Q4 of Fiscal Year Ended December 31, 2022
Materials for Financial Results Presentation

BASE, Inc.
(Tokyo Stock Exchange Growth: 4477)
February 8, 2023

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1. Executive Summary

Executive Summary

BASE

FY2022	✓ **Group GMV grew to nearly 200 billion yen, as a result of both BASE and PAY Business growth** ✓ Due to the business environment, which previously faced reopening headwinds, trending towards recovery and merchants with large sales contributing to growth, the BASE Business recorded its highest ever GMV in Q4 ✓ Celebrated tenth anniversary of the company on December 11, 2022
Past Decade in Review	✓ Since its inception in December 2012, BASE Group grew significantly by empowering individuals, small teams and startups through its mission **"Payment to the People, Power to the People."** ✓ Created a new market by allowing easier access to payment for both "BASE" and "PAY.JP" merchants
Medium to Long-term Management Policy	✓ Will continue to empower individuals, small teams and startups, providing a social infrastructure for them to thrive ✓ Will **maximize value creation for the Group** through the **expansion of the "BASE" and "PAY.JP" merchant base (GMV)**, as well as the increase of the **BASE Group's unique added value (take rate)** through services such as "Pay ID" and "YELL BANK"
FY2023	✓ For the BASE Business, the business environment is still recovering, and uncertainties persist ✓ With consideration to this changing business environment, shift focus from sole GMV growth to **gross profit growth** achieved through the increase of both GMV and take rate ✓ Aims to transition towards a **leaner financial structure** through reassessment of management policy and suppression of SG&A expenses

FY2022 in Review

	FY2022 Policy	FY2022 in Review
Consolidated	✓ 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	✓ **Group GMV grew to nearly 200 billion yen, as a result of both BASE and PAY Business growth** ✓ Due to the progress of business strategies, as well as the greater-than-expected effects of reopening on online consumption, **reassessed management policy and suppressed forward looking investments during the second half**
BASE	✓ Release the Monthly-Fee Plan in April 2022 and aim to acquire merchants with a wider range of sales ✓ While increasing efficiency of marketing and reducing costs, to form the Scout Team to conduct outbound sales to acquire merchants with large sales, aiming to acquire more than 300 merchants ✓ Strengthen functions with strong competitive advantage tailored towards first-time online merchants while also expanding functions for merchants with large sales	✓ As result of the **Monthly-Fee Plan** release in April, churning of existing merchants to competitors decreased, leading to a **reduction in opportunity losses** ✓ **Although acquisition of merchants with large sales exceeded target figures set at the beginning of the year**, inbound acquisition of merchants with large sales was below expectations largely due to a lack of functionality recognition ✓ Due to unparalleled brand awareness as well as a reassessed management policy, **reduced brand recognition-related marketing and suppressed hiring** ✓ Carried out product development for merchants with a wider range of sales
PAY.JP	✓ Promote acquisition of new merchants as well as continued use by existing merchants via strengthening product development and customer support ✓ Invest in marketing to further strengthen acquisition of new merchants	✓ **GMV increased significantly** as a result of the growth of existing merchants as well as the acquisition of new merchants
Pay ID	✓ Develop BNPL prototype by the end of the year and aim for a Q1 FY2023 release	✓ **Number of registered users surpassed 10 million** due to several functionality improvements ✓ Development of BNPL function ongoing, targeting a March 2023 release
Finance	✓ Begin development of functions that will contribute to improving the BASE Business's take rate in the medium term	✓ Main **"YELL BANK"** service grew steadily, providing further value to "BASE" merchants

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.

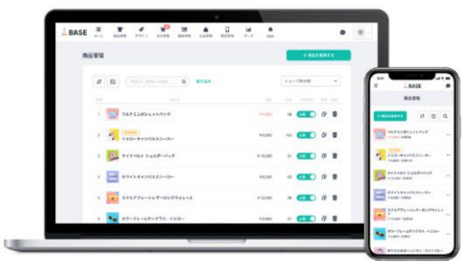
Creating an economy for People through the Power of Payment.

Service Outline

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

BASE

For Individuals and Small Team Shops

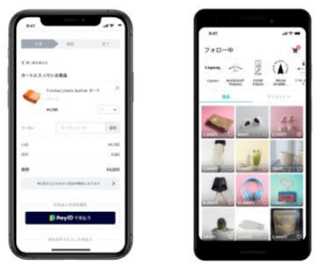


Payment Support / Online Shop Creation Support

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

PayID

For Purchasers

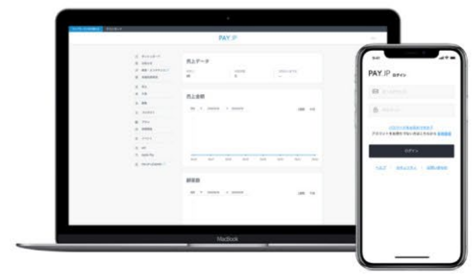


Payment ID / Shopping App

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

PAY.JP

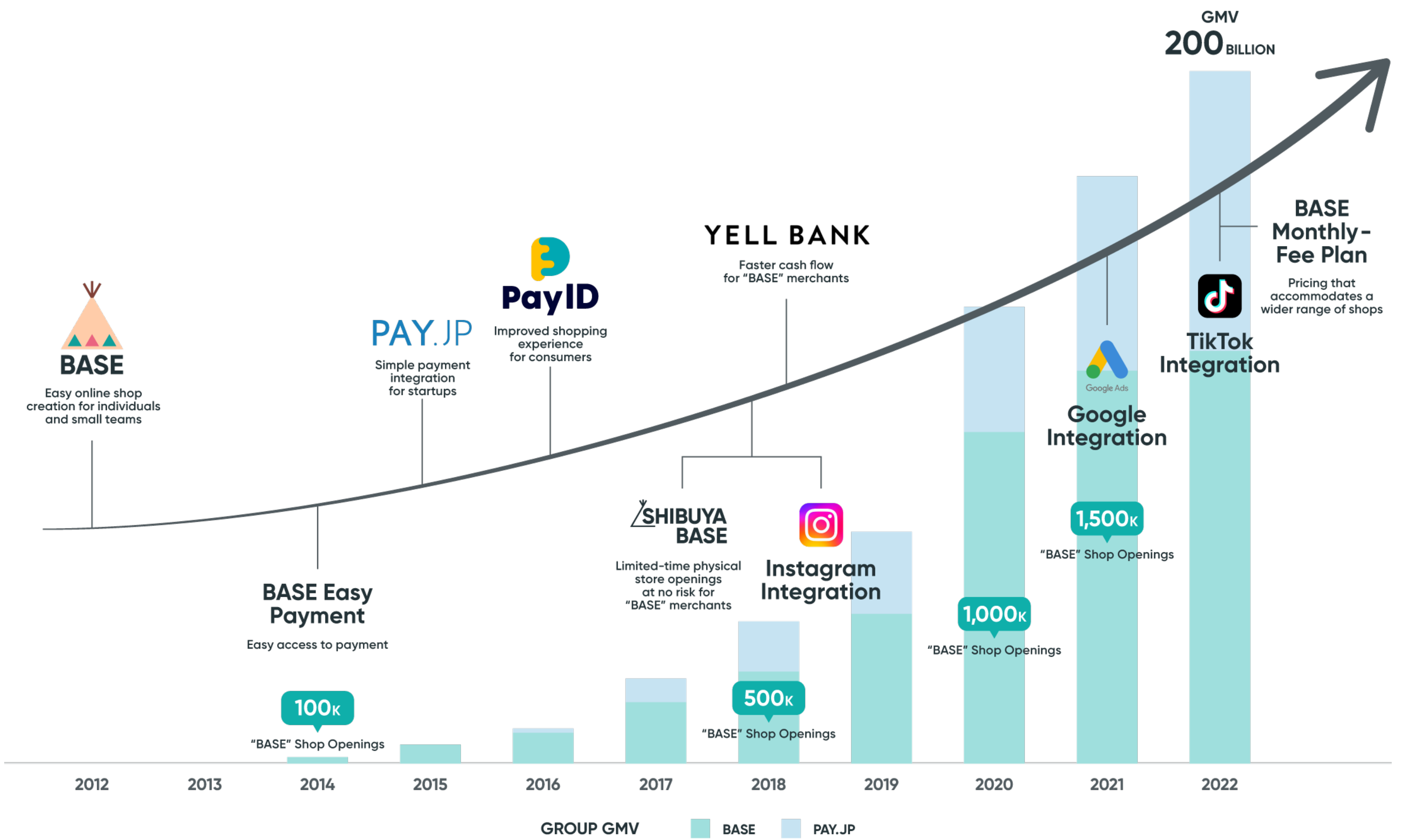
For Startup Merchants



Payment Support

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

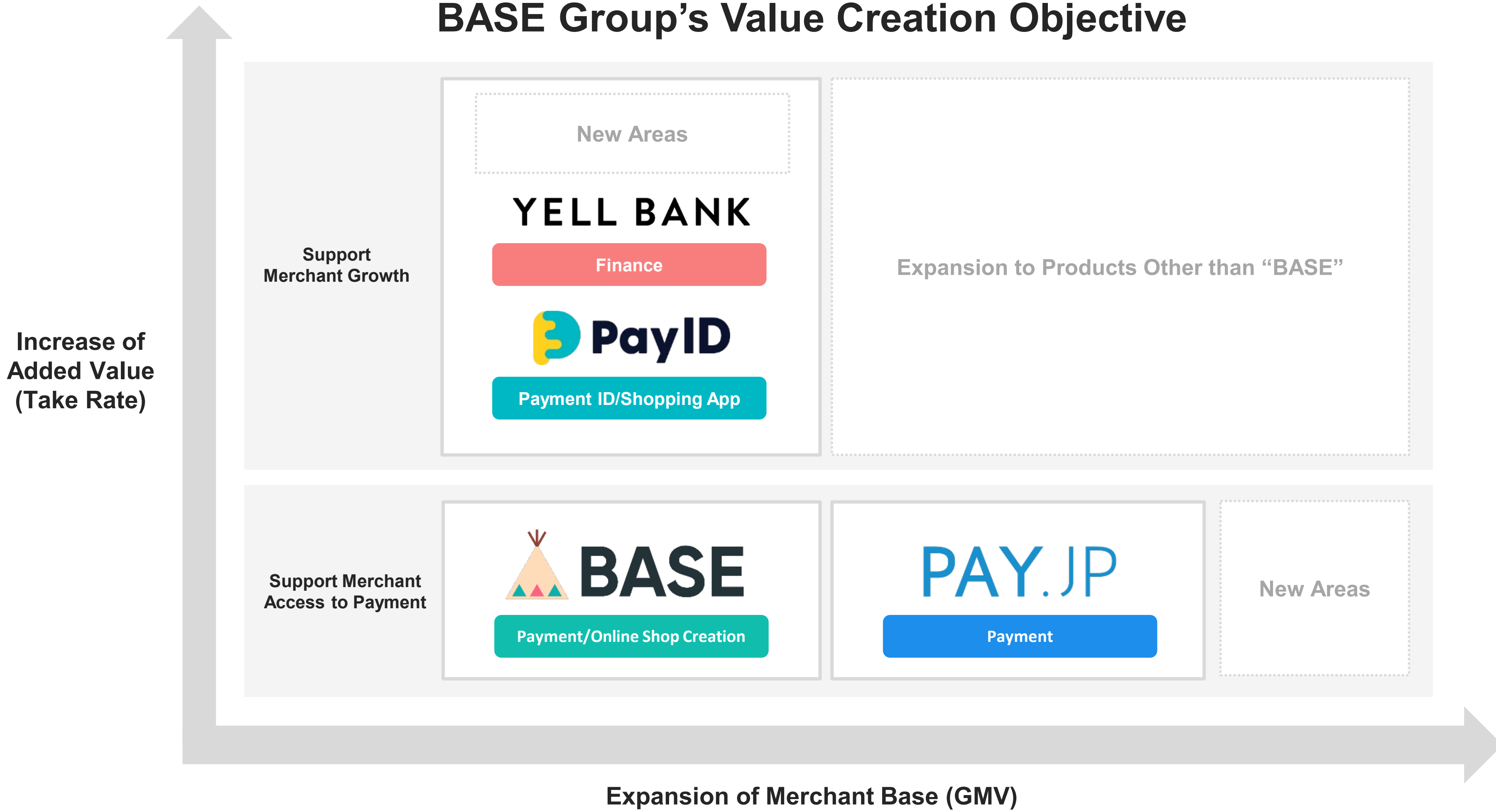
The Past Decade in Review



BASE Group’s Policy for the Next Decade

Will expand the “BASE” and “PAY” merchant base (GMV), increase added value (take rate) for merchants through “YELL BANK” and “Pay ID,” and create further value by broadening into new areas

BASE Group’s Value Creation Objective



Medium to Long-Term Policy

Group Management Policy	✓ Due to the progress of business strategies, as well as greater-than-expective reactionary decline in online consumption resulting from reopening, reassessed management policy and have withdrawn the medium term GMV target disclosed during the full year results for FY2021, **but maintain the target of achieving operating profitability in FY2025** ✓ **Aim to achieve Group gross profit growth and maximize value creation** ✓ In line with the reassessed management policy, suppress SG&A expenses and **aim to transition towards a leaner financial structure**
BASE	✓ Maintain the position of being the overwhelming first choice for individuals and small teams ✓ Strategically target merchants with high growth potential and work to **construct an updated growth structure** by developing functions that support merchants achieve sales growth ✓ Shift focus from sole GMV growth to **gross profit growth** achieved through the increase of both GMV and take rate
PAY.JP	✓ Expand Group merchant base with **Group GMV as a growth driver** ✓ By utilizing unique group assets such as “Pay ID” and “YELL BANK,” increase added value for merchants
Pay ID	✓ Aims to **provide a unique payment network across the Group** through the expansion of BNPL functionality ✓ Increase added value for Group merchants by supporting the establishment of relationships between merchants and purchasers
Finance	✓ Expand financial services that allow Group merchants to **accelerate cash flow**

2. Results for Q4 of the Fiscal Year Ended December 31, 2022

Financial Highlights for Q4 Results of FY2022

Consolidated

Although net sales, gross profit and all other profit and loss items exceeded the upper limit of the earnings forecast, full-year figures decreased YoY as a result of the strategic reduction in take rate for the BASE Business that was conducted in Q2

Although consolidated gross profit decreased YoY in Q4 due to the reduction in take rate for the BASE Business, **operating loss contracted YoY as a result of a reduction in SG&A expenses**

BASE Business

Due to the business environment, which previously faced reopening headwinds, trending towards recovery, **GMV increased YoY despite Q4 FY2021 figures being boosted significantly through the large-scale distribution of coupons**

Although take rate decreased YoY and QoQ due to an increase in the GMV mix of merchants with large sales using the Monthly-Fee Plan, **the downward trend has slowed down**

PAY Business

GMV increased significantly at **+46.3% YoY** as a result of the continued growth of existing merchants as well as the acquisition of new merchants

Net sales and gross profit increased significantly at **+45.6% and +56.6% YoY** respectively due to GMV growth

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

Consolidated

Q4 Results of FY2022

BASE

Although net sales, gross profit and all other profit and loss items exceeded the upper limit of the earnings forecast, full-year figures decreased YoY as a result of the strategic reduction in take rate for the BASE Business that was conducted in Q2

Although consolidated gross profit decreased YoY in Q4 due to the reduction in take rate for the BASE Business, **operating loss contracted YoY as a result of a reduction in SG&A expenses**

(Million Yen)	FY2022 4Q (Oct. – Dec. 2022)					FY2022 4Q (Jan. – Dec. 2022)				
	Results	Same Period Last Year		Previous Quarter		Results	Same Period Last Year		Full-Year Forecast	
		Results	YoY	Results	QoQ		Results	YoY	Forecast	Achievement Rate(Note)
Net Sales	2,639	2,754	-4.2%	2,292	+15.2%	9,739	9,931	-1.9%	9,130 ～9,490	106.7%
Gross Profit	1,200	1,543	-22.2%	1,030	+16.5%	4,737	5,623	-15.8%	4,400 ～4,570	107.7%
Gross Profit Margin	45.5%	56.0%	-10.6pt	44.9%	+0.5pt	48.6%	56.6%	-8.0pt	-	-
SG&A Expenses	1,541	2,030	-24.1%	1,327	+16.1%	6,245	6,601	-5.4%	6,700	93.2%
Operating Profit	-340	-487	n/a	-297	n/a	-1,508	-977	n/a	-2,300 ～-2,130	n/a
Ordinary Profit	-341	-465	n/a	-294	n/a	-1,495	-960	n/a	-2,290 ～-2,120	n/a
Net Income	-515	-726	n/a	-295	n/a	-1,732	-1,194	n/a	-2,369 ～-2,199	n/a

(Note) Achievement against the lower limit of the full-year earnings forecast for the fiscal year ended December 31, 2022

Consolidated

Balance Sheet

BASE

Maintains a strong financial foundation with cash and deposits at 22,344 million yen as of December 31, 2022

Non-current assets decreased as a result of the impairment of investment securities, as well as impairment based on the "Accounting Standard for Impairment of Fixed Assets”(Note1)

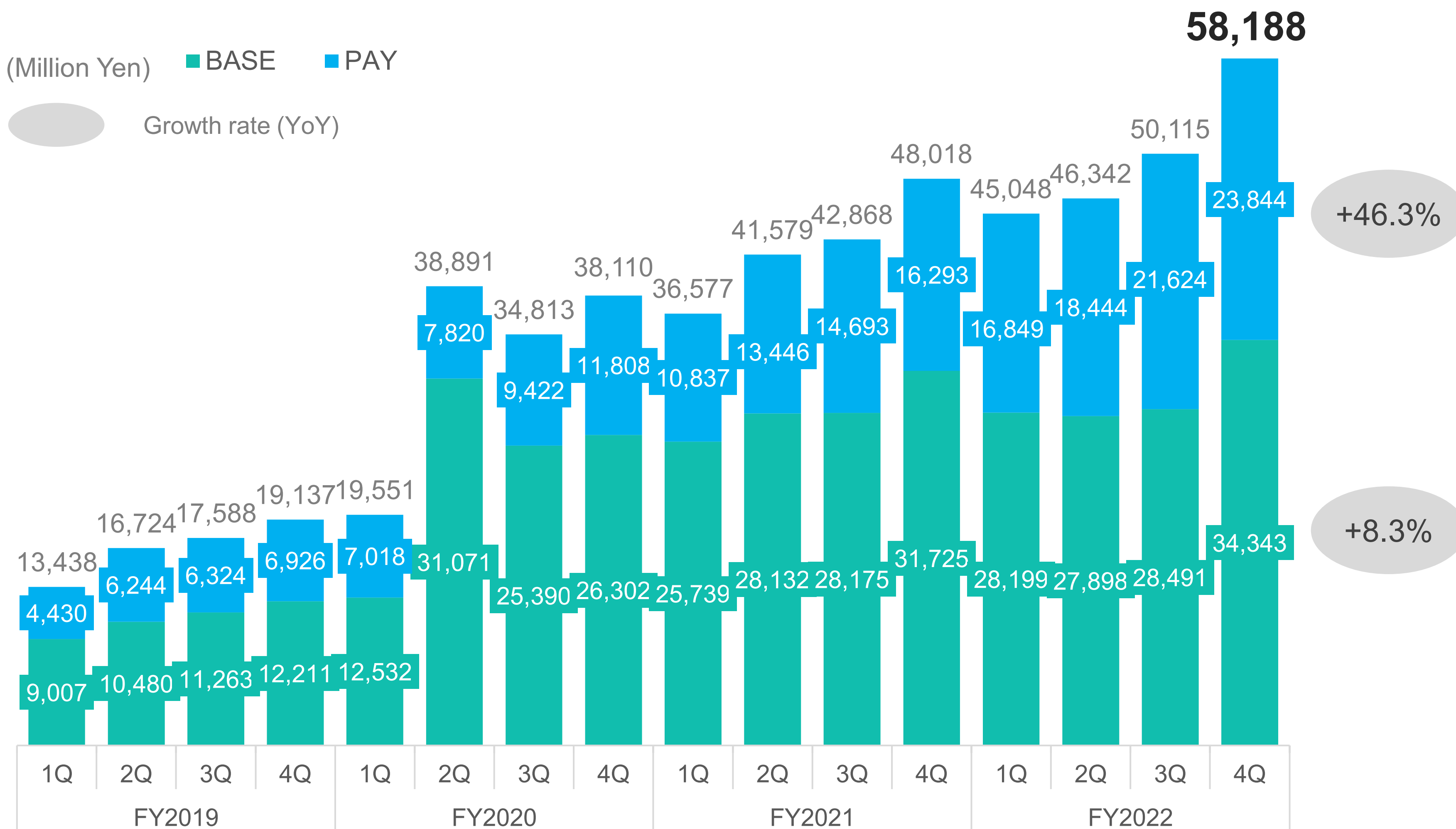
(Million Yen)	As of Dec. 31, 2022	As of Dec. 31, 2021	YoY Change
Current assets	30,946	31,433	-1.5%
(of which, cash and deposits)	22,344	24,053	-7.1%
(of which, trade accounts receivable) (Note2)	7,977	6,631	+20.3%
Non-current assets	332	558	-40.4%
(of which, Investment securities)	39	183	-78.6%
Total assets	**31,278**	**31,991**	**-2.2%**
Current liabilities	17,720	16,823	+4.8%
(of which, trade accounts payable) (Note3)	11,771	12,745	-7.6%
(of which, operating deposits) (Note4)	5,468	3,707	+47.5%
Non-current liabilities	57	61	-7.8%
Total liabilities	**17,777**	**16,885**	**+5.3%**
Capital Stock	8,614	8,552	+0.7%
Capital surplus	7,424	7,362	+0.8%
Retained earnings	-2,545	-813	-
Valuation difference on investment securities	6	3	+92.7%
Total net assets	**13,501**	**15,105**	**-10.6%**

(Note1) Recorded a loss on valuation of investment securities due to a significant decline in the real value of investment securities held by the company compared to book value. In addition, impairment losses were recorded on property, plant, and equipment and intangible assets based on the “Accounting Standard for Impairment of Fixed Assets” because signs of impairment were recognized as a result of reviewing the future profitability of the assets
(Note2) Trade accounts receivable: The unpaid portion of the settlement amount to be paid to our company by the settlement service company
(Note3) Trade accounts payable: In the BASE business, outstanding amount of settlement to be paid by our company to merchants
(Note4) Operating deposits: Outstanding amount of settlement to be paid by our company to member merchants in the PAY business

Consolidated

Trends in GMV (Gross Merchandise Volume)

Due to both BASE Business and PAY Business GMV reaching their highest ever figures respectively, **Group GMV increased YoY and QoQ**



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

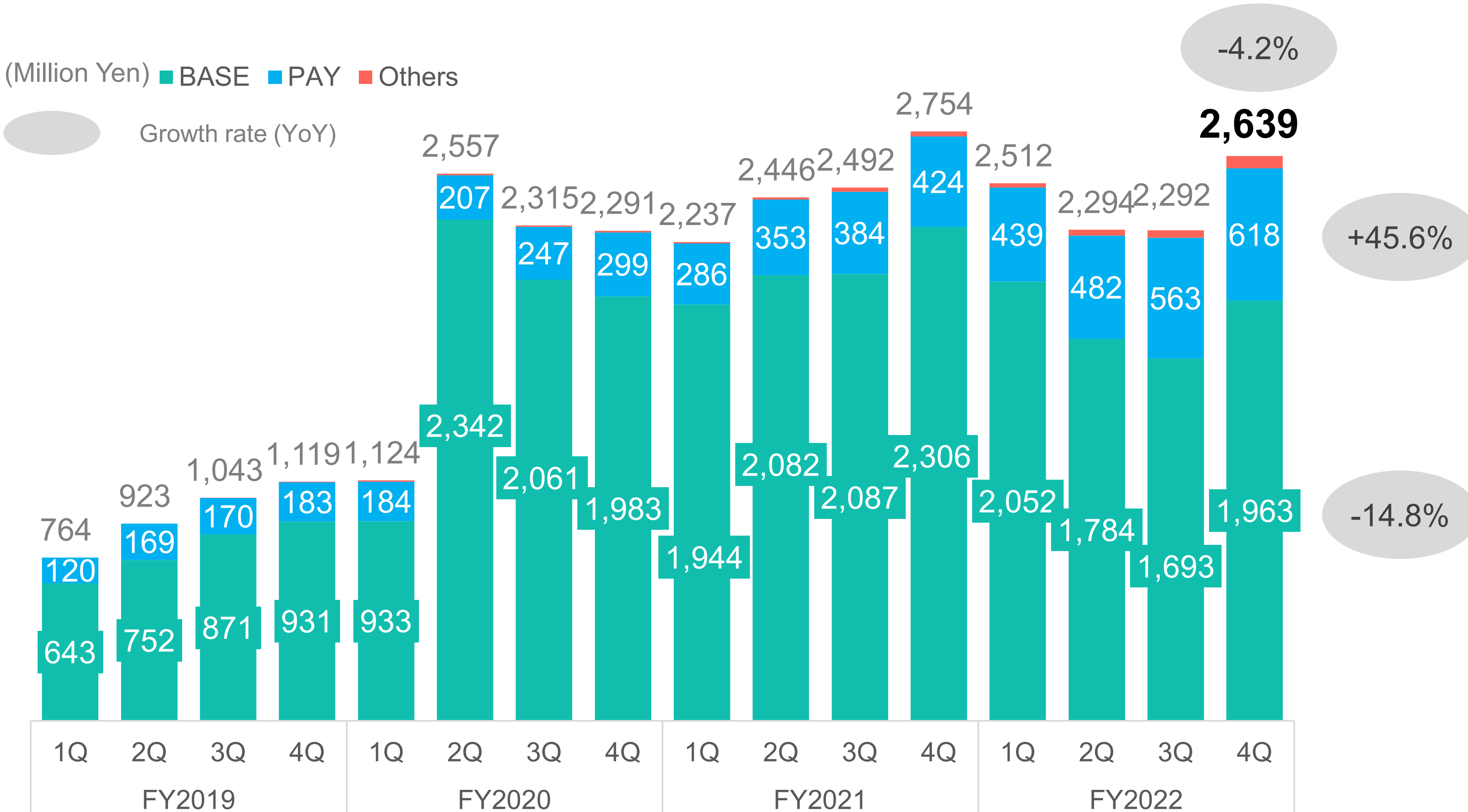
Consolidated

Trends in Net Sales

BASE

Consolidated net sales decreased YoY due to an increase in the GMV mix of the Monthly-Fee Plan and resulting reduction in take rate for the BASE Business

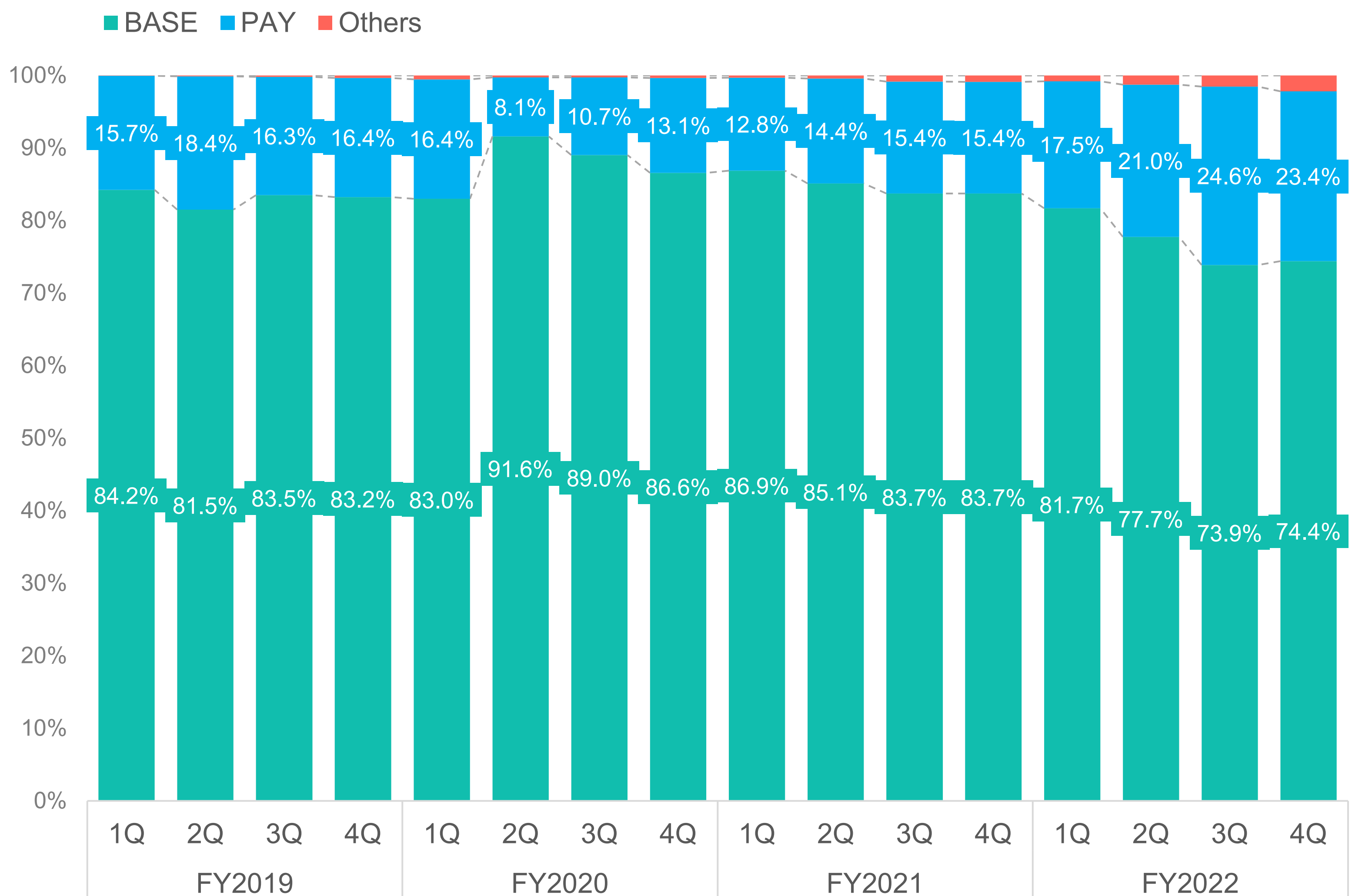
Consolidated net sales increased QoQ due to Group GMV growth



(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

Net sales ratio for the BASE Business increased QoQ as a result of the Business's GMV growth

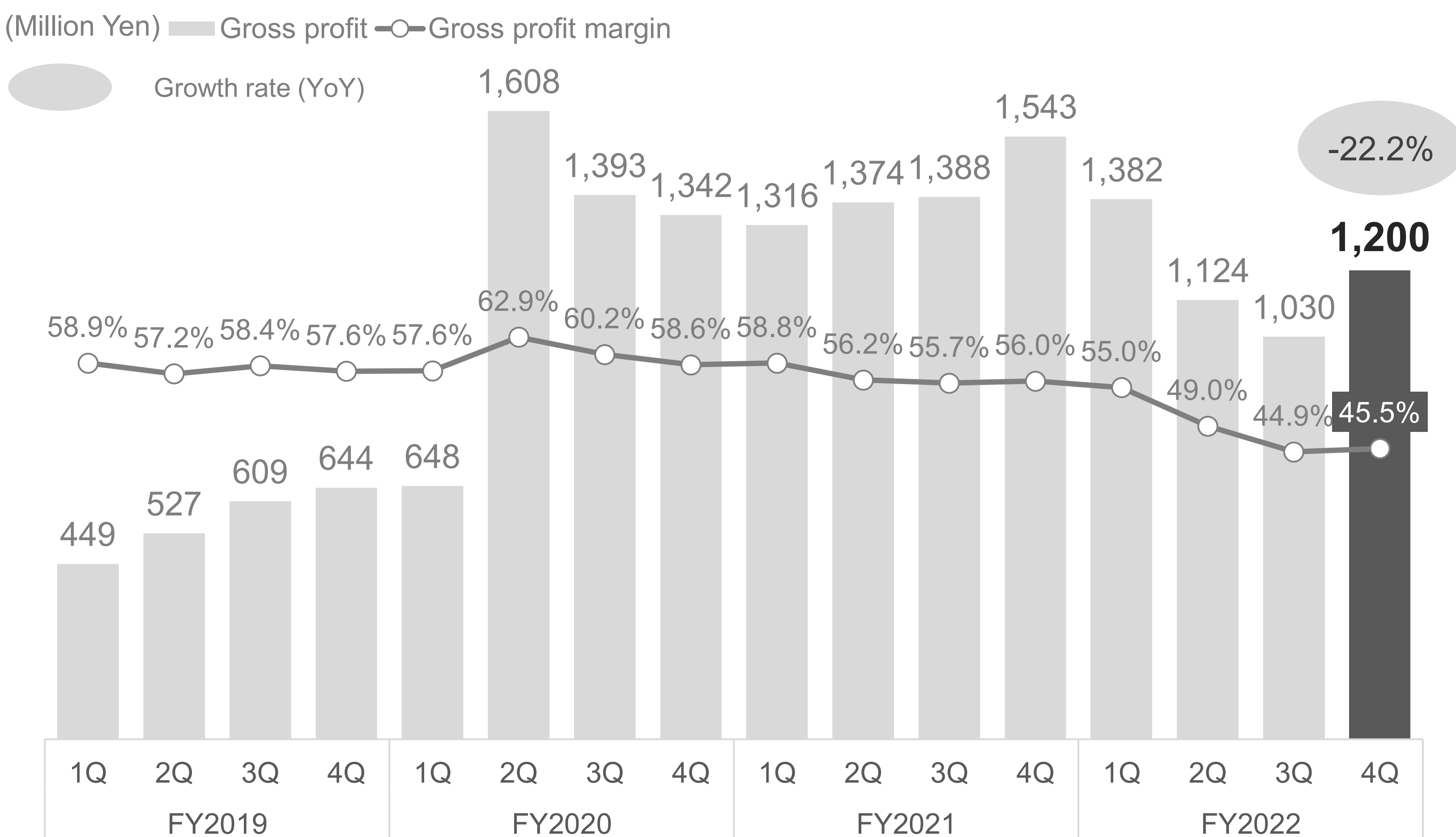


Trends in Gross Profit

BASE

Although consolidated gross profit decreased YoY due to the reduction in take rate and resulting decline in gross profit for the BASE Business, figure increased QoQ due to Group GMV growth

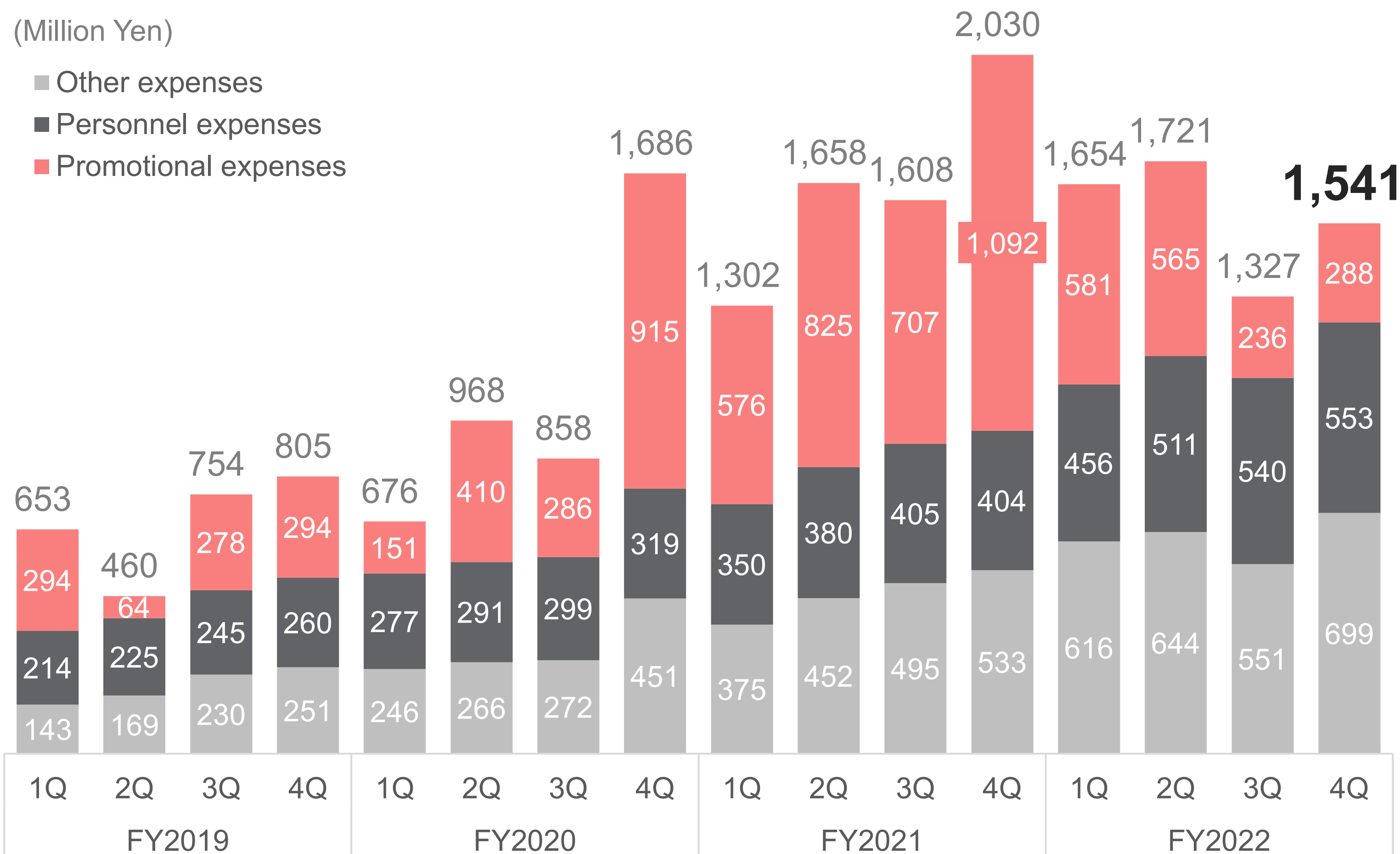
Consolidated gross profit margin increased QoQ due to an increase in the BASE Business's net sales ratio



Consolidated

Trends in SG&A Expenses

- **SG&A expenses decreased significantly YoY due to a decline in promotional expenses**
- **Promotional expenses decreased significantly YoY due to optimized coupon distribution and resulting decline in expenses borne by BASE, as well as a reduction in brand recognition-related marketing**
- Although personnel expenses increased YoY due to an increase in headcount, the increase was incremental QoQ due to disciplined hiring
- Other expenses increased YoY and QoQ largely due to an increase in outsourcing and system expenses



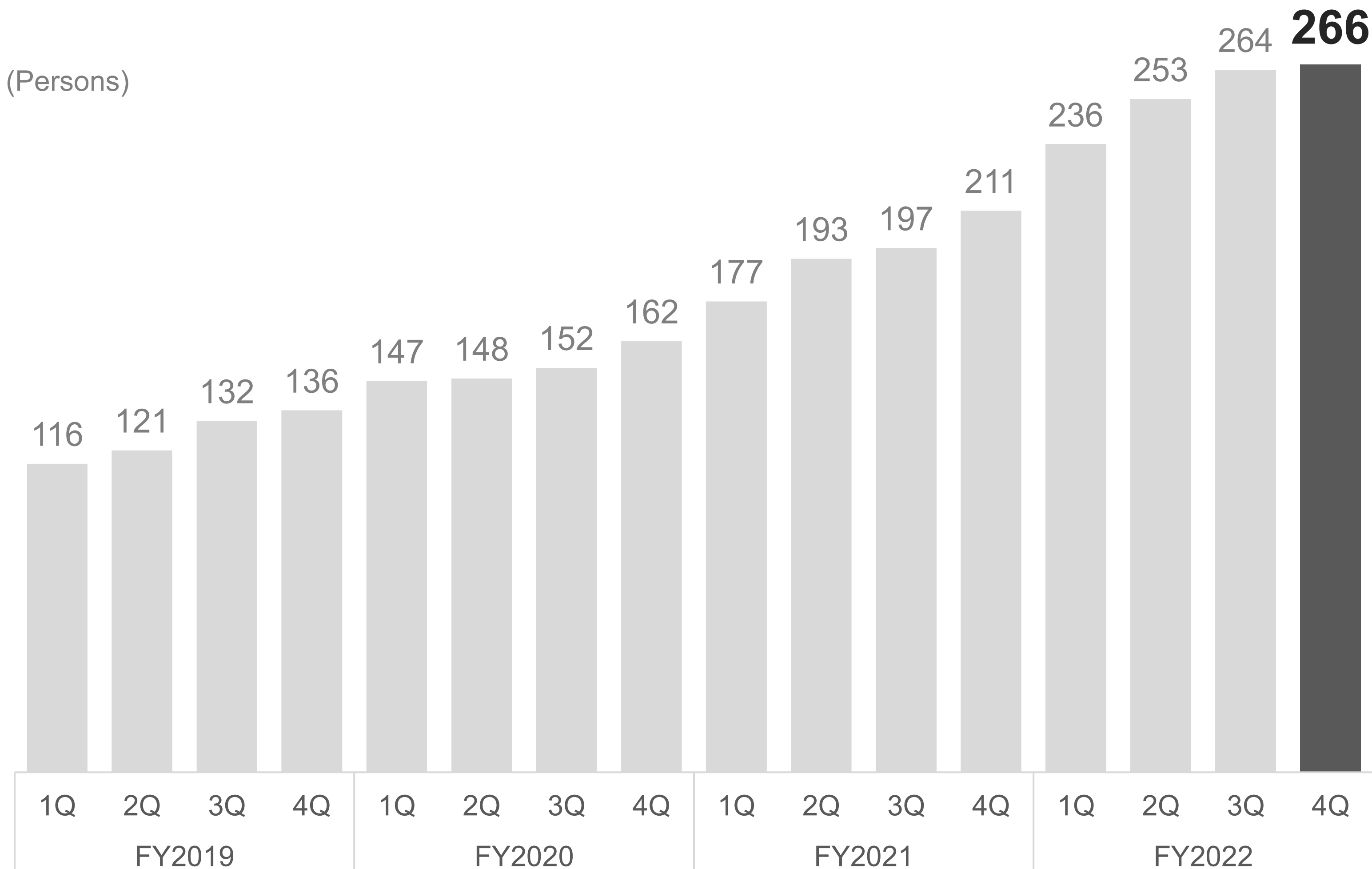
(Note) Other expenses consist mainly of office expenses, system expenses, remuneration and outsourcing expenses, and taxes

Consolidated

Trends in Number of Employees

Headcount **increased by 55 persons** YoY (**+26.1%** YoY)

Increase was incremental QoQ due to disciplined hiring

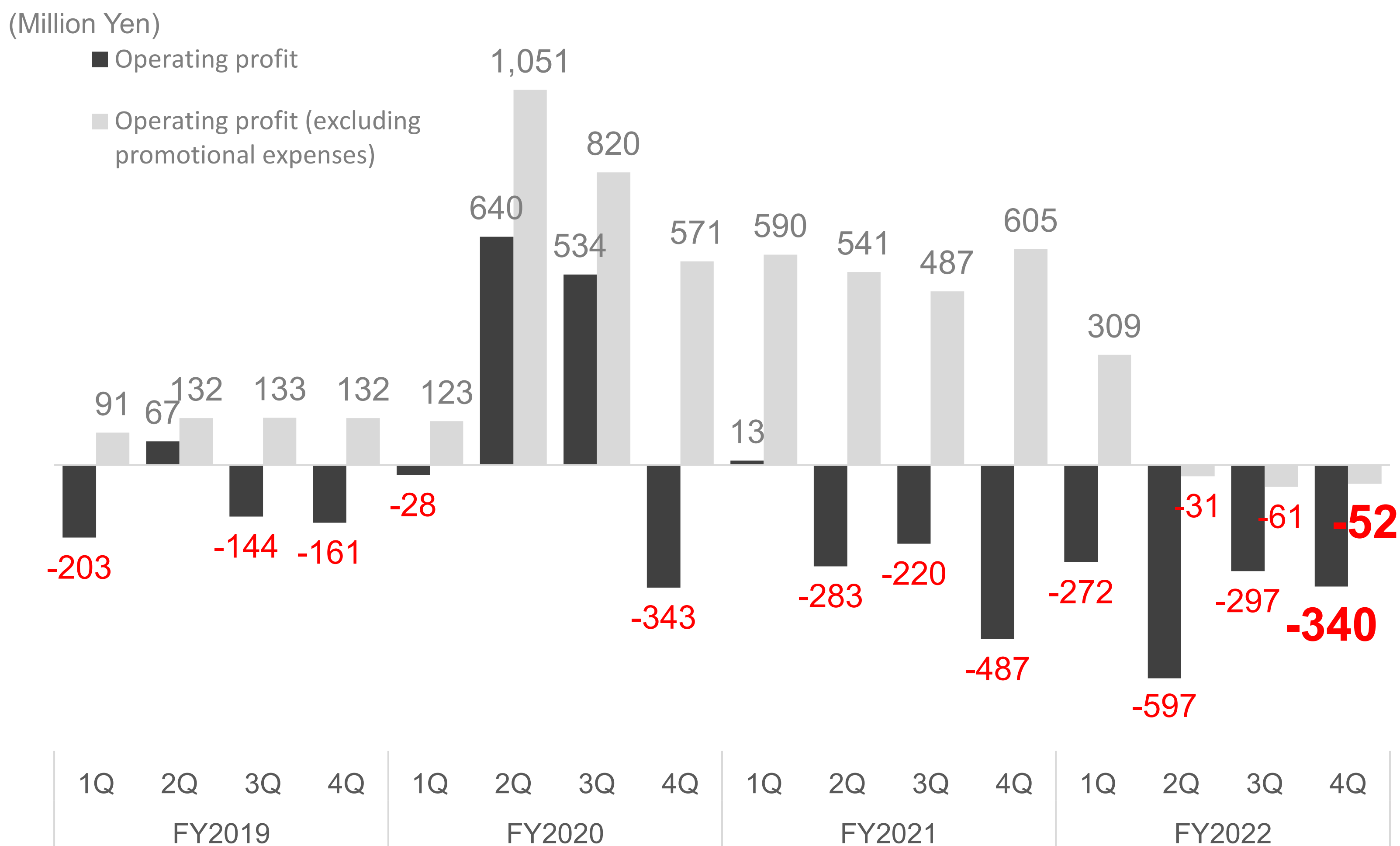


(Note) The number of employees is the number of regular employees and contract employees and does not include the number of Directors and temporary employees. However, the number of employees includes the number of persons seconded to subsidiaries as Directors

Trends in Operating Profit/Loss

BASE

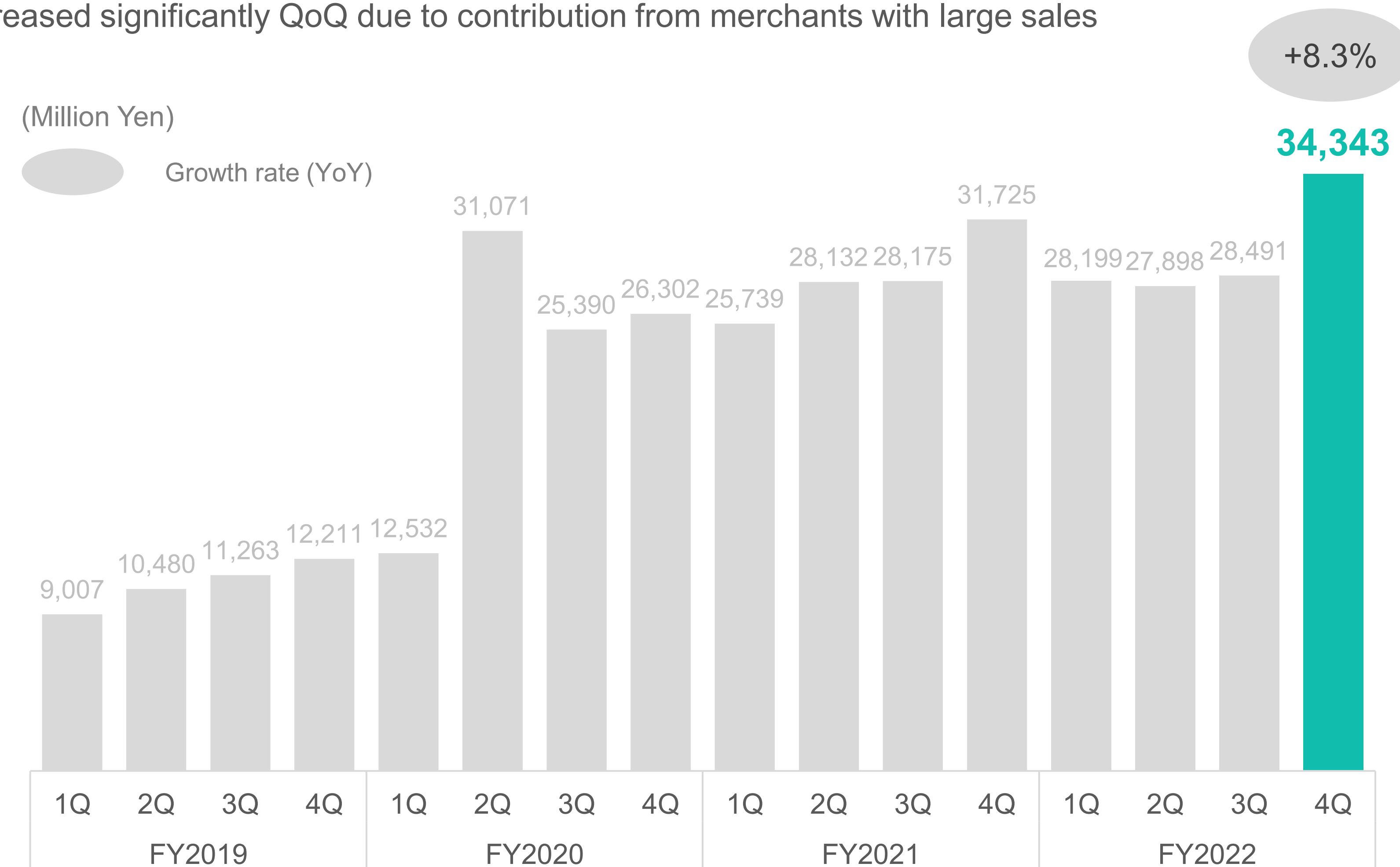
Although consolidated gross profit decreased YoY due to an increase in the GMV mix of the Monthly-Fee Plan and resulting reduction in take rate for the BASE Business, **operating loss contracted YoY as a result of a reduction in SG&A expenses**



Trends in GMV

Due to the business environment, which previously faced reopening headwinds, trending towards recovery, **GMV increased YoY despite Q4 FY2021 figures being boosted significantly through the large-scale distribution of coupons**

GMV increased significantly QoQ due to contribution from merchants with large sales



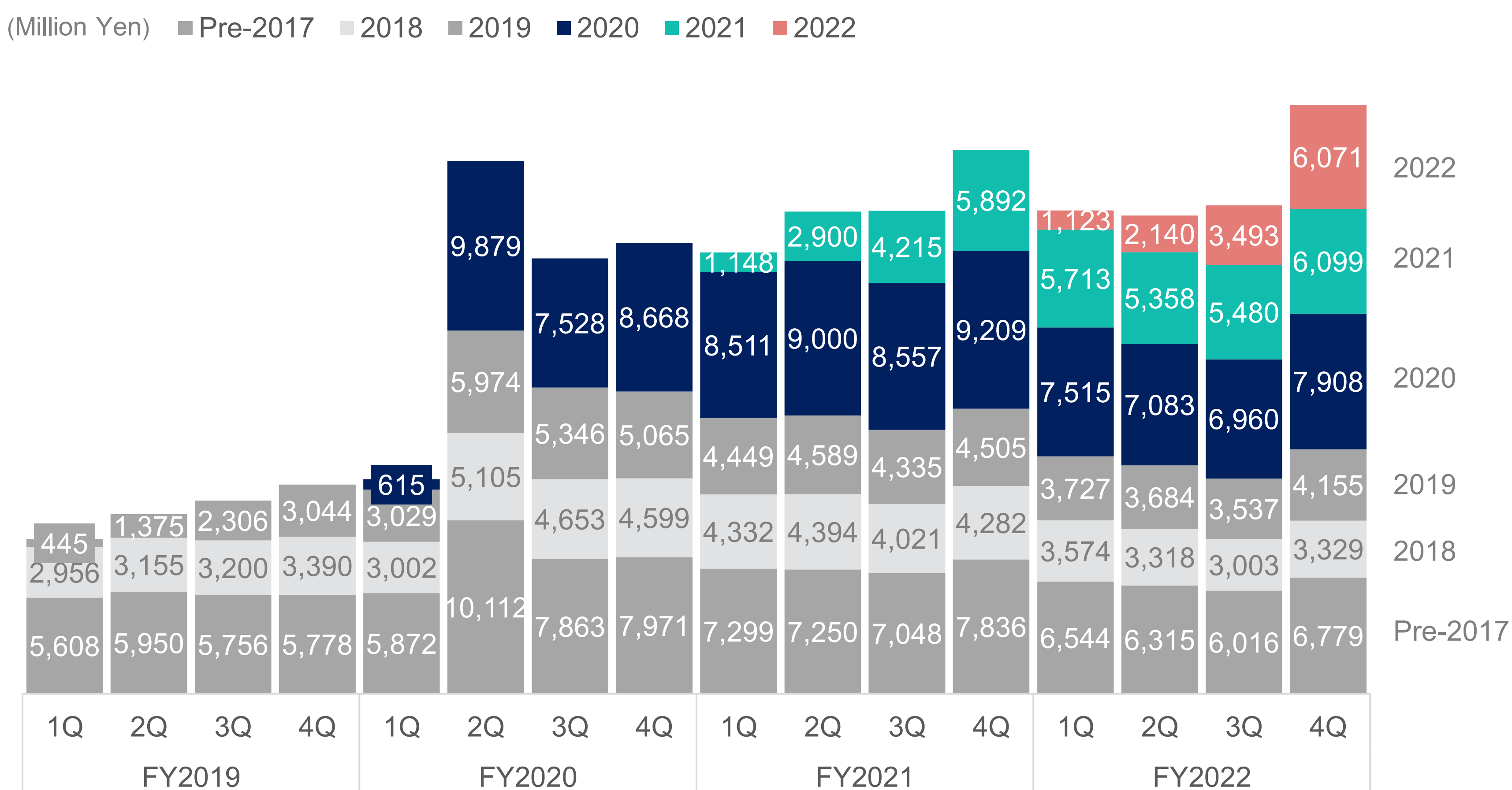
(Note) GMV is based on the order date (order amount)

BASE Business

Trends in GMV

GMV cohort for merchants newly acquired in FY2022 increased YoY(Note1) due to contribution from merchants with large sales

GMV Trend (By Year of Establishment)



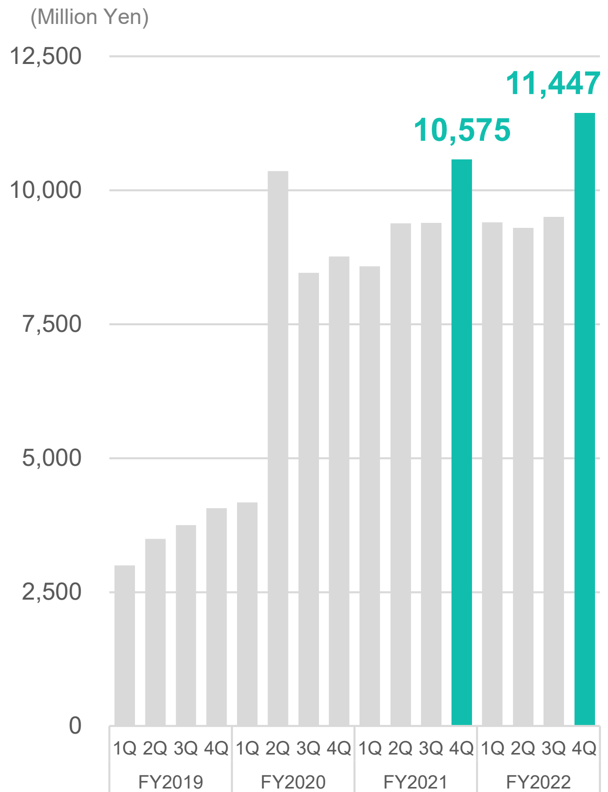
(Note1) Comparison between merchants acquired in 2021 as of Q4 FY2021 and merchants acquired in 2022 as of Q4 FY2022
(Note2) GMV is based on the order date (order amount)

Trends in GMV

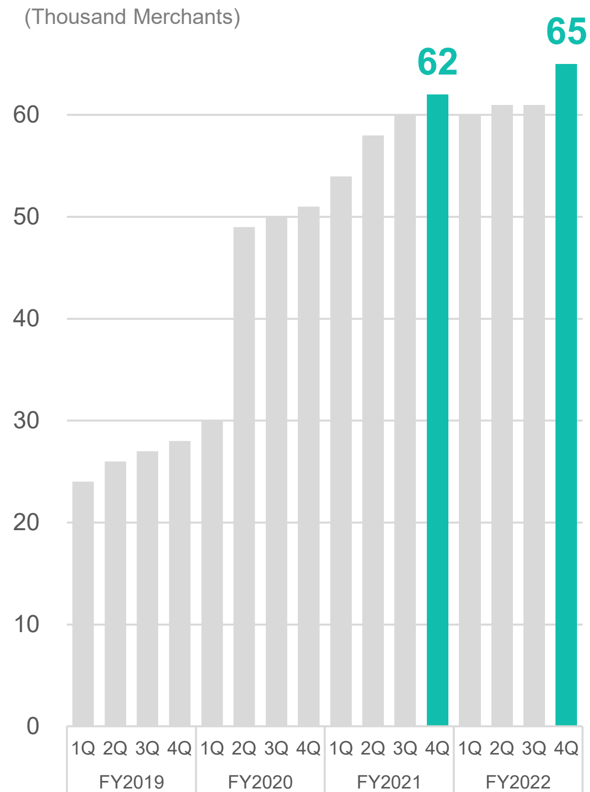
Due to the recovering business environment, seasonality, and the effects of coupon distribution, **the Number of Monthly Active Merchants increased YoY and QoQ**

YoY growth of Average Monthly GMV per Merchant turned positive due to the business environment, which previously faced reopening headwinds, trending towards recovery

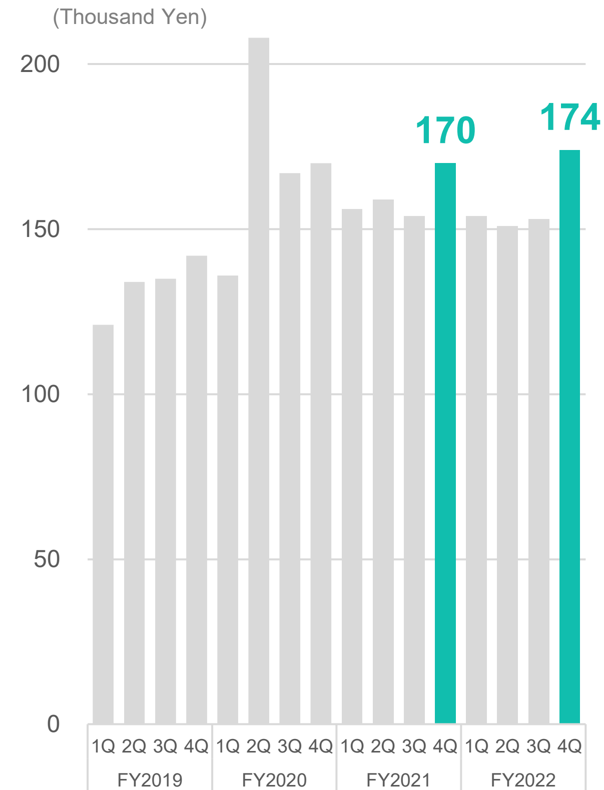
Monthly GMV(Note1,2)



Number of Monthly Active Merchants(Note2)



Average Monthly GMV per Merchant



(Note1) GMV is based on the order date (order amount)
(Note2) Monthly GMV and the number of monthly active merchants are the quarterly averages

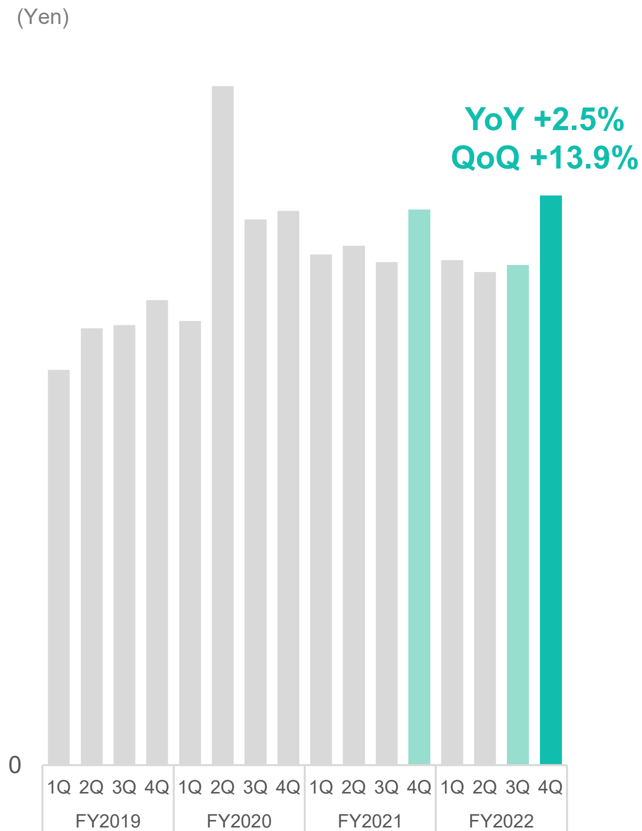
BASE Business

Trends in Average Monthly GMV per Merchant

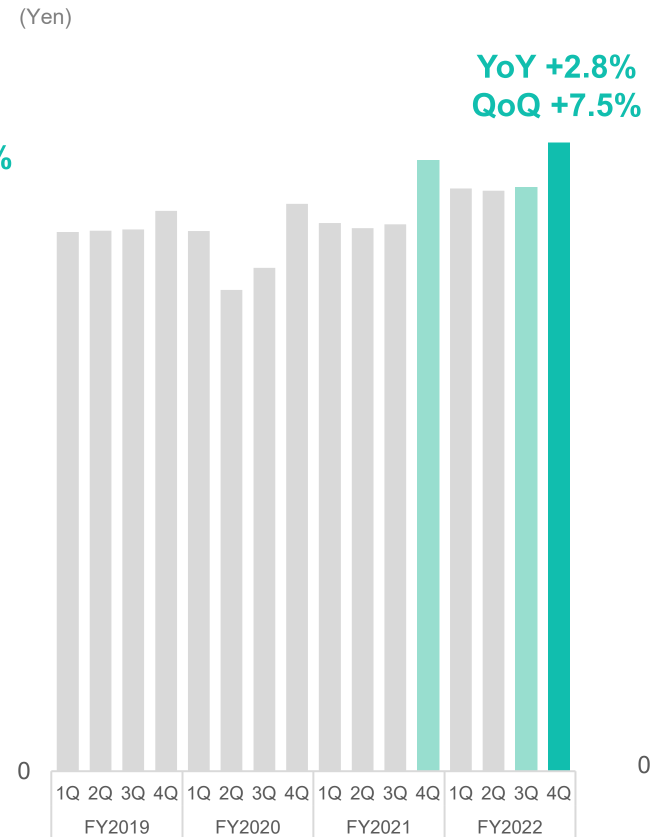
Purchase Price per Person increased YoY due to an increase in the number of high-value purchasers

YoY decline in Average Number of Purchasers per Merchant slowed due to the business environment, which previously faced reopening headwinds, trending towards recovery, and **YoY growth of Average Monthly GMV per Merchant turned positive**

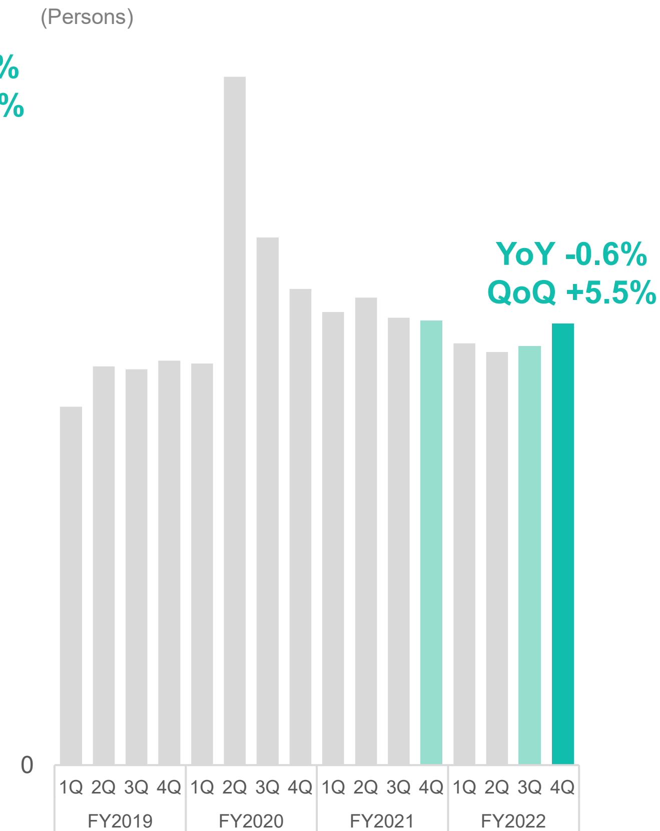
Average Monthly GMV per Merchant



Purchase Price per Person



Average Number of Purchasers per Merchant

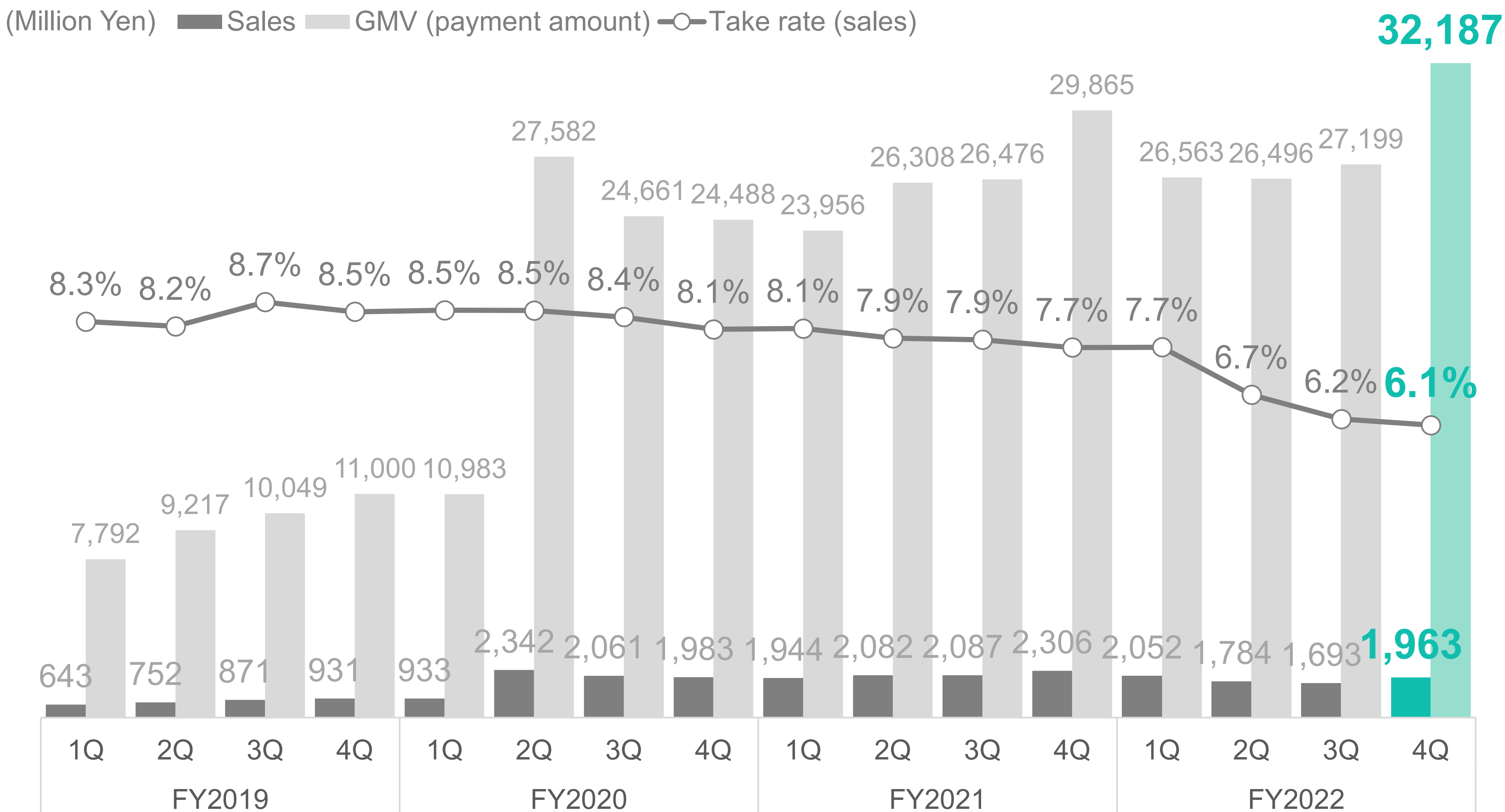


BASE Business

Trends in GMV (Payment Amount), Take Rate and Net Sales

BASE

Although take rate decreased YoY and QoQ due to an increase in the GMV mix of merchants with large sales using the Monthly-Fee Plan, **the downward trend has recently slowed down**



(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

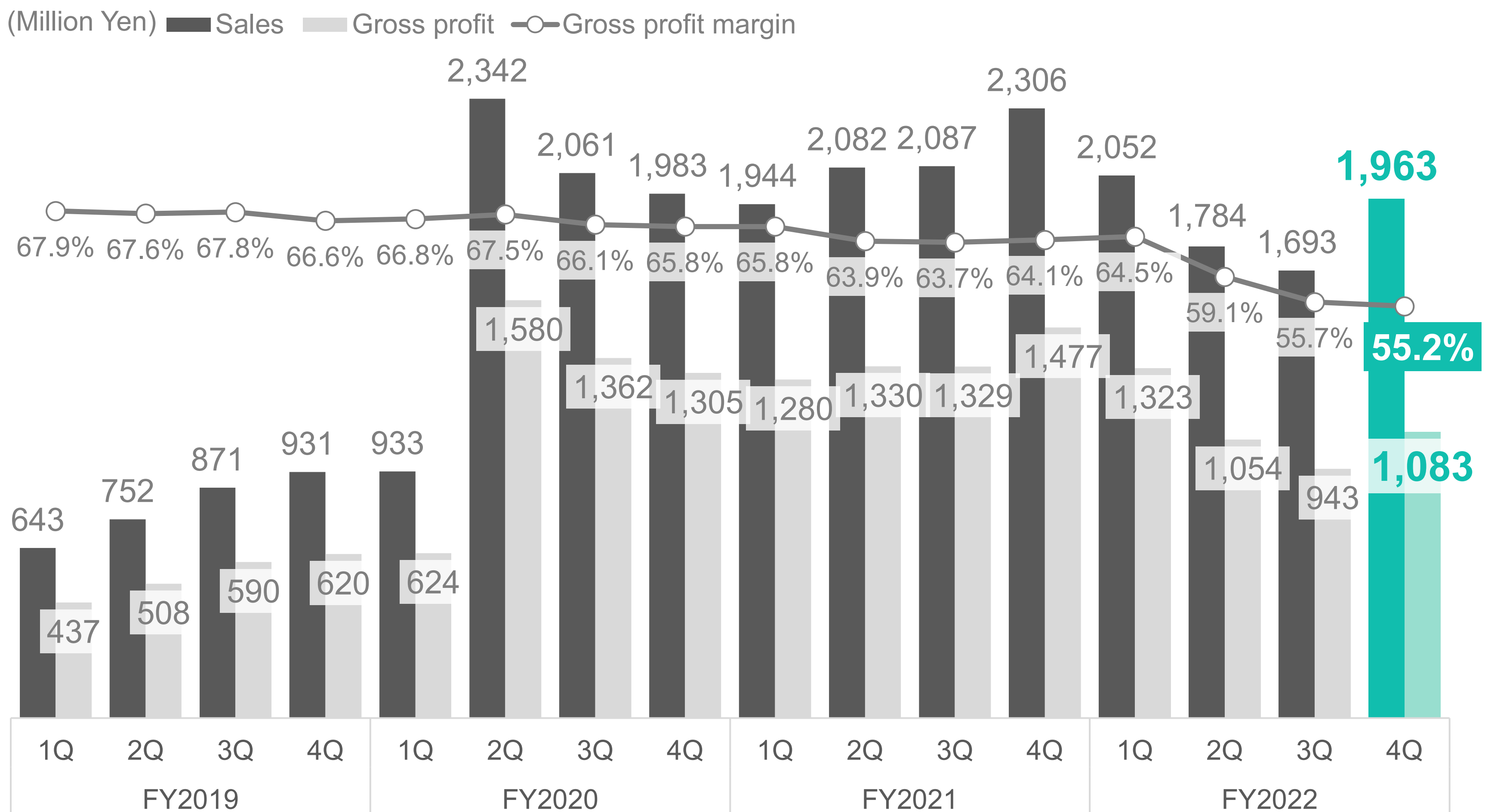
BASE Business

Trends in Net Sales and Gross Profit

BASE

Net sales, gross profit, and gorss profit margin decreased YoY due to lowered take rate

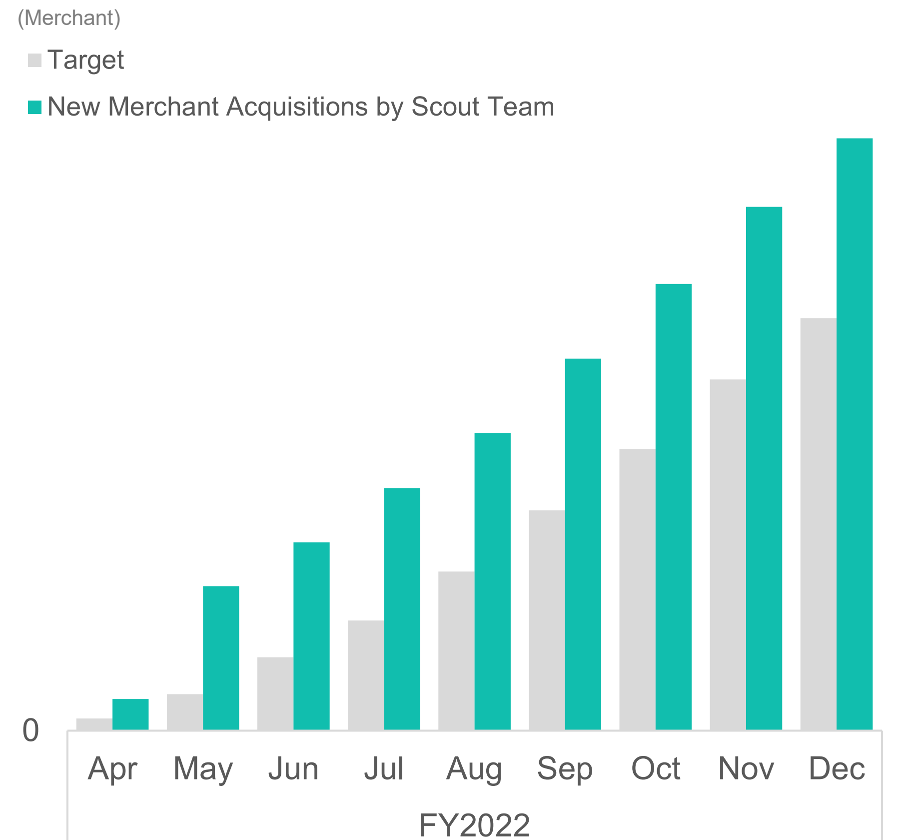
Net sales and gross profit increased QoQ due to GMV growth



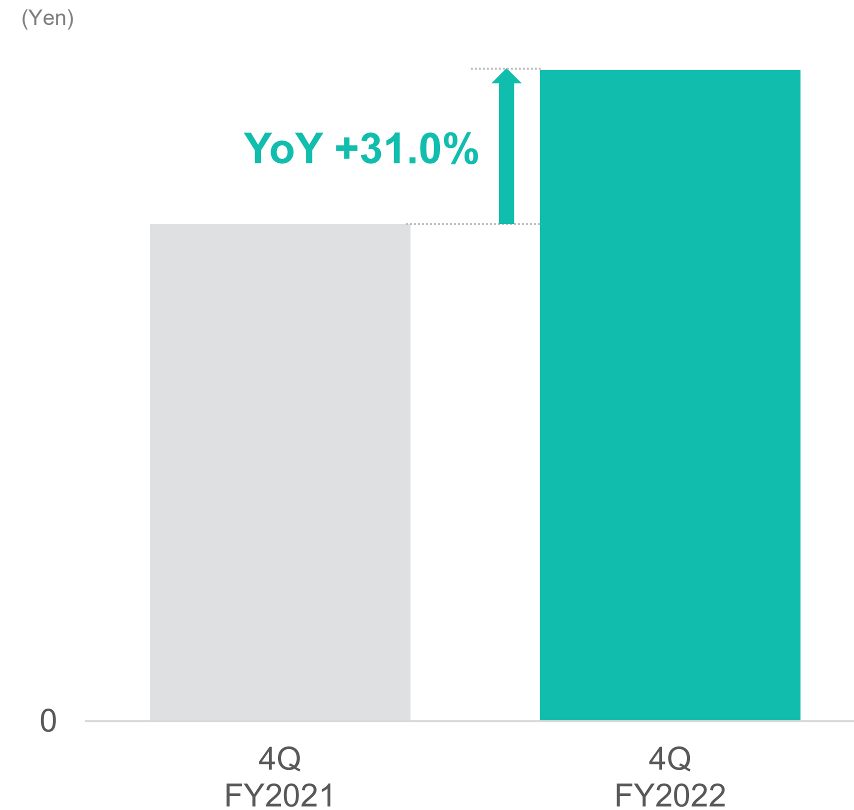
Effects of Monthly-Fee Plan and Scout Team

- Merchants using the Monthly-Fee Plan surpassed 4,200 merchants, and the **churning of merchants with large sales to competitors continued to decrease**
- **New Merchant Acquisitions by the outbound Scout Team** (Note1) **exceeded target figures set at the beginning of the year**, and **the Average Monthly GMV of Newly Acquired Merchants**(Note2) **increased significantly YoY** due to the acquisition of merchants with larger sales than before
- Inbound acquisition of merchants with large sales were below expectations largely due to a lack of functionality recognition

New Merchant Acquisitions by Scout Team



Average Monthly GMV of Newly Acquired Merchants



(Note1) "New Merchant Acquisitions by Scout Team" is the cumulative total of merchants acquired through the Scout Team
(Note2) Figures for Q4 FY2021 and Q4 FY2022 represent merchants acquired in full-year FY2021 and full-year FY2022 respectively

Business Highlights for Q4 FY2022

Conducted several updates for existing functions that were highly requested by merchants

Expanded functions that support operational efficiency and sales promotion for merchants with large sales

Update to the “Delivery Date Settings App”

Following the Q3 update that allows delivery dates to be set by prefecture, now allows merchants to set just one of either delivery date or delivery time

Continued support for operational efficiency in logistics

Update to the “Coupon App”

Updated the extended function that allows merchants to create their own coupons, and now allows them to individually select items that coupons can be applied to

Continued support for sales promotion by expanding functions for customer acquisition as well as encouraging repeated purchases

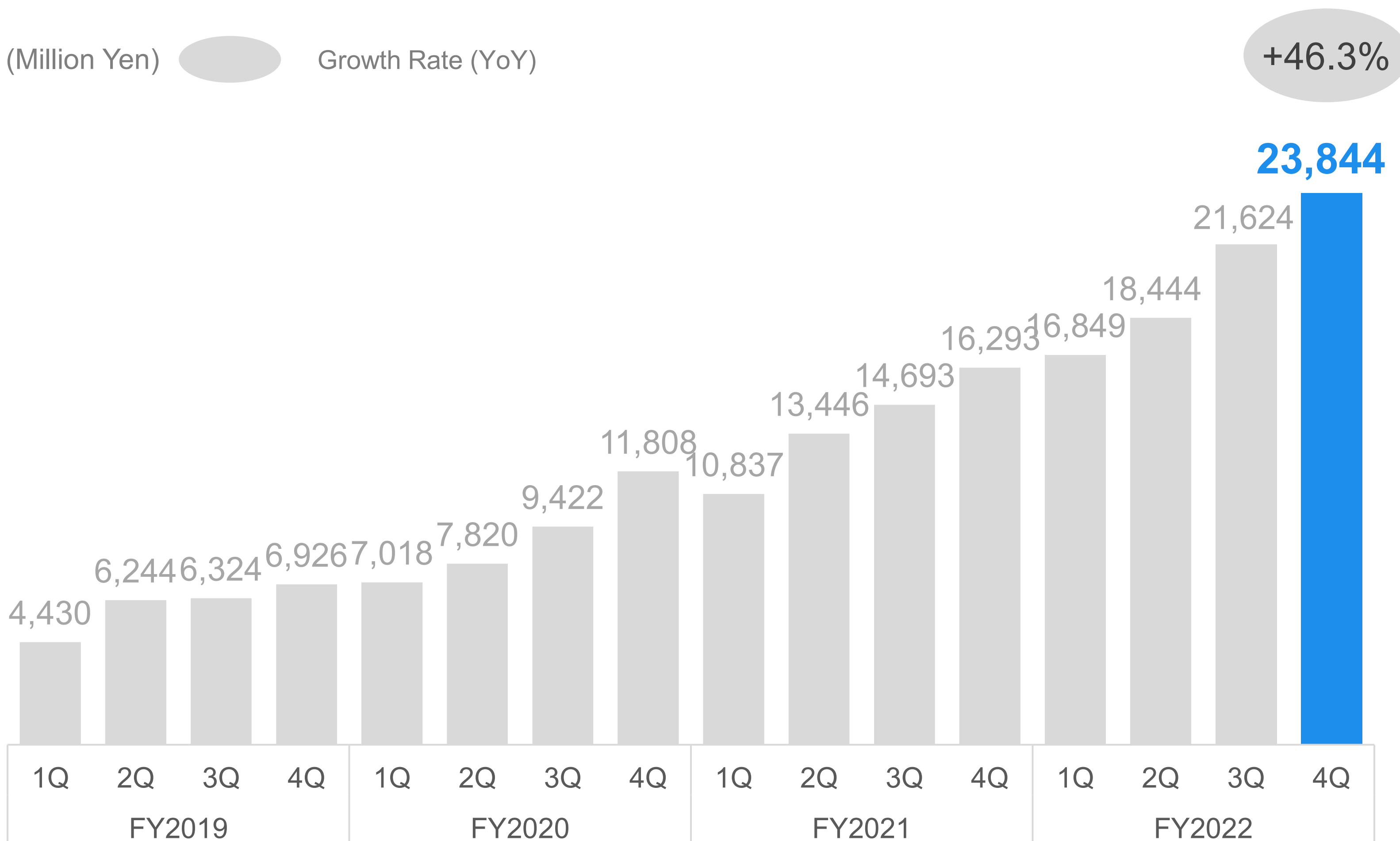
(Note) Original “Coupon App” allowed creation of coupons that could only be applied to all items

PAY Business

Trends in GMV

PAY.JP

GMV increased significantly at **+46.3%** YoY as a result of the continued growth of existing merchants as well as the acquisition of new merchants



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

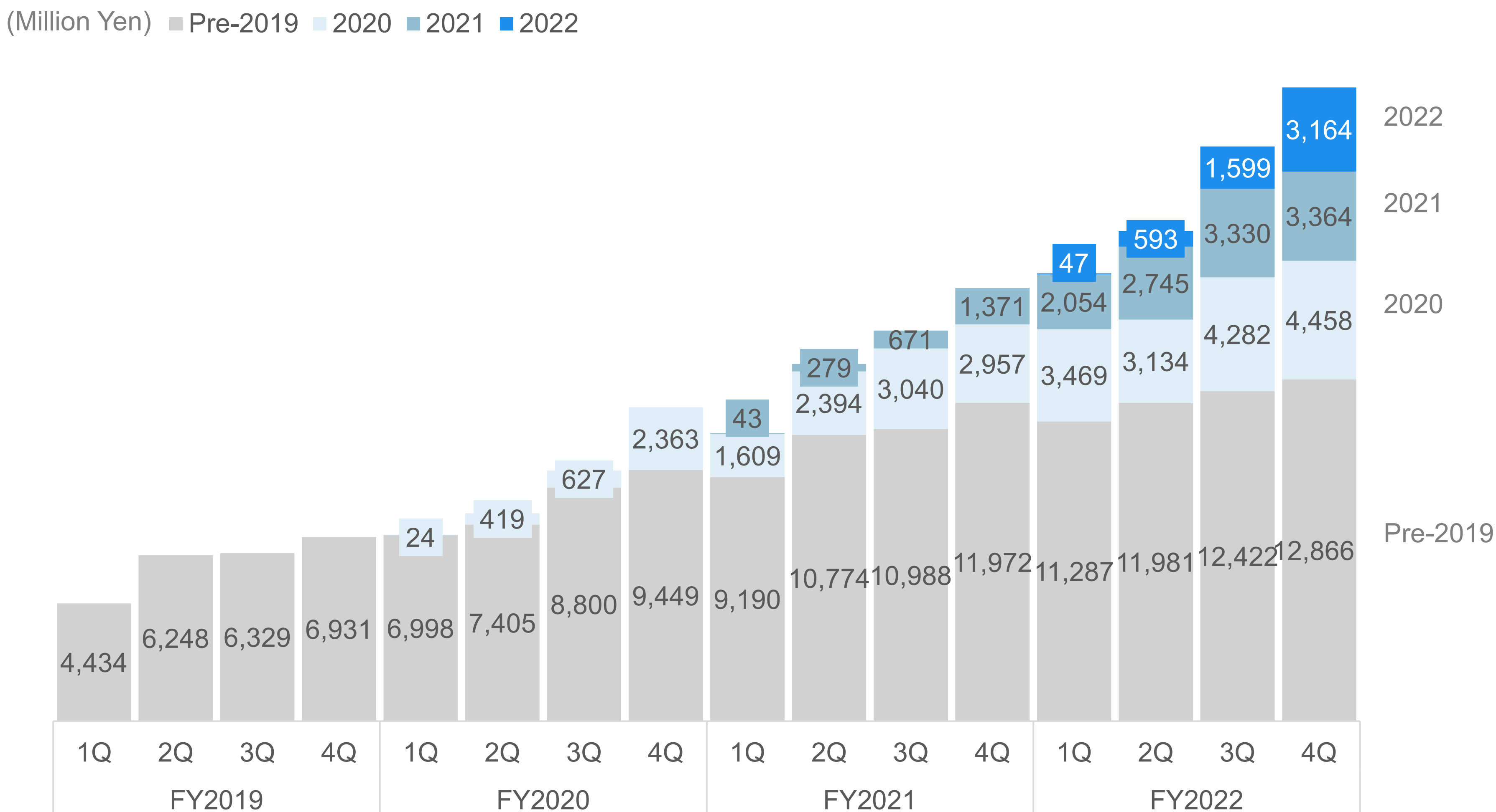
PAY Business

Trends in GMV

PAY.JP

Acquisition of large merchants as well as the expansion of the partner sales scheme (through sales agencies) contributed to GMV growth

GMV of existing merchants also increased due to high retention rate and individual merchant growth



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

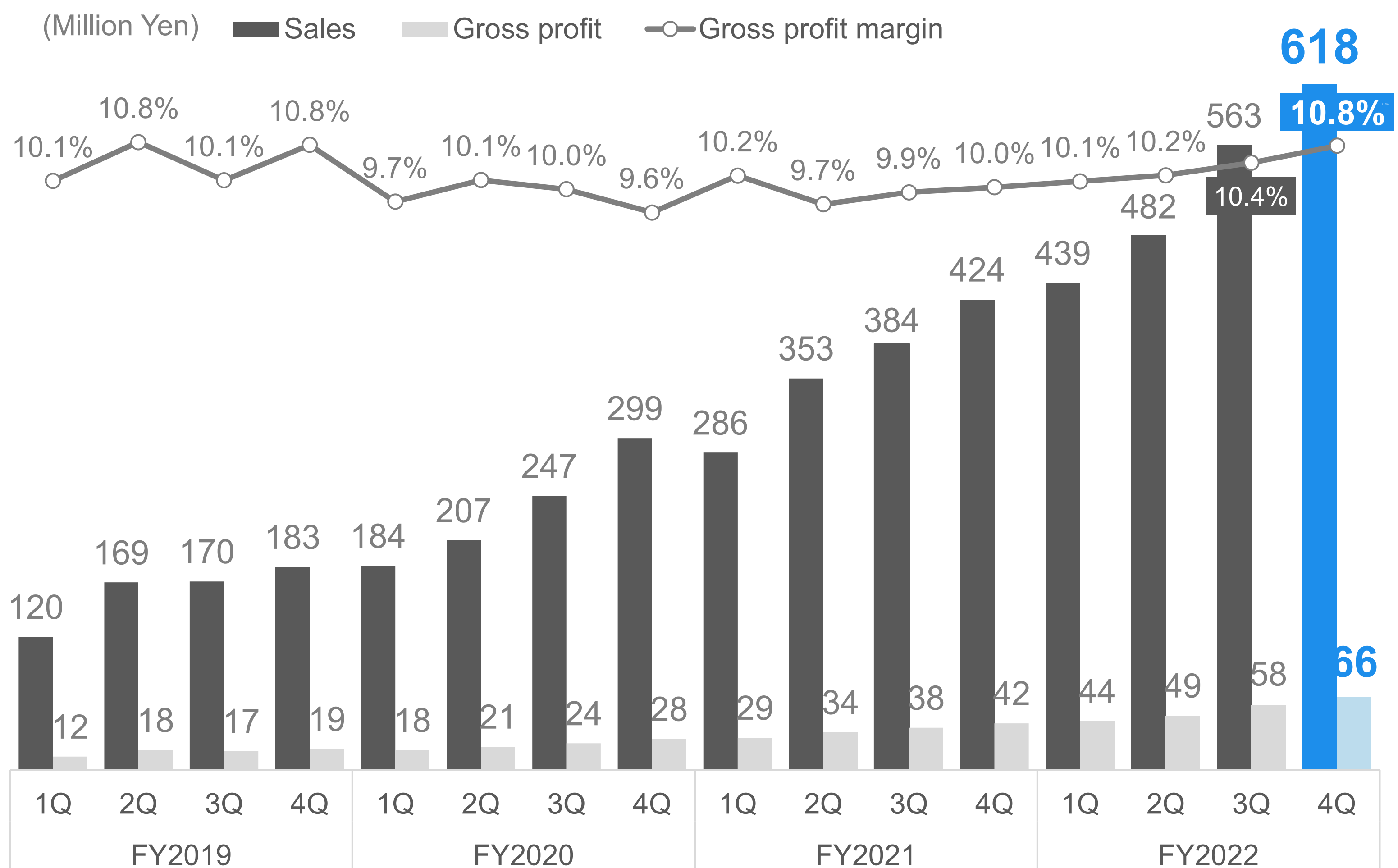
PAY Business

Trends in Net Sales and Gross Profit

PAY.JP

Net sales and gross profit increased significantly at **+45.6% and +56.6%** YoY respectively due to GMV growth

Gross profit margin continued to increase as a result of 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).

3. Policies for the Fiscal Year Ending December 31, 2023

Policies for FY2023

Group Management Policy	✓ Formulate a medium-term management plan and **aim to achieve Group gross profit growth and maximize value creation in the medium to long term** ✓ In line with a reassessed management policy, **aims to transition towards a leaner financial structure** through suppression of SG&A expenses ✓ With the aim of realizing a society in which all people can play an active role, increase accessibility to payment/finance through the growth of each product and focus on initiatives such as D&I promotion
BASE	✓ The business environment is still recovering, and uncertainties persist ✓ With consideration to this changing business environment, shift focus from sole GMV growth to **gross profit growth** achieved through the increase of both GMV and take rate ✓ Reassess aggressive investment policy that was in line with rapid service growth, and aim to **suppress SG&A expenses**
PAY.JP	✓ **Continue to achieve strong GMV growth** ✓ Promote growth of existing merchants and acquisition of new merchants by strengthening product development and customer support as well as improving marketing strategy
Pay ID	✓ Release BNPL functionality around March 2023 with the aim of providing a unique payment network across the Group ✓ Strengthen purchaser membership base and increase added value towards both “BASE” merchants and purchasers
Finance	✓ Increase added value towards “BASE” merchants through growth of existing product

Consolidated

FY2023 Full-Year Earnings Forecast

BASE

With the strategic reduction in take rate for the BASE Business being conducted in April 2022, high hurdle exists for FY2023 due to the effects of the new pricing plan being annualized. However, **targeting a YoY increase in gross profit**

Aiming to suppress SG&A expenses to near-FY2022 levels

(Million Yen)	**FY2023 Full-Year Forecast**	FY2022 Results	YoY
Revenue	10,300 ～10,800	9,739	*+5.8% ～+10.9%*
Gross Profit	4,650 ～4,850	4,737	*-1.8% ～+2.4%*
SG&A Expenses	6,250 ～6,500	6,228	*+0.1% ～+4.1%*
Operating Profit	-1,850 ～-1,400	-1,491	-
Ordinary Profit	-1,850 ～-1,400	-1,478	-
Net Income Attributable to Owners of Parent	-1,900 ～-1,450	-1,715	-
GMV (BASE Business)	125,000 ～130,000	118,932	*+5.1% ～+9.3%*
GMV (PAY Business)	105,000 ～110,000	80,762	*+30.0% ～+36.2%*

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

Consolidated

SG&A Expenses Forecast

Reassessed aggressive investment policy that was in line with rapid service growth, aiming to suppress SG&A expenses

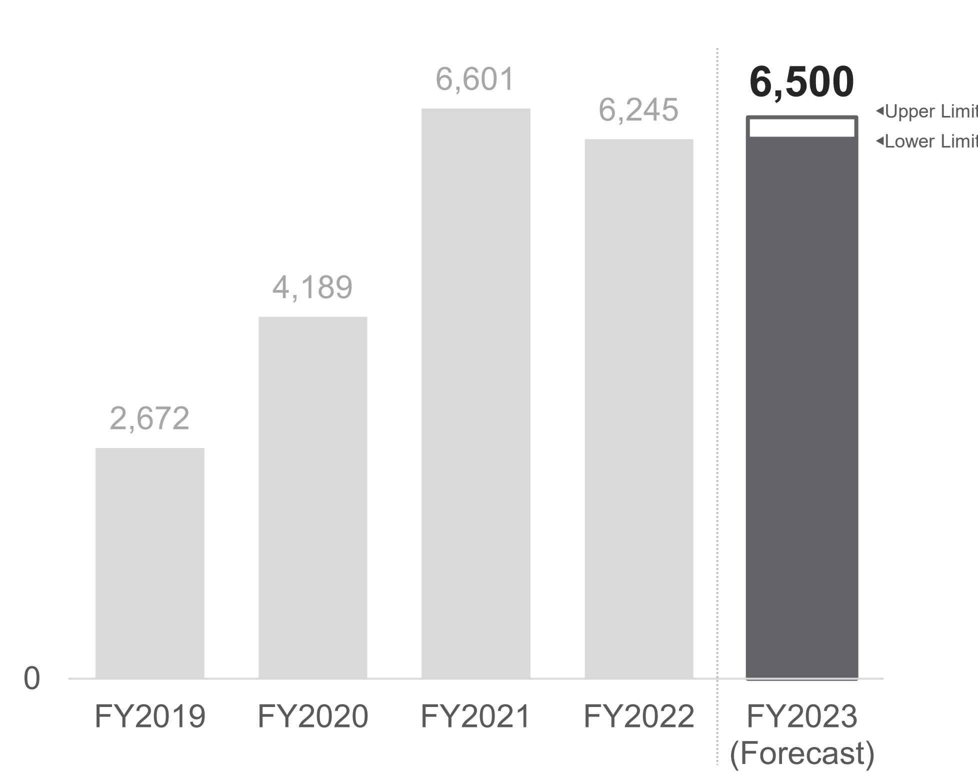
Aims to transition towards a leaner financial structure

Cost Control Policy

Promotional Expenses	✓ **Forecasted to decrease YoY** due to decline in brand recognition-related marketing for the masses and transition towards a more targeted marketing policy
Personnel Expenses	✓ Forecasted to increase YoY due to the annualization of expenses associated with personnel hired in FY2022 ✓ Although organization had been aggressively expanding in line with rapid service growth, **more disciplined hiring to reduce the pace of headcount growth**
Other Expenses	✓ Outsourcing expenses forecasted to increase YoY in order to achieve product development required to execute growth strategy

SG&A Expenses Forecast

(Million Yen)

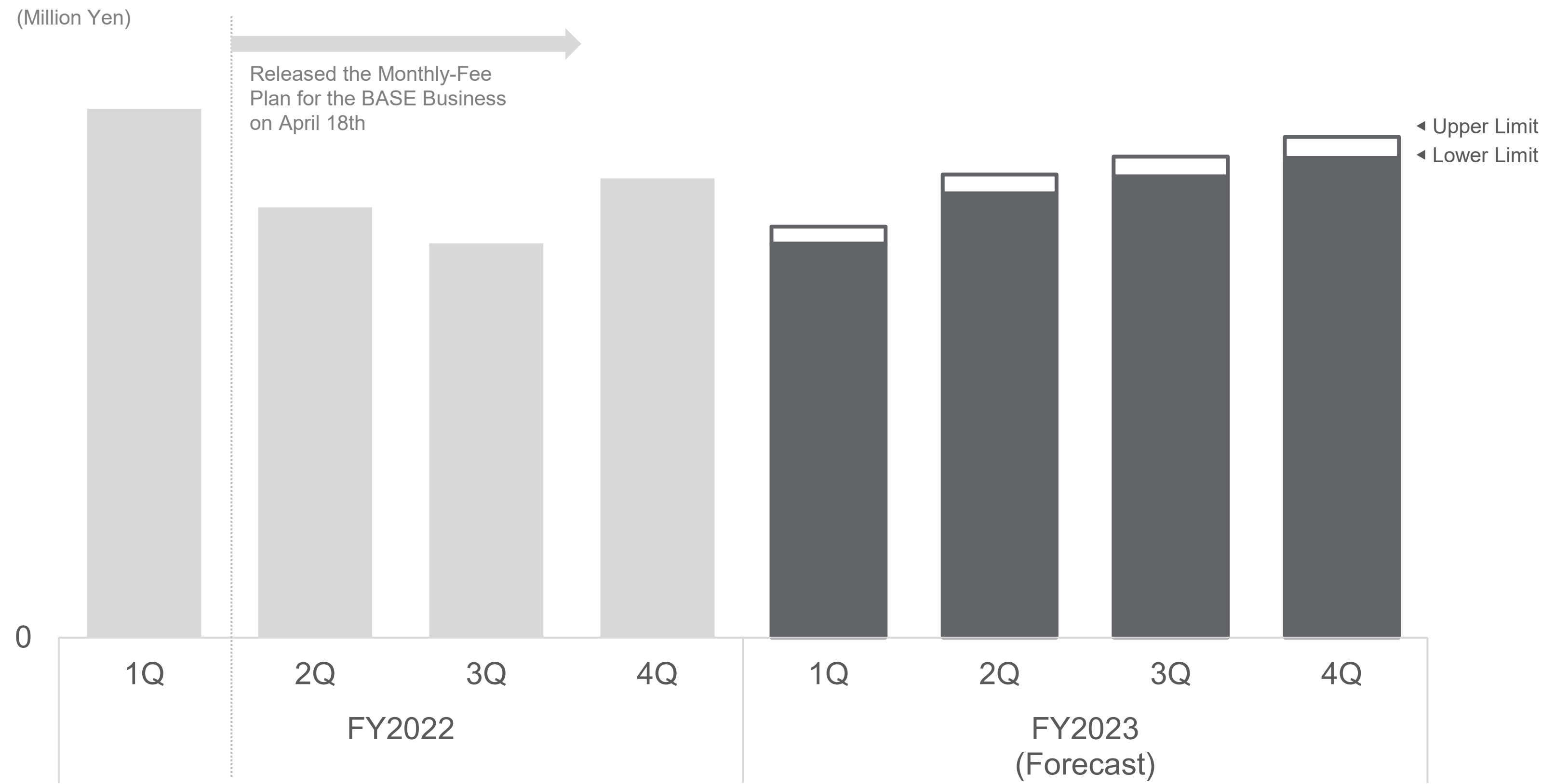


Consolidated

Gross Profit Forecast

Since the strategic reduction in take rate for the BASE Business was conducted in April 2022, **consolidated gross profit** for Q1 FY2023 is forecasted to decrease YoY but **is expected to increase YoY from Q2 FY2023 and onwards**

Quarterly Gross Profit



(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

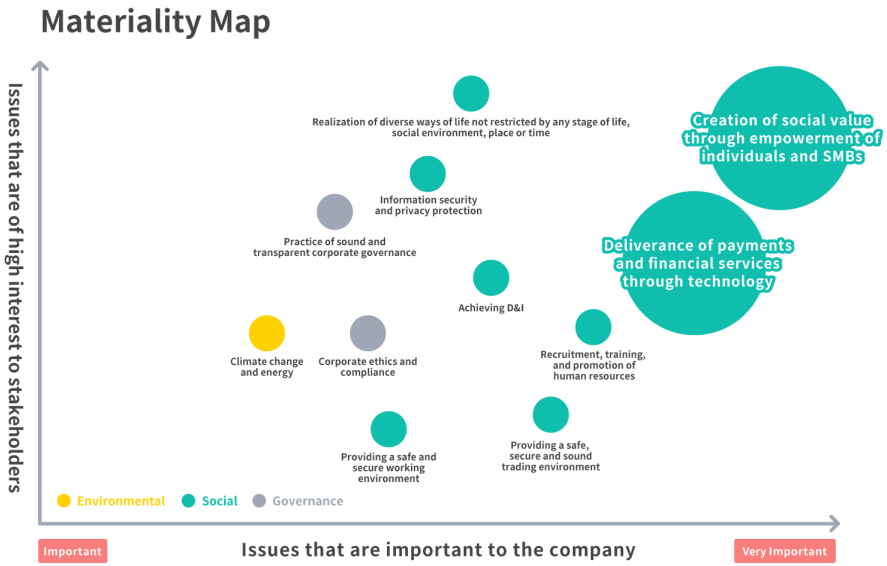
Sustainability Policy

Based on materiality(Note1), aims to empower individuals and small teams by **increasing accessibility to payment/finance** through technology, **realizing a society in which all people can play an active role**

In addition to the growth of each product, to focus on D&I promotion, and also begin initiatives addressing environmental issues including climate change

Materiality Map(Note2)

Aiming to create a society in which all people can play an active role **by enhancing accessibility to payment and finance services through the empowerment of individuals and small teams**



Policy for FY2023

D&I Promotion

- ✓ Formulation of Basic Policy for D&I Promotion (Dec. 2022)
- ✓ Creation of workplace that is comfortable for foreign nationals, LGBTQ+ and persons with disabilities
- ✓ Enhancing web accessibility
- ✓ Realization of diverse lifestyles through cooperation with local governments

Initiatives Addressing Environmental Issues including Climate Change

- ✓ Compliance with TCFD
- ✓ In addition to waste reduction at the office, initiatives to reduce waste at merchant shops and other business partners
- ✓ Review of banned products for “BASE” with the purpose of biodiversity conservation

(Note1) Designated in February 2022
(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

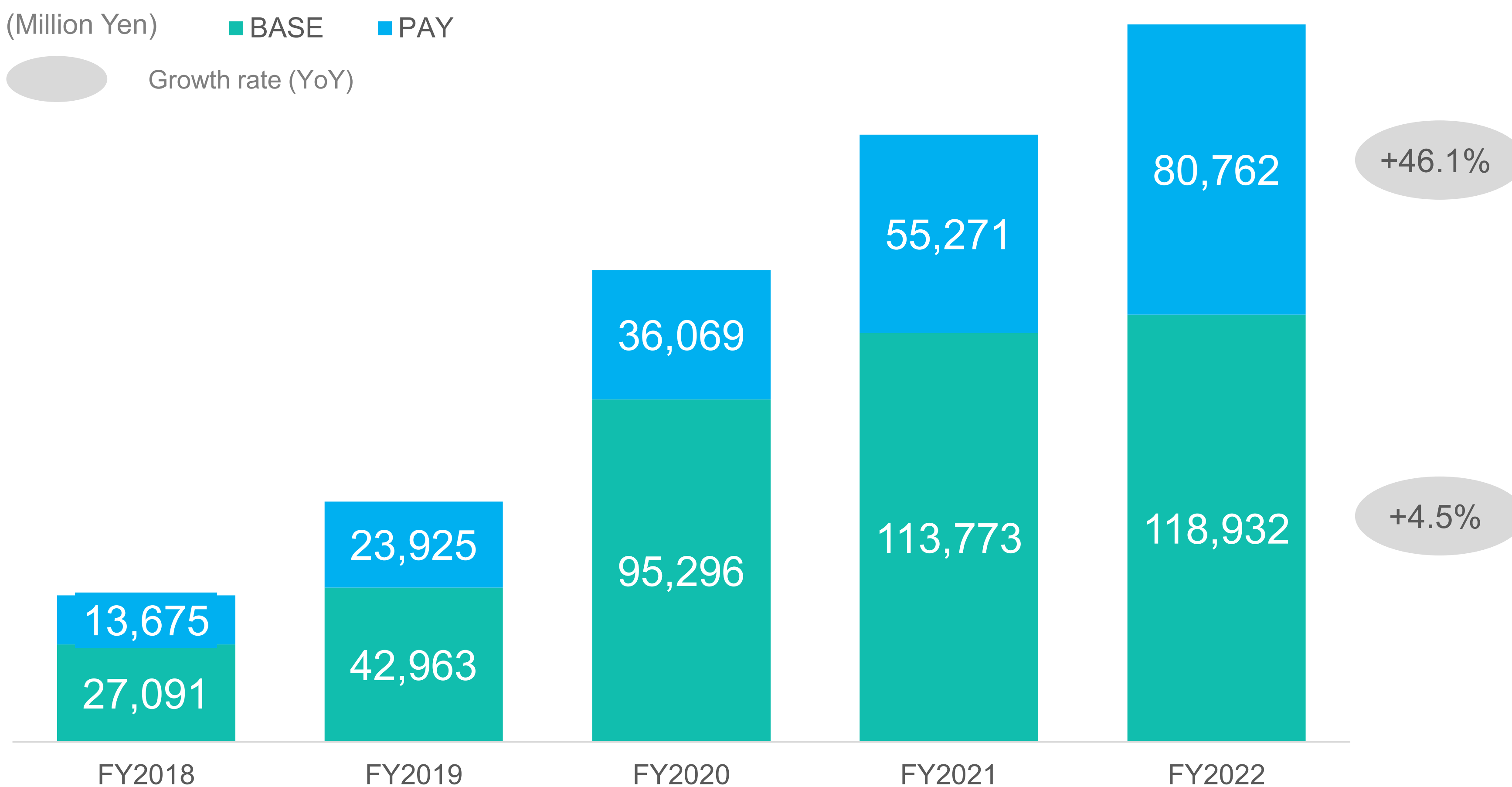
4. Reference Materials

4-1. Full-Year Results for Fiscal Year Ended December 31, 2022

Consolidated

Trends in GMV by Business

Group GMV grew to nearly 200 billion yen, as a result of both BASE and PAY Business growth

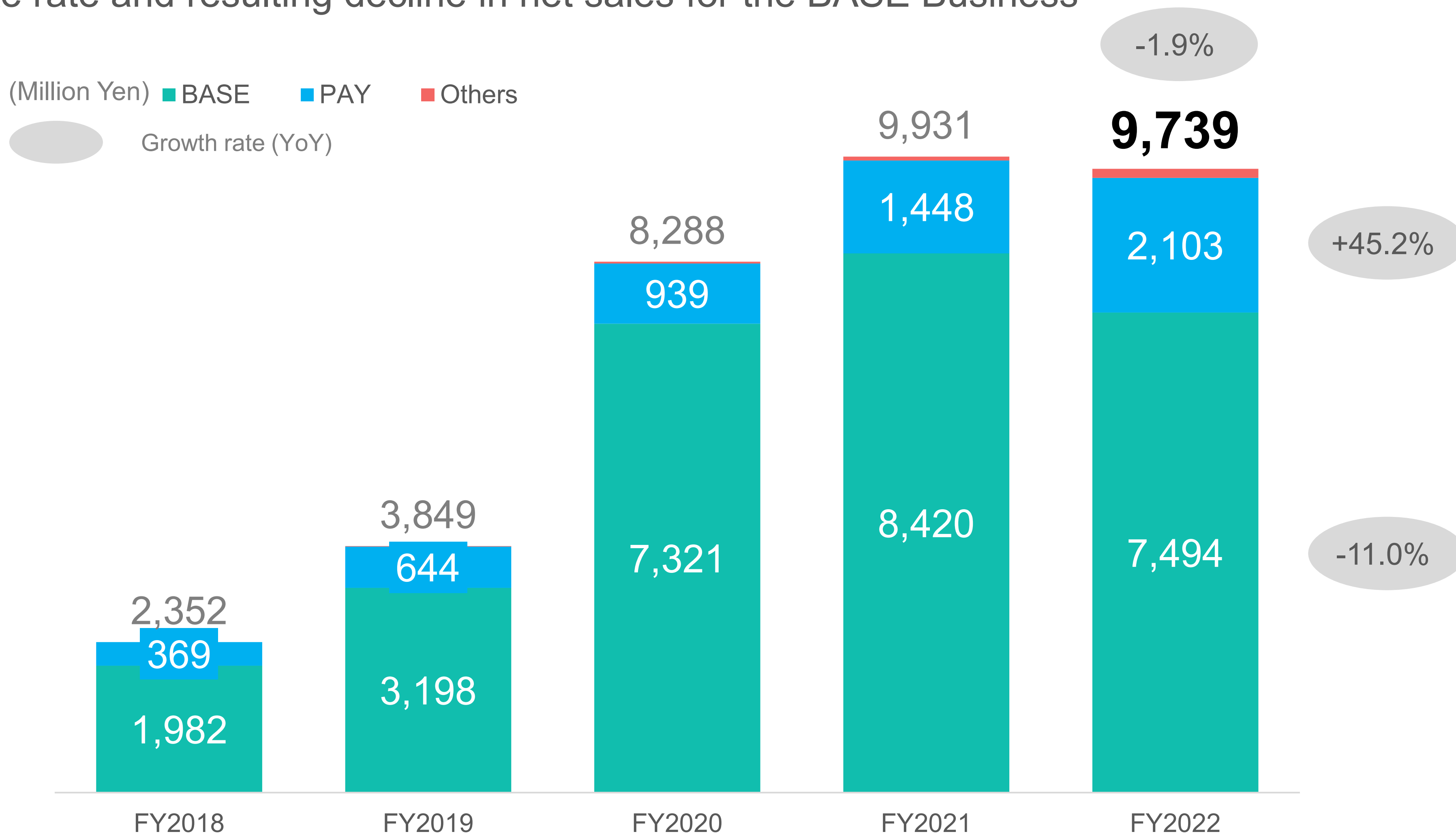


(Note) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (payment amount)

Consolidated

Trends in Net Sales by Business

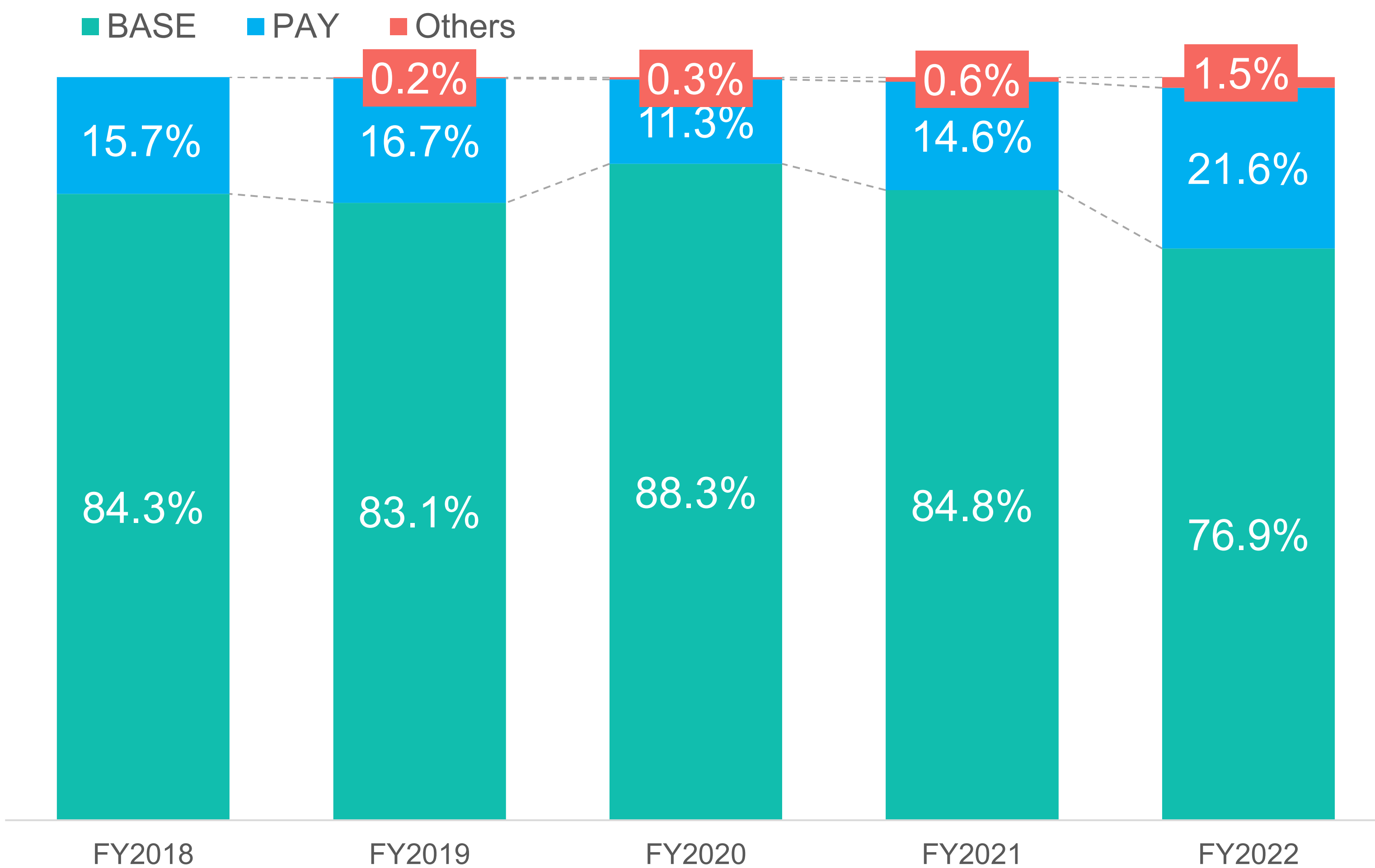
Despite the PAY Business's growth, net sales decreased YoY due to the strategic reduction in take rate and resulting decline in net sales for the BASE Business



Consolidated

Trends in Ratio of Net Sales by Business

Net sales ratio for the BASE Business decreased YoY, due to the strategic reduction in take rate and resulting decline in net sales for the BASE Business, as well as the PAY Business's growth



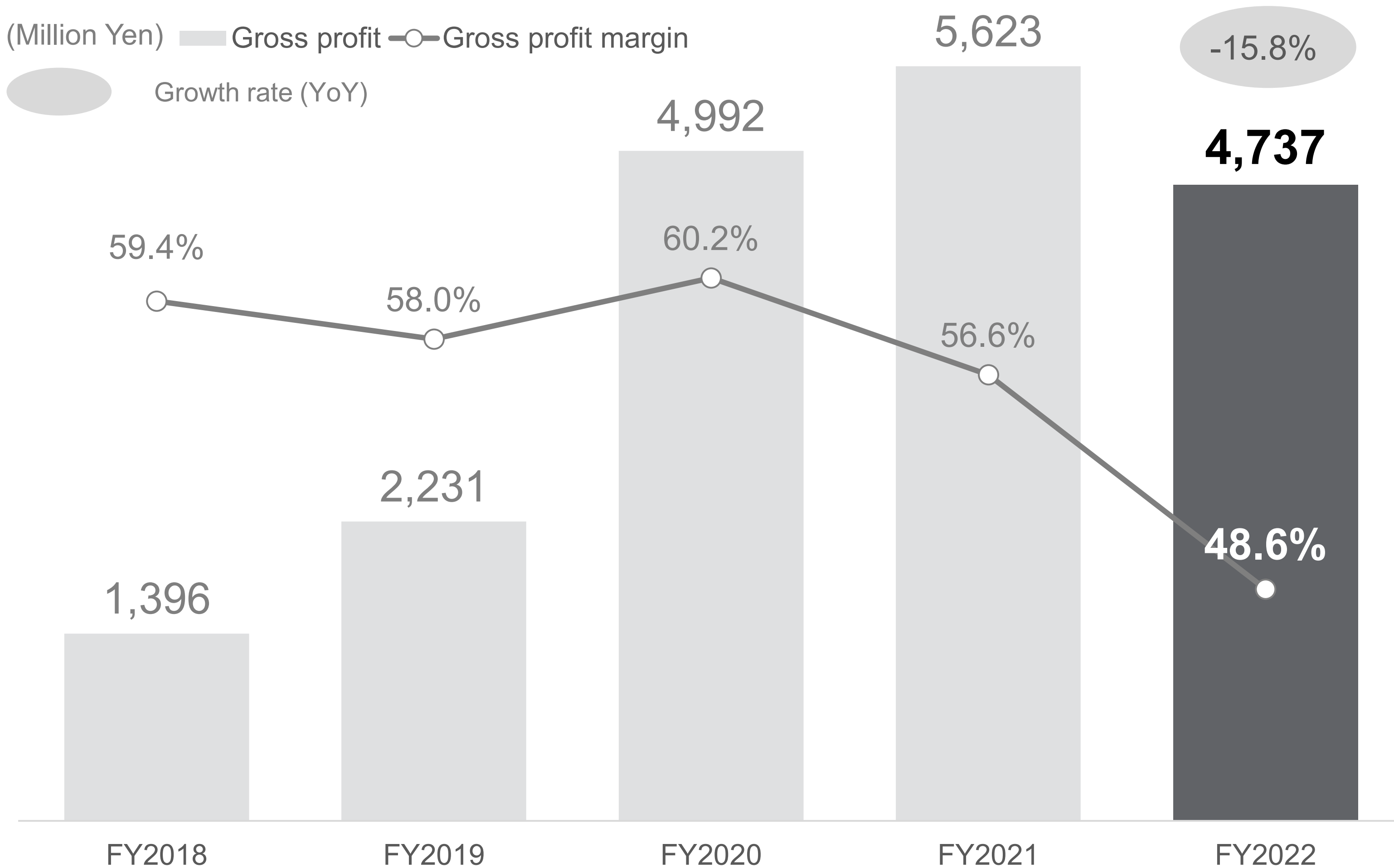
Consolidated

Trends in Gross Profit

BASE

Gross profit decreased YoY due to the strategic reduction in take rate and resulting decline in gross profit for the BASE Business

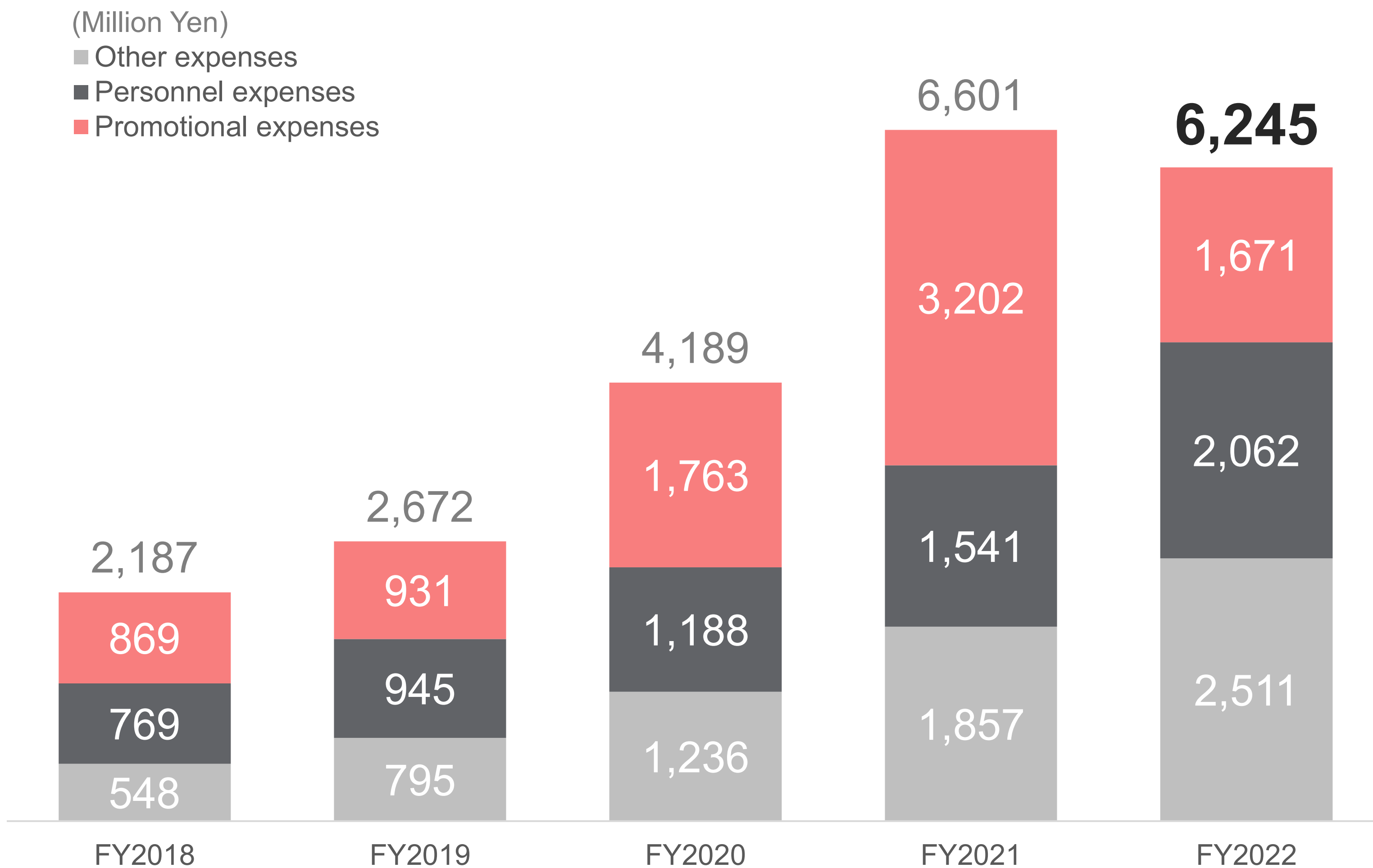
Gross profit margin decreased YoY due to a decrease in the BASE Business's net sales ratio and gross profit margin



Consolidated

Trends in SG&A Expenses

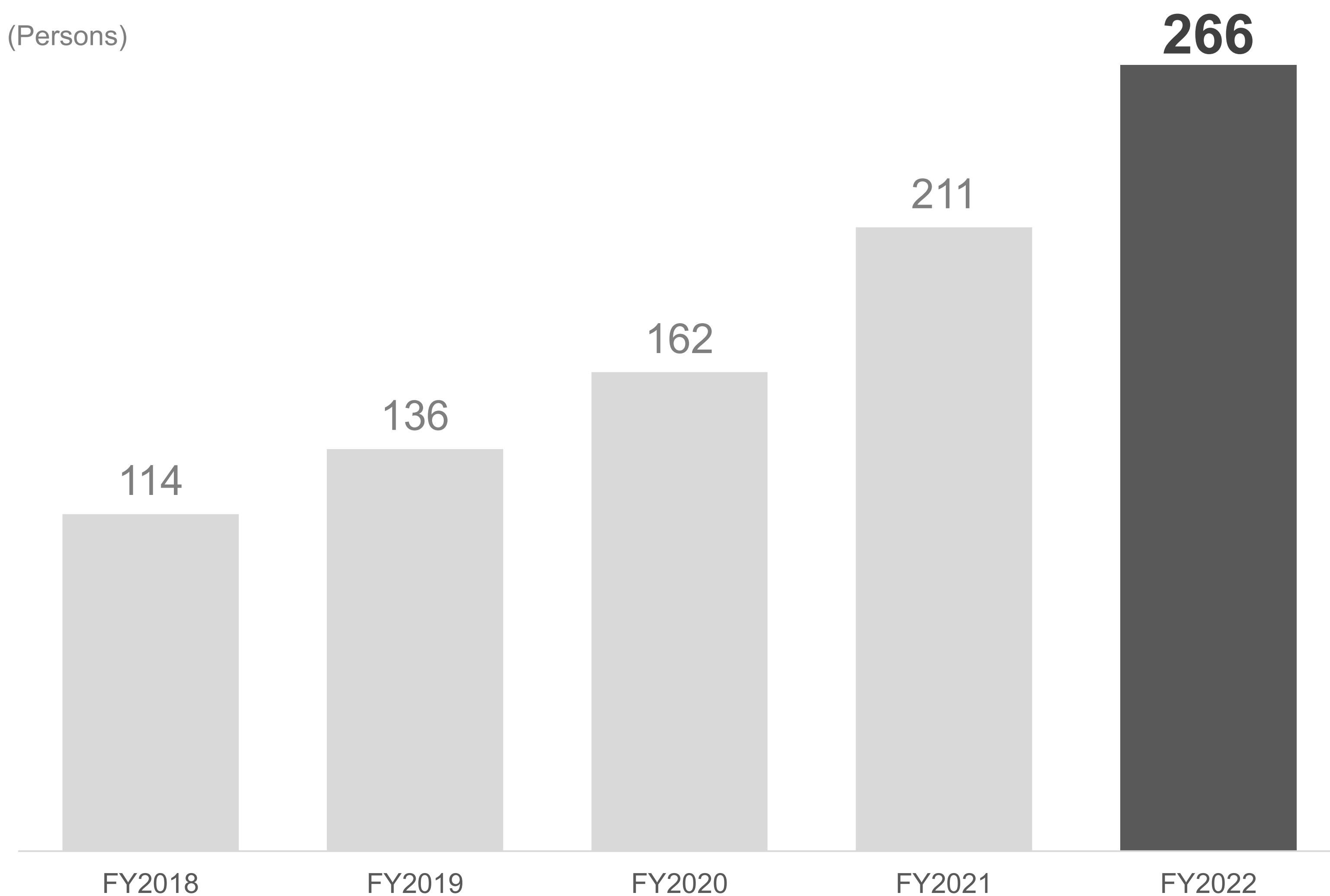
- **SG&A expenses decreased YoY due to a significant decline in promotional expenses**
- Promotional expenses decreased significantly YoY due to the reduction of brand recognition-related marketing made possible **by the realization of unparalleled brand awareness**
- Personnel and other expenses increased YoY due to headcount growth



Consolidated

Trends in Number of Employees

Headcount **increased by 55 persons** YoY (**+26.1%** YoY) due to the strengthening of product development and sales & marketing organizations

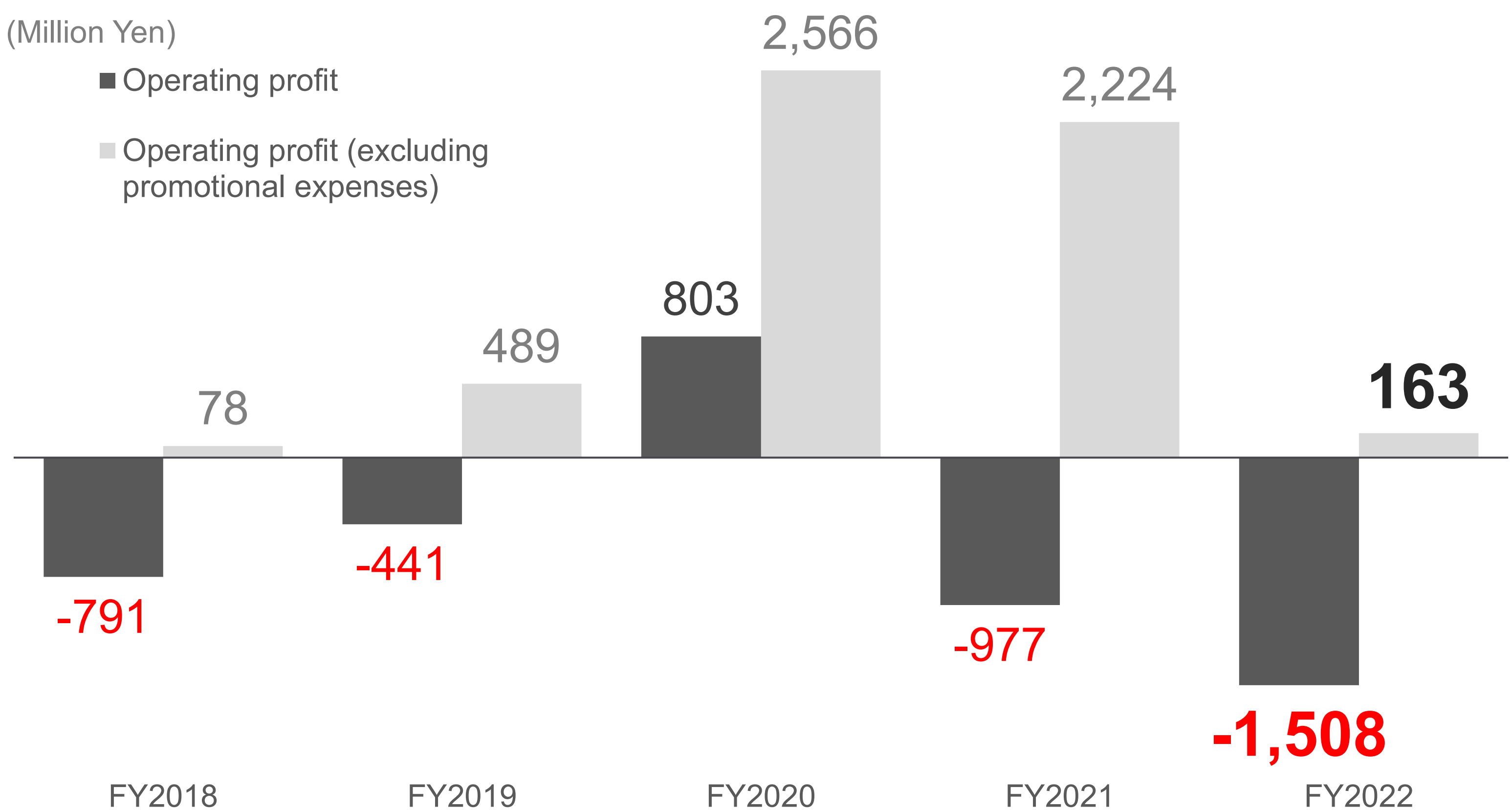


Consolidated

Trends in Operating Profit/Loss

Operating loss expanded YoY due to the strategic reduction in take rate and resulting decline in gross profit for the BASE Business

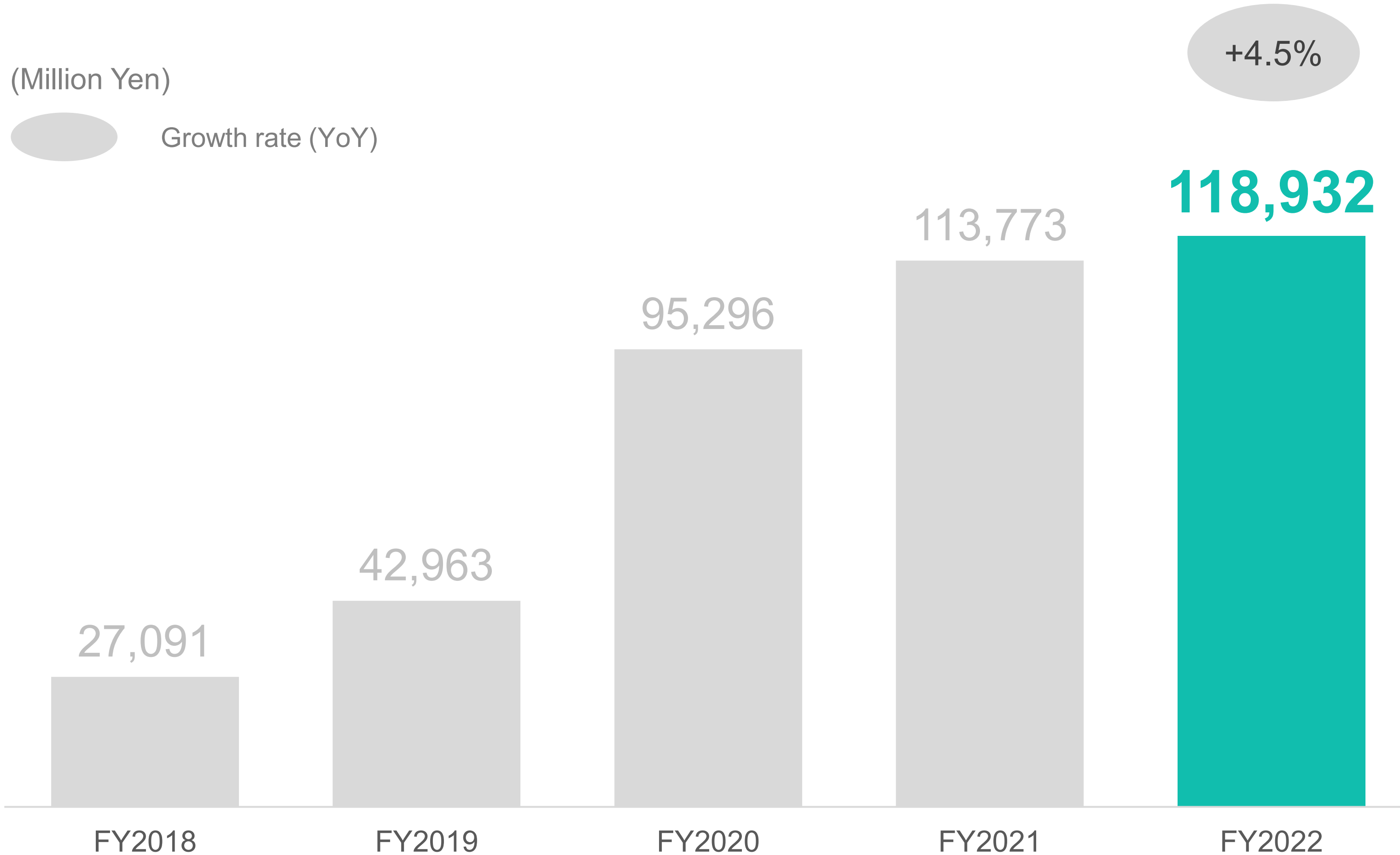
Although decreasing YoY due to the decline in gross profit as well as an increase of personnel and other expenses stemming from the company-wide strengthening of organizational structure, operating profit (excluding promotional expenses) remained positive



BASE Business

Trends in GMV

Due to the decline in online consumption associated with reopening, GMV growth was limited to +4.5% YoY



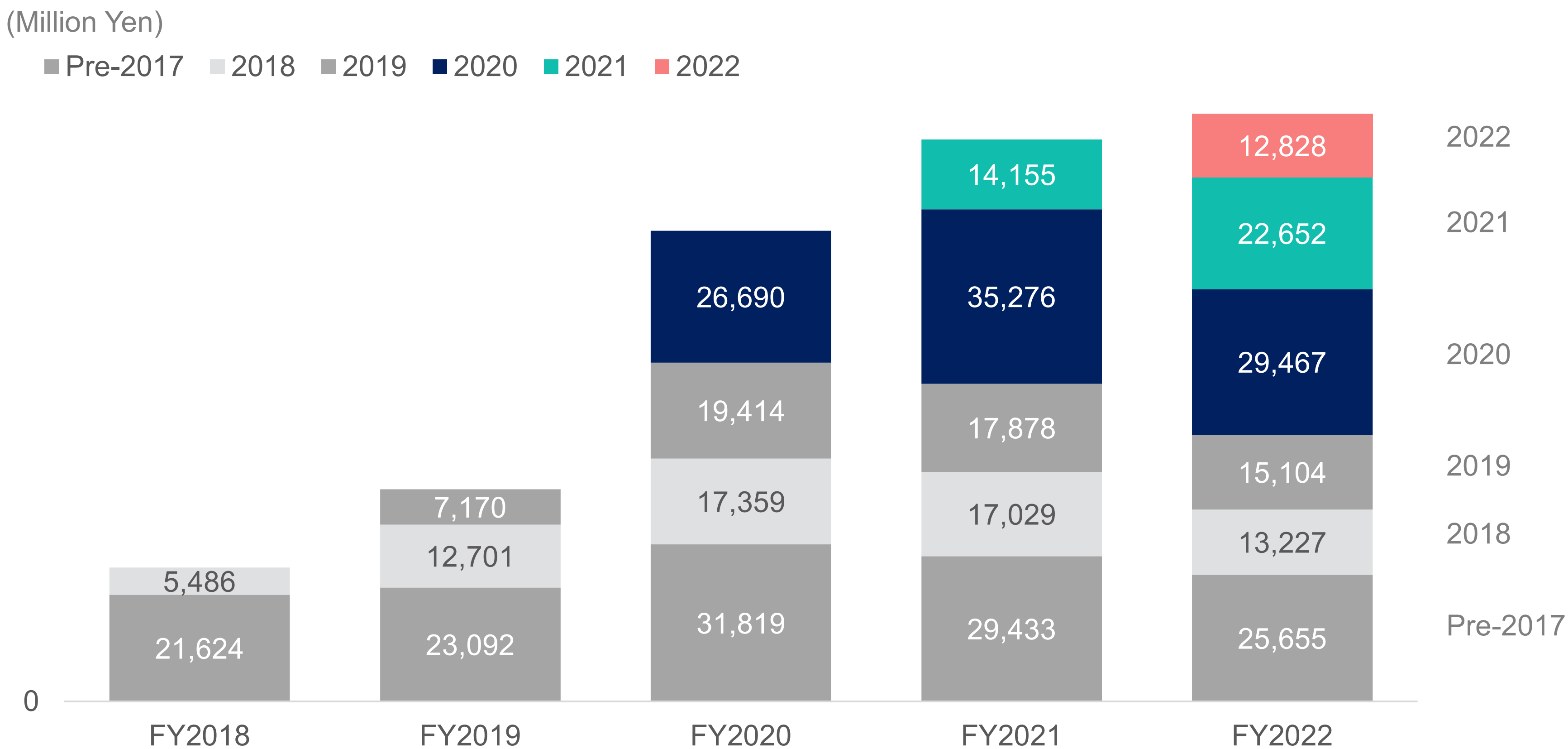
(Note) GMV is based on the order date (order amount)

BASE Business

Trends in GMV

Although the churning of existing merchants to competitors decreased as a result of the Monthly-Fee Plan release, cohort of merchants acquired prior to 2021 decreased due to reopening headwinds

GMV Trend (By Year of Establishment)



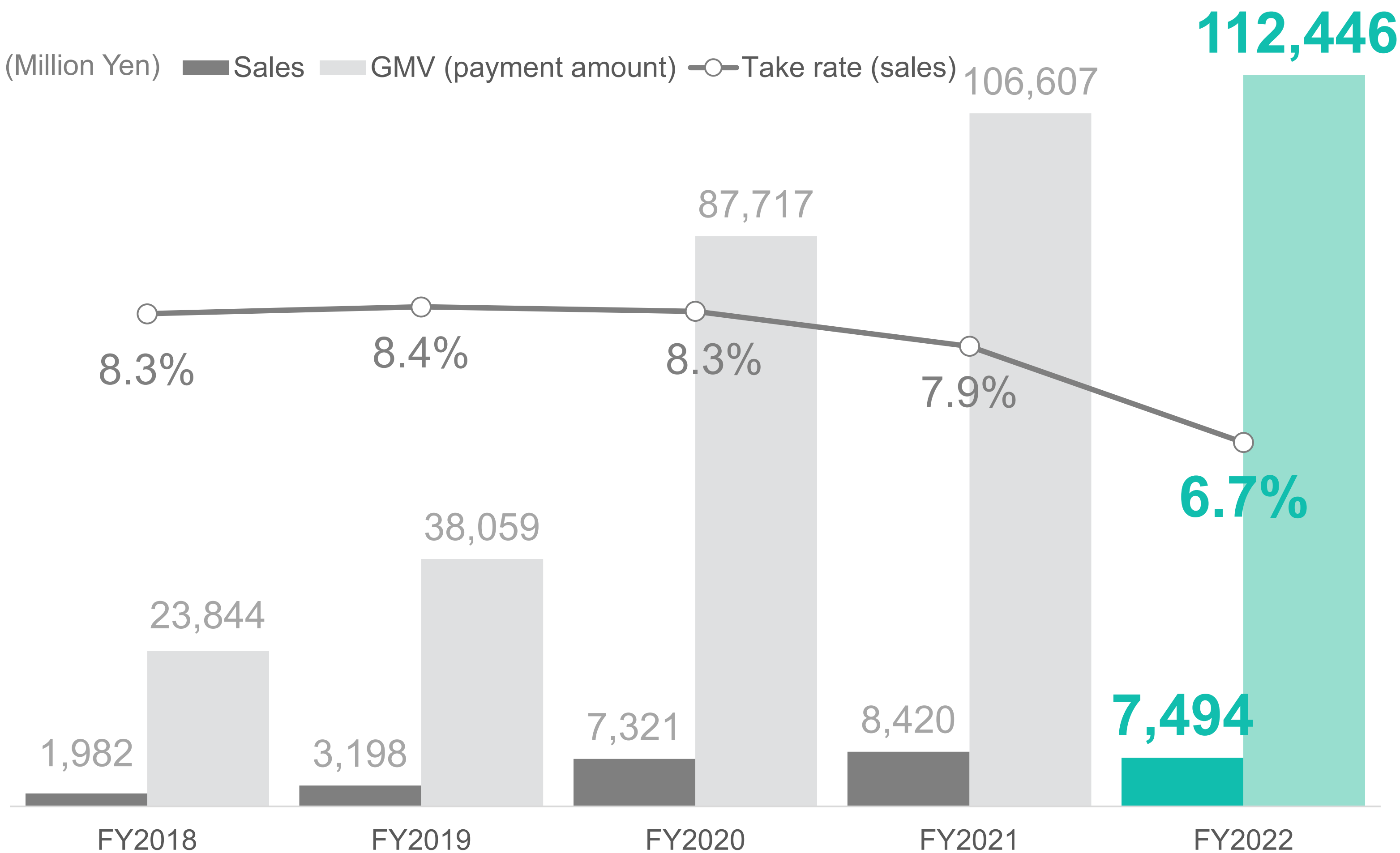
(Note) GMV is based on the order date (order amount)

BASE Business

Trends in GMV (Payment Amount), Take Rate and Net Sales

BASE

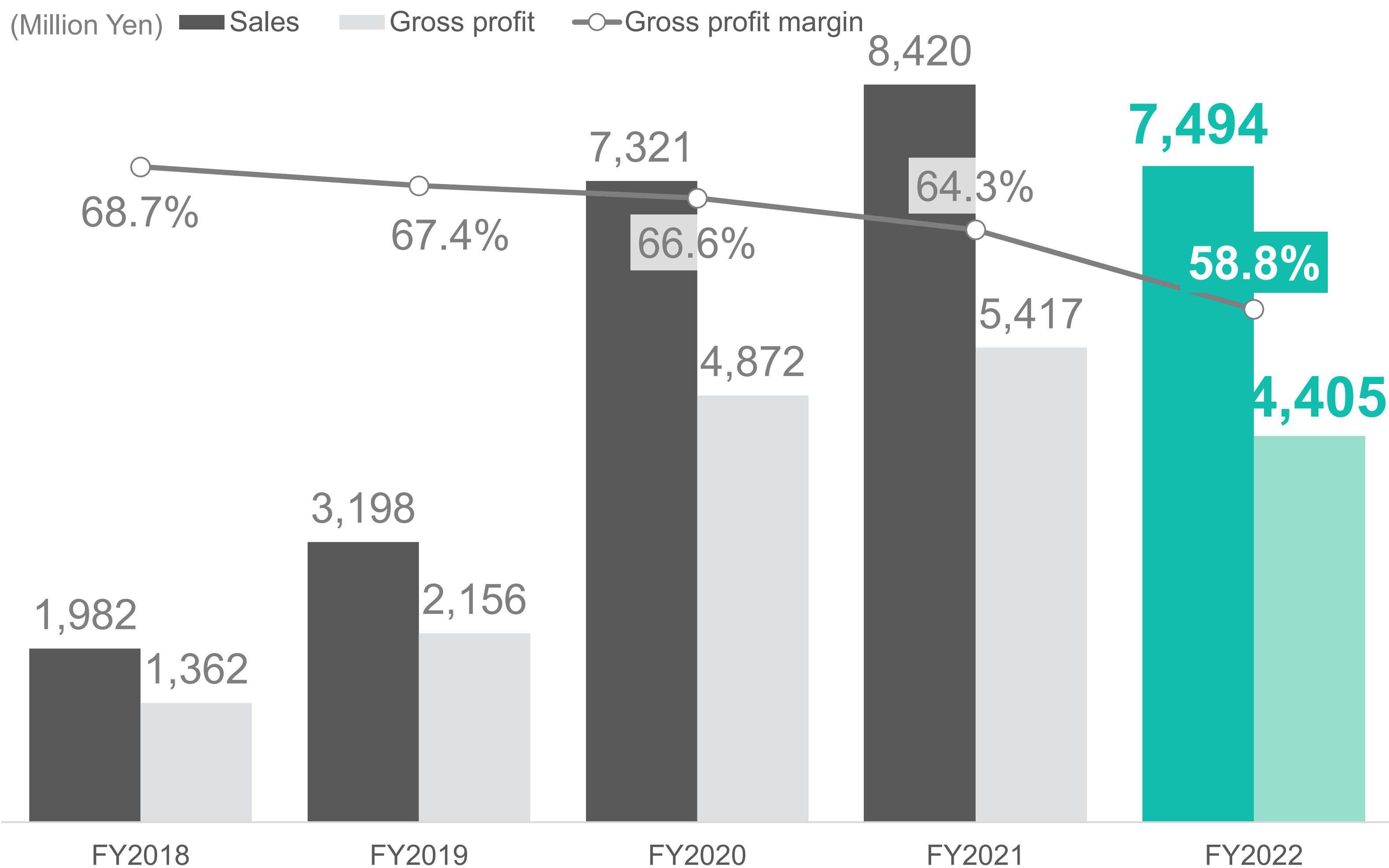
Take rate decreased YoY due to the Monthly-Fee Plan release in April 2022



(Note) 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).

Trends in Net Sales and Gross Profit

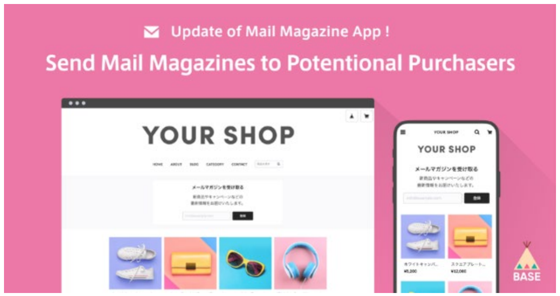
Net sales, gross profit, and gross profit margin decreased YoY due to the strategic reduction in take rate

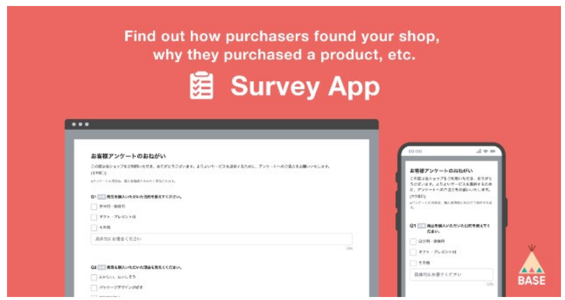


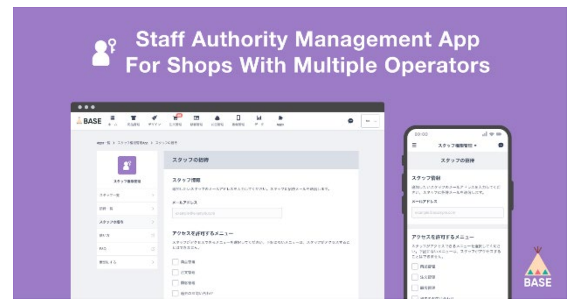
BASE Business

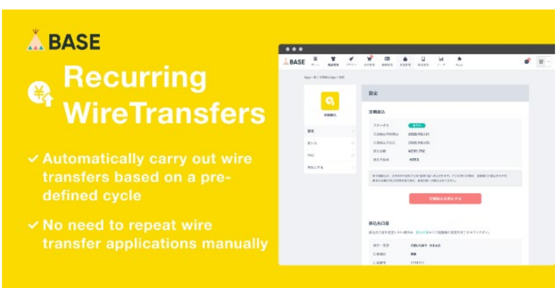
Product and Service Development for FY2022

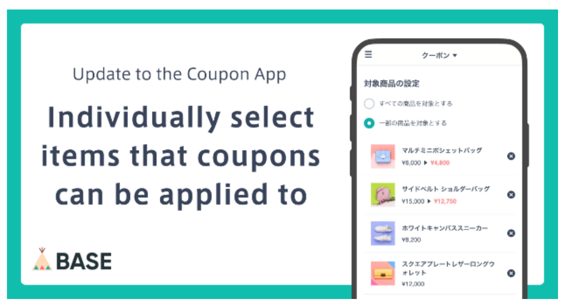
Expansion of functions that support sales promotion and operational efficiency of merchants with large sales

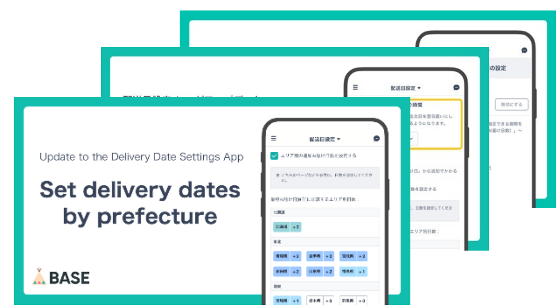








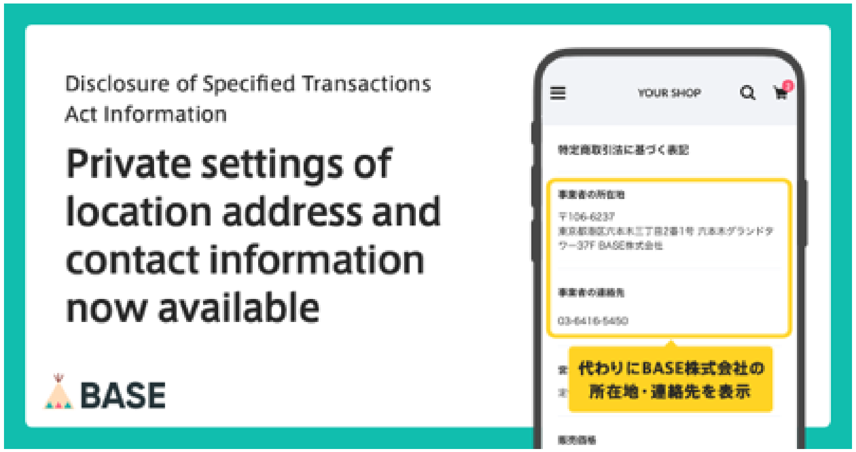




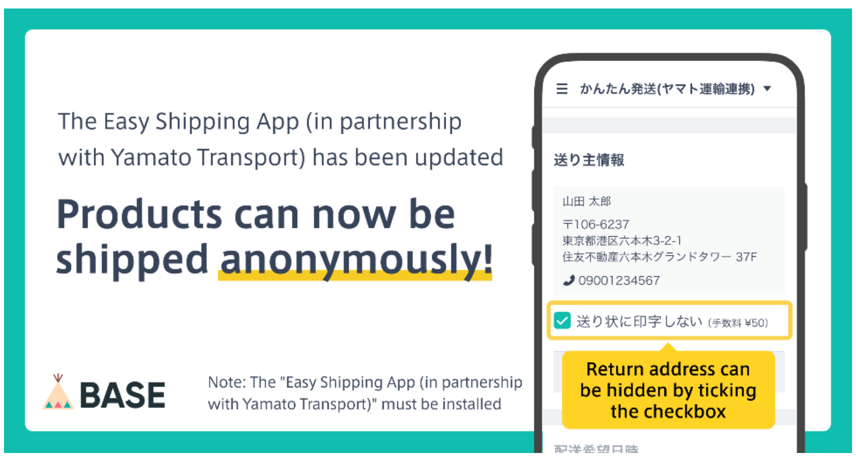
(Note) Updates to the "Delivery Date Settings App" (Total of three times)

Product and Service Development for FY2022

Continued to establish a risk-free and safe commerce environment for individuals and small teams



Launch of Owners Community "BASE Street"

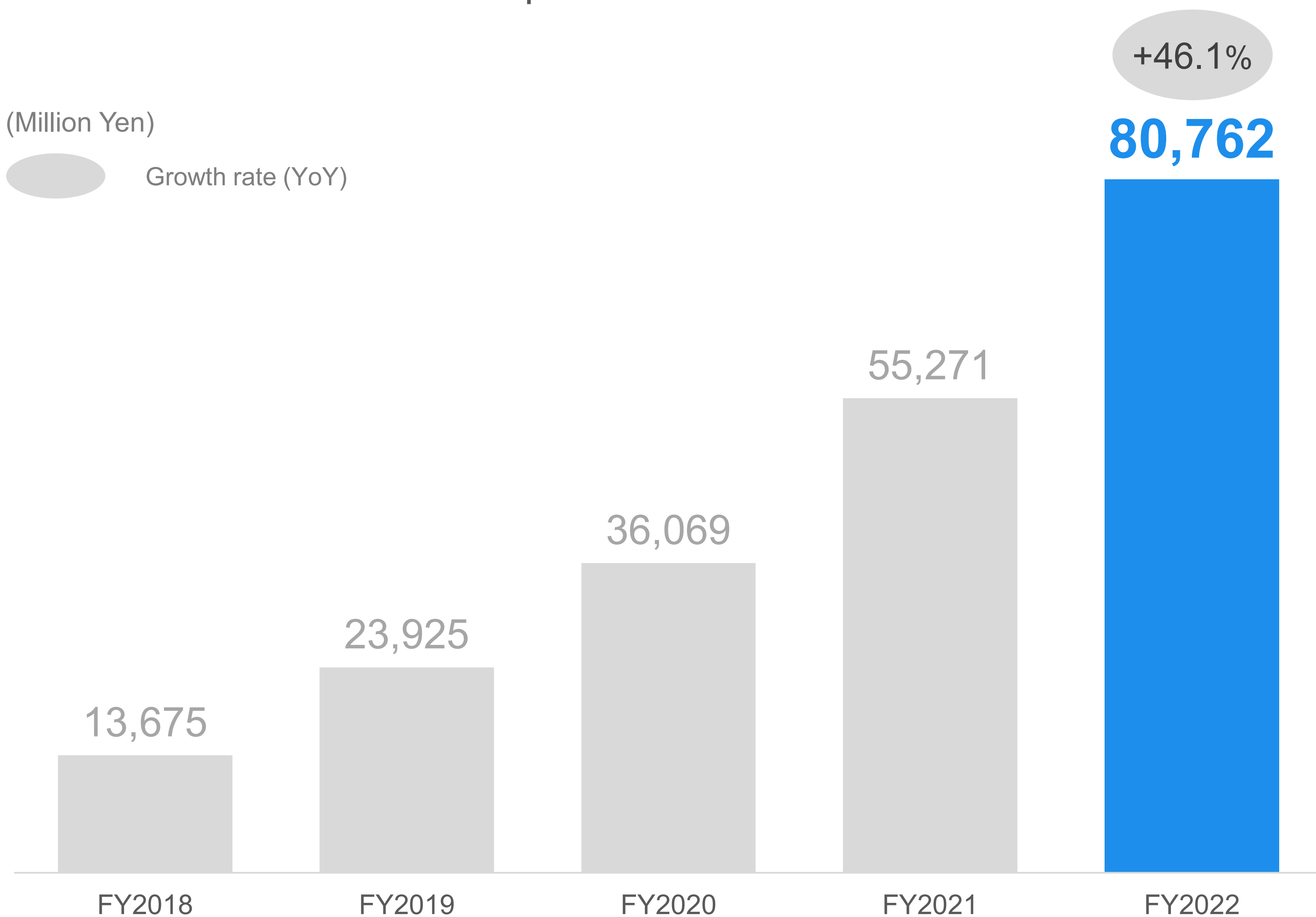


Free use of the "SHIBUYA BASE" food space

PAY Business

Trends in GMV

GMV increased significantly at **+46.1%** YoY as a result of the continued growth of existing merchants as well as the acquisition of new merchants



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

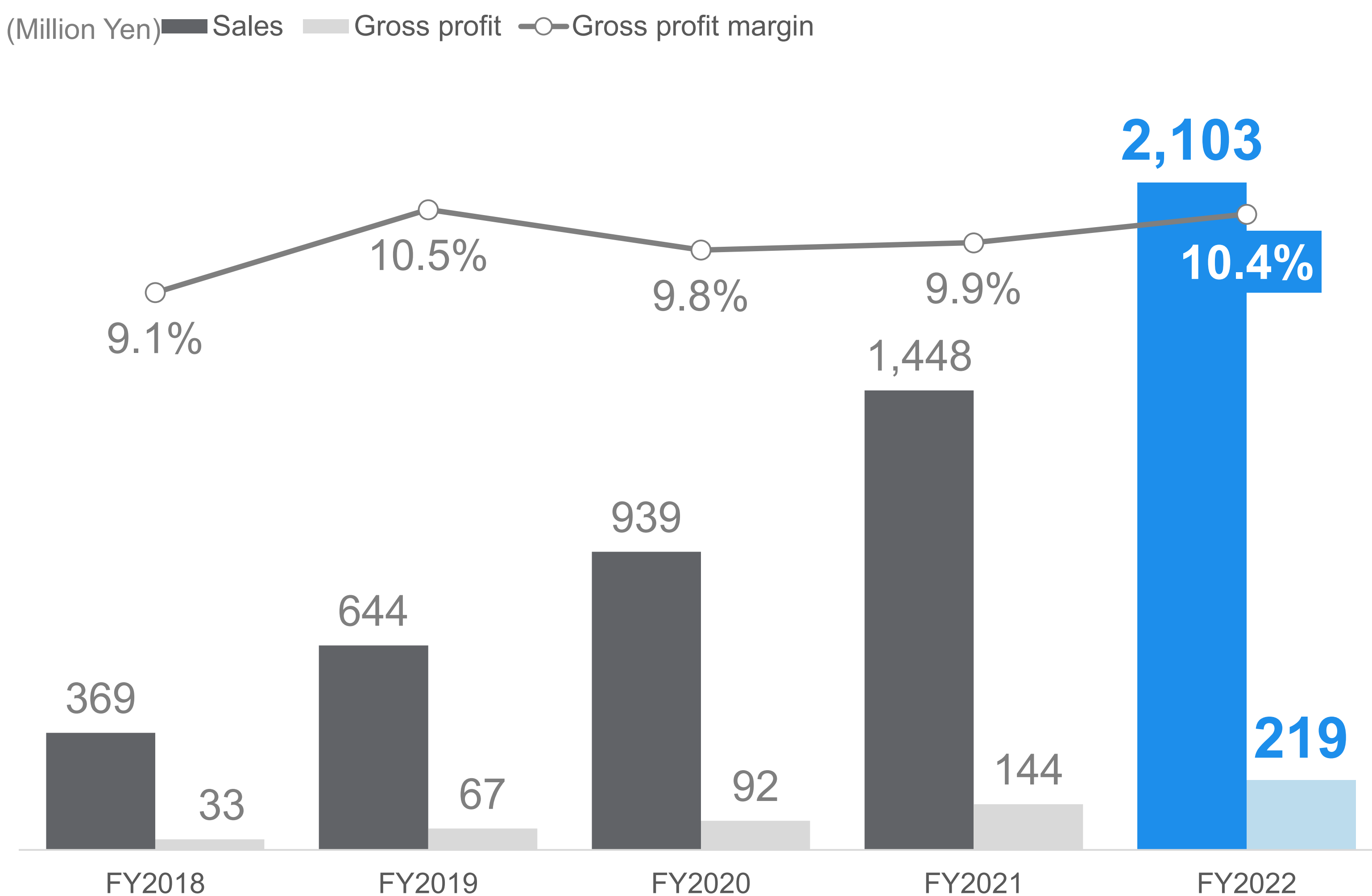
PAY Business

Trends in Net Sales and Gross Profit

PAY.JP

Net sales and gross profit increased significantly at **+45.2% and +52.1%** YoY respectively due to GMV growth

Gross profit margin continued to increase as a result of 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)

Profit and Loss Statement (By Segment)

(Million Yen)		FY2020				FY2021				FY2022			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	BASE	933	2,342	2,061	1,983	1,944	2,082	2,087	2,306	2,052	1,784	1,693	1,963
	PAY	184	207	247	299	286	353	384	424	439	482	563	618
	Others	6	7	6	7	7	10	20	23	20	28	35	57
Gross profit	BASE	624	1,580	1,362	1,305	1,280	1,330	1,329	1,477	1,323	1,054	943	1,083
	PAY	18	21	24	28	29	34	38	42	44	49	58	66
	Others	6	7	6	7	7	10	20	23	14	20	27	50
Segment profit	BASE	56	718	601	-264	102	-207	-167	-431	-178	-481	-234	-256
	PAY	-25	-26	-19	-19	-18	-17	-6	3	-4	-3	-4	-33
	Others	-10	-13	-6	-14	-15	-18	-12	-5	-13	-15	-8	6
	Corporate expenses	-47	-38	-40	-44	-54	-41	-33	-52	-76	-96	-49	-57
Operating profit	Entire company	-28	640	534	-343	13	-283	-220	-487	-272	-597	-297	-340

(Note) Others include BASE Card

BASE Business

KPI Trends in the BASE Business

Year	Month	Quarterly GMV (Million Yen)(Note1)	Monthly GMV (Million Yen)	Number of merchants	Monthly GMV per merchant (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
	December	34,343	11,447	65,516	174,736	32,187

(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).

PAY Business

KPI Trends in the PAY Business

PAY.JP

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
	December	23,844

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

BASE Business

Full-Year Results for FY2022

GMV (order amount) exceeded the upper limit of the earnings forecast due to the effects of coupon distribution exceeding expectations

Net sales and gross profit also exceeded the upper limit of earnings forecast due to GMV exceeding forecast

(Million Yen)	**FY2022 Results**	FY2021 Results	YoY	**FY2022 Earnings Forecast**	Achievement Rate (Note)
GMV (Orders)	118,932	113,773	*+4.5%*	113,000 ～115,000	*105.3%*
GMV (Payment)	112,446	106,607	*+5.5%*	105,000 ～108,000	*107.1%*
Net sales	7,494	8,420	*-11.0%*	7,000 ～7,250	*107.1%*
Take rate	*6.7%*	7.9%	-	*6.7%*	-
Gross profit	4,405	5,417	*-18.7%*	4,100 ～4,250	*107.5%*
% of GMV (Payment)	*3.9%*	5.1%	-	*3.9%*	-
Gross profit rate	*58.8%*	64.3%	-	*58.6%*	-

(Note) Achievement against the lower limit of the full-year earnings forecast for the fiscal year ending December 31, 2022

PAY Business

Full-Year Results for FY2022

PAY.JP

GMV(Note1), net sales, and gross profit exceeded the upper limit of earnings forecast

(Million Yen)	**FY2022 Results**	FY2021 Results	YoY	**FY2022 Earnings Forecast**	Achievement Rate (Note2)
GMV	80,762	55,271	*+46.1%*	77,000 ～80,000	*104.9%*
Net sales	2,103	1,448	*+45.2%*	2,000 ～2,100	*105.2%*
Take rate	*2.6%*	*2.6%*	-	*2.6%*	-
Gross profit	219	144	*+52.1%*	200 ～210	*109.6%*
% of GMV	*0.3%*	*0.3%*	-	*0.3%*	-
Gross profit margin	*10.4%*	*9.9%*	-	*10.0%*	-

(Note1) GMV based on payment amount
(Note2) Achievement against the lower limit of the full-year earnings forecast for the fiscal year ending December 31, 2022

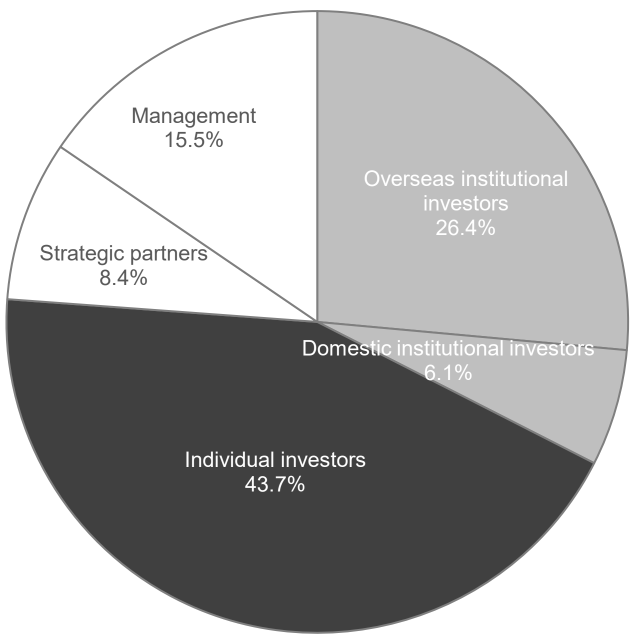
Consolidated

Shareholder Structure

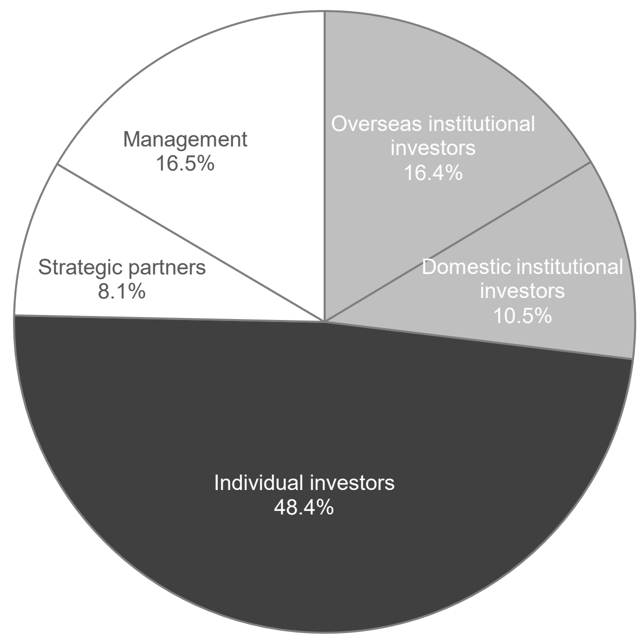
Ratio of overseas institutional investors scaled down as a result of changing market conditions

We will continue our IR activities targeting a wide variety of investors

June 30, 2022



December 31, 2022



Ratio of Dilutive Shares

(Shares)		FY2022
Stock Options	Beginning balance	5,334,000
	Granted	0
	Exercised	-1,934,000
	Renounced	-32,000
	Ending balance	3,368,000
Number of issued shares (including treasury shares)		113,631,964
Ratio of dilutive shares (as a % of issued shares)		3.0%

4-2. Others

Management (Senior Executive Officers)

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.

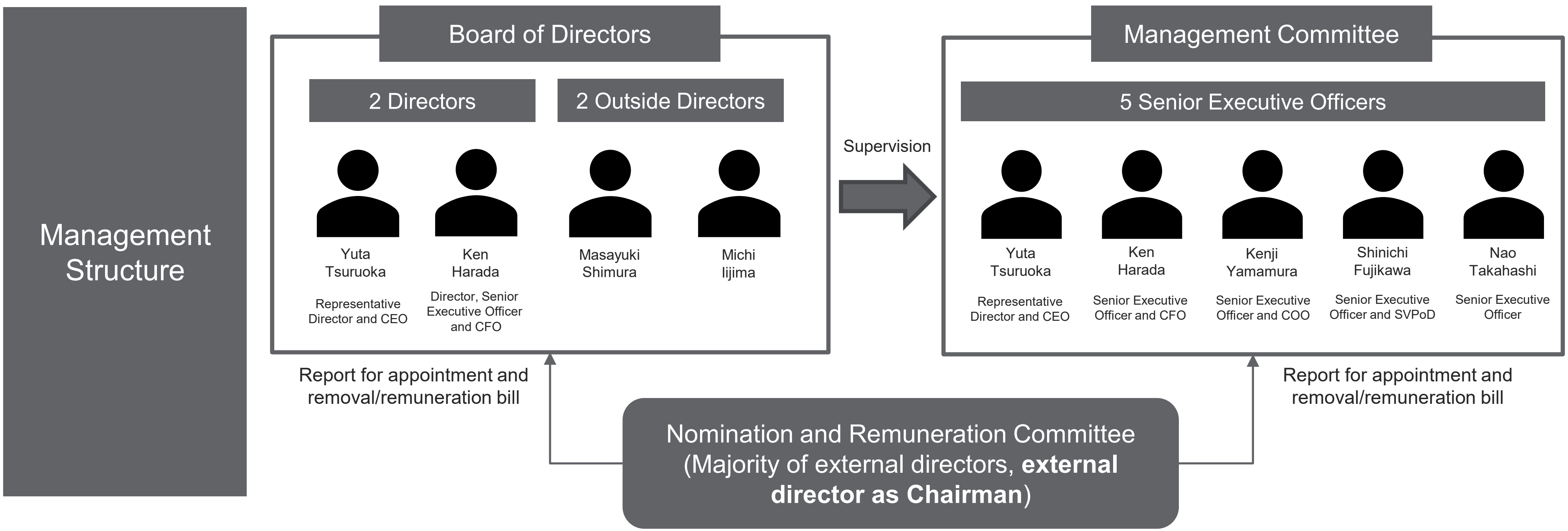
Kenji Yamamura (Senior Executive Officer and COO)

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.

(Note) Senior executive officers as of December 31, 2022

Governance Structure

Increase the number of senior executive officers and strengthen management structure



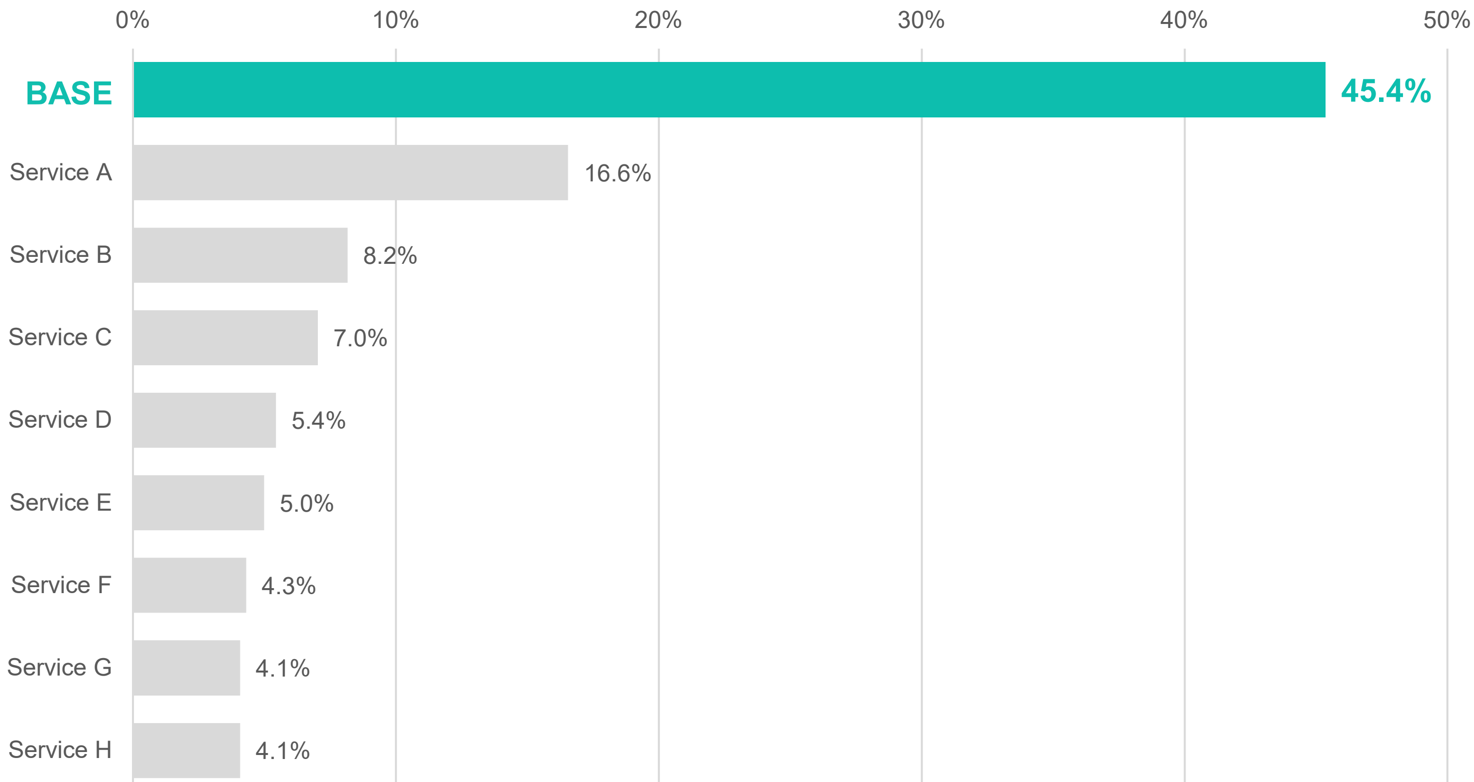
(Note1) Directors subject to approval at the 10th Annual General Meeting of Shareholders to be held on March 24, 2023
(Note2) Senior Executive Officers subject to appointment at the Board of Directors meeting to be held on March 24, 2023

Overwhelming First Choice for Individuals and Small Teams

By focusing on empowering individuals and small teams since inception, continues to maintain a strong position within the longtail market, **being the overwhelming first choice for individuals and small teams**

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)

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