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Notice Regarding Loss on Valuation of Investment Securities in Consolidated Financial Results and Loss on Valuation of Shares of Subsidiaries and Associates in Non-Consolidated Financial Results

freee K.K. (the "Company") announces that it recognized loss on valuation of investment securities in the consolidated financial results and loss on valuation of shares of subsidiaries and associates in the non-consolidated financial results for the fiscal year ended June 30, 2021 (July 1, 2020 to June 30, 2021).

1. Loss on Valuation of Investment Securities

The Company recognized loss on valuation of investment securities of 27 million yen as an extraordinary loss in the consolidated financial statements for the fiscal year ended June 30, 2021, due to impairment incurred as a result of the assessment of the financial position and prospects of the investment securities held by the Company.

2. Loss on Valuation of Shares of Subsidiaries and Associates in Non-Consolidated Financial Results

The Company recognized freee finance lab K.K. (a consolidated subsidiary of the Company, providing financial services, the "Subsidiary") is in the growth investment stage with advance investments, and the Subsidiary has recorded net loss.

As a result, in the fiscal year ended June 30, 2021, the net asset value of the Subsidiary decreased, and the Company recognized the impairment loss on the Company's stake in the Subsidiary, resulting in a loss on valuation of shares of subsidiaries and associates of 306 million yen as an extraordinary loss in the non-consolidated financial statements for the fiscal year ended June 30, 2021.

There is no impact on the consolidated financial results as the above extraordinary loss will be eliminated in the consolidated financial statements.