

October 16, 2017

Company: Cookpad Inc.

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Notice on Issuance of Paid-in Stock Options (Stock Acquisition Rights)

Cookpad Inc. (the “Company”) hereby announces that the Company resolved at a meeting of its Board of Directors held on October 15, 2017 to issue stock acquisition rights (the “Stock Acquisition Rights”) as outlined below to some executive officers under the provisions of Articles 236, 238, and 240 of the Companies Act. The stock acquisition rights will be issued at a fair price to those accepting them, and there are no particularly advantageous conditions, so this will be done without approval of the General Meeting of Shareholders. A resolution has been obtained from the Company’s Compensation Committee for granting of the Stock Acquisition Rights.

I. Reason for issuing stock acquisition rights as stock options

Paid-in stock acquisition rights are being issued to some of the Company’s executive officers for the purpose of improving long-term corporate value.

As detailed in “3(6) Conditions for execution of stock acquisition rights” under “II. Issuance guidelines for stock acquisition rights,” execution of these rights is only possible when the Company’s performance reaches a predefined level. The reason for making this level a condition for exercising these rights is that we believe that it is the best method by which to pursue improvement of long-term corporate value.

Additionally, in the event that all the Stock Acquisition Rights are exercised, the increase in the total number of ordinary shares is equal to 1.9% of the total number of shares issued. However, the Company’s performance reaching a predefined level is a condition for exercising the Stock Acquisition Rights as stated above, and reaching that level will contribute to improvement of the Company’s corporate and shareholder value. As such, we believe that the impact on stock dilution by issuing the Stock Acquisition Rights is reasonable.

II. Issuance guidelines for stock acquisition rights

1. Number of stock acquisition rights

19,895 units

The total number of shares that may be received through exercise of the Stock Acquisition Rights is 1,989,500 ordinary shares, and in the event that the number of shares granted in relation to the Stock Acquisition Rights is adjusted according to 3.(1) below, the number of shares granted after adjustment will be multiplied by the number of Stock Acquisition Rights.

2. Monetary amount paid in exchange for stock acquisition rights

The issue price per Stock Acquisition Right shall be 100 yen. This monetary amount was determined based on the results of the calculation performed by third-party stock appraiser Plutus Consulting Co., Ltd. (“Plutus”). Plutus came up with this amount using the binomial model, which is a general model for stock options valuation, based on the 754 yen per share closing share price of the Company’s shares in regular trading on the Tokyo Stock Exchange on October 13, 2017 (the trading day before the day of the resolution of the Board of Directors relating to issuance of the Stock Acquisition Rights), share price volatility of 49.10%, dividend yield of 1.33%, a risk-free interest rate of 0.858%, and conditions laid out in the issuance guidelines for the Stock Acquisition Rights (exercise price of 754 yen per share, 30-year period to maturity, and performance conditions).

3. Description of stock acquisition rights

(1) Type and number of shares to be acquired upon exercise of stock acquisition rights

The number of such shares per Stock Acquisition Right (“Number of Shares Granted”) shall be 100 shares.

The Number of Shares Granted shall be adjusted according to the formula below in the event of the Company proceeding with a stock split (including allotment of common stock without contribution; the same applies hereinafter) or reverse stock split after the allotment date of the Stock Acquisition Rights. However, the adjustment shall only be carried out on the number of shares for which the Stock Acquisition Rights have not been exercised at that point in time, and fractions of less than one share arising as a result of the adjustment shall be rounded down.

Number of Shares Granted after adjustment = Number of Shares Granted before adjustment x Stock split (or reverse stock split) ratio

Moreover, in the event of the Company proceeding with a merger, demerger or reduction of the stated capital after the allotment date of the Stock Acquisition Rights and it becomes necessary to adjust the Number of Shares Granted accordingly, the Number of Shares Granted shall be adjusted appropriately to the extent that it is reasonable.

(2) Amount of assets to be contributed upon exercise of stock acquisition rights and method of calculation

The amount of assets to be contributed upon exercise of the Stock Acquisition Rights shall be the paid-in amount per share (“Exercise Price”) multiplied by the Number of Shares Granted.

The Exercise Price shall be 754 yen, the closing share price of the Company’s shares in regular

trading on the Tokyo Stock Exchange on October 13, 2017, the trading day before the day of the resolution of the Board of Directors relating to issuance of the Stock Acquisition Rights.

In the event of the Company proceeding with a stock split or reverse stock split after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted using the formula below, and fractions of less than one yen resulting from the adjustment shall be rounded up.

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$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Stock split (or reverse stock split) ratio}}$$

In the event of the Company proceeding with issuance of new shares of its common stock at a price below market value or disposal of treasury stock (excluding issuance of new shares and disposal of treasury stock based on exercise of stock acquisition rights) after the allotment date of the Stock Acquisition Rights, the Exercise Price shall be adjusted using the formula below, and fractions of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of newly issued shares} \times \text{Paid-in amount per share}}{\text{Market price per share before issuance of new shares}}}{\text{Number of shares already issued} + \text{Number of newly issued shares}}$$

“Number of shares already issued” in the above formula shall be the total number of shares of the Company’s common stock issued less treasury stock (common stock), and in the event of the Company proceeding with disposal of treasury stock, the “number of newly issued shares” shall be read as “number of shares of treasury stock to be disposed of.”

Moreover, in addition to the above, in the event of the Company proceeding with a merger with another company, demerger, or reduction of the stated capital after the allotment date of the Stock Acquisition Rights and it becomes necessary to adjust the Exercise Price accordingly, the Company shall be able to adjust the Exercise Price appropriately to the extent that it is reasonable.

(3) Period in which stock acquisition rights may be exercised

The period during which the Stock Acquisition Rights may be exercised (“Exercise Period”) shall be from October 31, 2022 to October 30, 2047.

(4) Matters related to the increase in legal capital and legal capital reserves

- a) The amount of legal capital to be increased as a result of the issuance of shares arising from the exercise of the Stock Acquisition Rights shall be no more than one half of the upper limit to the amount of capital increase calculated in accordance with Article 17, Paragraph 1 of the Company’s Calculation Rules (“Capital Increase Limit”). Fractions of less than one yen resulting from the calculation shall be rounded up.
- b) The amount of legal capital reserves to be increased as a result of the issuance of shares due to the exercise of the Stock Acquisition Rights shall be the Capital Increase Limit minus the amount of capital increase set out in paragraph a) above.

(5) Restrictions set on acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer requires approval by resolution of the Board of Directors.

(6) Conditions on the exercise of stock acquisition rights

a) On or after the allotment date of the Stock Acquisition Rights and only in cases where the operating income listed in a securities report (referring to operating income from the consolidated profit and loss statement provided in the securities report [profit and loss statement if no consolidated profit and loss statement is prepared]; the same applies hereinafter), which is submitted by the day corresponding to eight years from the day after the day on which a holder of stock acquisition rights loses their status as an executive officer or employee of the Company (the “Initial Date”), exceeds 15 billion yen, the holder of stock acquisition rights may exercise said rights on the percentage defined below of Stock Acquisition Rights allotted to each holder (fractions of less than a share shall be rounded down) between the day corresponding to five years from the Initial Date and the day corresponding to eight years from the Initial Date.

(a) The holder’s status as an executive officer or employee of the Company is lost by October 30, 2018 (including this day; the same applies hereinafter): 20%

(b) The holder’s status as an executive officer or employee of the Company is lost between October 31, 2018 and October 30, 2019: 40%

(c) The holder’s status as an executive officer or employee of the Company is lost between October 31, 2019 and October 30, 2020: 60%

(d) The holder’s status as an executive officer or employee of the Company is lost between October 31, 2020 and October 30, 2021: 80%

(e) The holder’s status as an executive officer or employee of the Company is lost on or after October 31, 2021: 100%

In the event that a significant change occurs with respect to the concept of operating income to be referenced due to a change in the Company’s fiscal year, international financial reporting standards, etc., the Board of Directors shall establish a separate indicator to be referenced.

b) In the event of the death of the holder of stock acquisition rights, only the heir or devisee as set forth in the stock acquisition right allotment agreement concluded separately between the Company and the holder of stock acquisition rights based on resolution of the Company’s Board of Directors may exercise the Stock Acquisition Rights within the scope of the rights granted to the holder of stock acquisition rights.

c) In the event that exercising of the Stock Acquisition Rights would cause the total number of shares issued by the Company to exceed the total number of issuable shares at that point in time, the Stock Acquisition Rights may not be exercised.

- d) The Stock Acquisition Rights may not be exercised in numbers less than one share.

4. Allotment date of stock acquisition rights

October 31, 2017

5. Matters related to acquisition of stock acquisition rights

- (1) In the event that the General Meeting of Shareholders approves the conclusion of a merger agreement in which the Company is the dissolving company, a demerger agreement or demerger plan in which the Company is the splitting company, or a share exchange agreement or share transfer plan by which the Company becomes a wholly-owned subsidiary (or by resolution of the Board of Directors/Management Meeting in cases where approval of the General Meeting of Shareholders is not required), the Company may acquire all Stock Acquisition Rights without contribution on an acquisition date determined separately by the Company's Board of Directors.
- (2) In the event that the holder of stock acquisition rights is unable to exercise some or all of the Stock Acquisition Rights by reason of losing rights according to the provisions set forth in 3.(6) above or as set forth in the stock acquisition right allotment agreement concluded separately between the holder of stock acquisition rights and the Company by resolution of the Company's Board of Directors, the Company may acquire without contribution the stock acquisition rights that cannot be exercised.

6. Handling of stock acquisition rights upon reorganization

In the event that the Company enters into a merger (limited to cases in which it is the dissolving company), absorption-type demerger, incorporation-type demerger, share exchange or share transfer (hereinafter collectively referred to as "Reorganization"), holders of stock acquisition rights as of the effective date of Reorganization shall in each case be issued stock acquisition rights of the corporations listed in Article 236, Paragraph 1, Item 8, a) through e) of the Companies Act ("Reorganized Company") under the following conditions. However, this shall be limited to cases where issuance of stock acquisition rights of the Reorganized Company in accordance with the conditions below is set forth in the absorption-type merger agreement, incorporation-type merger agreement, absorption-type demerger agreement, incorporation-type demerger plan, share exchange agreement or share transfer plan.

- (1) Number of stock acquisition rights to be issued by the Reorganized Company

The same number of stock acquisition rights shall be issued as the number of stock acquisition rights held by the holders of stock acquisition rights.

- (2) Type of shares to be acquired in the Reorganized Company upon exercise of stock acquisition rights

The type shall be common stock in the Reorganized Company.

- (3) Number of shares to be acquired in the Reorganized Company upon exercise of stock acquisition

rights

Determined according to 3.(1) above taking into consideration the conditions of Reorganization.

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

The amount of assets to be contributed upon exercise of stock acquisition rights issued shall be the exercise price after reorganization obtained by adjusting the Exercise Price set forth in 3.(2) above, taking into consideration the conditions of Reorganization, multiplied by the number of shares of the Reorganized Company to be acquired upon exercise of stock acquisition rights determined in accordance with 6.(3) above.

(5) Period in which stock acquisition rights may be exercised

The period shall be from the first day of the Exercise Period set forth in 3.(3) above or the date that the Reorganization takes effect, whichever is later, until the last day of the Exercise Period as set forth in 3.(3) above.

(6) Matters related to the increase in legal capital and legal capital reserves associated with the issuance of shares arising from the exercise of stock acquisition rights

Determined according to 3.(4) above.

(7) Restrictions set on acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer requires approval by resolution of the Reorganized Company's Board of Directors.

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

Determined according to 3.(6) above.

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

Determined according to 5. above.

(10) Other conditions shall be determined according to the conditions of the Reorganized Company.

7. Matters related to certificates of stock acquisition rights pertaining to the stock acquisition rights

The Company shall not issue certificates of stock acquisition rights pertaining to the Stock Acquisition Rights.

8. Deadline for monetary payment in exchange for stock acquisition rights

October 31, 2017

9. Persons receiving allotment of stock acquisition rights and number received

Two executive officers of the Company, 19,895 units

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