

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



February 20, 2020

To Whom It May Concern:

Company Name     BASE, Inc.  
Representative     Yuta Tsuruoka, Representative Director and CEO  
                              (Security Code: 4477 Tokyo Stock Exchange Mothers Market)  
Contact Person     Ken Harada, Director and CFO  
Phone: +81-3-6441-2075

### **Notice of Reduction of Legal Capital Surplus and Appropriation of Surplus**

The Company announces that, based on the Articles of Incorporation pursuant to the provisions of Article 459, paragraph 1 of the Companies Act, the Board of Directors resolved at its meeting held today "to reduce the amount of legal capital surplus and appropriate surplus" as follows:

1. Purpose of the reduction of the amount of legal capital surplus and the appropriation of surplus

The Company has decided to reduce the amount of legal capital surplus and to cover a deficit in retained earnings brought forward in order to promptly eliminate its accumulated losses and implement flexible and agile capital policies in the future. As this case falls under the proviso of Article 449, paragraph 1 of the Companies Act, the procedure for filing an objection by creditors will not occur.

2. Details of reduction of the amount of legal capital surplus

Pursuant to the provision of Article 448, paragraph 1 of the Companies Act, the Company will reduce its legal capital surplus and transfer it to other capital surplus.

(1) Item and amount of reserve to be reduced

Legal Capital Surplus: 1,130,856,384 yen to be reduced from 2,216,838,750 yen, and become 1,085,982,366 yen.

(2) Item and amount of surplus to be increased

Other capital surplus: 1,130,856,384 yen

3. Details of appropriation of surplus

Following the transfer of capital reserve described in 2. above, the Company will transfer the other capital surplus to retained earnings brought forward to cover the deficit, pursuant to the provisions of Article 452 of the Companies Act.

- (1) Item and amount of surplus to be reduced  
Other capital surplus: 1,130,856,384 yen
- (2) Item and amount of surplus to be increased  
Retained earnings brought forward: 1,130,856,384 yen
- 4. Schedule for reduction of amount of legal capital surplus and appropriation of surplus
  - (1) Date of Resolution by the Board of Directors  
February 20, 2020 (Thursday)
  - (2) Effective Date  
February 20, 2020 (Thursday)

5. Outlook for the future

Since this is a transfer between accounts in the Net Assets section on the balance sheet, the Company's net assets will remain unchanged and the transfer has no impact on the Company's business results.

End