



BASE

Q3 of Fiscal Year Ending December 31, 2022
Materials for Financial Results Presentation

BASE, Inc.
(Tokyo Stock Exchange Growth: 4477)
November 8, 2022

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1. Corporate Profile

Mission

Payment to the people, Power to the people.

BASE provides a platform in which individuals can transmit their thoughts, sensitivities and talents to any and all that are in need of them. Our hope is that our service gives way to new projects, ideas and activities, as well as fair compensation for our valued merchants.

Means of payment should be available to everyone in the world and beyond. As a company, we aim to provide each and every individual with the opportunity to freely transform their potential into value.

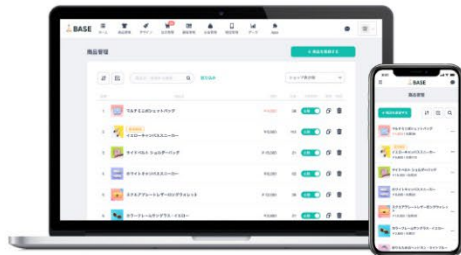
Creating an economy for People through the Power of Payment.



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



For Individuals and Small Team Shops

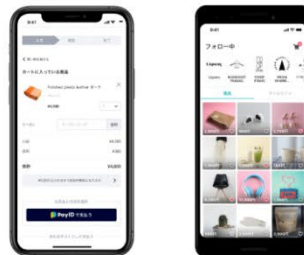


Payment Support /
Online Shop Creation Support

Online shop creation service enabling anyone to easily create storefront-type online shops at no cost



For Purchasers



Payment ID /
Shopping App

Shopping service providing a new payment experience and helping to build relationships with purchasers



For Startup Merchants

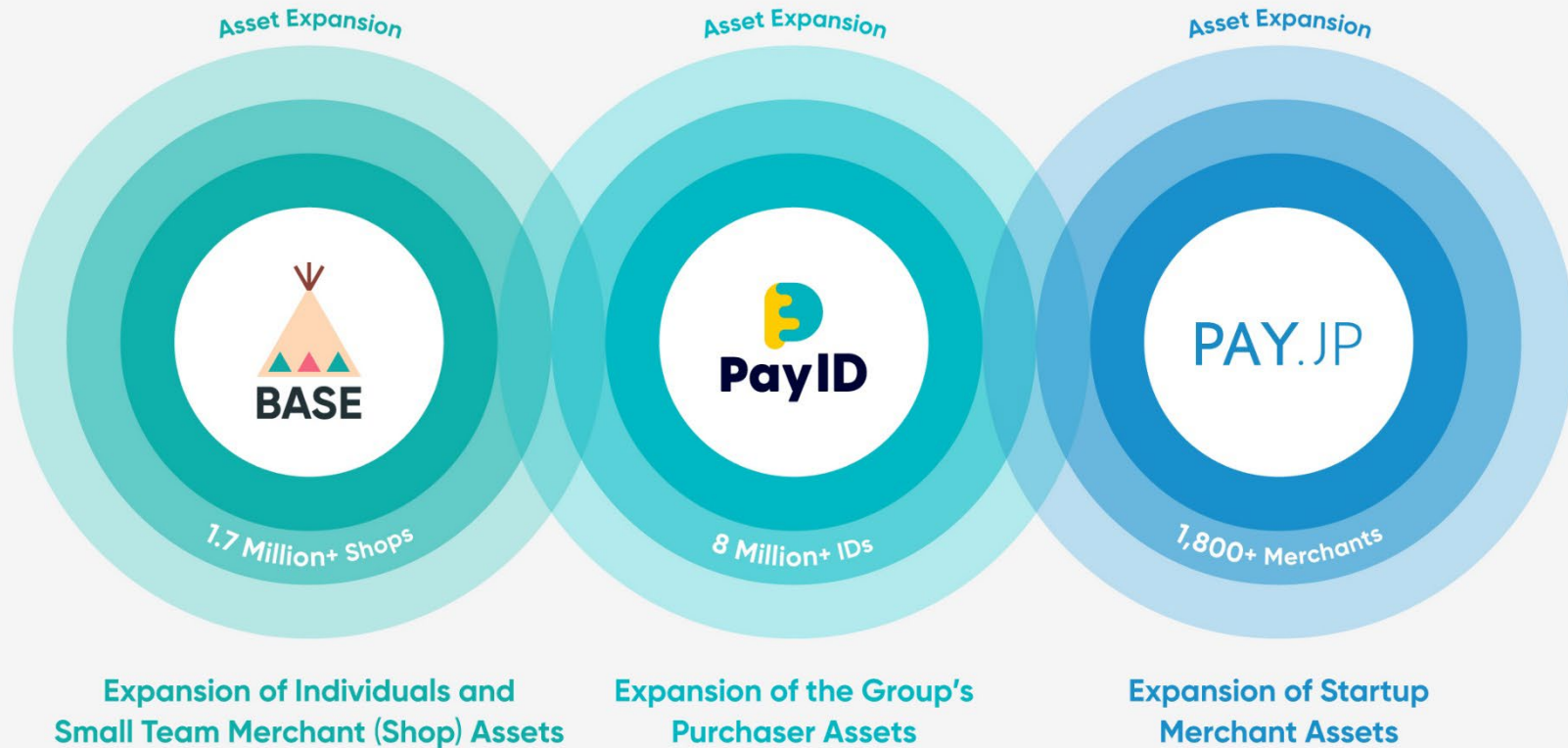


Payment Support

Online payment service for developers to easily integrate credit card payments to web services

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

Providing a Unique Payment Network Across The Group



(Note) Group asset figures as of February 2022. Online shops created through "BASE" surpassed 1.8 million in June 2022. Pay ID registered users surpassed 9.0 million in August 2022

2. Executive Summary

Topics

- **Group quarterly GMV grew significantly at CAGR_(Note) +49.3% and surpassed 50 billion yen**

Results for Q3 FY2022

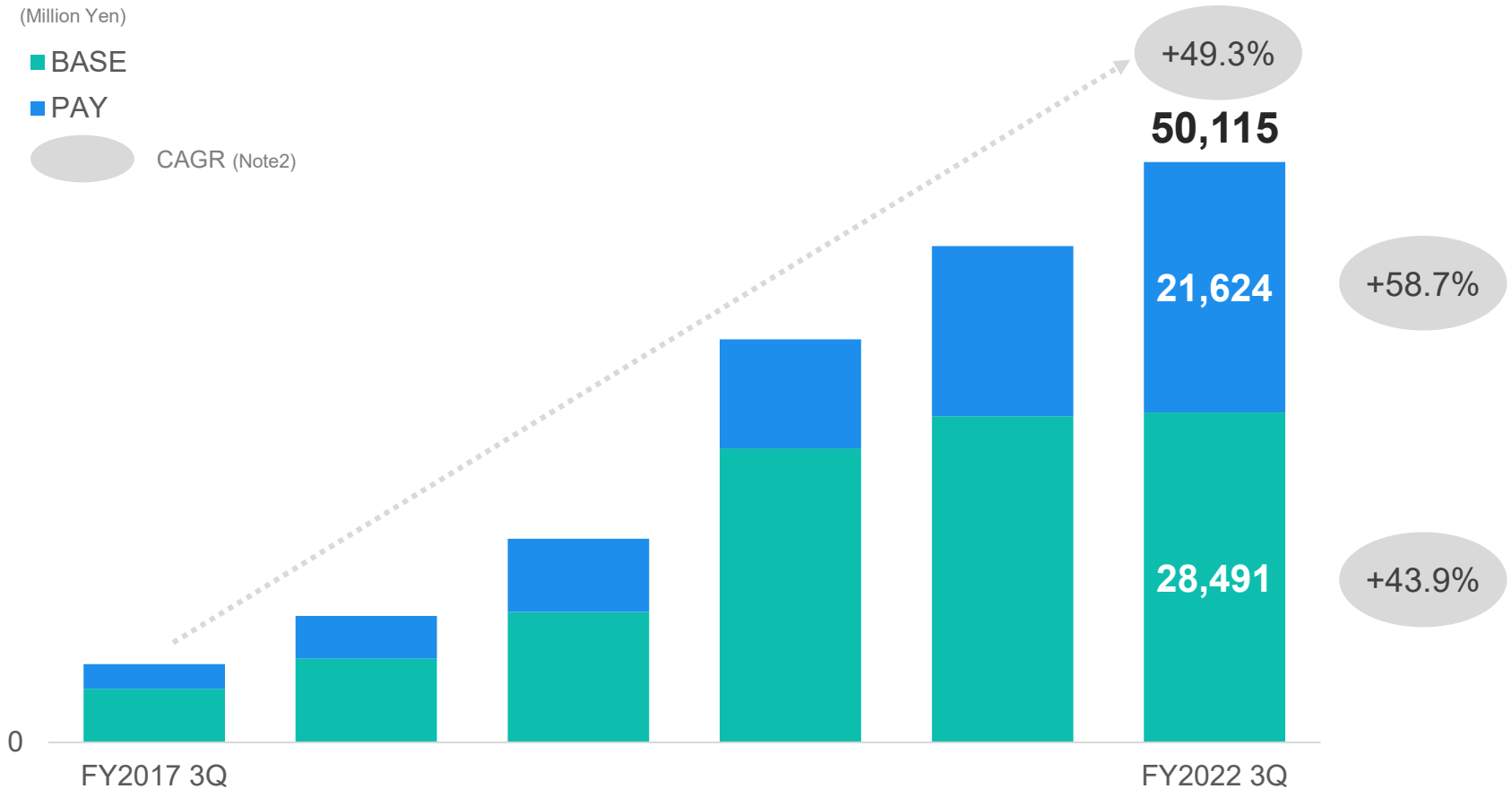
- **Despite Group GMV increasing as a result of the PAY Business's growth**, consolidated net sales decreased YoY due to the BASE Business's lowered take rate stemming from the increased GMV mix of the Monthly-Fee Plan
- Due to the declining trends in online consumption associated with reopening recently coming to a halt, as well as the **Monthly-Fee Plan release leading to a reduction in opportunity losses due to shops with large sales no longer churning over to a certain competitor**, GMV for the BASE Business was largely flat YoY and QoQ
- **GMV for the PAY Business increased significantly at +47.2% YoY** as a result of continued growth of existing merchants as well as acquisition of new merchants
- **Operating loss contracted QoQ** due to a decrease in SG&A expenses resulting from a significant decline in promotional expenses

Earnings Forecast for FY2022 and Policies for FY2023 and Beyond

- Due to declining trends in online consumption associated with reopening, as well as the release of the Monthly-Fee Plan and its strategically lowered fee for the BASE Business, consolidated net sales and gross profit in FY2022 are forecasted to decrease YoY while operating loss, ordinary loss, and net loss are projected to expand, generally in line with initial expectations made at the beginning of the fiscal year
- For FY2023 and beyond, aims to optimize the allocation of costs **in order to achieve high growth for all services provided by the Group**. For the BASE Business, aims to optimize cost of sales in addition to increasing GMV and take rate in order to achieve **gross profit growth**

Group quarterly GMV grew significantly at CAGR_(Note1) **+49.3%** and surpassed 50 billion yen

Group Quarterly GMV_(Note1,2)



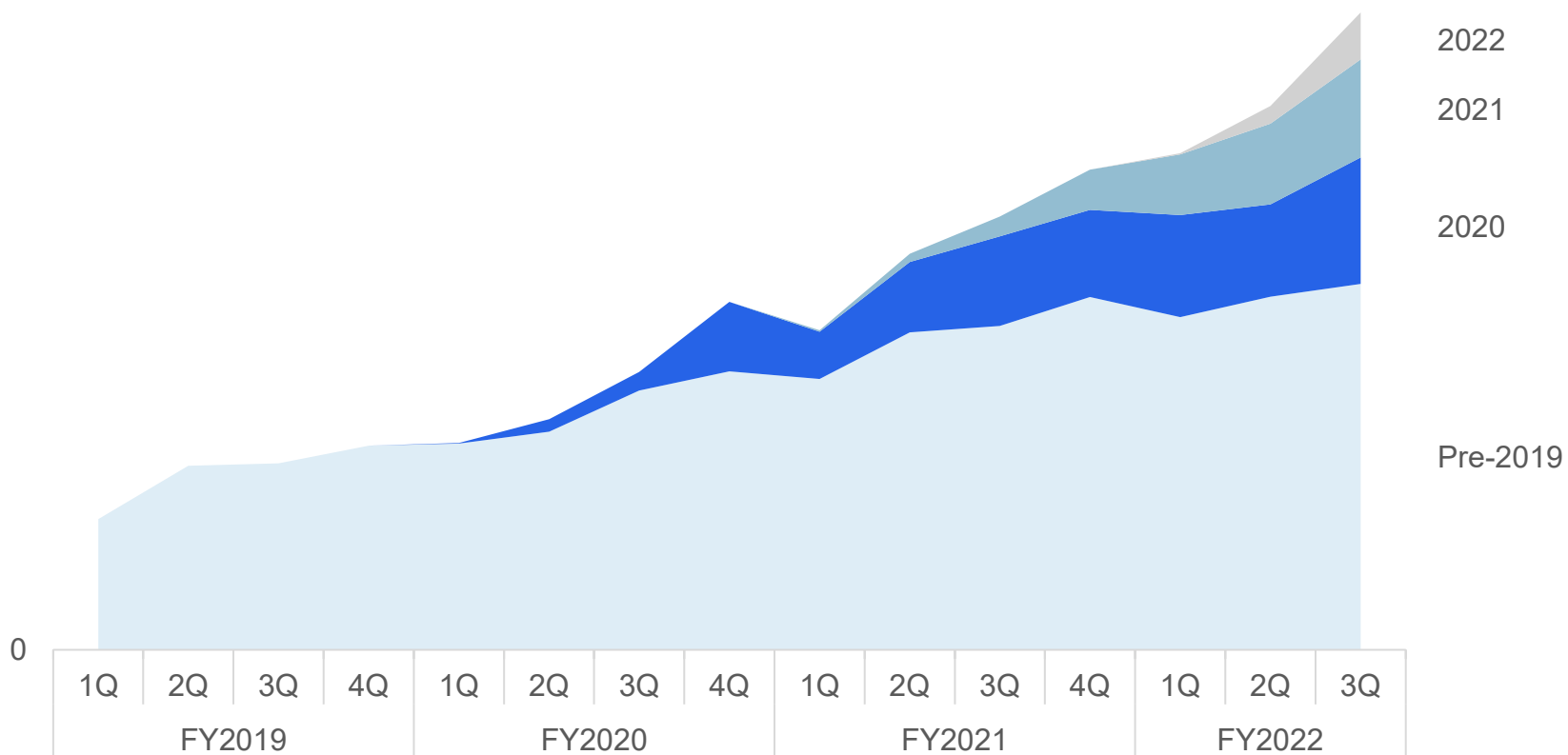
(Note1) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (payment amount)

(Note2) 5 year compound average growth rate of the 3rd quarter of each fiscal year

GMV growth was **+47.2%** YoY due to the continued growth of existing merchants as well as an increase in the number of new merchants

GMV by Year of Registration

(Yen) ■ Pre-2019 ■ 2020 ■ 2021 ■ 2022

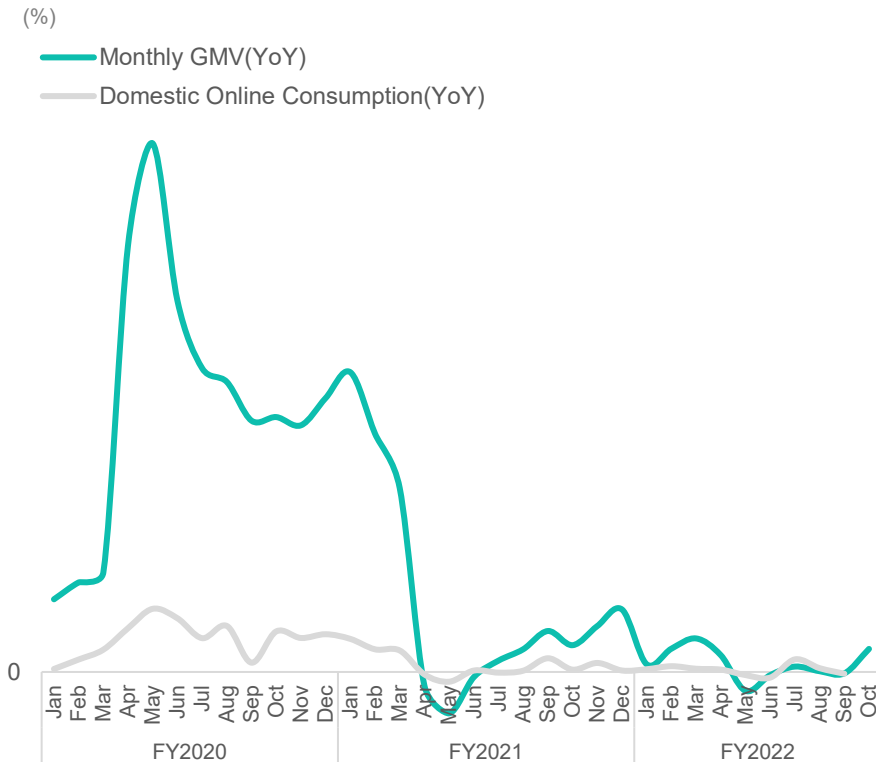


(Note) GMV is based on the payment date (payment amount)

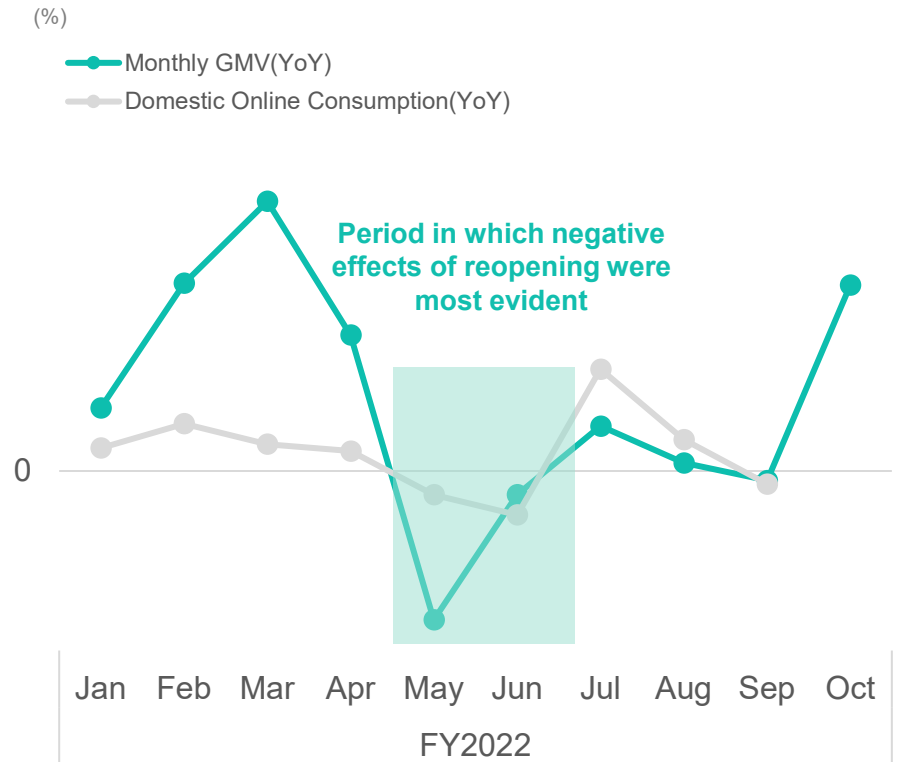
Due to the BASE Business’s GMV growth significantly outpacing market growth during FY2020, the effects of reopening and declining trends in online consumption have been amplified for BASE in FY2022. However, said trends have **recently halted, with monthly GMV for October increasing YoY**

YoY Growth Rate of Monthly GMV and Domestic Online Consumption^(Note)

Growth Rate since FY2020



Growth Rate since FY2022



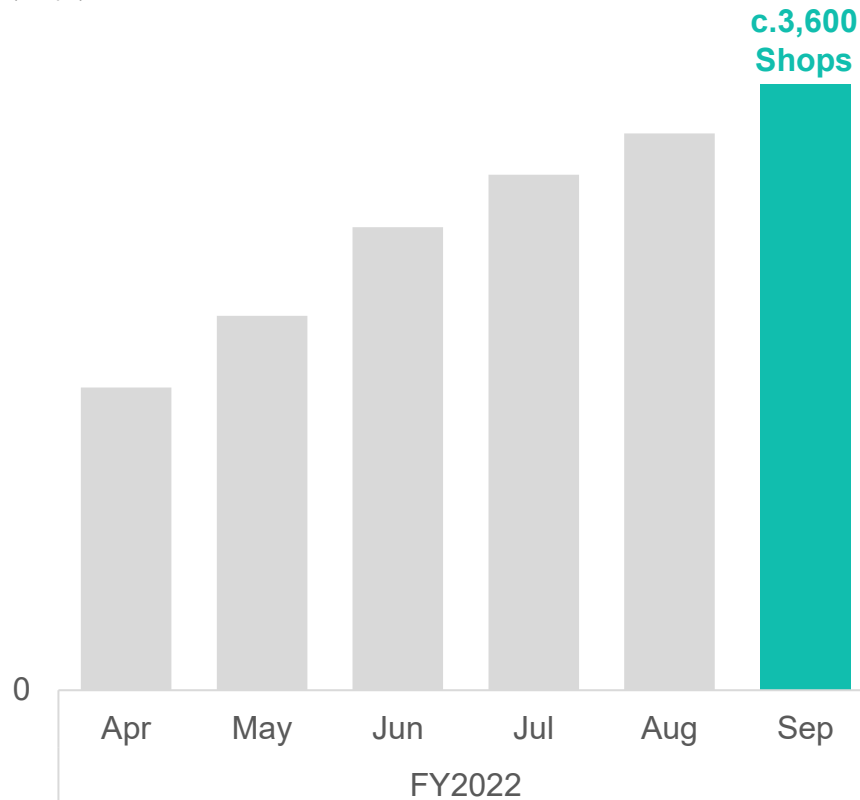
(Note) Prepared by BASE using "EC (Monthly/YoY)" data from Nowcast/JCB's "JCB Consumption NOW"

Monthly-Fee Plan^(Note1) adoption has been steadily increasing mainly among existing shops, leading to a **reduction in opportunity losses due to shops with large sales no longer churning over to a certain competitor**

Despite reopening headwinds, **GMV was largely flat QoQ due to growth strategy centered around the Monthly-Fee Plan**

Number of Shops using Monthly-Fee Plan

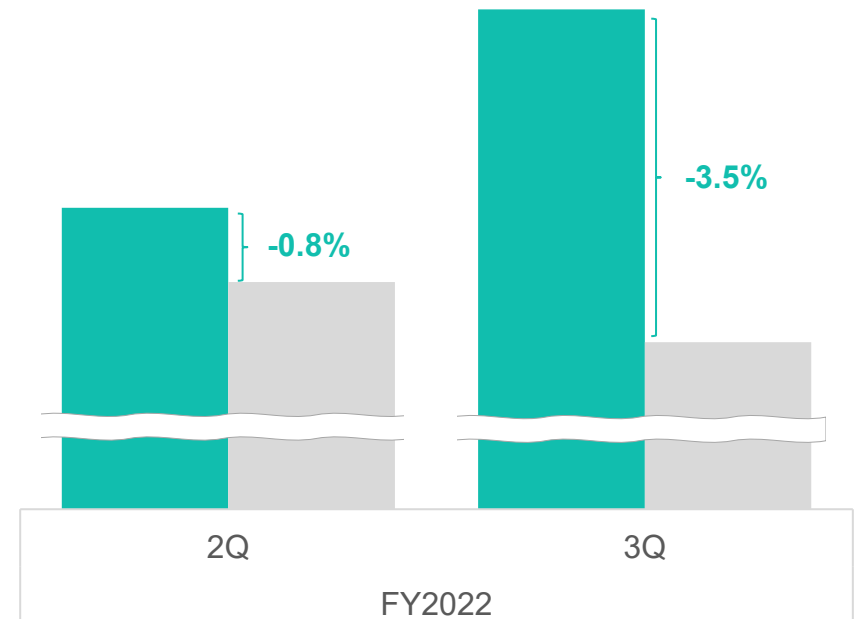
(Shops)



Hypothetical Figures (GMV-based)^(Note2) if Monthly-Fee Plan was not Released

(Yen)

- Actual Figures (With Monthly-Fee Plan)
- Hypothetical Figures (No Monthly-Fee Plan)



(Note1) Monthly-Fee Plan is comprised of a 2.9% payment processing commission and 5,980 yen per month service commission. The Conventional Plan is comprised of a 3.6% + 40 yen payment processing commission and 3.0% service commission

(Note2) "Hypothetical Figures (GMV-based) if Monthly-Fee Plan was not Released" calculated based on GMV of shops churned to competitors in the past

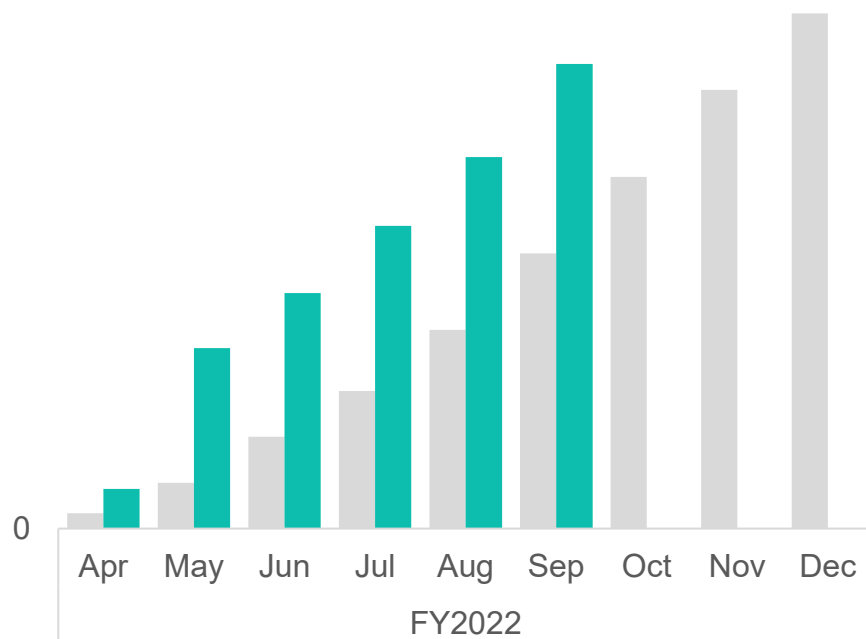
The number of shops opened through the Scout Team have continued to increase at a steady pace

By improving customer acquisition efficiency, **acquired large shops with sales surpassing average monthly GMV per shop of all shops**

Number of Shops using Monthly-Fee Plan^(Note)

(Shops)

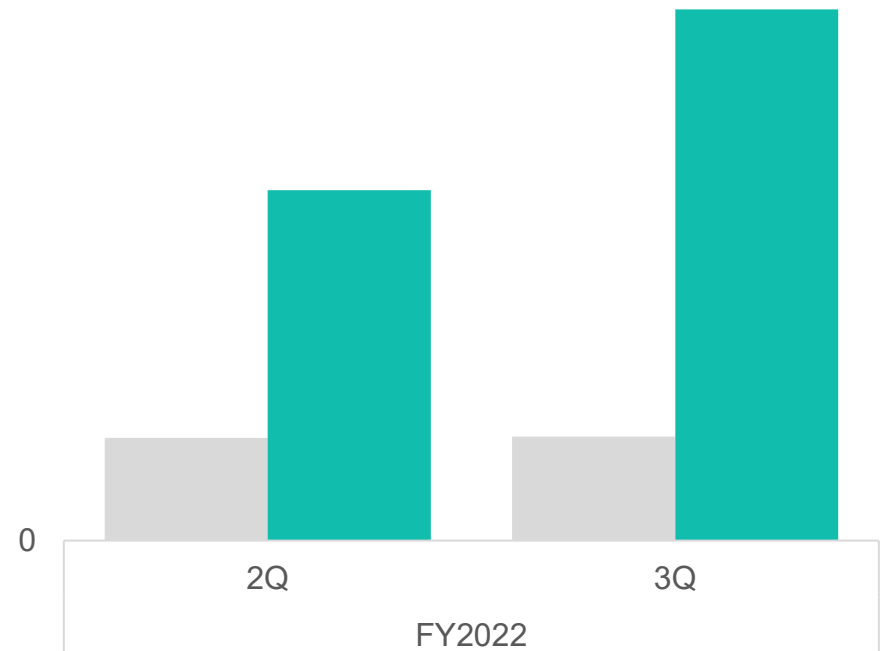
- Target
- New Shop Openings by Scout Team



Average Monthly GMV of Shops Opened through Scout Team

(Yen)

- All Shops
- Shops Opened through Scout Team



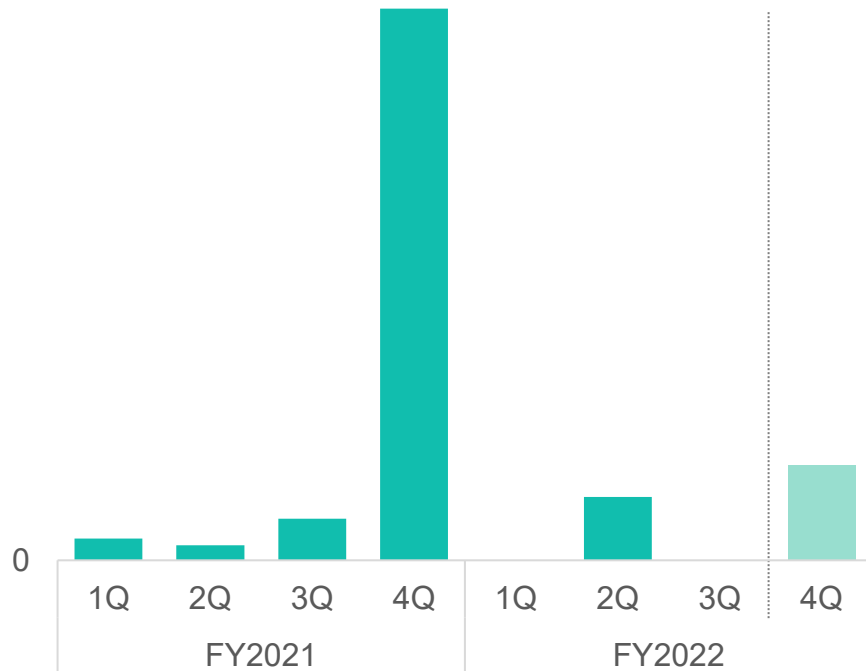
(Note) "New Shop Openings by Scout Team" is the cumulative total of shops opened through the Scout Team

Issued coupons throughout FY2021 with an especially large-scale trial in Q4, resulting in a large GMV increase during the period

Since coupons are expected to decrease in Q4 FY2022 with consideration to the current business environment and anticipated return on investment, GMV for the quarter is forecasted to decrease YoY

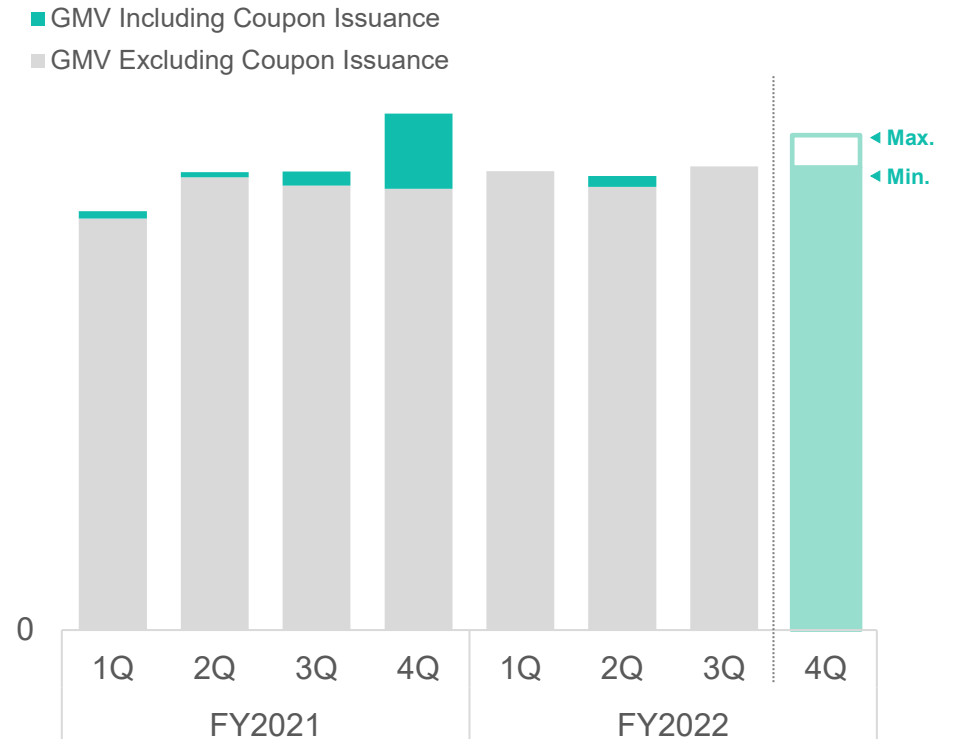
Coupon-related Expenses Borne by BASE^(Note1,3)

(Yen)



GMV Forecast for Q4 FY2022^(Note2,3)

(Yen)



(Note1) Calculated by multiplying coupon-applied GMV with coupon discount rate

(Note2) GMV is based on the order date (order amount)

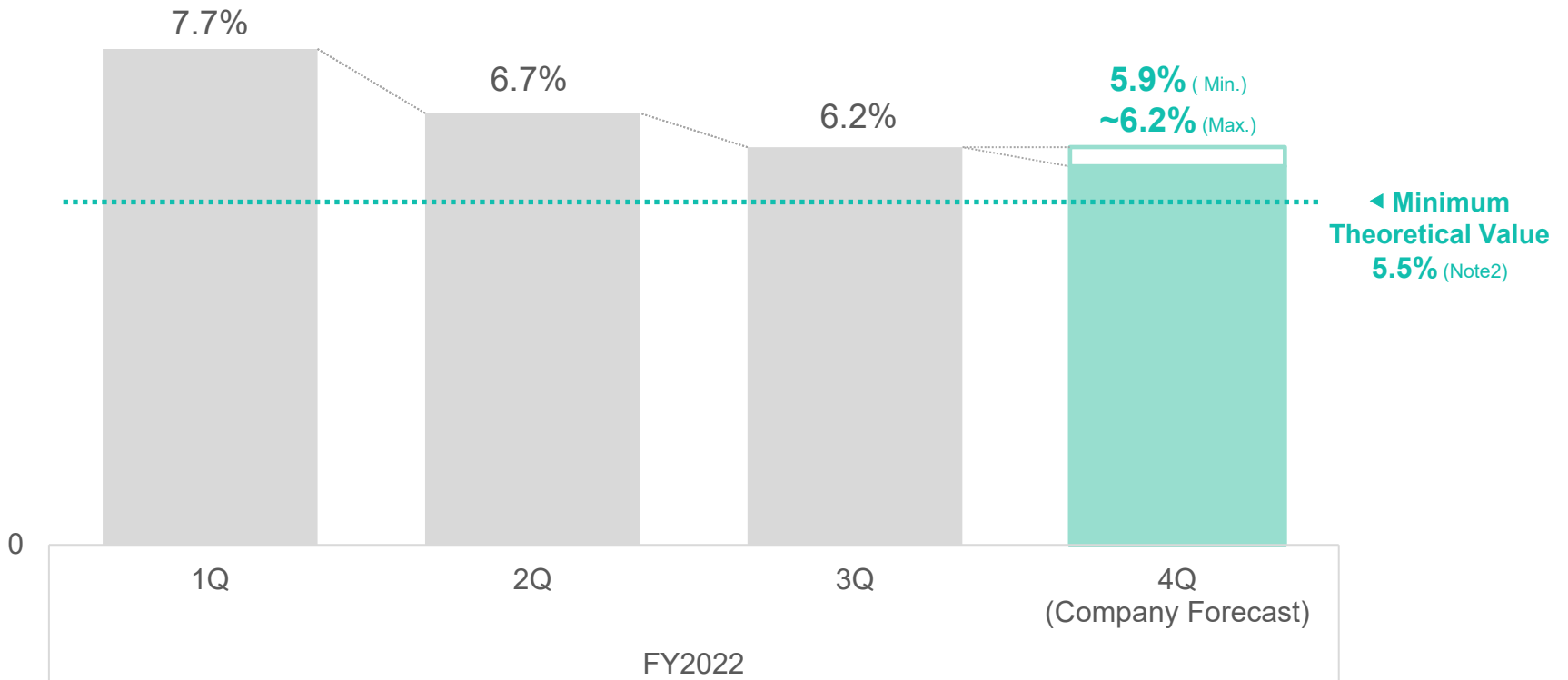
(Note3) Figures for Q4 FY2022 are maximum and minimum company forecasts

Declining trend in take rate resulting from existing shops transitioning to the Monthly-Fee Plan forecasted to slow down

Take rate may fluctuate if GMV mix between plans deviate from forecast due to factors such as the year-end shopping season

Take Rate Forecast for Q4 FY2022^(Note1)

(%)



(Note1) Figures for Q4 FY2022 are maximum and minimum company forecasts

(Note2) If all shops surpassing the break-even point between the two plans use the Monthly-Fee Plan

Consolidated	<ul style="list-style-type: none"> ✓ To pursue gross profit growth ✓ In order to achieve high growth for all services provided by the Group, aims to optimize the allocation of costs while considering the reorganization of business segments ✓ To consider Group growth strategies including M&A and strategic alliances
BASE	<ul style="list-style-type: none"> ✓ In order to achieve gross profit growth, aims to optimize cost of sales in addition to increasing GMV and take rate. Plans to release high value-added functions such as sales promotion and CRM support, as well as adjustments to purchaser-facing fees ✓ To optimize costs in order to increase profitability. Though acquisition-related marketing will continue, brand recognition-related marketing projected to scale down. Since organizational expansion associated with service growth has recently eased, focus to shift towards employee productivity ✓ Policies disclosed in FY2021 full-year earnings expected to be updated with consideration to effects of reopening and strategy centered around Monthly-Fee Plan
Pay ID	<ul style="list-style-type: none"> ✓ To strengthen product development and sales & marketing organizations and achieve monetization of purchaser assets through the provision of BNPL
PAY.JP	<ul style="list-style-type: none"> ✓ To continue to drive BASE Group's GMV growth ✓ In addition to developing functions tailored towards large-scale merchants, aims to increase take rate and gross profit margin by rolling out "Pay ID" and financing services to "PAY.JP" Merchants ✓ To make forward-looking investments in marketing to further strengthen new merchant acquisition
Other (Finance)	<ul style="list-style-type: none"> ✓ Aims to become BASE Group's profit center by strengthening development of functions that contribute to increase of gross profit margin

3. Results for Q3 of the Fiscal Year Ending December 31, 2022

Consolidated

Despite **Group GMV increasing as a result of the PAY Business's growth**, consolidated net sales decreased YoY due to the BASE Business's lowered take rate stemming from the increased GMV mix of the Monthly-Fee Plan

Due to the BASE Business's gross profit decrease resulting from the lowered take rate, consolidated gross profit also decreased YoY and QoQ

Operating loss contracted QoQ due to a decrease in SG&A expenses resulting from a significant decline in promotional expenses

BASE Business

Due to the declining trends in online consumption associated with reopening recently coming to a halt, as well as **the Monthly-Fee Plan release reducing opportunity losses**, GMV was largely flat YoY and QoQ

Net sales, gross profit and gross profit margin decreased YoY and QoQ due to the lowered take rate resulting from the increased GMV mix of the Monthly-Fee Plan and its strategically reduced fees

PAY Business

Though this includes a temporary surge in contribution from select merchants due to their own large-scale sales promotions, GMV_(Note) increased significantly at **+47.2% YoY** as a result of continued growth of existing merchants as well as acquisition of new merchants

Net sales and gross profit increased significantly at **+46.4% and +54.3% YoY** respectively due to GMV growth

Despite **Group GMV increasing as a result of the PAY Business's growth**, consolidated net sales decreased YoY due to the BASE Business's lowered take rate stemming from the increased GMV mix of the Monthly-Fee Plan

Due to the BASE Business's gross profit decrease resulting from the lowered take rate, consolidated gross profit also decreased YoY and QoQ

Operating loss contracted QoQ due to a decrease in SG&A expenses resulting from a significant decline in promotional expenses

(Million Yen)	FY2022 3Q (July – September 2022)					FY2022 3Q (Jan – Sep 2022)		
	Results	Same Period Last Year		Previous Quarter		Results	Same Period Last Year	
		Results	YoY	Results	QoQ		Results	YoY
Net Sales	2,292	2,492	-8.0%	2,294	-0.1%	7,099	7,176	-1.1%
Gross Profit	1,030	1,388	-25.8%	1,124	-8.3%	3,536	4,080	-13.3%
Gross Profit Margin	44.9%	55.7%	-10.8pt	49.0%	-4.0pt	49.8%	56.9%	-7.0pt
SG&A	1,327	1,608	-17.5%	1,721	-22.9%	4,704	4,570	+2.9%
Operating Profit	-297	-220	n/a	-597	n/a	-1,167	-490	n/a
Ordinary Profit	-294	-220	n/a	-591	n/a	-1,153	-494	n/a
Net Income	-295	-221	n/a	-622	n/a	-1,216	-467	n/a

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

Maintains a strong financial foundation with cash and deposits at 21,460 million yen as of September 30, 2022

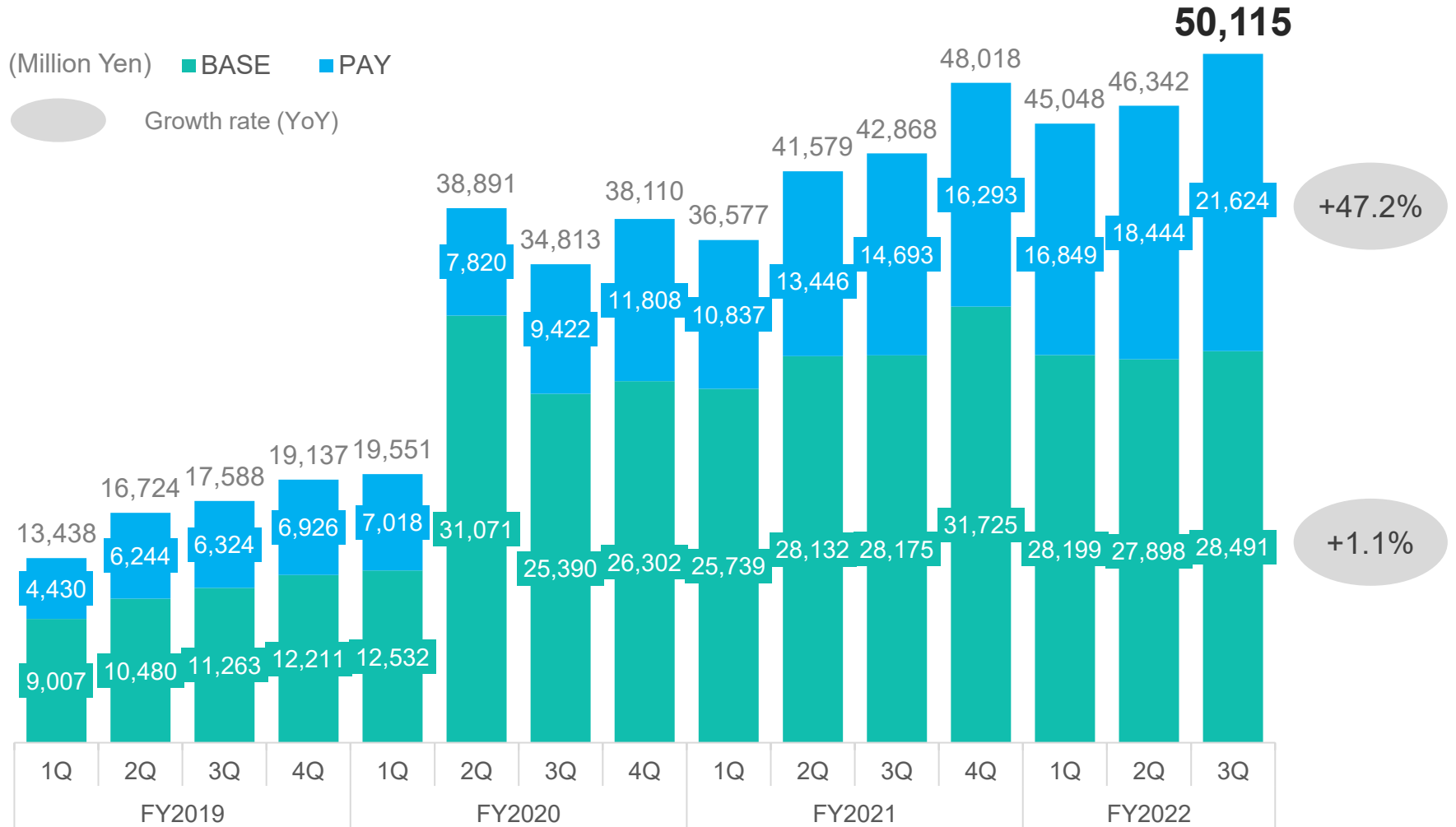
(Million Yen)	As of September 30, 2022	As of December 31, 2021	Change from the end of the previous fiscal year
Current assets	29,248	31,433	-6.9%
(of which, cash and deposits)	21,460	24,053	-10.8%
(of which, trade accounts receivable) (Note1)	7,028	6,631	+6.0%
Non-current assets	533	558	-4.5%
(of which, Investment securities)	135	183	-26.1%
Total assets	29,781	31,991	-6.9%
Current liabilities	15,716	16,823	-6.6%
(of which, trade accounts payable) (Note2)	10,132	12,745	-20.5%
(of which, operating deposits) (Note3)	5,217	3,707	+40.7%
Non-current liabilities	64	61	+3.7%
Total liabilities	15,781	16,885	-6.5%
Capital Stock	8,603	8,552	+0.6%
Capital surplus	7,413	7,362	+0.7%
Retained earnings	-2,029	-813	-
Valuation difference on available-for-sale securities	13	3	+296.7%
Total net assets	14,000	15,105	-7.3%

(Note1) Trade accounts receivable: The unpaid portion of the settlement amount to be paid to our company by the settlement service company

(Note2) Trade accounts payable: In the BASE business, outstanding amount of settlement to be paid by our company to shops

(Note3) Operating deposits: Outstanding amount of settlement to be paid by our company to member merchants in the PAY business

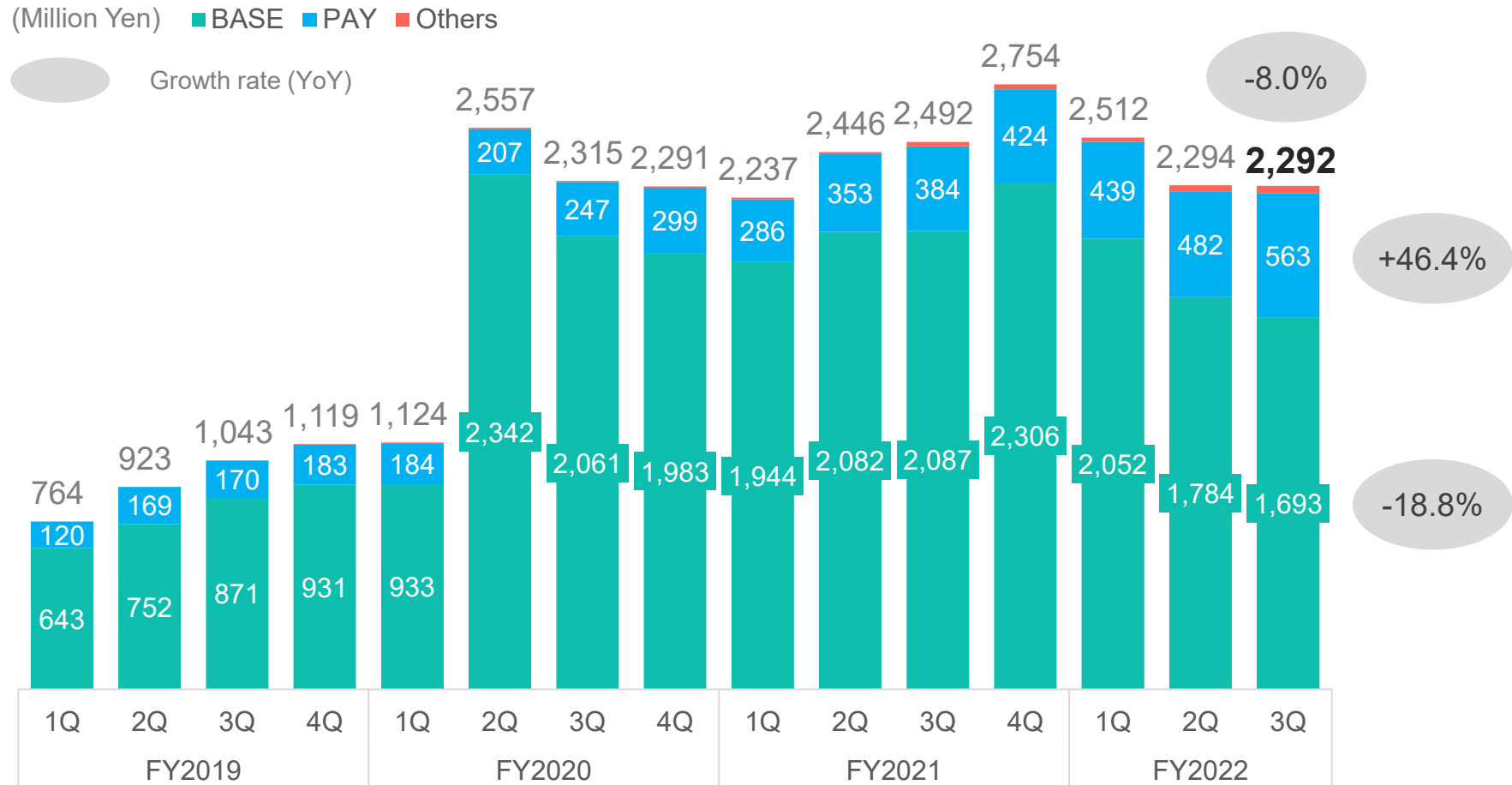
Due to the PAY Business's growth, **Group GMV** increased YoY and QoQ, **surpassing 50 billion yen**



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

Despite **Group GMV increasing as a result of the PAY Business's growth**, consolidated net sales decreased YoY due to the BASE Business's lowered take rate stemming from the increased GMV mix of the Monthly-Fee Plan

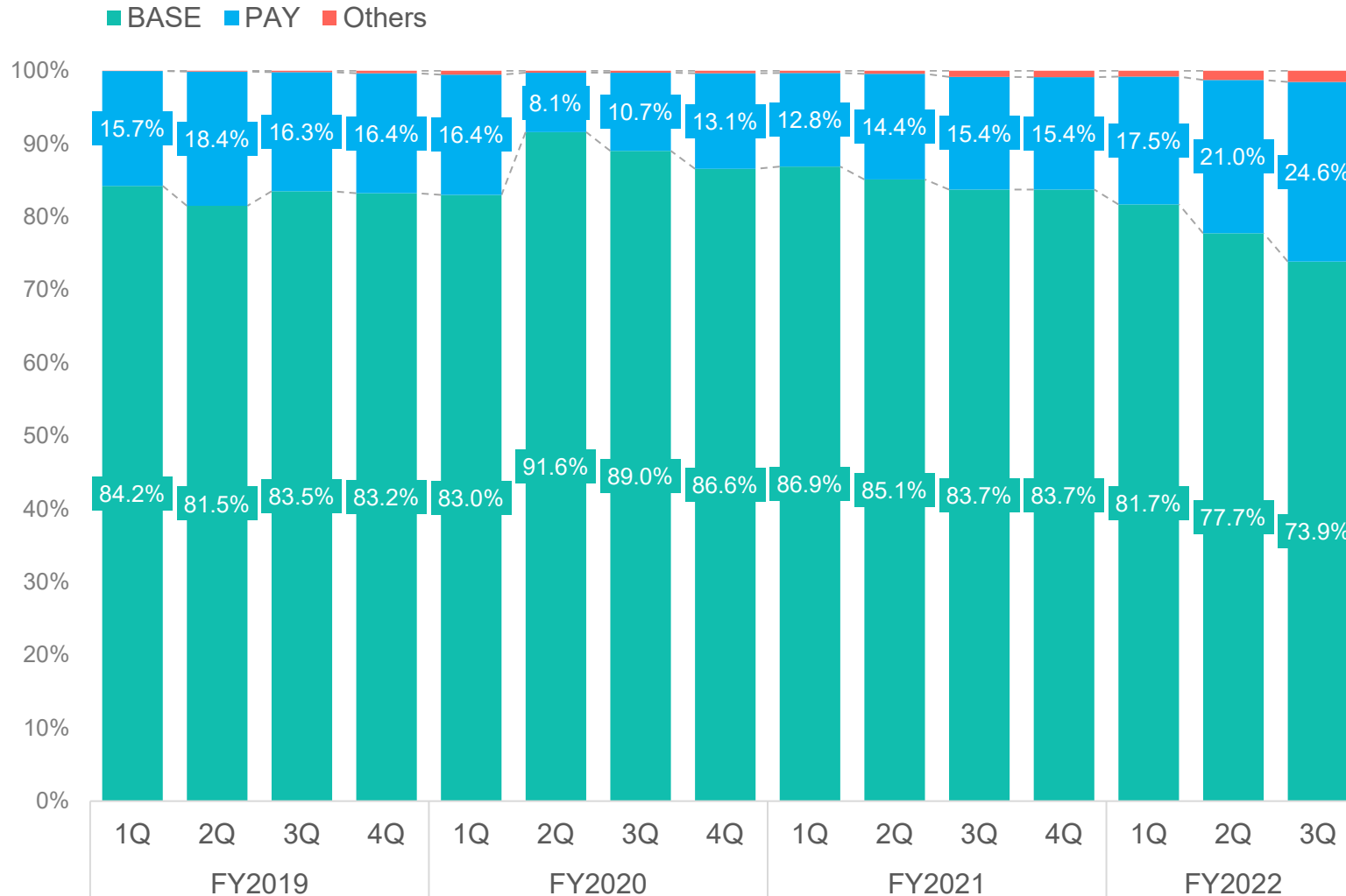
Consolidated net sales were largely flat QoQ due to the PAY Business's GMV increase



(Note) Monthly-Fee Plan is comprised of a 2.9% payment processing commission and 5,980 yen per month service commission. The Conventional Plan is comprised of a 3.6% + 40 yen payment processing commission and 3.0% service commission

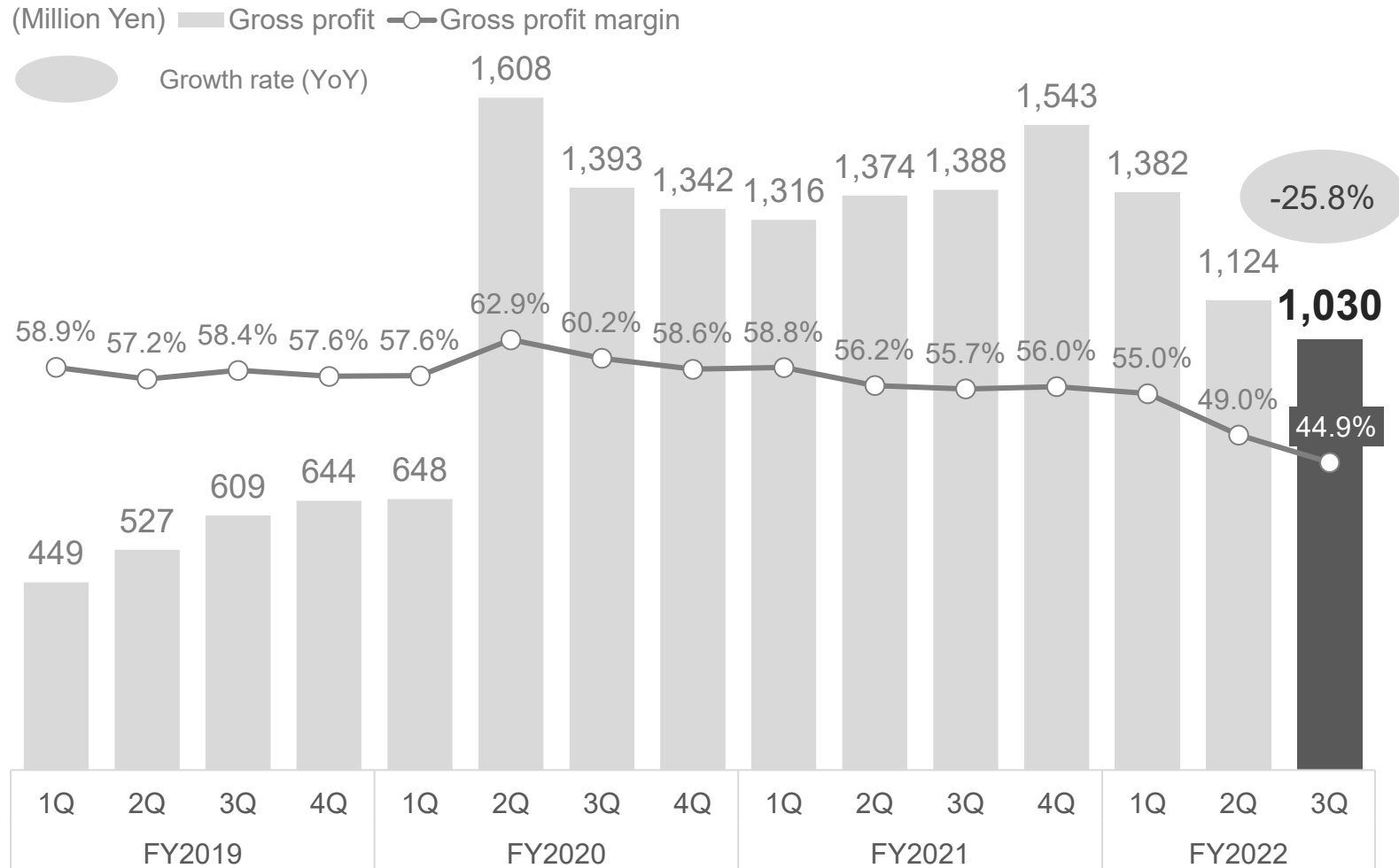
Trends in Ratio of Net Sales by Business

In addition to the GMV mix of the Monthly-Fee Plan and its lowered take rate leading to a decrease in the BASE Business's net sales, the PAY Business's growth led to an overall decline in the BASE Business's net sales ratio

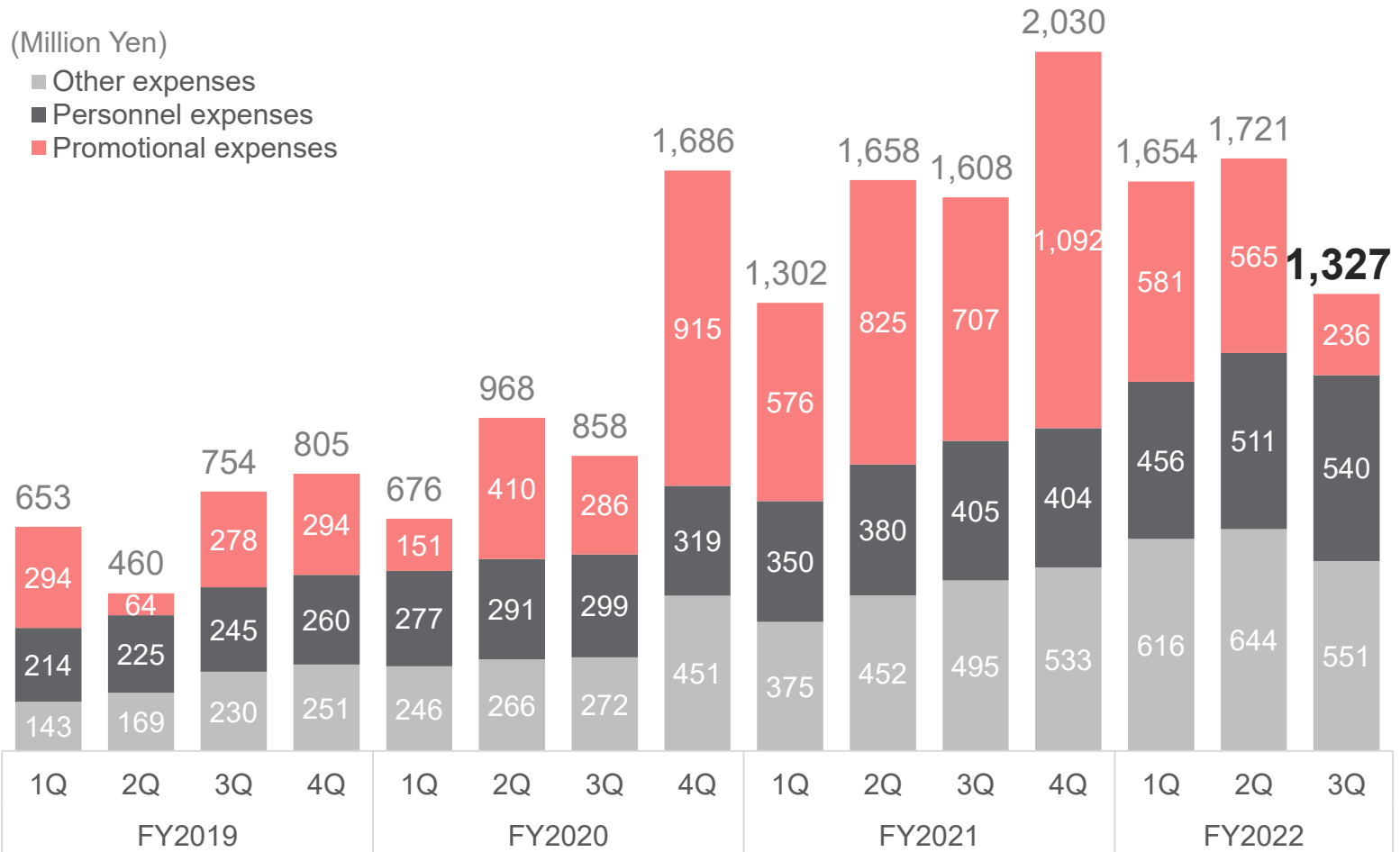


Consolidated gross profit decreased YoY and QoQ due to the BASE Business's gross profit decrease resulting from the lowered take rate

Consolidated gross profit margin decreased QoQ due to the BASE Business's lowered consolidated net sales ratio and gross profit margin



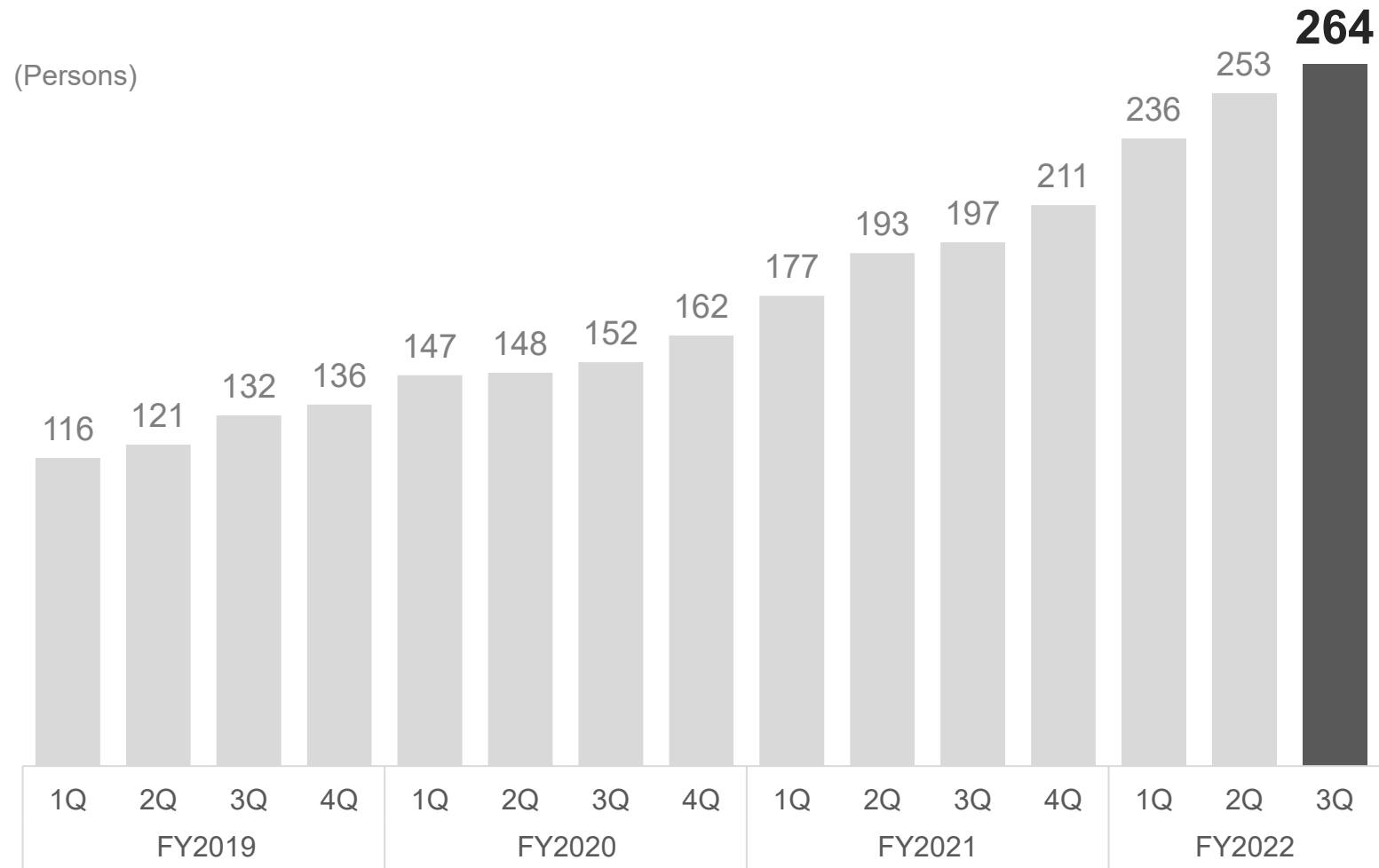
- **SG&A expenses decreased QoQ due to significant decline in promotional expenses**
- **Due to realization of unparalleled brand awareness and resulting suppression of brand recognition-related marketing measures,** promotional expenses decreased significantly QoQ
- Though brand recognition-related marketing measures are projected to continue decreasing in Q4 FY2022, promotional measures such as coupons are still expected



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

Headcount increased by 67 persons YoY (+34.0% YoY)

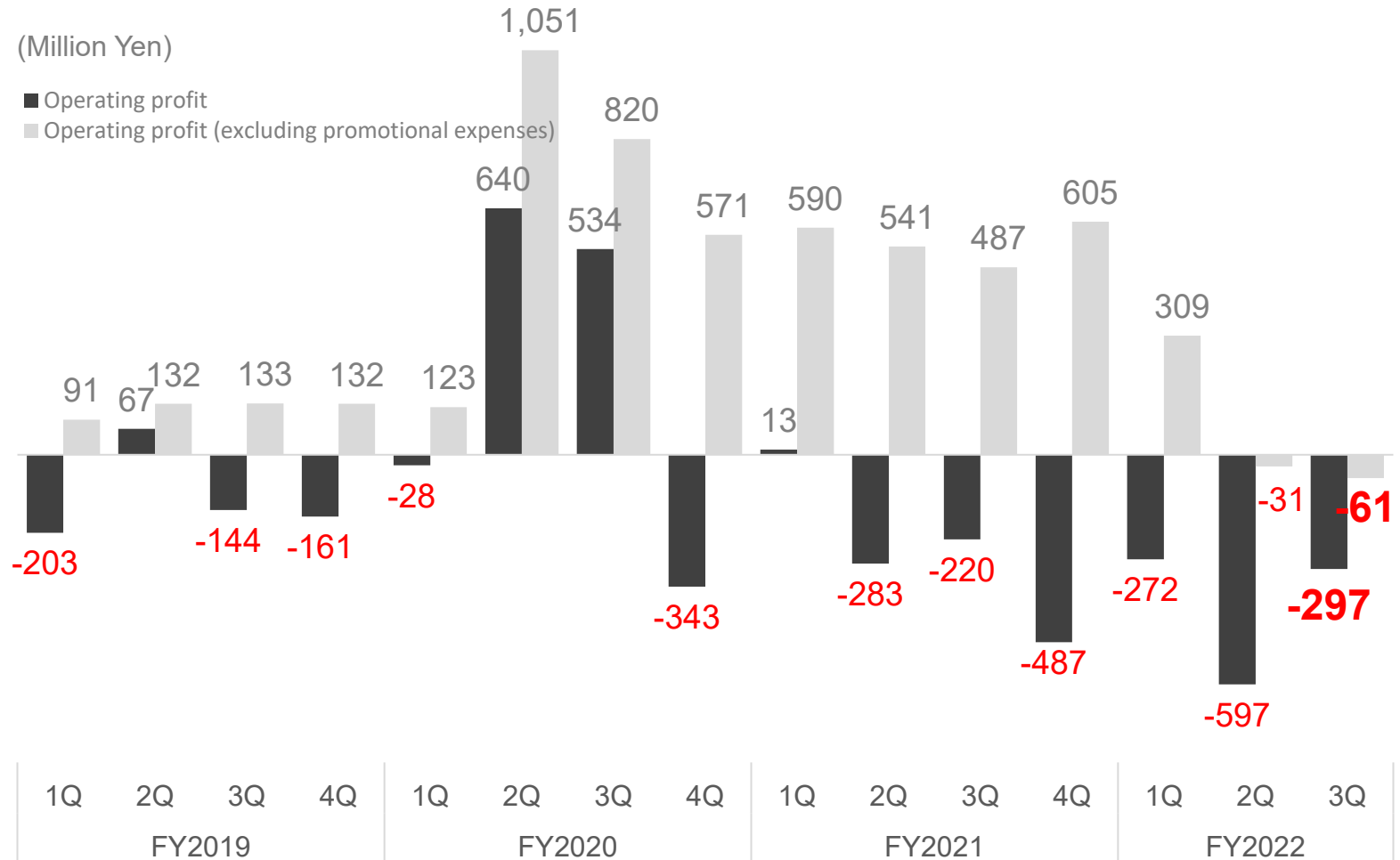
Strengthened product development and sales & marketing organizations



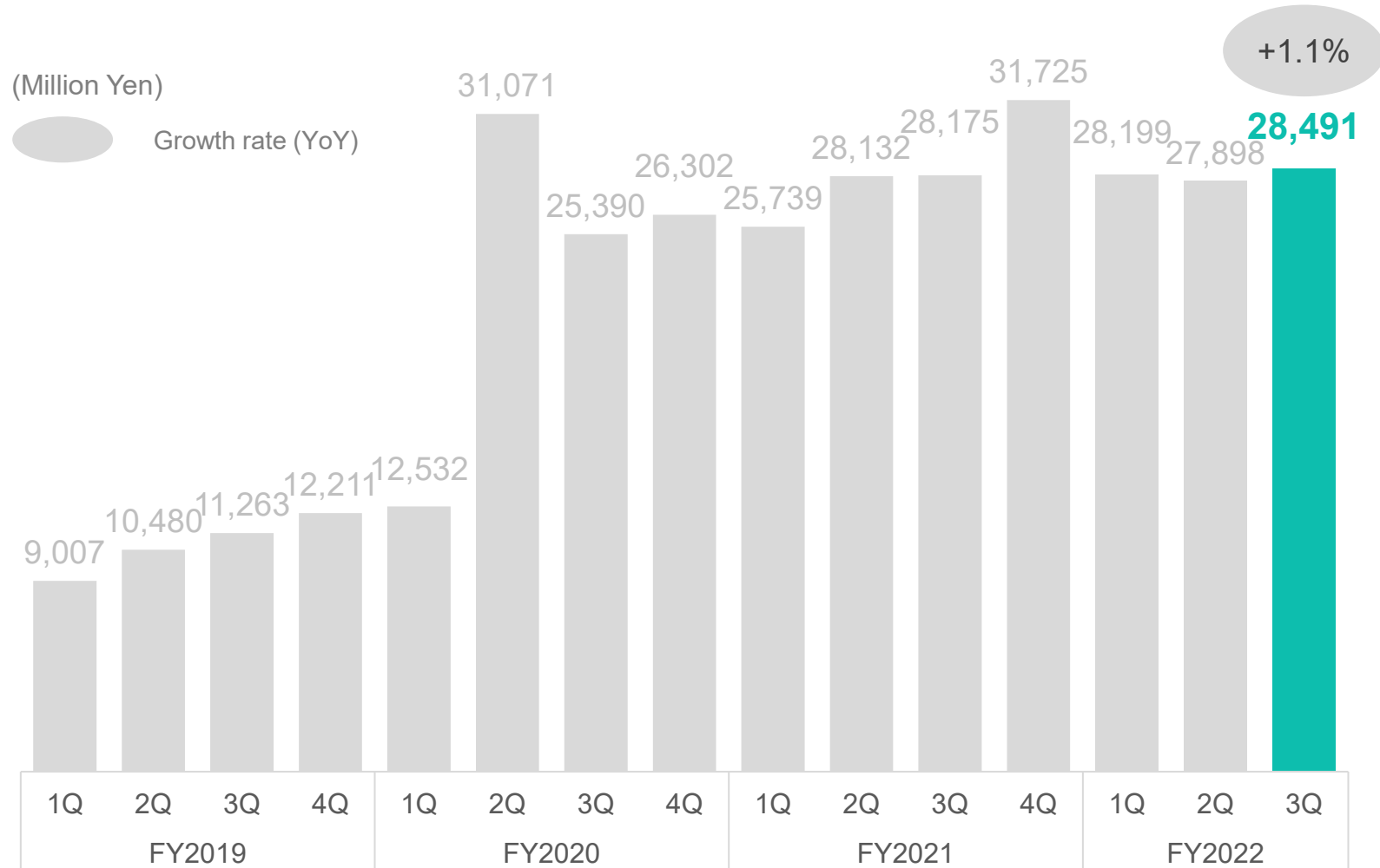
(Note) The number of employees is the number of regular employees and contract employees and does not include the number of Directors and temporary employees. However, the number of employees includes the number of persons seconded to subsidiaries as Directors

Though the BASE Business's lowered take rate from the increased GMV mix of the Monthly-Fee Plan led to a drop in gross profit margin, **operating loss contracted QoQ due to a decrease in SG&A expenses**

As projected at the beginning of the fiscal year, operating profit and operating profit (excluding promotional expenses) to both turn negative in FY2022



Due to the declining trends in online consumption associated with reopening recently coming to a halt, as well as **the Monthly-Fee Plan release leading to a reduction in opportunity losses due to shops with large sales no longer churning over to a certain competitor**, GMV was largely flat YoY and QoQ

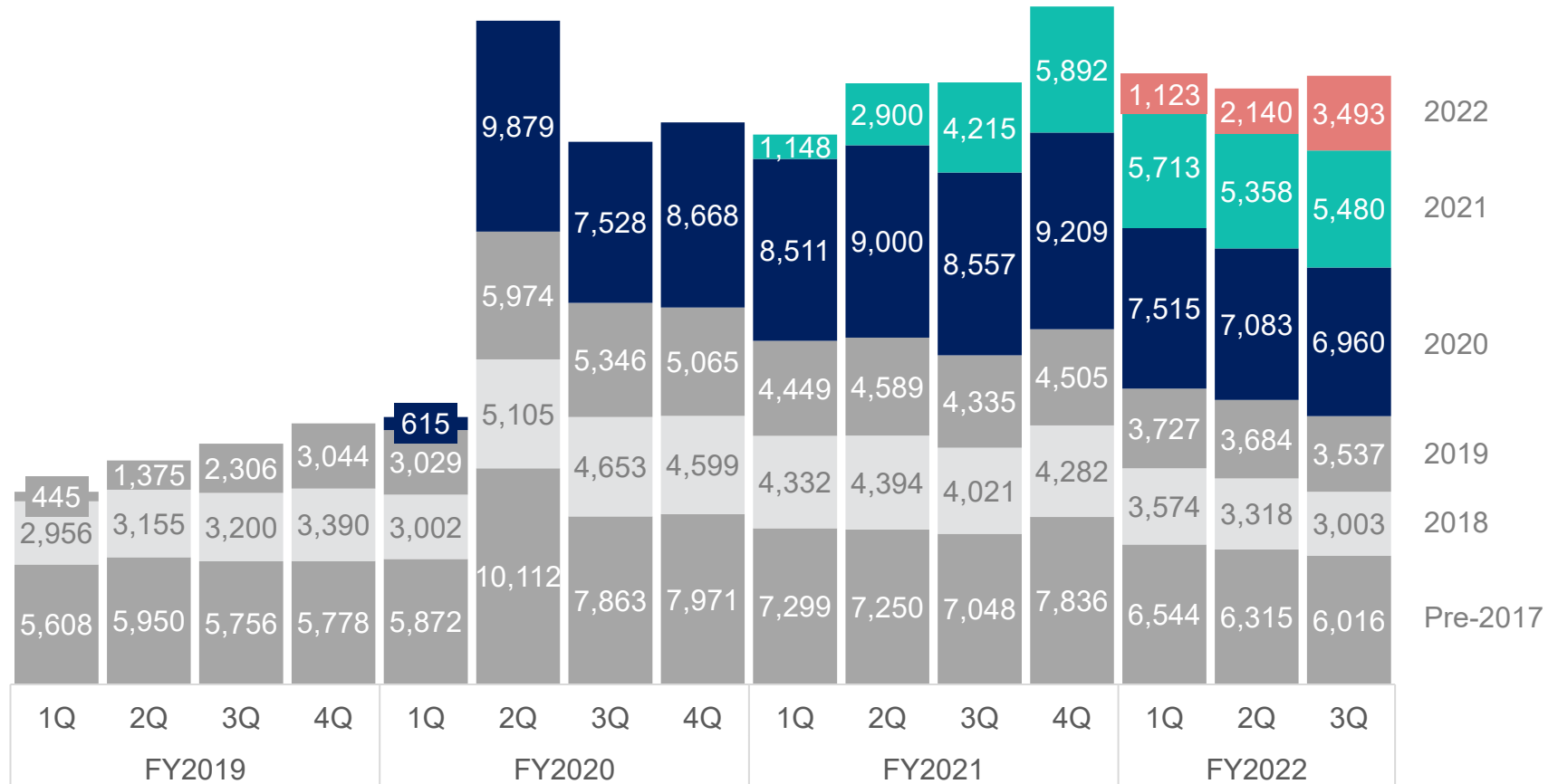


(Note) GMV is based on the order date (order amount)

GMV was largely flat QoQ due to the accumulation of new shop GMV, as well as a slowdown in the declining trend of existing shop GMV

GMV Trend (By Year of Establishment)

(Million Yen) ■ Pre-2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022

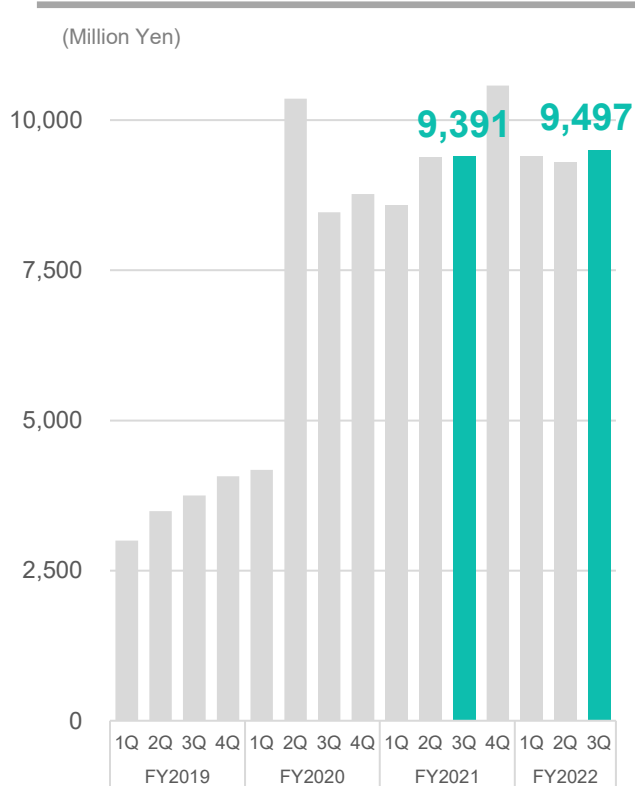


(Note) GMV is based on the order date (order amount)

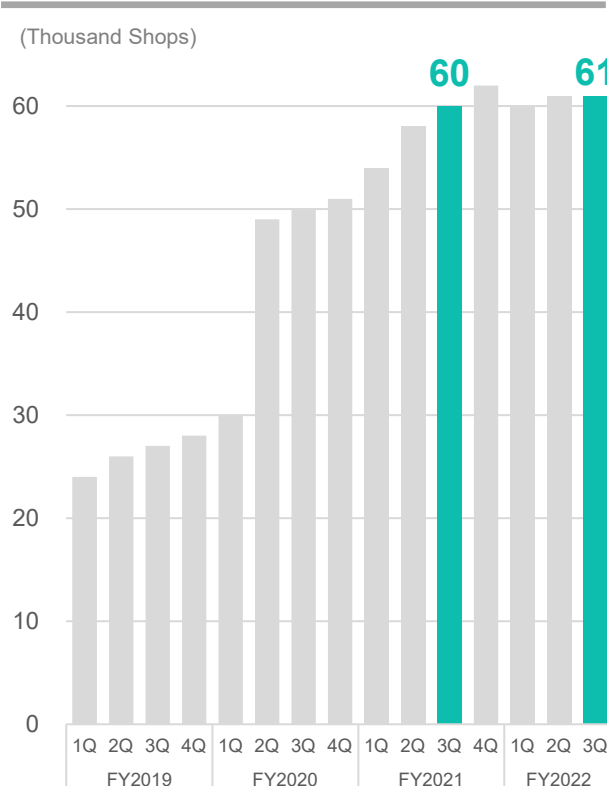
Though **usage by existing shops increased**, the number of monthly active shops was largely flat YoY and was limited to a YoY increase of 1,000 shops due to cooled demand for online shop creation

Average monthly GMV per shop decreased YoY but **was largely flat QoQ** due to the **declining trends in online consumption associated with reopening recently coming to a halt**

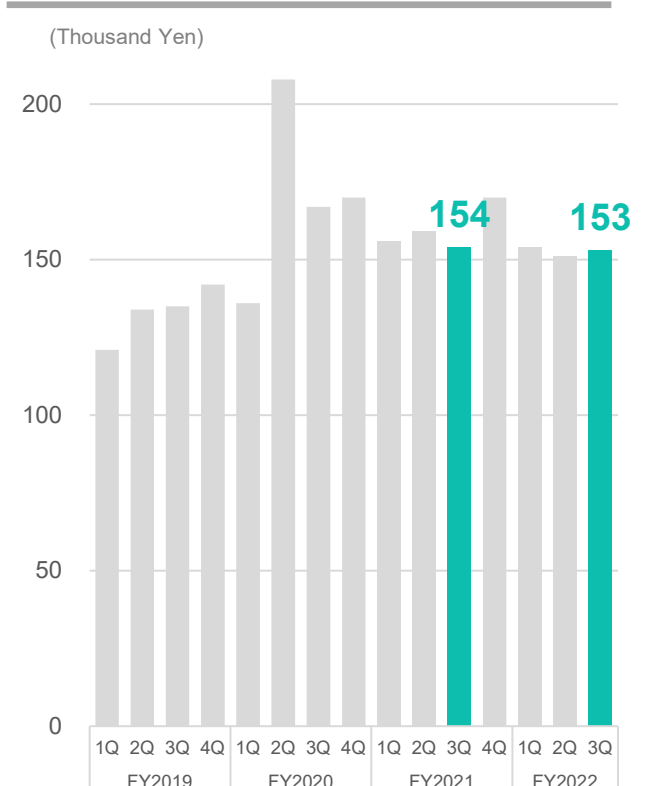
Monthly GMV^(Note1,2)



Number of Monthly Active Shops^(Note2)



Average Monthly GMV Per Shop



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

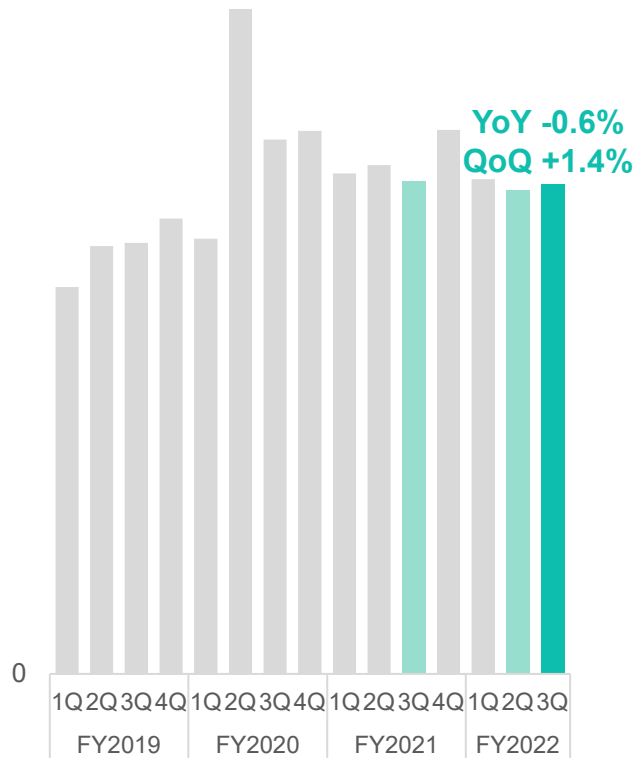
(Note2) Monthly GMV and the number of monthly active shops are the quarterly averages

Purchase price per person increased YoY due to an increase in the number of high-value purchasers

The average number of purchasers per shop declined YoY but was largely flat QoQ due to the declining trends in online consumption associated with reopening recently coming to a halt

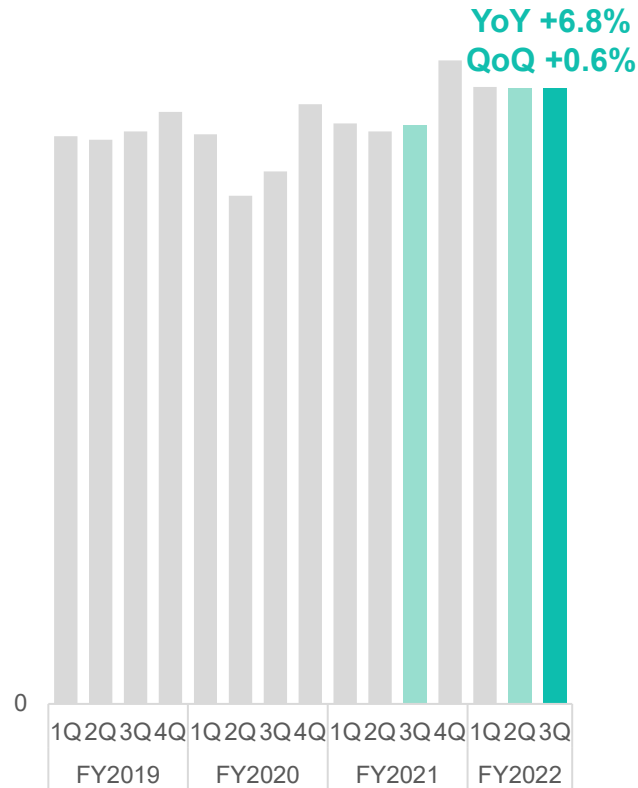
Average Monthly GMV per Shop

(Yen)



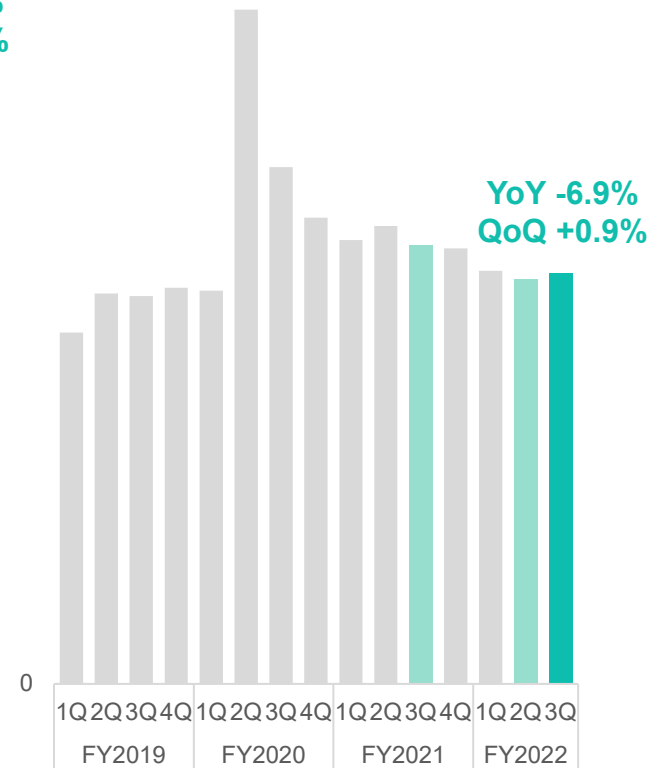
Purchase Price per Person

(Yen)



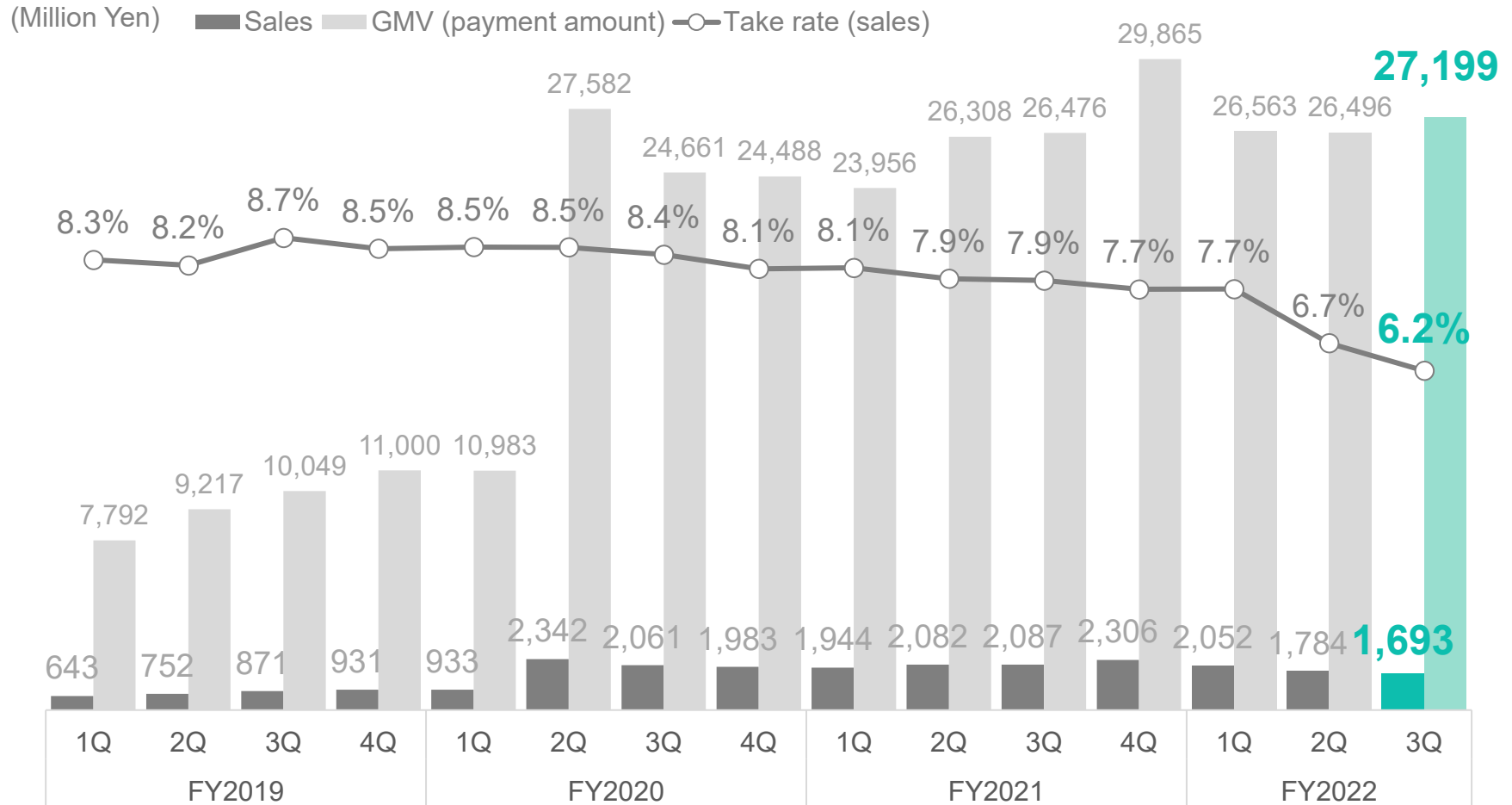
Average Number of Purchasers per Shop

(Persons)



GMV (payment amount) ^(Note1) was largely flat YoY

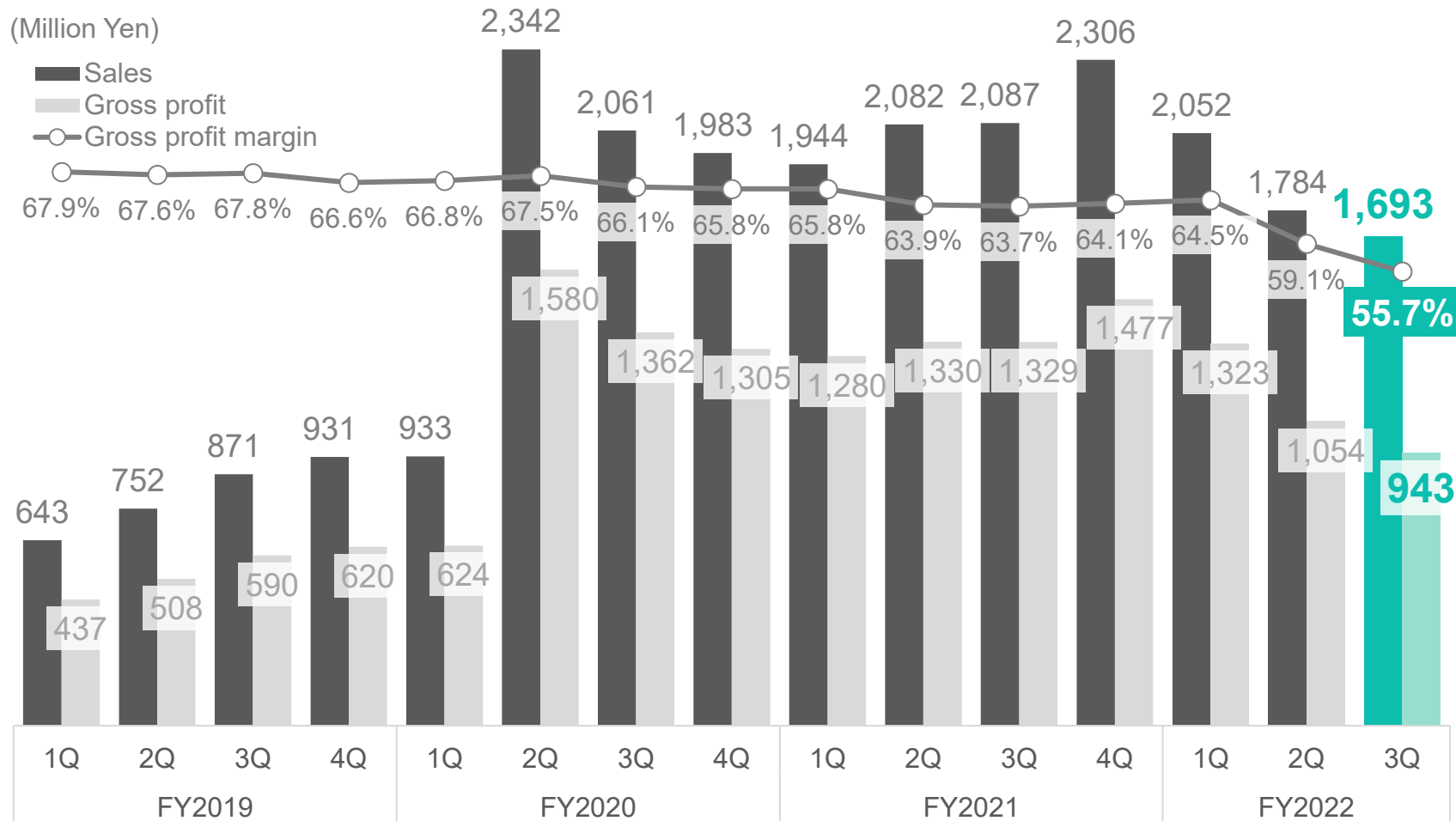
Take rate decreased QoQ due the increased GMV mix of the Monthly-Fee Plan^(Note2) and its strategically reduced fees



(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) Monthly-Fee Plan is comprised of a 2.9% payment processing commission and 5,980 yen per month service commission. The Conventional Plan is comprised of a 3.6% + 40 yen payment processing commission and 3.0% service commission

Net sales, gross profit and gross profit margin decreased YoY and QoQ due to the lowered take rate resulting from the increased GMV mix of the Monthly-Fee Plan and its strategically reduced fees



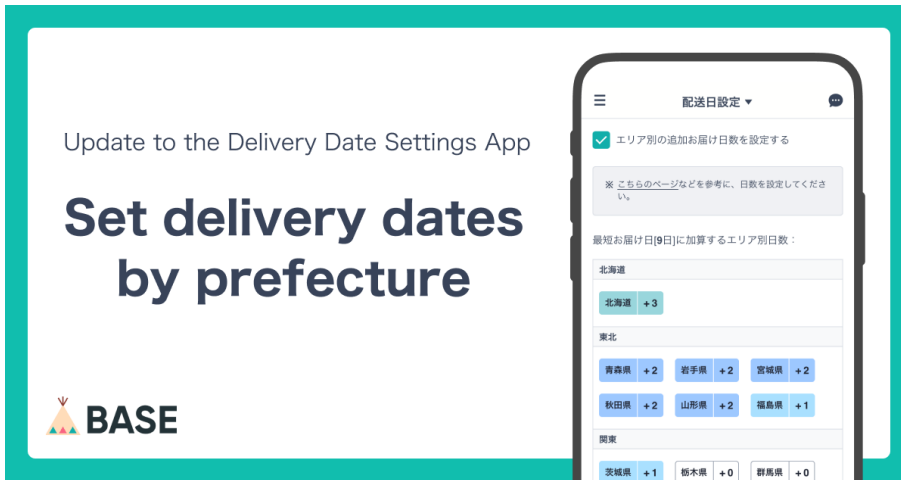
Release of functions enhancing operational efficiency for large shops, including sales promotion and CRM support

Plans to release functions that help develop sustainable relationships between shops and purchasers

Update to the “Delivery Date Settings App”

Update to extended functionality that originally enabled shops to set delivery dates and business holidays. Now allows shop owners to set different delivery dates by prefecture(Note)

Support for operational efficiency related to logistics

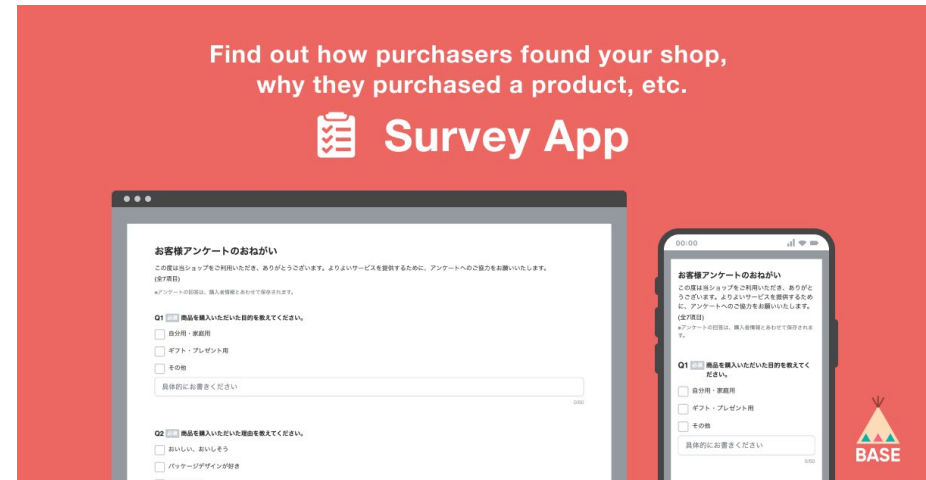


(Note) Pre-update functionality only allowed country-wide settings

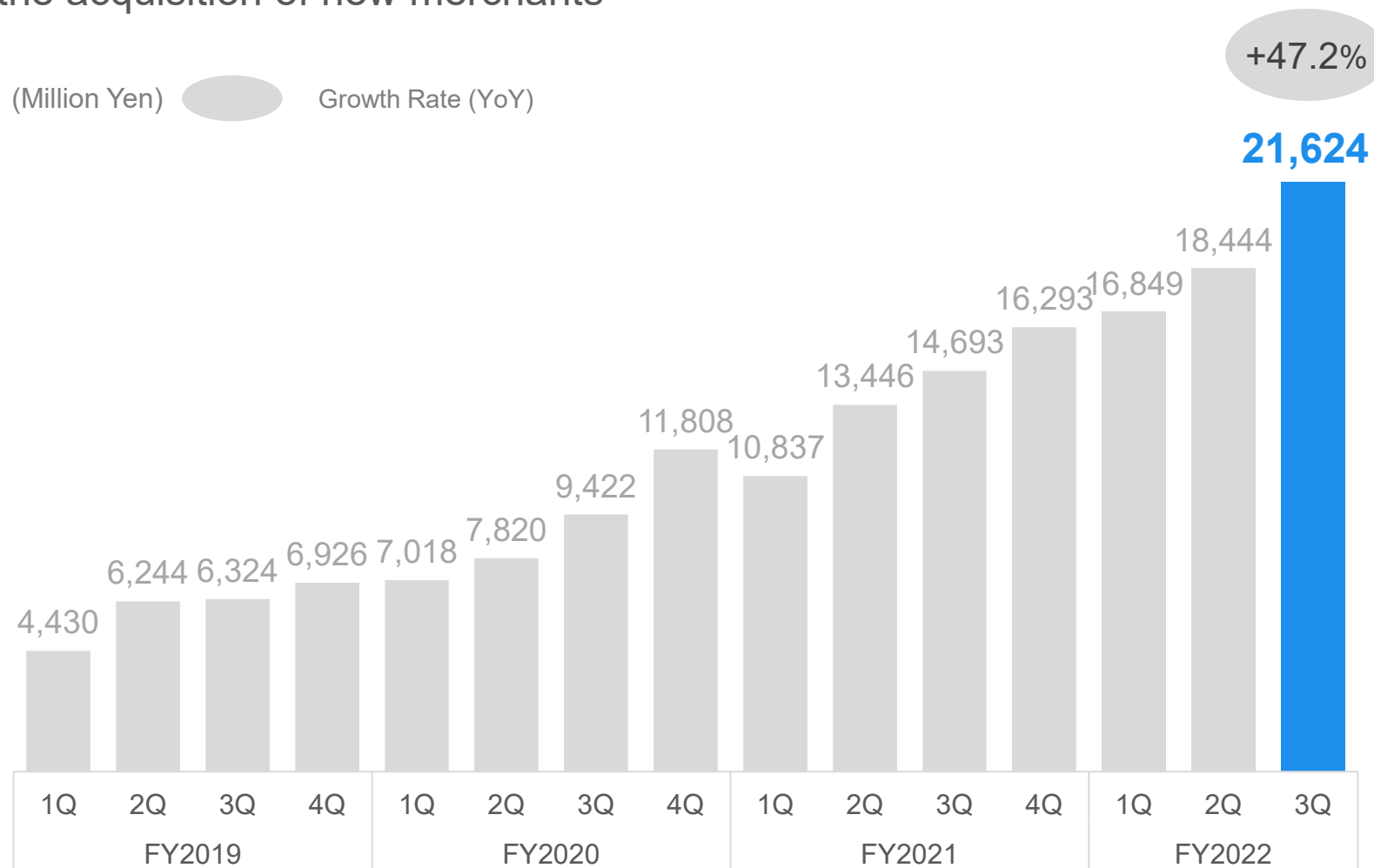
Release of the “Survey App”

Release of extended functionality that allows shops to easily conduct customer surveys

Support for enhanced marketing, product planning, and communication with customers



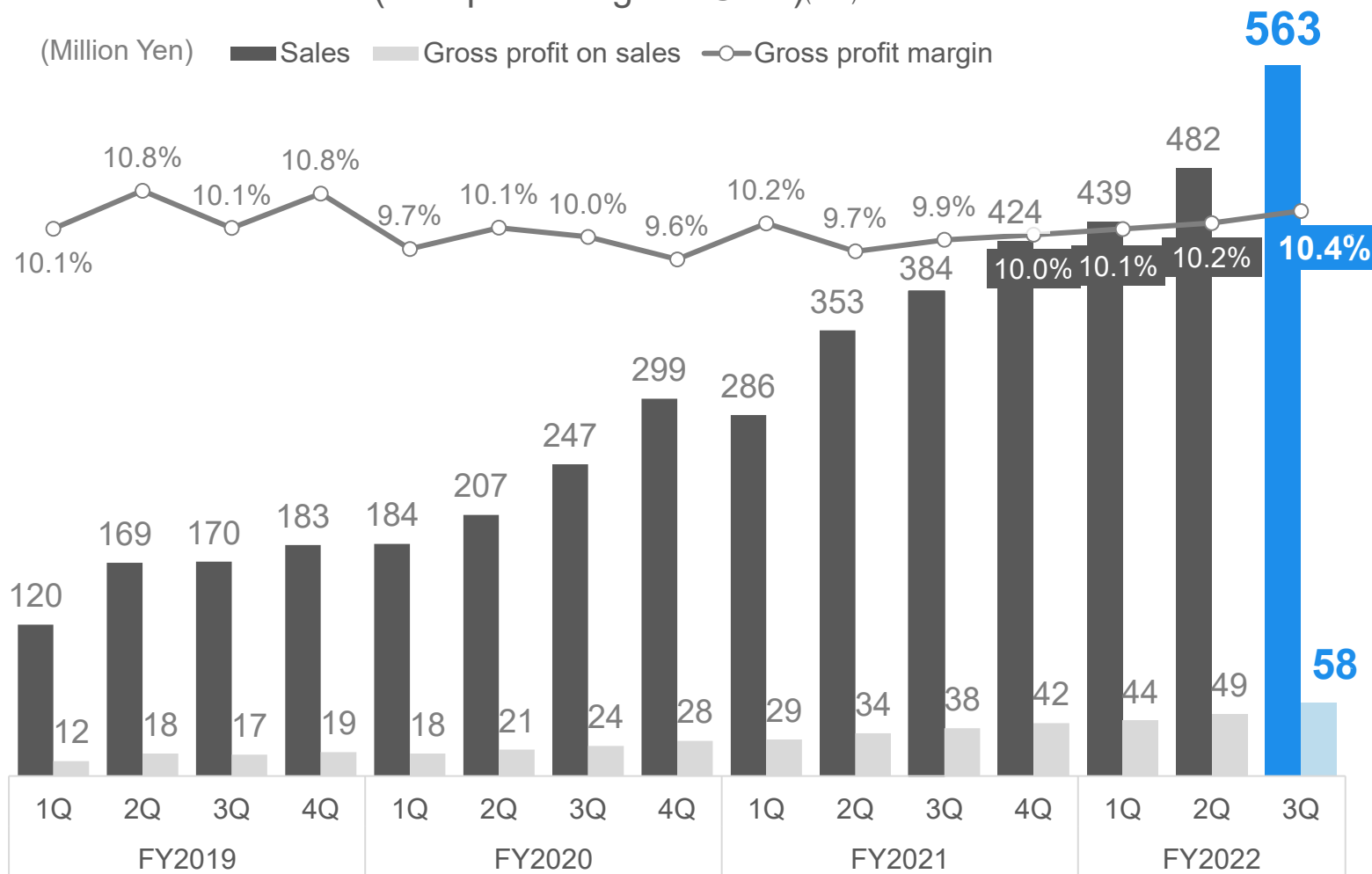
Though figure includes a temporary surge in contribution from select merchants, GMV increased significantly at **+47.2%** YoY due to the continued growth of existing merchants as well as the acquisition of new merchants



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

Net sales increased significantly at **+46.4%** YoY due to GMV growth

Gross profit increased significantly at **+54.3%** YoY due to a hike in gross profit margin resulting from a decrease in cost of sales ratio (as a percentage of GMV)^(Note)



(Note) Cost of sales ratio (as a percentage of GMV) is the percentage of cost of sales over GMV (payment amount). Cost of sales ratio (as a percentage of GMV) differs depending on credit card brand. Cost of sales ratio decreased as a result of the increased mix of credit card brands with low cost of sales ratio (as percentage of GMV)

4. Earnings Forecast for the Fiscal Year Ending December 31, 2022

Due to declining trends in online consumption associated with reopening, as well as the release of the Monthly-Fee Plan and its strategically lowered fee for the BASE Business, consolidated net sales and gross profit are forecasted to decrease YoY while operating loss, ordinary loss, and net loss are projected to expand, generally in line with initial expectations made at the beginning of the fiscal year

Despite the increase in personnel fees associated with the strengthening of product development and sales & marketing organizations, SG&A expenses are forecasted to only increase marginally YoY due to the drop in brand recognition-related promotional expenses

(Million yen)	FY2022 Full-Year Forecast	Same Period Last Year (FY2021)		FY2022 Q1-Q3		FY2022 Q4 Forecast	Same Period Last Year (FY2021 Q4)		Last Quarter (FY2022 Q3)	
		Results	YoY	Results	Progress (Note)		Results	YoY	Results	QoQ
Net Sales	9,130 ~9,490	9,931	-8.1% ~-4.4%	7,099	77.8%	2,030 ~2,390	2,754	-26.3% ~-13.2%	2,292	-11.4% ~+4.3%
Gross Profit	4,400 ~4,570	5,623	-21.8% ~-18.7%	3,536	80.4%	863 ~1,033	1,543	-44.1% ~-33.1%	1,030	-16.2% ~+0.3%
SG&A	6,700	6,601	+1.5%	4,704	70.2%	1,995	2,030	-1.7%	1,327	+50.3%
Operating Profit	-2,300 ~-2,130	-977	-	-1,167	-	-1,132 ~-962	-487	-	-297	-
Ordinary Profit	-2,290 ~-2,120	-960	-	-1,153	-	-1,136 ~-966	-465	-	-294	-
Net Income Attributable to Owners of Parent	-2,369 ~-2,199	-1,194	-	-1,216	-	-1,152 ~-982	-726	-	-295	-

(Note) Rate of progress towards FY2022 full-year forecast (minimum figure)

GMV is forecasted to remain flat YoY, largely due to online consumption decelerating more than initially expected as a result of reopening

Net sales and gross profit are forecasted to decline YoY due to the strategically lowered take rate implemented through the Monthly-Fee Plan (released on April 18)

(Million yen)	FY2022 Full-Year Forecast	Same Period Last Year (FY2021)		FY2022 Q1-Q3		FY2022 Q4 Forecast	Same Period Last Year (FY2021 Q4)		Last Quarter (FY2022 Q3)	
		Results	YoY	Results	Progress (Note2)		Results	YoY	Results	QoQ
GMV (Order Amount)	113,000 ~115,000	113,773	-0.7% ~+1.1%	84,589	74.9%	28,410 ~30,410	31,725	-10.4% ~-4.1%	28,491	-0.3% ~+6.7%
GMV (Payment Amount)	105,000 ~108,000	106,607	-1.5% ~+1.3%	80,259	76.4%	24,740 ~27,740	29,865	-17.2% ~-7.1%	27,199	-9.0% ~+2.0%
Net Sales	7,000 ~7,250	8,420	-16.9% ~-13.9%	5,530	79.0%	1,469 ~1,719	2,306	-36.3% ~-25.4%	1,693	-13.2% ~+1.5%
Take Rate(Note3)	6.7%	7.9%	-	6.9%	-	5.9% ~6.2%	7.7%	-	6.2%	-
Gross Profit	4,100 ~4,250	5,417	-24.3% ~-21.6%	3,322	81.0%	778 ~928	1,477	-47.3% ~-37.2%	943	-17.6% ~-1.7%
% of GMV (Payment Amount)	3.9%	5.1%	-	4.1%	-	3.1% ~3.3%	4.9%	-	3.5%	-
Gross Profit Margin	58.6%	64.3%	-	60.1%	-	52.9% ~54.0%	64.1%	-	55.7%	-

(Note1) Figures differ from those disclosed in "Notice Concerning Full-Year Earnings Forecast (Consolidated and Non-Consolidated)" since BASE Business forecasts exclude Other Business

(Note2) Rate of progress towards FY2022 full-year forecast (minimum figure)

(Note3) Take rate is the ratio of net sales over GMV (payment amount)

GMV is forecasted to increase significantly YoY due to the continued growth of existing merchants as well as an increase in the number of new merchants

Net sales and gross profit are forecasted to increase YoY due to GMV growth

(Million yen)	FY2022 Full-Year Forecast	Same Period Last Year (FY2021)		FY2022 Q1-Q3		FY2022 Q4 Forecast	Same Period Last Year (FY2021 Q4)		Last Quarter (FY2022 Q3)	
		Results	YoY	Results	Progress (Note)		Results	YoY	Results	QoQ
GMV	77,000 ~80,000	55,271	+39.3% ~+44.7%	56,917	74.0%	20,082 ~23,082	16,293	+23.3% ~+41.7%	21,624	-7.1% ~+6.7%
Net Sales	2,000 ~2,100	1,448	+38.0% ~+45.0%	1,485	74.3%	514 ~614	424	+21.2% ~+44.7%	563	-8.7% ~+9.0%
Take Rate	2.6%	2.6%	-	2.6%	-	2.6%	2.6%	-	2.6%	-
Gross Profit	200 ~210	144	+38.8% ~+45.7%	152	76.3%	47 ~57	42	+11.5% ~+35.1%	58	-19.5% ~-2.5%
% of GMV (Payment Amount)	0.3%	0.3%	-	0.3%	-	0.2%	0.3%	-	0.3%	-
Gross Profit Margin	10.0%	9.9%	-	10.3%	-	9.2% ~9.3%	10.0%	-	10.4%	-

(Note1) Rate of progress towards FY2022 full-year forecast (minimum figure)

(Note2) Take rate is the ratio of net sales over GMV (payment amount)

Q4 FY2022 Earnings Forecast (Supplementary Information)

Variable Factors

Consolidated	Operating Profit or Loss	<ul style="list-style-type: none"> ✓ Since SG&A forecast includes a buffer for marketing and recruiting expenses for services other than “BASE,” operating profit/loss may land near maximum forecast if said buffer is unused
BASE Business	GMV	<ul style="list-style-type: none"> ✓ Effect of reopening on online consumption ✓ Effect of sales promotions (e.g., coupons), as well as seasonality such as the year-end shopping season
	Gross Profit	<ul style="list-style-type: none"> ✓ Fluctuation of take rate and gross profit margin resulting from changes in GMV mix of different pricing plans ✓ Fluctuation of gross profit margin due to changes in GMV mix of payment methods with differing cost of sales ratios
PAY Business	GMV	<ul style="list-style-type: none"> ✓ Merchants and their sales promotions leading to (1) the fall-off of temporary Q3 increases as well as (2) additional increases in Q4 ✓ Sale of COVID-19-related goods and services
	Gross Profit	<ul style="list-style-type: none"> ✓ Fluctuation of take rate and gross profit margin resulting from changes in GMV mix of different pricing plans ✓ Fluctuation of gross profit margin resulting from changes in GMV mix of credit card brands with differing cost of sales ratios

(Note) Cost of sales ratio is the percentage of cost of sales over GMV

5. Reference Materials


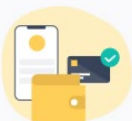

5-1. Historical Growth of BASE Group

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

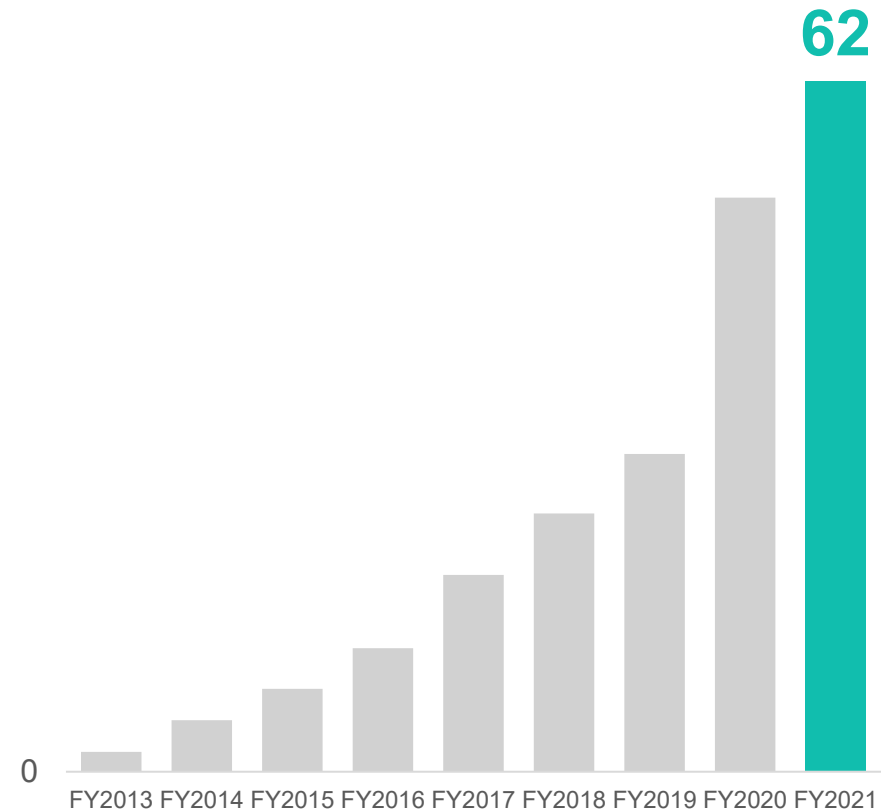
Risk-free Opportunities for All Users

- ✓ 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

<p>POINT 1</p>  <p>No Initial or Monthly Costs</p>	<p>POINT 2</p>  <p>BASE Easy Payment</p>	<p>POINT 3</p>  <p>Easy To Use Functions</p>
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Large Number of Active Shops^(Note2)

(Thousand Shops)



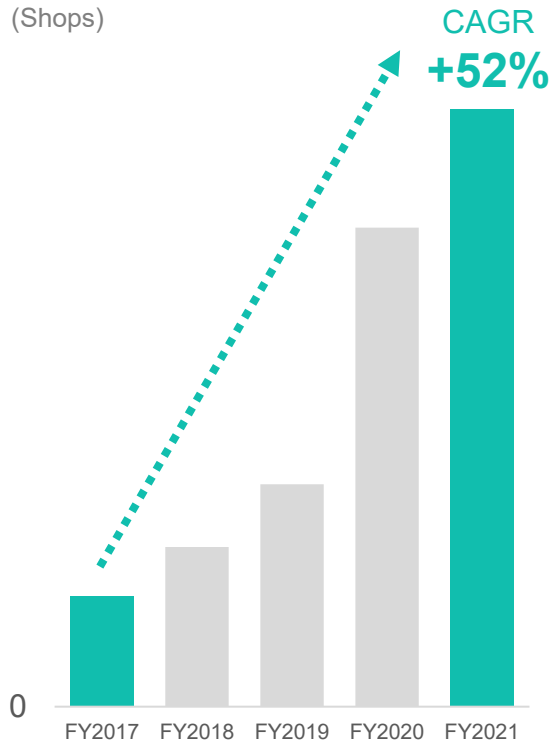
(Note1) 3.6% + 40 Yen payment processing fees and 3% service fee on the amount of products sold

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

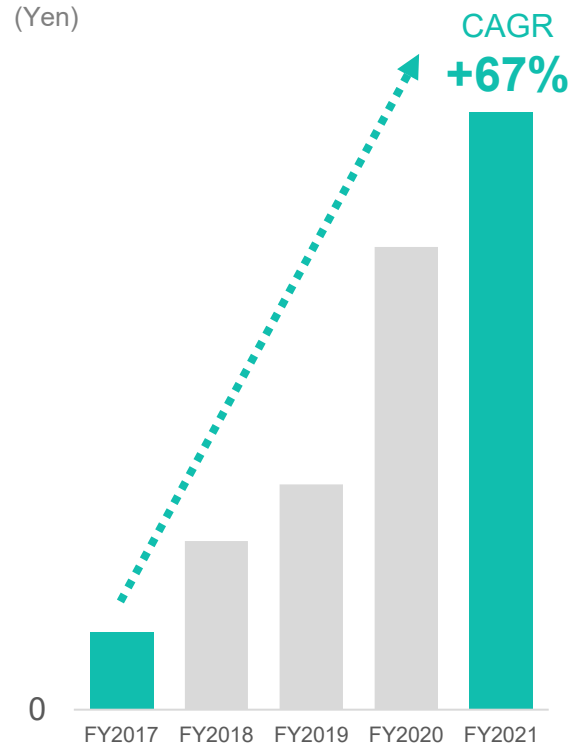
Increasing capacity to support shops, as a service used by shops with large sales
 Becoming a platform with many individuals and small teams with continuous growth

Growth in Large-Scale Shops^(Note1)

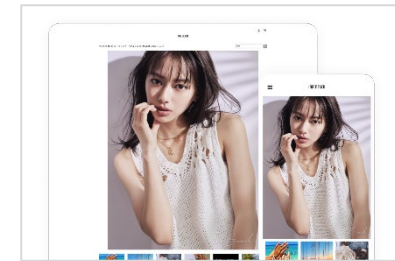
Number of Large-Scale Shops^(Note2)



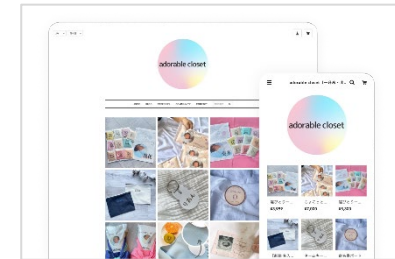
Monthly Average GMV Per Shop of the Top 3 Shops



Examples of Large-Scale Shops



IRIE BEACH



adorable closet



Senbei Brothers

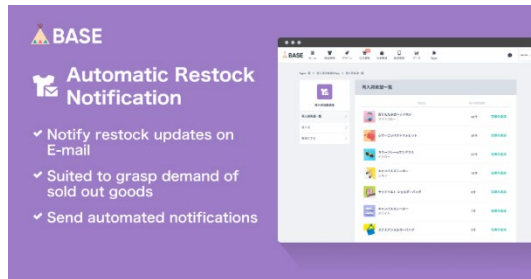
(Note1) Large-scale shops refer to shops with more than 1 million yen sales per month

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

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

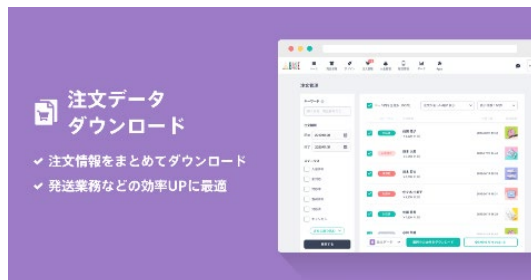
Operational Efficiency

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

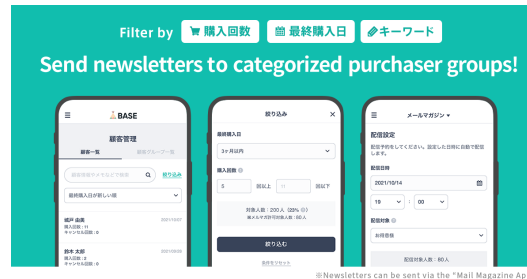


注文データダウンロード

- ✓ 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

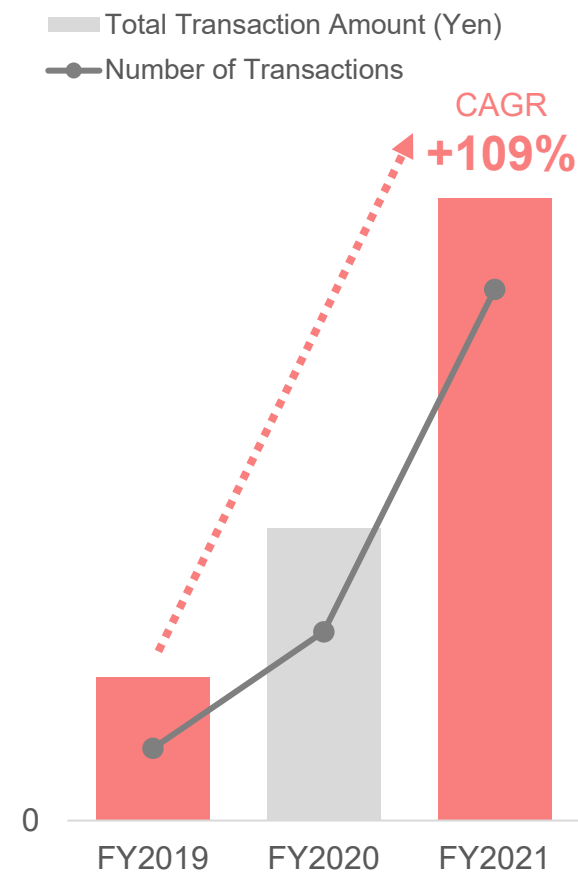
Express Bank Transfers

- ✓ 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 “YELL BANK”

YELLの先には vol.7

一瞬で入金される
体験が圧倒的

La crien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

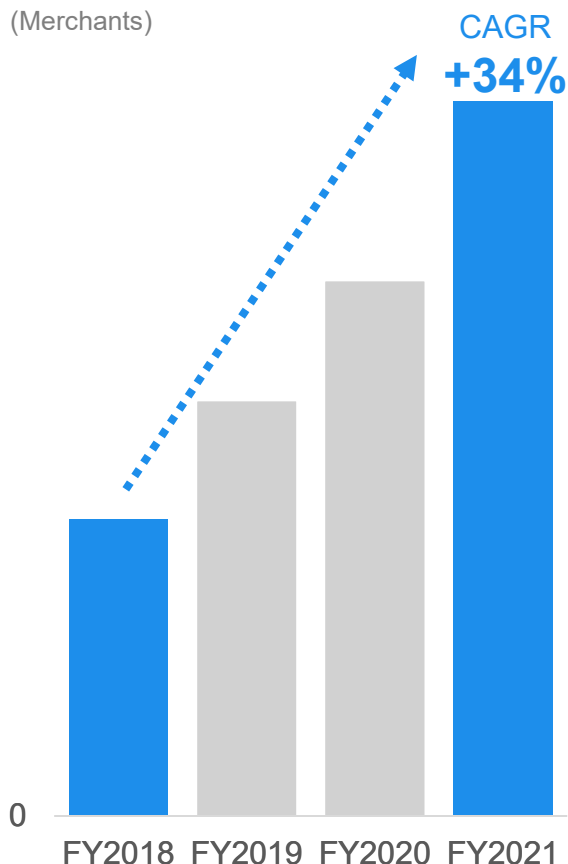
HACOMIDORIが実現する
お金の上手な付き合い方



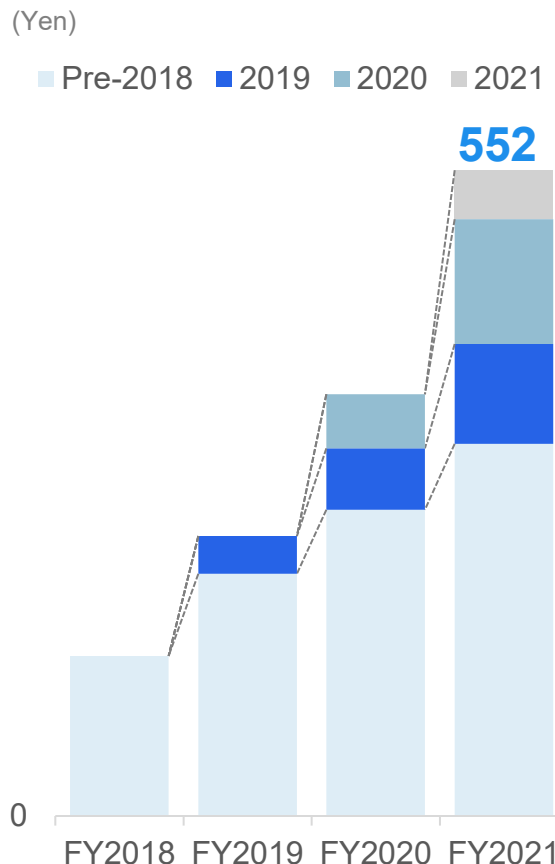
Solving issues for ventures and start ups in introducing online payment

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”



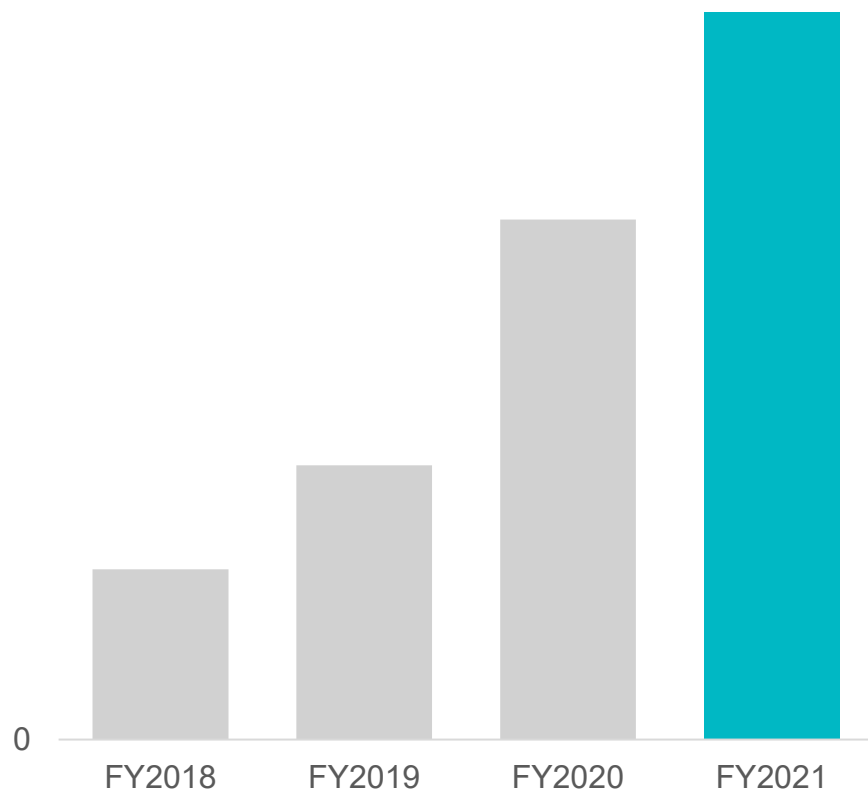
The only storefront type online shop creation service providing service to purchasers

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

Growth in Registered Users of “Pay ID”

(Persons)

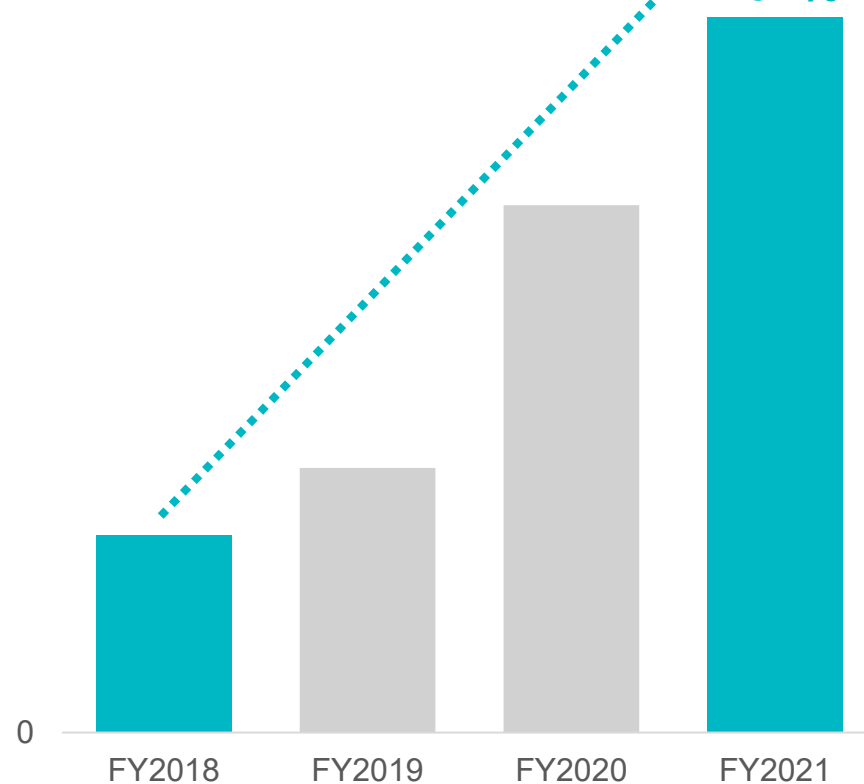
7.7 Million (Note2)



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”

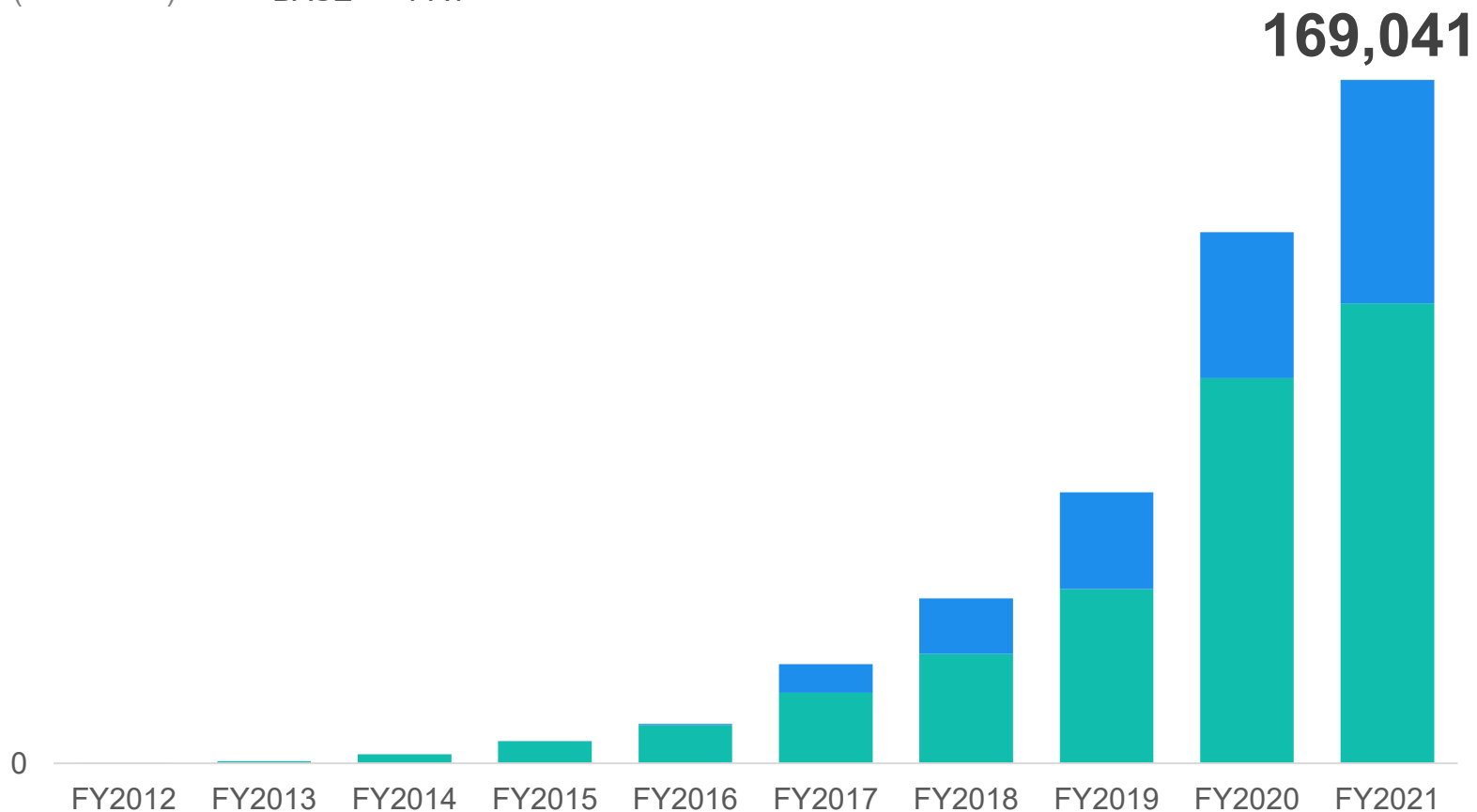
(Note2) Number of registered users of “Pay ID” exceeded 8.0 million as of February 2022

Significant growth as a platform for the creation of new markets

Consolidated Yearly GMV^(Note)

(Million Yen)

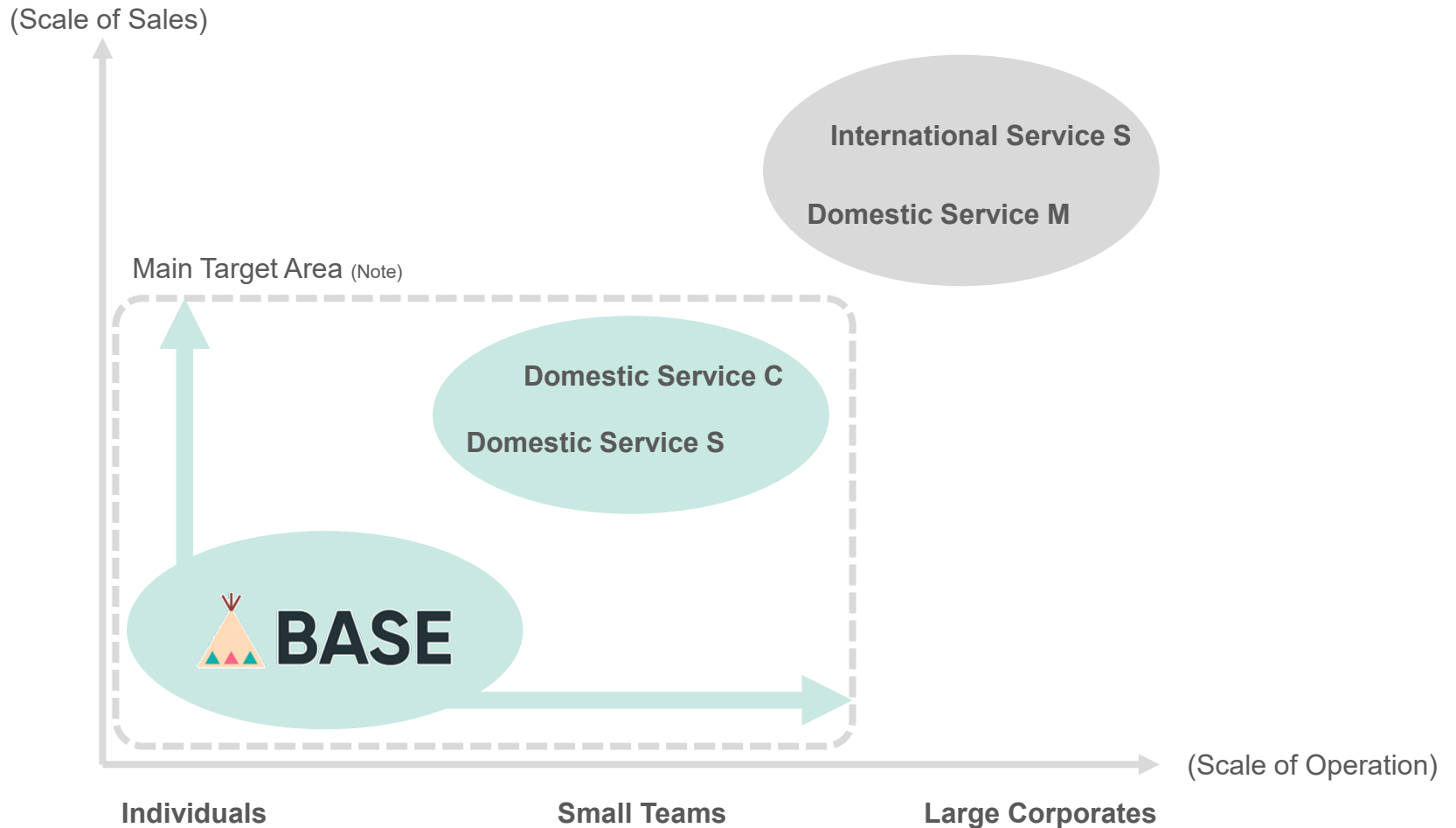
■ BASE ■ PAY



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

5-2. Future Growth of BASE Group

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

Commencement of the “Monthly-Fee Plan” since April 18th , in addition to the conventional “No Monthly Cost 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 (tax incl.)
Payment Processing Commission	3.6%+40Yen ^(Note3)	2.9% ^(Note3)

(Note1) Conventional “No Monthly Cost Plan” offered as “Standard Plan”, and New “Monthly-Fee Price Plan” offered as “Growth Plan”

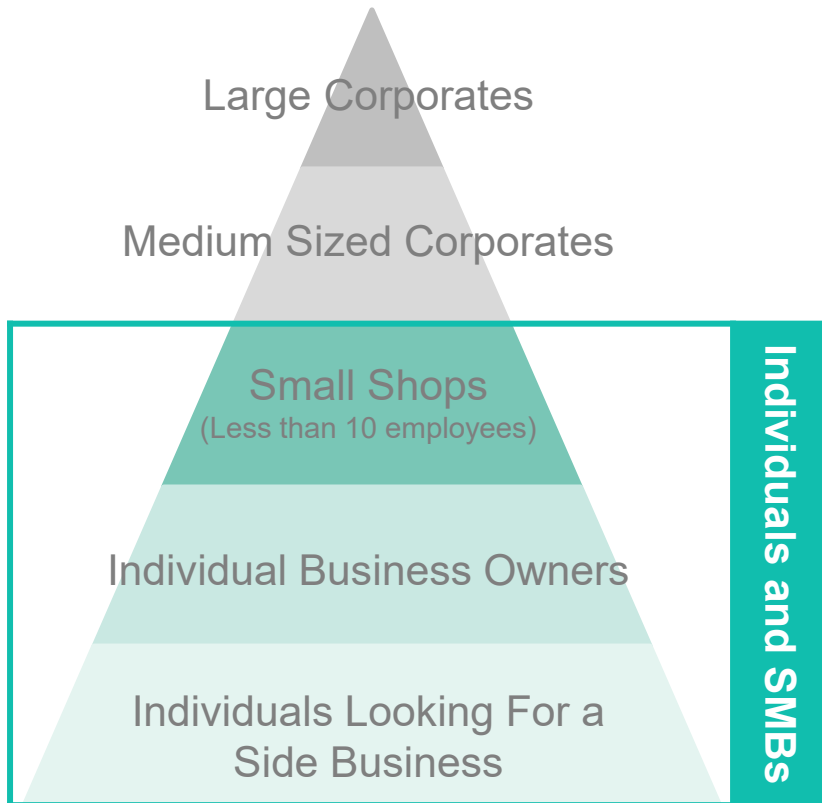
(Note2) Same functions offered for both plans

(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

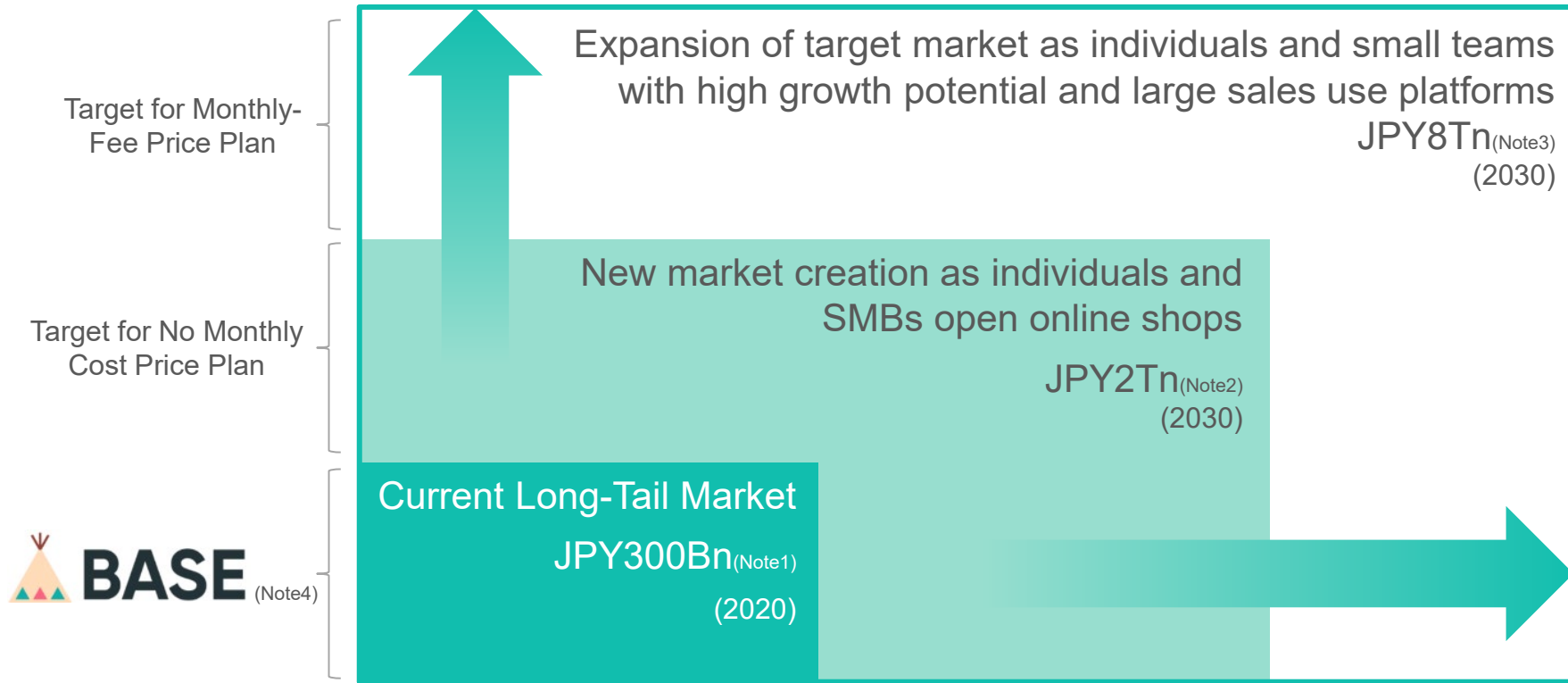
Scale of Target Users



Competitive Landscape

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

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

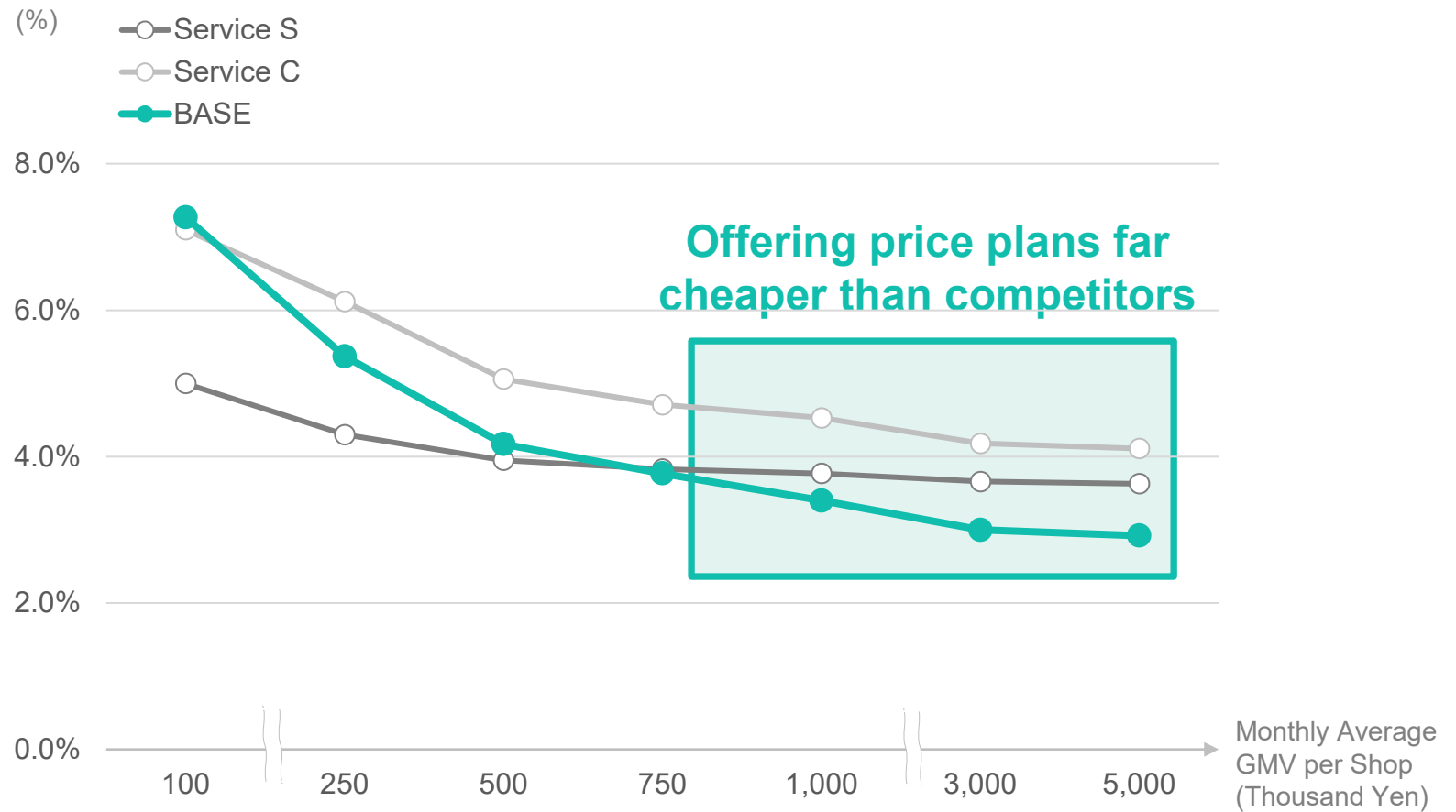
(Note2) Estimate by company based on long-tail market growth of 20% CAGR over 10 years

(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

Enabling to support individuals and small team who can take risks to grow by offering a new price plan far cheaper than competitors

Comparison of Fee Rates (Note)

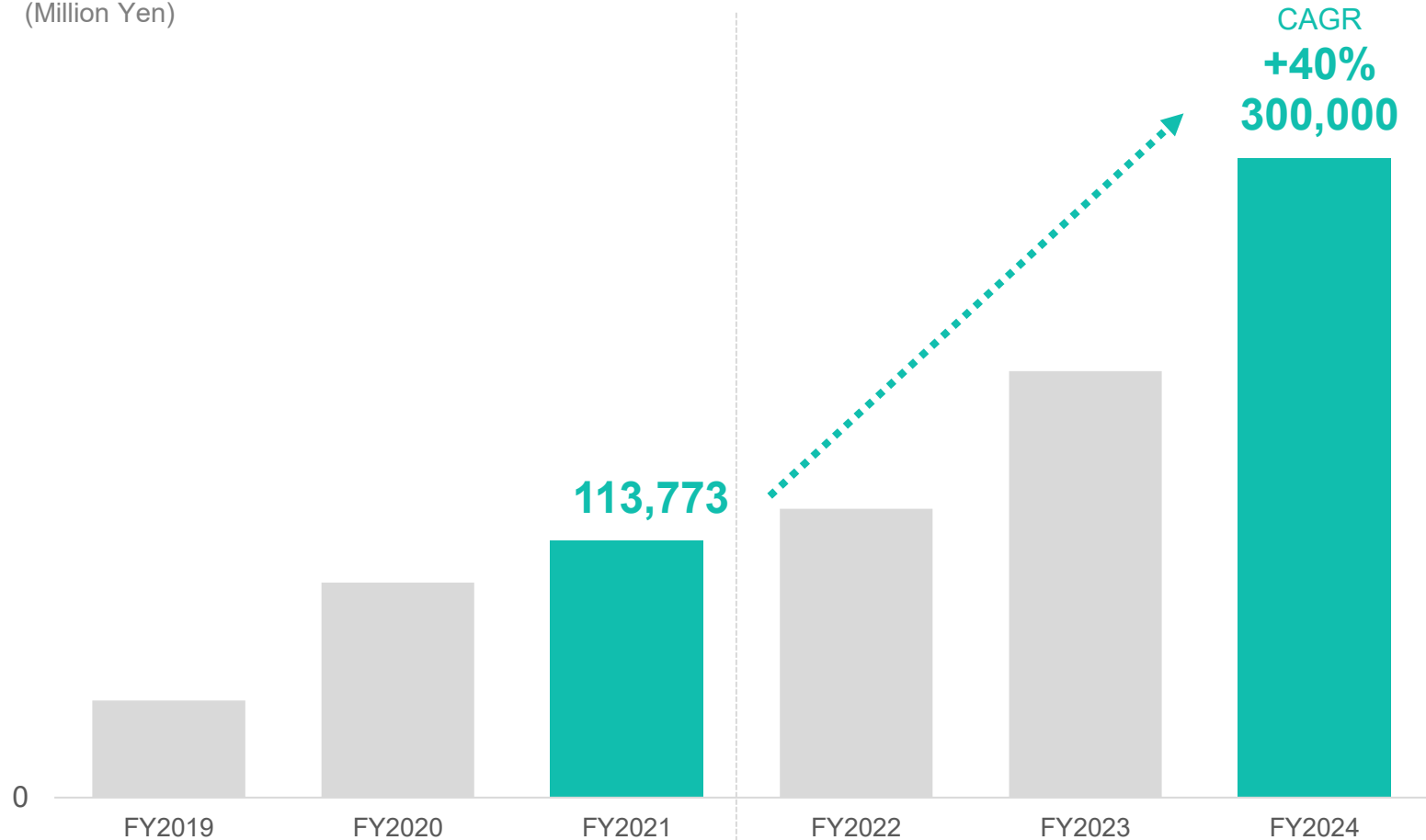


(Note) Comparison based on the lowest fee rate according to the scale of sales among the fee plans offered by each company (calculated by BASE)

Aim to achieve high GMV growth rate(CAGR+40%), and GMV300,000 million yen in 2024

Image of GMV Growth_(Note1,2)

(Million Yen)

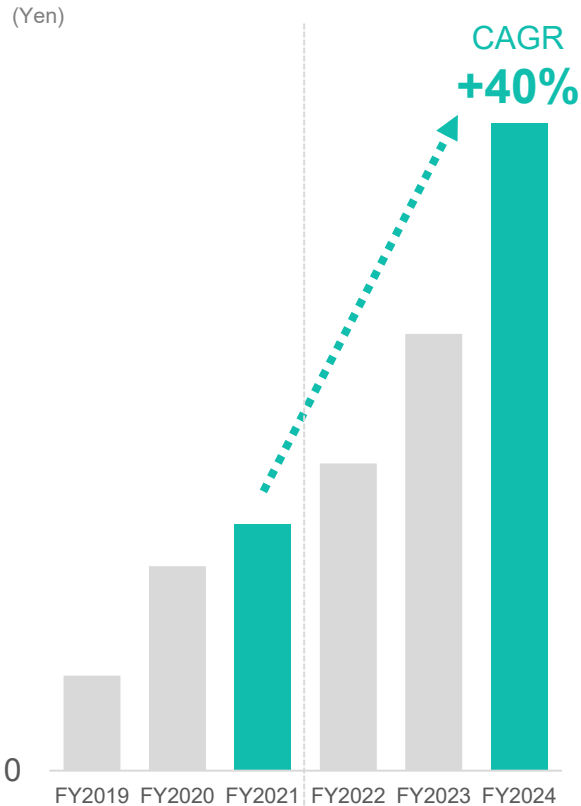


(Note1) Expected figures after 2022

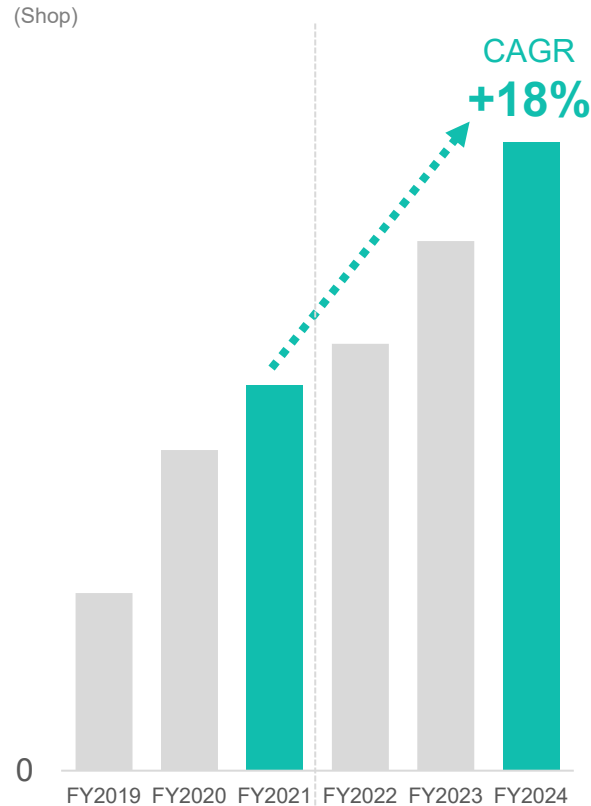
(Note2) GMV is based on order date(order amount)

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

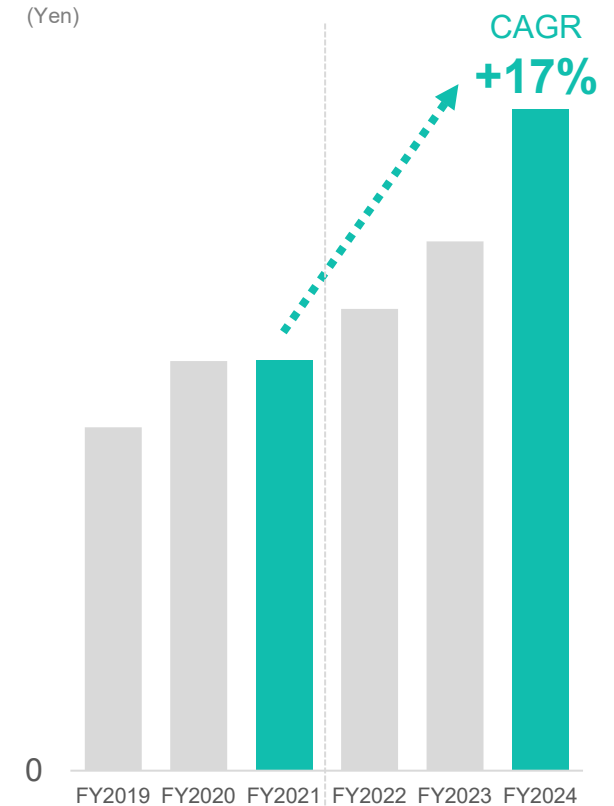
Monthly GMV^(Note1,2,3)



Number of active shops per month^(Note2,3)



Monthly average GMV per shop^(Note3)



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

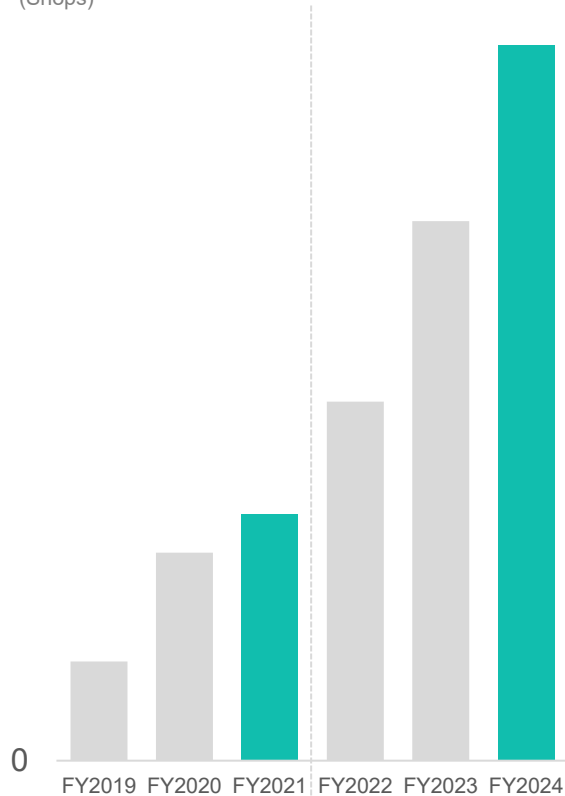
(Note2) Monthly GMV and number of active shops per month are quarterly averages

(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 based 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**

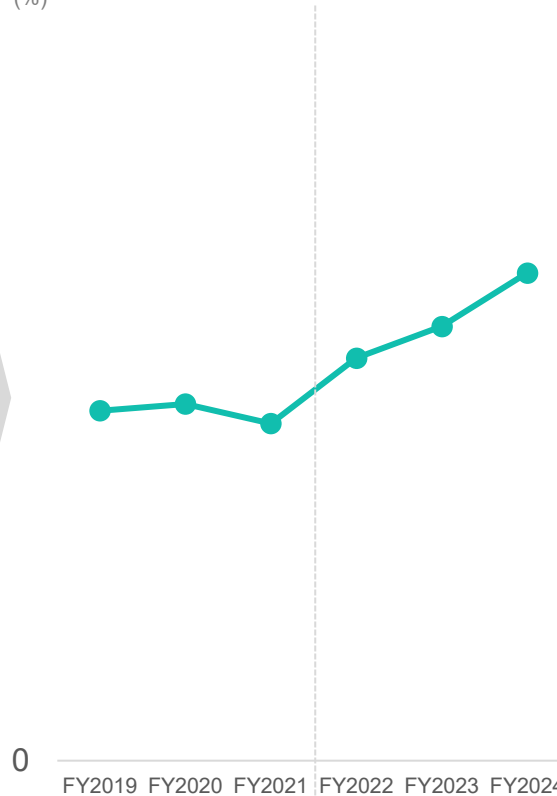
Number of large-scale active shops per month (Note2)

(Shops)



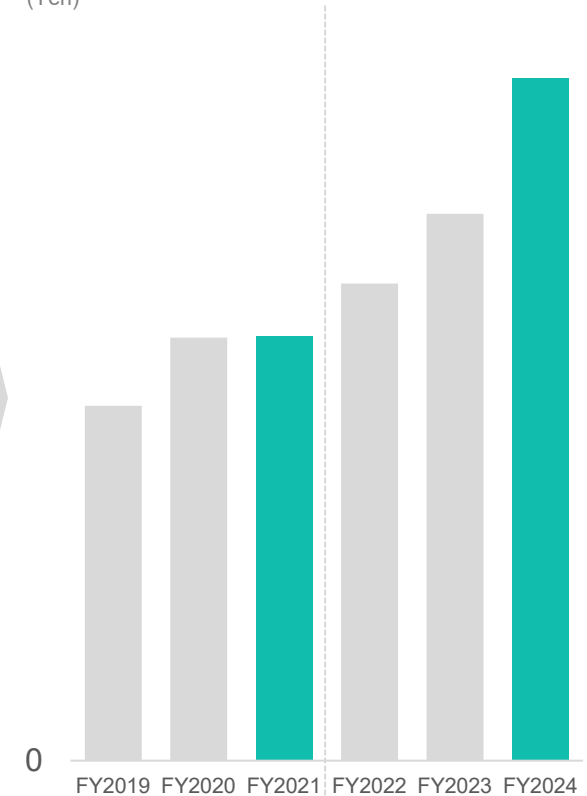
Percentage of large-scale shop GMV (Note2)

(%)



Monthly average GMV per shop(Note2)

(Yen)

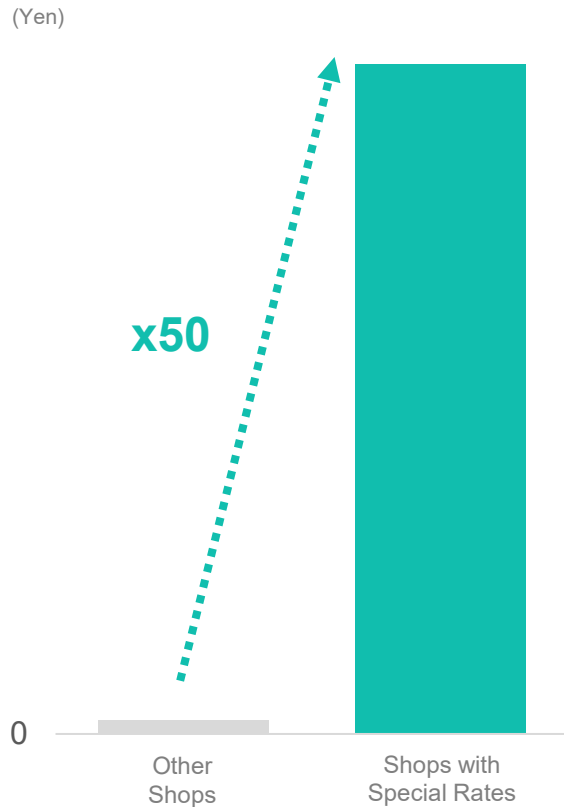


(Note1) Shops which monthly sales exceed 1 million yen
(Note2) Q4 of each fiscal year

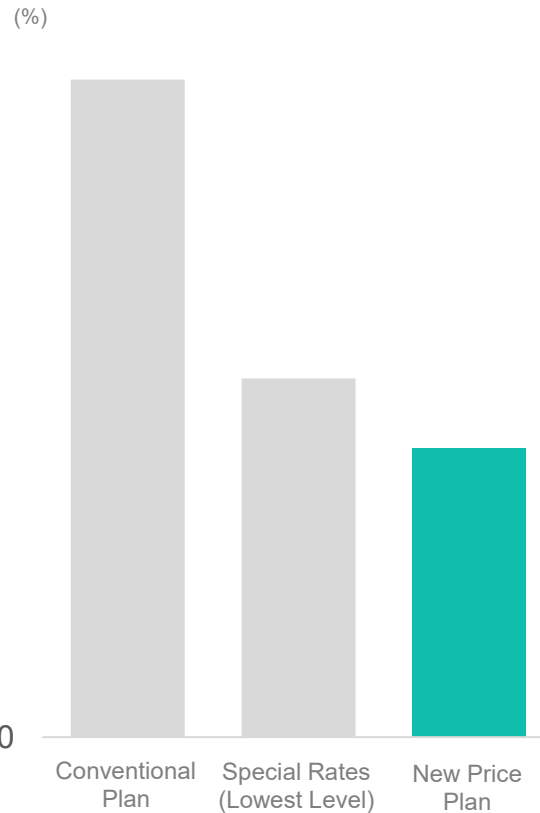
“BASE” has been selected by many large-scale shops, through providing lower fee rates (special rates)

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

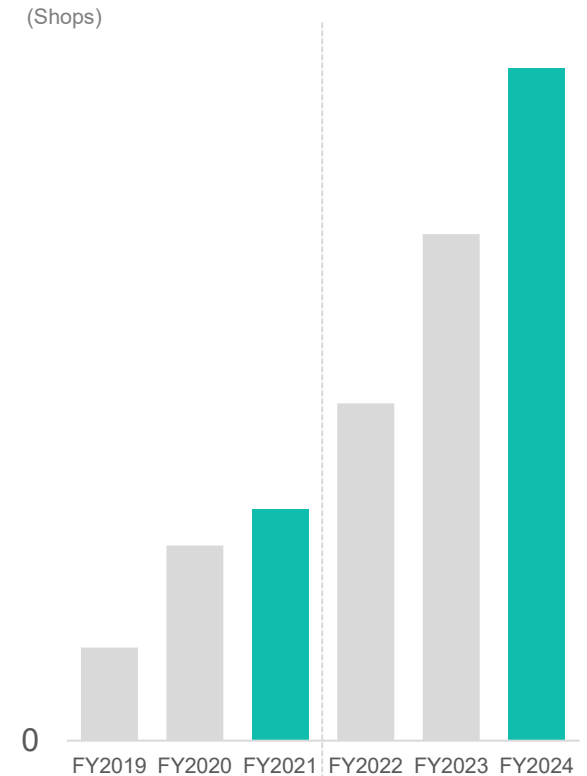
Yearly average GMV of shops which are applied special rates



Fee Rate Comparison



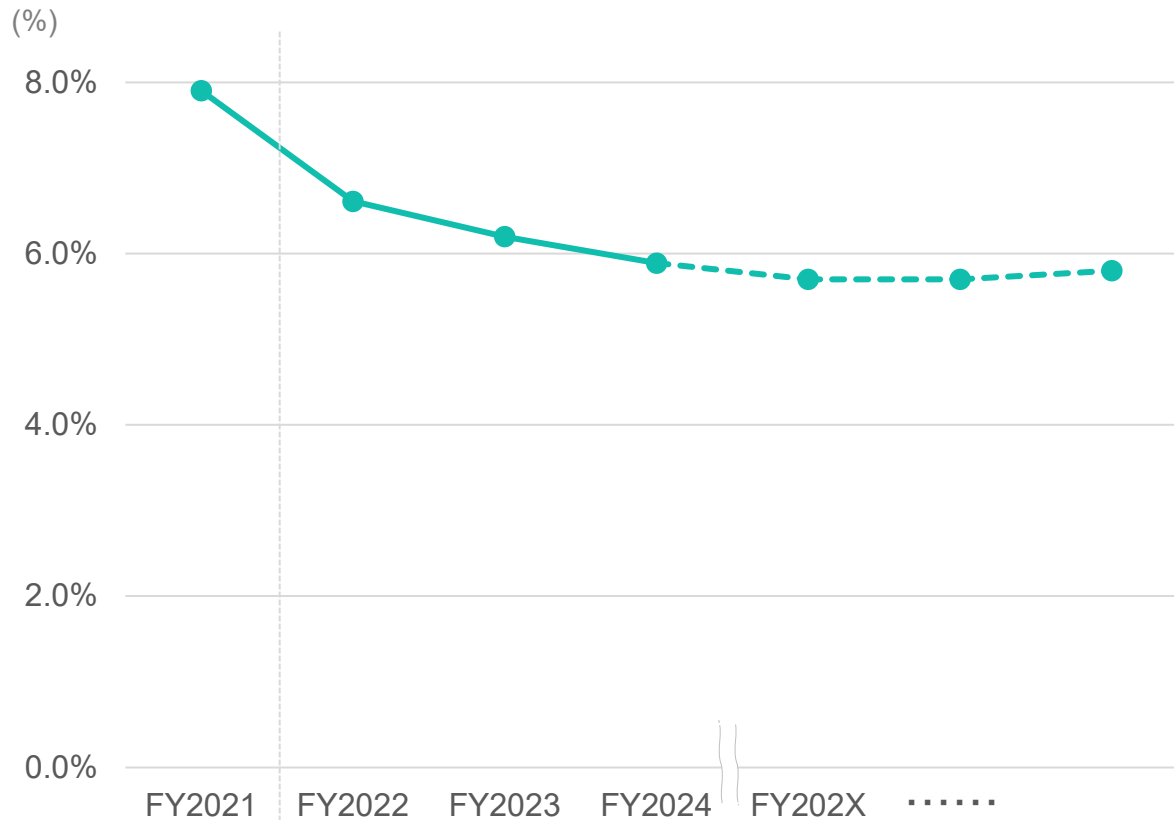
Expected Number of Large-Scale Shops



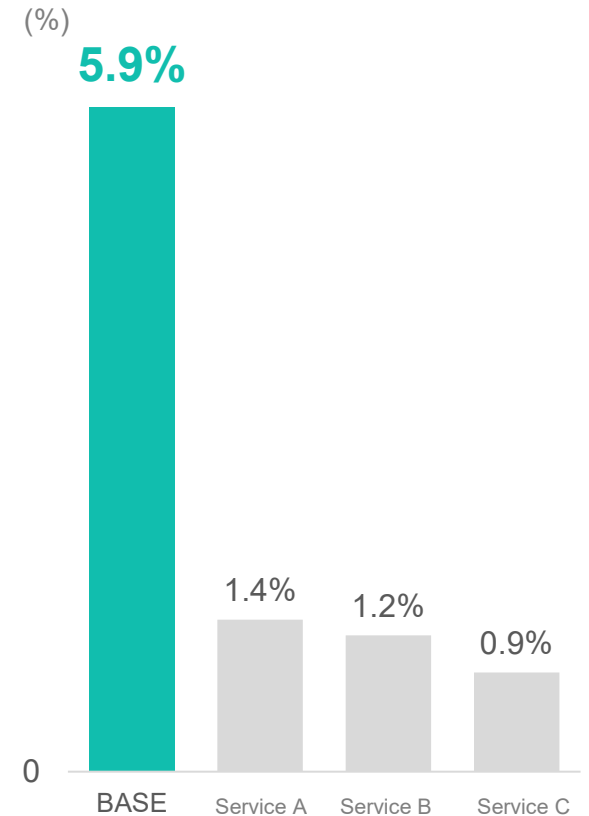
Maintaining high levels of take rate despite offering the lowest fee among competitors, by continuing to focus on long-tail markets

Providing additional pay-as-you-go functions to expect increases in take rate

Image of Future Take Rate



Take Rate Comparison^(Note)



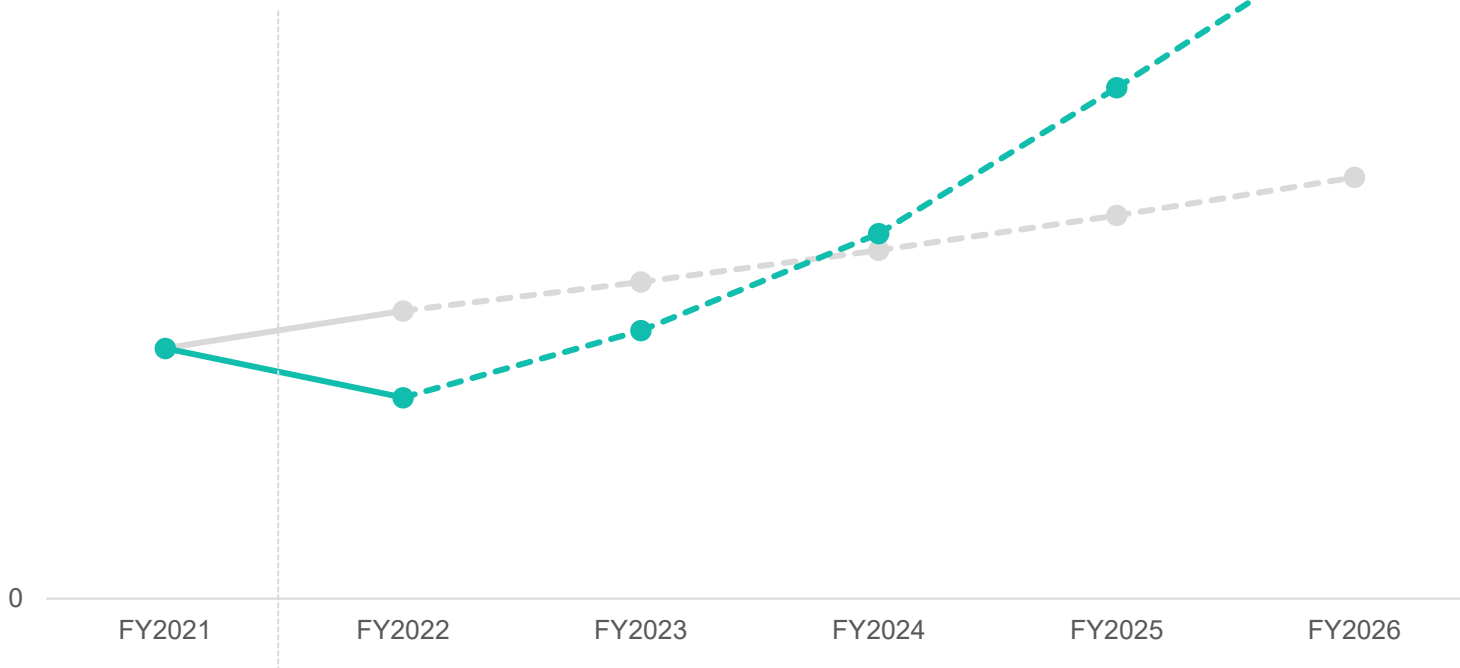
(Note) BASE's take rate is estimated for FY2024. Competitor take rates calculated from publicly disclosed material by BASE

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

Expected Gross Profit

(Yen)

- Conventional Plan Only (Original Strategy)
- Both Plans Offered (New Strategy)



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



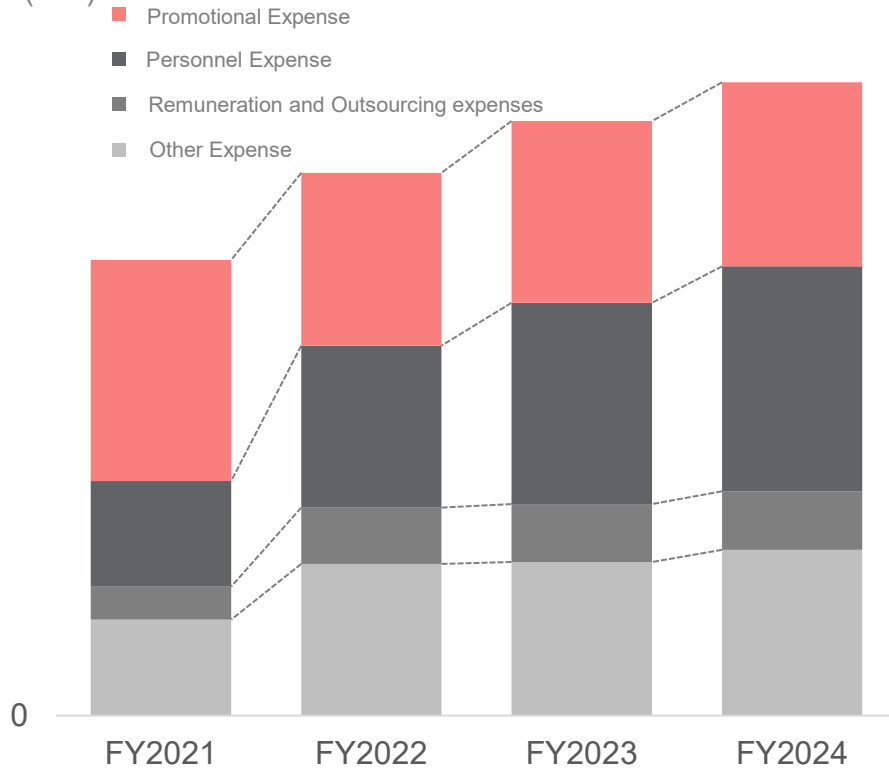
Up to 25 billion yen(Note1) **of forward-looking investments will be made over the next 3 years to maximize gross profit**

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 15.1billion in net assets as of December 31, 2021

Expected SG&A^(Note2)

(Yen)

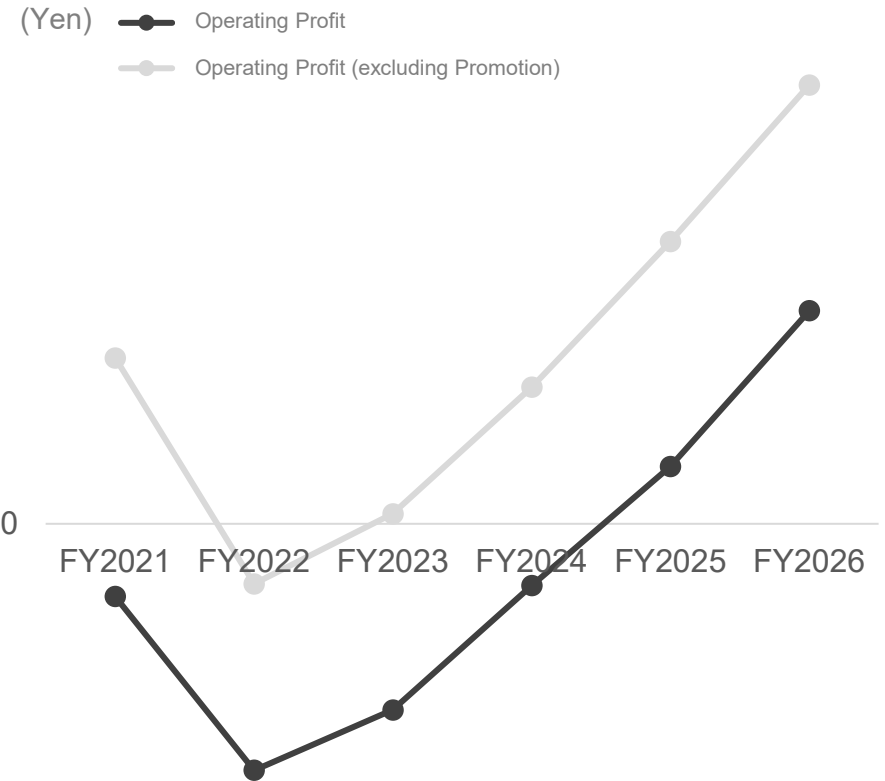


(Note1) Total amount of SG&A expected for the next 3 years

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

Expected Operating Profit

(Yen)



5-3. Others



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)

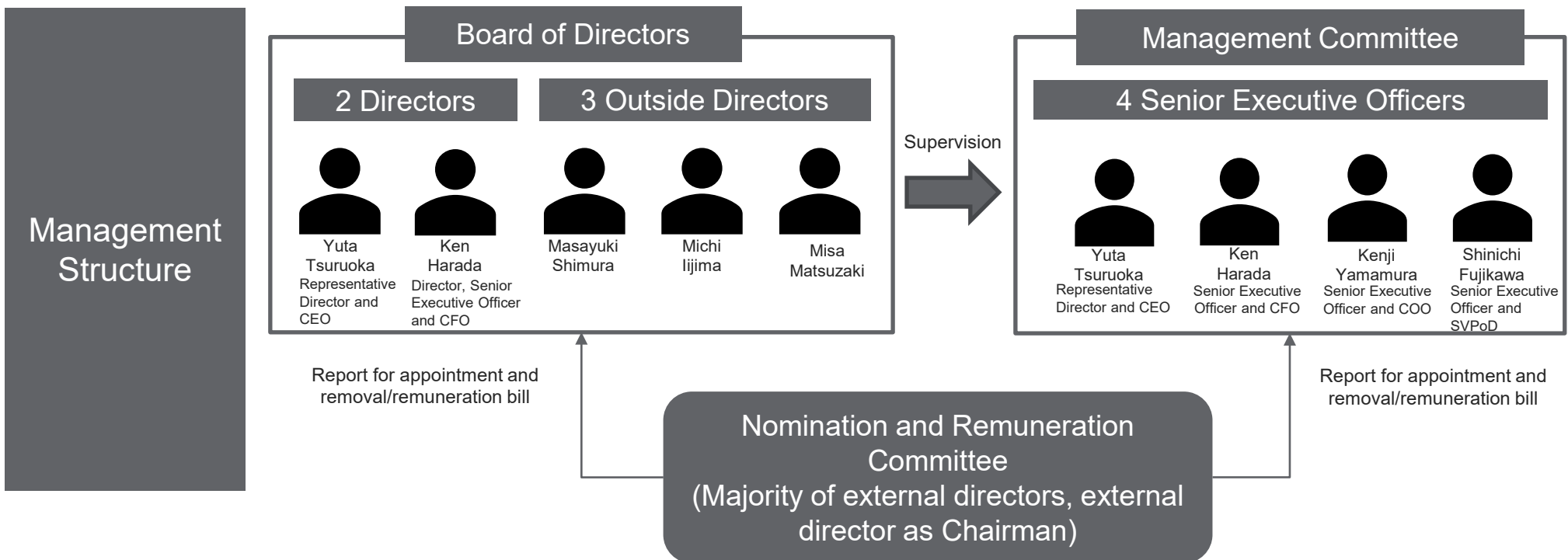
After graduating from School of Commerce, Waseda University, he was in charge of accounting and finance at a major general contractor from 2000. After that, he was in charge of operations such as accounting manager and management planning at mixi, Inc. from 2007, and joined FreakOut, inc. as a management 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**

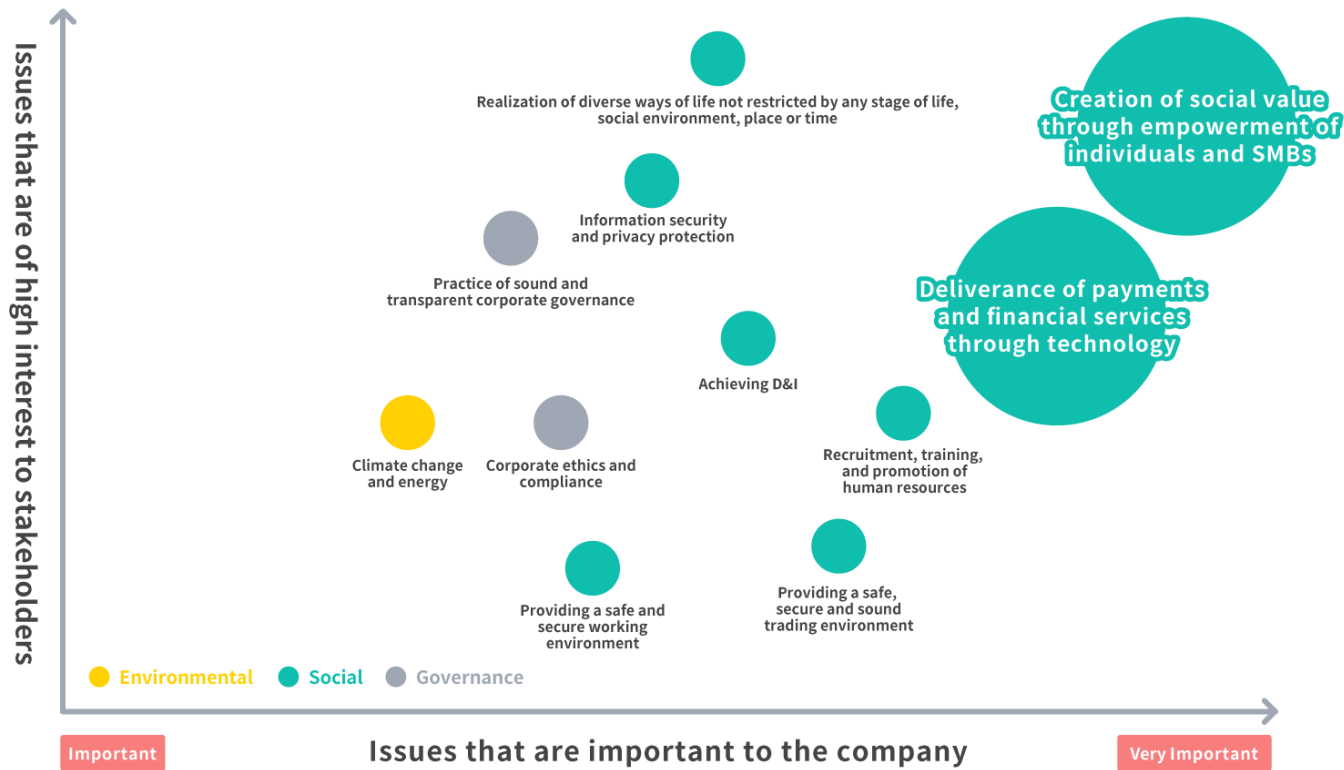


Initiatives for Realizing a Sustainable Society

Formulation of basic sustainability goals and identification of materiality issues as well as establishment of the Sustainability Committee^(Note1)

Aiming to create a society in which all people can play an active role by enhancing accessibility to payment and finance services^(Note2)

Materiality Map ^(Note3)



(Note1) Established on 23rd March following resolution by the Board of Directors

(Note2) Details of the materiality and specific initiatives are disclosed on the BASE corporate website

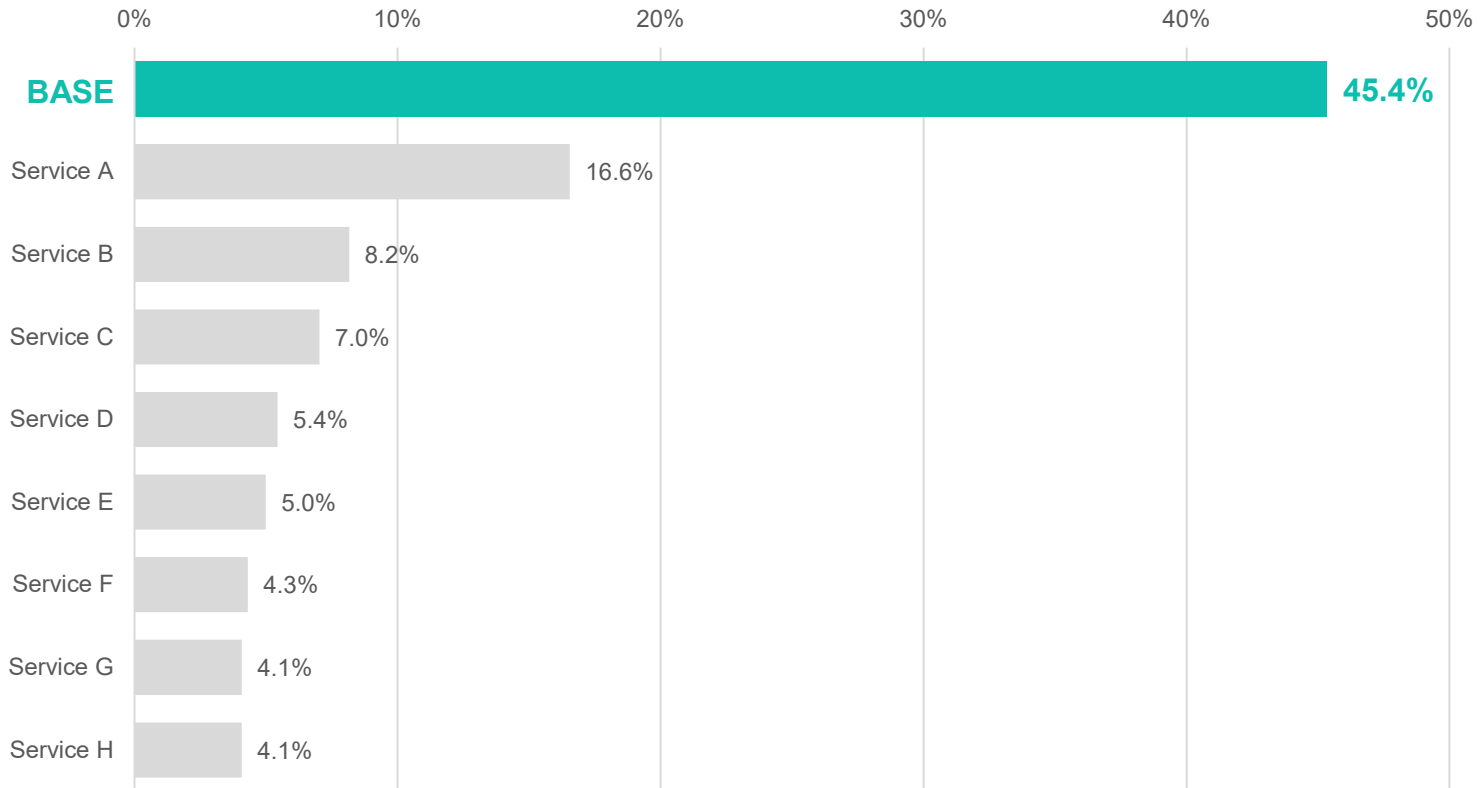
(Note3) the most important materiality to be resolved through business is indicated by a large circle, and materiality that serves as the foundation to support business continuity and means to achieve the most important materiality are indicated by smaller circles

Incurring cost from the initial stage when products don't sell is a risk for SMBs.

The strengths of our services that it is easy to set up an e-commerce site and introduce a payment function, and that initial and monthly costs are free of charge, are a major differentiators from similar services.

Survey on actual use of our cart-style online retail shop creation service

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



* Research from Macromill, Inc. (actual results from March 2022)

Profit and Loss Statement (By Segment)

(Million Yen)		FY2020				FY2021				FY2022		
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	BASE	933	2,342	2,061	1,983	1,944	2,082	2,087	2,306	2,052	1,784	1,693
	PAY	184	207	247	299	286	353	384	424	439	482	563
	Others	6	7	6	7	7	10	20	23	20	28	35
Gross profit on sales	BASE	624	1,580	1,362	1,305	1,280	1,330	1,329	1,477	1,323	1,054	943
	PAY	18	21	24	28	29	34	38	42	44	49	58
	Others	6	7	6	7	7	10	20	23	14	20	27
Segment profit	BASE	56	718	601	-264	102	-207	-167	-431	-178	-481	-234
	PAY	-25	-26	-19	-19	-18	-17	-6	3	-4	-3	-4
	Others	-10	-13	-6	-14	-15	-18	-12	-5	-13	-15	-8
	Corporate expenses	-47	-38	-40	-44	-54	-41	-33	-52	-76	-96	-49
Operating profits	Entire company	-28	640	534	-343	13	-283	-220	-487	-272	-597	-297

(Note) Others include BASE Card

Year	Month	Quarterly GMV (Million Yen)(Note1)	Monthly GMV (Million Yen)	Number of shops	Monthly GMV per shops (Yen)	Quarterly GMV (Payment amount) (Million Yen)(Note2)
2019	March	9,007	3,002	24,770	121,218	7,792
	June	10,480	3,493	26,071	134,001	9,217
	September	11,263	3,754	27,811	135,000	10,049
	December	12,211	4,070	28,537	142,638	11,000
2020	March	12,532	4,177	30,658	136,262	10,983
	June	31,071	10,357	49,715	208,330	27,582
	September	25,390	8,463	50,553	167,417	24,661
	December	26,302	8,767	51,558	170,051	24,488
2021	March	25,739	8,579	54,742	156,734	23,956
	June	28,132	9,377	58,833	159,392	26,308
	September	28,175	9,391	60,856	154,329	26,476
	December	31,725	10,575	62,049	170,431	29,865
2022	March	28,199	9,399	60,672	154,927	26,563
	June	27,898	9,299	61,455	151,322	26,496
	September	28,491	9,497	61,883	153,468	27,199

(Note 1) BASE's GMV is based on the order date (order amount).

(Note 2) 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).

Year	Month	Quarterly GMV (Million Yen)
2019	March	4,430
	June	6,244
	September	6,324
	December	6,926
2020	March	7,018
	June	7,820
	September	9,422
	December	11,808
2021	March	10,837
	June	13,446
	September	14,693
	December	16,293
2022	March	16,849
	June	18,444
	September	21,624

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

		FY2022
SO	Beginning balance	5,334,000
	Granted	0
	Exercised	-278,000
	Renounced	-32,000
	Ending balance	5,024,000
Number of shares outstanding		111,987,793
Ratio of dilutive shares		4.5%

Handling of these Materials

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