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**Summary of Consolidated Financial Results
for the Nine months Ended September 30, 2023
(Based on Japanese GAAP)**

November 7, 2023

Company name: BASE, Inc.
 Stock exchange listing: Tokyo
 Stock code: 4477 URL <https://binc.jp/en>
 Representative: Representative Director and CEO Yuta Tsuruoka
 Inquiries: Director, Senior Executive Officer and CFO Ken Harada TEL 03(6441)2075
 Scheduled date to file Quarterly Securities Report: November 7, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2023 (from January 1, 2023 to September 30, 2023)**(1) Consolidated operating results (cumulative)**

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2023	8,336	17.4	(420)	–	(410)	–	(514)	–
Nine months ended September 30, 2022	7,099	(1.1)	(1,167)	–	(1,153)	–	(1,216)	–

(Note) Comprehensive Income (millions of yen) Nine months ended September 30, 2023: (504) (–%) Nine months ended September 30, 2022: (1,206) (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2023	(4.51)		–	
Nine months ended September 30, 2022	(10.88)		–	

(Notes) 1. Despite the existence of potential shares, diluted earnings per share are not indicated because net loss per share was recorded.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen	%	Millions of yen	%		
As of September 30, 2023	34,497		13,092		38.0	
As of December 31, 2022	31,278		13,501		43.2	

(Reference) Equity (millions of yen) As of September 30, 2023: 13,092 As of December 31, 2022: 13,501

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended December 31, 2022	–	0.00	–	0.00	0.00
Year ending December 31, 2023	–	0.00	–	–	–
Year ending December 31, 2023(Forecast)	–	–	–	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

3. Forecast of consolidated financial results for the year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	11,500	18.1	(1,000)	–	(1,000)	–	(1,100)	–	(9.64)

(Notes) Revisions to most recent consolidated results forecast: Yes

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): None
New: – (), Exclusion: – ()
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: None
Changes in accounting policies due to other reasons: None
Changes in accounting estimates: None
Restatement of prior period financial statements: None

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	114,347,823 shares	As of December 31, 2022	113,631,964 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	19,894 shares	As of December 31, 2022	14 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2023	114,115,823 shares	Nine months ended September 30, 2022	111,842,529 shares
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*The summary of quarterly financial results are not subject to a quarterly review by a certified public accountant or an auditing firm.

*Explanation on the appropriate use of business forecasts and other special matters

(Notice regarding forward-looking statements, etc.)

Forward-looking statements or projections contained in this document are based on information that the Company has at the present time and certain premises that the Company deems reasonable. Such forward-looking statements are not intended to represent a commitment on the part of the Company to achieve them. Also, actual results may differ significantly due to various factors. Please see the "1. Qualitative information on results for the nine months ended September 30, 2023 (3) Explanation of consolidated financial forecasts and other forward-looking statements" on page 3 of the attached document for the conditions that form the basis of earnings forecasts and cautions for using earnings forecasts.

(Access to supplementary information on the financial results and explanation on a financial result briefing)

The Company is scheduled to hold a financial result briefing for institutional investors and analysts on Tuesday, November 7, 2023. Relevant briefing information is scheduled to be disclosed on our website.

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1. Qualitative information on results for the nine months ended September 30, 2023

(1) Overview of operating results

Advocating “Payment to the People, Power to the People.” as its mission, the Company group (the “Group”) actively operates the BASE Business, which provides the online shop creation service “BASE,” and the PAY Business, which provides the online payment service “PAY.JP.” Through these services, the Group focuses on empowering individuals and small teams and supporting start-up companies.

During the nine months ended September 30, 2023, the economic outlook remained uncertain due to factors such as heightened geopolitical risks and inflation. However, there were signs of movement toward normalization of economic activities as the spread of COVID-19 infections and confusion associated with its containment gradually subsided. In the midst of this business environment, the BASE Business maintains its position as the overwhelming first choice for a wide range of individuals and small teams, while continuing efforts to strengthen its products to achieve sustainable growth over the medium to long term. In the PAY.JP Business, the Group aims to support the growth of its existing merchants while also expanding the number of new merchants by targeting start-up companies and strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate.

As a result of the above, the Group’s consolidated net sales for the nine months ended September 30, 2023 were ¥8,336 million (17.4% increase year on year), operating loss was ¥420 million (operating loss of ¥1,167 million in the same period of the previous fiscal year), ordinary loss was ¥410 million (ordinary loss of ¥1,153 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥514 million (loss attributable to owners of parent of ¥1,216 million in the same period of the previous fiscal year). The results of the segments are as follows.

A) BASE Business

In the BASE Business, GMV growth for the nine months ended September 30, 2023, surpassed the year-on-year growth rate for domestic online consumption with growth driven by shops with large sales. Largely due to the effects of the Monthly-Fee Plan, which was released in April 2022, the acquisition of new merchants with large sales increased compared to before the plan was released.

Product development also progressed as expected at the beginning of the fiscal year. The “Membership App,” which allows online shops to create their own membership systems, has been updated as a part of strengthening sales promotion support and CRM functions, which are in demand from merchants with large sales, and points can now be awarded to purchasers. Since its update, the use of the “Membership App” has expanded for both shops and purchasers, and we aim to further support building relationships between shops and purchasers through further functional improvements in the future.

Although the number of merchants using the Monthly-Fee Plan and its lower commission rates increased slightly, the take rate (Note 2) which had been on a downward trend, remained flat due to the increase in the commission rate for some payment methods in April 2023 (Note 1). As a result, net sales increased in the three months ended September 30, 2023, due to the increase in GMV.

As a result of the above, GMV for the nine months ended September 30, 2023 was ¥97,239 million (order amount) and ¥92,439 million (payment amount) (15.0% increase for order amount and 15.2% increase for payment amount year on year), net sales were ¥5,585 million (1.0% decrease year on year), and segment loss was ¥181 million (segment loss of ¥894 million in the same period of the previous fiscal year).

(Note 1) Effective April 1, 2023, “Amazon Pay” and “PayPal” increased their payment processing commission. An additional 1% payment processing commission is charged for payments made through these payment methods.

(Note 2) Take rate is the ratio of net sales over GMV (payment amount)

B) PAY Business

In the PAY Business, the Group provides the online payment service “PAY.JP.” In the three months ended September 30, 2023, though this includes a temporary surge in contribution from select merchants stemming from their large-scale sales promotions, GMV for the period increased significantly due to the continued growth of existing merchants as well as the acquisition of new merchants.

As a result, GMV for the nine months ended September 30, 2023 was ¥99,269 million (74.4% increase year on year), net sales were ¥2,545 million (71.4% increase year on year), and segment loss was ¥0 million (segment loss of ¥12 million in the same period of the previous fiscal year).

C) Other Business

In the Other Business, the Group provides services such as “YELL BANK,” which provides business funds to online shop operators using “BASE.” The number of its users and its usage amount continues to grow steadily.

As a result, net sales for the nine months ended September 30, 2023 were ¥205 million (144.2% increase year on year), and segment loss was ¥45 million (segment loss of ¥37 million in the same period of the previous fiscal year).

(2) Overview of financial position

(Assets)

Total assets as of September 30, 2023 were ¥34,497 million, an increase of ¥3,219 million from the end of the previous fiscal year. This was mainly due to an increase of ¥4,095 million in accounts receivable - trade, which offset a decrease of ¥1,313 million in cash and deposits.

(Liabilities)

Liabilities as of September 30, 2023 were ¥21,404 million, an increase of ¥3,627 million from the end of the previous fiscal year. This was mainly due to an increase of ¥4,353 million in accounts payable - trade, which offset a decrease of ¥812 million in deposits received.

(Net assets)

Net assets as of September 30, 2023 were ¥13,092 million, a decrease of ¥408 million from the end of the previous fiscal year. This was mainly due to a

decrease of ¥514 million in retained earnings resulting from the recording of loss attributable to owners of parent. In addition, legal capital surplus was reduced by ¥2,545 million, and retained earnings increased by ¥2,545 million, due to deficit disposition from the appropriation of surplus based on the resolution of the Board of Directors at the meeting held on February 16, 2023.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

The Company group celebrated its tenth anniversary in December 2022. Advocating “Payment to the People, Power to the People.” as its mission since its inception, the Company has focused on the empowerment of individuals and small teams through “BASE,” and the empowerment of start-ups through “PAY.JP.” Looking ahead to the next decade, the Company group will continue to focus its efforts on empowering individuals, small teams, and start-ups by increasing added value through the finance business centered around “YELL BANK” as well as the consumer-facing “Pay ID” service. Through these initiatives, the Company aims to maximize value creation across the entire group in the medium to long term.

In the fiscal year ending December 31, 2023, the Company has been striving to achieve gross profit growth by continuing to strengthen its product to accommodate merchants with a wide range of sales for the BASE Business, while establishing product development and customer support initiatives aimed at achieving both the growth of existing merchants as well as the acquisition of new merchants for the PAY.JP Business. In addition, the Company aims to suppress SG&A expenses, transitioning towards a leaner financial structure.

As the confusion caused by the spread of COVID-19 infections and its containment gradually subsided and economic activities began to normalize, the Gross Merchandise Volume (or “GMV”) and gross profit of both BASE Business and PAY.JP Business exceeded our initial forecasts for the current fiscal year. Furthermore, the reduction of SG&A expenses due to more efficient marketing and reduced hiring activities is also expected to reduce the operating loss beyond the initial forecast.

In light of these trends, we have decided to revise our forecast for the GMV of the BASE Business and PAY.JP Business and our full-year forecast for the entire Group. In the BASE Business, the GMV based on order amount is forecasted to be ¥134,000 million. In the PAY.JP Business, the GMV is forecasted to be ¥139,000 million.

As a result of the above, the consolidated net sales for the entire Group in the fiscal year ending December 31, 2023, is forecasted to be ¥11,500 million.

SG&A expenses are expected to be reduced to ¥5,900 million due to the ongoing implementation of efficient marketing and suppressing hiring activities, and operating loss is forecasted to be ¥1,000 million.

2. Quarterly consolidated financial statements and main noted items

(1) Consolidated balance sheets

(Million yen)

	As of December 31, 2022	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	22,344	21,031
Securities	66	74
Accounts receivable - trade	7,977	12,073
Other	687	1,156
Allowance for doubtful accounts	(130)	(181)
Total current assets	30,946	34,154
Non-current assets		
Investments and other assets	332	343
Total non-current assets	332	343
Total assets	31,278	34,497
Liabilities		
Current liabilities		
Accounts payable - trade	11,771	10,959
Deposits received	5,468	9,822
Provision for chargeback	9	8
Contract liabilities	50	76
Other	420	478
Total current liabilities	17,720	21,345
Non-current liabilities		
Other	57	59
Total non-current liabilities	57	59
Total liabilities	17,777	21,404
Net assets		
Shareholders' equity		
Capital stock	8,614	8,663
Deposits for subscriptions to shares	0	—
Capital surplus	7,424	4,927
Retained earnings	(2,545)	(514)
Treasury shares	(0)	(0)
Total shareholders' equity	13,494	13,075
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6	17
Total accumulated other comprehensive income	6	17
Total net assets	13,501	13,092

Total liabilities and net assets	31,278	34,497
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(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Nine months ended September 30, 2023)

(Million yen)

	Nine Months Ended September 30, 2022 (from January 1, 2022 to September 30, 2022)	Nine Months Ended September 30, 2023 (from January 1, 2023 to September 30, 2023)
Net sales	7,099	8,336
Cost of sales	3,562	4,765
Gross profit	3,536	3,570
Selling, general, and administrative expenses	4,704	3,991
Operating loss	(1,167)	(420)
Non-operating income		
Interest income	0	0
Commission income	12	0
Insurance claim income	—	6
Lecture fees and other income	3	5
Other	4	1
Total non-operating income	19	13
Non-operating expenses		
Interest expenses	0	—
Foreign exchange losses	2	0
Share issuance cost	0	0
Commitment fee	2	2
Total non-operating expenses	5	3
Ordinary loss	(1,153)	(410)
Extraordinary loss		
Impairment losses	—	89
Loss on valuation of investment securities	62	11
Total extraordinary loss	62	100
Loss before income taxes	(1,215)	(511)
Total Income taxes	0	3
Net loss	(1,216)	(514)
Loss attributable to owners of parent	(1,216)	(514)

Consolidated statement of comprehensive income

(Nine months ended September 30, 2023)

(Million yen)

	Nine months Ended September 30, 2022 (from January 1, 2022 to September 30, 2022)	Nine months Ended September 30, 2023 (from January 1, 2023 to September 30, 2023)
Net loss	(1,216)	(514)
Other comprehensive income		
Valuation difference on available-for-sale securities	10	10
Total other comprehensive income	10	10
Comprehensive income	(1,206)	(504)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,206)	(504)

(3) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Notes on significant changes in amounts of shareholders' equity)

Other capital surplus decreased by ¥2,545 million and retained earnings increased by ¥2,545 million as a result of covering the loss in retained earnings brought forward as of February 28, 2023 based on the resolution of the Board of Directors at the meeting held on February 16, 2023.

During the nine months ended September 30, 2023, capital stock and capital surplus increased by ¥48 million and ¥48 million, respectively, as a result of grant of restricted stock-based compensation and exercise of share acquisition rights as stock options.

(Segment information etc.)

Segment Information

Consolidated nine months ended September 30, 2022 (From January 1, 2022 to September 30, 2022)

1. Information on the amount of net sales and loss of each reportable segment, and information on disaggregation of revenue

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY.JP Business	Other Business	Total		
Net sales						
Goods or services transferred at a point in time	4,794	1,462	6	6,264	—	6,264
Goods or services transferred over time	719	20	—	740	—	740
Revenue from contracts with customers	5,513	1,483	6	7,004	—	7,004
Other revenue	16	1	77	95	—	95
Net sales to external customers	5,530	1,485	83	7,099	—	7,099
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	5,530	1,485	83	7,099	—	7,099
Segment loss	(894)	(12)	(37)	(944)	(222)	(1,167)

(Notes) 1. Reconciliations of segment loss of ¥(222) million are for corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

2. Segment loss has been adjusted with operating loss stated in the quarterly consolidated statement of income.

Consolidated nine months ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

1. Information on the amount of net sales and loss of each reportable segment, and information regarding disaggregation of revenue

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY.JP Business	Other Business	Total		
Net sales						
Goods or services transferred at a point in time	5,244	2,524	18	7,787	—	7,787
Goods or services transferred over time	233	21	—	254	—	254
Revenue from contracts with customers	5,477	2,545	18	8,041	—	8,041
Other revenue	108	0	186	295	—	295
Net sales to external customers	5,585	2,545	205	8,336	—	8,336
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	5,585	2,545	205	8,336	—	8,336
Segment loss	(181)	(0)	(45)	(227)	(193)	(420)

(Notes) 1. Reconciliations of segment loss of ¥(193) million are for corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

2. Segment loss has been adjusted with operating loss stated in the quarterly consolidated statement of income.

2. Information about impairment losses on non-current assets or goodwill, etc. by reportable segment

(Significant impairment losses on non-current assets)

Impairment losses of ¥89 million were recorded in the “BASE Business.”

3. Information on changes in reportable segments, etc.

Starting from the first quarter of the fiscal year ending December 31, 2023, the name of the reportable segment previously referred to as “PAY Business” has been changed to “PAY.JP Business.” This change in segment name has no impact on segment information. The segment information for the nine months ended September 30, 2022 is also presented under the new name.