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May 15, 2023

Company Name	freee 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)

Notice on Absorption-type Merger of Why, Inc. (Simplified Merger and Short-form Merger)

freee K.K. (the “Company”) today announced that its Board of Directors resolved to carry out an absorption-type merger of Why, Inc. (“Why”) effective from July 1, 2023, which will be the Company’s wholly owned subsidiary on June 1, 2023.

As the amount of totals assets of *Why* as of the end of the immediately preceding fiscal year is less than 10% of the net assets of the Company and because net sales for the immediately preceding fiscal year is less than 3% of net sales of the Company, some disclosure items and details are omitted in this disclosure based on the TSE timely disclosure guidebook.

1. Purpose of the Merger

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.”

Why has been providing the “Bundle,” a work automation tool for corporate information systems departments, since October 2021 with its corporate vision, “Make human work creative.”

With the merger, the Company aims to strengthen employee data management functionality, information management in information systems departments and overall human resources products in the Company’s integrated cloud ERP, by further accelerating the offering of Bundle together with integrating identity provisioning management products and knowhow *Why* has cultivated through development and offering of Bundle.

2. Summary of the Merger

(1) Schedule of the Merger

Date of resolution of the Merger by the Board of Directors	May 15, 2023
Date of Merger Agreement	May 15, 2023
Effective date of the Merger	July 1, 2023 (subject to change)

* The Merger will be implemented in accordance with the simplified merger procedure pursuant to

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Paragraph 2 of Article 796 of the Companies Act of Japan in relation to the Company, and in accordance with the short-form merger procedure pursuant to Paragraph 1 of Article 784 of the said Act in relation to *Why* in both cases without obtaining approval at the ordinary general meeting of shareholders.

(2) Type of Merger

An absorption-type merger will be undertaken with the Company as the continuing company and *Why* as the dissolving company.

(3) Allotment in the Merger

Before the effective date of the merger (July 1, 2023), *Why* will be a wholly owned subsidiary of the Company by the share delivery that was resolved by the Company's Board of Directors on April 19, 2023 and will be effective on June 1, 2023. Therefore there will be no issuance of stock or other allotment of money by the merger itself.

In the share delivery, the Company shall allot and deliver 1.68 shares of common stock of the Company per share of common stock of *Why*. In addition, the Company plans to deliver money at the rate of 13,681 yen (a total of 311,379,560 yen (subject to change)) per share of Class A preferred stock of *Why*.

For the details of the share delivery, please refer to "Announcement Regarding Making *Why*, Inc. a Subsidiary Through Simplified Share Delivery" on April 19, 2023.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights Accompanying the Merger

There are no applicable items.

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3. Overview of the Companies Involved in the Merger

	Continuing Company	Dissolving Company																														
(1) Name	freee K.K.	Why, Inc.																														
(2) Address	1-2-2, Osaki, Shinagawa-ku, Tokyo	1-28-2, Shoto, Shibuya-ku, Tokyo																														
(3) Name and title of representative	Daisuke Sasaki, CEO and Representative Director	Naoya Ishibashi, Representative Director																														
(4) Description of business	Develop and offer integrated cloud ERP services	Develop and offer account management services																														
(5) Capital	JPY 24,972 million	JPY 105 million																														
(6) Date of establishment	July 2012	April 2021																														
(7) Total number of issued shares	57,167,857 shares (as of December 31, 2022)	156,308 shares 133,548 shares of common stock 22,760 shares of Class A preferred stock (as of April 19, 2023)																														
(8) Fiscal year end	June 30	March 31																														
(9) Major shareholders and their shareholding ratio	<table border="0"> <tr> <td>Daisuke Sasaki</td> <td>19.37%</td> </tr> <tr> <td>MSIP CLIENT SECURITIES</td> <td>11.61%</td> </tr> <tr> <td>GOLDMAN SACHS & Co. REG</td> <td>5.75%</td> </tr> <tr> <td>MSCO CUSTOMER SECURITIES</td> <td>4.43%</td> </tr> <tr> <td>Recruit Co., Ltd.</td> <td>3.98%</td> </tr> </table> (as of December 31, 2022)	Daisuke Sasaki	19.37%	MSIP CLIENT SECURITIES	11.61%	GOLDMAN SACHS & Co. REG	5.75%	MSCO CUSTOMER SECURITIES	4.43%	Recruit Co., Ltd.	3.98%	<table border="0"> <tr> <td>Naoya Ishibashi</td> <td>63.96%</td> </tr> <tr> <td>Kohei Suzuki</td> <td>16.01%</td> </tr> <tr> <td>JAFECO V7 Investment Limited Partnership</td> <td>13.18% (Class A preferred stock)</td> </tr> <tr> <td>East Ventures 4 Investment Limited Partnership</td> <td>6.85%</td> </tr> </table> (5.47% common stock, 1.39% Class A preferred stock) (as of April 19, 2023)	Naoya Ishibashi	63.96%	Kohei Suzuki	16.01%	JAFECO V7 Investment Limited Partnership	13.18% (Class A preferred stock)	East Ventures 4 Investment Limited Partnership	6.85%												
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(10) Financial position and results of operations for the immediately preceding fiscal year (in JPY million)	<table border="1"> <thead> <tr> <th></th> <th>freee K.K. (Consolidated)</th> <th>Why, Inc. (Non-consolidated)</th> </tr> </thead> <tbody> <tr> <td>Fiscal year</td> <td>Fiscal year ended June 30, 2022</td> <td>Fiscal year ended March 31, 2022</td> </tr> <tr> <td>Net assets</td> <td>36,428</td> <td>30</td> </tr> <tr> <td>Total assets</td> <td>47,413</td> <td>39</td> </tr> <tr> <td>Net assets per share (JPY)</td> <td>636.68</td> <td>228.85</td> </tr> <tr> <td>Net sales</td> <td>14,380</td> <td>1</td> </tr> <tr> <td>Operating profit (loss)</td> <td>(3,042)</td> <td>(20)</td> </tr> <tr> <td>Ordinary profit (loss)</td> <td>(3,085)</td> <td>(20)</td> </tr> <tr> <td>Loss attributable to owners of parent / Net profit (loss)</td> <td>(11,609)</td> <td>(20)</td> </tr> <tr> <td>Net loss per share (JPY)</td> <td>(208.22)</td> <td>(151.20)</td> </tr> </tbody> </table>			freee K.K. (Consolidated)	Why, Inc. (Non-consolidated)	Fiscal year	Fiscal year ended June 30, 2022	Fiscal year ended March 31, 2022	Net assets	36,428	30	Total assets	47,413	39	Net assets per share (JPY)	636.68	228.85	Net sales	14,380	1	Operating profit (loss)	(3,042)	(20)	Ordinary profit (loss)	(3,085)	(20)	Loss attributable to owners of parent / Net profit (loss)	(11,609)	(20)	Net loss per share (JPY)	(208.22)	(151.20)
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4. Status after the Merger

No changes are expected in the name, address, name and title of representative, description of business, capital, or fiscal year-end for the Company as a result of the Merger.

5. Outlook

As a result of the Merger, *Why* will be a consolidated subsidiary of the Company and the deemed acquisition date applied for consolidation accounting will be June 30, 2023. Therefore, only the balance sheet of *Why* will be consolidated for the fiscal year ending June 30, 2023 and the impact of the Merger on the Company's consolidated financial results for the fiscal year ending June 30, 2023 is expected to be limited. In addition, the impact on the Company's consolidated financial results for the fiscal year ending June 30, 2024 is also expected to be limited.