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## Summary of Consolidated Financial Results for the Three Months Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 2023

Company name: BASE, Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4477 URL <https://binc.jp/en>  
 Representative: Representative Director and CEO Yuta Tsuruoka  
 Inquiries: Director, Senior Executive Officer and CFO Ken Harada TEL 03(6441)2075  
 Scheduled date to file Quarterly Securities Report: May 10, 2023  
 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, 2023 (from January 1, 2023 to March 31, 2023)

(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, 2023	2,518	0.2	(271)	–	(269)	–	(358)	–
Three months ended March 31, 2022	2,512	12.3	(272)	–	(267)	–	(299)	–

(Note) Comprehensive Income (millions of yen) Three months ended March 31, 2023: (344) (–%) Three months ended March 31, 2022: (296) (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended March 31, 2023	(3.15)		–	
Three months ended March 31, 2022	(2.68)		–	

(Notes) 1. Despite the existence of potential shares, diluted earnings per share are not indicated because net loss per share was recorded.

### (2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of March 31, 2023	31,275		13,160		42.1	
As of December 31, 2022	31,278		13,501		43.2	

(Reference) Equity (millions of yen) As of March 31, 2023: 13,160 As of December 31, 2022: 13,501

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended December 31, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–	–	–	–	–
Year ending December 31, 2023 (Forecast)	–	0.00	–	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

### 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(% indicates changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Full year	10,300	5.8	(1,850)	–	(1,850)	–	(1,900)	–	(16.72)	
	~10,800	~10.9	~(1,400)	–	~(1,400)	–	~(1,450)	–	~(12.76)	

(Note) Revisions to most recent consolidated results forecast: None



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# 1. Qualitative information on results for the three months ended March 31, 2023

## (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” as well as the “Pay ID” shopping service for purchasers, and the PAY.JP 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.

During the three months ended March 31, 2023, the business environment, which had previously been affected by reopening headwinds, is trending towards recovery, but the economic outlook remains uncertain due to factors such as inflation and disruptions in the supply chain. In the midst of this business environment, the BASE Business maintains its position as the overwhelming first choice for a wide range of individuals and small teams, while continuing efforts to strengthen its products to achieve sustainable growth over the medium to long term. In the PAY.JP Business, the Group aims to support the growth of its existing merchants while also expanding the number of new merchants by targeting start-up companies and strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate.

As a result of the above, the Group’s consolidated net sales for the three months ended March 31, 2023 were ¥2,518 million (0.2% increase year on year), operating loss was ¥271 million (operating loss of ¥272 million in the same period of the previous fiscal year), ordinary loss was ¥269 million (ordinary loss of ¥267 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥358 million (loss attributable to owners of parent of ¥299 million in the same period of the previous fiscal year).

Starting from the three months ended March 31, 2023, the PAY Business has been renamed to the PAY.JP Business.

The results of the segments are as follows.

### A) BASE Business

In the BASE business, the business environment, which had previously been affected by reopening headwinds, continued to trend towards recovery. As a result, GMV for the three months ended March 31, 2023 was ¥30,929 million (order amount) and ¥29,523 million (payment amount) (9.7% increase for order amount and 11.1% increase for payment amount year on year).

Additionally, although take rate (Note) decreased as a result of an increase in the GMV and GMV mix of merchants using the Monthly-Fee Plan released on April 18, 2022, the year on year increase in GMV surpassed our beginning-of-year expectations largely due to contribution from merchants with large sales using the Monthly-Fee Plan.

As a result of the above, net sales for the three months ended March 31, 2023 were ¥1,757 million (14.4% decrease year on year), and segment loss was ¥175 million (segment loss of ¥178 million in the same period of the previous fiscal year).

On April 11, 2023, “Post Pay (Pay ID),” a BNPL service that can be used when shopping at “BASE” shops, was released through the “Pay ID” shopping service for purchasers.

The initiative aims to provide a unique in-house payment network by leveraging the strengths of the Group, which possess both merchant and purchaser user bases.

With this new feature, purchasers can now enjoy a smooth shopping experience, from ordering to checking invoices and making payments at convenience stores, all completed on the app. All purchases can be paid the following month as a lump sum payment, and purchaser fees, which used to be charged for each individual order, are now only charged during payment at convenience stores.

From the “BASE” merchant’s perspective, although the conventional post pay payment method could only be implemented at select shops, “Post Pay (Pay ID)” can be used at all “BASE” shops, allowing merchants to introduce a wider range of payment methods to their customers.

The function is provided through a partnership with GMO Payment Services, Inc. under a scheme in which GMO Payment Services, Inc. issues invoices and collects payments upon receipt of the receivables for sale proceeds, thereby eliminating credit risk for the Group and “BASE” merchants.

(Note) Take rate is the ratio of net sales over GMV (payment amount)

### B) PAY Business

In the PAY.JP Business, the Group provides the online payment service “PAY.JP.” In the three months ended March 31, 2023, GMV increased significantly year on year largely due to contributions from existing large merchants.

As a result of the above, GMV for the three months ended March 31, 2023 was ¥27,096 million (60.8% increase year on year), net sales were ¥701 million (59.4% increase year on year), and segment loss was ¥9 million (segment loss of ¥4 million in the same period of the previous fiscal year).

### C) Other Business

In the Other Business, the Group provides services such as “YELL BANK,” which provides business funds to online shop operators using “BASE.” In the three months ended March 31, 2023, the number of users and usage amount both grew significantly.

As a result of the above, net sales for the three months ended March 31, 2023 were ¥59 million (192.7% increase year on year), and segment loss was ¥14 million (segment loss of ¥13 million in the same period of the previous fiscal year).

## (2) Overview of financial position

### (Assets)

Total assets as of March 31, 2023, were ¥31,275 million, a decrease of ¥3 million from the end of the previous fiscal year. This was mainly due to decrease of ¥897 million in cash and deposits, which offset an increase of ¥853 million in accounts receivable - trade.

(Liabilities)

Liabilities as of March 31, 2023, were ¥18,114 million, an increase of ¥337 million from the end of the previous fiscal year. This was mainly due to an increase of ¥1,336 million in deposits received, which offset a decrease of ¥998 million in accounts payable - trade.

(Net assets)

Net assets as of March 31, 2023, were ¥13,160 million, a decrease of ¥340 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥358 million in retained earnings resulting from the recording of loss attributable to owners of parent. In addition, legal capital surplus was reduced by ¥2,545 million, and retained earnings increased by ¥2,545 million, due to deficit disposition from the appropriation of surplus based on the resolution of the Board of Directors at the meeting held on February 16, 2023.

### **(3) Explanation of consolidated financial forecasts and other forward-looking statements**

The Company group celebrated its tenth anniversary in December 2022. Advocating “Payment to the People, Power to the People.” as its mission since its inception, the Company has focused on the empowerment of individuals and small teams through “BASE,” and the empowerment of start-ups through “PAY.JP.” Looking ahead to the next decade, the Company group will continue to focus its efforts on empowering individuals, small teams, and start-ups by increasing added value through the finance business centered around “YELL BANK” as well as the consumer-facing “Pay ID” service. Through these initiatives, the Company aims to maximize value creation across the entire group in the medium to long term.

In the fiscal year ending December 31, 2023, the Company aims to achieve gross profit growth by continuing to strengthen its product to accommodate merchants with a wide range of sales for the BASE Business, while establishing product development and customer support initiatives aimed at achieving both the growth of existing merchants as well as the acquisition of new merchants for the PAY Business. In addition, the Company aims to suppress SG&A expenses, transitioning towards a leaner financial structure.

In order to provide more useful and reasonable information to investors, the Company has decided to disclose its full-year earnings forecast for the fiscal year ending December 31, 2023 in a range of possible amounts with consideration to continued uncertainties pertaining to the business environment.

In the BASE Business, the lower limit for Gross Merchandise Volume (or “GMV”) based on order amount, which factors in the deterioration or stagnation of the external environment such as macroeconomic conditions and the overall EC market while estimating the effects of company initiatives conservatively, is forecasted to be ¥125,000 million. The upper limit, which factors in the recovery of the external environment while estimating the effects of company initiatives as expected, is forecasted to be ¥130,000 million. In the PAY Business, the lower limit for GMV, which factors in the retention rate of merchants conservatively, is forecasted to be ¥105,000 million. The upper limit, which factors in the retention rate of merchants at a high level similar to past figures, is forecasted to be ¥110,000 million.

As a result of the above, the consolidated net sales for the entire group in the fiscal year ending December 31, 2023 is forecasted to fall between a lower limit of ¥10,300 million and an upper limit of ¥10,800 million.

Additionally, the Company plans to reassess its aggressive investment policy and suppress SG&A expenses. Promotional expenses are forecasted to decrease through the reduction of brand recognition-related marketing such as TV advertisements, transitioning towards a more targeted marketing policy. Furthermore, although personnel expenses are forecasted to increase due to the annualization of expenses associated with personnel hired in the fiscal year ended December 31, 2022, the pace of headcount growth is expected to decline.

As a result of the above, the lower limit for SG&A expenses, which factors in the additional suppression of measures such as hiring and marketing based on the business environment and progress of business strategies, is forecasted to be ¥6,250 million. The upper limit, which factors in expenses as planned, is forecasted to be ¥6,500 million.

Operating loss is also forecasted based on a range of possible amounts, with a lower limit of ¥1,850 million and an upper limit of ¥1,400 million.

## 2. Quarterly consolidated financial statements and main noted items

### (1) Quarterly consolidated balance sheets

(Million yen)

	As of December 31, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	22,344	21,447
Securities	66	66
Accounts receivable - trade	7,977	8,831
Other	687	755
Allowance for doubtful accounts	(130)	(147)
Total current assets	30,946	30,954
Non-current assets		
Investments and other assets	332	321
Total non-current assets	332	321
Total assets	31,278	31,275
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	11,771	10,773
Deposits received	5,468	6,804
Provision for chargeback	9	9
Contract liabilities	50	58
Other	420	411
Total current liabilities	17,720	18,057
Non-current liabilities		
Other	57	57
Total non-current liabilities	57	57
Total liabilities	17,777	18,114
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,614	8,617
Deposits for subscriptions to shares	0	—
Capital surplus	7,424	4,881
Retained earnings	(2,545)	(358)
Treasury shares	(0)	(0)
Total shareholders' equity	13,494	13,139
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	20
Total accumulated other comprehensive income	6	20
Total net assets	13,501	13,160
Total liabilities and net assets	31,278	31,275

## (2) Quarterly consolidated statement of income and comprehensive income

### Consolidated statement of income

(Three months ended March 31, 2023)

(Million yen)

	Three Months Ended March 31, 2022 (from January 1, 2022 to March 31, 2022)	Three Months Ended March 31, 2023 (from January 1, 2023 to March 31, 2023)
Net sales	2,512	2,518
Cost of sales	1,130	1,452
Gross profit	1,382	1,065
Selling, general, and administrative expenses	1,654	1,337
Operating loss	(272)	(271)
Non-operating income		
Interest income	0	0
Commission income	4	—
Lecture fees and other income	—	2
Other	1	0
Total non-operating income	6	3
Non-operating expenses		
Interest expenses	0	—
Share issuance cost	0	0
Commitment fee	0	0
Total non-operating expenses	1	0
Ordinary loss	(267)	(269)
Extraordinary loss		
Impairment losses	—	77
Loss on valuation of investment securities	31	11
Total extraordinary loss	31	88
Loss before income taxes	(299)	(357)
Total Income taxes	0	1
Net loss	(299)	(358)
Loss attributable to owners of parent	(299)	(358)

**Consolidated statement of comprehensive income**

(Three months ended March 31, 2023)

(Million yen)

	Three Months Ended March 31, 2022 (from January 1, 2022 to March 31, 2022)	Three Months Ended March 31, 2023 (from January 1, 2023 to March 31, 2023)
Net loss	(299)	(358)
Other comprehensive income		
Valuation difference on available-for-sale securities	2	14
Total other comprehensive income	2	14
Comprehensive income	(296)	(344)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(296)	(344)



### **(3) Notes on quarterly consolidated financial statements**

(Notes regarding going concern assumptions)

Not applicable.

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

Other capital surplus decreased by ¥2,545 million and retained earnings increased by ¥2,545 million as a result of covering the loss in retained earnings brought forward as of February 28, 2023 based on the resolution of the Board of Directors at the meeting held on February 16, 2023.

As a result, at the end of the first quarter of the fiscal year under review, capital surplus and retained earnings were ¥4,881 million and ¥ (358) million, respectively.

(Segment information etc.)

Segment Information

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.JP Business	Other Business	Total		
Net sales						
Goods or services transferred at a point in time	2,040	431	0	2,473	—	2,473
Goods or services transferred over time	7	6	—	13	—	13
Revenue from contracts with customers	2,048	438	0	2,487	—	2,487
Other revenue	3	1	19	25	—	25
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 is adjusted with operating loss stated in the quarterly consolidated statement of income.

2. Information about impairment losses on non-current assets or goodwill, etc. by reportable segment

Not applicable.

Consolidated three months ended March 31, 2023 (From January 1, 2023 to March 31, 2023)

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.JP Business	Other Business	Total		
Net sales						
Goods or services transferred at a point in time	1,674	694	5	2,374	—	2,374
Goods or services transferred over time	71	7	—	78	—	78
Revenue from contracts with customers	1,746	701	5	2,452	—	2,452
Other revenue	11	0	53	65	—	65
Net sales to external customers	1,757	701	59	2,518	—	2,518
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	1,757	701	59	2,518	—	2,518
Segment loss	(175)	(9)	(14)	(199)	(72)	(271)

(Notes) 1. Reconciliations of segment loss of ¥(72) million are corporate expenses that are not allocated to each reportable segment. Corporate expenses consist mainly of general and administrative expenses that do not belong to reportable segments.

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

2. Information about impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Impairment losses of ¥77 million were recorded in the “BASE Business.”

3. Information on changes in reportable segments, etc.

Starting from the first quarter of the fiscal year ending December 31, 2023, the name of the reportable segment previously referred to as “PAY Business” has been changed to “PAY.JP Business.” This change in segment name has no impact on segment information. The segment information for the three months ended March 31, 2022 is also presented under the new name.

(Significant subsequent events)

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

At a meeting of the Board of Directors held on April 13, 2023, the Company resolved to issue new shares as restricted stock-based compensation, and the payment was completed on May 10, 2023.

1. Issuance summary

(1) Payment Date	May 10, 2023
(2) Class and Number of Shares for Issuance	Company common stock: 323,859 shares
(3) Issue Price	281 yen per share
(4) Total Issue Price for All Shares	91,004,379 yen
(5) Planned Allottees	4 Company Directors (including Outside Directors): 115,660 shares 3 Company Senior Executive Officers: 85,410 shares 3 Company Executive Officers: 32,031 shares 12 Company Employees: 90,758 shares
(6) Other	In accordance with the Financial Instruments and Exchange Act, a securities notice 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 13, 2023, the Company resolved issue 323,859 shares of Company common stock (including 24,556 shares for Outside Directors; the “Allotted Shares”) to four (4) Directors, three (3) Senior Executive Officers, three (3) Executive Officers (collectively, the “Eligible Officers”) and 12 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 ¥91,004,379 (including ¥6,900,236 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 the Eligible Personnel, 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 10, 2023 (the payment date) to May 9, 2026.

The Eligible Employees shall not transfer, create a security interest in, or otherwise dispose of the Allotted Shares granted from May 10, 2023 (the payment date) during the following periods for the following amounts: for one-third of the Allotted Shares, by May 9, 2024; for the following one-third, before May 9, 2025; and for the remaining portion, before May 9, 2026.

##### (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 ¥281, the closing price of the Company's common stock on the Tokyo Stock Exchange on April 12, 2023 (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.