



BASE

Materials for
Growth Opportunities and Strategies

BASE, Inc.

(Tokyo Stock Exchange Mothers: 4477)

March 31th 2022

1. **Corporate Profile and Outline of Business**
2. **Medium Term Strategies and Policies for FY2022**
3. **Market Environment**
4. **Financial Results for FY2021** (Excerpt from FY2021 Q4 Material)
5. **Reference Material**

1. Corporate Profile and Outline of Business

Mission

Payment to the people, Power to the people.

To ensure that the thoughts, feelings, and talents kept deep inside to come out and reach those who need them around the world.

To realise ideas, works and activities born there.

To ensure that everyone receives fair value.

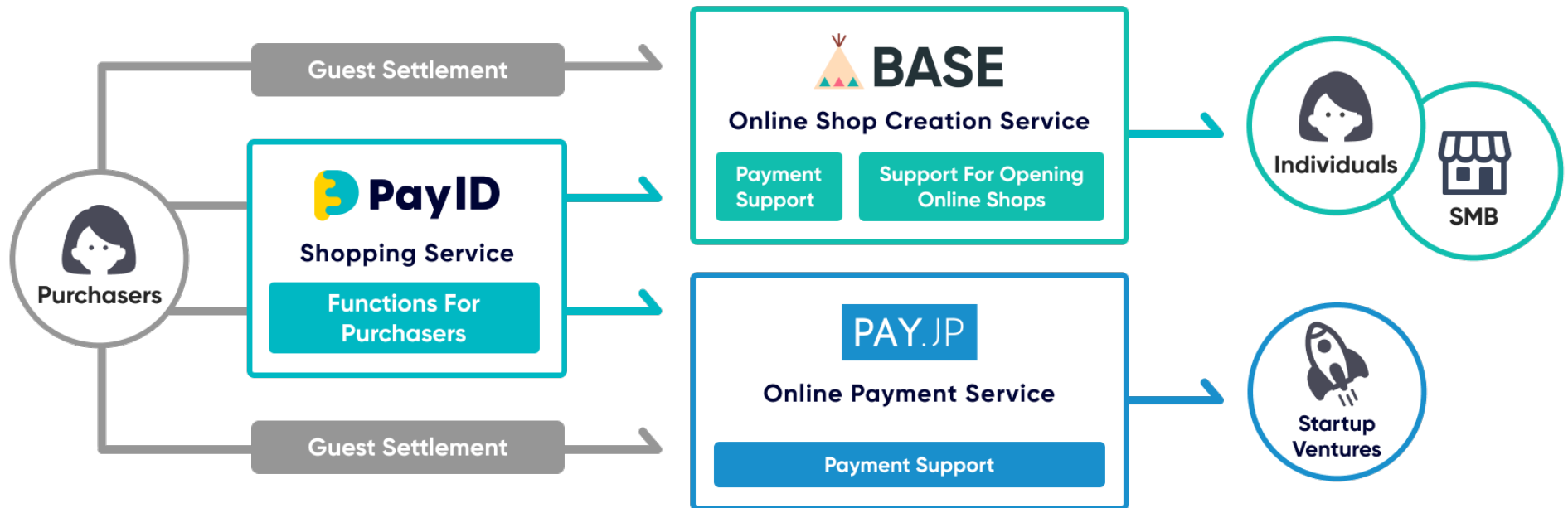
Making payment available to everyone around the globe.

To give everyone a chance to transform his/her power into value.

To create new economy through a new payment platform.

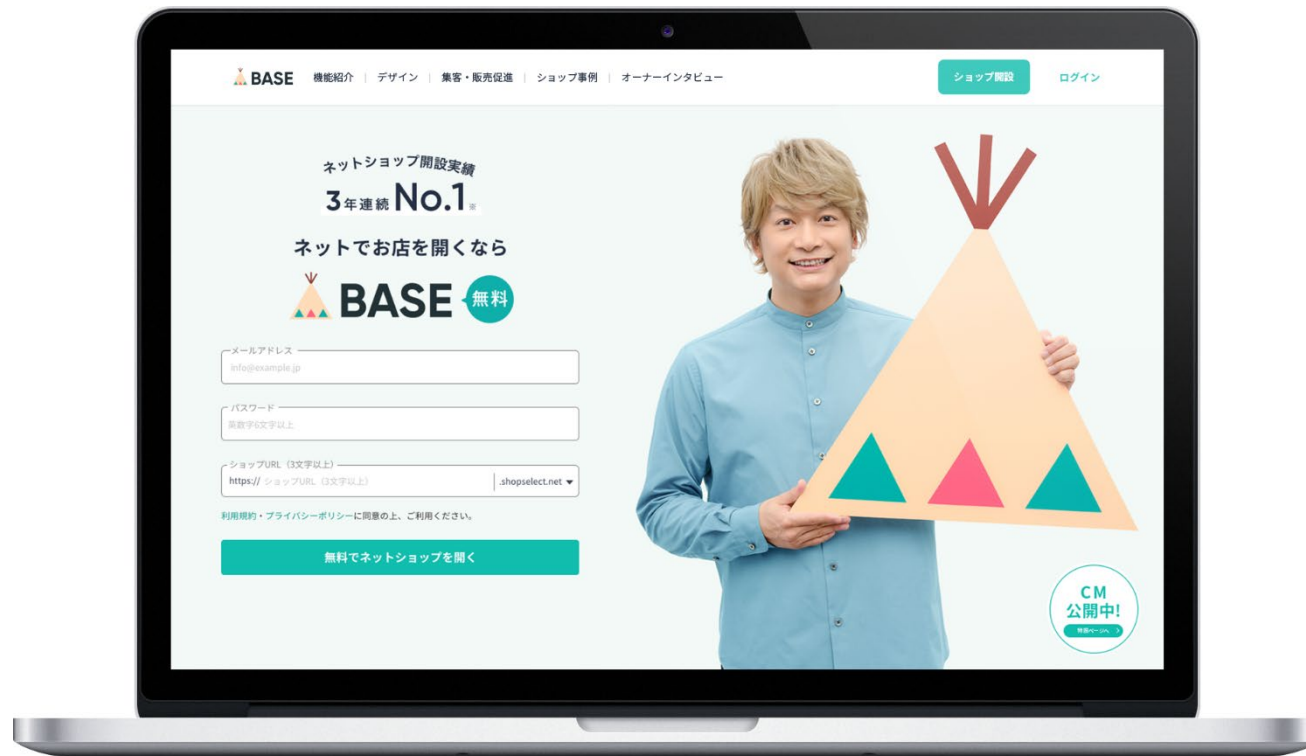


BASE Group's services aimed at empowering **individuals and small teams, startups**, as well as **purchasers**



Online shop creation services enabling anyone to easily create well-designed online shops at no cost

Enabling the creation of storefront type online shops



Supporting individuals and small teams with various needs, from those who want to easily start an online shop with no risk, to those with high growth potential and large sales

POINT 1

**Suitable Price
Plans for All Shops**

POINT 2

**BASE
Easy Payment**

POINT 3

**Easy To Use
Functions**

POINT 4

**Shopping Service
"Pay ID"**

Offering suitable price plans for those who want to easily start and online shop with no risk, as well as shops with high growth potential and large sales

	No Monthly Cost Plan	Monthly-Fee Plan
Service Commission	3.0%(Note)	5,980Yen Per Month
Payment Processing Commission	3.6%+40Yen(Note)	2.9%(Note)
Features	Risk-free, “Pay as you sell” system with commissions charged only when sales are generated	Payment of monthly fixed service fees allow for control over running costs

(Note) Charged according to payment amount

Providing a unique payment system “BASE Easy Payment”
Easing the burden for installing payment functions for online shops

Overview of “BASE Easy Pay”

- ✓ The one-stop service from the opening of an online shop to the introduction of a settlement function eliminates the need for the complicated process of installing an external settlement system
- ✓ Shortens the screening time for instalment and offers the payment services from the next business day at the earliest without the need for complicated credit administration procedures
- ✓ Users can choose from 7 payment methods
- ✓ Flat-rate payment processing commission for all payment methods (note)

Credit Card



Carrier settlement



Bank transfer



CVS Payment / Pay-easy



Amazon Pay



PayPal



Deferred Payment

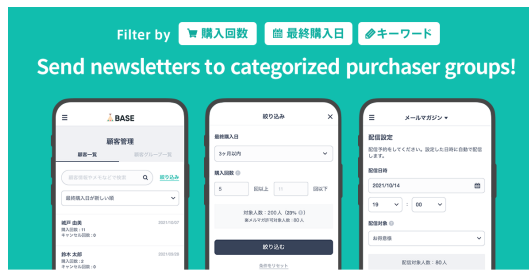
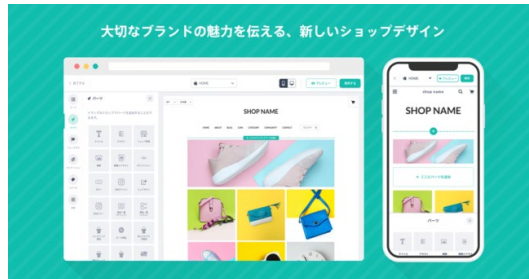


(Note) 3.6%+40yen (No Monthly Cost Plan) and 2.9% (Monthly-Fee Plan) respectively charged according to the payment amount. See page 8 for details.

Easy to use and simple standard functions and extension function “BASE Apps” enabling shops to easily expand functionalities to meet a wide range of needs

Standard Functions

The basic functions necessary to operate an online shop are provided free of charge to all shops as part of the standard functions



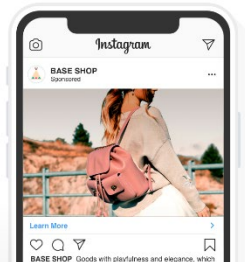
※Newsletters can be sent via the "Mail Magazine App"

Extension Function “BASE Apps”

Providing more than 80 types of extension functions to meet a wide range of needs

Instagram Ads

- ✓ Distribution to the interested users
- ✓ Minimal setup for beginners
- ✓ Easy reports measuring effectiveness



BASE

Google Shopping Ads App

- ✓ Sync products from BASE
- ✓ Easily create Shopping Ads
- ✓ Ads are optimized by Google



※ Google and the Google logo are trademarks of Google LLC.

Other Services

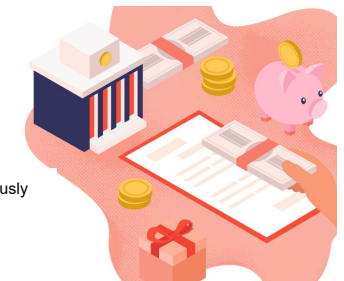
Providing services to enable individuals and small teams to open physical shops, as well as raising funds easily and without risk



BASE

YELL BANK

Raise funds instantaneously and risk-free

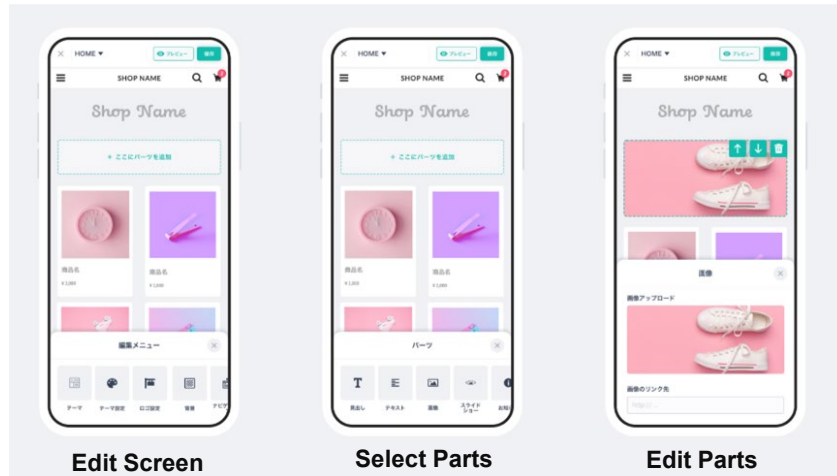


Simple standard functions enable even first-time users to easily operate an online shop

Providing design and CRM functions necessary for operating a storefront type online shop

Shop Design Function

Over 1,000 design patterns created through combining official themes and parts, allowing shops to **easily express their brand's worldview with no code required**



CRM Function

Easily send email newsletters to auto-generated list of new and repeat purchasers, **enabling sales promotion activities and building of lasting relationships with purchasers**



※Newsletters can be sent via the "Mail Magazine App"

Providing “BASE Apps” to easily expand functionalities of shops

Meeting needs of a variety of sales methods and sales scales, enabling anyone to easily conduct sales promotion activities and improve operational efficiency

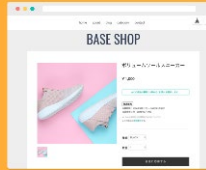
Supporting Various Sales Methods

Supporting a variety of sales methods contributing to sales promotion activities and enhancing operational efficiency

Providing functions to avoid product hoarding, order errors, and increase repeat purchasers

👉 抽選販売

- ✓ 商品の抽選販売が可能に
- ✓ 当選者・落選者が選択できます
- ✓ 抽選発表メールも編集可能



👉 商品オプション

- ✓ 商品に選択項目を追加できます
- ✓ 有料オプションを設定可能
- ✓ 名入れ商品も作れます



👉 定期便

- ✓ 定期商品を簡単に販売
- ✓ 指定のサイクルで自動的に課金



👉 テイクアウト

- ✓ 受取時間を指定した事前注文 / 決済
- ✓ 新規注文のリアルタイム画面通知
- ✓ 注文の受付 / お渡し状況管理



Supporting Various Sizes of Shops

Integration with external services to support large shops

Providing automated inquiry handling for inventories out of stock, and integrated inventory management with physical shops

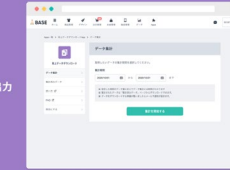
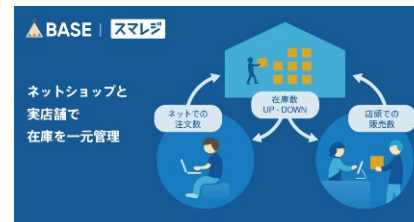
👉 再入荷自動通知

- ✓ 再入荷をメールで通知
- ✓ 売り切れ商品の需要把握に最適
- ✓ 通知は自動で送信



👉 売上データダウンロード

- ✓ 期間を選択して入金データを出力
- ✓ CSV形式で連携もかんたん
- ✓ 月次や週次の経理業務を効率化

ECサイト運営業務を一気通貫で効率化・自動化

NEXT ENGINE

- 受注管理**: 顧客からの注文を自動で取り、一括管理します。メールやLINE、メッセージなどの保護も厳格に実施されています。
- 在庫管理**: ネットショップの在庫情報も一括で管理し、商品在庫不足のリスクを軽減し、在庫切れによる業務効率低下を防ぎます。
- 商品管理**: ページ編集、在庫調整を一括で行い、SEO対策や商品ページの最適化も一括で行えます。

Providing services which enable individuals and small teams to open physical shops and raise funds easily and without risk

Physical Shops (Note1)

Providing access to **all BASE shops** to open physical shops without initial or fixed costs, **allowing a risk-free opportunity** with only a commission based on amount of goods sold



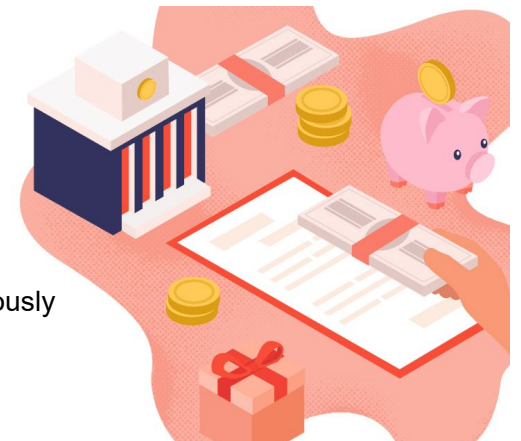
Raising Funds

BASE will forecast future sales and purchase the receivables, **enabling shops to raise funds without risk**



YELL BANK

Raise funds instantaneously and risk-free

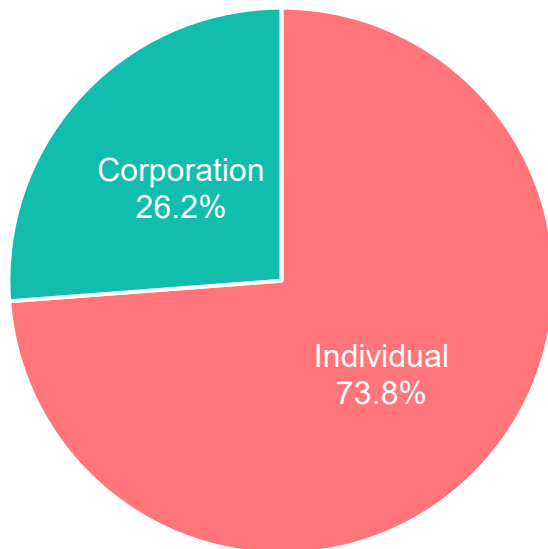


(Note1) Total of 3 permanent locations offered in Tokyo and Osaka. Pop-up locations also available with partnerships commercial facilities nationwide

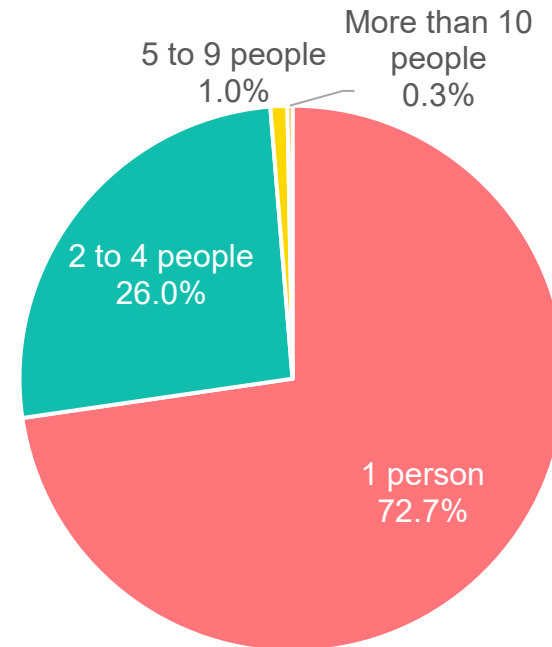
Majority of shop owners are operated by individuals

Targeting of individuals and small teams is a major differentiator from major e-commerce platforms

Shop Management Structure

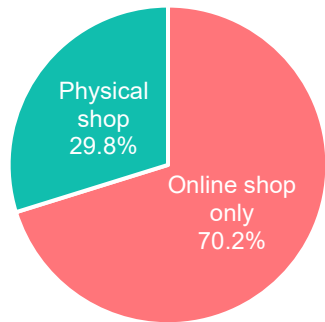


Number of Operators

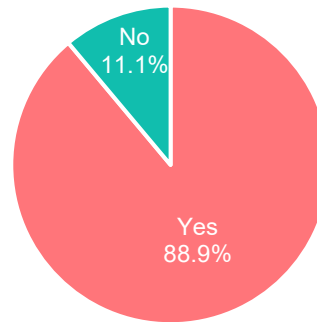


Majority of BASE shops are individuals and small teams operating online shops only, using SNS to attract customers and sell original goods

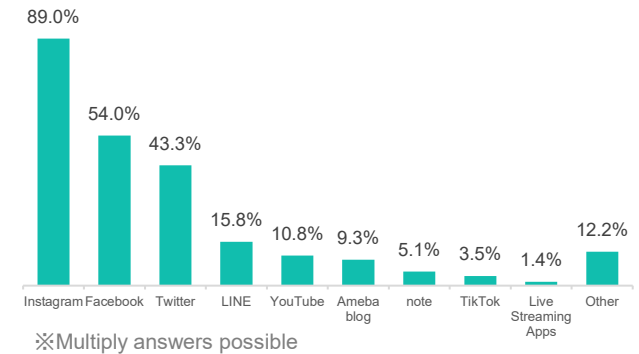
Shops Which Also Own Physical Shops



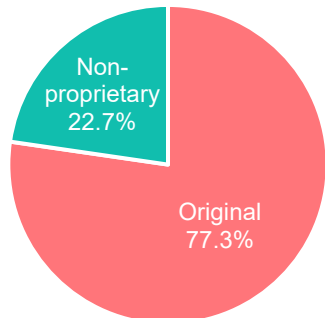
Shops Who Use SNS to Increase Fans



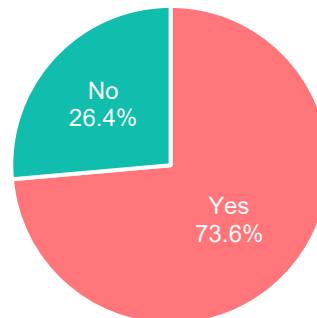
Frequently Used SNS Platforms



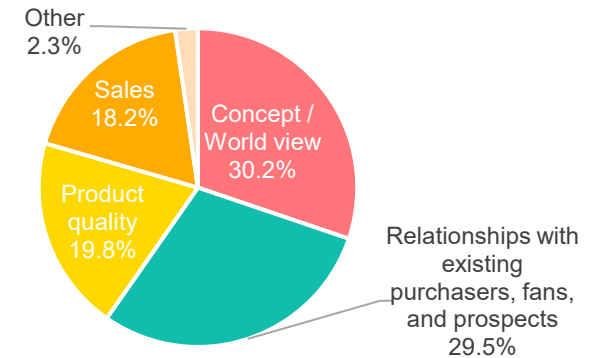
Selling of Original vs Non-Proprietary Goods



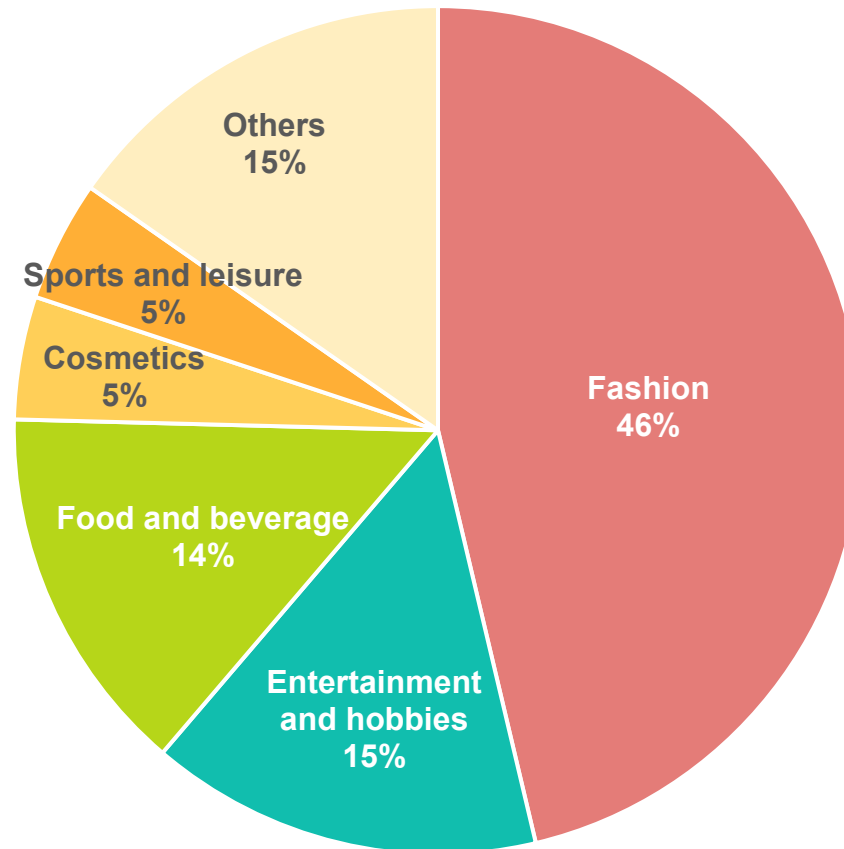
Shops Who Identify as Their Own “Brand”



Important Factors For Operating a Shop



Wide variety of products sold with fashion being the main category

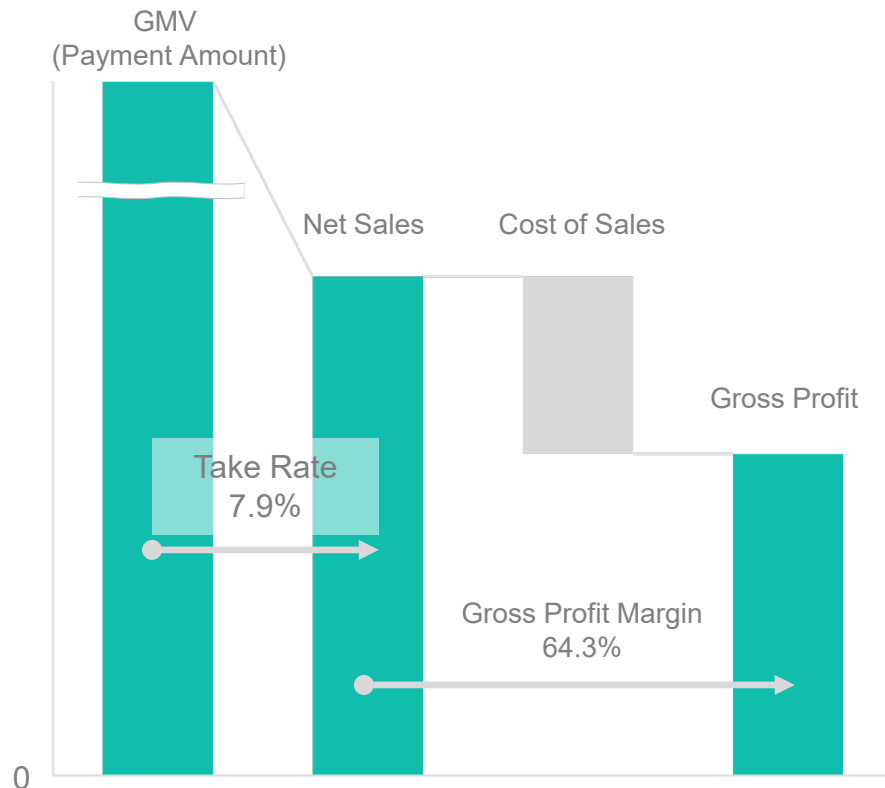


(Note) FY2021 results

Net sales and cost of sales are linked to GMV

Net sales consist mainly of commissions paid by shops

Revenue Structure^(note1)



Composition of Net Sales

① Commission paid by shops

- ✓ Payment Processing Commission^(note2)
- ✓ Service Commission^(note3)
- ✓ Others^(note4)

② Commission Paid by Purchasers

- ✓ 300yen when selecting carrier / CVS / deferred payment out of 7 payment methods

Composition of Cost of Sales

- ✓ Commissions paid to payment processing companies only

(Note1) FY2021 Annual Results

(Note2) 3.6%+40yen (No Monthly Cost Plan) and 2.9% (Monthly-Fee Plan) respectively charged according to the payment amount

(Note3) 3.0% (No Monthly Cost Plan) charged according to the payment amount and fixed monthly amount of 5,980yen (Monthly-Fee Plan)

(Note4) Includes withdrawal application fees and paid functions. In addition to transfer fees (250yen), additional admin fees (500yen) apply to transfers below 20,000 yen, and no additional fees if above 20,000 yen

Integration and revamping of Shopping App “BASE” and ID-based Payment Service “Pay ID” to newly offer **a shopping service with 8.0 million registered IDs and 1 million+ MAU**^(note1,2)

Former Service for Purchasers

✓ Shopping App “BASE”




Purchase a wide range of products from shops created on “BASE”

✓ ID-based Payment Service “PAY ID”

Register credit card and address information to make payments without having to enter each time while shopping with “BASE” shops

Integration and Revamping of Service for Purchasers

Clear separation of service for purchasers under “Pay ID” and shops under “BASE” in order to further increase value provided for each target user

	Before	After
Overall Service for Purchasers	N/A	 Shopping Service “Pay ID”
App	 Shopping App “BASE”	 Shopping Service “Pay ID”
Payment Function	 ID-based Payment Service “PAY ID”	 Pay ID Payment

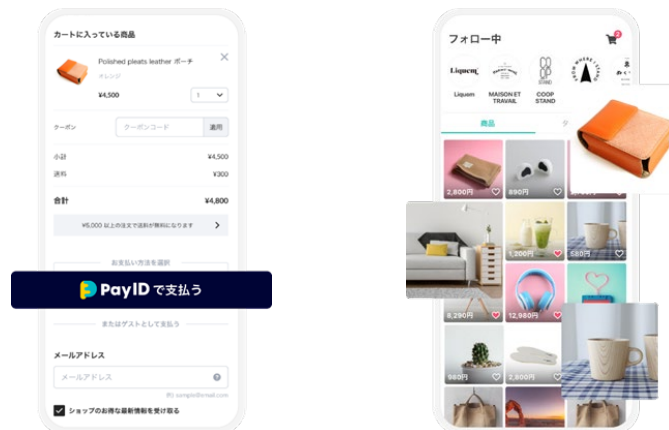
(Note1) As of February 2022

(Note2) All existing functions of the shopping app “BASE” and ID-based payment service “PAYID” will continue to be available

Focus on function development for **increasing new and repeat purchasers** by providing a new payment experience and helping to build relationships with purchasers

Increase in New Purchasers

- ✓ Quick payment with password-less authentication to **avoid cart abandonment**
- ✓ Discovery function to **create to find new shops**
- ✓ Marketing functions to **support the expansion of brand recognition and sales promotion**
- ✓ **Adding new payment methods** to improve the purchasers' experience



Increase in Repeat Purchasers

- ✓ **Engagement with purchasers with enhanced CRM functions**
- ✓ **Issue coupons** for existing purchasers to facilitate repeat purchases
- ✓ **Provide points** for purchasing at shops



New Item Notification

Issue Coupons

Give Points



“Simplifying All Payments”

Online payment service for developers to easily integrate credit card payments to web services and online stores (Note)



(Note) Does not include online shops created by “BASE”

Providing solutions for online payment services to solve issues such as lengthy screening processes, high costs, or difficulties of use

Simple fee structure

- ✓ Absolutely no costs other than the payment processing fees(Note)

	Basic Plan	Pro Plan	PAY.JP Seed	PAY.JP NPO	PAY.JP Travel
Monthly Fee	¥0	¥10,000	¥0	¥0	¥0
 	3.0%	2.59%	2.59%	1.5%	1.5%
 	3.6%	3.3%	3.3%	—	3.3%
Deposit Cycle	Close at month end Only paid at the end of following month	Close 15th / month-end Paid a half months later	Close 15th / month-end Paid a half months later	Close at month end Only paid at the end of following month	Close 15th / month-end Paid a half months later

(Note) Excluding Pro plan

Easy to integrate

- ✓ Allows for the integration of simple and smooth payment functions



Robust security

- ✓ Security levels that meets international standards



Tokenization



PCI-DSS



Monitoring

2. Medium Term Strategies and Policies for FY2022

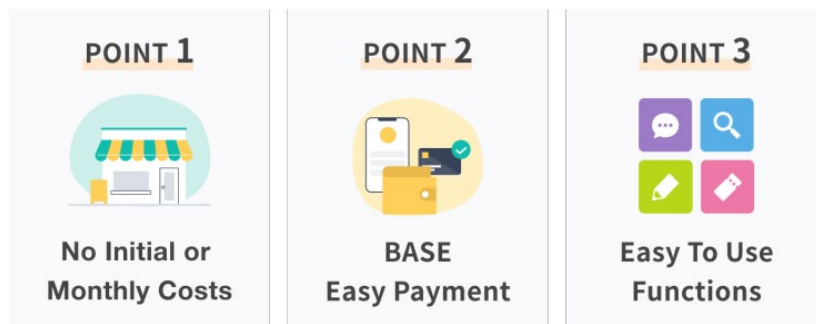
2-1. Historical Growth of BASE Group

Since its foundation, “BASE” has focused on providing services to enable individuals and SMBs to **easily set up online shops and install payment systems with a risk-free fee structure**

With one of the largest number of monthly active shops, “BASE” has built a strong position in the long-tail market

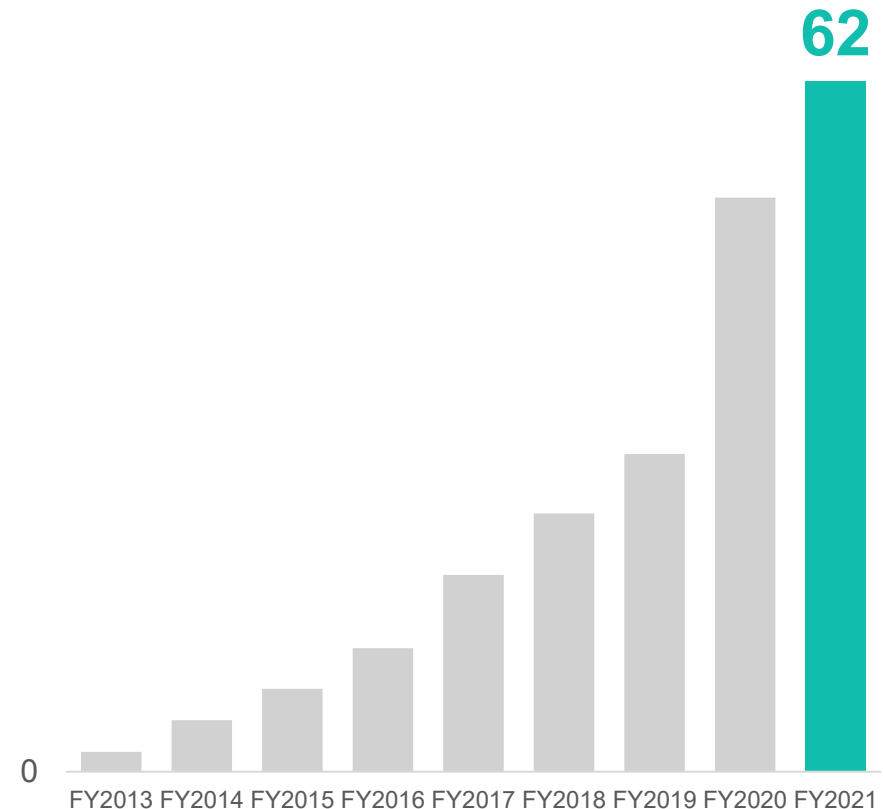
Risk-free Opportunities for All Users

- ✓ No initial or monthly costs, and fees are paid only when products are sold (Note1)
- ✓ Unique and easy to install payment system for all users
- ✓ Easy to operate standard functions, and extensions function to extend functionalities depending on needs



Large Number of Active Shops (Note2)

(Thousand Shops)



(Note1) 3.6%+40Yen payment processing fees and 3% service fee on the amount of products sold

(Note2) Number of monthly active shops in the 4th quarter of each fiscal year

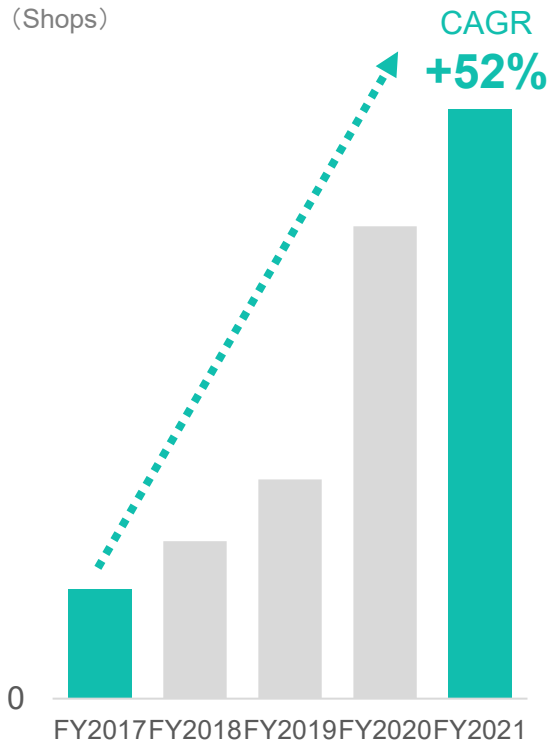
Increasing capacity to support shops, as a service used by shops with large sales (hereinafter "large-scale shops")

Becoming a platform with many individuals and small teams with steady growth

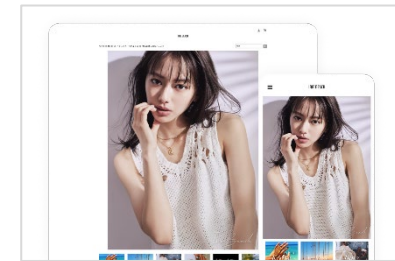
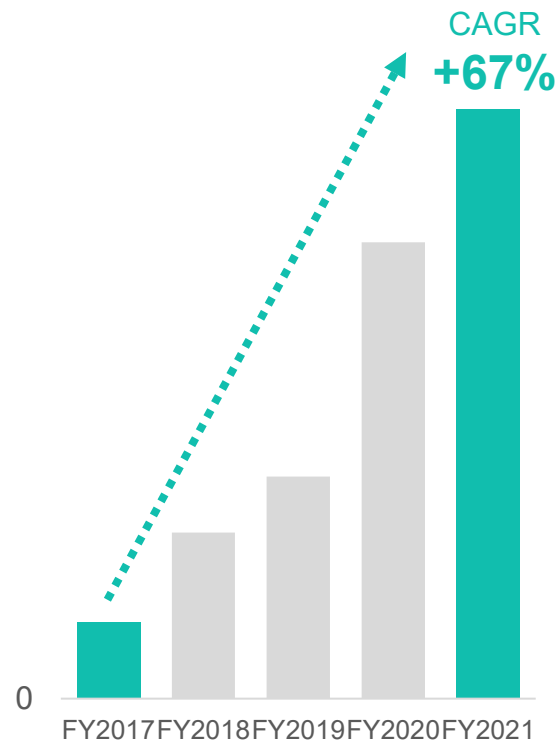
Growth in Large-Scale Shops (Note1)

Examples of Large-Scale Shops

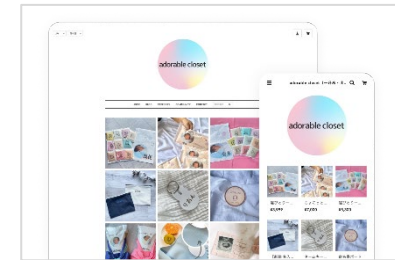
Number of Large-Scale Shops (Note2)



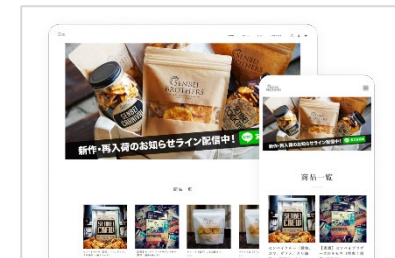
Monthly Average GMV Per Shop of the Top 3 Shops



IRIE BEACH様



adorable closet様



Senbei Brothers様

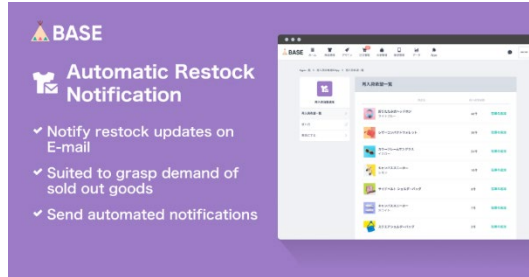
(Note1) Large-scale shops refer to shops with more than 1 million yen sales per month

(Note2) Number of monthly active shops in the 4th quarter of each fiscal year

Offering numerous functions with high demand with shops with high growth potential and large sales to enhance operational efficiency, CRM, and designs

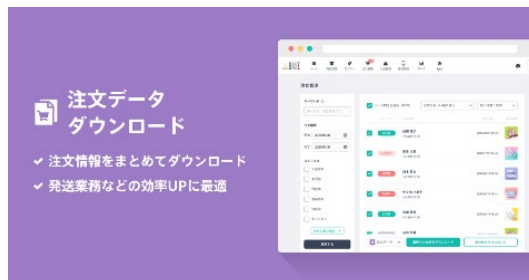
Operational Efficiency

Functions to support the operational efficiency of shops with large sales and order volume, and complicated back-office operations to help reduce the workload in operating an online shop



Automatic Restock Notification

- ✓ Notify restock updates on E-mail
- ✓ Suited to grasp demand of sold out goods
- ✓ Send automated notifications

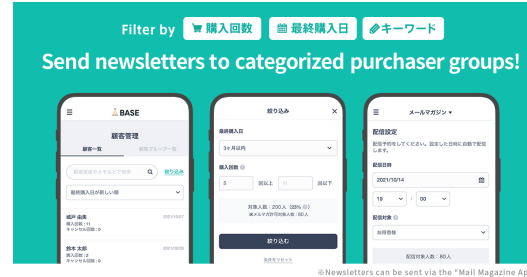


注文データダウンロード

- ✓ 注文情報をまとめてダウンロード
- ✓ 発送業務などの効率UPに最適

CRM (Client Relationship Management)


Helping shops build lasting relationships with purchasers marketed through SNS and other channels, contributing to an increase in new and repeat purchasers



Filter by **購入回数** **前最終購入日** **キーワード**

Send newsletters to categorized purchaser groups!

※Newsletters can be sent via the "Mail Magazine App"



Update of Mail Magazine App!

Send Mail Magazines to Potential Purchasers

YOUR SHOP

Design

Design features and services that meet the needs of large-scale shops which place importance on expressing each shops' worldview and seek unique designs



BASE DESIGN MARKET



</> HTML編集

- ✓ デザインやレイアウトを自由に変更
- ✓ HTML/CSS/JavaScriptが編集可
- ✓ プレビューはリアルタイムで反映

(Note) Example of selected functions among others

Promoting faster cash flow for “BASE” shops by providing various financial services

Financial Services Offering for “BASE” Shops^(Note)

YELL BANK

- ✓ “BASE” forecasts future sales, and purchases the receivables enabling shops to raise funds without risk

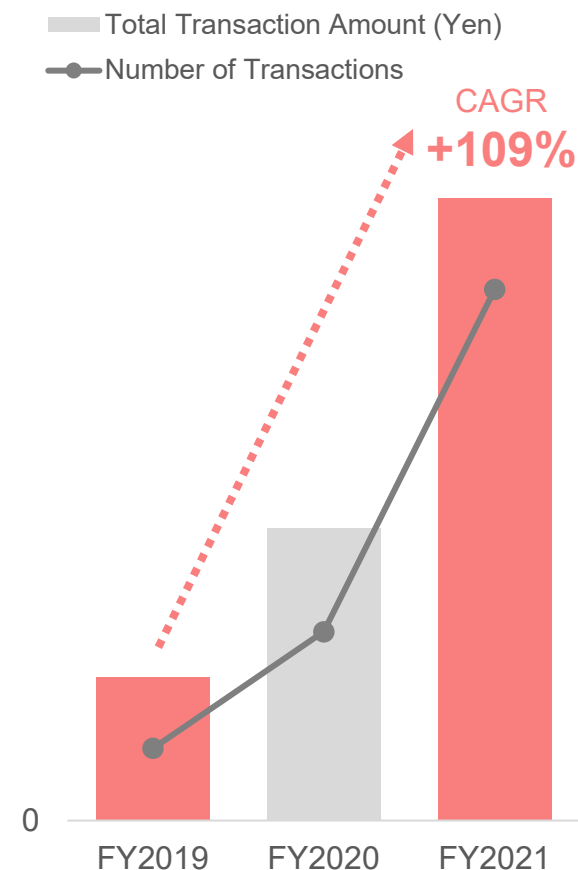
Express Bank Transfers

- ✓ Shortening the standard deposit period of 10 days, enabling the transfer of funds 1 day after application

BASE Card

- ✓ Spend proceeds from online shop sales at VISA member merchants nationwide

Growth of “YELL BANK”



User examples of “YELLBANK”

YELLの先には vol.7

一瞬で入金される
体験が圧倒的

La criеならでの資金活用方法。



YELLの先には vol.6

YELL BANKを
利用し続けて2年

「好き」の語まった
M-BROWN のショップ作り



YELLの先には vol.5

計画なく気軽に
資金を調達できるから
ちょうどいい

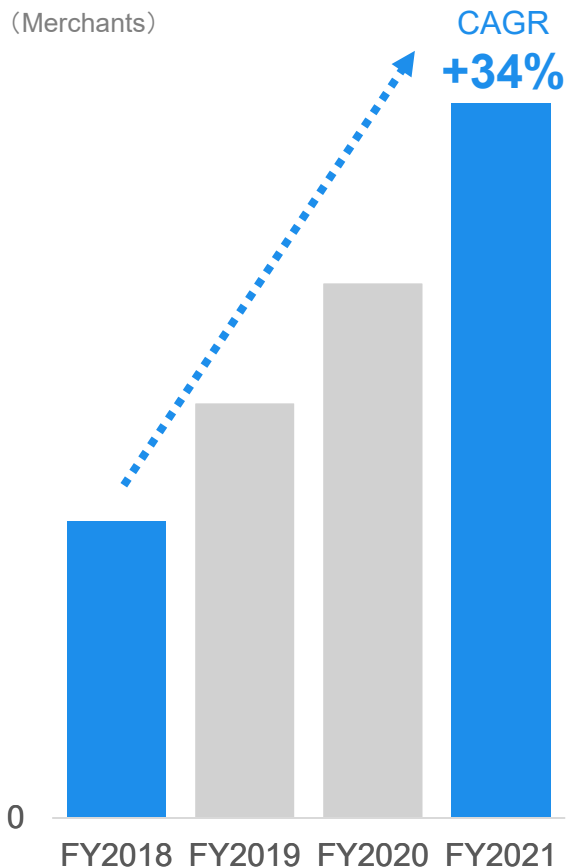
HACOMIDORI が実現する
お金の上手な付き合い方



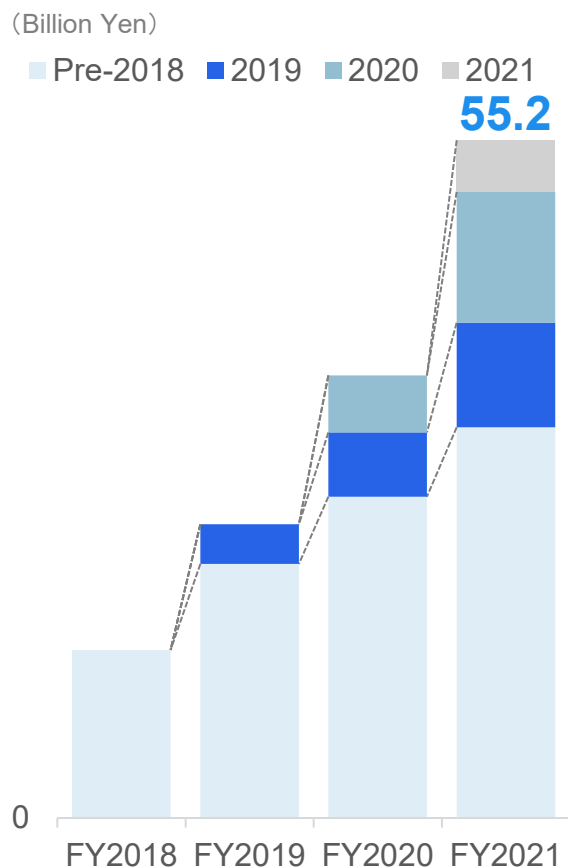
Solving issues for ventures and start ups in introducing online payment

Steady growth maintained with continuous growth by existing merchants, and additional increases by new merchant

Increase in Merchants



Growth in GMV



Merchant Examples of “PAY.JP”



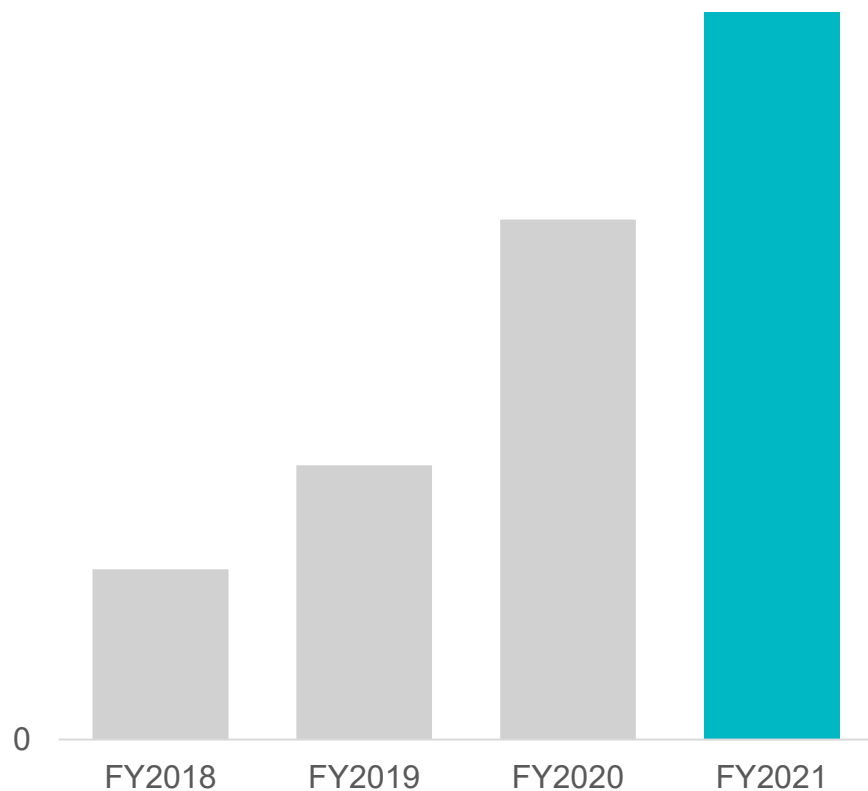
The only storefront type online shop creation service providing service to purchasers

Increase in the number of users expanded in line with the growth of “BASE”

Growth in Registered Users of “Pay ID”

(Persons)

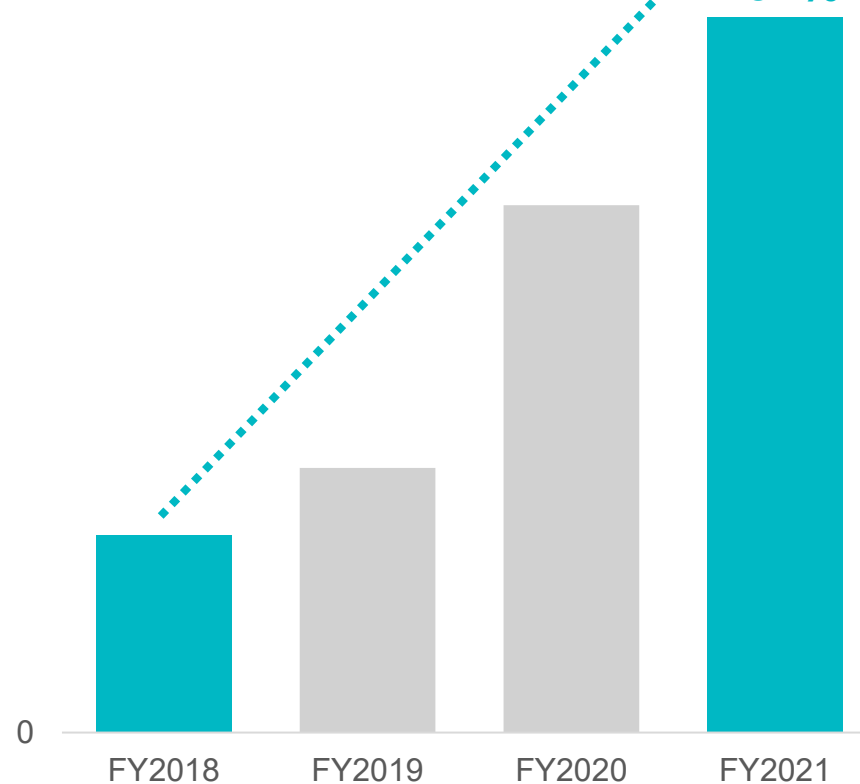
7.7 Million_(note2)



Increase in GMV via Shopping App _(note1)

(Yen)

CAGR
+54%



(Note1) Provided as the “BASE” Shopping App until November 2021. Currently offered as the “Pay ID App” following the integration and renewal of the Shopping Service “Pay ID”

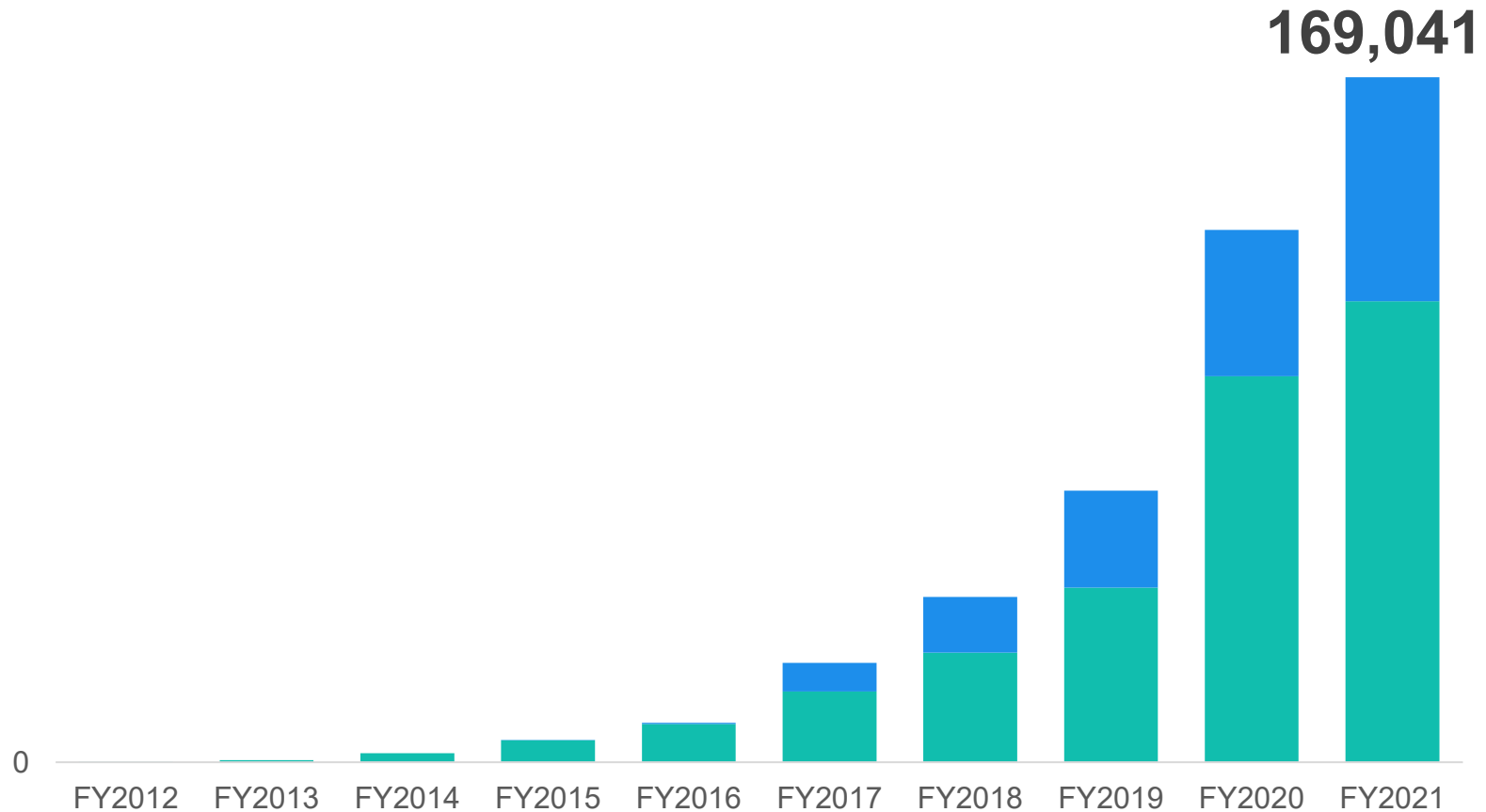
(Note2) Number of registered users of “PayID” exceeded 8.0 million as of February 2022

Significant growth as a platform for the creation of new markets

Consolidated Yearly GMV^(Note)

(Million Yen)

■ BASE ■ PAY

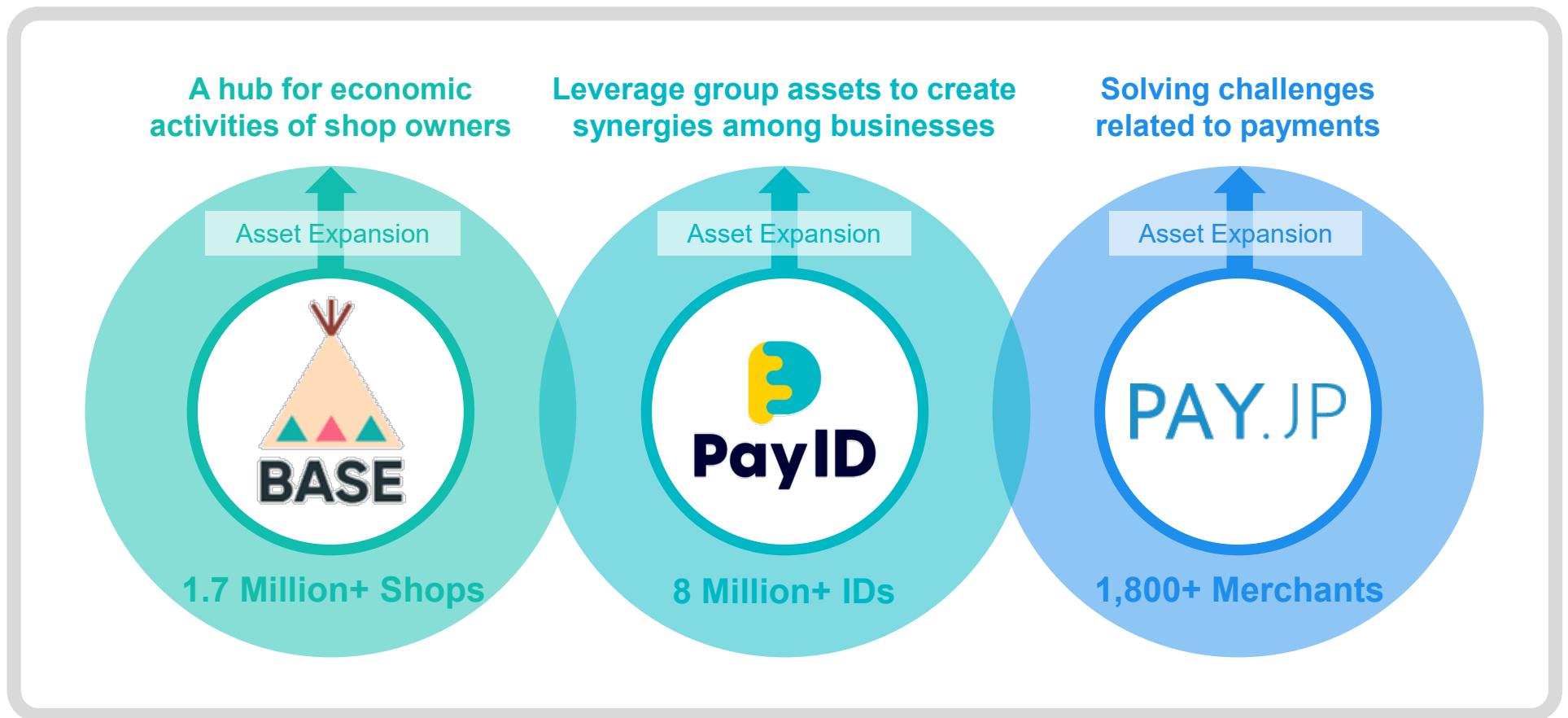


(Note1) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (settlement amount)

2-2. Future Growth of BASE Group

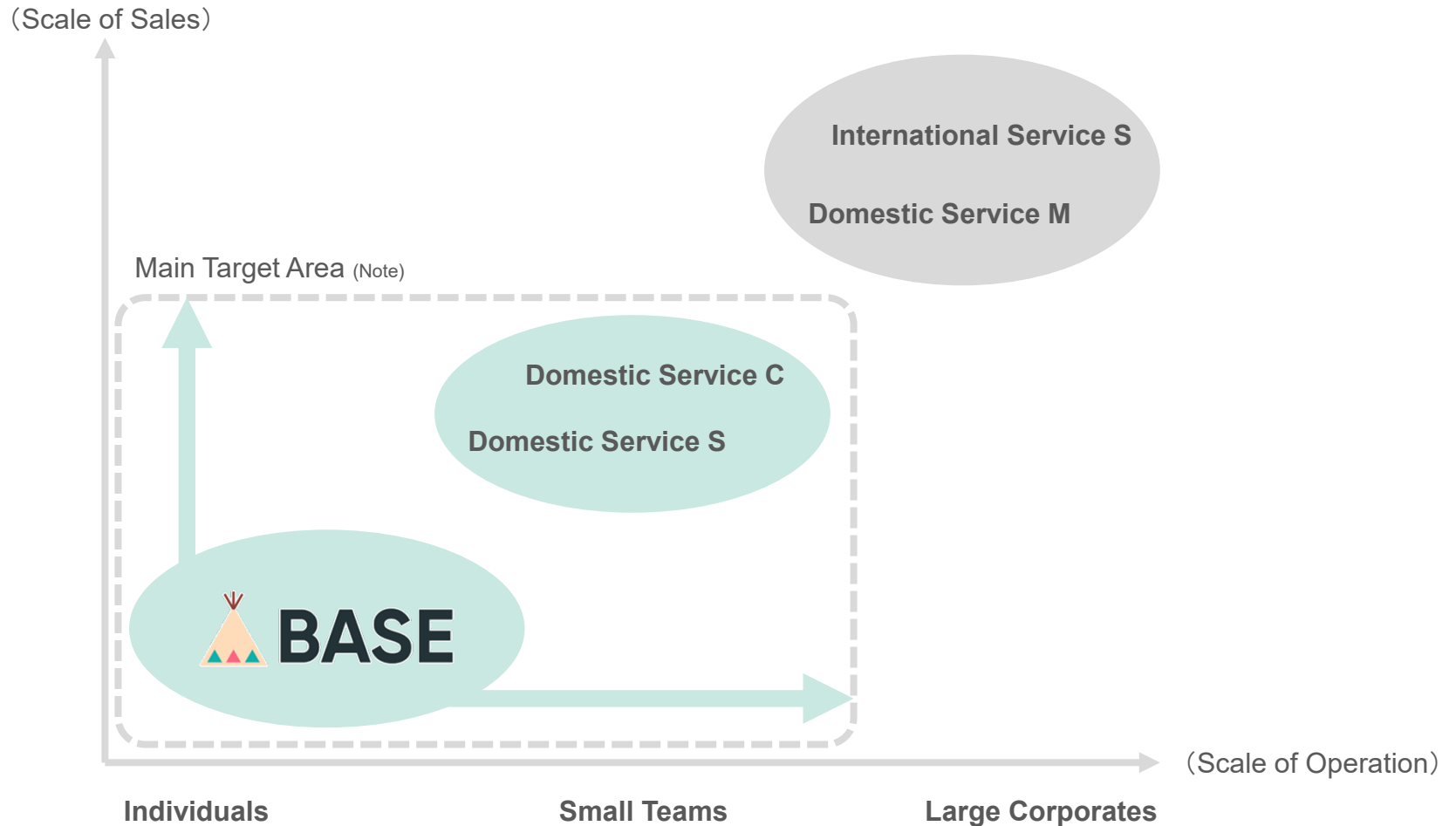
“One Decade, One Value”

Maximizing BASE Group's existing assets to build a unique payment network, and become a payment company providing services to both businesses and purchasers



(Note) Group asset figures as of February 2022

Aiming to maximize GMV and gross profit in the medium term, to become a platform to support all individuals and small teams



(Note) Long-tail markets defined as the focus area operated by individuals and small teams

Offering of a new monthly-fee price plan in addition to the conventional no monthly cost price plan^(note1,2)

Enabling the support of individuals and small teams who have not selected “BASE” due to pricing

Maintaining a strong position in the long tail markets as a source of competitiveness

	Conventional Plan (Unchanged)	NEW Monthly-Fee Plan
Target	Individuals and small teams who want to operate an online shop with no risk	Individuals and small teams who can take risks to grow their online shop
Service Commission	3.0% ^(note3)	5,980Yen Per Month
Payment Processing Commission	3.6%+40Yen ^(note3)	2.9%^(note3)

(note1) Planned released for April 2022

(note2) Same functions offered for both plans

(note3) Charged according to payment amount

Unique position with continued focus on targeting individuals and small teams

New monthly-fee plan offering in addition to the conventional price plan enabling to target individuals and small teams operating shops which can take risks for higher growth

Scale of Target Users

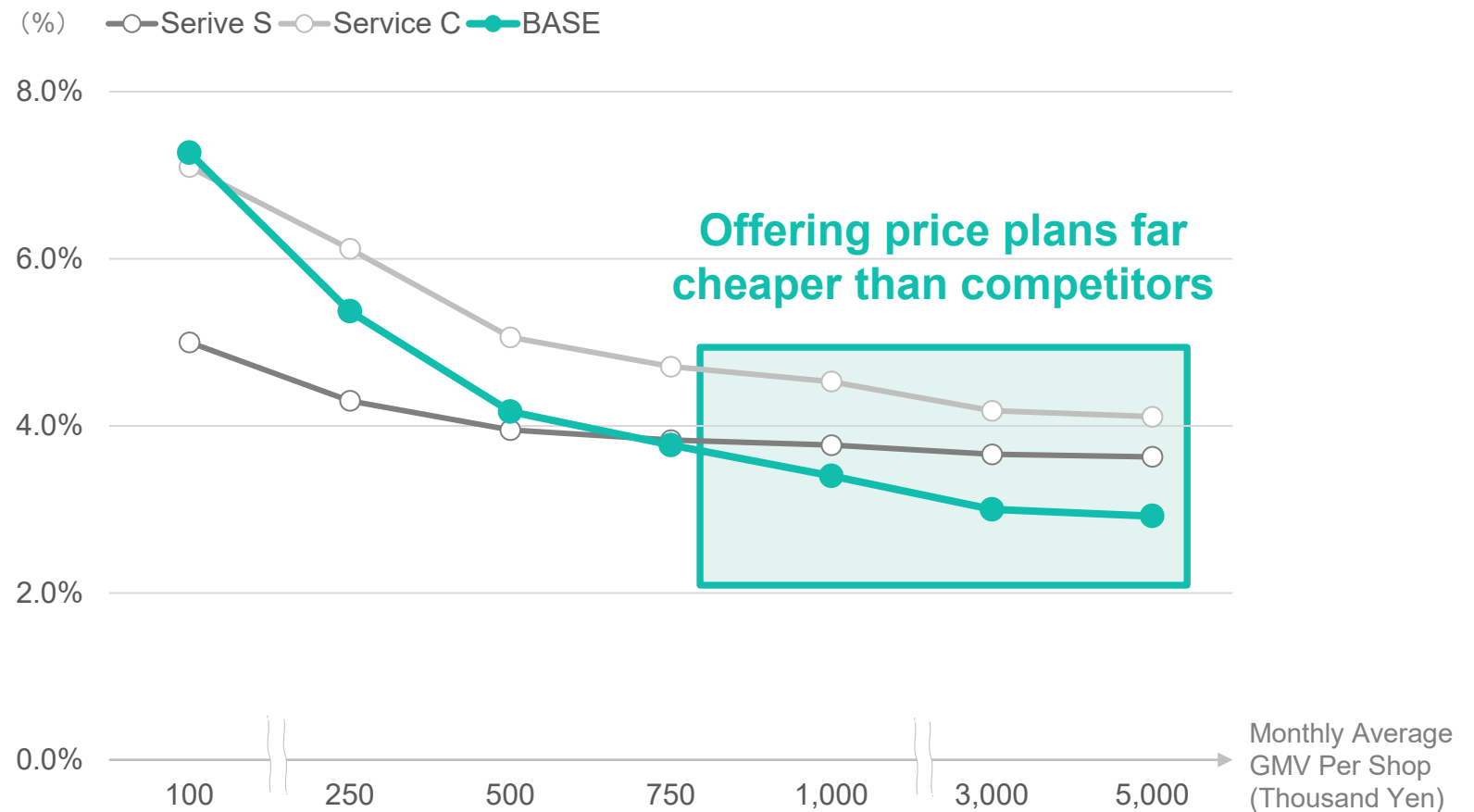


Competitive Landscape

	EC Creation+Payment	EC Creation Only
No Monthly Costs	Conventional Position  BASE	
With Monthly Costs	New Offering Online shop creation services and payment functions provided with monthly costs	Online shop creation service only with monthly costs

Aiming to become the preferred platform for all individuals and small teams including those with high growth potential by offering a competitive new price plan cheaper than competitors cheaper than competitors

Comparison of Fee Rates (Note)

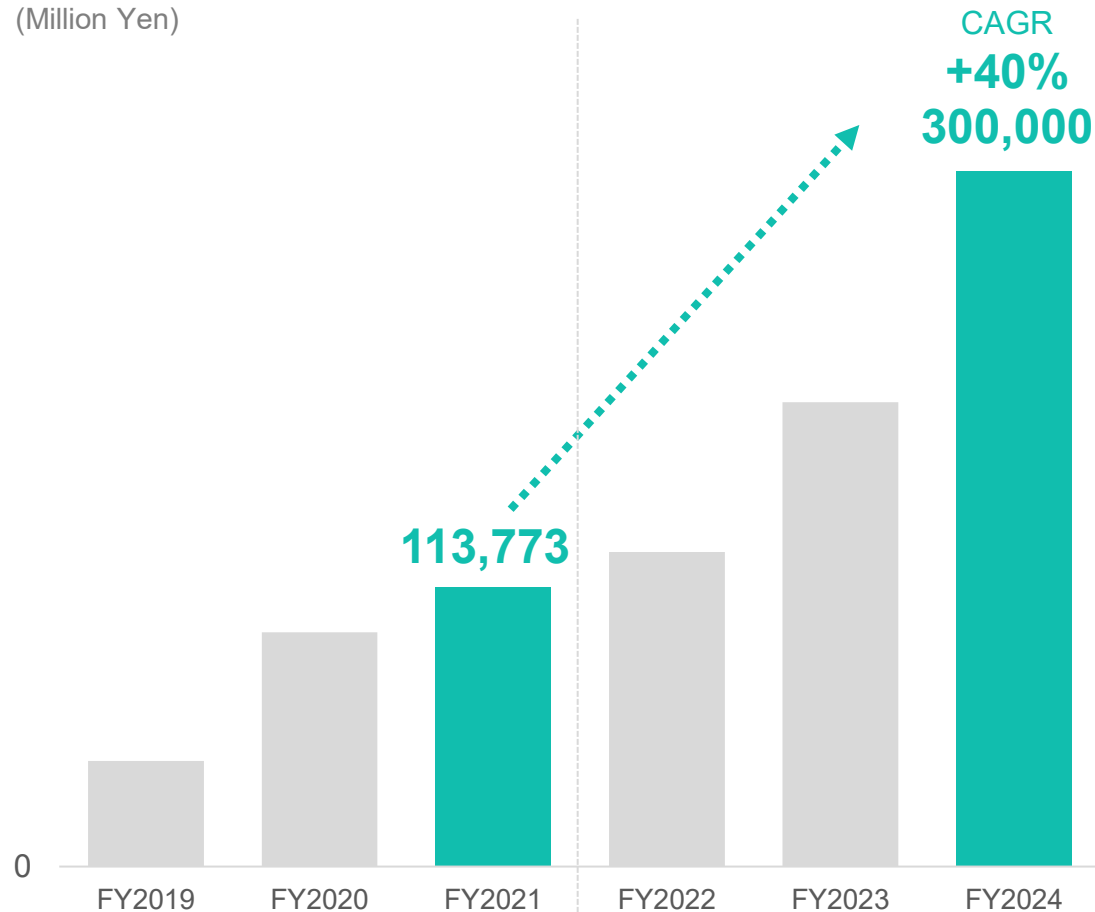


(Note) Comparison based on the lowest fee rate according to the scale of sales among the fee plans offered by each company (calculated by BASE)

Aim to achieve high GMV growth rate(CAGR40%), and GMV300,000 million yen in 2024

Image of GMV Growth^(Note1,2)

(Million Yen)

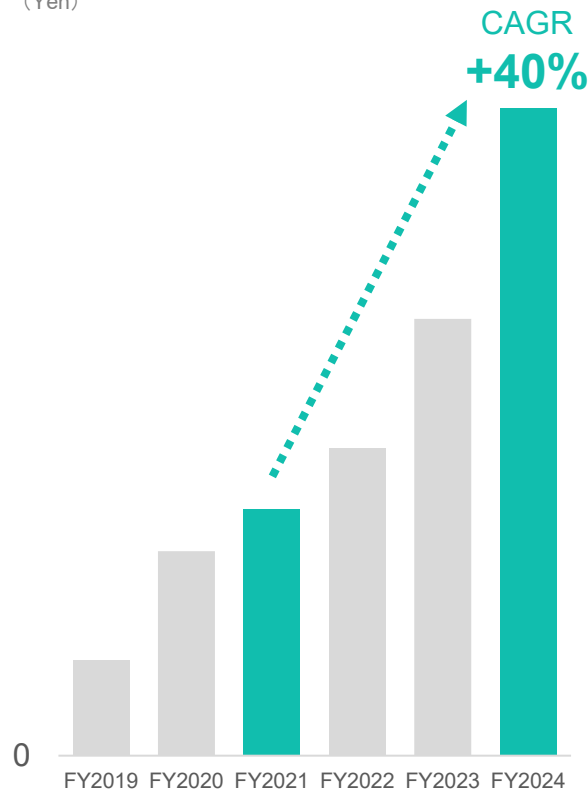


(note1) Expected figures after 2022
(note2) GMV is based on order date(order amount)

In addition to increasing the number of active shops per month, which has been a driver for growth, “BASE” aims to also increase the average monthly GMV per shop in order to maximize GMV growth

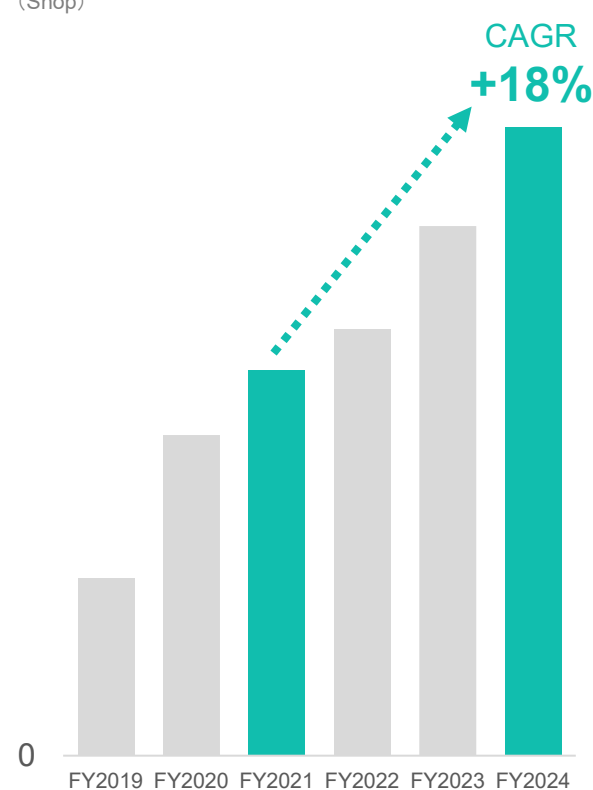
Monthly GMV (Note1,2,3)

(Yen)



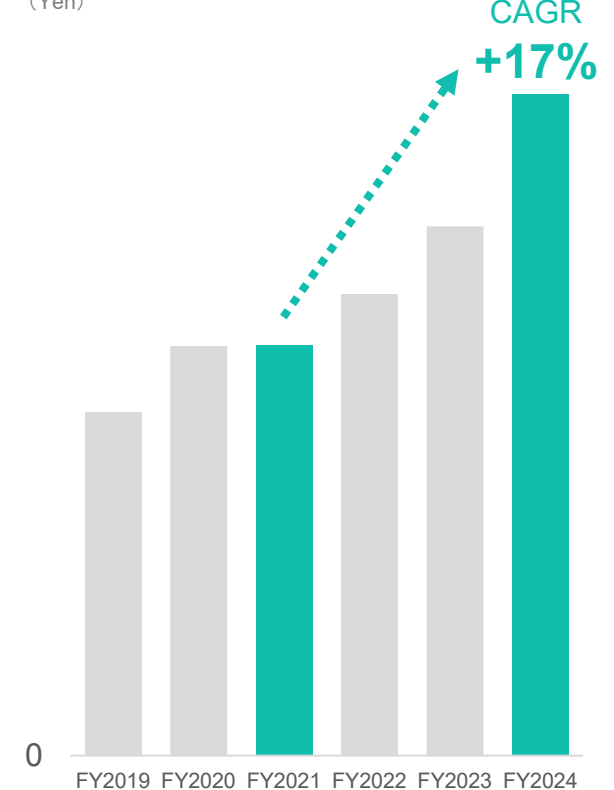
Number of active shops per month (Note2,3)

(Shop)



Monthly average GMV per shop (Note3)

(Yen)



(Note1)GMV is based on order date (order amount)

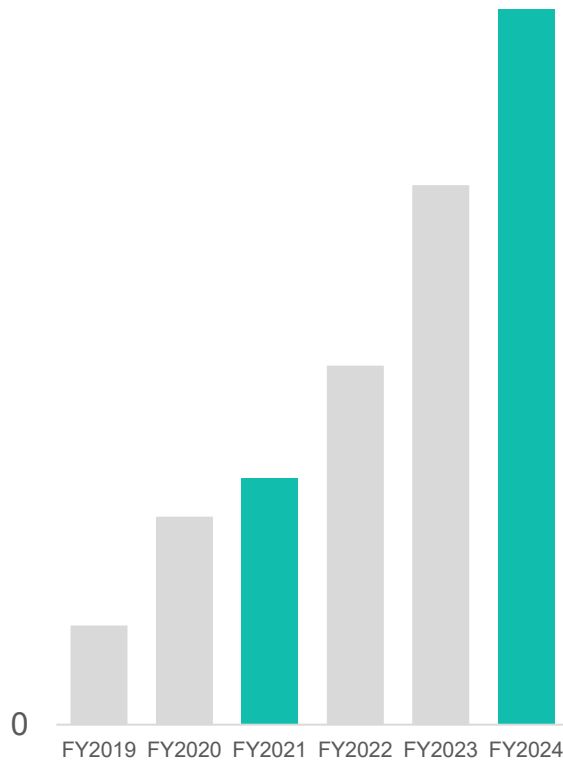
(Note2) Monthly GMV and number of active shops per month are quarterly averages

(Note3)Comparison of the 4th quarter of each fiscal year

The number of **large-scale shops**^(note1) is expected to increase with the offering of a monthly-fee pricing plan etc, leading to a higher ratio of large-scale shops comprising the overall GMV, resulting in a higher monthly average GMV per shop

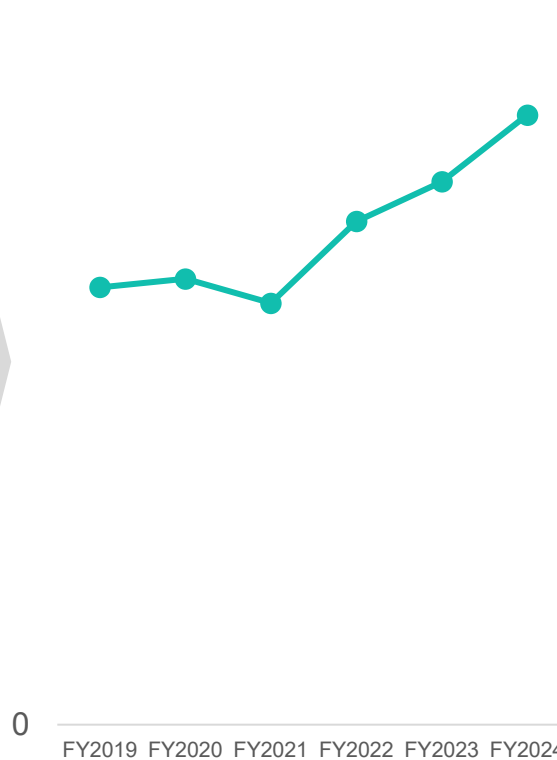
Number of large-scale active shops per month ^(note2)

(Shops)



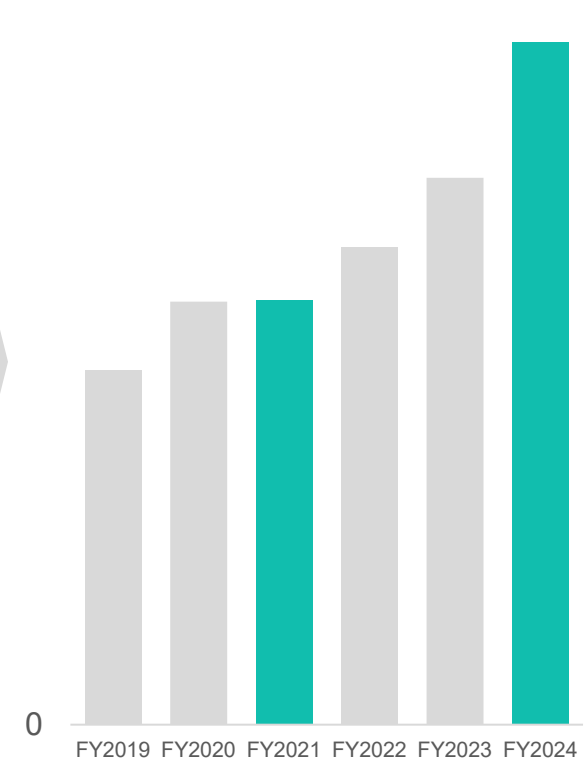
Percentage of large-scale shop GMV ^(note2)

(%)



Monthly average GMV per shop ^(Note2)

(Yen)



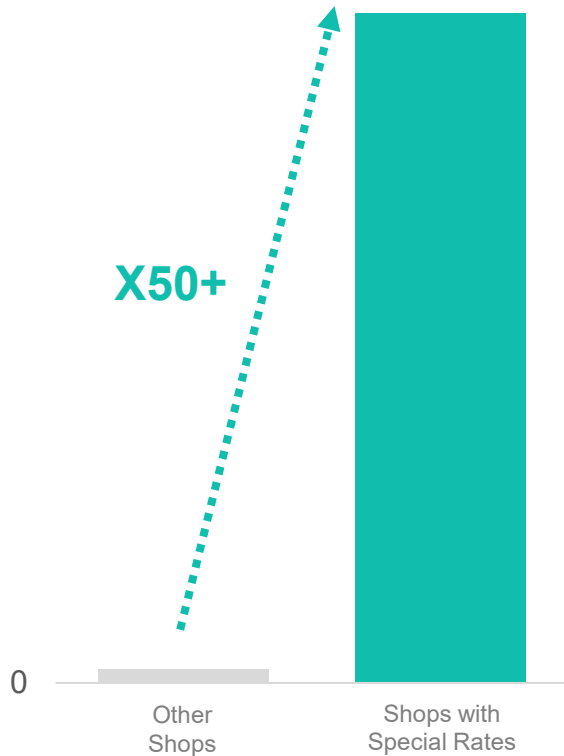
(Note1) Shops which monthly sales exceed 1 million yen
(Note2) Q4 of each fiscal year

“BASE” has been selected by many large-scale shops, through providing lower fee rates (special rates)

The offering of a new price plan which is even lower in fee rates as compared to current shops with special rates, therefore making expectations to acquire a larger number of large-scale shops

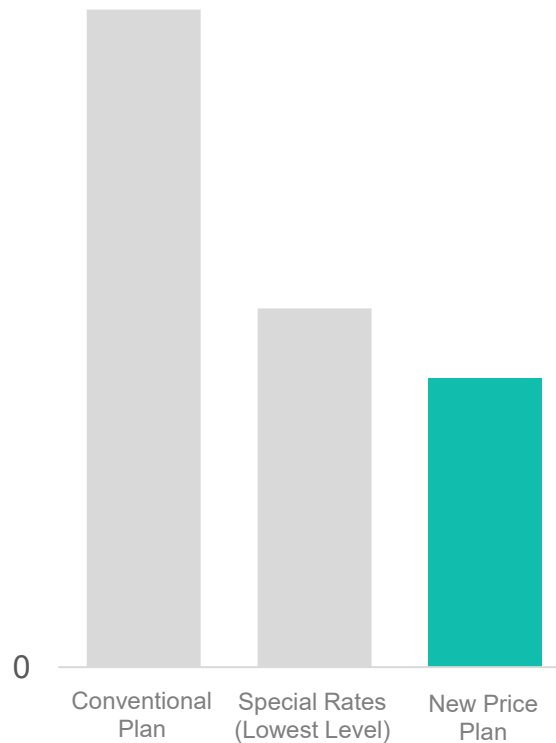
Yearly average GMV of shops which are applied special rates

(Yen)



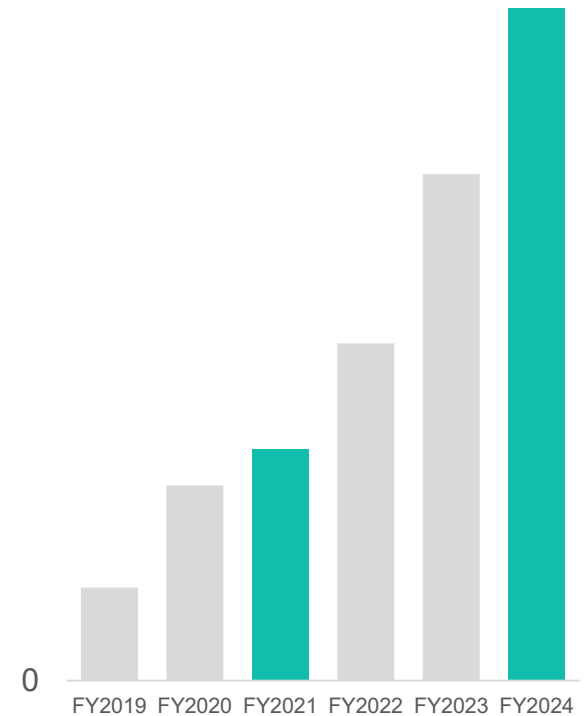
Fee Rate Comparison

(%)



Expected Number of Large-Scale Shops

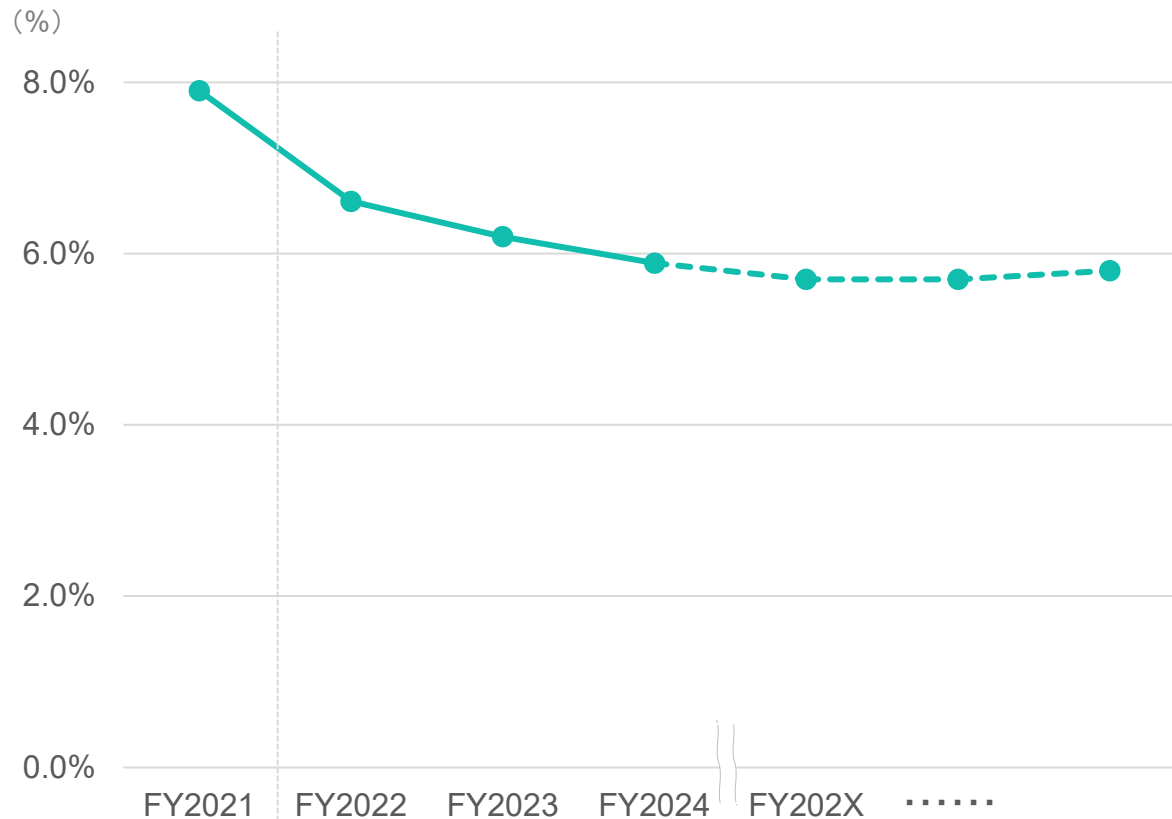
(Shop)



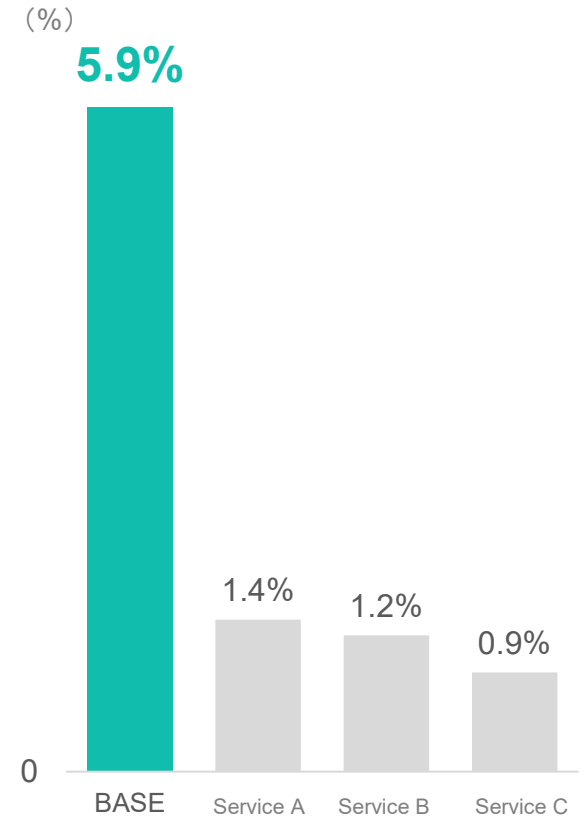
Aim to increase take rate in the medium term by offering additional pay-as-you-go functions etc, while short term take rate is expected to decrease due to an increase in the ratio of large-scale shops

High overall take rate to be maintained, while offering a new competitive monthly-fee price plan as “BASE” remains the preferred platform chosen in the long tail markets, offering both online shop creation services as well as payment function

Image of Future Take Rate



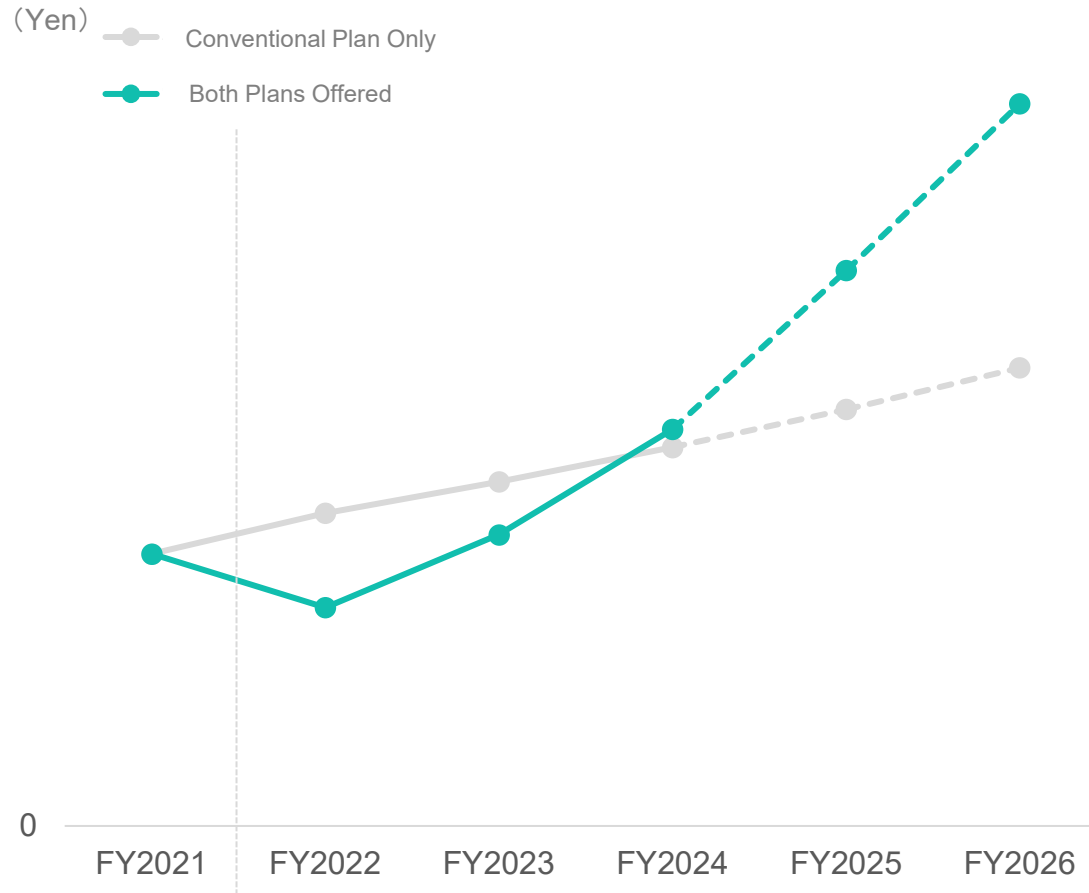
Take Rate Comparison^(Note)



(Note) BASE's take rate is estimated for FY2024. Competitor take rates calculated from publicly disclosed material by BASE

Gross profit expected to decrease in the short term due to the offering of a monthly-fee plan, while medium-long term is expected to be maximized

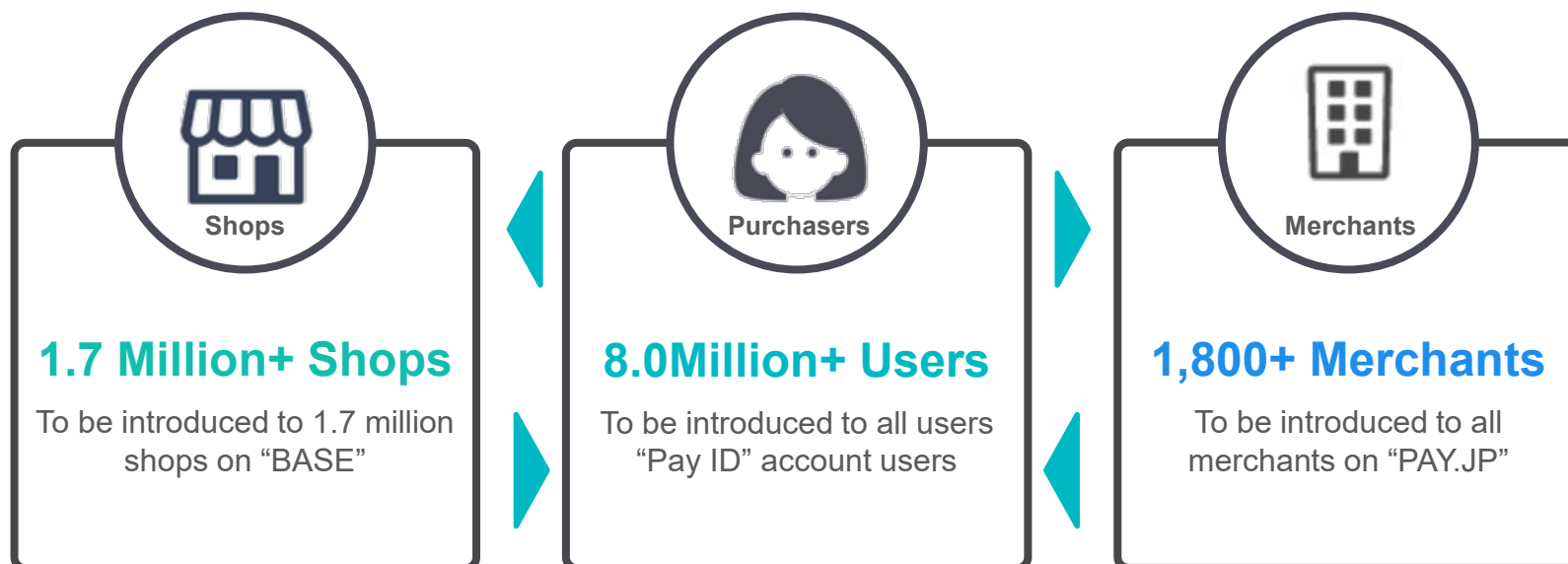
Expected Gross Profit (Note2)



Aim to provide BNPL functions by leveraging on Group assets in “BASE”, “PAY.JP”, and “Pay ID”
Service infrastructure for providing BNPL to expand in line with growth in existing assets

Increased Added Value and Competitiveness through the establishment of a Unique Payment Network

- ✓ Overcome issues of online credit card payments and **improve the purchasers’ payment experience** through BNPL
- ✓ **Increase repeat purchases and average unit price** by offering smooth payment and instalments etc.
- ✓ **Secure competitiveness in shops, merchants, and purchaser acquisition** by leveraging on Group assets
- ✓ **Create future revenue streams** through repayment instalments, and **reduce payment fees** paid to PSPs

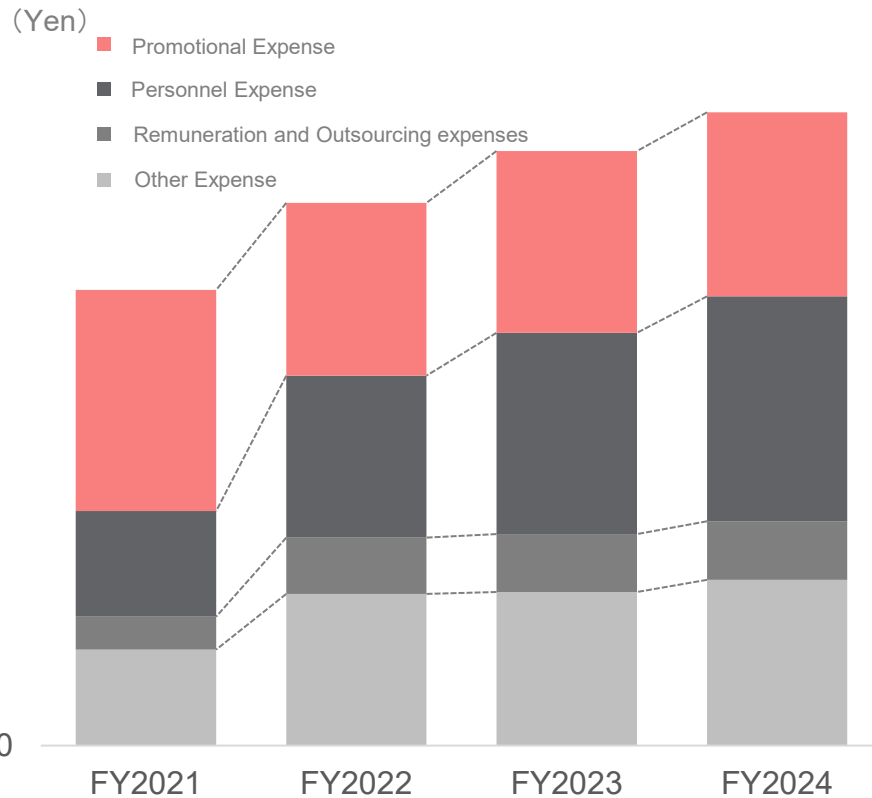


Up to 25 billion yen^(note1) of forward-looking investments will be made over the next 3 years to maximize gross profit

Aim to return to profitability in FY2025, although the operating loss is expected to increase in the short term due to an increase in SG&A expenses as a result of strengthening of the scout team and product development related to the offering of the new price plan etc, and entry into the BNPL business

Maintain a strong financial base with approximately 24 billion JPY in cash and deposits and 15.1 billion in net assets as of December 31, 2022

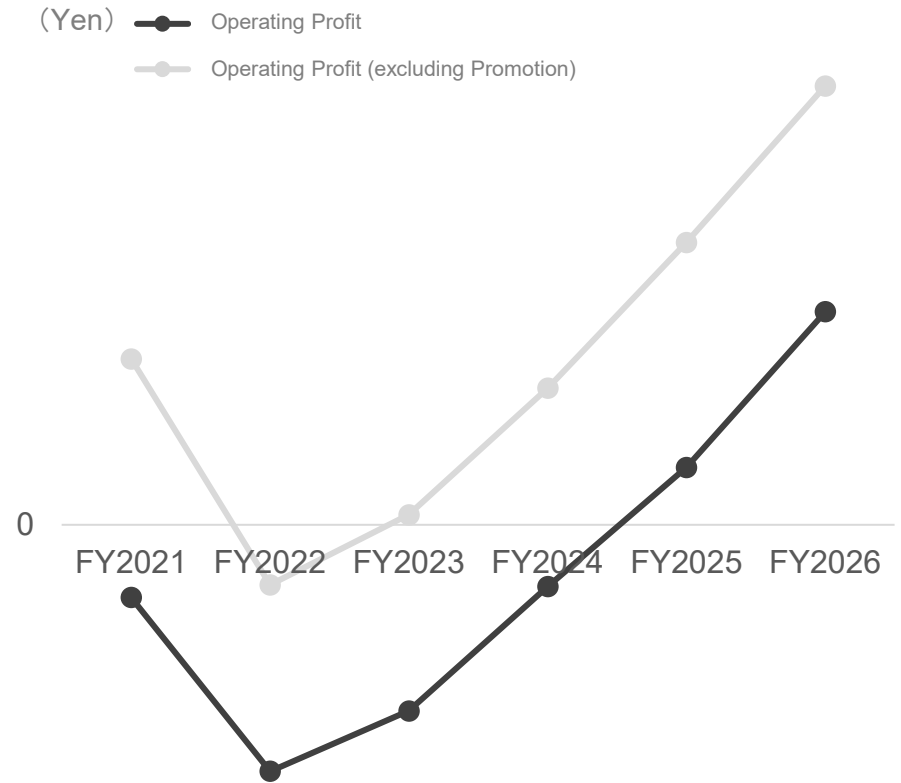
Expected SG&A^(Note1)



(Note1) Total amount of SG&A expected for the next 3 years

(Note2) Other expenses consist mainly of office expenses, system expenses, remuneration and outsourcing expenses, and taxes.

Expected Operating Profit



<p>Consolidated</p>	<ul style="list-style-type: none"> ✓ Continue to focus on the BASE business and continue to make upfront investments with the aim of medium- to long-term profit growth rather than short-term profits ✓ Increase in operating loss expected in the short term due to an increase in SG&A expenses resulting from the strengthening of recruiting activities and outsourcing expenses for product development and scout teams in connection with the new price plan for "BASE" and entry into the BNPL market. ✓ Strengthened governance by reviewing the composition of the Board of Director ✓ Formulation of long-term strategy for ESG management ✓ Aim for sustainable growth in the medium to long term despite difficulties in calculating appropriate figures due to the introduction of a new price plan, and the impact of COVID-19 etc, resulting in no disclosure of the full year earnings forecast
<p>BASE</p>	<ul style="list-style-type: none"> ✓ Scheduled offering of a monthly-fee based pricing plan in April ✓ New establishment of scout team for the acquisition of large-scale shops ✓ Promotional expenses to be controlled to focus on cost efficiency ✓ Further enhancements in competitive functions for beginners, and expansion functions for large scale shops
<p>Pay ID</p>	<ul style="list-style-type: none"> ✓ Strengthening product development hiring for BNPL, with a prototype completion by the end of the year ✓ Focusing on increasing the number of new and repeat purchasers of "BASE" shops through quick payment functions using SMS authentication and point issuing functions
<p>PAY.JP</p>	<ul style="list-style-type: none"> ✓ Improving the support system for existing large-scale merchants ✓ Provide anti-fraud settlement functions to promote new merchant acquisition and continued use ✓ Aiming for full-scale launch of "PAY.JP Platform" for platform operators ✓ Begin preparations for the provision of new payment methods
<p>Other (Finance)</p>	<ul style="list-style-type: none"> ✓ BASE BANK, Inc absorption merger by BASE, Inc (effective date January 1,2022) ✓ Start developing functions that will contribute to improving the take rate of the BASE business in the medium term

Sales&Marketing advertising expenses to decrease by improving the efficiency of marketing, while **personnel and outsourcing expenses for scout teams etc to increase**

In product development, personnel and outsourcing to increase due to the strengthening of recruitment activities for product personnel and the use of external resources with the aim of catering to a wider range of shop scales

Sales & Marketing Policies

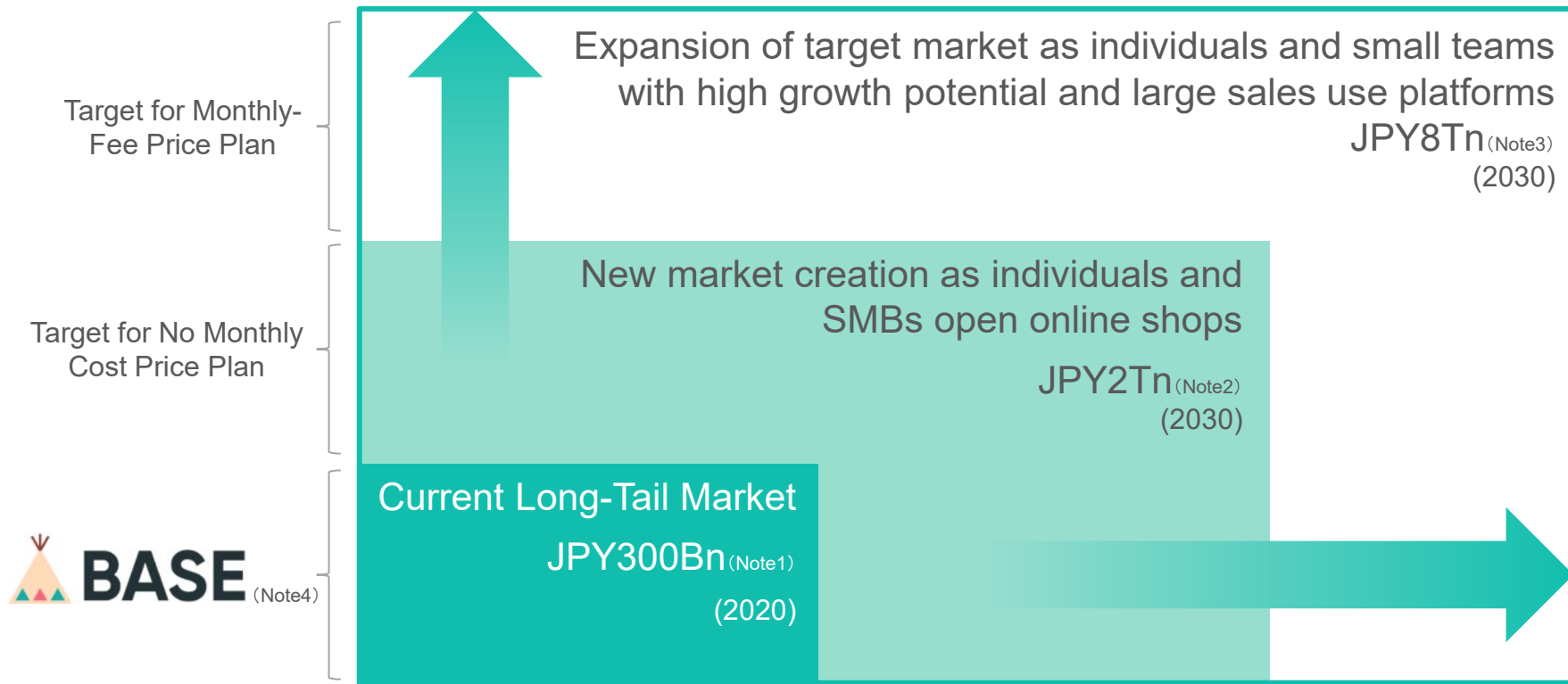
	Sales	Marketing
Before	<ul style="list-style-type: none"> ✓ No sales 	<ul style="list-style-type: none"> ✓ Improve brand recognition and acquisition through advertisements ✓ Coupon measures etc for sales promotion
Going Forward	<ul style="list-style-type: none"> ✓ Offering of new price plan ✓ Utilize external resources to newly establish a 20 person scout team ✓ Aim at 300+ large-scale shops acquisition in the first year 	<ul style="list-style-type: none"> ✓ “Top of mind” brand recognition to be maintained ✓ Efficient marketing to cut costs and invest in scout teams for new large shop acquisition

Product Development Policies

	Product
Before	<ul style="list-style-type: none"> ✓ Simple to use and easy standard functions for anyone to use, and extension functions offered to suit the needs of each shop ✓ Strengthening the hiring of product development personnel to expand services
Going Forward	<ul style="list-style-type: none"> ✓ Focus on product development for a wider range of sales scales ✓ Expand functions such as CRM, operational efficiency, sales promotion and design for large-scale shops ✓ Strengthen the development system by utilizing external resources in addition to strengthening recruitment activities

3. Market Environment

In addition to new markets created by individuals and small teams, target market expands significantly with the use of platforms by shops with high growth potential and large sales



(Note1) Estimate by company based on assumption of GMV (order amount) of the BASE business in FY12/2020 accounting for approximately 1/3 of the long-tail market

(Note2) Estimate by company based on long-tail market growth of 20% CAGR over 10 years

(Note3) Reference to METI "E-Commerce Market Survey" of 2020, estimate by company of market scale of in-house EC to grow at 8% CAGR over 10 years in the BtoC sale of goods EC space

(Note4) FY12/2020 BASE business GMV (order amount) was JPY95.2Bn

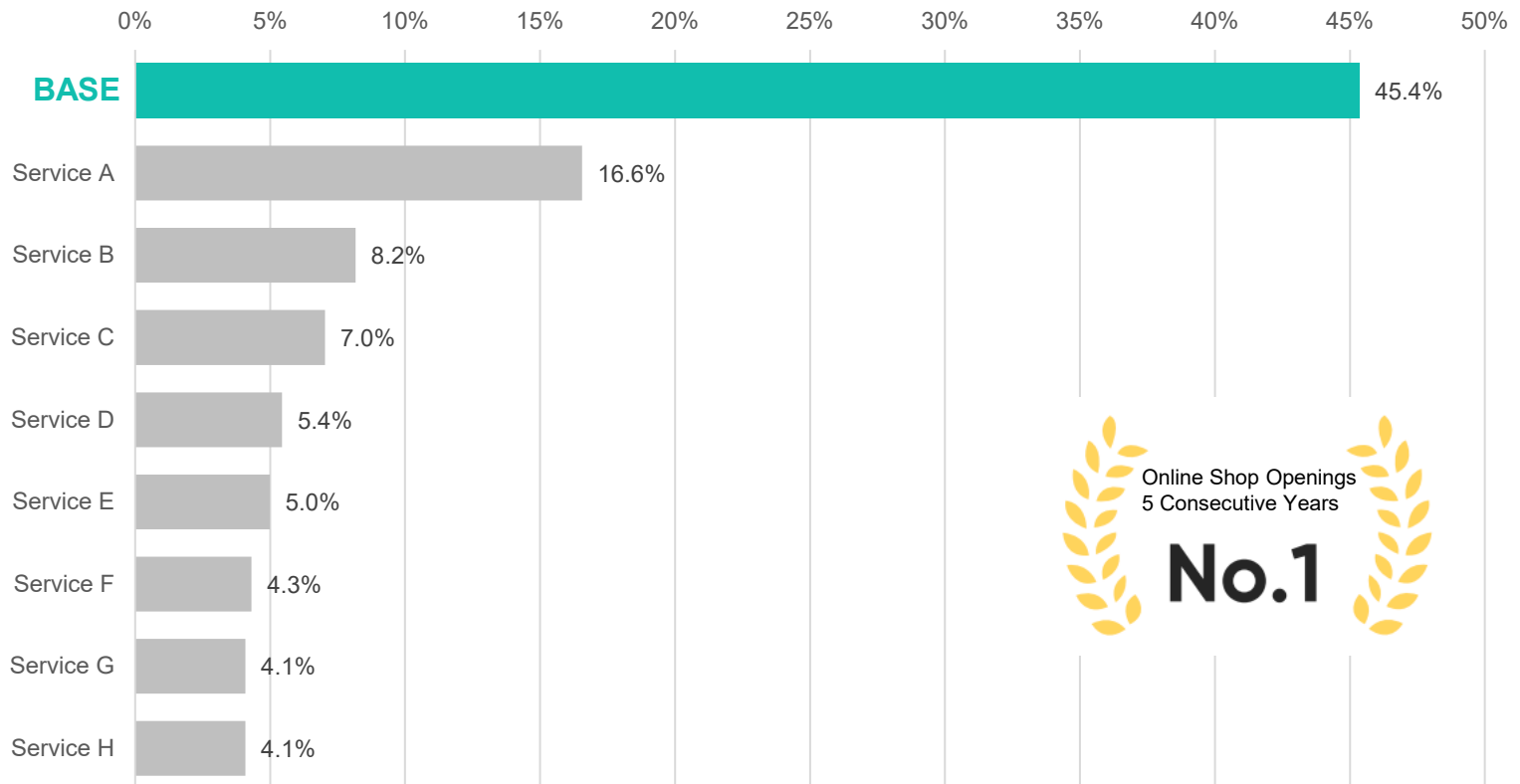
“BASE” offers differentiated added value by leveraging on the strengths of a storefront type online shop creation service as compared to Mall type EC

		Mall Type EC	“BASE”
Platform Characteristics	Functions	Requires knowledge Overloaded functions by default	Simple functions for anyone to easily use with high flexibility
	Designs	Shops'/brands' products displayed alongside other similar products	Freely express the appeal of the shop/brand
Shop Characteristics	Products	Widely known brands and commoditized generic products	Unique and original products only available at each shop
	Marketing	Platform attracting a wide range of purchasers	Shops attract purchasers directly through SNS platforms
Purchaser Characteristics	Purpose	Convenience of product lineups and cost performance	Shopping experience and interactions as a fan of the shops

With focus on empowering individuals and SMBs since foundation, BASE has established a strong position in long-tail markets as **the most selected service**

Survey on actual use of storefront type online shop creation services

Please reply with all of the online shop creation services you used when opening your online shop within the most recent year.



Supporting shop growth by leveraging on the strengths of a storefront type online shop creation service and enhancing external platform integrations

Individuals and small teams use SNS to attract purchasers and sell products on online



Providing external integration with global platforms aimed at attracting more purchaser's and sales promotion activities

“BASE” shops can easily integrate with external platforms and post advertisements through the admin screen

BASE

Instagram Sales App

- ✓ Set categories and details about products
- ✓ Reach out to more Instagram users

Instagram Ads

- ✓ Distribution to the interested users
- ✓ Minimal setup for beginners
- ✓ Easy reports measuring effectiveness

BASE

Google Shopping Ads App

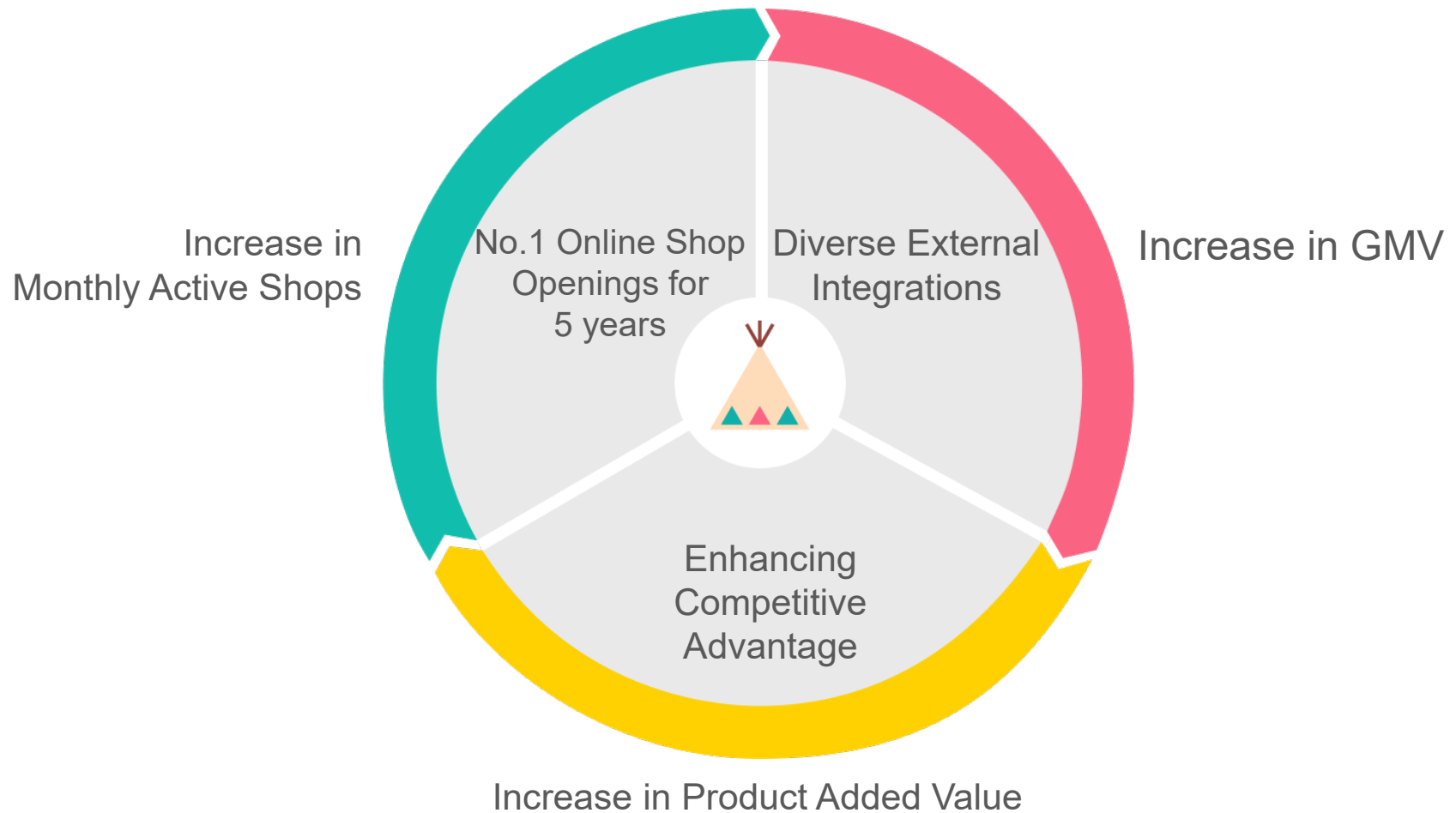
- ✓ Sync products from BASE
- ✓ Easily create Shopping Ads
- ✓ Ads are optimized by Google

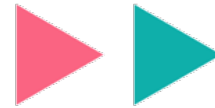
※ Google and the Google logo are trademarks of Google LLC.

TikTok For Business | **BASE**

Improving competitive advantage by **developing external integrations made possible by “BASE”**, with one of the largest number of registered shops in Japan

Aiming for sustainable growth as the most selected service by individuals and SMBs





BNPL
Buy Now Pay Later

Affirm

Adoption announced By
Amazon

Market Cap
USD17.7Bn
(as of Feb 2022)

Afterpay

US Payment Company
Square announces
acquisition

Acquisition Cost
USD29Bn

Klarna

Invested by Softbank's
Vision Fund

Company Value
USD45.6Bn
(as of June 2021)

Paidy

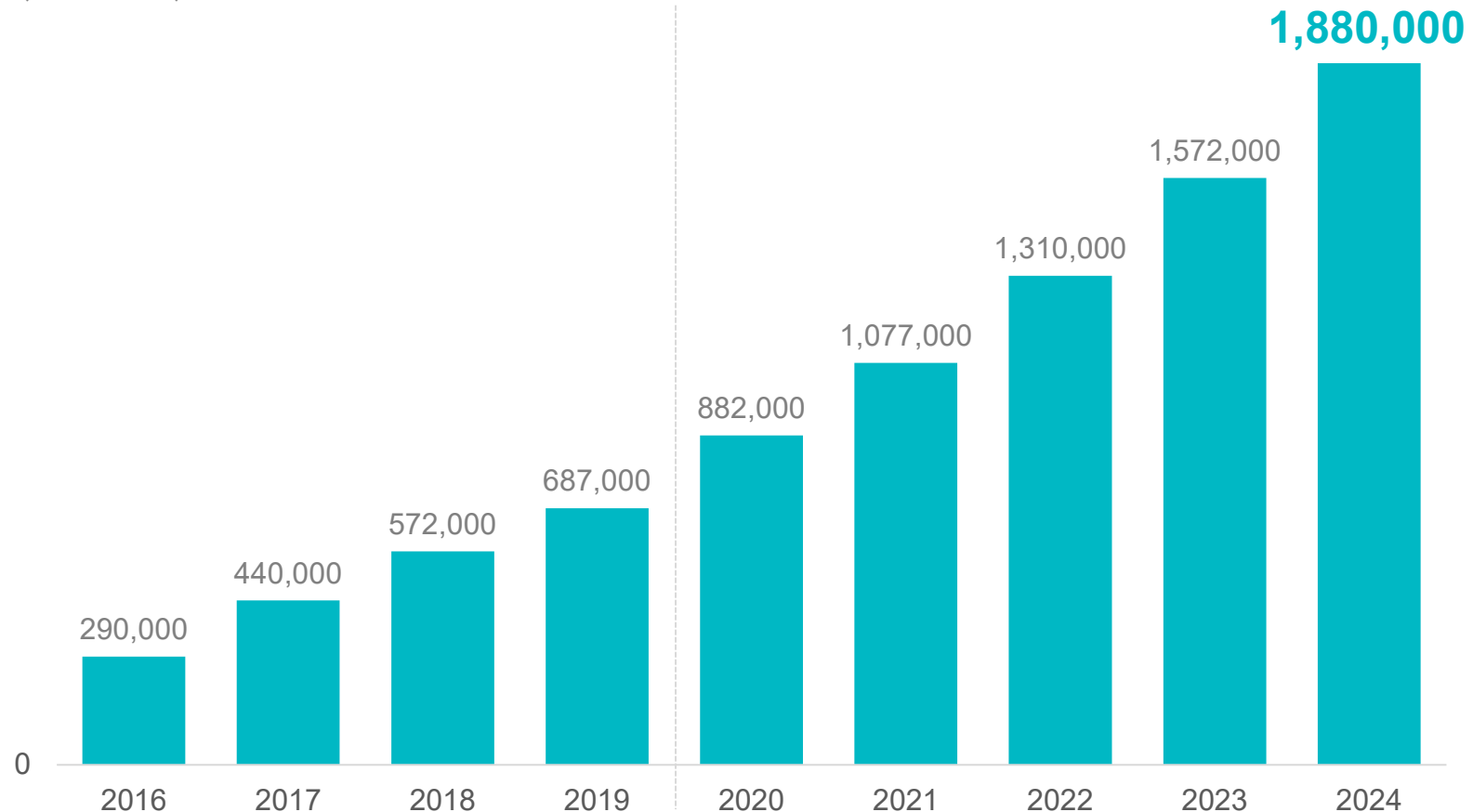
US Internet Payment
Company Paypal
announces acquisition

Acquisition Cost
JPY300Bn

Expect to see expansion in Japanese Domestic BNPL market size

Evolution of Volume of BNPL Payments

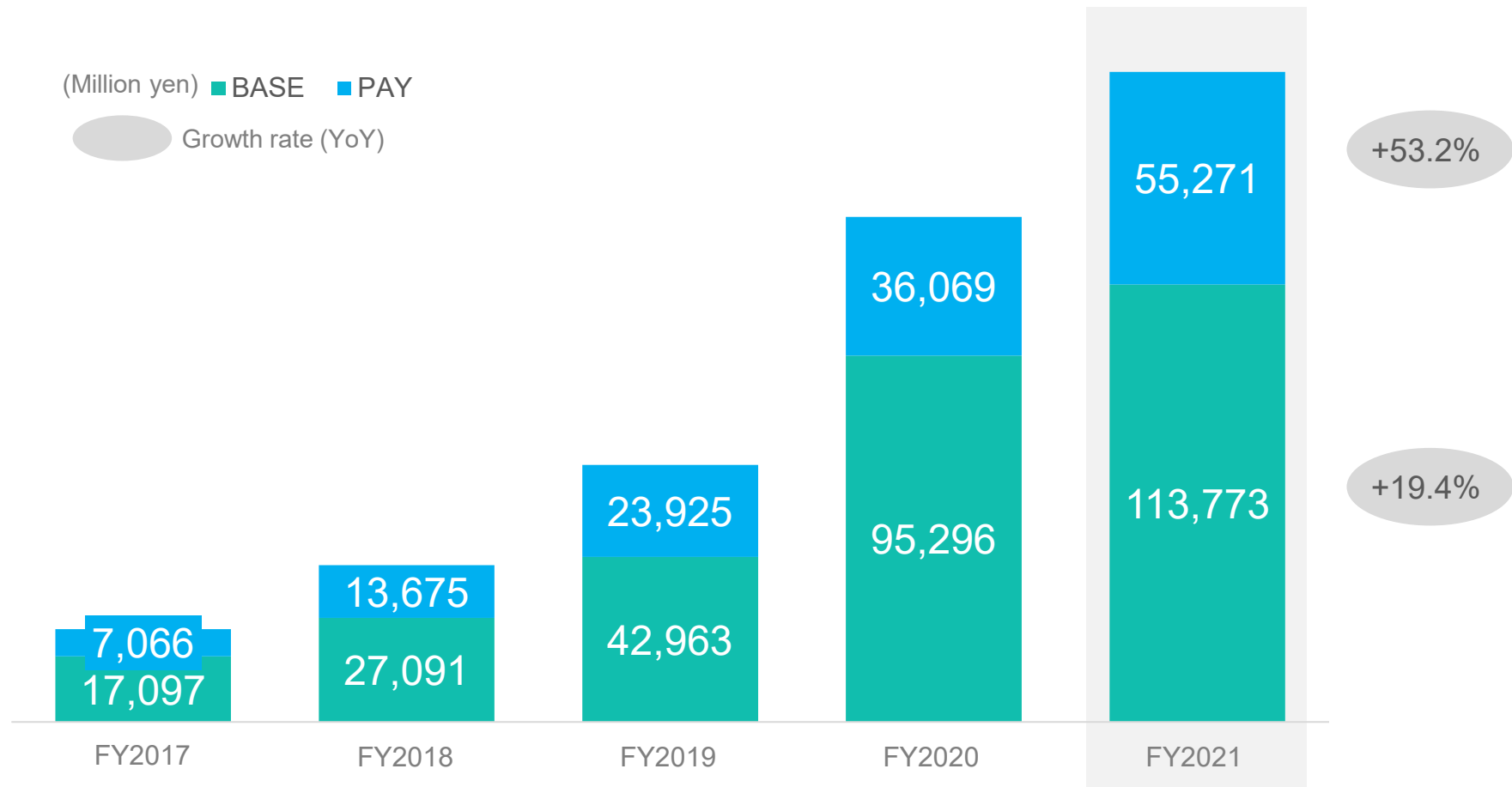
(Million Yen)



(Note) Research by Yano Research Institute. Expected figures from 2021 and onward .

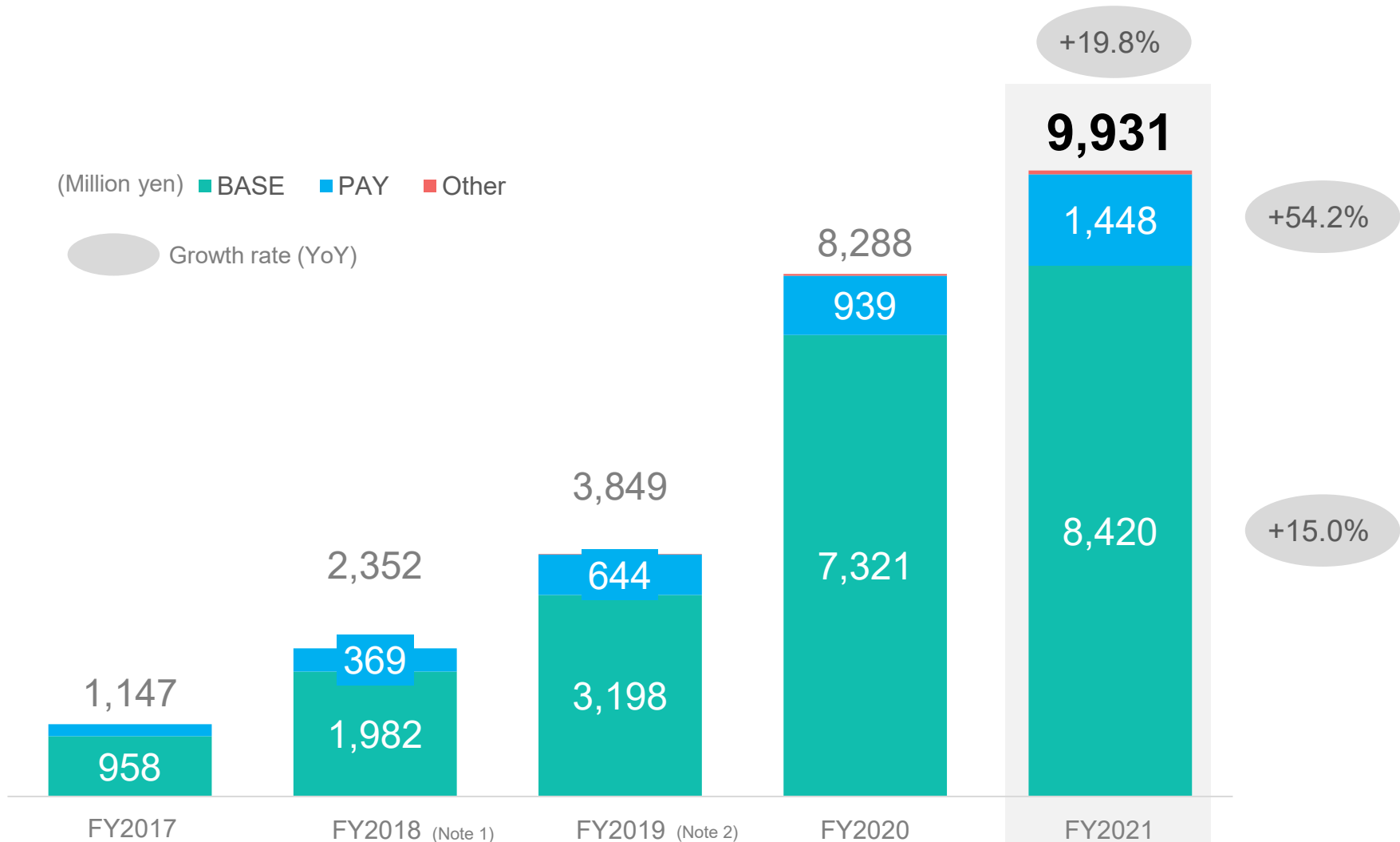
4. Financial Results for FY2021 (Excerpt from FY2021 Q4 Material)

GMV ^(Note1) **continued growth at +19.4%** despite a spike in previous year GMV due to COVID-19
 GMV ^(Note1) grew significantly at **+53.2%** YoY owing to continued growth by existing merchants, and additional increases by new merchants



(Note) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (payment amount).

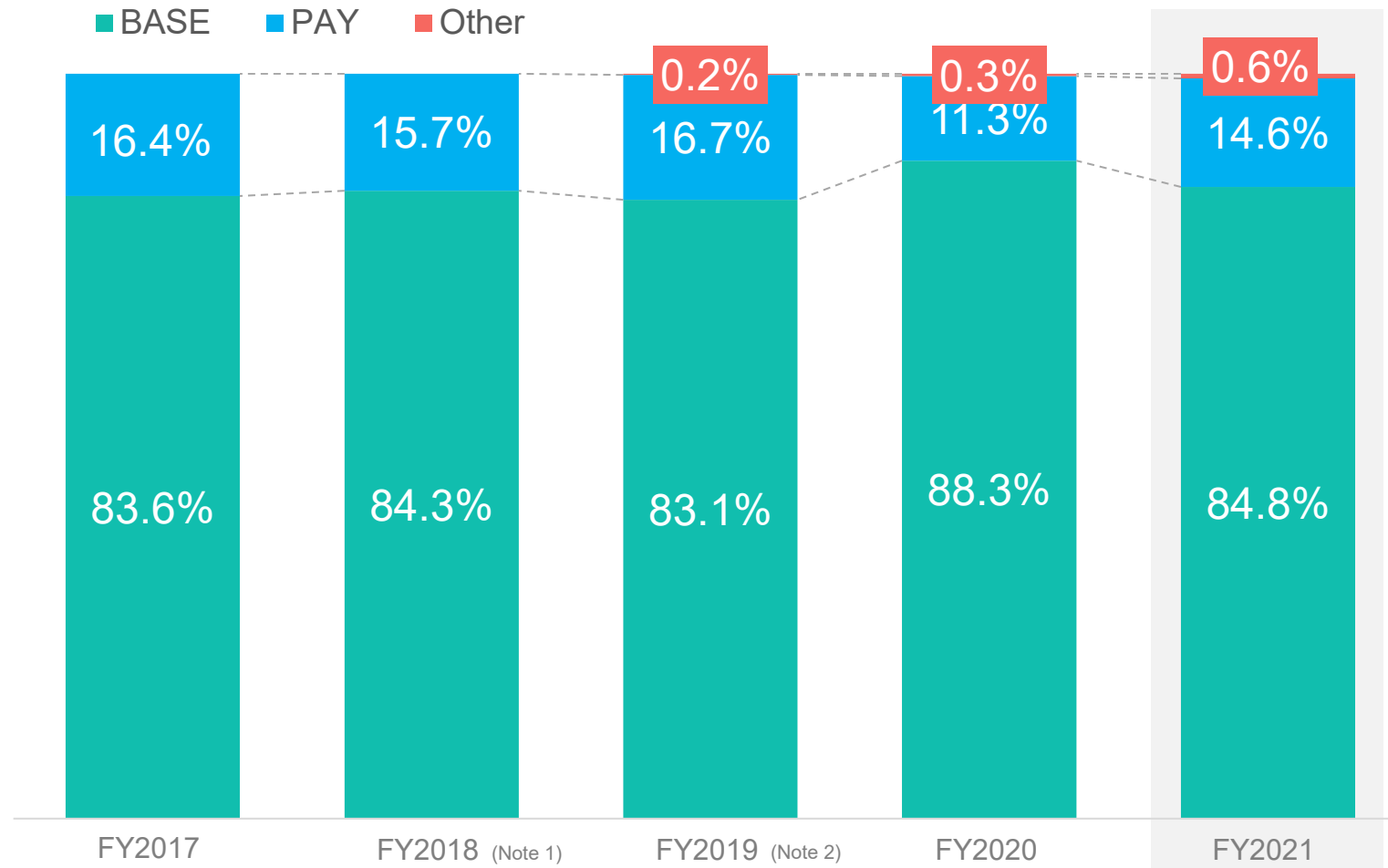
Consolidated net sales increased **+19.8%** YoY owing to increases in both BASE and PAY business GMV



(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

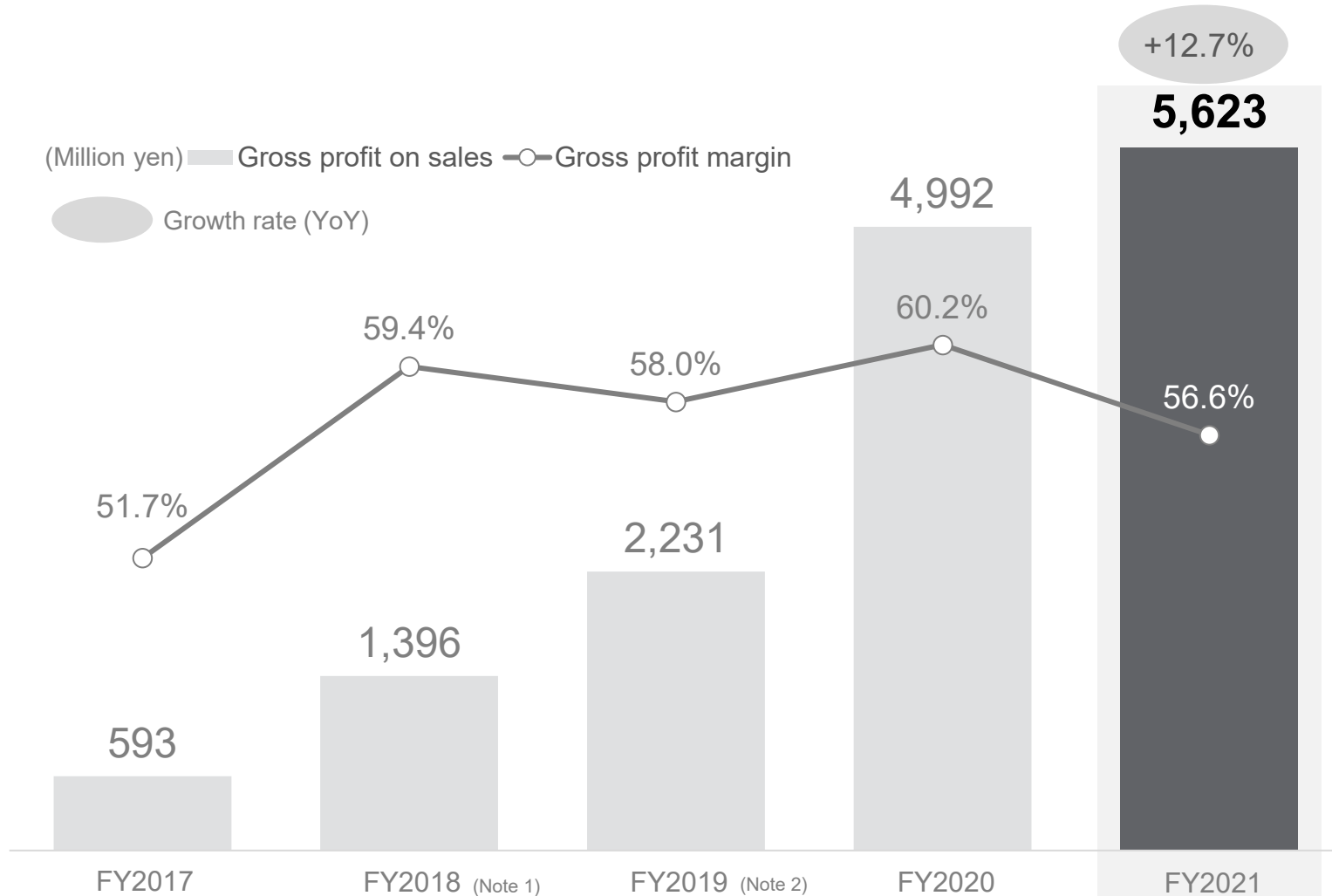
Ratio of the BASE business decreased YoY as a result of increase in net sales of the PAY business



(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

Gross profit on sales increased by **+12.7%** YoY mainly driven by the increase in BASE business GMV
 Gross profit margin decreased due to a decrease in the net sales ratio of the BASE business



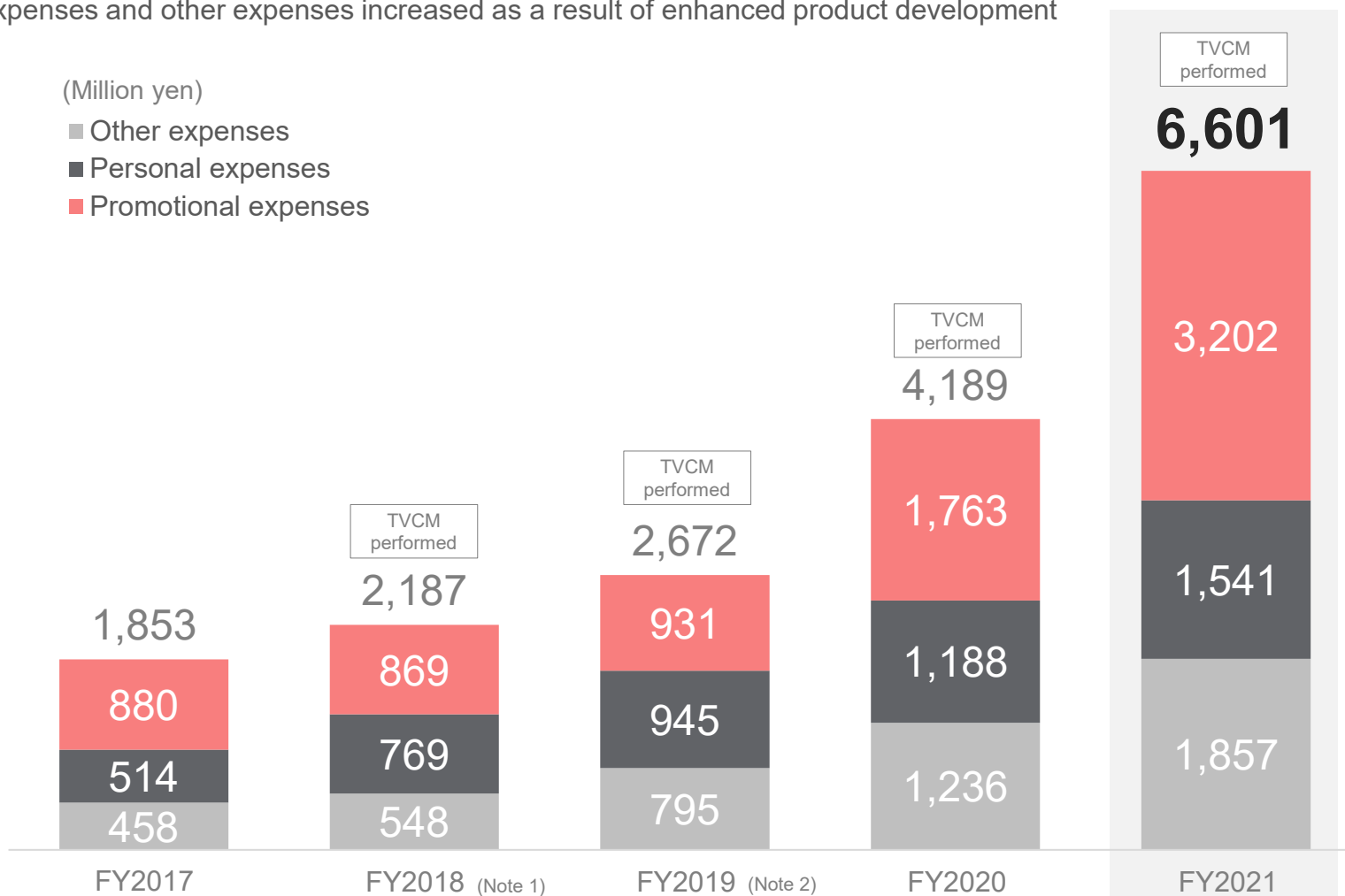
(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

SG&A increased by **+2,412 million yen YoY (+56.7%)** due to increases in promotional expenses

Promotional expenses increased by **+1,438 million yen YoY (+81.6%)** aimed at forward-looking investments for sustainable growth for the BASE business

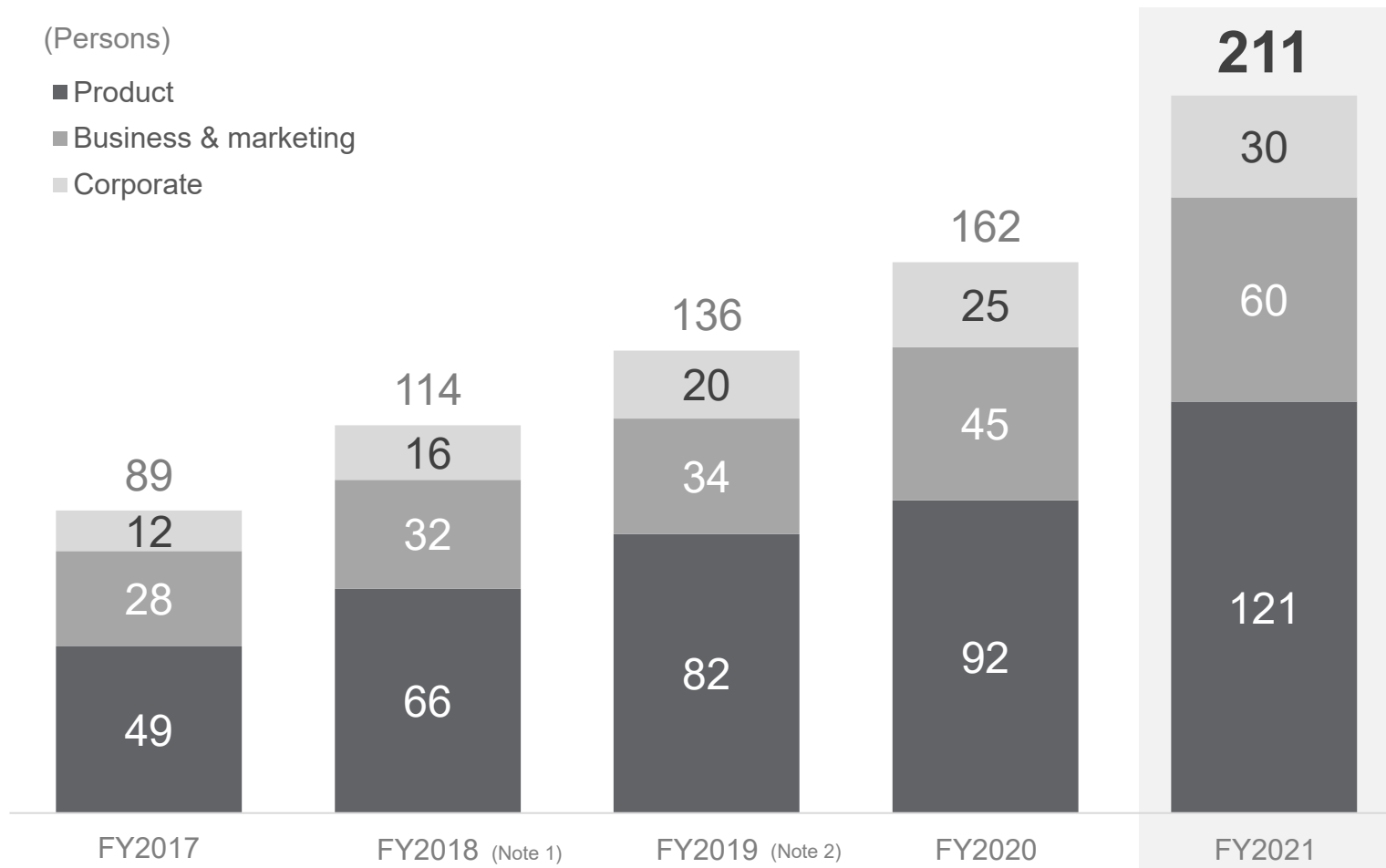
Personnel expenses and other expenses increased as a result of enhanced product development



(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

Number of employees increased by **+49 persons YoY (+30.2%)** as a result of increase in product development personnel aimed at service expansion

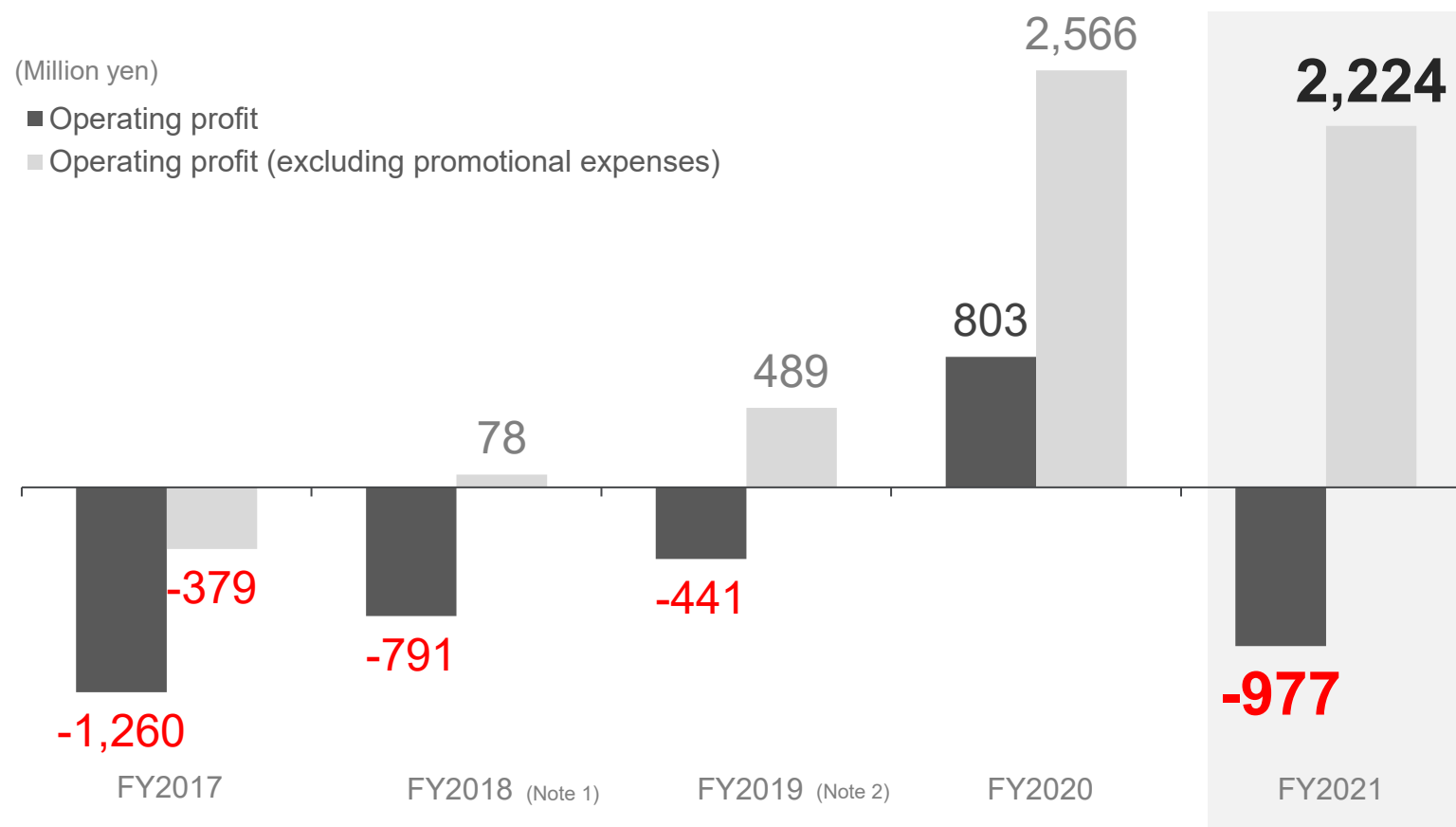


(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

Operating profit was **-977 million yen** (previous full year was **+803 million yen**) as a result of increases in promotional expenses resulting in an increase in SG&A

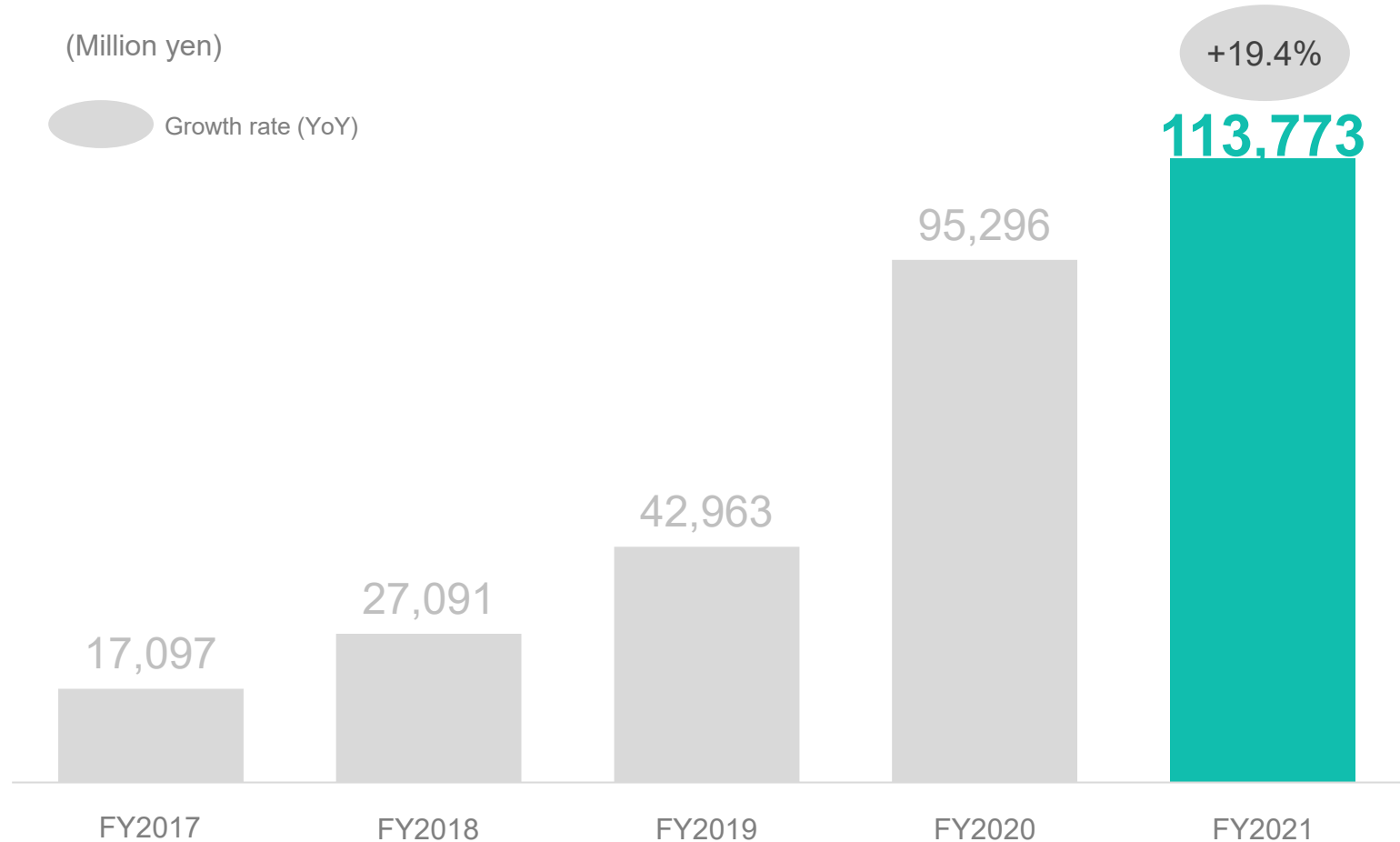
Decrease in operating profit (excluding promotional expenses) due to increases in personnel expenses and other expenses for the recruitment in the BASE business



(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

GMV ^(Note1) **continued growth at +19.4%** despite a spike in previous year GMV due to COVID-19



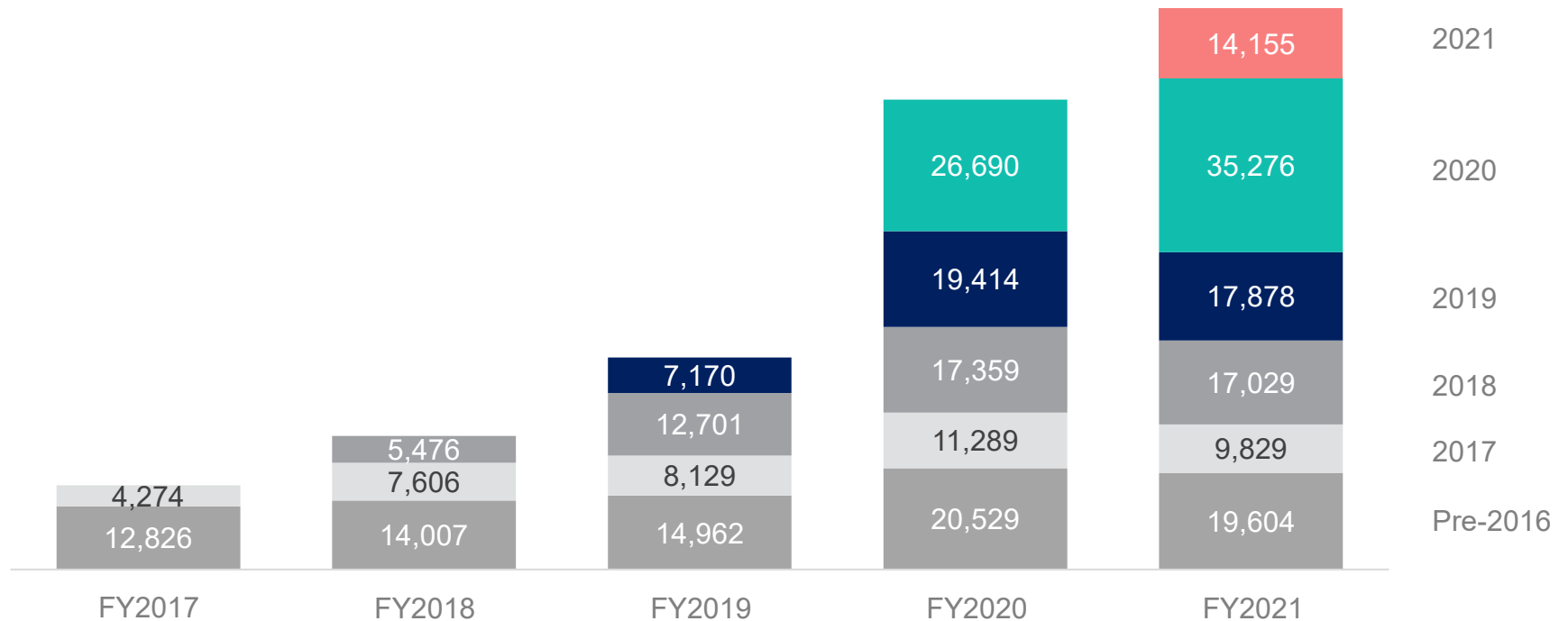
(Note) GMV is based on the order date (order amount)

Shops registered prior to 2020 continues high level GMV owing to growth by shops opening during the COVID-19 pandemic

New shops opened in 2021 contributed to increased GMV

GMV trend (By Year of Establishment)

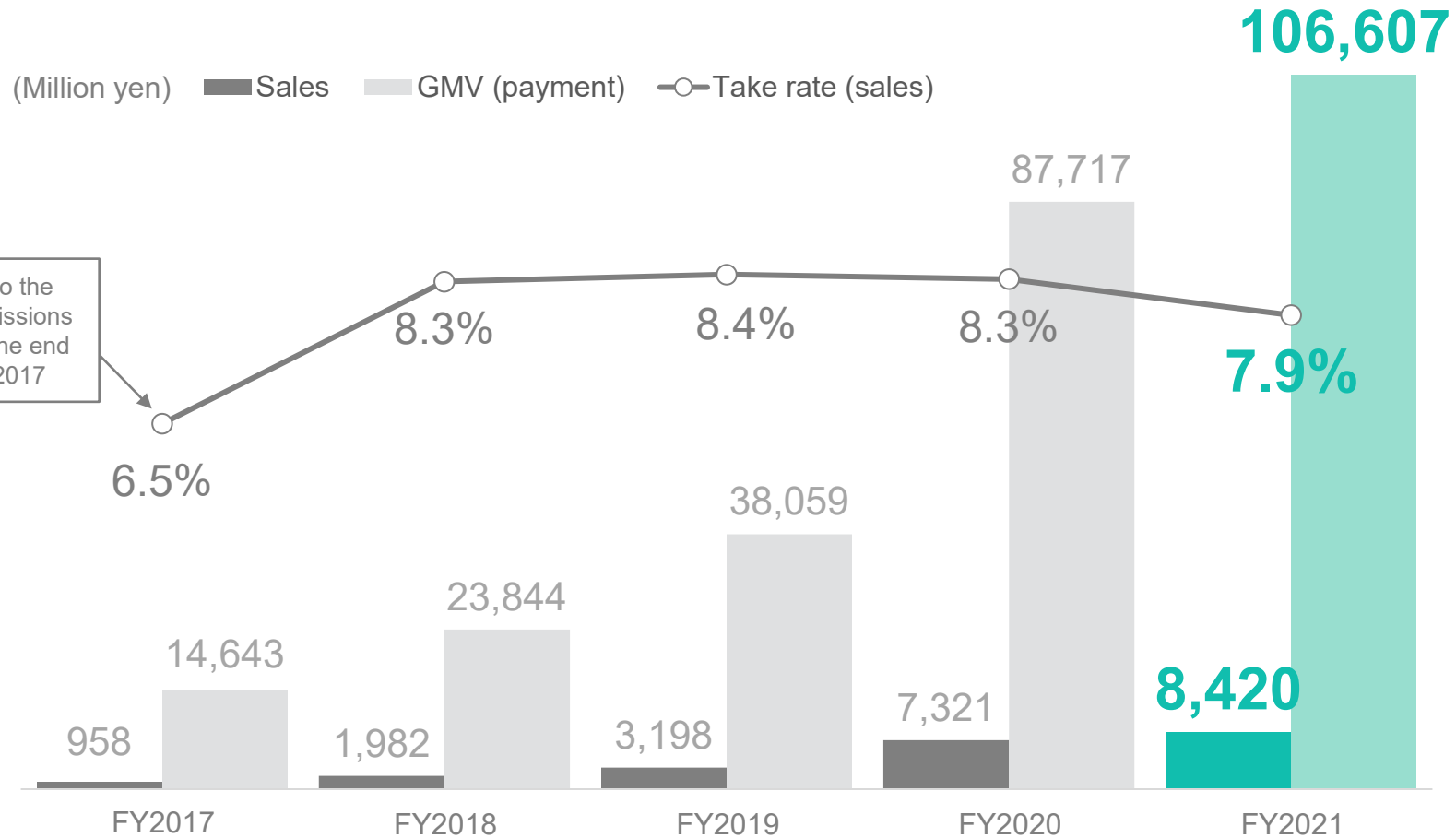
(Million yen) ■ Pre-2016 ■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021



(Note) GMV is based on the order date (order amount)

GMV (Payment amount) ^(note1) increased by **+21.5%** YoY

Take rate decreased YoY mainly driven by decreases in the purchasers' commission

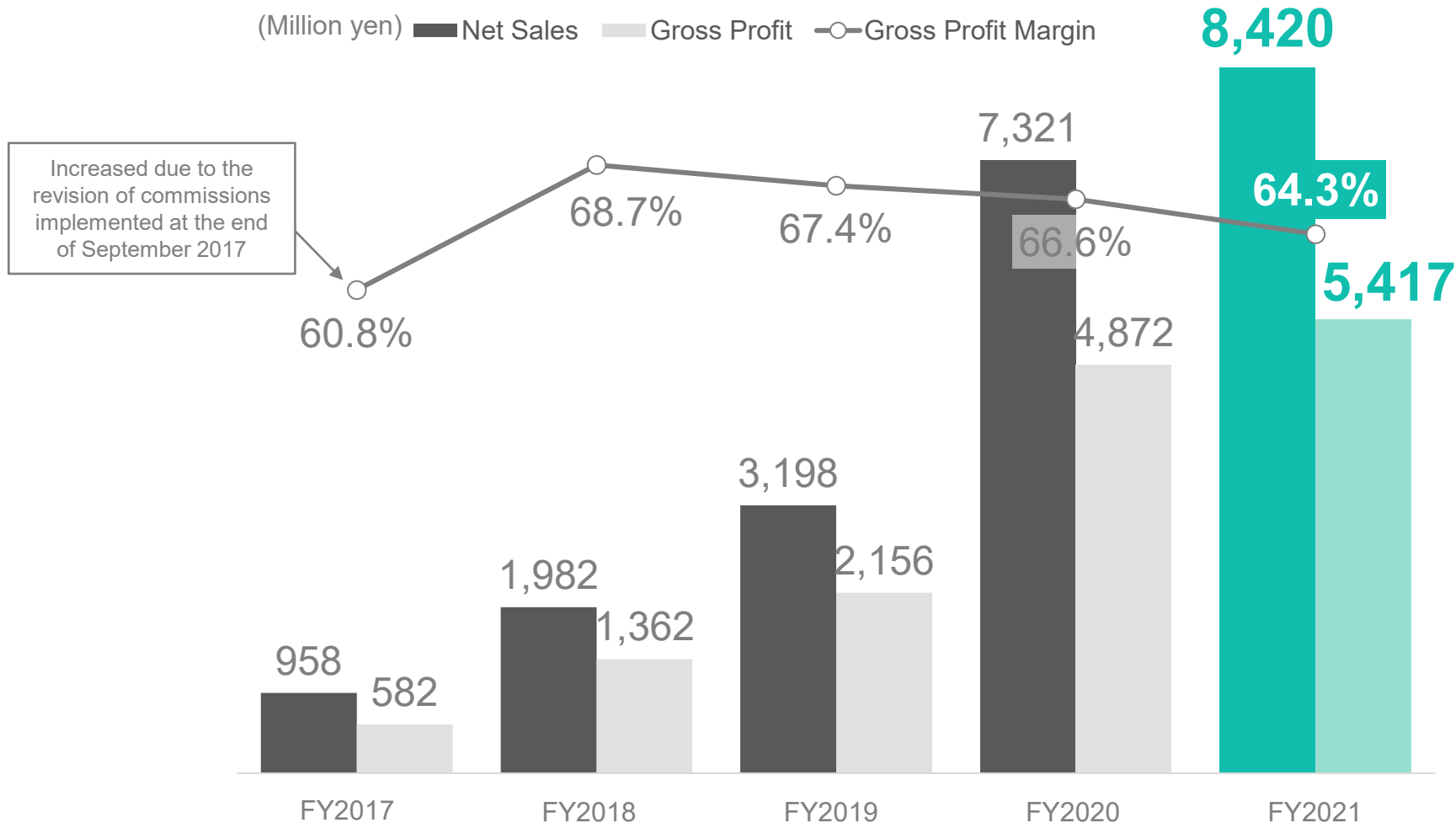


(Note1) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid, and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV is different from the order amount (GMV based on the order date) because the amount that has not been paid due to cancellation is not included in GMV (payment amount)

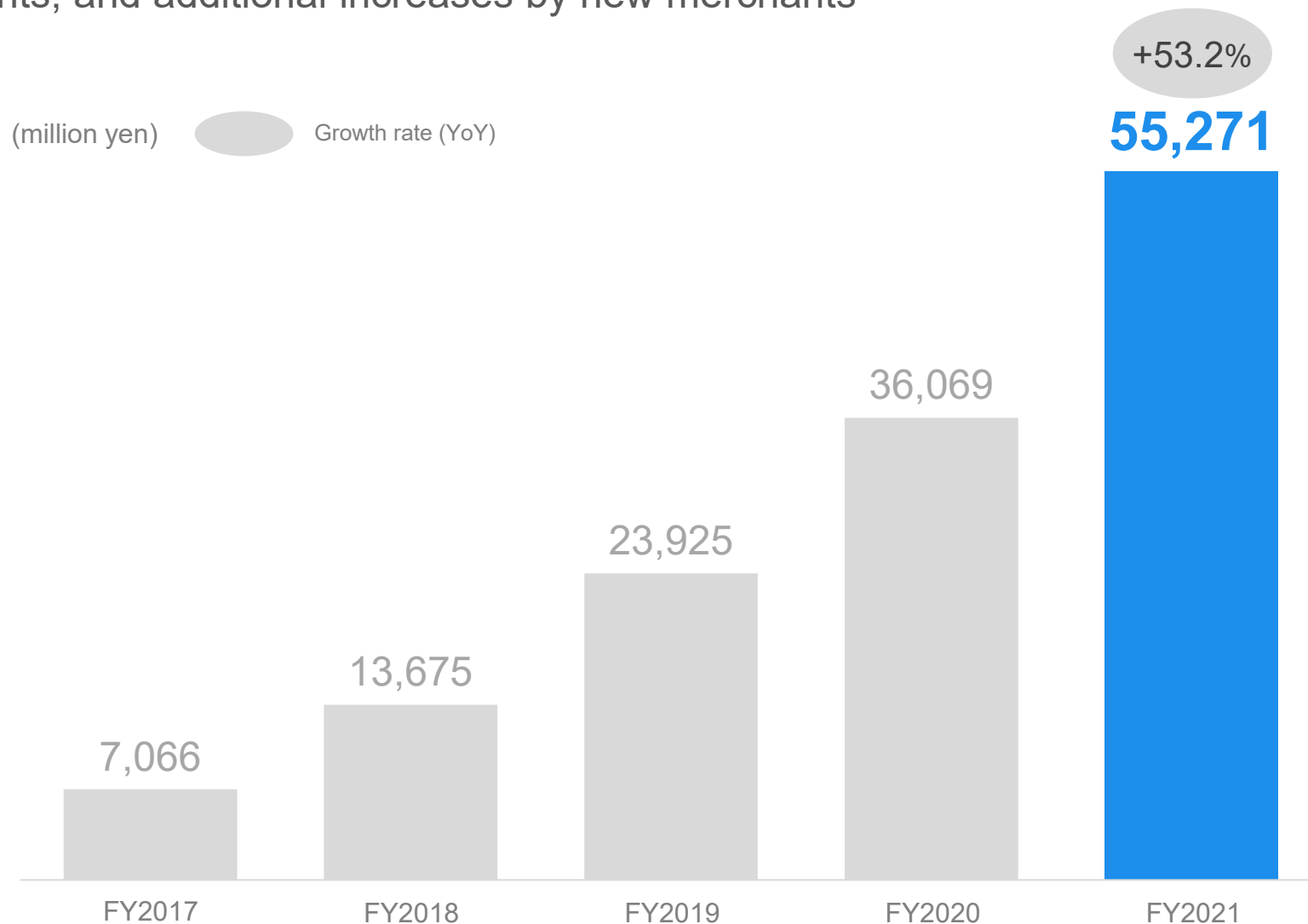
(Note2) No purchasers' commissions are charged for credit card payment, bank transfer, and Paypal, but 300 yen of additional commissions are charged to purchasers for convenience store payment, deferred payment, and carrier payment. Accordingly, the lower the payment ratio of convenience store payment, deferred payment, and carrier payment, the lower the take rate.

Net sales and gross profit on sales increased by **+15.0%** and **+11.2%** respectively as a result of GMV increases

Gross profit margin decreased YoY due to decreases in the take rate



GMV_(Note1) grew significantly at **+53.2%** YoY owing to continued growth by existing merchants, and additional increases by new merchants

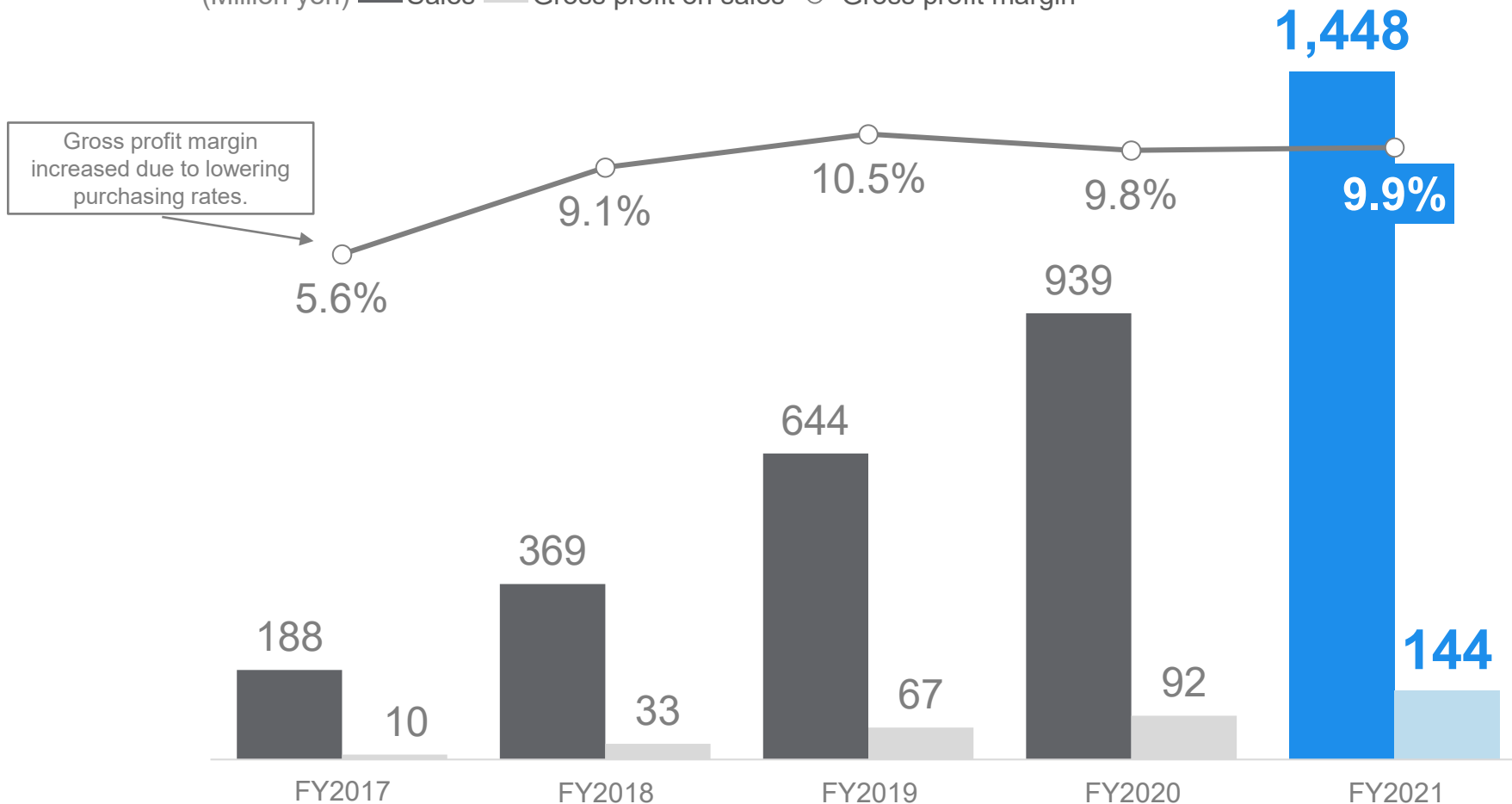


(Note) GMV is based on the payment date (payment amount).

Net sales and gross profit on sales increased by **+54.2%** and **+56.1%** respectively as a result of increase in GMV

Gross profit margin increased slightly YoY

(Million yen) ■ Sales ■ Gross profit on sales ○ Gross profit margin



5. Reference Material

Company Name	BASE, Inc.
Address	Roppongi Grand Tower 37F, 3-2-1 Roppongi, Minato-ku, Tokyo
Established	December 11, 2012
Business Description	Planning, development, and operation of ecommerce platform BASE, online payment service PAY.JP, and Shopping Service Pay ID
Directors	Yuta Tsuruoka, Representative Director Ken Harada, Director Masayuki Shimura, Outside Director Michi Iijima, Outside Director Matsuzaki Misa, Outside Director
Number of Employees (Consolidated)	211 People Of which 121 are product engineering personnel (as of the end of December 2021)
Subsidiaries	PAY, Inc.



Yuta Tsuruoka (Senior Executive Officer and CEO)

Born in 1989. After experiencing back-end programming and direction of several Internet services when he was in university, he established BASE, Inc. in December 2012 at the age of 22. Based on its mission of “Payment to the People, Power to the People.” the company has developed a business focusing on the simplification of settlement and operates “BASE,” one of Japan’s largest e-commerce platforms.



Shinichi Fujikawa (Senior Executive Officer and SVP of Development)

After working at an FA equipment manufacturer and a Web production venture, he joined GMO Pepabo in 2006. In 2007, he independently began developing and operating a Twitter Web service client “movatwi” for mobile devices. He established Sousousha in 2010 and served as President and Representative Director until April 2012. He was appointed as CTO of our company in August 2014. In January 2018, he completed the doctoral course of the Graduate School of Media Design, Keio University. In July 2019, he resigned as CTO of our company and was appointed as EVP of Development. In March 2021, he was appointed as Senior Executive Officer of our company.



Ken Harada (Senior Executive Officer and CFO)

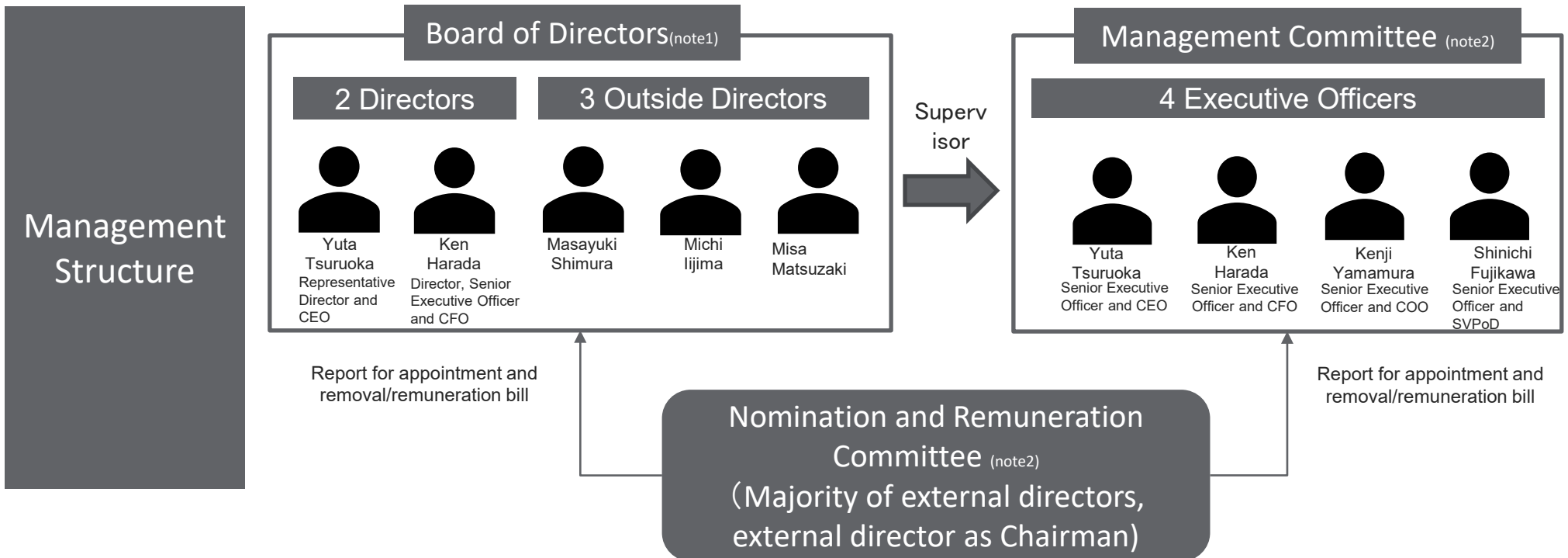
After graduating from School of Commerce, Waseda University, he was in charge of accounting and finance at a major general contractor from 2000. After that, he was in charge of operations such as accounting manager and management planning at mixi, Inc. from 2007, and joined FreakOut, inc. as a management manager in 2013, and conducted its IPO in June 2014. After the IPO, he oversaw and was in charge of overall accounting and finance, corporate planning, and IR operations. He joined our company as CFO in June 2015 and was appointed as Director and CFO of our company in February 2016. He oversees overall corporate operations. In March 2021, he was appointed as Senior Executive Officer of our company.



Kenji Yamamura (Senior Executive Officer and COO)

After graduating from Ritsumeikan University, he worked at a food company and joined Recruit Co., Ltd. in 2004. He served as a business planning member and manager in the learning business, group purchase service “Ponpare,” CS promotion, EC business promotion office, “Air cashier,” etc. He joined our company in January 2017. He promoted “BASE” e-commerce platform business and strengthened the organizational structure, and was appointed as Director and COO of our company in June 2018. In March 2021, he was appointed as Senior Executive Officer of our company.

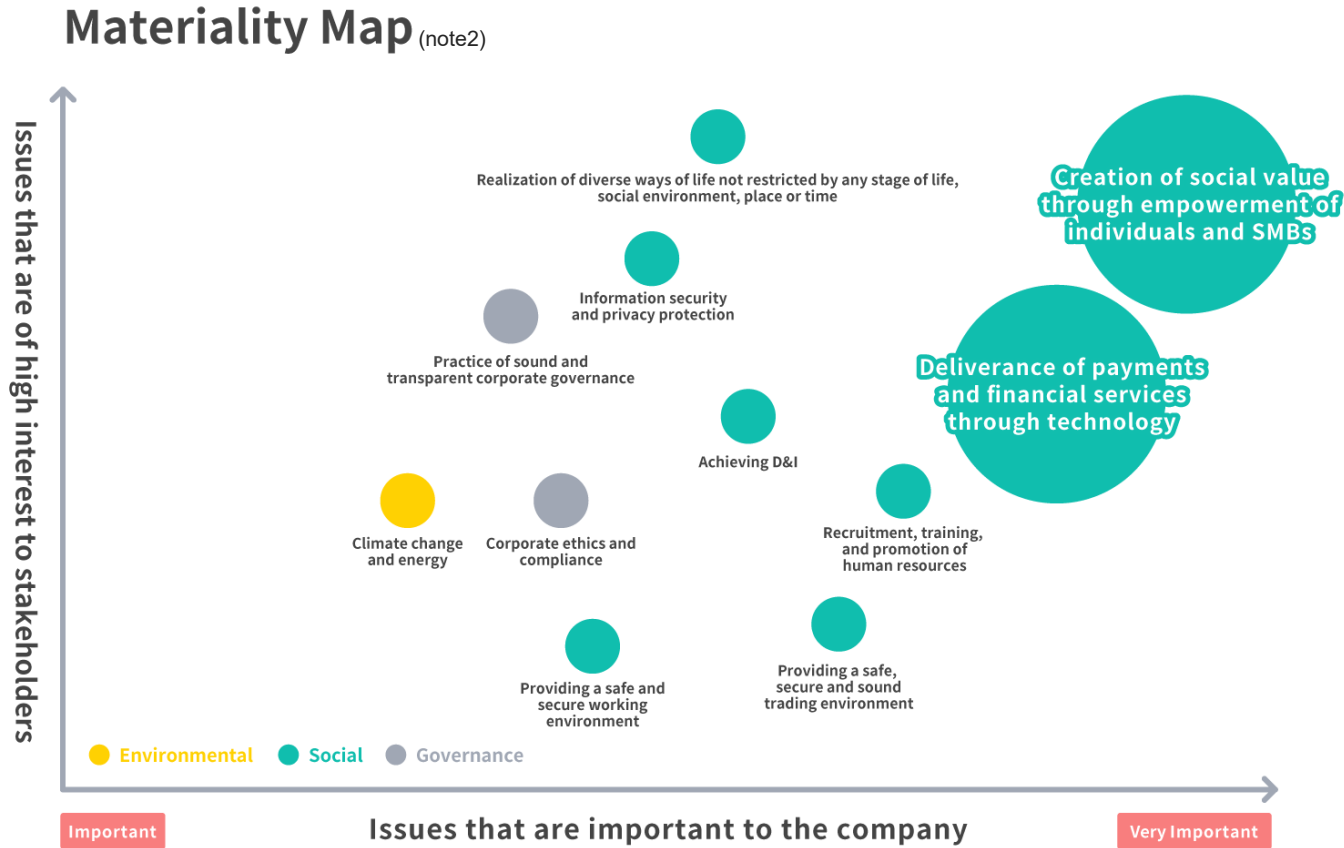
- Strengthen the supervisory function of the Board of Directors **by appointing a majority of outside directors (two internal directors and three outside directors)**
- Improve fairness and transparency of the process of selecting and dismissing management **by appointing an outside director as the chairman of the Nomination and Compensation Committee**



Initiatives for Realizing a Sustainable Society

Formulation of basic sustainability goals and identification of materiality issues

Aiming to create a society in which all people can play an active role by enhancing accessibility to payment and finance services



(Note1) Details of the materiality and specific initiatives will be disclosed on our website in the future

(Note2) the most important materiality to be resolved through business is indicated by a large circle, and materiality that serves as the foundation to support business continuity and means to achieve the most important materiality are indicated by smaller circles

2012	Nov	Release of “BASE” the online shop creation service
	Dec	Established BASE, Inc.
2015	Jun	Release of shopping app “BASE”
	Sep	Release of “PAY.JP” the online payment service
2017	Jun	Release of “PAY ID” the ID based payment service
2018	Jan	Established PAY, Inc. for splitting the payments business
	Jan	Established BASE BANK, Inc. for splitting the finance business (Note1)
	Sep	Release of “YELLBANK” the service for raising funds
2019	Oct	Newly listed on the Tokyo Stock Exchange Mothers Market
2021	Dec	Release of shopping service “Pay ID” (Note2)

(Note1) BASE BANK, Inc. will be merged by BASE, Inc. effective 1st Jan 2022 through an absorption type merger

(Note2) “Pay ID” released resulting from the integration and revamping of the former ID based payment service “PAY ID” and shopping app “BASE”

As of the end of December 31, 2021, cash and deposits were 24,053 million yen, **maintaining a strong financial base.**

Increase in trade account receivable, trade account payable, and operating deposits due to increases in GMV of BASE and PAY business

Decrease in investment securities due to impairment losses of investments

(Million yen)	As of December 31, 2021	As of December 31, 2020	Change from the end of the previous fiscal year
Current assets	31,433	27,693	+13.5%
(of which, cash and deposits)	24,053	22,271	+8.0%
(of which, trade accounts receivable) *1	6,631	4,971	+33.4%
Non-current assets	558	811	-31.2%
(of which, Investment securities)	183	435	-58.0%
Total assets	31,991	28,505	+12.2%
Current liabilities	16,823	12,224	+37.6%
(of which, trade accounts payable) *2	12,745	8,989	+43.2%
(of which, operating deposits) *3	3,707	2,589	+41.8%
Non-current liabilities	61	63	-2.4%
Total liabilities	16,885	12,287	+37.4%
Capital Stock	8,552	8,513	+0.5%
Capital surplus	7,362	7,323	+0.5%
Retained earnings	-813	380	-
Valuation difference on available-for-sale securities	3	-0	-
Total net assets	15,105	16,217	-6.9%

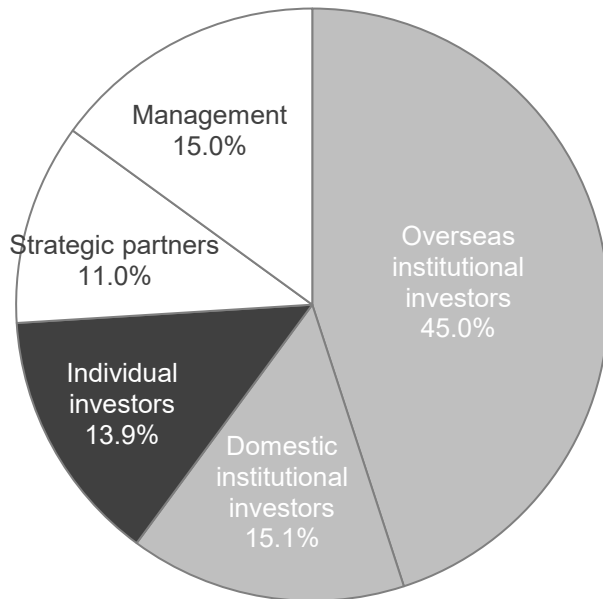
*1: Trade accounts receivable: The unpaid portion of the settlement amount to be paid to our company by the settlement service company.

*2: Trade accounts payable: In the BASE business, outstanding amount of settlement to be paid by our company to shops.

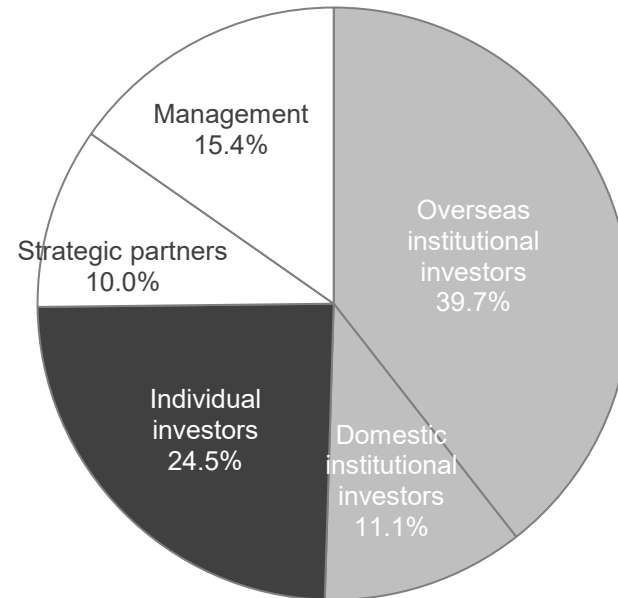
*3: Operating deposits: Outstanding amount of settlement to be paid by our company to franchised stores in the PAY business.

Increase in the number of shareholders primarily in the individual investors category as a result of a stock split
Institutional investor category remains above 50% despite an increase in the ratio of individual investors

Jun 30, 2021



Dec 31, 2021



(Note) 5:1 stock split conducted with effective date April 1st 2021

Item	Main Risks	Possibility	Impact	Risk Management Measures
About Competitors	Risk of intensifying competition in the storefront e-commerce market and online payment services market due to existing and new competitors	High	High	<p>【BASE】</p> <ul style="list-style-type: none"> Strengthen promotions to gain brand recognition from individuals and SMBs Enhance development of functions to add value to products <p>【PAY】</p> <ul style="list-style-type: none"> Enhancing functions for easier integration of payments for small businesses
About investments and operating losses	The risk that business development does not proceed as planned and that earnings in excess of forward-looking investments cannot be sufficiently generated, or changes in the competitive environment or other factors necessitate a greater-than-expected investment in promotional advertisement and hiring of development personnel etc.	High	High	<ul style="list-style-type: none"> Conducting flexible reviews of business plans Reallocating resources in response to changes in the external environment by appropriately measuring the effectiveness of promotion and reviewing development plans
About maintaining integrity of service and unauthorized use	Risks of the company being held liable as a provider of transaction opportunities due to actions by service users that threaten the soundness of our services, and risks of claims for refunds of sales proceeds or compensation of damages due to fraudulent activities	High	High	<ul style="list-style-type: none"> A specialized department is established to analyze transaction data held by the company using machine learning and other methods to detect and prevent inappropriate behavior and fraudulent payments
About information security and management of personal information	Risks that the company be held legally responsible for leaks of personal information etc, or that the company's reputation is damaged	Medium	High	<ul style="list-style-type: none"> Review and implementation of security measures by the Information Security Committee Raising awareness of executives and employees by conducting information security training Management of personal information in compliance with the Personal Information Protection Law
About information system issues	Risks of being unable to provide services in a stable manner due to large-scale system trouble etc	Medium	High	<ul style="list-style-type: none"> Enhancing server facilities etc and establishment of appropriate internal frameworks

(Note) Risks mentioned above are a selection of major risks that may affect the realization of growth and the execution of business plans. For other risks, please refer to "Business and Other Risks" in the Annual Securities Report.

Ratio of Dilutive Shares

		FY2021
SO	Beginning balance	7,196,000
	Granted	0
	Exercised	-1,778,000
	Renounced	-84,000
	Ending balance	5,334,000
Number of shares outstanding		111,500,749
Ratio of dilutive shares		4.8%

(Note) 5 to 1 stock split conducted on April 1st 2021 reflected for beginning balance of FY 2021

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The next update of these materials are scheduled to be disclosed in March 2023.

BASE