

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.



January 20, 2023

Company Name	free K.K.
Representative	Daisuke Sasaki, CEO and Representative Director
Code No.	4478, Tokyo Stock Exchange Growth
Contact	Masahiro Hara, VP of Finance (TEL. +81-3-6630-3231)

Announcement Regarding Acquisition of Shares of sweep Inc. (Subsidiary Acquisition)

free K.K. (the "Company") hereby announces that the Company resolved at the Board of Directors Meeting held today, to acquire additional shares of sweep Inc. ("sweep") to make sweep the Company's wholly owned subsidiary (hereinafter referred to as the "Share Acquisition").

1. Purpose of the Share Acquisition

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 realization of "an integrated management platform for everyone to manage business freely." The Company believes that small businesses have the ability to act quickly and boldly to put ideas into action, and the power to achieve innovation in various areas, stimulate large companies and inspire new movements and ideas in society.

Under its mission of "realizing a society that people can do what they wish by creating extra time," sweep offers the "sweep" series, a service that automates the receiving, journal entries, payment transfers, and safekeeping of invoices as well as a cloud cabinet in compliance with the Electronic Books Maintenance Act that specializes in business records.

The Company invested in sweep in June 2021, aiming to coordinate businesses and expand services.

Additional shares of sweep were acquired to make sweep the Company's wholly owned subsidiary with the goal of increasing the speed of decision-making and aiming to increase our enterprise value through strengthening collaboration within free group, focusing on compatibility with the Invoice System.

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 Share Acquisition will enable free to work towards expanding services compatible with the Invoice System scheduled to begin in October 2023, and the Company will strengthen its pursuit of realization of a cloud based B2B platform.

2. Method to Make sweep a Subsidiary of the Company

The Company entered into a share purchase agreement (hereinafter referred to as the "Share Purchase Agreement") dated today to acquire a total of [336] shares with Mr. Tsuyoshi Murayama, the Representative Director of sweep ("Mr. Murayama"), and KVP Seed Innovation No. 2 Investment Business Limited Liability Partnership ("KVP"). The Company will make sweep a consolidated subsidiary (ownership ratio: 100%) of the Company by means of the Share Acquisition through the Share Purchase Agreement and other necessary procedures.

Mr. Murayama, the current Representative Director of sweep, will continue serving as the Representative Director after the Share Acquisition.

3. Overview of sweep

Name	sweep Inc.										
Address	2-24-12 Shibuya, Shibuya-ku, Tokyo 39F WeWork Shibuya Scramble Square										
Name and title of representative	Representative Director Tsuyoshi Murayama										
Description of business	Offering the "sweep" series, a service that automates the receiving, journal entries, payment transfers, and safekeeping of invoices as well as a cloud cabinet in compliance with the Electronic Books Maintenance Act that specializes in business records.										
Capital	JPY 154 million										
Date of establishment	June 6, 2011										
Shareholders and their shareholding ratio	<table border="0"> <tr> <td>Tsuyoshi Murayama</td> <td>76.92%</td> <td>(Common Shares)</td> </tr> <tr> <td>freee K.K.</td> <td>13.85%</td> <td>(Preferred Shares)</td> </tr> <tr> <td>KVP Seed Innovation No. 2 Investment Business Limited Liability Partnership</td> <td>9.23%</td> <td>(Preferred Shares)</td> </tr> </table>		Tsuyoshi Murayama	76.92%	(Common Shares)	freee K.K.	13.85%	(Preferred Shares)	KVP Seed Innovation No. 2 Investment Business Limited Liability Partnership	9.23%	(Preferred Shares)
Tsuyoshi Murayama	76.92%	(Common Shares)									
freee K.K.	13.85%	(Preferred Shares)									
KVP Seed Innovation No. 2 Investment Business Limited Liability Partnership	9.23%	(Preferred Shares)									
Relationship with the listed company											
Capital relationship	The Company has 13.85% of shares in sweep.										
Personal relationship	Not applicable										
Business relationship	The Company uses sweep's invoice OCR function with the Company's cloud ERP services. sweep uses the Company's cloud ERP services.										

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.

Latest results of operations and financial position for the last three years (in JPY million)			
Fiscal year	Fiscal Year Ended May 2020	Fiscal Year Ended May 2021	Fiscal Year Ended May 2022
Net assets	2	△9	31
Total assets	15	47	218
Net assets per share(JPY)	7,262.88	△31,933.75	80,854.09
Sales	52	34	65
Operating profit	0	△49	△68
Ordinary profit	0	△51	△69
Net profit	0	△51	△69
Net profit per share (JPY)	584.14	△172,529.96	△179,196.97
Dividends per share (JPY)	-	-	-

* For the fiscal year ended May 2021, sales decreased compared to the previous fiscal year due to the withdrawal from the BPO business, which was sweep's main business at the time.

4. Schedule of the Share Acquisition

(1)	Date of resolution of the Share Acquisition by the Board of Directors	January 20, 2023
(2)	Signing date of the Share Purchase Agreement	January 20, 2023
(3)	Date of execution of the Share Transfer	January 31, 2023 (subject to change)

5. Overview of the Sellers of the Shares

(1) Tsuyoshi Murakami (Number of shares to be acquired: 300 shares)

(1)	Name	Tsuyoshi Murakami
(2)	Address	Setagaya-ku, Tokyo, Japan
(3)	Relationship between the Company and the individual	There is no particular capital, personnel, and/or business relation between the Company and the individual and his close relatives.

(2) KVP (Number of shares to be acquired: 36 shares)

(1)	Name	KVP Seed Innovation No. 2 Investment Business Limited Liability Partnership
(2)	Address	6-16, Dogenzaka 1-chome, Shibuya-ku, Tokyo, Japan
(3)	Name and title of representative	CEO Hirokazu Nagano

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.

(4)	Relationship between the Company and KVP	
	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable
	Related party relationship	Not applicable

6. Number of Shares to Be Acquired and Number of Shares Held Before and After the Acquisition

(1)	Number of shares held before the share transfer	54 shares (Number of voting rights: 54 rights) (Percentage of voting rights: 13.85%)
(2)	Number of shares to be acquired	336 shares (Number of voting rights: 336 rights)
(3)	Acquisition costs	Not disclosed due to the non-disclosure agreement and discussion between the parties
(4)	Number of shares held after the share transfer	390 shares (Number of voting rights: 390 rights) (Percentage of voting rights: 100.0%)

7. Outlook

The Company assumes that the impact of the Acquisition on the consolidated financial results of the year ending June 2023 is expected to be limited. The Company will promptly disclose any matters that should be announced in the future.