



BASE

Materials for
Growth Opportunities and Strategies

BASE, Inc.

(Tokyo Stock Exchange Growth: 4477)

March 20, 2023

- 1. Corporate Profile and Outline of Business**
- 2. Market Environment and Competitive Advantage**
- 3. Medium-term Strategies and Policies for FY2023**
- 4. Results for FY2022** (Excerpt from FY2022 Q4 Materials)
- 5. Reference Materials**

1. Corporate Profile and Outline of Business

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.

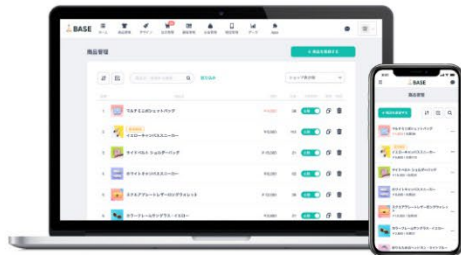
Creating an economy for People through the Power of Payment.



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



For Individuals and Small Team Shops

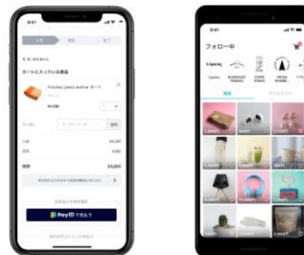


Payment Support /
Online Shop Creation Support

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

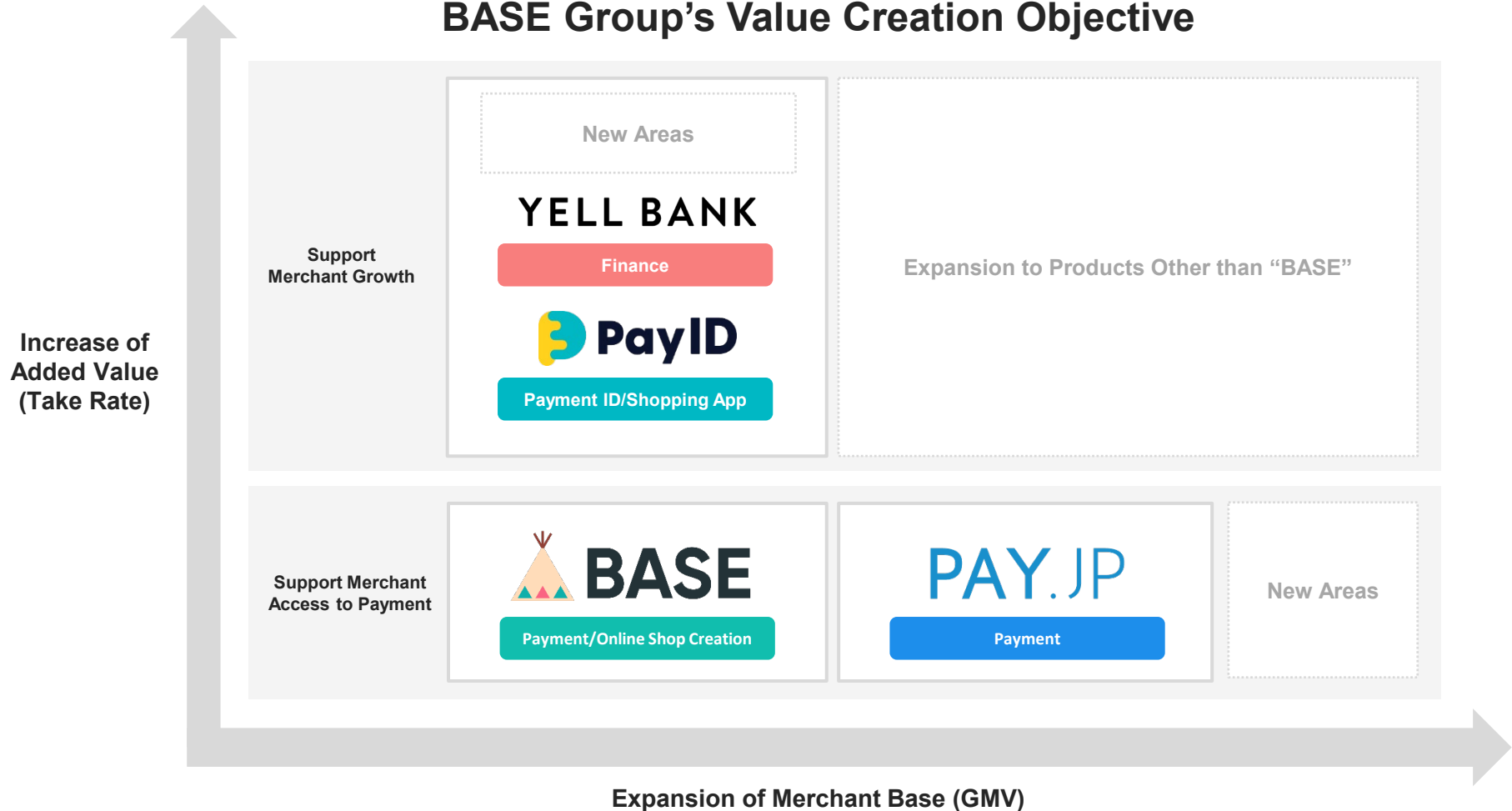
Online payment service for developers to easily integrate credit card payments to web services

Function of Each BASE Group Service

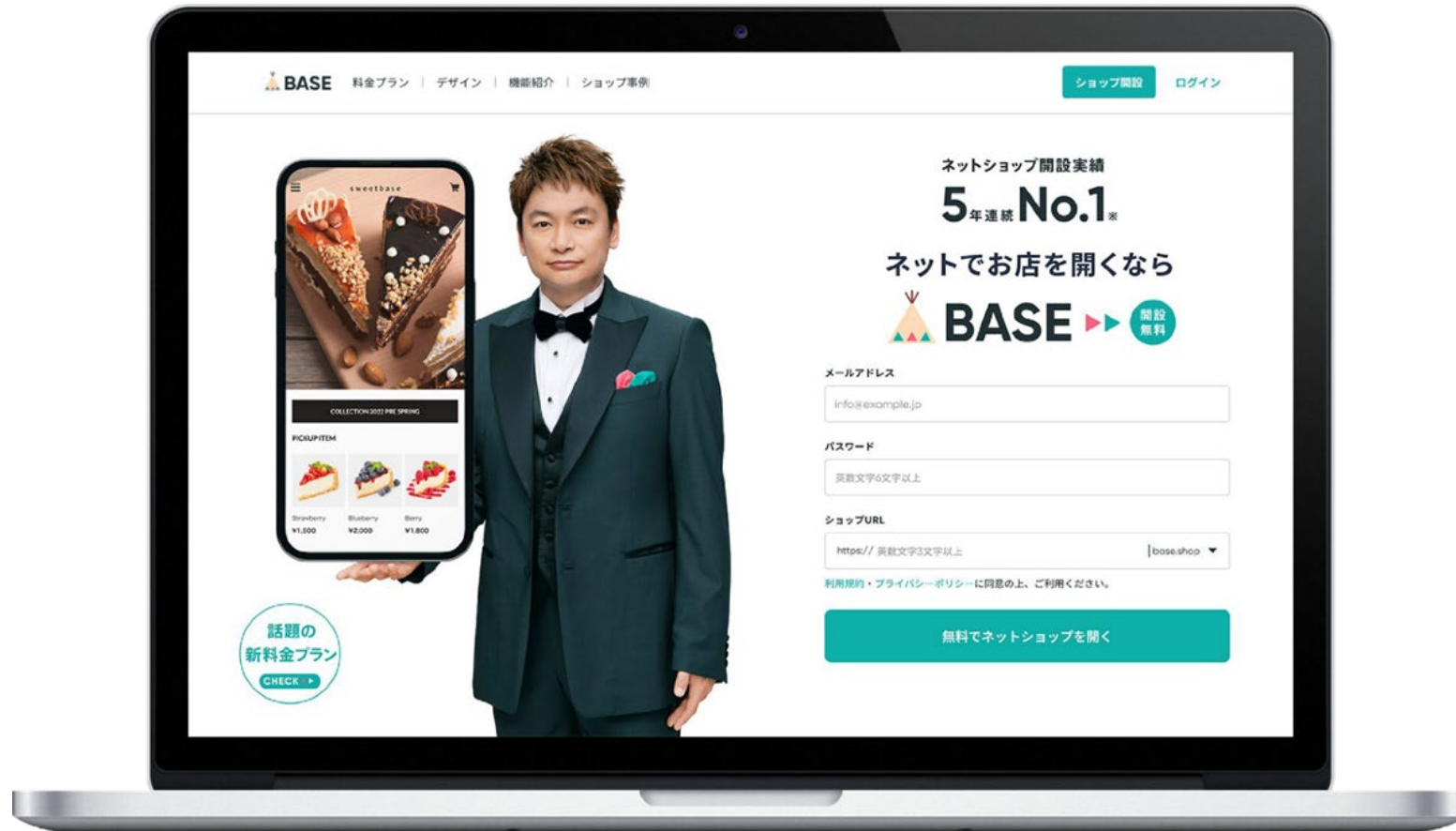


Will expand the “BASE” and “PAY” merchant base (GMV), increase added value (take rate) for merchants through “YELL BANK” and “Pay ID,” and create further value by broadening into new areas

BASE Group’s Value Creation Objective



Online shop creation services enabling anyone to easily create well-designed online shops at no cost
Enabling the creation of storefront type online shops



BASE 料金プラン | デザイン | 機能紹介 | ショップ事例

ショップ開設 ログイン

ネットショップ開設実績
5年連続 No.1*

ネットでお店を開くなら
BASE ▶ 開設無料

メールアドレス
info@example.jp

パスワード
要求文字6文字以上

ショップURL
https:// 要求文字3文字以上 | base.shoo ▼

利用規約・プライバシーポリシーに同意の上、ご利用ください。

無料でネットショップを開く

話題の新料金プラン
CHECK

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

POINT 1



**Suitable Price
Plans for All Shops**

POINT 2



**BASE
Easy Payment**

POINT 3



**Easy To Use
Functions**

POINT 4



**Shopping Service
"Pay ID"^(Note)**

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

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

(Note) Additional fee of 1% will be incurred for “Amazon Pay” and “PayPal” payment methods from April 2023

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

Overview of “BASE Easy Pay”

- ✓ The one-stop service from the opening of an online shop to the introduction of a settlement function eliminates the need for the complicated process of installing an external settlement system
- ✓ Shortens the screening time for installment and offers the payment services from the next business day at the earliest without the need for complicated credit administration procedures
- ✓ Users can choose from 7 payment methods including BNPL

Post Pay (Pay ID) 有効 あと払い PayID

Credit Card 有効 VISA Mastercard JCB American Express

Carrier settlement 有効 d払い au LIQ mobile SoftBank Y!mobile

Bank transfer 有効 SMBC 三井住友銀行

CVS Payment / Pay-easy 有効 FamilyMart Mini Stop Senjimon PayEasy

Amazon Pay 有効 amazon pay

PayPal 有効 PayPal

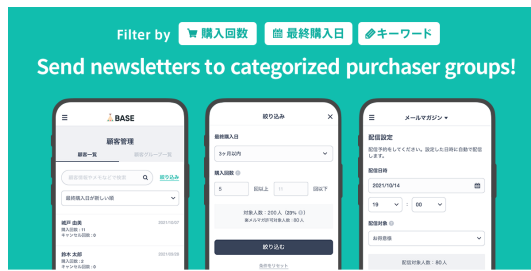
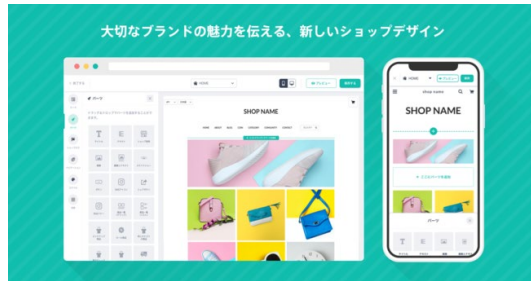
Post Pay 有効 7-11 FamilyMart Mini Stop Senjimon PayEasy LINE Pay MMK 三井住友銀行 楽天カード

(Note) Post Pay (Pay ID) to eventually replace Post Pay

Easy to use and simple standard functions and extension function “BASE Apps” enabling merchants to easily expand functionalities to accommodate diversifying needs associated with each merchant’s growth

Standard Functions

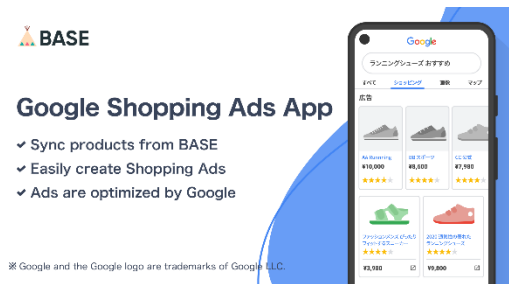
The basic functions necessary to operate an online shop are provided free of charge to all merchants as part of the standard functions



※Newsletters can be sent via the “Mail Magazine App”

Extension Function “BASE Apps”

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



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

Other Services

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



YELL BANK

Raise funds instantaneously and risk-free

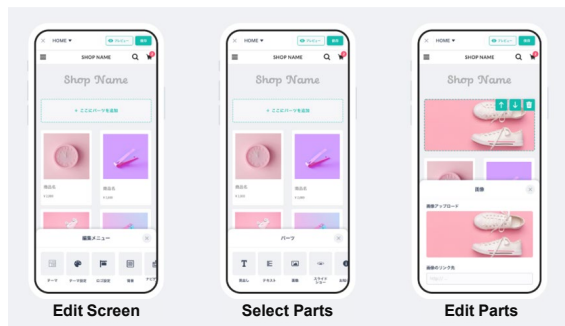
Simple standard functions enable even first-time users to easily operate an online shop

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

Also providing personal information protection functions to establish a safe and secure operating environment for merchants

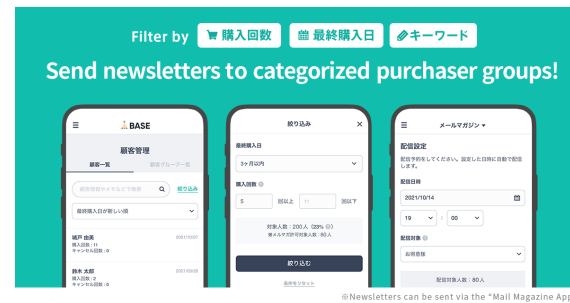
Shop Design Function

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



CRM Function

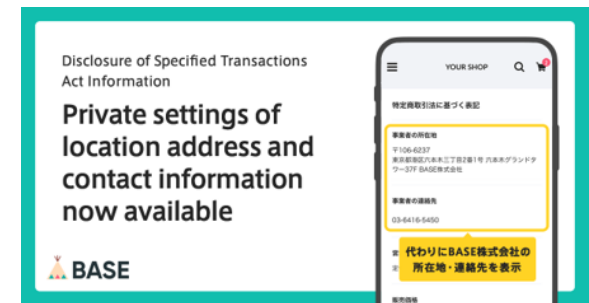
Easily send email newsletters to auto-generated list of new and repeat purchasers, **enabling sales promotion activities and building of lasting relationships with purchasers**



Personal Information Protection Function

Merchants that are individuals can hide their street address and contact information

Providing a safer and more secure operating environment for individuals and small teams

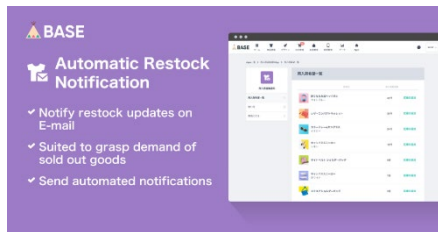
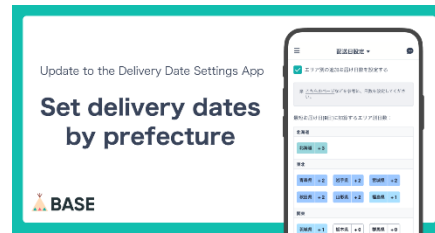
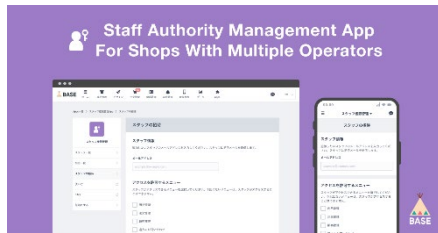


Providing “BASE Apps” to easily expand functionalities of shops to accommodate diversifying needs associated with each merchant’s growth

Accommodating merchants with a wide range of sales through operational efficiency and sales promotion support

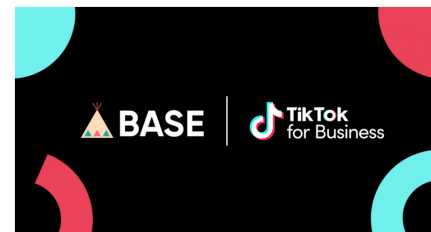
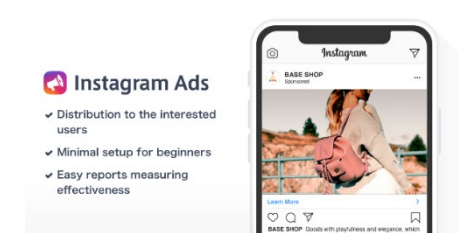
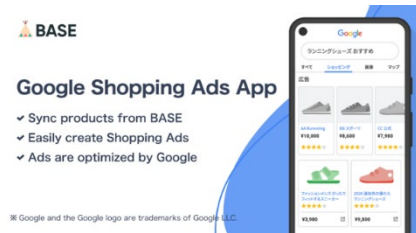
Operational Efficiency

Providing functions that help merchants with large sales **operate efficiently**, addressing needs associated with increasing number of staff and higher frequency of customer support and shipping operations



Sales Promotion Support

Supporting merchants with sales promotion through integration with global platforms, as well as providing sales functions unique to “BASE”



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

Physical Shops (Note)

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



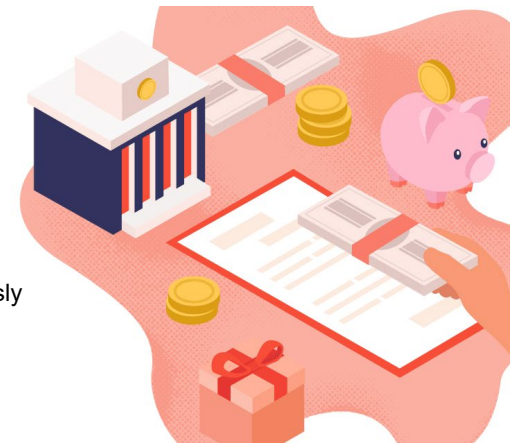
Raising Funds

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

 **BASE**

YELL BANK

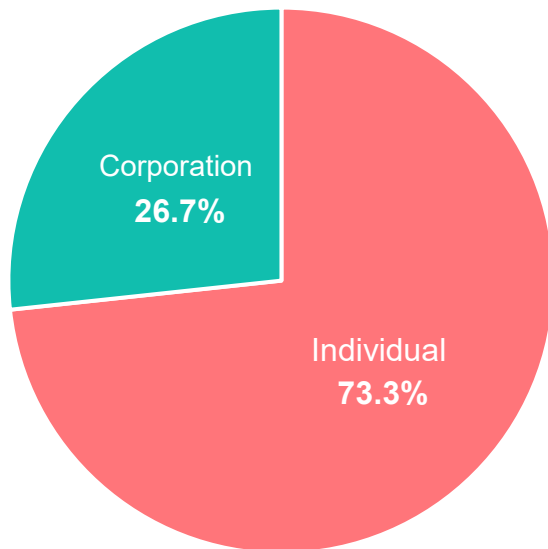
Raise funds instantaneously and risk-free



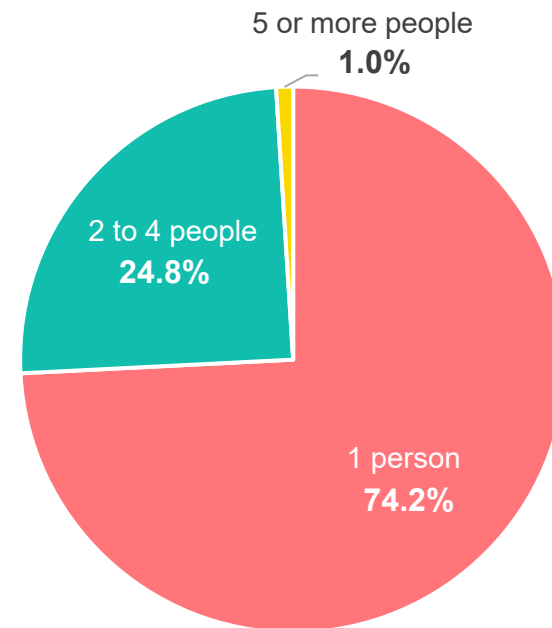
Majority of merchants are operated by one person

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

Merchant Management Structure

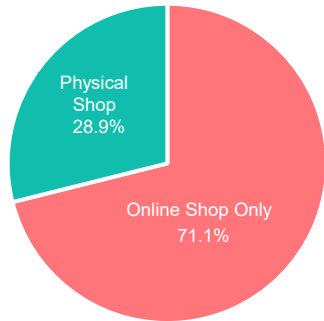


Number of Operators

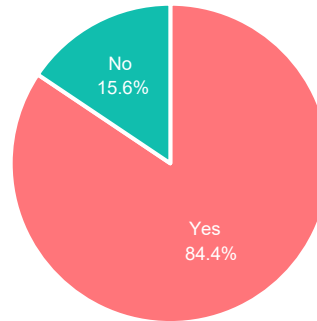


Majority of BASE merchants are individuals and small teams operating online only, using SNS to attract customers and sell original goods

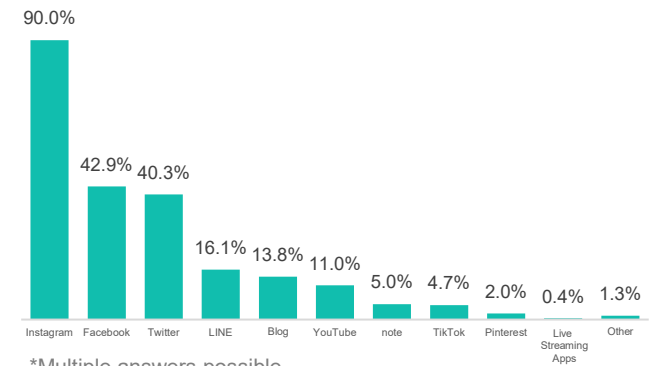
Merchants Who Also Own Physical Shops



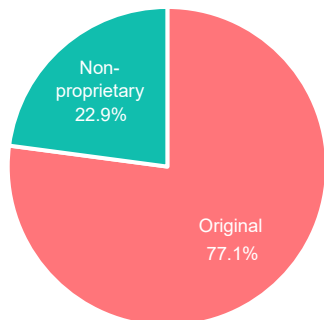
Merchants Who Use SNS to Increase Fans



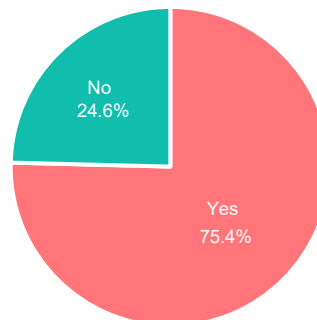
Frequently Used SNS Platforms



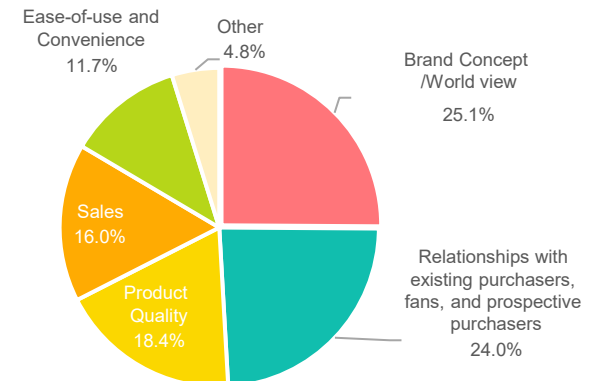
Selling of Original vs Non-Proprietary Goods



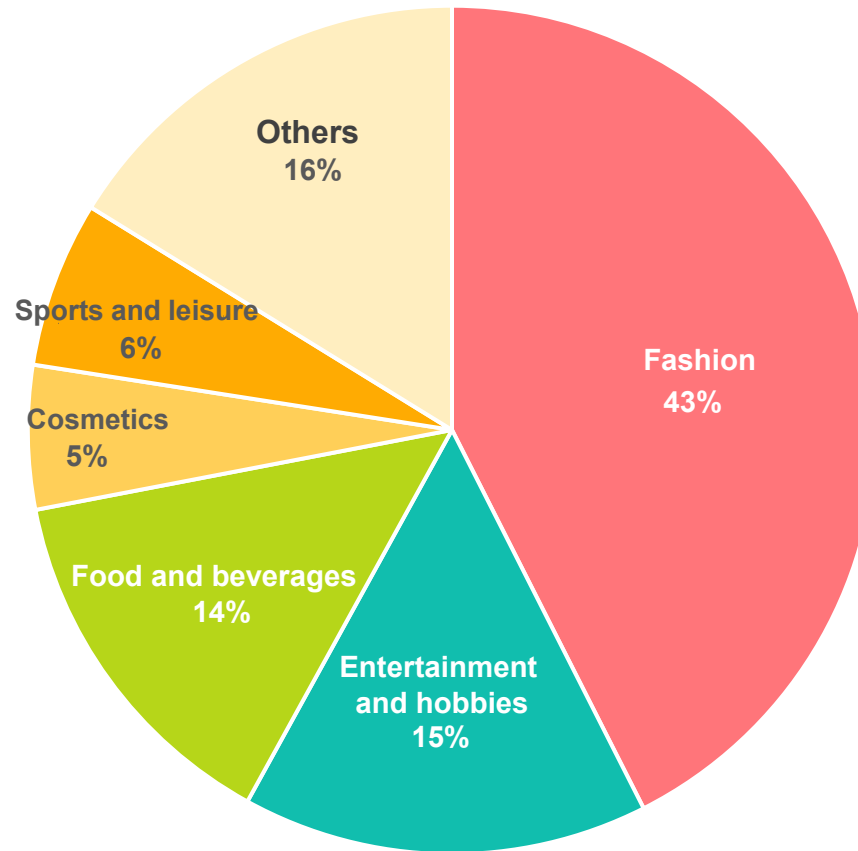
Merchants Who Identify as Their Own “Brand”



Important Factors For Operating a Shop



Wide variety of products sold with fashion being the main category

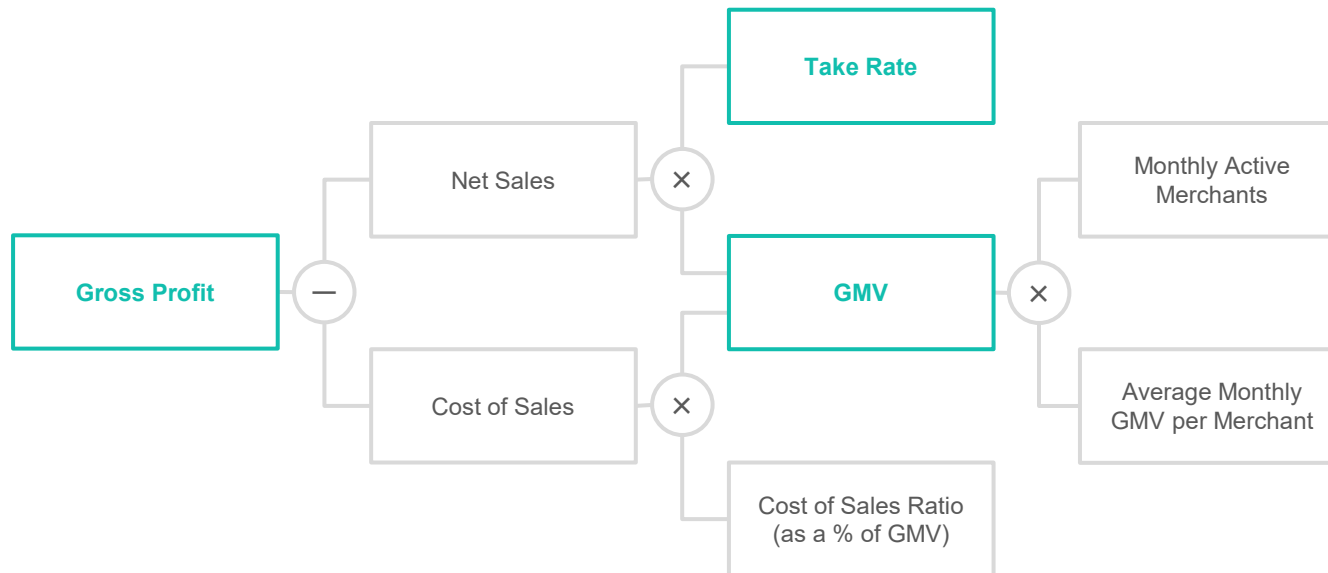


(Note) FY2022 results

Gross profit linked to GMV, take rate, and cost of sales (as a % of GMV)^(Note1)

Take rate fluctuates based on GMV mix of Monthly-Fee Plan

Earnings Structure



Composition of Net Sales

① Commission paid by shops

- ✓ Payment Processing Commission ^(Note2)
- ✓ Service Commission ^(Note2)
- ✓ Others ^(Note3)

② Commission Paid by Purchasers

- ✓ Additional commission incurred when selecting CVS, post pay, bank transfer, and carrier payment ^(Note4)

Composition of Cost of Sales

- ✓ Mainly commissions paid to payment processing companies

^(Note1) Take rate is the ratio of net sales over GMV (payment amount). Cost of sales (as a % of GMV) is the ratio of cost of sales over GMV (payment amount)

^(Note2) Changes depending on the pricing plan. Please refer to page 9 for details

^(Note3) Includes withdrawal application fees and paid functions. In addition to transfer fees (250yen), additional admin fees (500yen) apply to transfers below 20,000 yen, and no additional fees if above 20,000 yen

^(Note4) Bank transfer requires a fee of 360yen from April 2023

Provides added value to both “BASE” merchants and purchasers

Through incremental improvements to UI/UX as well as the release of new functions, **registered users surpassed 10 million**

Added Value for Merchants and Purchasers

Added value for merchants

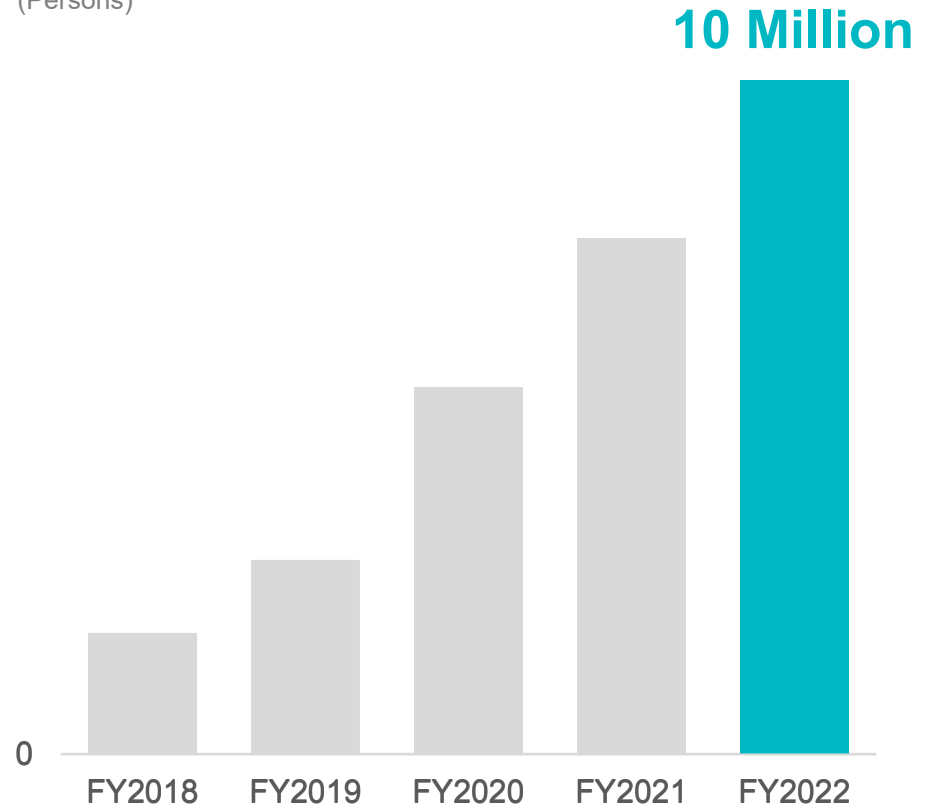
- ✓ **Increase of repeating customers** through the creation of continuous contact with purchasers through functions such as the app’s follow function and push notification function
- ✓ **Increase of new customers** through functions such as the app’s browsing function

Added value for purchasers

- ✓ **Provides an easy and safe shopping experience** when shopping at storefront EC shops
- ✓ Contributes to a smoother shopping experience at favorite shops through the app’s follow function
- ✓ Creates opportunities to find new shops through the app’s browsing function
- ✓ Allows management of past purchases made at shops created through “BASE”
- ✓ Provides a wide variety of payment methods including BNPL (Note)

Increase of “Pay ID” Registered Users

(Persons)



(Note) Planned to be released in phases starting in March 2023

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

Simplifying All Payments with PAY.JP

Implementation of credit card payment through easy-to-use functions

1 Register Account



アカウント登録ページよりPAY.JPアカウントを登録します。登録すると、すぐにテスト環境や管理画面を利用することができます。

2 Application for Use



管理画面にログインし、本番利用申請をします。申請後にカード会社審査を行い、最短2-3営業日ほどでVisa/Mastercardの本番利用ができるようになります。

3 Embed API



チュートリアル・APIリファレンスを参考に、PAY.JP APIを自身のサイト・アプリに組み込み、ビジネスをはじめましょう。



Implement in 3 Steps

あなたの決済をすぐ、かんたんに

決済を導入するのにもう膨大な時間はありません。以下の3ステップでクレジットカード決済をすぐにご自身のサービスに導入することができます。

Simple Functionality

クレジットカード決済、定期課金、Apple Pay、プラットフォーム決済、通知機能

ビジネスをする上で必要な機能を1つのアカウントですべて利用することができます。必要な機能を選択し、あなたのためのビジネスを最小の労力で実現してください。







固定費・導入費用	トランザクション費用	決済手数料
0円	0円	2.59%~

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

Simple fee structure

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

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

(Note) Excluding Pro plan

Easy to integrate

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



Robust security

- ✓ Security levels that meets international standards



Tokenization



PCI-DSS

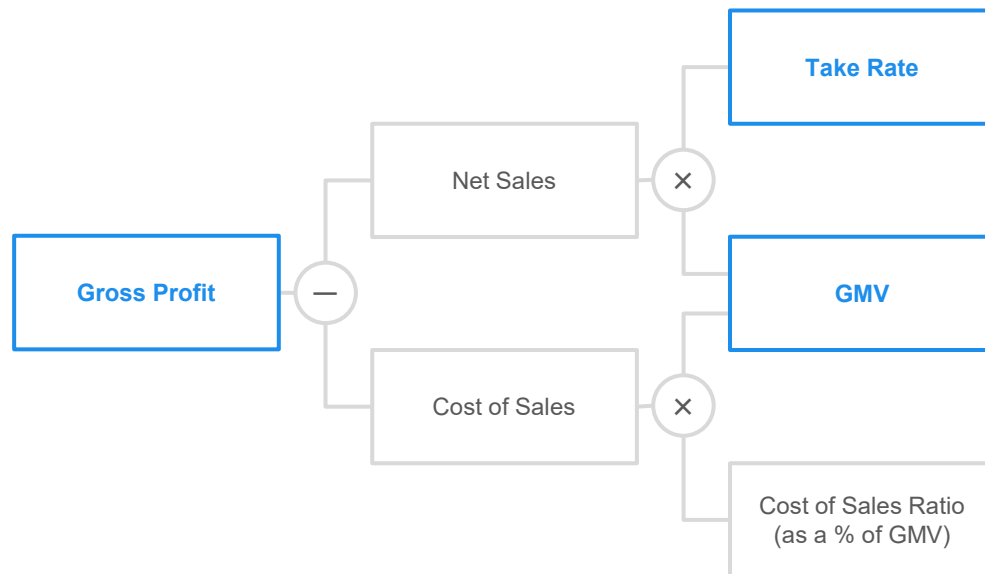


Monitoring

Gross profit linked to GMV, take rate, and cost of sales ratio (as a % of GMV)

Take rate and cost of sales ratio (as a % of GMV) fluctuates based on GMV mix of pricing plans and credit card brands

Earnings Structure



Composition of Net Sales

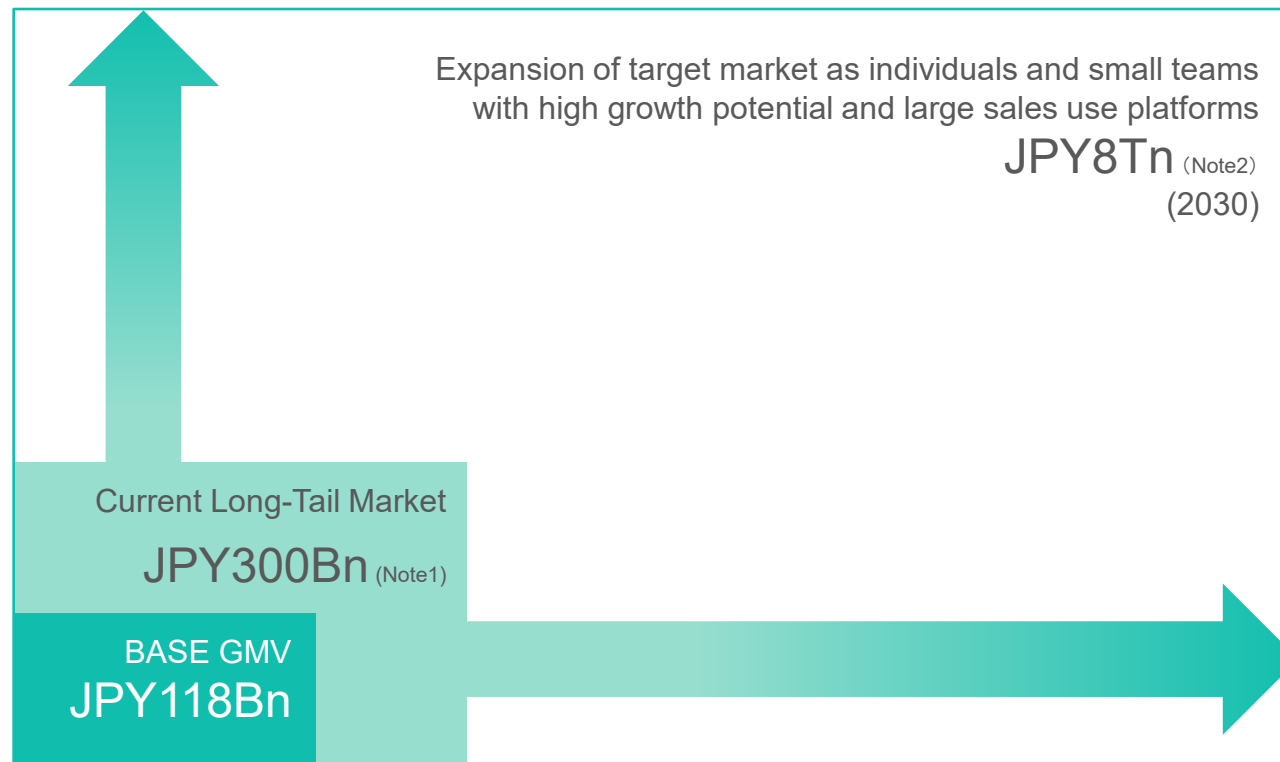
- ✓ Commission paid by merchants (Note)

Composition of Cost of Sales

- ✓ Mainly commissions paid to payment processing companies

2. Market Environment and Competitive Advantage

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



(Note1) Estimate by company based on assumption of GMV (order amount) of the BASE business in FY2020 accounting for approximately 40% of the long-tail market
(Note2) 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

Storefront online shop creation services offer differentiated added value relative to traditional mall-type EC platforms

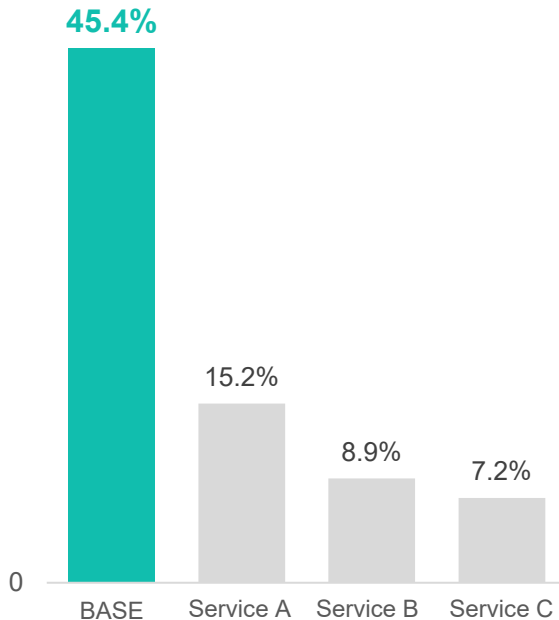
		Mall Type EC	Storefront EC
Platform Characteristics	Functions	Standardized	Highly expandable
	Design	Shops'/brands' products displayed alongside other similar products	Freely express the appeal of the shop/brand
Shop Characteristics	Products	Widely known brands and commoditized generic products	Unique and original products only available at each shop
	Marketing	Platform itself conducts centralized marketing and attracts purchasers on behalf of shops	Shops attract purchasers directly through SNS platforms
Purchaser Characteristics	Purpose	Convenience of product lineups and cost performance	Shopping experience and interactions as a fan of the shops

Through industry-leading recognition, “BASE” is **by far the most popular storefront EC creation service**

Provides functions and pricing plans that that supports shops from their **inception and the recognition of their first sales to their future growth**

Unparalleled Brand Power

Maintains position as the **most popular storefront EC creation service for individuals and small teams** (Note1) through **industry-leading recognition**



Easy-to-Use Functions (Note2)

In addition to standard functions and extension functions, **allows anyone to easily open a store of their liking** through the provision of “BASE Easy Payment”

Provides know-how on shop operation

through owned media “BASE U” and seminars

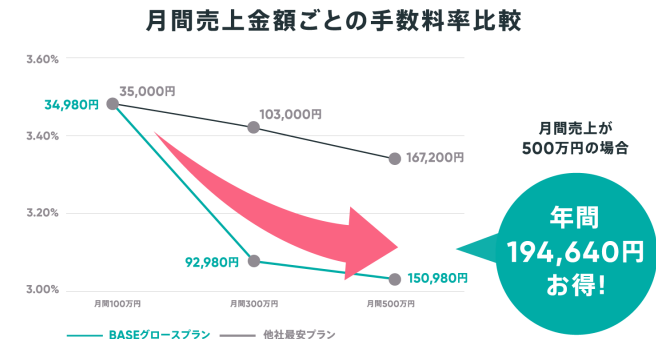


Examples of articles on Owned Media “BASE U”

Pricing Plan that Allow Further Use after Growth (Note2)

Offers lowest pricing plan in the industry

Pricing structure allows merchants with high growth potential to **continue using “BASE”** while keeping fees under control and investing in brand growth



(Note1) Graph shows results of the category “Please reply with all of the online shop creation services you used when opening your online shop within the most recent year” that was included in the “Survey on actual use of storefront type online shop creation services.” Research outsourced to Macromill, Inc. (Results from Feb. 2023)

(Note2) Please refer to pages 9 to 14 for details

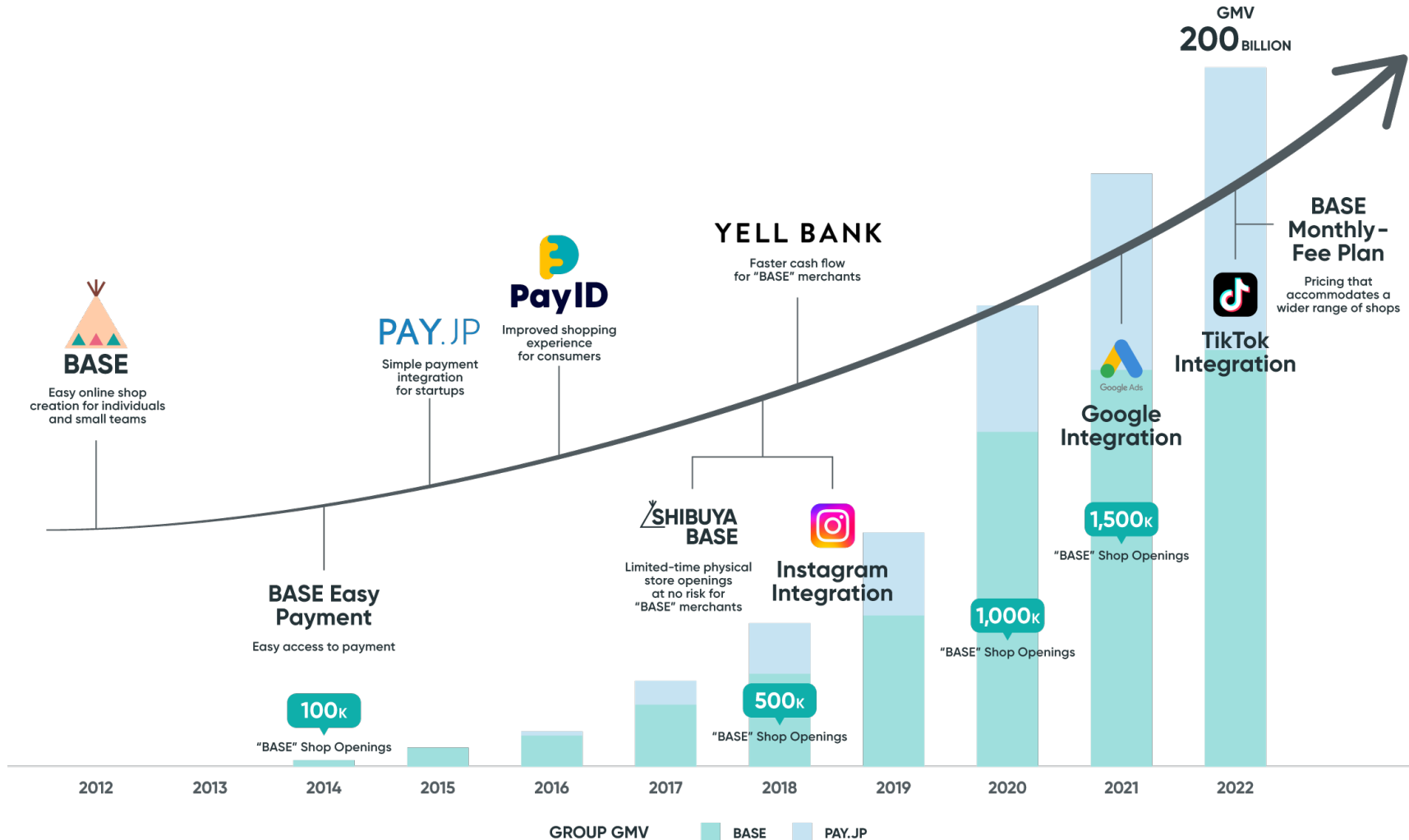
3. Medium-term Strategies and Policies for FY2023

The Past Decade in Review



With “**Payment to the People, Power to the People.**” as its mission, BASE Group has grown significantly since its inception in December 2012 by continuing to focus on the empowerment of individuals, small teams, and startups

Created a new market by enabling easy access to payment for both “BASE” and “PAY.JP” merchants

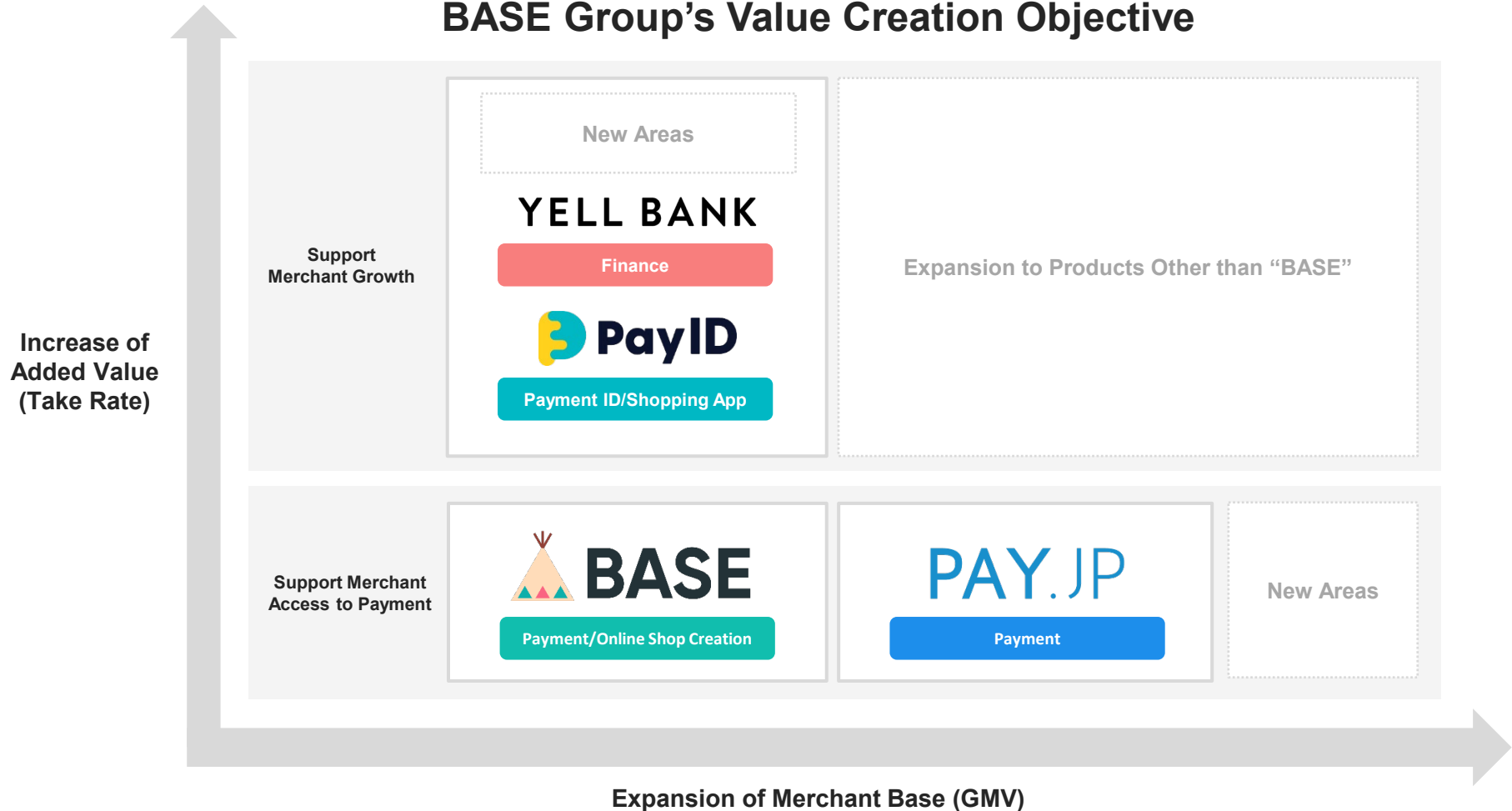


BASE Group's Policy for the Next Decade



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-expected 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**

Group Management Policy	<ul style="list-style-type: none">✓ 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	<ul style="list-style-type: none">✓ 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	<ul style="list-style-type: none">✓ 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	<ul style="list-style-type: none">✓ 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	<ul style="list-style-type: none">✓ Increase added value towards “BASE” merchants through growth of existing product

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**

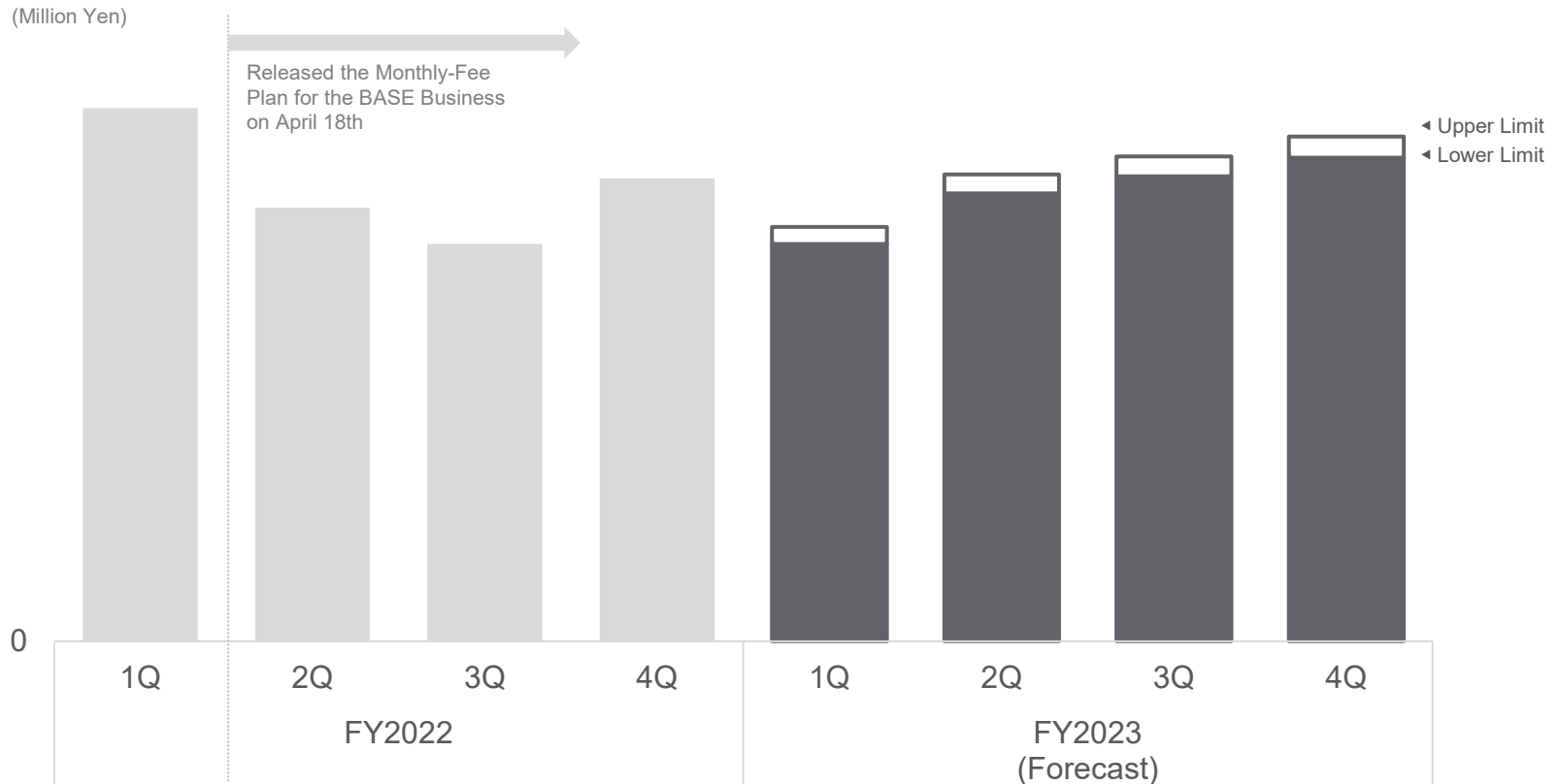
Aiming to suppress SG&A expenses to near-FY2022 levels

(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)

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. Additional fee of 1% will be incurred for "Amazon Pay" and "PayPal" payment methods from April 2023

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

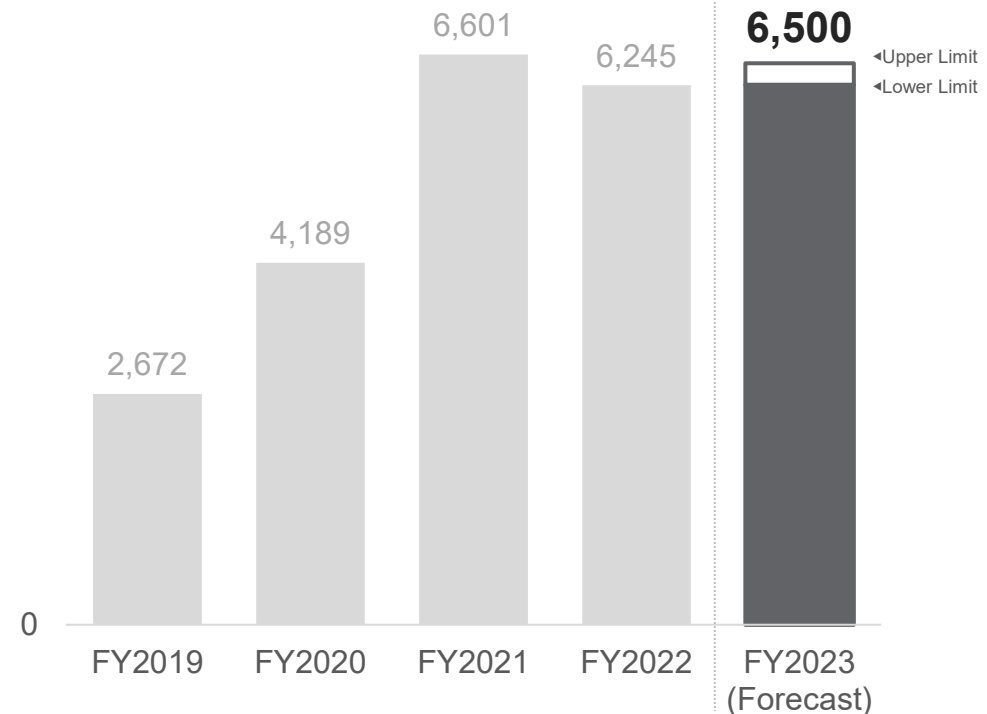
Aims to transition towards a leaner financial structure

Cost Control Policy

Promotional Expenses	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ 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	<ul style="list-style-type: none"> ✓ Outsourcing expenses forecasted to increase YoY in order to achieve product development required to execute growth strategy

SG&A Expenses Forecast

(Million Yen)



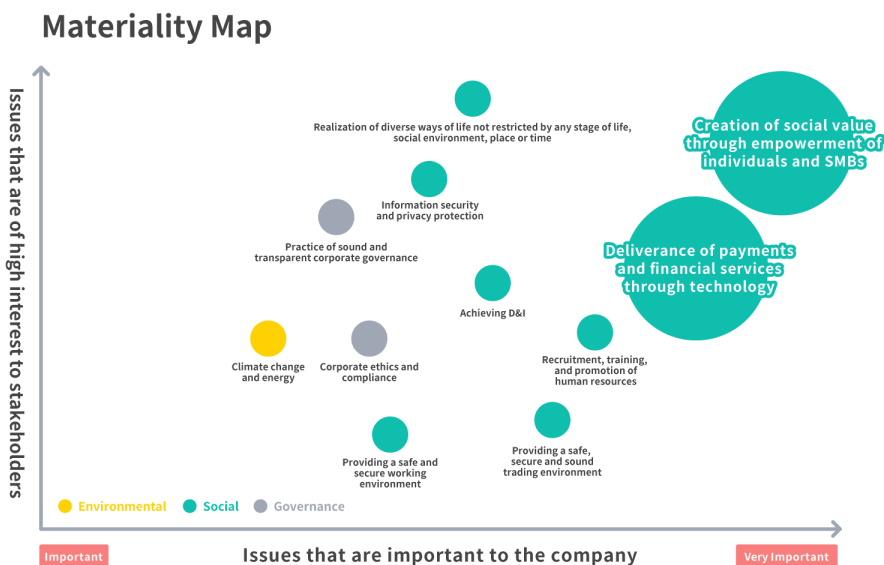
(Note) Although a 3-year forward-looking investment plan of 25 billion yen was disclosed during the earnings results for FY2021, policy has been changed due to factors such as the changing business environment

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

- ✓ TCFD endorsement (March 2023)
- ✓ 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. Results for FY2022 (Excerpt from FY2022 Q4 Materials)

FY2022 Policy

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

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

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

Pay ID

- ✓ Develop BNPL prototype by the end of the year and aim for a Q1 FY2023 release

Finance

- ✓ Begin development of functions that will contribute to improving the BASE Business's take rate in the medium term

FY2022 in Review

- ✓ **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**

- ✓ 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

- ✓ **GMV increased significantly** as a result of the growth of existing merchants as well as the acquisition of new merchants

- ✓ **Number of registered users surpassed 10 million** due to several functionality improvements
- ✓ Development of BNPL function ongoing, targeting a March 2023 release

- ✓ Main **"YELL BANK"** service grew steadily, providing further value to "BASE" merchants

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%

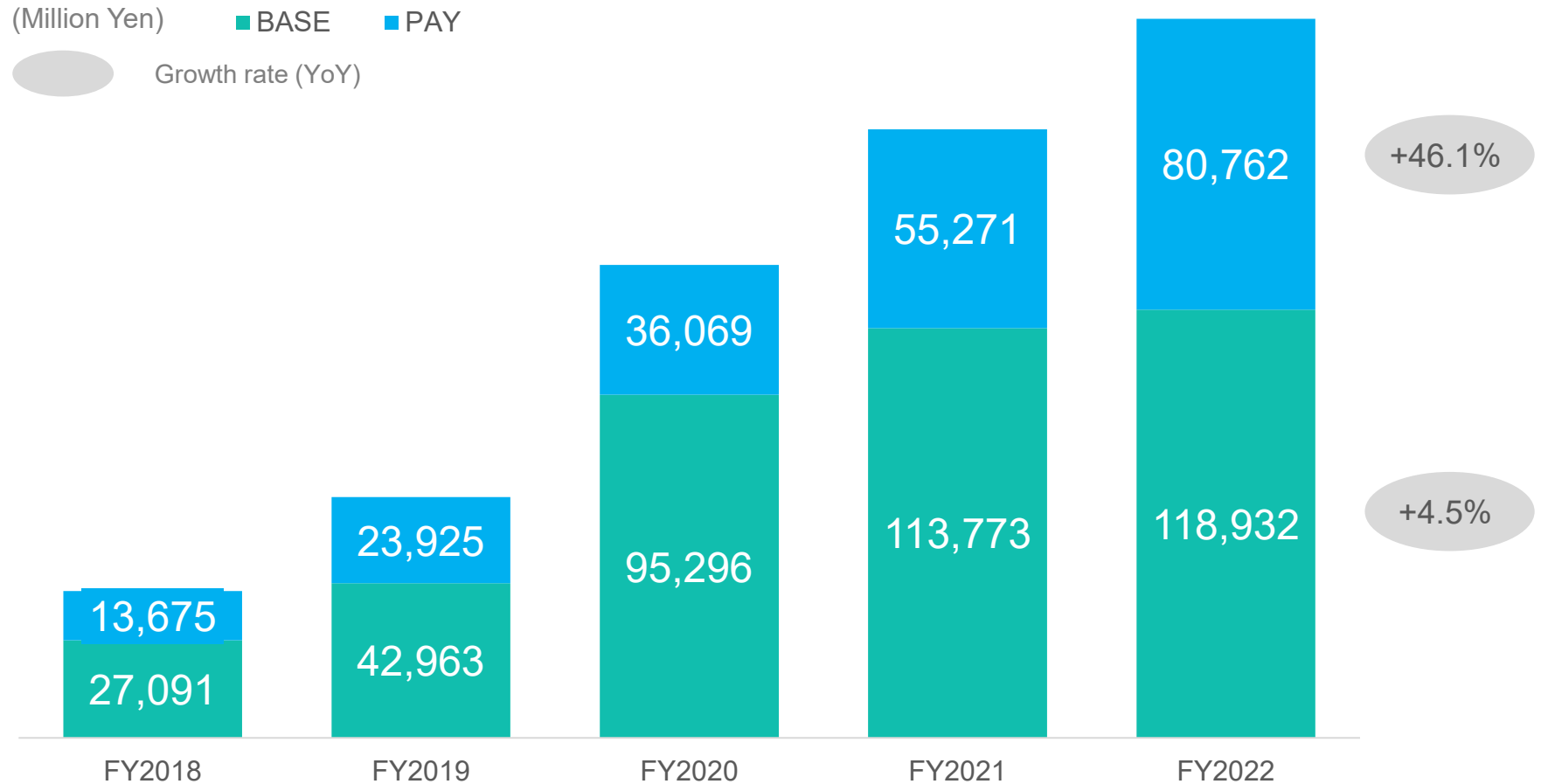
(Note1) Recorded a loss on valuation of investment securities due to a significant decline in the real value of investment securities held by the company compared to book value. In addition, impairment losses were recorded on property, plant, and equipment and intangible assets based on the "Accounting 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

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

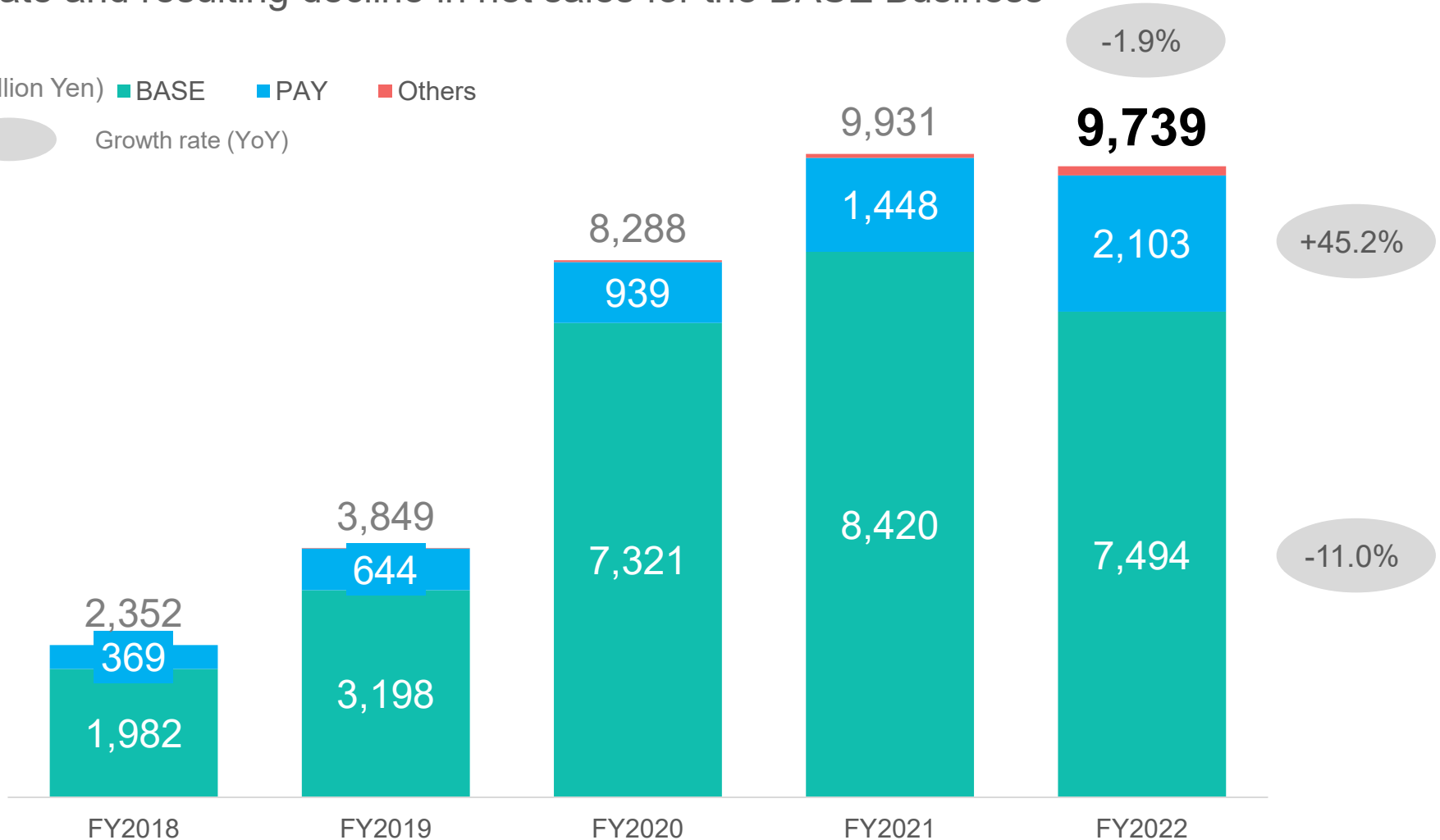


(Note) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (payment amount)

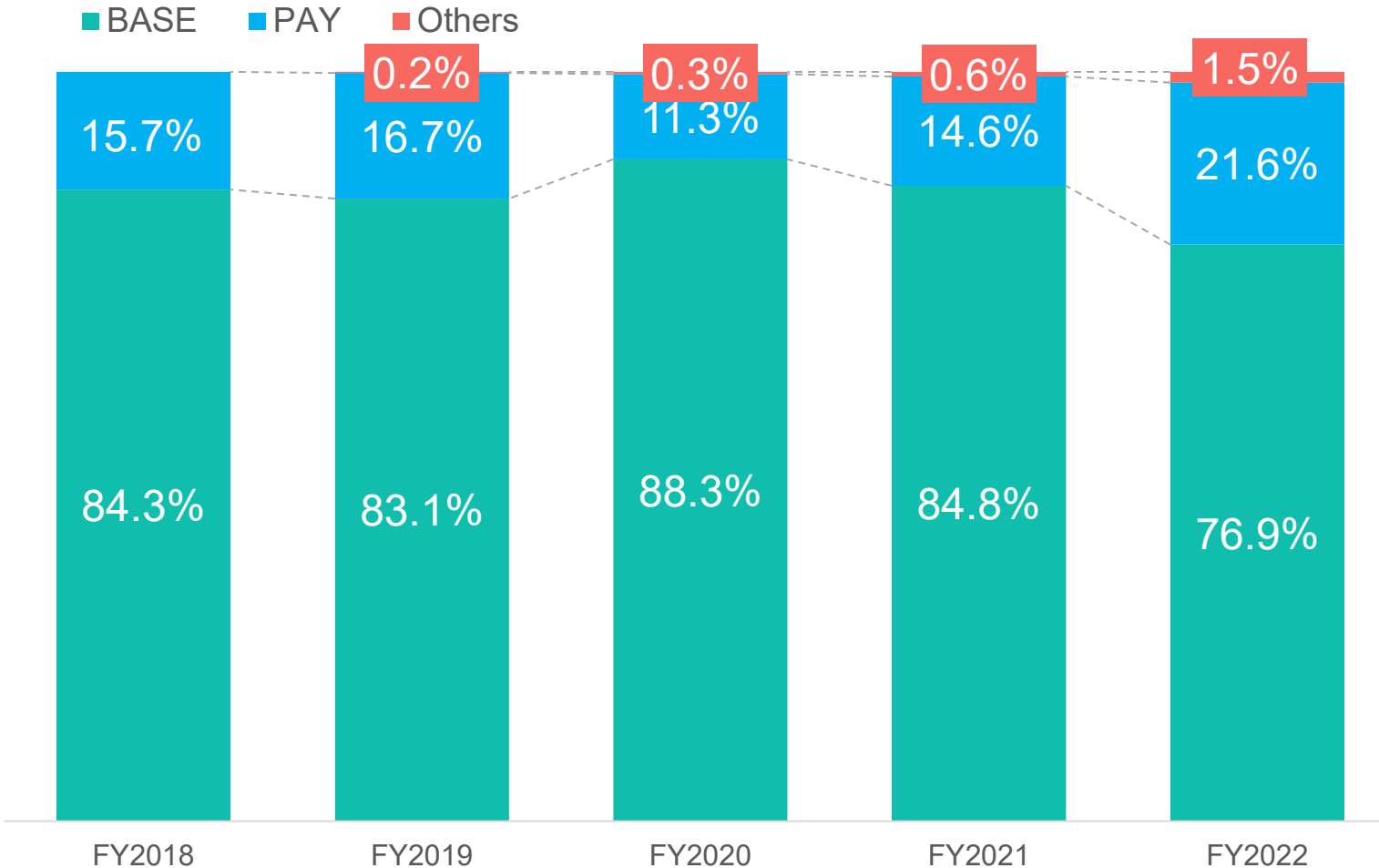
Despite the PAY Business's growth, net sales decreased YoY due to the strategic reduction in take rate and resulting decline in net sales for the BASE Business

(Million Yen) ■ BASE ■ PAY ■ Others

○ Growth rate (YoY)

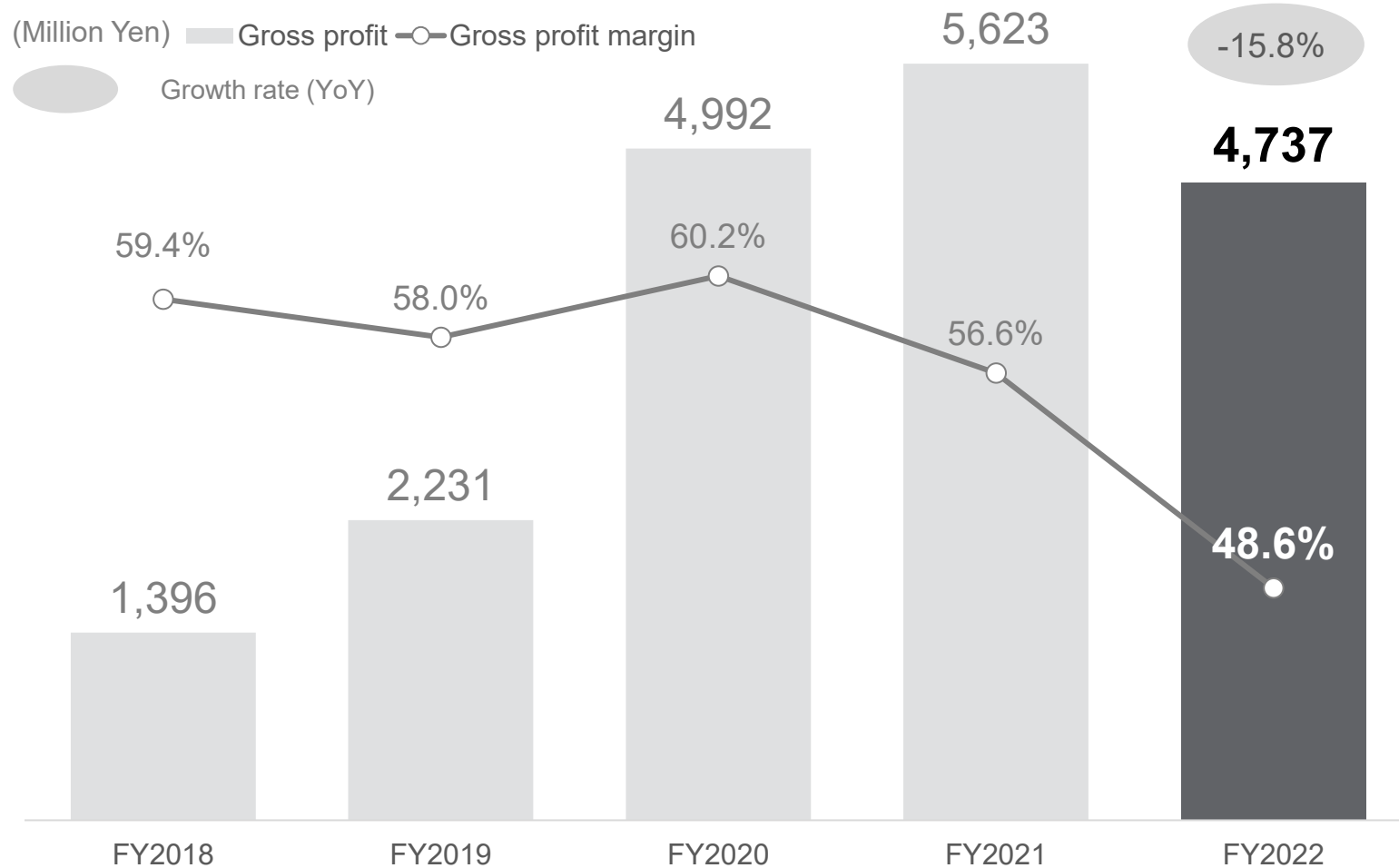


Net sales ratio for the BASE Business decreased YoY, due to the strategic reduction in take rate and resulting decline in net sales for the BASE Business, as well as the PAY Business's growth

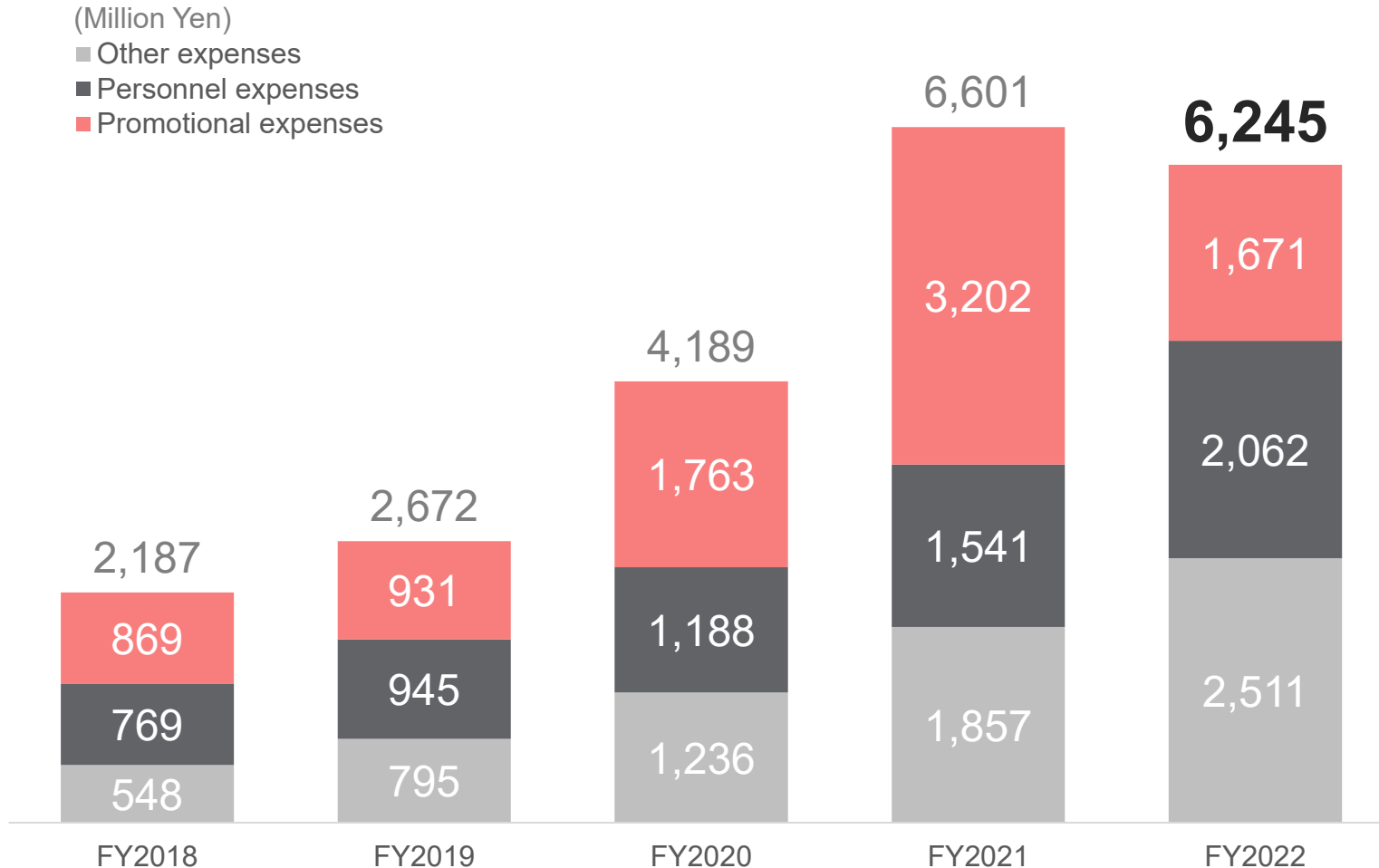


Gross profit decreased YoY due to the strategic reduction in take rate and resulting decline in gross profit for the BASE Business

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

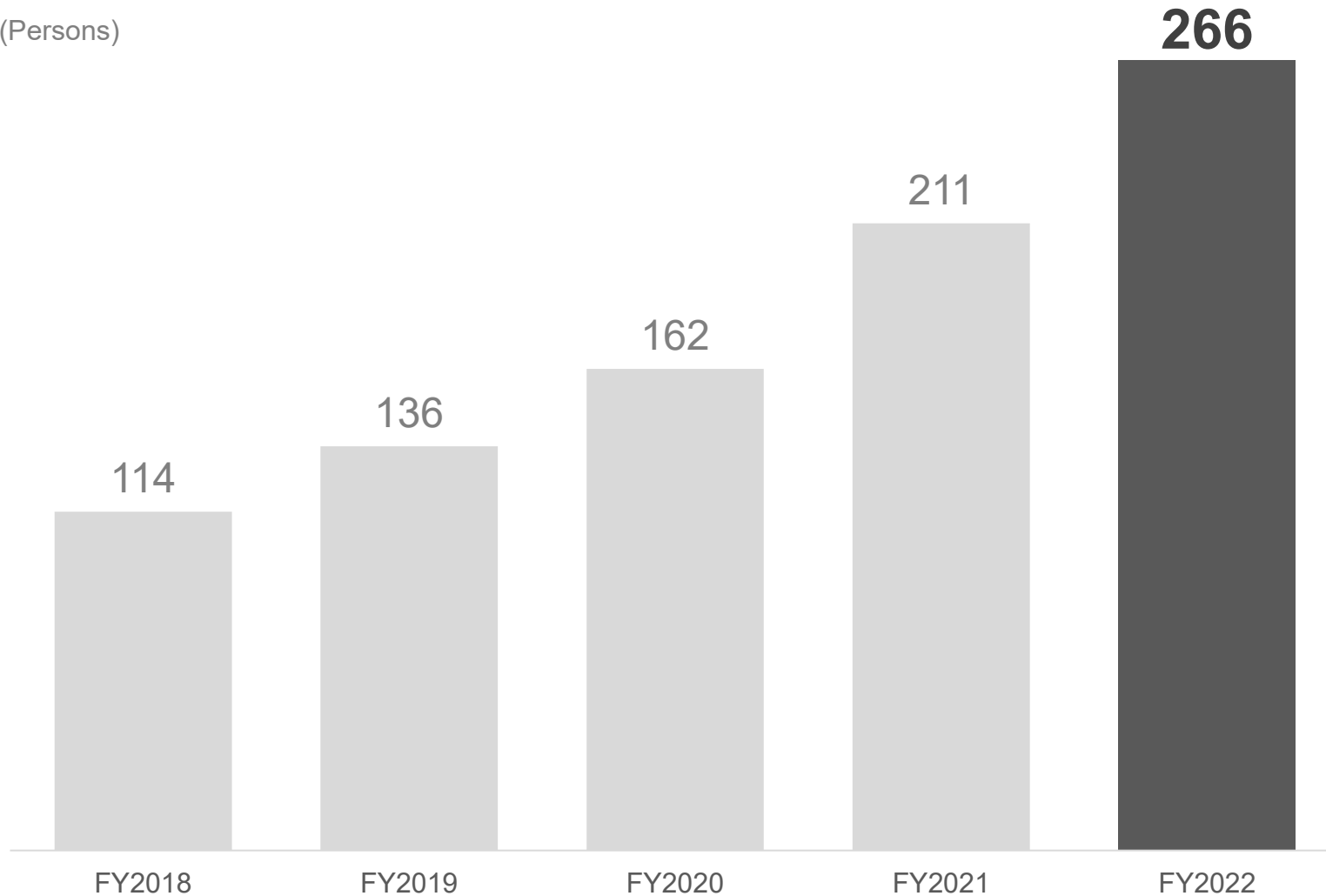


- **SG&A expenses decreased YoY due to a significant decline in promotional expenses**
- Promotional expenses decreased significantly YoY due to the reduction of brand recognition-related marketing made possible **by the realization of unparalleled brand awareness**
- Personnel and other expenses increased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



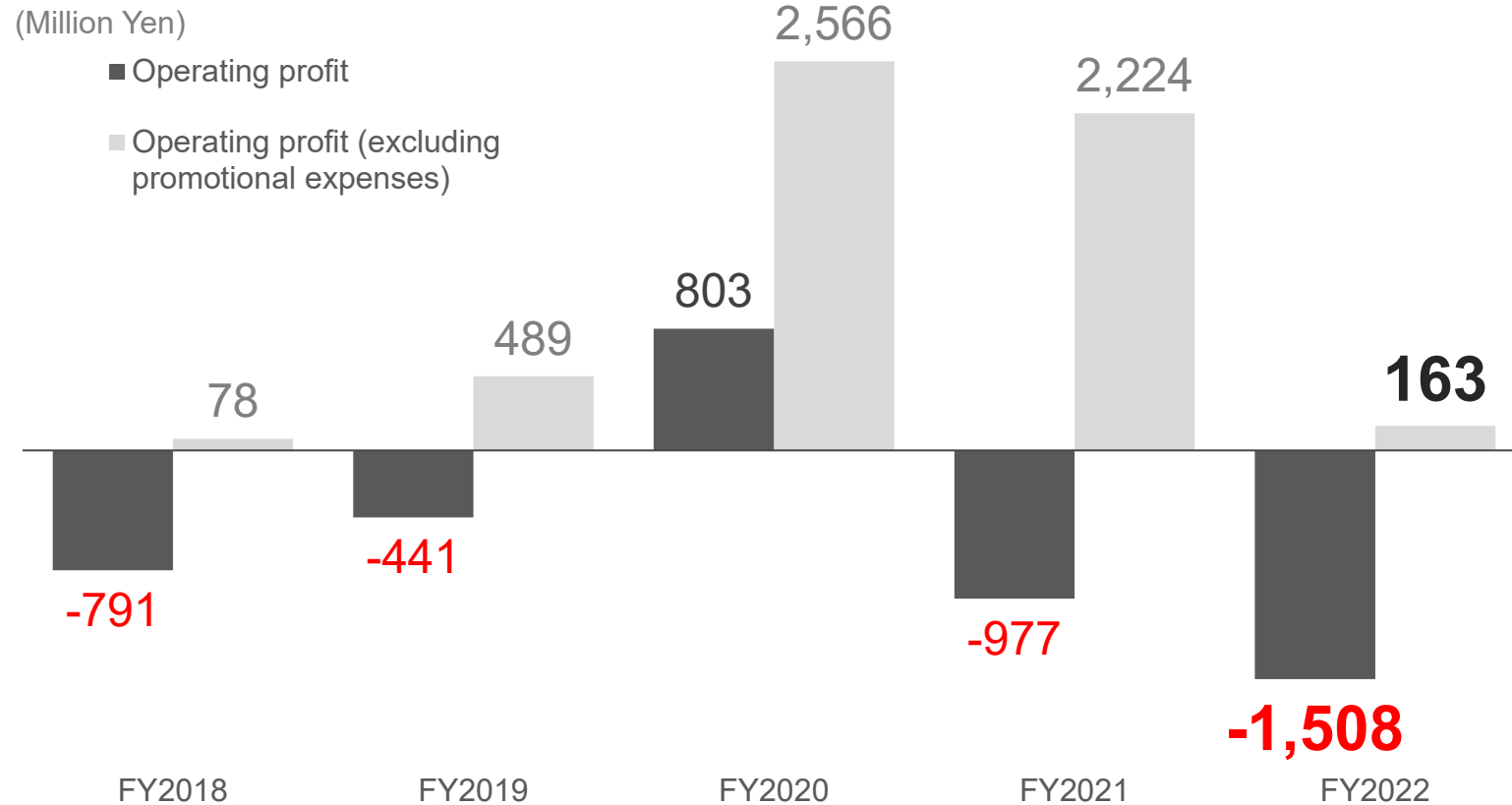
Headcount **increased by 55 persons YoY (+26.1% YoY)** due to the strengthening of product development and sales & marketing organizations

(Persons)

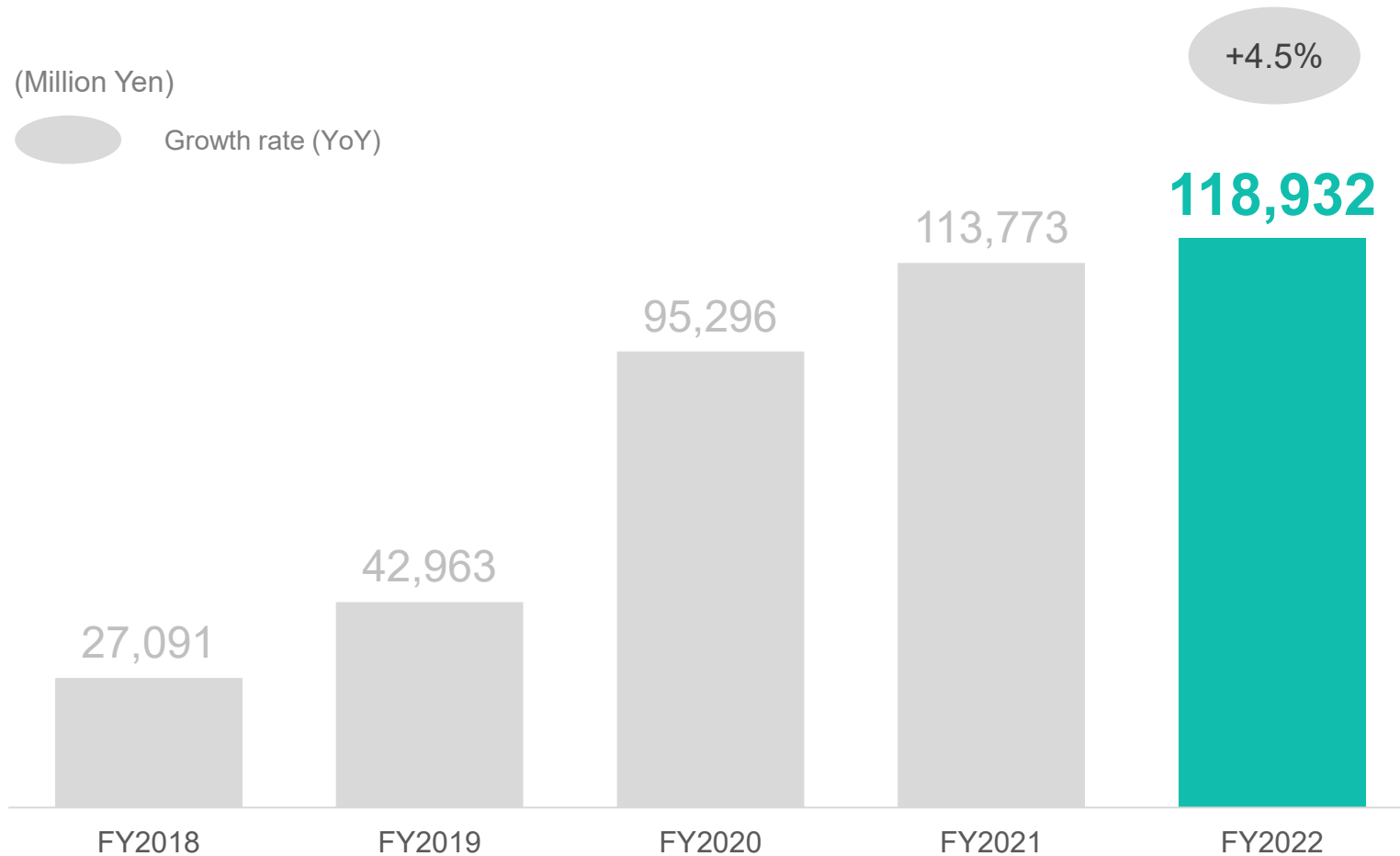


Operating loss expanded YoY due to the strategic reduction in take rate and resulting decline in gross profit for the BASE Business

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



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



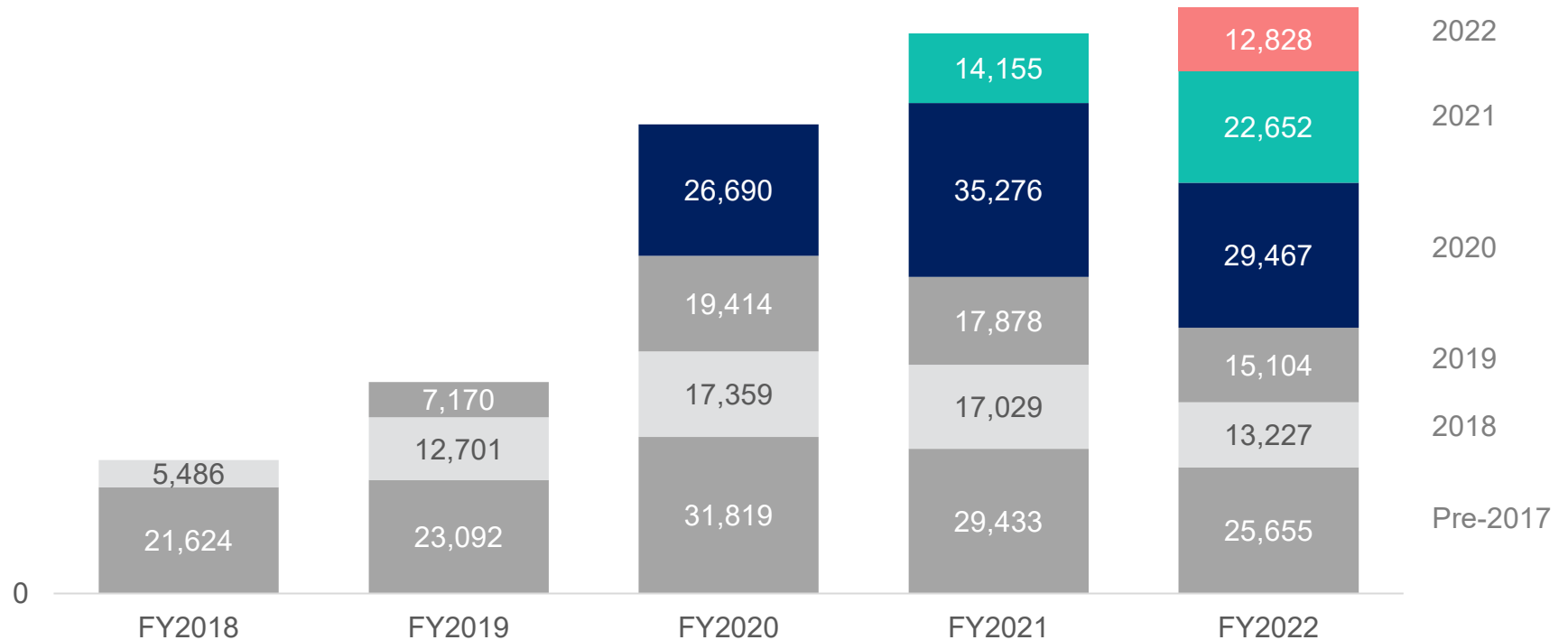
(Note) GMV is based on the order date (order amount)

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)

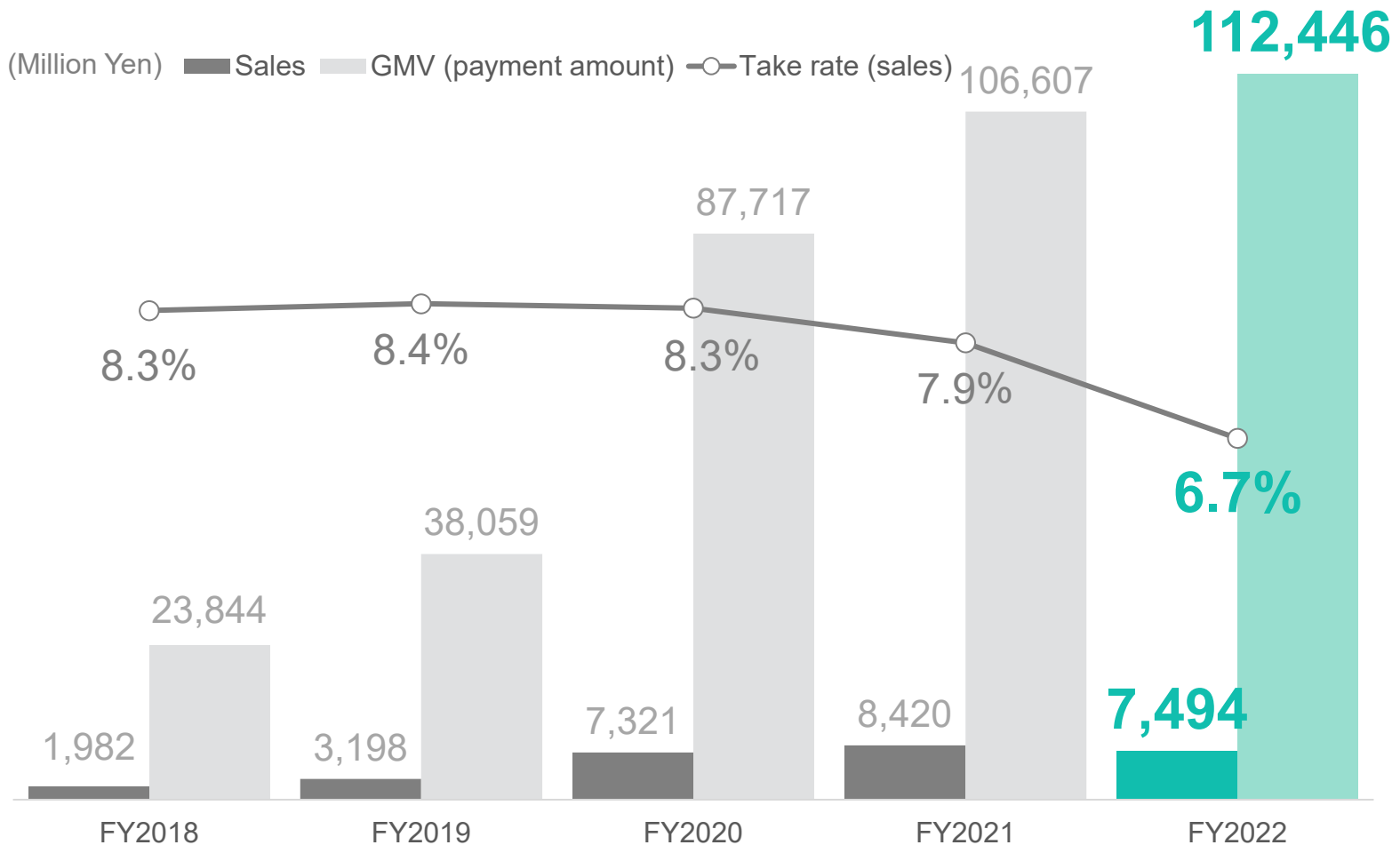
(Million Yen)

■ Pre-2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022



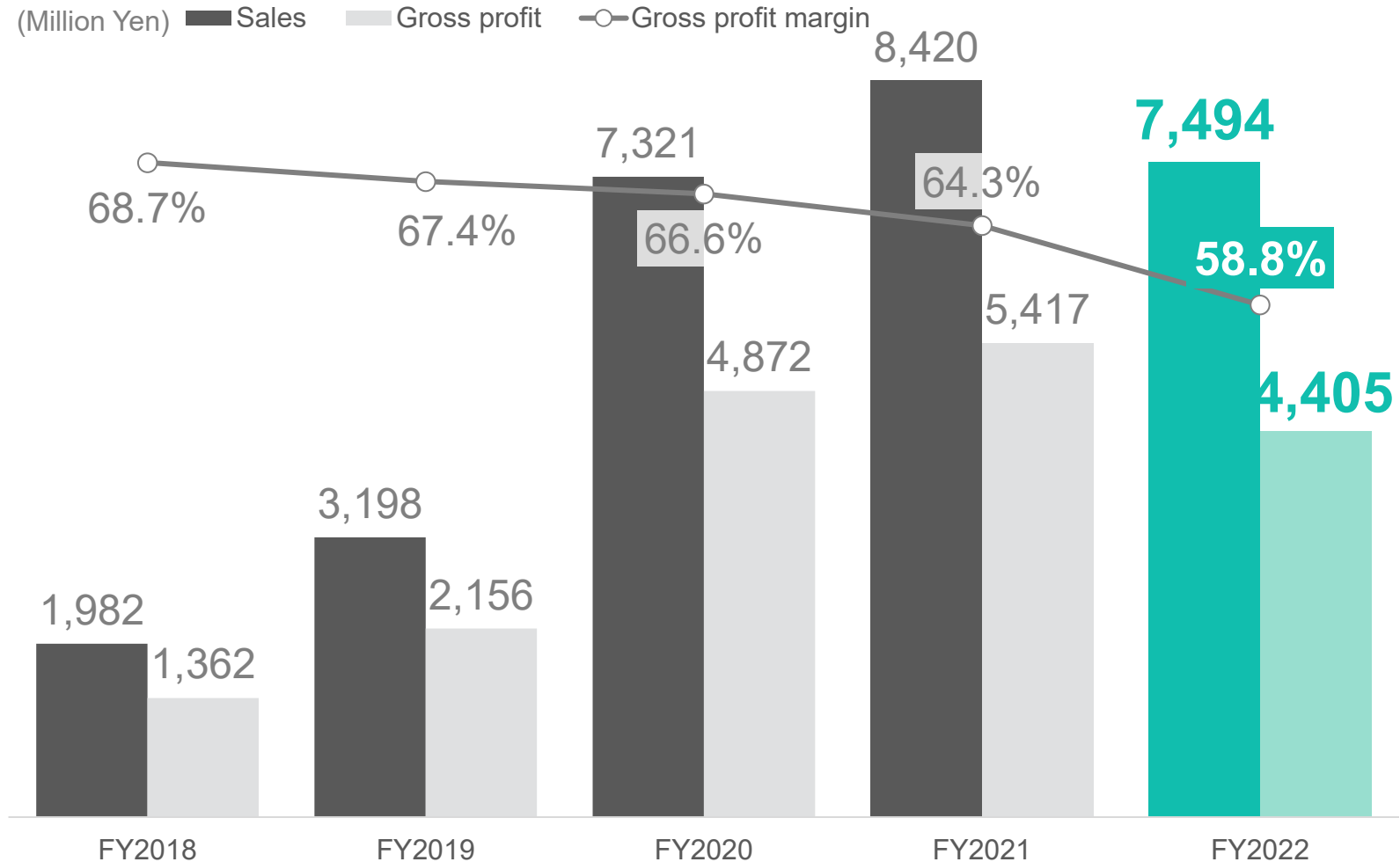
(Note) GMV is based on the order date (order amount)

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

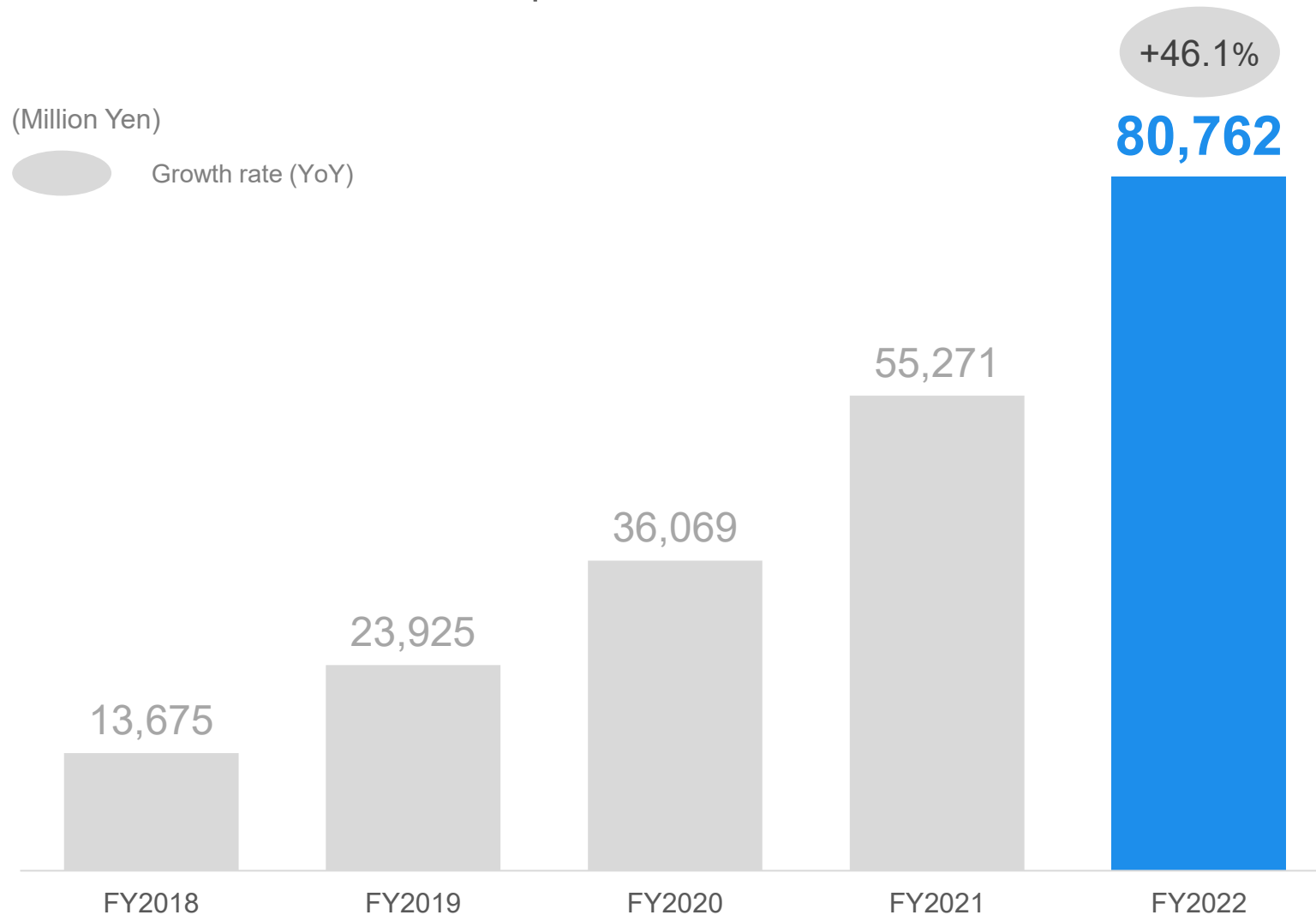


(Note) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV 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).

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



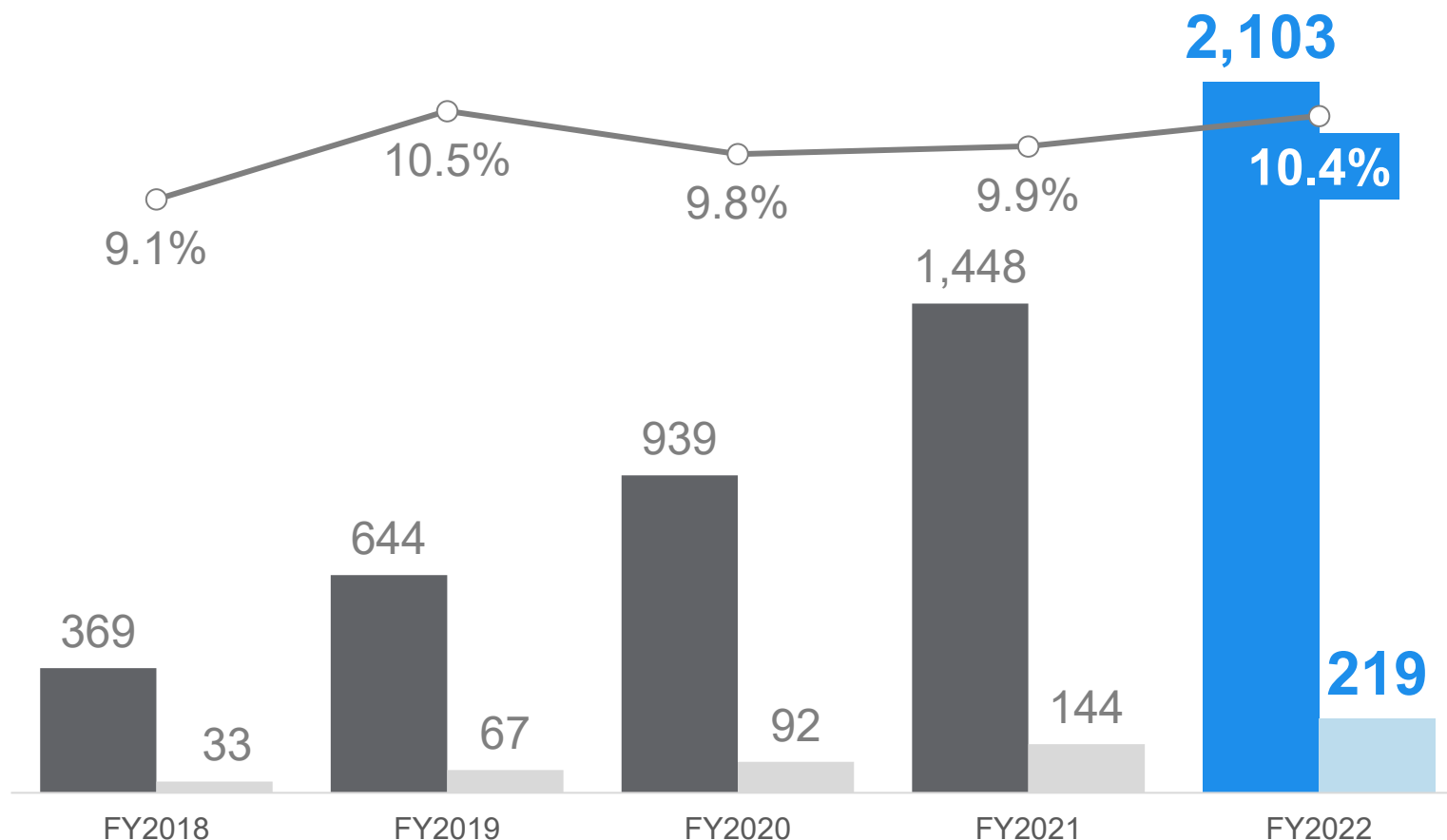
GMV increased significantly at **+46.1%** YoY as a result of the continued growth of existing merchants as well as the acquisition of new merchants



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

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)

(Million Yen) ■ Sales ■ Gross profit ○ Gross profit margin



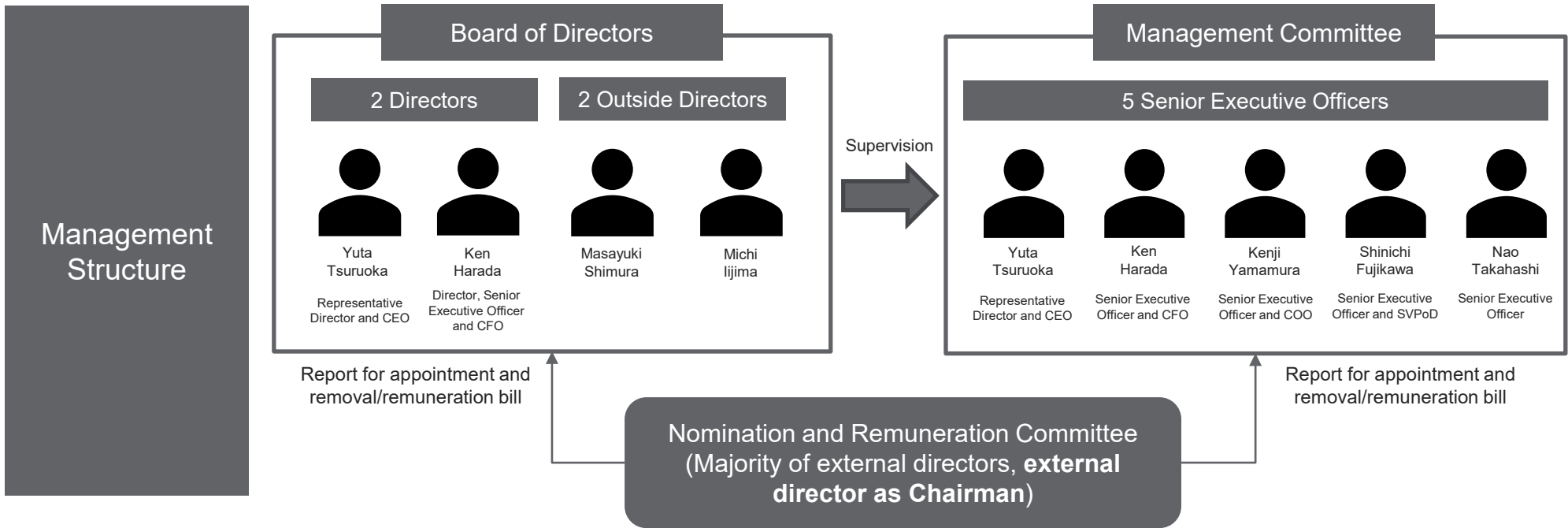
(Note) Cost of sales ratio (as a percentage of GMV) is the percentage of cost of sales over GMV (payment amount). Cost of sales ratio (as a percentage of GMV) differs depending on credit card brand. Cost of sales ratio decreased as a result of the increased mix of credit card brands with low cost of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

5. Reference Materials

Company Name	BASE, Inc.	
Location	Sumitomo Fudosan Roppongi Grand Tower 37F, 3-2-1 Roppongi, Minato-ku, Tokyo	
Date of Establishment	December 11, 2012	
Business Description	Planning, development, and operation of online shop creation service “BASE,” online payment service “PAY.JP,” and shopping service “Pay ID”	
Directors <small>(Note)</small>	Representative Director	Yuta Tsuruoka
	Director	Ken Harada
	Outside Director	Masayuki Shimura
	Outside Director	Misa Matsuzaki
Number of Employees (Consolidated)	266 persons (as of December 31, 2022)	
Subsidiary	PAY, Inc.	

Increase the number of senior executive officers and strengthen management structure

Further enhancing corporate governance by conducting assessment on the effectiveness of the board of directors ^(Note1), and making improvements based on the results



(Note1) Outsourced to and conducted by a third party to evaluate directors, auditors and senior executive officers
 (Note2) Directors subject to approval at the 10th Annual General Meeting of Shareholders to be held on March 24, 2023
 (Note3) Senior Executive Officers subject to appointment at the Board of Directors meeting to be held on March 24, 2023

Management Structure for FY2023

Aiming to achieve further growth of the entire Group through management structure with diversified skillset (Note1)

	Directors /Senior Executive Officers		Outside Directors		Senior Executive Officers		
	Yuta Tsuruoka	Ken Harada	Masayuki Shimura	Misa Matsuzaki	Kenji Yamamura	Shinichi Fujikawa	Nao Takahashi
Corporate management	●	●	●	●	●	●	
Finance and Accounting		●					
Legal, compliance, and risk management		●	●				
ESG and sustainability	●	●	●	●			
Human resources and organizational development			●	●	●	●	●
Marketing and brand management	●				●		●
IT	●	●				●	
Information security						●	
Industry knowledge	●	●	●	●	●	●	●
International experience			●	●			●

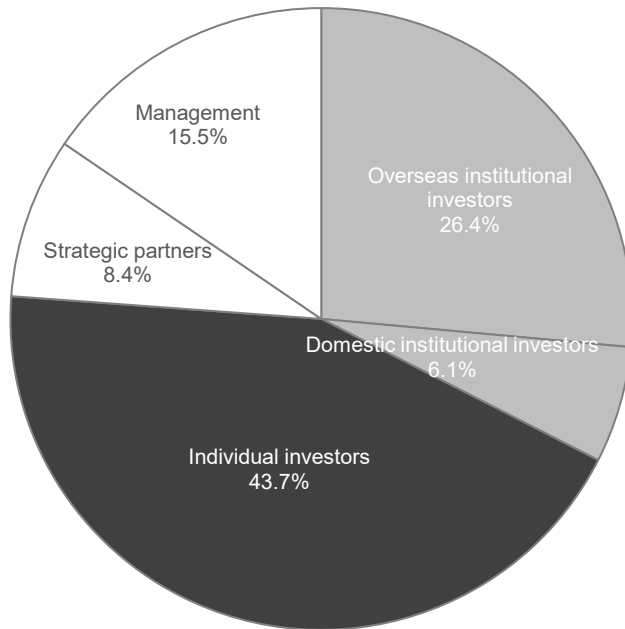
(Note1) Excerpt from skill matrix included in the “Notice of the 10th Annual General Meeting of Shareholders”

(Note2) Directors subject to approval at the 10th Annual General Meeting of Shareholders to be held on March 24, 2023

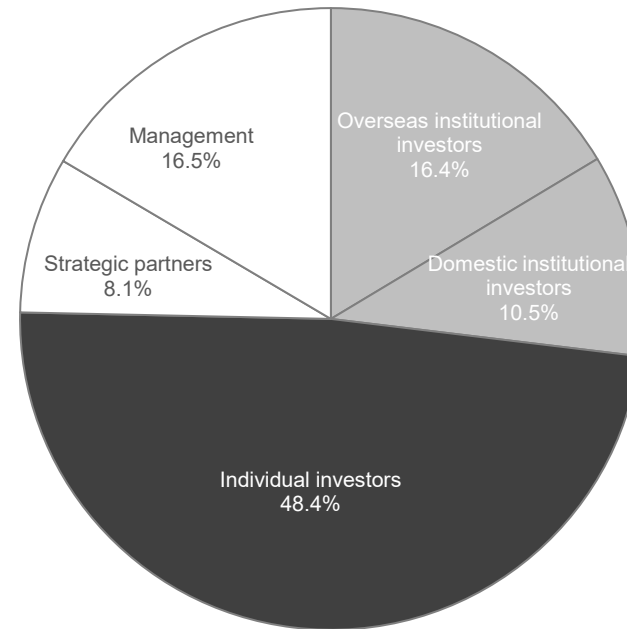
(Note3) Senior Executive Officers subject to appointment at the Board of Directors meeting to be held on March 24, 2023

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



Category	Main Risks	Probability	Influence	Risk Management Measures
Business environment	Risk of stagnating growth of the EC and online payment services markets due to changes in consumer activity caused by reopening and inflation	High	High	<ul style="list-style-type: none"> While maintaining the medium to long-term management policy, flexibly adjusting the business plan in response to changes in the business environment
Competitive environment	Risk of increased competition in the storefront EC and online payment services markets due to existing competitors and new entrants	High	High	<p>BASE</p> <ul style="list-style-type: none"> Maintain position as the most popular services Strengthen more targeted marketing measures as well as function development <p>PAY</p> <ul style="list-style-type: none"> Strengthen function development to allow easier deployment of payment functions for small businesses
Continuous investment and recognition of deficits	Risk of business development not proceeding as expected and earnings not being sufficient to exceed forward-looking investments, or changes in the competitive environment requiring additional costs such as greater-than-expected investments in advertising or hiring of development personnel	High	High	<ul style="list-style-type: none"> Flexibly adjust business plan Reallocate resources in response to changes in the business environment by measuring the effectiveness of marketing and reviewing development plans
Maintenance of Service Integrity and Fraudulent settlements	Risk of being held liable as a transaction venue provider due to an act by a user that threatens the soundness of our service, or risk of having sales proceeds refunded or being subject to claims for damages due to fraudulent settlements	High	High	<ul style="list-style-type: none"> Establish a specialized department to analyze transaction data held by the Company through machine learning and other methods, detecting and preventing inappropriate behavior and fraudulent settlements
Information Security and Personal Information Management	Risk of legal liability being pursued against the Group or a decline in the Group's reputation due to the leakage of personnel information	Medium	High	<ul style="list-style-type: none"> Review and implementation of security measures by an information security committee Raise awareness of executives and employees through information security training Management of personal information in compliance with the Personal Information Protection Law
Technical Issues with Information System	Risk of inability to provide stable services due to large-scale technical issues	Medium	High	<ul style="list-style-type: none"> Reinforcement of server facilities and establishment of appropriate internal systems

(Note) The above are excerpts of main risks that could affect growth opportunities and strategies. Please refer to the "Business and Other Risks" section of the Annual Securities Report for details

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%

Handling of these Materials

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The next update of these materials are scheduled to be disclosed in March 2024.

BASE