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**Summary of Consolidated Financial Results
for the Three Months Ended March 31, 2022
(Based on Japanese GAAP)**

May 12, 2022

Company name: BASE, Inc.
 Stock exchange listing: Tokyo
 Stock code: 4477 URL <https://binc.jp/en>
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 Scheduled date to file Quarterly Securities Report: May 12, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated financial results for the Three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)**(1) Consolidated operating results (cumulative)**

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	2,512	12.3	(272)	–	(267)	–	(299)	–
Three months ended March 31, 2021	2,237	99.0	13	–	12	–	40	–

(Note) Comprehensive Income (millions of yen)

Three months ended March 31, 2022: (296) (–%) Three months ended March 31, 2021: 42 (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2022	(2.68)		–	
Three months ended March 31, 2021	0.37		0.34	

(Notes) 1. Diluted earnings per share for the three months ended March 31, 2022 are not indicated because is a net loss per share despite the existence of potential shares.

2. The Company conducted a stock split as of April 1, 2021, whereby each ordinary share was split into 5 shares. The afore-mentioned calculation of earnings per share and diluted earnings per share are based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2021.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of March 31, 2022	28,724		14,812		51.6	
As of December 31, 2021	31,991		15,105		47.2	

(Reference) Equity (millions of yen) As of March 31 2022: 14,812 As of December 31, 2021: 15,105

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended December 31, 2021	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Year ending December 31, 2022	–	–	–	–	–
Year ending December 31, 2022 (Forecast)	–	0.00	–	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

The forecast of consolidated financial results for this fiscal year is not presented as it is difficult to rationally calculate the results forecast. The reasoning, etc. for this is presented in “1. Qualitative information on results for the three months ended March 31, 2022 (3) Overview of forecast of operating results including consolidated financial results” on pages 3 of the Appendix.

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1. Qualitative information on results for the three months ended March 31, 2022

(1) Overview of operating results

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 individuals and small teams and supporting start-up companies.

In the three months ended March 31, 2022, pre-emergency measures were lifted throughout Japan by virtue of nationwide rollout of vaccination and other social responses to the spread of the novel coronavirus disease (COVID-19). There seems to be some signs of a pickup in the economic environment, but still the outlook remains uncertain.

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 individuals and small teams, 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 for the three months ended March 31, 2022 were ¥2,512 million (12.3% increase year on year), operating loss was ¥272 million (operating profit of ¥13 million in the same period of the previous fiscal year), ordinary loss was ¥267 million (ordinary profit of ¥12 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥299 million (profit attributable to owners of parent of ¥40 million in the same period of the previous fiscal year).

The results of the segments are as follows.

A) BASE Business

In the BASE Business, the Group used television commercials, web marketing and other activities, with the aim of improving service awareness and promoting the opening of new shops. Furthermore, the total number of shops opened in the BASE business surpassed 1.7 million shops and “BASE” ranked number 1 in the number of online shops openings for 5 consecutive years (Survey by Macromill). As a result, the number of active shops per month continued to increase year on year, but the increase remained at six thousand shops due to a further reduction in the impact of COVID-19.

In terms of product development, aiming to assist shops in improving sales, the Group provided a standard function, the “abandoned cart e-mail,” which can automatically send an e-mail to remind users that they still have unpurchased items in their cart. For the purpose of realizing more secure and smooth shop management by multiple staff members, the “Staff Authority Management App” was provided as an extension function, which allows multiple accounts to be issued with specified access range.

Furthermore, aiming to maximize gross merchandise value and gross profit over the medium term, the Group launched a new monthly-fee based plan on April 18 that offers a fixed fee pricing for service use, thereby controlling running costs for operation.

As a result, the gross merchandise volume for the three months ended March 31, 2022, was ¥28,199 million (order amount) and ¥26,563 million (payment amount), marking a 9.6% increase year on year (order amount), and a 10.9% increase year on year (payment amount).

Net sales and gross profit increased owing to the growth in the gross merchandise volume. On the other hand, the take rate dropped mainly due to a decrease in purchasers’ commissions(note). The main factor in the decrease in purchasers’ commissions was the changes in the composition ratios of payment methods. The decrease in the take rate resulted in the decrease in gross profit margin. In addition, selling, general and administrative expenses increased year on year due to forward-looking investments in recruitment of human resources aimed at the sustainable growth of the BASE Business.

As a result of the above, net sales were ¥2,052 million (5.5% increase year on year) and segment loss was ¥178 million (segment profit of ¥102 million in the same period of the previous fiscal year).

(Note) Out of the payment methods being provided by “BASE Easy Payment”, CVS payment, deferred payment, and carrier payments incur a purchasers’ commission, while other payment methods including credit card payment, bank transfer payment, Paypal and Amazon Pay are free of charge for the purchaser.

B) PAY Business

In the PAY Business, the Group provides the online payment service “PAY.JP.” In the three months ended March 31, 2022, the gross merchandise volume continued to grow significantly to ¥16,849 million (55.5% increase year on year).

As a result of the above, net sales were ¥439 million (53.8% increase year on year) and segment loss was ¥4 million (segment loss of ¥18 million in the same period of the previous fiscal year).

C) Other Business

In Other Business, the Group provides services such as “YELL BANK,” which provides business funds to online shop operators using “BASE.” The number of its users has been steady since the service was launched in December 2018.

As a result of the above, net sales were ¥20 million (183.2% increase year on year) and segment loss was ¥13 million (segment loss of ¥15 million in the same period of the previous fiscal year).

(2) Overview of financial position

(Assets)

Total assets as of March 31, 2022, were ¥28,724 million, a decrease of ¥3,266 million from the end of the previous fiscal year. This was mainly due to decreases in cash and deposits and accounts receivable - trade of ¥2,049 million and ¥733 million, respectively.

(Liabilities)

Liabilities as of March 31, 2022, were ¥13,912 million, a decrease of ¥2,973 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥3,052 million in accounts payable - trade, which offset an increase of ¥116 million in deposits received.

(Net assets)

Net assets as of March 31, 2022, were ¥14,812 million, a decrease of ¥293 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥299 million in retained earnings resulting from recording loss attributable to owners of parent. In addition, in accordance with the resolution of the Annual General Meeting of Shareholders held on March 23, 2022, with the aim of ensuring flexibility of financial strategies while allowing for a responsive capital policy in the future, legal capital surplus was reduced by ¥7,362 million to transfer the amount to other capital surplus.

(3) Overview of forecast of operating results including consolidated financial results

In order to achieve its mission, the Company has been focusing on empowering individuals and small teams by providing “BASE,” the online shop creation service as its main business. With the aim of empowering a wider range of users, the Company has launched a new monthly-fee based plan (¥5,980/month+2.9% of sales proceeds) starting on April 18th, which incurs a fixed monthly fee, in addition to the conventional price plan, which has no initial or monthly fees and incurs a commission (6.6% of sales proceeds +¥40) only when sales are made. Going forward, the Company plans to decide and implement strategic investments aimed at the medium to long term business growth and the maximization of future profits by maximizing the number of shops both for the conventional price plan and for the new price plan. Large fluctuations in business performance may be expected depending on the introduction status of the monthly-fee based price plan, and uncertainties from the impact of the COVID-19 pandemic, as well as the timing and scale of the strategic investments. Under these conditions, it remains difficult to appropriately and reasonably forecast the financial results, and the company has not disclosed its earnings forecast. Going forward, the Company will promptly disclose the earnings forecast when it is possible to reasonably estimate future financial results based on the business environment and the progress of business.

2. Quarterly consolidated financial statements and main noted items

(1) Consolidated balance sheets

(Million yen)

	As of December 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	24,053	22,004
Accounts receivable - trade	6,631	5,897
Other	843	387
Allowance for doubtful accounts	(95)	(84)
Total current assets	31,433	28,204
Non-current assets		
Property, plant, and equipment	101	95
Intangible assets	3	3
Investments and other assets	453	420
Total non-current assets	558	519
Total assets	31,991	28,724
Liabilities		
Current liabilities		
Accounts payable - trade	12,745	9,693
Deposits received	3,707	3,823
Provision for charge back	16	15
Other	353	317
Total current liabilities	16,823	13,850
Non-current liabilities		
Other	61	62
Total non-current liabilities	61	62
Total liabilities	16,885	13,912
Net assets		
Shareholders' equity		
Capital stock	8,552	8,554
Capital surplus	7,362	7,364
Retained earnings	(813)	(1,112)
Total shareholders' equity	15,102	14,806
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	6
Total accumulated other comprehensive income	3	6
Total net assets	15,105	14,812
Total liabilities and net assets	31,991	28,724

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Three months ended March 31, 2022)

(Million yen)

	Three Months Ended March 31, 2021 (from January 1, 2021 to March 31, 2021)	Three Months Ended March 31, 2022 (from January 1, 2022 to March 31, 2022)
Net sales	2,237	2,512
Cost of sales	921	1,130
Gross profit	1,316	1,382
Selling, general, and administrative expenses	1,302	1,654
Operating profit (loss)	13	(272)
Non-operating income		
Interest income	0	0
Commission income	—	4
Other	0	1
Total non-operating income	0	6
Non-operating expenses		
Interest expenses	—	0
Share issuance cost	0	0
Commitment fee	1	0
Total non-operating expenses	1	1
Ordinary profit (loss)	12	(267)
Extraordinary loss		
Loss on valuation of investment securities	—	31
Total extraordinary loss	—	31
Profit (loss) before income taxes	12	(299)
Income taxes	0	0
Refund of income taxes for prior periods	(27)	—
Net profit (loss)	40	(299)
Profit (loss) attributable to owners of parent	40	(299)

Consolidated statement of comprehensive income

(Three months ended March 31, 2022)

(Million yen)

	Three Months Ended March 31, 2021 (from January 1, 2021 to March 31, 2021)	Three Months Ended March 31, 2022 (from January 1, 2022 to March 31, 2022)
Net profit (loss)	40	(299)
Other comprehensive income		
Valuation difference on available-for-sale securities	2	2
Total other comprehensive income	2	2
Comprehensive income	42	(296)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	42	(296)

(3) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Changes in scope of consolidation or application of equity method)

(Material change in scope of consolidation)

BASE BANK, Inc., which was the Company's consolidated subsidiary in the previous fiscal year, was dissolved through an absorption-type merger with the Company as the surviving company on January 1, 2022, and was therefore excluded from the scope of consolidation starting from the first quarter of the fiscal year ending December 31, 2022.

(Notes on significant changes in amounts of shareholders' equity)

(Reduction of the amount of legal capital surplus)

In accordance with the resolution of the 9th Annual General Meeting of Shareholders held on March 23, 2022, legal capital surplus was reduced by ¥7,362 million to transfer the amount to other capital surplus as of March 31, 2022, pursuant to Article 448, paragraph (1) of the Companies Act.

There is no impact on the amount of total shareholders' equity.

(Issuance of new shares)

During the three months ended March 31, 2022, capital stock and capital surplus increased by ¥1 million and ¥1 million, respectively, as a result of exercise of share acquisition rights as stock options.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020, hereinafter the "Revenue Recognition Standards"), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending December 31, 2022. Consequently, revenue is recognized when control of promised goods or services is transferred to the customer at the amount expected to be received in exchange for those goods or services. The application of this accounting standards has negligible impact on the quarterly consolidated financial statements.

In accordance with the transitional treatment provided for in paragraph (89)-2 of the Revenue Recognition Standards, prior year amounts have not been reclassified for consistency with the current fiscal year. Furthermore, in accordance with the transitional treatment provided for in paragraph (28)-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, revised on March 31, 2020), breakdown of revenues from contracts with customers in the three months ended March 31, 2021, is not provided herein.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Standard"), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending December 31, 2022. In accordance with the transitional treatment provided for in paragraph (19) of the Fair Value Measurement Standard and paragraph (44)-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, revised on July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Standard, etc. are applied prospectively. The application of these accounting standards has negligible impact on the quarterly consolidated financial statements.

(Segment information etc.)

Segment Information

Consolidated three months ended March 31, 2021 (From January 1, 2021 to March 31, 2021)

1. Information on the amount of net sales and profit or loss of each reportable segment

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	1,944	286	7	2,237	—	2,237
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	1,944	286	7	2,237	—	2,237
Segment profit (loss)	102	(18)	(15)	68	(54)	13

(Notes) 1. Reconciliations of segment profit (loss) of ¥(54) million are for corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

2. Segment profit (loss) has been adjusted with operating profit stated in the quarterly consolidated statement of income.

Consolidated three months ended March 31, 2022 (From January 1, 2022 to March 31, 2022)

1. Information on the amount of net sales and loss of each reportable segment, and information regarding disaggregation of revenue

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Revenue from contracts with customers	2,048	439	0	2,489	—	2,489
Other revenue	3	—	19	23	—	23
Net sales to external customers	2,052	439	20	2,512	—	2,512
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	2,052	439	20	2,512	—	2,512
Segment loss	(178)	(4)	(13)	(196)	(76)	(272)

(Notes) 1. Reconciliations of segment loss of ¥(76) million are for corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

2. Segment loss has been adjusted with operating loss stated in the quarterly consolidated statement of income.

(Business combinations)

(Transactions under common control)

At a meeting of the Board of Directors held on November 11, 2021, the Company resolved to absorb and merge with its wholly owned subsidiary, BASE BANK, Inc., and conducted the absorption-type merger on January 1, 2022.

1. Outline of the transaction

(1) Name and business description of the combining entity

Name of the acquired entity BASE BANK Inc.

Business description Trading of various receivables and other financial businesses

(2) Date of the business combination

January 1, 2022

(3) Statutory type of the business combination

Absorption-type merger where the Company is the surviving entity and BASE BANK Inc. is the absorbed entity.

(4) Name of the entity after the business combination

BASE, Inc.

(5) Other matters concerning the outline of transactions

The Company has decided to absorb its wholly owned subsidiary BASE BANK Inc. with the aim of consolidating management resources and improving operational efficiency of the Group. Since this merger is an absorption-type merger with a wholly owned subsidiary of the Company, no shares will be allocated, and no other considerations will be delivered upon the merger.

2. Outline of the accounting procedures implemented

For accounting purposes, this merger was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”

(Significant subsequent events)

(The issuance of new shares as restricted stock-based compensation)

At a meeting of the Board of Directors held on April 14, 2022, the Company resolved to issue new shares as restricted stock-based compensation, and the payment was completed on May 12, 2022.

1. Issuance Summary

(1) Payment Date	May 12, 2022
(2) Class and Number of Shares for Issuance	Company common stock: 209,044 shares
(3) Issue Price	465 yen per share
(4) Total Issue Price for All Shares	97,205,460 yen
(5) Planned Allottees	5 Company Directors (including Outside Directors): 76,776 shares 2 Company Senior Executive Officers: 34,410 shares 4 Company Executive Officers: 25,808 shares 22 Company Employees: 72,050 shares
(6) Other	In accordance with the Financial Instruments and Exchange Act, securities registration statement for this issuance of new shares has been submitted.

2. Purpose and Reason for Issuance

At a meeting of the Company's Board of Directors held on February 13, 2020, it was resolved to introduce a new restricted stock-based compensation plan (the "Plan") for the Company's Directors (the "Eligible Directors") to provide them with incentives to continuously improve the Company's corporate value and to encourage greater shared value with shareholders. In addition, at the 7th Ordinary General Meeting of Shareholders held on March 25, 2020, it was approved that the total amount of monetary compensation claims to be paid to the Eligible Directors as compensation for the grant of transfer-restricted stock under the Plan, in addition to the existing monetary compensation limit, shall be ¥100 million or less per year (including ¥10 million or less for Outside Directors). Subsequently, at the 8th Ordinary General Meeting of Shareholders held on March 25, 2021, it was approved to revise the total amount of these monetary compensation claims to ¥500 million or less per year (including ¥50 million or less for Outside Directors).

3. Plan Overview

The grant of transfer-restricted stock under the Plan shall be made by way of issuance or disposal of shares of common stock of the Company in exchange for contribution in kind of all monetary compensation claims paid to the Eligible Directors.

The total number of shares of the Company's common stock to be issued or disposed of under the Plan shall not exceed 57,000 shares per year (including 5,700 shares for Outside Directors).

(Note) As the Company conducted a 5-for-1 stock split of shares of common stock on April 1, 2021, the total number of the Company's common stock to be issued or disposed of has been changed so as to not exceed 285,000 shares per year (including 28,500 shares for Outside Directors), from 57,000 shares per year (including 5,700 shares for Outside Directors).

In addition, upon the issuance or disposal of shares of the Company's common stock under the Plan, the Company shall execute a restricted stock allotment agreement between the Company and the Eligible Director to receive the allotment, which shall include the following items.

- ① The Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the shares of common stock of the Company allotted to him/her under the restricted stock allotment agreement for a period of three (3) years or longer as determined by the Board of Directors, or for a period from the date of delivery of said shares until the date the Eligible Director retires or resigns from his/her position as a Director of the Company or other position determined by the Board of Directors of the Company.
- ② The Company may acquire, without consideration, the shares of common stock upon the occurrence of certain events.

On this basis, at a meeting of the Board of Directors held on April 14, 2022, the Company resolved issue 209,044 shares of Company common stock (including 21,721 shares for Outside Directors; the "Allotted Shares") to five (5) Directors, two (2) Senior Executive Officers, four (4) Executive Officers (collectively, the "Eligible Officers") and 22 employees (the "Eligible Employees"; together with the Eligible Officers, the "Eligible Personnel"). Issuance shall be in exchange for the contribution in kind of monetary compensation claims or monetary claims totalling ¥97,205,460 (including ¥10,100,265 for Outside Directors) and shall be in consideration of the purpose of this plan, the scope of each Eligible Personnel's responsibilities and various other circumstances.

4. Restricted Stock Allotment Agreement Overview

In connection with the New Share Issuance, the Company shall enter into a restricted stock allotment agreement with each of the Eligible Officers, a summary of which is as follows.

(1) Transfer Restriction Period

The Eligible Officers shall not transfer, create a security interest in, or otherwise dispose of the Allotted Shares during the period from May 12, 2022 (the payment date) to May 11, 2025.

The Eligible Employees shall not transfer, create a security interest in, or otherwise dispose of the Allotted Shares granted from May 12, 2022 (the payment date) during the following periods for the following amounts: for one-third of the Allotted Shares, by May 11, 2023; for the following one-third, before May 11, 2024; and for the remaining portion, before May 11, 2025

(2) Conditions for Lifting of Transfer Restrictions

The restriction on transfer of all of the Allotted Shares shall be lifted on the expiration date of the restriction period, provided that the Eligible Officer has continuously held the position of Director, Senior Executive Officer, Executive Officer, employee, or advisor of the Company or any of its subsidiaries during

the restriction period. In addition, the restriction on transfer shall be lifted for the Allotted Shares related to each of the restriction periods in (1) above on the condition that the Eligible Employee, during the corresponding restriction periods, has continuously held the position of Director, Senior Executive Officer, Executive Officer, employee, or advisor of the Company or any of its subsidiaries. However, in the event that an Eligible Officer loses their position as a Director, Senior Executive Officer, Executive Officer, employee or advisor of the Company or any of its subsidiaries due to the expiration of their term of office, death, or any other reason deemed justifiable by the Board of Directors of the Company during a transfer restriction period, as of the time of such loss of position, restrictions on transfer shall be lifted for the number of shares calculated by dividing the number of months from and including the month following the payment date up to and including the month where the loss of position falls by 36, multiplied by the number of shares of Allotted Stock (any fractional shares arising from this calculation shall be truncated). In addition, in the event that an Eligible Employee loses their position as a Director, Senior Executive Officer, Executive Officer, employee or advisor of the Company or any of its subsidiaries to the expiration of their term of employment (however, for those re-employed after retirement at the mandatory age, this shall be the expiration of their term of re-employment), death, or any other reason deemed justifiable by the Board of Directors of the Company during a transfer restriction period, as of the time of such loss of position, restrictions on transfer shall be lifted for the Allotted Shares at an amount reasonably adjusted in accordance with the period until the loss of position.

(3) Gratis Acquisition by the Company

The Company shall naturally acquire the Allotted Shares for which transfer restrictions have not been lifted without consideration at the expiration of the restriction period or immediately after the Eligible Personnel loses their position as a Director, Senior Executive Officer, Executive Officer, employee, or advisor of the Company or any of its subsidiaries during the restriction period.

(4) Management of Stock

The Allotted Stock are managed in a dedicated account for transfer-restricted stock opened by Eligible Personnel at SMBC Nikko Securities Inc. during the Restriction Period to ensure shares cannot be transferred, granted as a security interest, or otherwise disposed of during the restriction period.

(5) Treatment for Reorganization, Etc.

If, during the restriction period, the Company's General Meeting of Shareholders (or Company's Board of Directors if approval by the Company's General Meeting of Shareholders is not required for the reorganization, etc. in question) approves a merger agreement in which the Company is the dissolved company, a stock transfer agreement in which the company becomes a wholly owned subsidiary, or stock transfer plan or other organizational restructuring, etc., then, by resolution of the Board of Directors, transfer restrictions shall be lifted for Allotted Shares immediately preceding the business day before the effective date of the reorganization, etc. as follows: for Eligible Officers, the number of shares calculated by dividing the number of months from and including the month following the payment date up to and including the month where the day of the approval of the reorganization, etc. falls by 36, multiplied by the number of shares of Allotted Stock held at the time (any fractional shares arising from this calculation shall be truncated); for Eligible Employees, the number of Allotted Shares at an amount reasonably adjusted in accordance with the period from and including the month following the payment date until the day of the approval of the reorganization, etc.

5. Basis for Calculation of Payment Amount and Details Thereof

The New Share Issuance is made using monetary compensation claims or monetary claims paid to the Planned Allottees under the Plan as contributory assets. Here, in order to ensure a non-arbitrary price, the payment amount shall be ¥465, the closing price of the Company's common stock on the Tokyo Stock Exchange on April 13, 2022 (the business day immediately preceding the date of resolution of the Board of Directors). As the market share price immediately prior to the date of the Board of Directors' resolution, in the absence of special circumstances indicating that the most recent share price cannot be relied upon, we believe that this is a reasonable price that appropriately reflects the Company's corporate value and does not constitute a particularly favourable price for the Eligible Personnel.