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October 15, 2021

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 Corporate Split of Consolidated Subsidiary (Incorporation-Type Split) and Sale of Stock of Newly-Established Company

free K.K. (the "Company") hereby announces that the Company made a resolution at the meeting of the Board of Directors held today to split up the business of the online learning service "Shikaku Square" (hereinafter the "Business") owned by Company consolidated subsidiary Sight Visit Inc. (hereinafter "Sight Visit"), and to sell the Business to a newly established company through an incorporation-type split (hereinafter the "Corporate Split") and sell the stock of the newly established company to RareJob, Inc., and RISO Inc. (hereinafter the "Transaction" in relation to the Corporate Split).

As the Corporate Split is an incorporation-type split solely of the subsidiary and voluntary disclosure, some information concerning the Corporate Split is excluded from the scope of the disclosure.

1. Purpose of the Corporate Split and Sale of Stock

In line with its corporate mission "Empower Small Businesses to Take Center Stage," the Company has developed and offered services centered around integrated cloud ERP aimed at the realization of "Integrated Management Platform for Everyone to Manage Business Freely." In April 2021, with the aim of expanding the integrated cloud ERP into legal and contract fields, the Company acquired Sight Visit Inc., the provider of the electronic signing and agreement service "NINJA SIGN," as a consolidated subsidiary and entered the rapid-growing electronic signing and contract market.

Now, the Company has made the decision to enter into the Transaction, believing that it is best for the further growth of the Business operating by Sight Visit to sell to RareJob, Inc., which is striving to expand its business from online English conversation lesson services for individuals to broader fields of learning. Following the Transaction, Sight Visit and the Company will further focus on the development of the integrated cloud ERP.

2. Overview of the Corporate Split and Sale of Stock

(1) Schedule of the Corporate Split and Sale of Stock

Date of resolution of the incorporation-type split and sale of stock by the Board of Directors (the Company and Sight Visit)	October 15, 2021
Signing date of the Share Purchase Agreement	October 15, 2021
Date of the resolution by the General Meeting of Shareholders (Sight Visit)	November 2, 2021 (scheduled)

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Effective date of the Corporate Split	December 1, 2021 (scheduled)
Date of sale of stock	December 1, 2021 (scheduled)

(2) Method of Corporate Split

Incorporation-type split, where the division will be split off from Sight Visit and will form a new company.

(3) Allotment of New Company Stock

Upon the Corporate Split, the new company will issue 100,000 ordinary shares, all of which will be allocated to Sight Visit. On the same day as the effective date of the Corporate Split, Sight Visit will sell 70,000 of such shares to RareJob, Inc. and 30,000 to RISO Inc.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights after Corporate Split

The 10th stock acquisition right issued by Sight Visit (issued on July 31, 2021) that are owned by employees engaged in the Business will be either waived by the rights holders or acquired by Sight Visit without compensation. Sight Visit has not issued any bonds with stock acquisition rights.

(5) Capital Increase or Decrease due to Corporate Split

There will be no increase or decrease in Sight Visit's capital due to the Corporate Split.

(6) Rights and Obligations to be Succeeded to by the Newly-Established Company

From Sight Visit, the newly-established company will succeed to the assets, debts, and other rights and obligations specified in the incorporation-type corporate split plan dated October 15, 2021 that belong to the Business as of the effective date.

(7) Probability of Performance of Obligations

The Company has determined that there is a high probability that Sight Visit and the newly established company will fulfill their obligations on and after the effective date of the Corporate Split.

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3. Overview of the Companies concerning the Corporate Split

	Split company	Newly-established company
(1) Name	Sight Visit Inc.	shikaku square, Inc.
(2) Address	3-1 Kanda-Nishikicho, Chiyoda-ku, Tokyo	6-27-8 Jingumae, Shibuya-ku, Tokyo
(3) Name and title of representative	Masato Kito, Representative Director	Ikuo Sato, CEO
(4) Description of business	Electronic signing and agreement service "NINJA SIGN" Online learning service "Shikaku Square"	Online learning service "Shikaku Square"
(5) Capital	JPY 67,935,000	JPY 0
(6) Date of establishment	April 24, 2013	December 1, 2021 (scheduled)
(7) Number of issued shares	6,658 shares	100,000 shares
(8) Term end	June 30	March 31
(9) Employees ⁽¹⁾	84	38
(10) Major shareholders and their respective shareholding ratio	free K.K. (70.1%) Masato Kito (29.9%)	Sight Visit Inc. (100.0%)
(11) Relationship between the split company and the newly established company		
Capital relationship	Upon the effective date of the Corporate Split, Sight Visit will hold 100% of the newly established company's stock. However, Sight Visit plans to sell all of the stock to RareJob, Inc. and RISO Inc. on the same day.	
Personnel relationship	Not applicable	
Business relationship	Not applicable	
Related party relationship	Not applicable	

Note: 1. The number of employees as of June 30, 2021 for Sight Visit, and for shikaku square, Inc. as of September 30, 2021

4. Overview of the Business Division to be Split Off

(1) Business Description of the Business Division to be Split Off

Operations of the online learning service "Shikaku Square" of Sight Visit

(2) Assets, Debts, and Book Values of Sight Visit to be Split Off (as of June 30, 2021)

(Thousands of yen)

Assets ⁽¹⁾		Debts	
Items	Book value	Items	Book value
Current assets	416,416	Current liabilities	953,050
Fixed assets	12,791	Fixed debts	-
Total	429,208	Total	953,050

Note: 1. Amount of assets and debts that will actually be split off will be fixed in consideration of any increase or decrease taking place until the effective date of the Corporate Split.

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5. Status after the Corporate Split

For the status of Sight Visit and the newly established company after the Corporate Split, please refer to "3. Overview of the Companies of the Corporate Split."

6. Overview of the Stock Assignees

(1) RareJob, Inc. (as of March 31, 2021)

(Thousands of yen)

(1) Name	RareJob, Inc.
(2) Address	6-27-8 Jingumae, Shibuya-ku, Tokyo
(3) Name and title of representative	Gaku Nakamura, CEO
(4) Description of business	English related services
(5) Capital	582,082
(6) Date of establishment	October 2007
(7) Net assets	2,116,882
(8) Total assets	4,468,579
(9) Major shareholders and their respective shareholding ratio	Gaku Nakamura (21.22%) Mitsui & Co., Ltd. (20.13%) Tomohisa Kato (5.95%) Custody Bank of Japan, Ltd. (trust account 9) (4.67%) Zoshinkai Holdings Inc. (4.40%) CREDIT SUISSE (LUXEMBOURG) S.A./CUSTOMER ASSETS, FUNDS UCITS (standing proxy: MUFG Bank, Ltd.) (4.28%) Toshiyuki Fujita (3.09%) Custody Bank of Japan, Ltd. (trust account) (3.06%) au Kabucom Securities Co., Ltd. (1.74%) BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC) (standing proxy: MUFG Bank, Ltd.) (0.99%)
(10) Relationship with Sight Visit	
Capital relationship	Not applicable
Personnel relationship	Not applicable
Business relationship	Not applicable
Related party relationship	Not applicable

(2) RISO Inc. (as of May 31, 2021)

(1) Name	RISO Inc.
(2) Address	Kita-ku, Tokyo
(3) Name and title of representative	Masato Kito, Representative Director
(4) Description of business	Owning, managing, trading, and investing of securities
(5) Capital	JPY 500,000
(6) Date of establishment	March 2018
(7) Net assets	JPY 845,858,000

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(8)	Total assets	JPY 1,365,158,000
(9)	Major shareholder and his or her shareholding ratio	Masato Kito (100.0%)
(10)	Relationship with Sight Visit	
	Capital relationship	The representative holds 29.9% of the voting rights of Sight Visit.
	Personnel relationship	The representative also serves as the Representative Director of Sight Visit.
	Business relationship	Not applicable
	Related party relationship	The representative holds 29.9% of the voting rights of Sight Visit and is a related party of the company.

7. Number and Value of Shares to be Sold and Status of Owned Shares before and after the Sale

(1)	Number of shares held before the sale	100,000 shares (number of voting rights: 100,000, rate or voting rights owned: 100%)
(2)	Number of shares to be sold	RareJob, Inc.: 70,000 shares (number of voting rights: 70,000) RISO Inc. : 30,000 shares (number of voting rights: 30,000)
(3)	Value of sale	JPY 750,000,000
(4)	Number of shares owned after the sale	0 shares (percentage of voting rights: 0%)

8. Outlook

The Business will be non-consolidated from December 2021 due to the Sale of the stock. Net sales and adjusted operating profit of the Company for "Other businesses" in the earnings guidance for the fiscal year ending June 30, 2022 will be included in the consolidation for the period from July 2021 through November 2021 and excluded for the period from December 2021.

The impact of the Transaction on the consolidated performance of the Company for the fiscal year ending June 30, 2022 is currently under review and will be announced immediately once it becomes appropriate and possible to make a rational estimate.

(Reference) Consolidated earnings guidance for the fiscal year ending June 30, 2022 (from July 1, 2021 to June 30, 2022)
(Percentages indicate year-on-year changes.)

	Platform business ⁽¹⁾				Other businesses ⁽³⁾				Consolidated			
	Net sales		Adjusted operating profit ⁽²⁾		Net sales		Adjusted operating profit		Net sales		Adjusted operating profit	
Fiscal year ending June 30, 2022	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
	13,971	36.2	(2,561)	-	951	-	53	-	14,923	45.5	(2,508)	-

- Notes:
1. Platform business: Business consisting of the integrated cloud ERP offering for small businesses and financial services, etc.
 2. Adjusted operating profit is the sum of the operating profit, stock-based compensation expenses, expenses for amortization of acquisition-related intangible assets, and one-time cost.
 3. Other businesses: Businesses other than Platform business (such as Shikaku Square provided by Sight Visit Inc.)