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(Stock Exchange Code 4477)  
March 3, 2022

To Shareholders with Voting Rights:

Yuta Tsuruoka  
Representative Director and CEO  
BASE, Inc.  
37F, Sumitomo Real Estate Roppongi Grand Tower  
3-2-1 Roppongi, Minato-ku, Tokyo

## NOTICE OF THE 9TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

You are cordially notified that the 9th Annual General Meeting of Shareholders of BASE, Inc. (the “Company”) will be held for the purposes as described below.

In order to prevent the spread of COVID-19 and protect the health of shareholders, you are kindly requested to refrain from coming to the venue of the meeting.

You can exercise your voting rights in writing or via the Internet. Please review the attached Reference Documents for the General Meeting of Shareholders, and indicate “for” or “against” the proposals on the enclosed Voting Rights Exercise Form and mail the Form back to the Company for receipt, or exercise your voting rights via the Internet upon reading the “Guide for Exercising Voting Rights via the Internet” (page 3) by 7 p.m. Japan time on Tuesday, March 22, 2022.

Please refer to the enclosed leaflet for the details of the operation of the General Meeting of Shareholders under the COVID-19 pandemic.

1. Date and Time: Wednesday, March 23, 2022 at 10:30 a.m. Japan time (reception will open at 10:00 a.m.)
2. Place: Room A+B, Bellesalle Roppongi Grand Conference Center located at 9F, Sumitomo Real Estate Roppongi Grand Tower, 3-2-1 Roppongi, Minato-ku, Tokyo
3. Meeting Agenda:
  1. Matters to be reported:
    1. The Business Report, Consolidated Financial Statements for the Company’s 9th Fiscal Year (January 1, 2021 - December 31, 2021) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Board of Auditors
    2. Non-consolidated Financial Statements for the Company’s 9th Fiscal Year (January 1, 2021 - December 31, 2021)
  2. Proposals to be resolved:
    - Proposal 1: Reduction of Legal Capital Surplus
    - Proposal 2: Partial Amendment to the Articles of Incorporation
    - Proposal 3: Election of 5 Directors
    - Proposal 4: Election of 1 Auditor
    - Proposal 5: Revision of Amount of Remuneration for Auditors

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- \* When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.
  - \* Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated and Consolidated Financial Statements will be posted on the Company's website in Japanese (<https://binc.jp/ir/meeting>).
  - \* "Matters Concerning Share Acquisition Rights, etc. of the Company," "System to Ensure the Adequacy of Businesses and the Operation Status of Such System," "Consolidated Statement of Changes in Equity," "Notes to Consolidated Financial Statements," "Non-consolidated Statement of Changes in Equity" and "Notes to Non-consolidated Financial Statements" of the documents that should be provided along with this Notice are posted on the Company's website (<https://binc.jp/en/ir/meeting>) in accordance with provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation and therefore are not included in the appendix of this Notice.

## Guide for Exercising Voting Rights via the Internet

Please note the following when exercising your voting rights via the Internet.

1. For the exercise of voting rights via the Internet, please access the website for exercising voting rights (<https://evote.tr.mufg.jp/>) designated by the Company from a personal computer or a smartphone. The website will be unavailable from 2 a.m. to 5 a.m. everyday.
2. Please exercise your voting rights via the Internet by 7 p.m. on Tuesday, March 22, 2022.
3. If you have exercised your voting rights in duplicate in writing and via the Internet, your vote via the Internet will be deemed valid.
4. If you have exercised your voting rights multiple times via the Internet, your last vote will be deemed valid.
5. If you are exercising your voting rights using a personal computer, enter your “log-in ID” and “temporary password” printed on the enclosed Voting Rights Exercise Form on the aforementioned website for exercising voting rights and enter your approval or disapproval of the proposals following the onscreen instructions.
6. If you are exercising your voting rights using a smartphone, you can automatically connect to the website for exercising voting rights and cast your vote by scanning the “QR Code for log-in” printed on the Voting Rights Exercise Form. However, you can exercise your voting rights using a QR Code only once. From the second time onward, please enter the “log-in ID” and “temporary password.” In addition, log-in using a QR Code may not be available depending on the model of your smartphone. In this case, please exercise your voting rights by entering your “log-in ID” and “temporary password.”
7. Please note that fees charged for accessing the website for exercising voting rights (internet connection fee, etc.) is the shareholder’s responsibility.

### [Inquiries]

In case of inquiries regarding how to operate your personal computer, etc. for exercising voting rights via the Internet, please contact the following.

Helpdesk at Securities Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Telephone: 0120-173-027 (free of charge in Japan)

Business hours: 9 a.m. to 9 p.m.

### [To institutional investors]

Institutional investors may exercise voting rights at the Company’s general meeting of shareholders via the Electronic Voting System Platform for institutional investors operated by ICJ, Inc.

## Reference Documents for the General Meeting of Shareholders

### **Proposal 1:** Reduction of Legal Capital Surplus

In order to allow for a responsive capital policy in the future, the Company asks for approval to reduce the amount of legal capital surplus and transfer the amount of the decrease to other capital surplus.

1. Amount of legal capital surplus to be reduced  
¥7,362,789,965
2. Effective date of the reduction of legal capital surplus  
March 31, 2022

**Proposal 2: Partial Amendment to the Articles of Incorporation**

1. Reasons for the proposal

(1) Article 12, Paragraph 2 of the Articles of Incorporation is to be appended in accordance with the “Act for Partial Revision of the Act on Strengthening Industrial Competitiveness, etc.” enacted on June 16, 2021, which newly permits the holding of “general meetings of shareholders without a fixed place” (so-called virtual-only general meetings of shareholders).

Under the assumption that pandemics such as COVID-19 as well as natural disasters will occur and their impact will overlap in time with the general meeting of shareholders, the Company believes that establishing a fixed meeting place for the purpose of holding the general meeting of shareholders may not necessarily be the best option for holding future general meetings of shareholders.

Therefore, the Company proposes to make necessary amendments to the provisions of the Articles of Incorporation so that if the Board of Directors determines that it is not appropriate in light of the interests of shareholders to hold a general meeting of shareholders with a fixed location due to the spread of an infectious disease or the occurrence of a natural disaster, etc., the general meeting of shareholders may be held without specifying a fixed meeting place.

(2) In accordance with the “Act for Partial Revision of the Companies Act,” which will come into effect on September 1, 2022, new material detailing electronic delivery of shareholders meeting reference documents, etc. shall be appended to Article 15 of the Articles of Incorporation.

We believe that electronic delivery will enable us to provide enhanced general shareholders’ meeting materials in a timelier fashion.

In addition, as the current provisions of the internet disclosure and deemed provision of shareholders meeting reference documents, etc. will no longer be necessary, Article 15 of the current Articles of Incorporation shall be deleted, and supplementary provisions provided in for the effective date, etc. provided due to the changes.

2. Details of changes

The changes are as follows. The changes are underlined.

Current Articles of Incorporation	Proposed change
Articles 1 to 11: omitted here	Articles 1 to 11: as currently written
(Convocation) Article 12: An annual general meeting of shareholders of the Company shall be convened in March of each year, and an extraordinary general meeting of shareholders shall be convened whenever necessary.	(Convocation) Article 12: as currently written
(New)	<u>2 The Company may hold a general meeting of shareholders without a fixed location if the Board of Directors determines that it is not appropriate in light of the interests of shareholders to hold a general meeting of shareholders with a fixed location due to the spread of an infectious disease or the occurrence of a natural disaster, etc.</u>
Articles 13 to 14: omitted here	Articles 13 to 14: as currently written
<u>(Internet disclosure and deemed provision of shareholders meeting reference documents, etc.) Article 15: When convening a general meeting of shareholders, the Company shall be deemed to have provided to shareholders information pertaining to matters to be described or displayed in shareholders meeting reference documents, business reports, financial statements, and consolidated financial statements by disclosing such information by means of the Internet in accordance with the applicable Ordinance of the Ministry of Justice.</u>	(deleted)

<p>(New)</p>	<p><u>(Electronic delivery measures, etc.)</u>  <u>Article 15: When convening a general meeting of shareholders, the Company shall take measures for the electronic delivery of the information in shareholders meeting reference documents, etc.</u>  <u>2 The Company may choose not to include all or part of the items subject to electronic delivery measures, as provided for in the applicable Ordinance of the Ministry of Justice, in the documents to be delivered to shareholders who have made a request for delivery in writing by the voting rights record date.</u></p>
<p>Articles 16 to 42: omitted here</p>	<p>Articles 16 to 42: as currently written</p>
<p>(New)</p>	<p><u>(Supplementary provisions)</u>  <u>1 The deletion of Article 15 of the current Articles of Incorporation (Internet disclosure and deemed provision of shareholders meeting reference documents, etc.) and the establishment of the amended Article 15 of the Articles of Incorporation (Electronic delivery measures, etc.) shall take effect as of September 1, 2022.</u>  <u>2 Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation (Electronic delivery measures, etc.) shall remain in force with respect to any general meeting of shareholders to be held up to the end of February 2023.</u>  <u>3 These supplementary provisions shall be deleted by March 1, 2023 or three months after the shareholders' meeting day referred to in the preceding paragraph, whichever is later.</u></p>

**Proposal 3: Election of 5 Directors**

The terms of office of all 4 Directors will expire at the conclusion of this meeting. To strengthen the management monitoring function, the Company proposes that the number of Outside Directors be increased by 1, and 5 Directors be elected.

The candidates are as follows. This Proposal is made based on the results of deliberation by the Nomination and Remuneration Committee, a voluntary advisory committee to the Board of Directors, the majority of whose committee members are Outside Directors.

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	Yuta Tsuruoka (December 28, 1989)	December 2012 Established the Company, Representative Director and CEO (current position) January 2018 Director, PAY, Inc. January 2018 Representative Director, BASE BANK, Inc. December 2020 Director, CAMPFIRE, Inc. (current position) [Significant concurrent positions] Director, CAMPFIRE, Inc.	16,134,802
2	Ken Harada (March 28, 1977)	April 2000 Joined ANDO Corporation (currently HAZAMA ANDO CORPORATION) September 2007 Joined mixi, Inc. August 2013 Joined FreakOut, inc. (currently FreakOut Holdings, inc.) June 2015 Joined the Company February 2016 Director and CFO, the Company January 2018 Director, PAY, Inc. (current position) January 2018 Director, BASE BANK, Inc. March 2021 Director, Senior Executive Officer and CFO, the Company (current position) [Significant concurrent positions] Director, PAY, Inc.	214,681
3	Masayuki Shimura (September 7, 1958)	April 1982 Joined Mitsui Bank (currently Sumitomo Mitsui Banking Corporation) April 2010 Executive Officer and General Manager, Asia Pacific Division, Sumitomo Mitsui Banking Corporation April 2015 Senior Managing Executive Officer (Member of the Management Committee), Sumitomo Mitsui Banking Corporation May 2017 Senior Managing Executive Officer, Sumitomo Mitsui Card Company, Limited June 2018 Representative Director and Senior Managing Executive Officer, Sumitomo Mitsui Card Company, Limited July 2019 Established Shimura & Partners, CEO (current position) August 2019 Outside Director, the Company (current position) March 2020 Auditing Committee Director, bitFlyer Holdings, Inc. (current position) March 2020 Auditing Committee Director, bitFlyer, Inc. (current position) December 2020 Outside Director, MedPeer, Inc. (current position) [Significant concurrent positions] CEO, Shimura & Partners	4,061
4	Michi Iijima (February 20, 1958)	June 1978 Joined Johnny & Associates, Inc. June 2005 Director, J dream Inc. July 2016 Established CULEN Inc., Representative Director (current position) April 2018 Established mobo-moga inc., Representative Director (current position) March 2021 Outside Director, the Company (current position) [Significant concurrent positions] Representative Director, CULEN Inc. Representative Director, mobo-moga inc.	1,561

No.	Name (Date of birth)	Career summary, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
5	Misa Matsuzaki (November 18, 1970) [New appointment]	<p>April 1993      Joined Movera Co., Ltd.</p> <p>June 1997      Established AGASTA CO., LTD., CEO</p> <p>December 2010      Established Natural Beauty Association, Representative Director</p> <p>June 2014      Established People Worldwide co., Ltd, Representative Director</p> <p>June 2014      Outside Director, GENDAI AGENCY INC.</p> <p>July 2017      Established WORK JAPAN Co., Ltd, CEO (current position)</p> <p>November 2021      Established Apricot Planet Pte.Ltd, CEO (current position)</p> <p>[Significant concurrent positions] CEO, WORK JAPAN Co., Ltd CEO, Apricot Planet Pte.Ltd</p>	0

- (Notes)
- There are no special interests between the candidates and the Company.
  - Ms. Misa Matsuzaki's name on her family register is Ms. Misa Edo.
  - Mr. Masayuki Shimura, Ms. Michi Iijima and Ms. Misa Matsuzaki are candidates for Outside Directors.
  - Mr. Masayuki Shimura was nominated as a candidate for Outside Director because he has deep insight and experience in the financial and settlement sectors, and we believe that he will provide valuable advice and supervision on the management of the Company from an independent standpoint. His expected roles are to provide valuable advice and supervision on the management of the Company from an independent standpoint based on the abovementioned experience.
  - Ms. Michi Iijima was nominated as a candidate for Outside Director because she has experience as Representative Director and Director at multiple companies, including companies she established, and we believe that she will provide valuable advice and supervision on the management of the Company. Her expected roles are to provide valuable advice and supervision on the management of the Company based on the abovementioned experience.
  - Ms. Misa Matsuzaki was nominated as a candidate for Outside Director because she has experience as Representative Director and Director at multiple companies, including companies she established, and we believe that she will provide valuable advice and supervision on the management of the Company from an independent standpoint. Her expected roles are to provide valuable advice and supervision on the management of the Company from an independent standpoint based on the abovementioned experience.
  - Mr. Masayuki Shimura is currently serving as Outside Director of the Company. His period in office as Outside Director at the conclusion of this meeting is 2 years and 7 months.
  - Ms. Michi Iijima is currently serving as Outside Director of the Company. Her period in office as Outside Director at the conclusion of this meeting is 1 year.
  - The Company has registered Mr. Masayuki Shimura and Ms. Michi Iijima as Independent Directors prescribed by Tokyo Stock Exchange, Inc. In the event that Mr. Masayuki Shimura's election is approved, the Company plans for him to continue serving as an Independent Director.
  - In the event that Ms. Misa Matsuzaki's election is approved, the Company plans to register her as an Independent Director prescribed by Tokyo Stock Exchange, Inc.
  - Mr. Masayuki Shimura and Ms. Michi Iijima have entered into a liability limitation agreement with the Company in accordance with provisions of the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act to limit their liability pursuant to Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations. In the event that their reelection is approved, the Company plans to continue such liability limitation agreement with them. In addition, in the event that Ms. Misa Matsuzaki's election is approved, the Company plans to enter into a similar liability limitation agreement with her.
  - The Company has concluded with an insurance firm a directors and officers liability insurance contract, by which payment for damages to be borne by an insured person shall be covered. All Directors of the Group shall be insured persons, and the Company is responsible for the full amount of the insurance premium for all of the insured persons. If the election of each candidate is approved, each candidate will become an insured person under the insurance contract. Please refer to page 18 of the Business Report for an overview of the insurance contract.



(Reference)

If the candidates are elected as Directors, the skill matrix of Directors (including Senior Executive Officers) will be as follows.

	Directors					Senior Executive Officers	
	Yuta Tsuruoka	Ken Harada	Masayuki Shimura	Michi Iijima	Misa Matsuzaki	Kenji Yamamura	Shinichi Fujikawa
Corporate management	•	•	•	•	•	•	•
Finance and accounting		•					
Legal, compliance, and risk management		•	•				
ESG and sustainability	•	•	•	•	•		
Human resources and organizational development			•	•	•	•	•
Marketing and brand management	•			•		•	
IT	•	•					•
Information security							•
Industry knowledge	•	•	•	•	•	•	•
International experience			•		•		

**Proposal 4: Election of 1 Auditor**

Auditor Misao Akutsu will resign at the conclusion of this meeting. Accordingly, the Company proposes that 1 Auditor be elected. The Board of Auditors has given its consent to the submission of this Proposal.

The candidate is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of shares of the Company held
Chie Hoshi (March 6, 1972) [New appointment]	April 1998 Registered as an attorney (Member of Dai-Ichi Tokyo Bar Association) September 2004 Joined Tanabe&Partners April 2006 Partner, Tanabe&Partners (current position) April 2014 Member of the Defense Procurement Council (current position) March 2021 Substitute Auditor, the Company (current position) June 2021 External Audit & Supervisory Board Member, Konoike Transport Co., Ltd. (current position) June 2021 Director, Daito Bunka Gakuen Educational Foundation (current position)	0

- (Notes)
1. There are no special interests between Ms. Chie Hoshi and the Company.
  2. She is a candidate for Outside Auditor.
  3. She satisfies the requirements to be an independent officer prescribed by Tokyo Stock Exchange, Inc. In the event that she assumes the office of Outside Auditor, the Company plans to register her as an independent officer.
  4. She was nominated as a candidate for Outside Auditor because she is capable of conducting audits from an objective standpoint based on a high level of legal expertise and insight on laws and regulations as an attorney and also because of her superior character. Although she has never been involved with corporate management in the past other than serving as Outside Director or Outside Auditor, we believe that she is capable of performing her duties as Outside Auditor properly based on the reasons stated above.
  5. In the event that she assumes the office of Auditor, the Company plans to enter into an agreement with her in accordance with provisions of the Articles of Incorporation of the Company and Article 427, Paragraph 1 of the Companies Act to limit her liability pursuant to Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement will be the amount of liability stipulated by laws and regulations.
  6. The Company has concluded with an insurance firm a directors and officers liability insurance contract, by which payment for damages to be borne by an insured person shall be covered. All Auditors shall be insured persons, and the Company is responsible for the full amount of the insurance premium for all of the insured persons. If she assumes the office of Auditor, she will become an insured person under the insurance contract. Please refer to page 18 of the Business Report for an overview of the insurance contract.

**Proposal 5:** Revision of Amount of Remuneration for Auditors

At the Extraordinary General Meeting of Shareholders held on August 28, 2019, the amount of remuneration for Auditors of the Company was approved to be not more than 19 million yen per year.

On this occasion, the Company asks for the approval of its shareholders for an annual amount of remuneration for Auditors to be not more than 30 million yen, in consideration of the increasing responsibilities and expected roles of Auditors as well as various other circumstances.

The Company currently has 3 Auditors (of whom 3 are Outside Auditors), and the number of Auditors will not change if Proposal 4 is approved as proposed.

# Business Report

## 1. Current Circumstances of the Corporate Group

### (1) Progress and performance of business operations

Advocating “Payment to the People, Power to the People.” as its mission, the Company group (the “Group”) actively operates the BASE Business, which provides the online shop creation service “BASE,” and the PAY Business, which provides the online payment service “PAY.JP.” Through these services, the Group focuses on empowering Micro, Small and Medium Businesses (MSMB) and supporting start-up companies.

In the fiscal year ended December 31, 2021, although the number of people vaccinated throughout Japan increased amid the prolongation of the spread of the novel coronavirus disease (COVID-19), the future remains uncertain as it is still not possible to predict when COVID-19 will come under control. In this business environment, in order to achieve sustainable growth over the medium to long term, the BASE Business continues to strive for aggressive marketing targeting MSMB, and to expand functions to improve the convenience of shop operations. In the PAY Business, the Group is striving to expand the number of member merchants by strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate, targeting start-up companies and venture companies.

As a result of the above, the Group’s consolidated net sales of the fiscal year under review were ¥9,931 million (19.8% increase year on year), operating loss was ¥977 million (operating profit of ¥803 million in the same period of the previous fiscal year), ordinary loss was ¥960 million (ordinary profit of ¥747 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥1,194 million (profit attributable to owners of parent of ¥584 million in the same period of the previous fiscal year).

### (2) Capital investments

The total amount of capital investments in the fiscal year ended December 31, 2021 was ¥26 million. Major investments include ¥23 million for the purchase of PCs associated with an increase in employees.

### (3) Financing

In order to finance working capital in a flexible manner, the Group has entered into overdraft agreements and commitment line contracts with five banks for a total of ¥12,000 million.

### (4) Issues to be addressed

The Company considers the following as the Group’s key issues to be addressed:

#### (i) Strengthening product development and technological capabilities

The Group’s business is deeply engaged in the Internet sector. To launch competitive products in the EC market, the Group considers it important to adopt the sector’s information technology and services in a timely manner and to constantly create new products.

To this end, the Group will efficiently adapt to changes in the EC environment and respond to requests from users of the Group’s services to offer quality products.

As of the end of December 2021, 121 product-related employees work for the Group. We will continue with our efforts to secure talented engineers and to improve the workplace environment.

(ii) Securing and developing talent

For the continued growth of the Group, we consider it important to hire talent at an appropriate timing and to strengthen the product development and internal control systems.

To this end, the Group works to diversify its hiring methods by taking such measures as holding hiring events and introducing an employee referral program, in an effort to hire people who are qualified and fit in our culture. At the same time, the Group will also improve its educational system to retain and upskill its employees.

(iii) Strengthening the internal control system

The Group aims for further expansion of its business and considers it important to increase operational efficiency and strengthen the internal control system in order to achieve continued growth and improved corporate value.

To this end, the Group will improve the back office operations and strengthen the internal control system to ensure fair and transparent management. Specifically, the Risk Management and Compliance Committee has been established to understand operational risks and manage risks appropriately. The Group also works to strengthen its compliance system by conducting periodic internal audits and to enhance corporate governance functions by conducting audits by Auditors.

(iv) Securing the soundness of services

As an enterprise that offers platforms for transactions, the Group considers it important to secure the soundness of its services to enable safe transactions for all stakeholders, including shop operators and purchasers.

To this end, a dedicated section has been established to take measures to ensure the soundness of services. Specifically, the Group works to secure the soundness of its services by analyzing the transaction data it owns with the help of machine learning and detecting and preventing unauthorized settlement and sale of inappropriate products.

(v) Implementing disciplined upfront investment

The Group has implemented upfront investment actively, including advertising and publicity via TV commercials and online advertising for raising recognition level and acquisition of new customers, as well as hiring of product personnel to expand services. The Group intends to continue such upfront investment as it is necessary to maintain a high growth rate. Meanwhile, the Group will implement disciplined upfront investment, not only in light of cost-effectiveness but also under cost control considering the level of operating profit and loss.

(5) Assets, profits, and losses

(i) Assets, profits, and losses of the corporate group

Item		6th fiscal year ended December 31, 2018	7th fiscal year ended December 31, 2019	8th fiscal year ended December 31, 2020	9th fiscal year ended December 31, 2021 (under review)
Net sales	(million yen)	2,352	3,849	8,288	9,931
Ordinary profit (loss)	(million yen)	(798)	(455)	747	(960)
Profit (loss) attributable to owners of parent	(million yen)	(854)	(459)	584	(1,194)
Net profit (loss) per share	(yen)	(23.69)	(7.75)	5.64	(10.80)
Total assets	(million yen)	6,951	10,458	28,505	31,991
Net assets	(million yen)	1,737	3,158	16,217	15,105
Net assets per share	(yen)	(85.80)	30.94	147.84	135.48

(Notes) 1. The Company started preparing consolidated financial statements from the 7th fiscal year. The consolidated financial statements for the 6th fiscal year were prepared based on the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), and the figures for the said fiscal year are presented for reference.

2. The Company conducted a stock split at a ratio of four hundred shares per one common share on August 31, 2019 and at a ratio of five shares per one common share on April 1, 2021. Net profit (loss) per share and net assets per share were calculated on the assumption that the stock split was conducted at the beginning of the 6th fiscal year.

(ii) Assets, profits, and losses of the Company

Item		6th fiscal year ended December 31, 2018	7th fiscal year ended December 31, 2019	8th fiscal year ended December 31, 2020	9th fiscal year ended December 31, 2021 (under review)
Net sales	(million yen)	1,982	3,198	7,321	8,420
Ordinary profit (loss)	(million yen)	(613)	(272)	887	(860)
Net profit (loss)	(million yen)	(854)	(276)	380	(1,147)
Net profit (loss) per share	(yen)	(23.69)	(4.65)	3.67	(10.37)
Total assets	(million yen)	5,111	7,670	25,945	28,390
Net assets	(million yen)	1,737	3,361	16,217	15,152
Net assets per share	(yen)	(85.80)	32.94	147.84	135.90

(Note) The Company conducted a stock split at a ratio of four hundred shares per one common share on August 31, 2019 and at a ratio of five shares per one common share on April 1, 2021. Net profit (loss) per share and net assets per share were calculated on the assumption that the stock split was conducted at the beginning of the 6th fiscal year.

(6) Significant parent company and subsidiaries

(i) Parent company

Not applicable.

(ii) Subsidiaries

Name	Capital	Ownership ratio	Business activities
PAY, Inc.	100 million yen	100%	Provision of payment services
BASE BANK, Inc.	87 million yen	100%	Financial business

(Note) The Company absorbed BASE BANK, Inc. on January 1, 2022.

(7) Major business activities

Advocating “Payment to the People, Power to the People.” as its mission, the Group consists of the Company and its two consolidated subsidiaries, PAY, Inc. and BASE BANK, Inc., and operates e-commerce platforms, online payment services and funding services.

The Company operates the BASE business, which provides the online shop creation service “BASE,” and its consolidated subsidiary PAY, Inc. operates the PAY business, which offers “PAY.JP,” an online payment service that enables easy introduction of a credit card payment platform. Another consolidated subsidiary, BASE BANK, Inc., operates other business, such as “YELL BANK,” a funding service that provides business funds to online shop operators using BASE, as its mainstay.

The Group focuses on empowering individuals and SMB (Small and Medium Businesses) through BASE and supporting start-up businesses through PAY.JP.

(i) BASE business

BASE is an e-commerce platform providing an online shop development service. The clientele of the online development service includes not only individuals producing handicrafts, but also corporations engaging in business and government bodies, including municipalities.

BASE allows its users to easily open a well-designed online shop by selecting a web design from the Company’s design templates, without use of specialist website building or web design technologies. Furthermore, the Company has introduced its proprietary payment system “BASE Easy Pay system,” which offers a one-stop service covering every step from opening an online shop to introducing a payment function, to shorten the time required for installing a payment function, thereby addressing issues in running an e-commerce shop. The system enables people to open and run online shops more easily by eliminating barriers, such as time required for opening a shop, running costs and web technologies.

(ii) PAY business

PAY.JP is an online payment service that readily enables web services and online shops (excluding online shops set up via BASE) to start accepting credit card payments. Designed in line with the concept of “Simplifying all your payments,” the system is easy to install for all developers, whether they are individuals or corporate customers. By resolving issues concerning the long time needed for application, high costs and difficulty of use found in conventional, complicated online payment services and making the installation extremely easy, the system expands opportunities for buying and selling online and facilitates people’s online economic activities.

(iii) Other business

YELL BANK is a funding service that uses shop data of BASE to predict future sales of shops using BASE and offers business funds for shop owners by purchasing future receivables based on the prediction. The service supports further growth of shops using BASE.

(8) Major business locations

(i) The Company

Name	Location
Head office	Minato-ku, Tokyo

(ii) Subsidiaries

Name	Location
PAY, Inc.	Minato-ku, Tokyo
BASE BANK, Inc.	Minato-ku, Tokyo

(Note) The Company absorbed BASE BANK, Inc. on January 1, 2022.

(9) Employees

Number of employees	Year-on-year change	Average age	Average years of service
211	Increased by 49	32.5 years old	2.7 years

(Note) The number of employees includes Senior Executive Officers and Executive Officers.

The number of employees excludes temporary employees.

The number of employees excludes secondees from other companies (1 person).



## 2. Shares of the Company (as of December 31, 2021)

(1) Total number of shares authorized to be issued 376,440,000

(2) Total number of shares issued and outstanding 111,500,749

(3) Number of shareholders at the end of the fiscal year ended December 31, 2021 36,882

(4) Major shareholders (top 10)

Name	Shares held	Shareholding ratio (%)
Yuta Tsuruoka	16,134,802	14.4
GOLDMAN SACHS INTERNATIONAL	6,947,400	6.2
MARUI GROUP CO., LTD.	6,306,000	5.6
THE BANK OF NEW YORK MELLON 140051	3,795,200	3.4
Custody Bank of Japan, Ltd. (securities investment trust account)	2,496,300	2.2
GOLDMAN SACHS & CO. REG	2,405,354	2.1
CyberAgent, Inc.	2,255,000	2.0
MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT	2,140,530	1.9
MSCO CUSTOMER SECURITIES	2,057,033	1.8
Custody Bank of Japan, Ltd. (trust account 9)	2,011,100	1.8

(5) Shares granted during the fiscal year under review to Directors and Auditors of the Company (including those who had been a Director or Auditor) as consideration for execution of duties

	Number of shares	Number of recipients
Directors (excluding Outside Directors)	12,483 shares	2 persons
Outside Directors	3,122 shares	2 persons

(Note) Details of share-based remuneration are as described in “3. (4) Remuneration for Directors and Auditors.”

### 3. Directors and Auditors

#### (1) Names of Directors and Auditors, etc. (as of December 31, 2021)

Name	Positions and responsibilities	Significant concurrent positions
Yuta Tsuruoka	Representative Director and CEO	Representative Director, BASE BANK, Inc. Director, CAMPFIRE, Inc.
Ken Harada	Director, Senior Executive Officer and CFO	Director, PAY, Inc.
Masayuki Shimura	Director	CEO, Shimura & Partners
Michi Iijima	Director	Representative Director, CULEN Inc. Representative Director, mobo-moga inc.
Fumio Utagawa	Full-time Auditor	Auditor, PAY, Inc.
Misao Akutsu	Auditor	Representative Director, Coco Breeze, Inc.
Yohei Yamaguchi	Auditor	President, Yohei Yamaguchi Certified Public Accountant Firm

- (Notes) 1. Directors Masayuki Shimura and Michi Iijima are Outside Directors stipulated in Article 2, Item 15 of the Companies Act.
2. Full-time Auditor Fumio Utagawa and Auditors Misao Akutsu and Yohei Yamaguchi are Outside Auditors stipulated in Article 2, Item 16 of the Companies Act.
3. Auditor Yohei Yamaguchi is qualified as a certified public accountant and has considerable knowledge of finance and accounting.
4. Auditor Misao Akutsu will resign from his position of Auditor at the conclusion of the 9th Annual General Meeting of Shareholders to be held on March 23, 2022.
5. The Company has appointed Director Masayuki Shimura, Director Michi Iijima, Auditor Fumio Utagawa and Auditor Yohei Yamaguchi as Independent Directors and Independent Auditors prescribed by Tokyo Stock Exchange, Inc., and has informed the Exchange to that effect.
6. Representative Director and CEO Yuta Tsuruoka had concurrently served as Representative Director of BASE BANK, Inc., which had been a subsidiary of the Company. In conjunction with the absorption-type merger of BASE BANK, Inc. conducted by the Company on January 1, 2022, he retired from his position of Representative Director of BASE BANK, Inc.
7. Senior Executive Officers not concurrently serving as Directors are as follows:

Name	Positions and responsibilities
Kenji Yamamura	Senior Executive Officer and COO
Shinichi Fujikawa	Senior Executive Officer and SVP of Development

#### (2) Overview of limited liability agreement

The Company has entered into agreements with Outside Directors Masayuki Shimura and Michi Iijima as well as with Outside Auditors Fumio Utagawa, Misao Akutsu and Yohei Yamaguchi in accordance with Article 427, Paragraph 1 of the Companies Act to limit their liability for damages pursuant to Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to the agreement is the minimum amount stipulated by Article 425, Paragraph 1 of the same act, so long as the Outside Directors and Auditors have performed their duties in good faith and without gross negligence.

#### (3) Overview of directors and officers liability insurance contract

##### (i) Scope of insured persons

All Directors and Auditors of the Group

##### (ii) Overview of the contract

The Company has concluded with an insurance firm a directors and officers liability insurance contract, which covers damages that may arise from insured parties assuming liability for the execution of their duties or being subject to a claim for the pursuit of such liability. The Company is responsible for the full amount of the insurance premium for all of the insured persons.

#### (4) Remuneration for Directors and Auditors

- (i) Matters regarding the decision-making policy on the amount of individual remuneration for Directors or the method of calculating such amount

##### A. Basic policy

The basic policy on remuneration for Directors of the Company is to ensure a remuneration system linked with shareholder benefits so that the remuneration sufficiently functions as incentives to sustainably increase the Company's corporate value, and to maintain an appropriate level commensurate with each Director's position and responsibilities when determining remuneration for them. Specifically, remuneration for executive Directors shall consist of basic remuneration, which is a fixed remuneration, and share-based remuneration. For Outside Directors who are responsible for the monitoring function, the Company shall provide basic remuneration and share-based remuneration in light of their duties.

##### B. Process of determining the policy

The policy is determined by resolution of the Board of Directors based on deliberations by the Nomination and Remuneration Committee, an advisory committee to the Board of Directors, the majority of whose committee members are Outside Directors.

##### C. Outline of the contents of the said policy

- a. Decision-making policy on the amount of individual remuneration for Directors or the method of calculating such amount

Basic remuneration for Directors of the Company shall be a monthly fixed remuneration, determined by comprehensively taking into account the duties and responsibilities of each Director, contribution to the Company, state of execution, the Company's performance, and economic conditions.

- b. Details of non-monetary remuneration and decision-making policy on the amount or number thereof, or the method of calculating such number

Non-monetary remuneration shall be provided in the form of qualified stock options or restricted stock whose lifting condition is a restriction period of at least three years from the share delivery date or retirement, determined by comprehensively taking into account the duties and responsibilities of each Director, contribution to the Company, state of execution, the Company's performance, and economic conditions.

- c. Decision-making policy on the ratio of monetary remuneration, performance-linked remuneration, and non-monetary remuneration within individual remuneration for Directors

The Company maintains the most appropriate payment ratio to ensure shareholders and management share the same benefits and risks and to drive a sustained increase of corporate value.

- d. Matters to be described when delegating all or part of decisions on the details of individual remuneration for Directors to a Director or another third party

Based on a resolution of the Board of Directors, the authority to determine the specific details of individual amounts of remuneration shall be delegated to Representative Director and CEO Yuta Tsuruoka. Such specific details shall be determined based on the amount of basic remuneration for each Director, duties and responsibilities of each Director, contribution to the Company, state of execution, the Company's performance, and economic conditions. The reason for the delegation is that the Company has determined that the Representative Director is suited to evaluate each Director based on

the Company's performance and other factors. The Board of Directors shall consult with and receive a report from the Nomination and Remuneration Committee about a draft to ensure this authority will be appropriately exercised by the Representative Director and CEO. The Representative Director who has been delegated the authority must determine the amounts of individual remuneration based on this report. As for share-based remuneration, the Board of Directors shall make resolutions on the numbers of shares allotted to individual Directors based on reports from the Nomination and Remuneration Committee.

D. Reasons why the Board of Directors has determined that the individual remuneration for Directors pertaining to the fiscal year under review is in line with the said policy

The Board of Directors has confirmed that, with respect to the individual remuneration for Directors pertaining to the fiscal year under review, the method of determining the details of remuneration and the details of remuneration that have been determined are consistent with the decision-making policies resolved by the Board of Directors, and that reports from the Nomination and Remuneration Committee have been given serious consideration. Accordingly, the Board of Directors has determined that the individual remuneration is in line with the said decision-making policy.

(ii) Matters regarding the resolutions of the General Meeting of Shareholders on remuneration for Directors and Auditors

At the 8th Annual General Meeting of Shareholders held on March 25, 2021, the amount of monetary remuneration for Directors of the Company was approved to be not more than 300 million yen per year (including not more than 30 million yen for Outside Directors; however, the amount does not include the portion of employee's salaries for Directors who concurrently serve as employees). Moreover, apart from the said monetary remuneration, at the same Annual General Meeting of Shareholders, the amount of share-based remuneration was resolved to be not more than 500 million yen per year (including not more than 50 million yen for Outside Directors), with the number of shares limited to not more than 285,000 shares (including not more than 28,500 shares for Outside Directors). While this resolution limited the number of shares that may be allocated to Directors for each fiscal year to not more than 57,000 shares (including not more than 5,700 shares for Outside Directors), adjustments have been made in association with the stock split conducted on April 1, 2021 at a ratio of five shares per one common share.

The number of Directors at the conclusion of the said Annual General Meeting of Shareholders was four (including two Outside Directors).

At the Extraordinary General Meeting of Shareholders held on August 28, 2019, the amount of remuneration for Auditors of the Company was approved to be not more than 19 million yen per year. The number of Auditors at the conclusion of the said Extraordinary General Meeting of Shareholders was three.

(iii) Matters regarding delegation of the decision-making on the details of individual remuneration for Directors

These matters are as described in "3. (4) (i) C. d. Matters to be described when delegating all or part of decisions on the details of individual remuneration for Directors to a Director or another third party."

(iv) Matters regarding non-monetary remuneration

For the purpose of further promoting shared value between the Directors and shareholders and driving a sustained increase of the Company's corporate value, the Company grants restricted share-based

remuneration. The maximum amount of remuneration and the number of Directors subject to this resolution are as described in “3. (4) (ii) Matters regarding the resolutions of the General Meeting of Shareholders on remuneration for Directors and Auditors.” The status of granting such share-based remuneration is as described in “2. Shares of the Company.”

(v) Total amounts of remuneration for Directors and Auditors

Category	Number of people who received remuneration	Total amount of remuneration	Total amount by type of remuneration	
			Basic remuneration	Non-monetary remuneration
Directors (Outside Directors)	7 (3)	60 million yen (9 million yen)	54 million yen (7 million yen)	6 million yen (1 million yen)
Auditors (Outside Auditors)	3 (3)	17 million yen (17 million yen)	17 million yen (17 million yen)	— million yen (— million yen)
Total (Outside Directors/Auditors)	10 (6)	78 million yen (27 million yen)	72 million yen (25 million yen)	6 million yen (1 million yen)

(Notes) 1. The above amounts include the remuneration paid, during their term, to three Directors who retired at the closing of the 8th Annual General Meeting of Shareholders held on March 25, 2021.

2. The above amounts of non-monetary remuneration (restricted share-based remuneration) represent the amounts expensed for the fiscal year under review.

(5) Outside Directors and Auditors

(i) Significant concurrent positions at other corporations and relationships between the Company and the corporations

- Director Masayuki Shimura serves as CEO of Shimura & Partners. There are no special relationships between the Company and Shimura & Partners.
- Director Michi Iijima serves as Representative Director of CULEN Inc. and mobo-moga inc. There are transactions related to advertisement appearance between the Company and CULEN Inc. Furthermore, mobo-moga inc. operates its online shops using the online shop creation service “BASE.”
- Auditor Misao Akutsu serves as Representative Director at Coco Breeze, Inc. There are no special relationships between the Company and Coco Breeze, Inc.
- Auditor Yohei Yamaguchi serves as President at Yohei Yamaguchi Certified Public Accountant Firm. There are no special relationships between the Company and Yohei Yamaguchi Certified Public Accountant Firm.

(ii) Major activities during the fiscal year under review

Category	Name	Attendance, remarks and outline of duties performed in relation to the expected roles of Outside Directors/Auditors
Outside Director	Masayuki Shimura	He attended all 25 meetings of the Board of Directors held during the fiscal year under review. He gave advice and opinions on proposals based on his deep knowledge and broad range of experience in the financial/payment industry.
Outside Director	Michi Iijima	Out of the meetings of the Board of Directors meetings held during the fiscal year under review, she attended all 20 meetings held after she took office as Director. She gave advice and opinions on proposals based on her experience as Representative Director and Director of multiple companies.
Outside Auditor	Fumio Utagawa	He attended all 25 meetings of the Board of Directors and all 22 meetings of the Board of Auditors held during the fiscal year under review. He gave advice and opinions on proposals based on his abundant experience and broad insight gained over the years into general administrative work.
Outside Auditor	Misao Akutsu	He attended 24 out of 25 meetings of the Board of Directors and 20 out of 22 meetings of the Board of Auditors held during the fiscal year under review. He gave advice and opinions on proposals based on his abundant experience and broad insight gained over the years into business and corporate management.
Outside Auditor	Yohei Yamaguchi	He attended all 25 meetings of the Board of Directors and all 22 meetings of the Board of Auditors held during the fiscal year under review. He is well-versed in corporate accounting as a certified public accountant and gave advice and opinions on proposals based on his abundant experience as an accounting expert and considerable insight into accounting and auditing.

## 4. Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc.

Category	Total amount of remuneration, etc.
Total amount of remuneration, etc. to the Accounting Auditor for the fiscal year under review	26 million yen
Total amount of cash and other financial benefits to be paid by the Company and its subsidiaries	26 million yen

(Notes) 1. The amount of audit fees for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not clearly distinguished in the audit agreement between the Company and the Accounting Auditor, and as it is not practically possible to categorize them, the sum of these amounts is recorded in the total amount of remuneration, etc. to Accounting Auditor for the fiscal year under review.

2. The Board of Auditors examined the content of the Accounting Auditor's audit plan and the basis for calculating the estimated remuneration by obtaining necessary materials and receiving reports from the Board of Directors, relevant departments within the Company and the Accounting Auditor, and thereupon judged and agreed that the amount of remuneration, etc. to the Accounting Auditor was appropriate.

(3) Contents of non-audit services

Not applicable.

(4) Policy regarding decisions on the dismissal or non-reappointment of the Accounting Auditor

If the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the Accounting Auditor's dismissal is accordingly deemed to be appropriate, the Board of Auditors shall dismiss the Accounting Auditor with the unanimous consent of all Auditors. Further, if it is recognized that the execution of appropriate audits by the Accounting Auditor is hindered, the Board of Auditors shall decide the content of a proposal for dismissal or non-reappointment of the Accounting Auditor, which is to be submitted to the general meeting of shareholders.

## 5. Policy Concerning the Decision on the Distribution of Surplus

Given that the Company is currently in the process of growth, it has not paid dividends ever since it was established, as it believes that it is important to enhance internal reserves for business expansion in addition to strengthening its financial position. However, the Company also recognizes that returning profits to shareholders is an essential management issue.

The Company will consider its fundamental policy on future dividend payments, by finding a balance with internal reserves and taking into account the business environment in which it operates, while strengthening its profitability and developing its business base. It will effectively use its internal reserves as funds for improving its future profitability by strengthening its financial position and maintaining and enhancing its competitiveness.



## Consolidated Balance Sheet (as of December 31, 2021)

(Million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	31,433	Current liabilities	16,823
Cash and deposits	24,053	Accounts payable - trade	12,745
Accounts receivable - other	6,631	Deposits received - trade	3,707
Other	843	Provision for chargeback	16
Allowance for doubtful accounts	(95)	Other	353
Non-current assets	558	Non-current liabilities	61
Property, plant and equipment	101	Total liabilities	16,885
Buildings	63	<b>Net assets</b>	
Other	37	Shareholders' equity	15,102
Intangible assets	3	Capital stock	8,552
Investments and other assets	453	Capital surplus	7,362
Investment securities	183	Retained earnings	(813)
Other	270	Accumulated other comprehensive income	3
		Valuation difference on available-for-sale securities	3
		Total net assets	15,105
Total assets	31,991	Total liabilities and net assets	31,991

## Consolidated Statement of Income (January 1, 2021 - December 31, 2021)

(Million yen)

Item	Amount	
Net sales		9,931
Cost of sales		4,307
Gross profit		5,623
Selling, general and administrative expenses		6,601
Operating loss		(977)
Non-operating income		
Interest income	0	
Commission income	20	
Lecturer's fee income	1	
Other	2	24
Non-operating expenses		
Share issuance cost	3	
Commitment fee	4	7
Ordinary loss		(960)
Extraordinary loss		
Loss on valuation of investment securities	258	258
Loss before income taxes		(1,218)
Income taxes - current	4	
Refund of income taxes for prior periods	(25)	
Income taxes - deferred	(3)	(24)
Net loss		(1,194)
Loss attributable to owners of parent		(1,194)

## Non-consolidated Balance Sheet (as of December 31, 2021)

(Million yen)

Assets		Liabilities	
Item	Amount	Item	Amount
Current assets	27,664	Current liabilities	13,175
Cash and deposits	23,344	Accounts payable - other	337
Prepaid expenses	458	Accrued expenses	1
Accounts receivable - other	3,553	Accounts payable - trade	12,745
Other	395	Deposits received - trade	55
Allowance for doubtful accounts	(86)	Deposits received - other	17
Non-current assets	725	Provision for chargeback	16
Property, plant and equipment	101	Non-current liabilities	61
Buildings	63	Deferred tax liabilities	9
Tools, furniture and fixtures	37	Asset retirement obligations	52
Intangible assets	3	Total liabilities	13,237
Patent right	2	<b>Net assets</b>	
Trademark right	0	Shareholders' equity	15,149
Software	0	Capital stock	8,552
Investments and other assets	620	Capital surplus	7,362
Investment securities	183	Legal capital surplus	7,362
Shares of subsidiaries and associates	167	Retained earnings	(766)
Long-term prepaid expenses	24	Other retained earnings	(766)
Leasehold and guarantee deposits	245	Retained earnings brought forward	(766)
Total assets	28,390	Valuation and translation adjustments	3
		Valuation difference on available-for-sale securities	3
		Total net assets	15,152
		Total liabilities and net assets	28,390

Non-consolidated Statement of Income (January 1, 2021 - December 31, 2021)  
(Million yen)

Item	Amount	
Net sales		8,420
Cost of sales		3,002
Gross profit		5,417
Selling, general and administrative expenses		6,296
Operating loss		(879)
Non-operating income		
Interest income	2	
Commission income	20	
Lecturer's fee income	1	
Other	1	26
Non-operating expenses		
Share issuance cost	3	
Commitment fee	4	7
Ordinary loss		(860)
Extraordinary loss		
Loss on valuation of investment securities	258	
Loss on valuation of shares of subsidiaries and associates	53	311
Loss before income taxes		(1,172)
Income taxes - current	3	
Refund of income taxes for prior periods	(25)	
Income taxes - deferred	(3)	(25)
Net loss		(1,147)

# Independent Auditor's Audit Report on the Consolidated Financial Statements

## Independent Auditor's Report

February 14, 2022

To: The Board of Directors of  
BASE, Inc.

KPMG AZSA LLC  
Tokyo Office

Hiroto Yamane  
Certified Public Accountant  
Designated Limited Liability Partner  
Engagement Partner

Masaya Ariyoshi  
Certified Public Accountant  
Designated Limited Liability Partner  
Engagement Partner

### **Opinion**

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act, the consolidated financial statements of BASE, Inc., namely, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements for the consolidated fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the above consolidated financial statements, which were prepared in accordance with accounting principles generally accepted in Japan, present fairly, in all material respects, the assets and profit and loss during the period related to the said consolidated financial statements of the corporate group consisting of Base, Inc. and its consolidated subsidiaries.

### **Basis for Opinion**

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of this report. We are independent from the Company and its consolidated subsidiaries in accordance with the ethical requirements in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management, the Corporate Auditors and the Board of Auditors for the Consolidated Financial Statements**

Management is responsible for preparing and appropriately presenting consolidated financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes establishing and operating internal control that management deems necessary to prepare and appropriately represent the consolidated financial statements without any material misstatement caused by fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to the going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The corporate Auditors and the Board of Auditors are responsible for overseeing the directors' performance of their duties related to establishing and operating the financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our responsibilities are to obtain, based on the audit that we conduct, reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement caused by fraud or error, and to express our opinion from an independent perspective on the consolidated financial statements in an auditor's report. Misstatements can arise from fraud or error and are considered material if they, individually or collectively, could reasonably be expected to influence the decision making of the users of the consolidated financial statements. In accordance with the auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Audit procedures are selected and applied at our discretion. We also obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies and their application method used by management and the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is significant uncertainty in regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If there is significant uncertainty concerning the premise of a going concern, we are required to draw attention in our auditor's report to the related notes in the consolidated financial statements or, if such notes are inadequate, to issue a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and notes of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, and evaluate the overall presentation, structure, and content of the consolidated financial statements, including the relevant notes, and whether the consolidated financial statements fairly represent the transactions and events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the corporate Auditors and the Board of Auditors regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also report to the corporate Auditors and the Board of Auditors that we have complied with the relevant ethical requirements in Japan regarding independence, and where applicable, the details of any safeguards in place to eliminate or mitigate matters and obstacles that may reasonably be thought to bear on our independence.

#### **Conflicts of Interest**

There are no conflicts of interest between the Company and its consolidated subsidiaries and the auditor or its engagement partners that should be described in accordance with the provisions of the Certified Public Accountants Act.

END

# Independent Auditor's Audit Report on the Non-consolidated Financial Statements

## Independent Auditor's Report

February 14, 2022

To: The Board of Directors of  
BASE, Inc.

KPMG AZSA LLC  
Tokyo Office

Hiroto Yamane  
Certified Public Accountant  
Designated Limited Liability Partner  
Engagement Partner

Masaya Ariyoshi  
Certified Public Accountant  
Designated Limited Liability Partner  
Engagement Partner

### **Opinion**

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, the financial statements of BASE, Inc., namely, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements, and supplementary schedules attached thereto (hereafter the "financial statements") for the 9th fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the above financial statements, which were prepared in accordance with accounting principles generally accepted in Japan, present fairly, in all material respects, the assets and profit and loss during the period related to the said financial statements.

### **Basis for Opinion**

We conducted our audit in accordance with the auditing standards generally accepted in Japan. Our responsibilities under those standards are described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report. We are independent from the Company in accordance with the ethical requirements in Japan, and we have fulfilled other ethical responsibilities as an auditor. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management, the Corporate Auditors and the Board of Auditors for the Financial Statements**

Management is responsible for preparing and appropriately presenting financial statements in accordance with accounting principles generally accepted in Japan. This responsibility includes establishing and operating internal control that management deems necessary to prepare and appropriately represent the financial statements without any material misstatement caused by fraud or error.

In preparing the financial statements, management is responsible for assessing whether it is appropriate to prepare the financial statements in accordance with the premise of a going concern, and for disclosing matters relating to the going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The corporate Auditors and the Board of Auditors are responsible for overseeing the directors' performance of their duties related to establishing and operating the financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibilities are to obtain, based on the audit that we conduct, reasonable assurance about whether the financial statements as a whole are free from material misstatement caused by fraud or error, and to express our opinion from an independent perspective on the financial statements in an auditor's report. Misstatements can arise from fraud or error and are considered material if they, individually or collectively, could reasonably be expected to influence the decision making of the users of the financial statements.

In accordance with the auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Audit procedures are selected and applied at our discretion. We also obtain sufficient and appropriate audit evidence to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies and their application method used by management and the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is significant uncertainty in regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If there is significant uncertainty concerning the premise of a going concern, we are required to draw attention in our auditor's report to the related notes in the financial statements or, if such notes are inadequate, to issue a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and notes of the financial statements are in accordance with accounting principles generally accepted in Japan, and evaluate the overall presentation, structure, and content of the financial statements, including the relevant notes, and whether the financial statements fairly represent the transactions and events on which they are based.

We communicate with the corporate Auditors and the Board of Auditors regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also report to the corporate Auditors and the Board of Auditors that we have complied with the relevant ethical requirements in Japan regarding independence, and where applicable, the details of any safeguards in place to eliminate or mitigate matters and obstacles that may reasonably be thought to bear on our independence.

#### **Conflicts of Interest**

There are no conflicts of interest between the Company and the auditor or its engagement partners that should be described in accordance with the provisions of the Certified Public Accountants Act.

END



# Board of Auditors' Audit Report

## Board of Auditors' Audit Report

With respect to the performance of duties by Directors during the 9th fiscal year from January 1, 2021 to December 31, 2021, the Board of Auditors has examined the reports from each Auditor and prepared this Audit Report as follows:

### 1. Method and details of the audit by Auditors and the Board of Auditors

- (1) The Board of Auditors determined the auditing policy, the division of duties, and other relevant matters, received reports from the Auditors on the progress and the results of the audit, received reports from the Directors and the Accounting Auditor on the status of the performance of duties, and requested explanations when necessary.
- (2) In compliance with the rules for auditing by Auditors and in accordance with the auditing policies and the division of duties determined by the Board of Auditors, the Auditors communicated with Directors and employees of the internal auditing and other divisions, made efforts to collect information and establish the audit environment, and performed the audit using the following methods:
  - (i) The Auditors attended the meetings of the Board of Directors and other important meetings, received reports from Directors, employees, etc. on the performance of their duties, requested explanations when necessary, reviewed documents of important decisions, etc. and investigated the status of business operations and assets at the headquarters. Further, as to the subsidiaries, the Auditors communicated and exchanged information with their Directors and Auditors, and received their business reports when necessary.
  - (ii) The Auditors have received regular reports from Directors, employees, etc., requested explanations as necessary and expressed opinions on the details of resolutions made by the Board of Directors concerning the establishment of systems to ensure that the performance of duties by the Directors, which are described in the business report, are compliant with the laws and regulations of Japan and with the Company's Articles of Incorporation and other systems provided in Article 100, paragraphs (1) and (3) of the Regulation for Enforcement of the Companies Act to ensure that the operations of the corporate group consisting of the Company and its affiliated companies will be conducted appropriately, as well as the status of construction and operation of such systems established by such resolutions (internal control system).
  - (iii) The Auditors monitored and verified whether or not the Accounting Auditor maintained its independence and appropriately performed audits, received reports from the Accounting Auditor on the progress of its duties, and requested explanations when necessary. The Auditors also received notification from the Accounting Auditors that they have taken steps to establish the "System to Ensure Appropriate Execution of the Duties of the Accounting Auditors" (as enumerated in each item of Article 131 of the Regulation on Corporate Accounting) in compliance with the "Quality Control Standards Relating to Auditing" (October 28, 2005, Business Accounting Council), etc. When necessary, the Auditors requested explanations on such notifications.

Based on the methods described above, the Auditors examined the Business Report and supplementary schedules attached thereto, the financial statements (the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and supplementary schedules attached thereto, and the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements), for the fiscal year under review.

### 2. Audit results

- (1) Audit results of the Business Report, etc.
  - (i) The Board of Auditors finds that the Business Report and supplementary schedules attached thereto fairly present the situation of the Company in accordance with laws and regulations and the Articles of Incorporation.
  - (ii) The Board of Auditors acknowledges that there is no fraudulent act or fact of a material breach of applicable laws and regulations or the Articles of Incorporation with respect to the performance of duties by Directors.
  - (iii) The Board of Auditors finds the details of the resolution of the meeting of the Board of Directors concerning the internal control system to be adequate. In addition, the Board of Auditors acknowledges that there is no matter that needs to be indicated with respect to the contents of the Business Report concerning the internal control system and the performance of duties by Directors.

(2) Audit results of financial statements and supplementary schedules attached thereto

The Board of Auditors finds the method and results of the audit by the Accounting Auditor, KPMG AZSA LLC, to be adequate.

(3) Audit results of consolidated financial statements

The Board of Auditors finds the method and results of the audit by the Accounting Auditor, KPMG AZSA LLC, to be adequate.

February 16, 2022

Board of Auditors, BASE, Inc.

Fumio Utagawa, Full-time Auditor (Outside Auditor)

Misao Akutsu, Outside Auditor

Yohei Yamaguchi, Outside Auditor

END