Translation

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February 9, 2022

To whom it may concern:

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Notice Regarding Differences Between Full-Year Consolidated Earnings Forecasts and Actual Results and Differences Between Non-Consolidated Earnings Results and Actual Results for the Previous Fiscal Year

BASE, Inc. (the "Company"), hereby announces that differences have arisen between the consolidated earnings forecast for the full fiscal year ending December 31, 2021 announced on February 10, 2021, and the actual results announced today.

The Company also announces that differences have arisen between non-consolidated actual results for the full year and that for the previous fiscal year.

1. Differences from Full-Year Consolidated Earnings Forecasts

(1) Difference between forecast and actual results of consolidated earnings for the year ended December 2021 (January 1, 2021 - December 31, 2021)

(Unit: million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Forecast in the previous announcement (A)	9,750 ~10,536	(1,433) ~(929)	(1,433) ~(929)	(1,437) ~(933)	(13.10) yen ~(8.51) yen
Actual results (B)	9,931	(977)	(960)	(1,194)	(10.80) yen
Amount of increase or decrease (B-A)	181 ~(604)	455 ~(48)	472 ~(31)	242 ~(261)	–
Rate of increase or decrease (%)	1.9% ~(5.7)%	–	–	–	–
(Reference) Results of the previous fiscal year (Year ended December 2020)	8,288	803	747	584	(5.64) yen

(Note) 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 is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

(2) Reason for the difference

Though the Company’s reported results for the consolidated fiscal year ended December 2021 are all within range of the consolidated earnings forecast, the Company has issued disclosure due to the gap between the lower limit of the operating loss and ordinary loss forecasts and their results, and due to the fact that this gap does not meet the insignificance criteria (a difference between the forecast and results is more than 0.7 times and less than 1.3 times).

Net sales were within the range of the Company's initial forecast. Operating loss and ordinary loss were close to the upper end of the range due to lower-than-expected promotion cost and hiring of product engineering personnel. However, the loss attributable to owners of parent was within the range of the initial forecast due to the impact of impairment losses on Company-held investment securities, the net value of which had declined significantly.

2. Differences from Non-consolidated Results for the Previous Fiscal Year

(1) Difference between forecast and actual results of non-consolidated earnings for the year ended December 2021 (January 1, 2021 - December 31, 2021)

(Unit: million yen)

	Net sales	Operating profit	Ordinary profit	Profit	Earnings per share
Actual results of FY2020 (A)	7,321	942	887	380	3.67 yen
Actual results of FY2021 (B)	8,420	(879)	(860)	(1,147)	(10.37) yen
Amount of increase or decrease (B-A)	1,099	(1,821)	(1,748)	(1,528)	−
Rate of increase or decrease (%)	15.0％	−	−	−	−

(Note) 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 is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

(2) Reason for the difference

Net sales increased compared to the previous fiscal year owing to the growth in the gross merchandise volume by increasing the number of active shops per month. Operating profit and ordinary profit decreased compared to the previous fiscal year due to aggressive promotion costs and hiring of product engineering personnel, although they were below the initial plan. Profit decreased compared to the previous fiscal year due to the above as well as the impact of impairment losses on shares of subsidiaries and investment securities held by the Company, the net asset value of which had declined significantly.

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