the market value of such shares (collectively, the "Company Shares, etc.") are granted to employees of the Company who satisfy certain requirements in accordance with the Share Grant Rules predetermined by the Company.

The introduction of the Plan is expected to encourage eligible employees to take greater ownership of their work by enabling them to realize the value of the Company's shares, while taking into account the financial burden of taxation and other costs associated with the grant of shares.

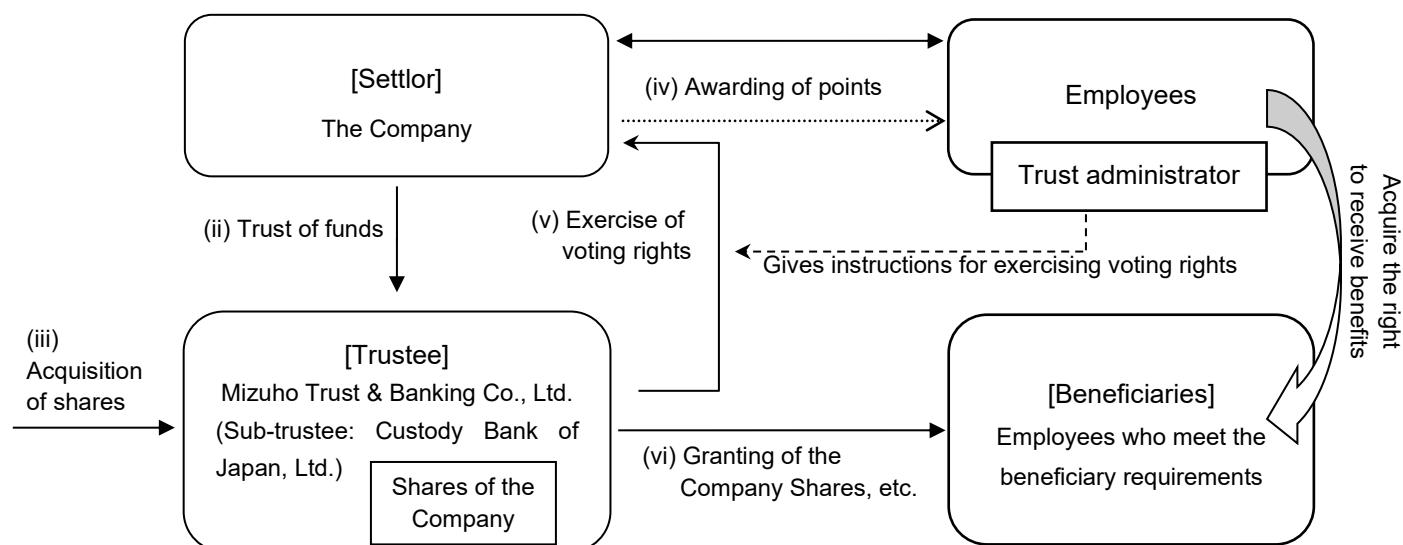
At the Board of Directors meeting held today, the Board of Directors made the decision to establish the Rules.

Under the Rules, the Company will award points to its employees based on their individual contribution and other factors. Each of such points will be equivalent to one share of the Company's common stock when granting the Company Shares, etc. However, if any stock split, allotment of shares without contribution, stock consolidation, etc. is conducted with respect to the Company's shares, a reasonable adjustment will be made to the number of points awarded or the conversion ratio, in accordance with the applicable ratio, etc.

When an employee satisfies the beneficiary requirements specified in the Rules and completes the prescribed procedures for beneficiary determination, the employee will receive shares of the Company from the Trust, according to the number of points awarded. However, if specific requirements set forth in the Rules are met, a certain portion of the benefit may be provided in cash equivalent to the market value of the relevant shares of the Company, in lieu of delivering shares.

The Company's shares to be allotted to Custody Bank of Japan, Ltd. (Trust Account E) through the New Share Issuance will be held by Custody Bank of Japan, Ltd. (Trust Account E) until they are granted to employees. Employees who have been awarded points will not be entitled to transfer or otherwise dispose of the Company's shares corresponding to such points until the actual grant is made.

[Structure of the Plan]



1. The Company will establish the Share Grant Rules upon the introduction of the Plan.
2. In accordance with the Share Grant Rules, the Company will entrust funds to Mizuho Trust & Banking Co., Ltd. (sub-trustee: Custody Bank of Japan, Ltd.) under a trust for the benefit of a third party for the purpose of preliminarily acquiring the Company's shares to be granted to employees in the future.
3. The Trust will acquire shares of the Company using the funds entrusted in (2), through market transactions on the stock exchange, by subscribing for shares disposed of as treasury stock by the Company, or by subscribing for newly issued shares of the Company.
4. The Company will award points to employees in accordance with the Share Grant Rules.
5. The Trust will exercise voting rights based on instructions from the trust administrator.
6. The Trust will grant shares of the Company to employees who satisfy the beneficiary requirements specified in the Share Grant Rules (the "Beneficiaries"), according to the number of points awarded to each of the Beneficiaries. However, if an employee meets specific requirements set forth in the Share Grant Rules, the employee may receive cash equivalent to the market value of the relevant shares of the Company for a certain portion of the points.

3. Overview of the Trust

(1) Name:	Employee Stock Ownership Plan (J-ESOP)
(2) Settlor:	The Company
(3) Trustee:	Mizuho Trust & Banking Co., Ltd. (Sub-trustee: Custody Bank of Japan, Ltd.)
(4) Beneficiaries:	Employees who meet the beneficiary requirements specified in the Share Grant Rules
(5) Trust administrator:	Selected from among the Company's employees
(6) Type of the Trust:	Trust of money other than money trust (trust for the benefit of a third party)
(7) Purpose of the Trust:	To grant the Company Shares, etc. held as trust assets to the Beneficiaries in accordance with the Share Grant Rules
(8) Date of execution of the Trust Agreement:	August 4, 2025
(9) Date of entrustment of funds:	August 4, 2025
(10) Trust period:	From August 4, 2025 until the termination of the Trust (No specific end date is set; the Trust will continue as long as the Plan remains in effect.)

<New Share Issuance>

4. Overview of the issuance

(1) Payment date	Monday, August 4, 2025
(2) Type and number of shares to be issued	386,101 shares of common stock
(3) Issue price	3,885 yen per share
(4) Total issue amount	1,500,002,385 yen
(5) Scheduled allottees	Employees of the Company: 1,785 persons, 386,101 shares (Notes 1 and 2)
(6) Other	The New Share Issuance is subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act.

Note 1: The formal allottee of the New Share Issuance is Custody Bank of Japan, Ltd. (Trust Account E).

Custody Bank of Japan, Ltd. (Trust Account E) is the trust account to be established based on a trust agreement (the "Trust Agreement") to be entered into between the Company and Mizuho Trust & Banking Co., Ltd., under which the Company will act as the settlor and Mizuho Trust & Banking Co., Ltd. as the trustee (sub-trustee: Custody Bank of Japan, Ltd.). However, since the New Share Issuance is intended to provide benefits to employees of the Company under the Plan, and its nature is essentially the same as an allotment of shares to employees of the Company as consideration for services rendered to the Company, the scheduled allottees are stated as the employees of the Company (the number of employees as of the end of June 2025).

Note 2: Under the Plan, employees will be awarded points based on individual contribution and other factors, and upon meeting certain conditions and acquiring the right to receive benefits, they will receive the Company Shares, etc. corresponding to the number of points awarded. Accordingly, the number of shares stated above represents the maximum number, and the actual number of Company Shares, etc. to be granted to employees will vary depending on each employee's individual contribution and other factors.

5. Purpose and reason for the issuance

The purpose of the New Share Issuance is to enable the holding and issuance of shares of the Company in connection with the operation of the Plan. New shares will be issued through a third-party allotment to Trust Account E to be established at Custody Bank of Japan, Ltd. (the sub-trustee to be re-entrusted by Mizuho Trust & Banking Co., Ltd., the trustee of the Trust). Although the New Share Issuance will be formally allotted to

Custody Bank of Japan, Ltd. (Trust Account E), its nature is essentially the same as an allotment of shares to employees of the Company as consideration for services rendered to the Company.

The number of shares to be issued corresponds to the number of shares expected to be granted to employees of the Company during the trust period under the Rules (one fiscal year's worth, from the start of the Plan through the fiscal year ending June 30, 2026). This represents 0.65% of the total number of issued shares as of June 30, 2025, which is 59,221,680 shares (0.65% of the total number of voting rights as of June 30, 2025, which is 591,012 units (both figures are rounded to the nearest one-hundredth)). Given that the number of shares to be issued corresponds to the number of shares expected to be granted to employees of the Company during the trust period under the Rules established as described in 2. above (one fiscal year's worth, from the start of the Plan through the fiscal year ending June 30, 2026), and in light of the purpose of the Plan, the scale of dilution is considered reasonable.

6. Basis and specific details for the calculation of the issue price

The issue price has been set at 3,885 yen per share, which is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date the Board of Directors made the decision on the New Share Issuance.

This price was deemed reasonable, as the closing price on the day immediately preceding the date of the Board resolution was considered to represent the fair corporate value of the Company in the stock market.

Specifically, the issue price of 3,885 yen represents 104.16% of the average closing price of 3,730 yen (rounded down to the nearest yen) over the one-month period prior to the business day immediately preceding the resolution date, 101.52% of the average closing price of 3,827 yen (rounded down to the nearest yen) over the three-month period prior thereto, and 104.83% of the average closing price of 3,706 yen (rounded down to the nearest yen) over the six-month period prior thereto. Taking these factors into consideration, the issue price for the New Share Issuance is not deemed to be particularly advantageous and is considered to be reasonable.

Furthermore, the Audit & Supervisory Committee has expressed its opinion that the above issue price does not constitute a particularly advantageous issue price.

7. Matters related to procedures under the corporate code of conduct

Since (i) the dilution ratio resulting from the New Share Issuance is less than 25%, and (ii) the New Share Issuance does not involve any change in controlling shareholders, it is not necessary to implement procedures for obtaining an opinion from an independent third party or confirming shareholder intentions, as stipulated in Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange.