



BASE

Q4 of Fiscal Year Ending December 31, 2023
Materials for Financial Results Presentation

BASE, Inc.
(Tokyo Stock Exchange Growth: 4477)
February 8, 2024

- 1. Company Overview**
- 2. Executive Summary**
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- 4. Medium to Long-Term Management Policy and
Earnings Forecast for the Fiscal Year Ending December 31, 2024**
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1. Company Overview

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.

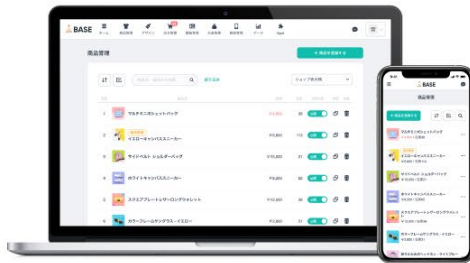
Creating an economy for People through the Power of Payment.



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 Startup Merchants

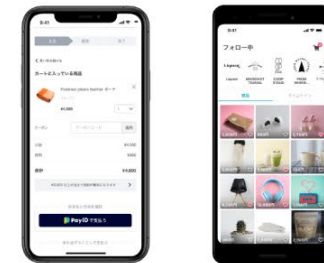


Payment Support

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



For Purchasers



Payment ID /
Shopping App

Shopping service providing smoother payment experiences including BNPL and helping to build relationships with purchasers

2. Executive Summary

FY2023 Results

- ✓ **Group GMV increased significantly due to growth in both the BASE and PAY.JP Businesses**
- ✓ Net sales, gross profit and operating profit/loss **exceeded the forecasts**
- ✓ **Operating loss contracted** due to growth in gross profit and reduction in SG&A expenses, **and financial position improved to return to operating profit in FY2025**

FY2023 4Q Results

- ✓ **Operating losses temporarily contracted significantly due to record GMV in both the BASE and PAY.JP businesses**, leading to an increase in consolidated gross profit, while SG&A expenses were controlled
- ✓ **The GMV of the BASE Business** continued to be robust, **with a YoY increase of +12.8%**, led by merchants with large sales
- ✓ **Take rates of the BASE Business remained flat QoQ**
- ✓ **The GMV of the PAY.JP Business continued to increase significantly by 75.5% YoY** due to continued growth in existing merchants and a significant build-up of GMV of new merchants

Medium to Long-Term Policy

- ✓ Aim to achieve both GMV growth and improved profitability by strengthening existing products, as well as to accelerate growth by creating synergies between existing products and to achieve group-wide discontinuous growth through M&A and alliances, etc.
- ✓ **Aim to achieve gross profit of JPY 10 billion from FY2026 onwards as soon as possible**, while maintaining a disciplined investment policy based on growth potential and profitability, after returning to operating profit in FY2025

Forecast For FY2024

- ✓ **Aim for gross profit at the +30% level YoY**
- ✓ **The upper forecast for operating profit/loss is at the break-even level, while the lower forecast is expected to contract the loss**

Policies for FY2023 (as of Feb. 8, 2023)

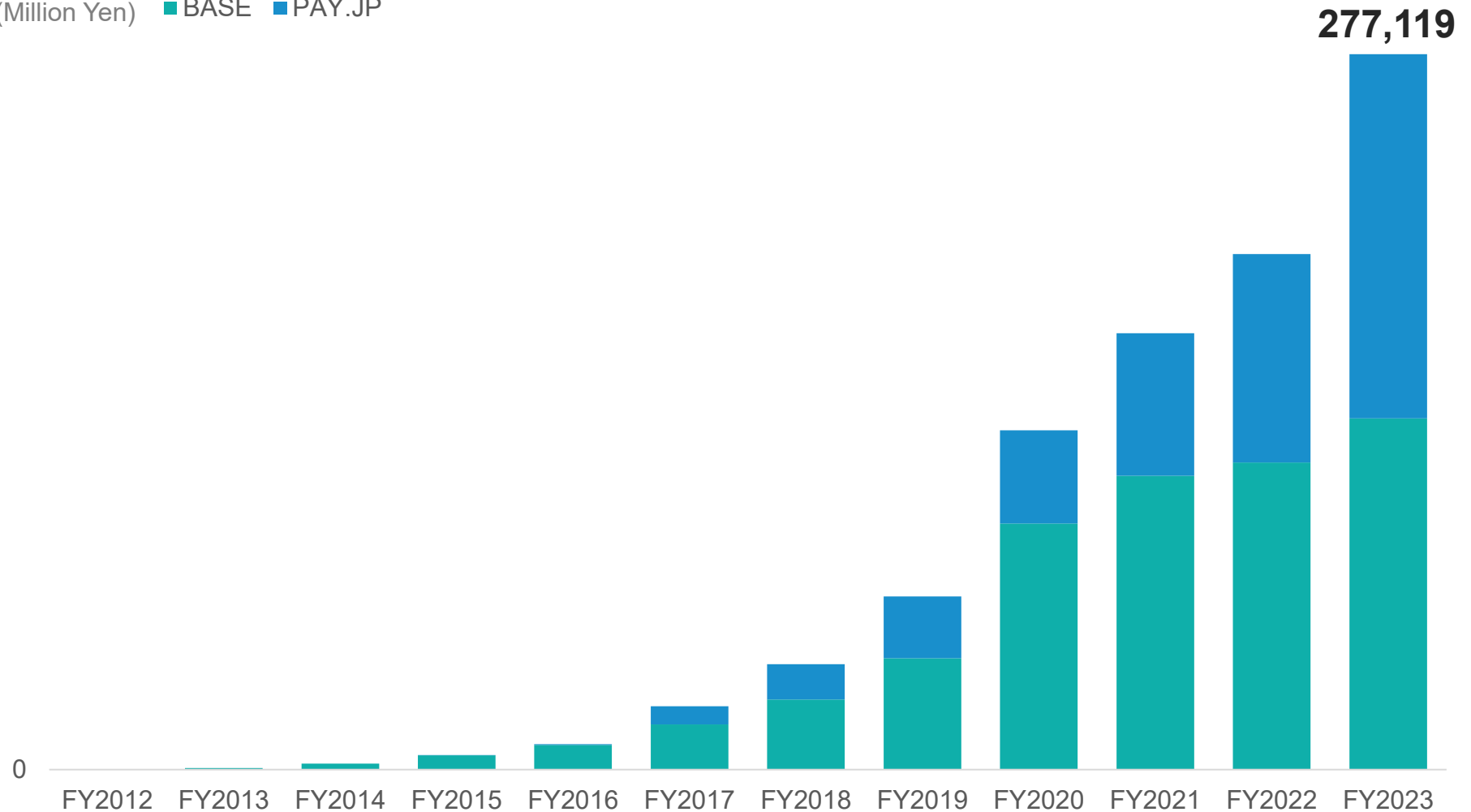
Group Management Policy	<ul style="list-style-type: none"> ✓ Aim to achieve Group gross profit growth and maximize value creation in the medium to long term ✓ Aim to transition towards a leaner financial structure ✓ Increase accessibility to payment/finance and promote D&I
BASE	<ul style="list-style-type: none"> ✓ 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 ✓ 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

FY2023 in Review

- ✓ **Building a foundation for medium- and long-term growth of the Group** by starting initiatives to create synergies between existing products, in addition to **the growth in gross profit** associated with the growth of Group GMV
- ✓ **Operating loss contracted** due to growth in gross profit and reduction in SG&A expenses, **and financial position improved to return to operating profit in FY2025**
- ✓ Progress in promoting D&I and addressing climate change
- ✓ **Gross profit exceeded expectations** as GMV performed well, mainly due to the effect of Monthly-Fee Plans, and take rate generally stopped decreasing
- ✓ **SG&A expenses lower than expected**, mainly due to more efficient marketing
- ✓ Increased product added value due to numerous new feature releases and improvements
- ✓ **GMV increased significantly** due to the growth of existing merchants and the acquisition of new merchants
- ✓ Each measure also progressed as expected
- ✓ BNPL "Post Pay (Pay ID)" launched in April 2023, with functional enhancements and marketing initiatives also progressing as expected.
- ✓ **The number of registered users exceeded 13 million**
- ✓ **Gross profit of the Other business increased significantly** due to an increase in its users and its usage amount because of the added value in the financial domain generated by the enhanced functionality of "YELL BANK"

Group GMV increased significantly due to growth in both the BASE and PAY.JP Business

(Million Yen) ■ BASE ■ PAY.JP

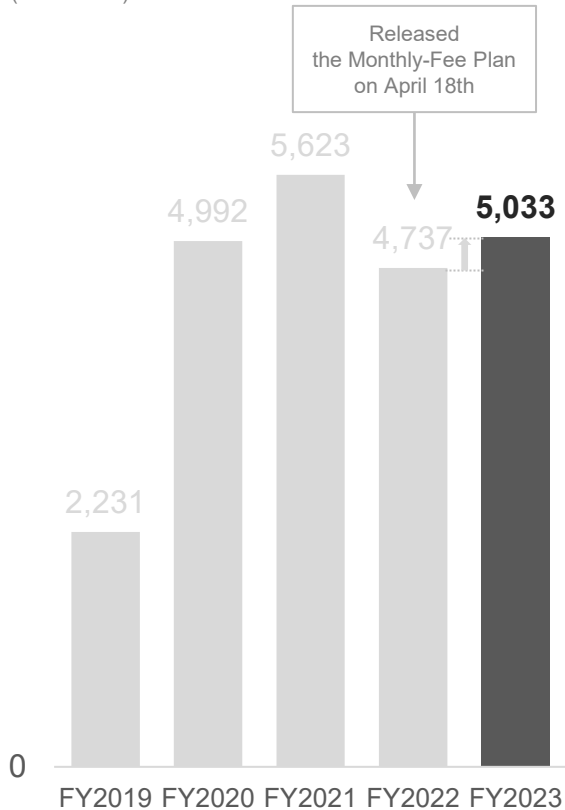


(Note) BASE's GMV is based on the order date (order amount). PAY.JP's GMV is based on the payment date (payment amount)

Operating loss contracted due to growth in gross profit and reduction in SG&A expenses, **and financial position improved to return to operating profit in FY2025**

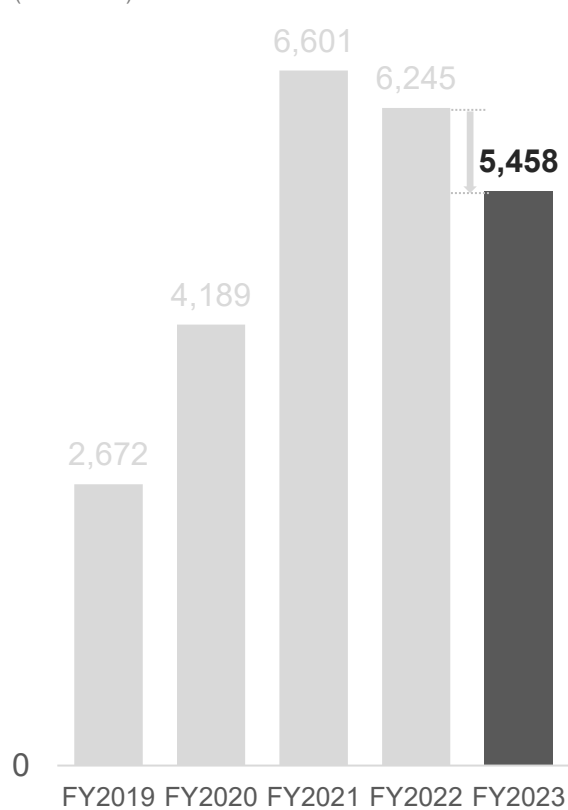
Gross Profit

(Million Yen)



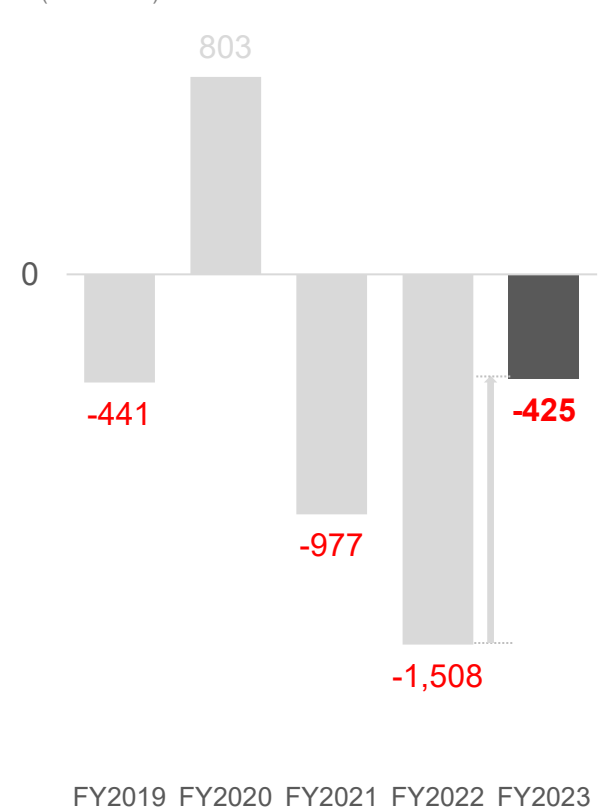
SG&A Expenses

(Million Yen)



Operating Profit/Loss

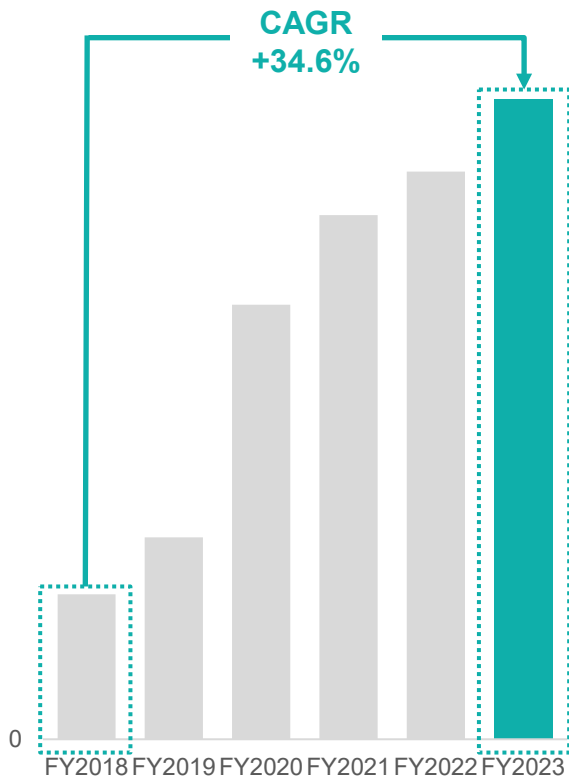
(Million Yen)



Even after the rapid increase following the COVID-19 pandemic, **both the number of Monthly Active Merchants and Monthly GMV Per Merchant have continued to grow**, in large part due to a rise in brand recognition and the Monthly-Fee Plan

Monthly GMV (Note1,2,3)

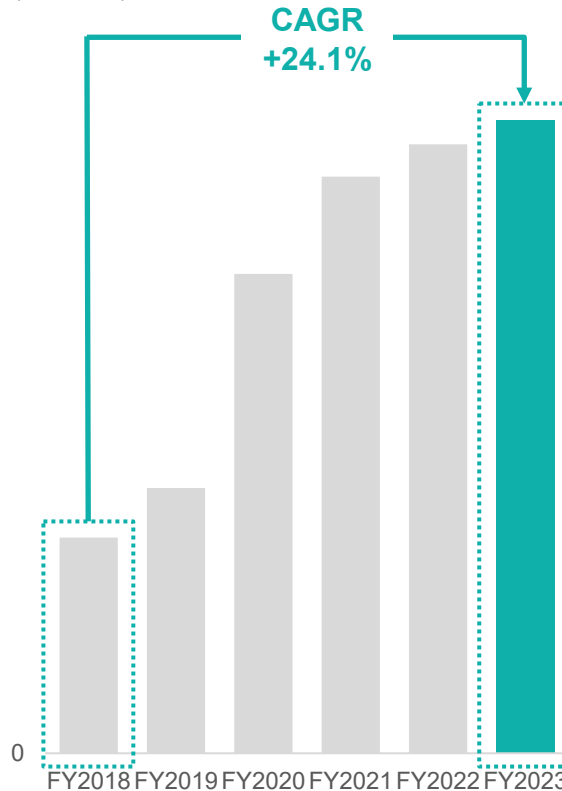
(Yen)



Number of Monthly Active Merchants

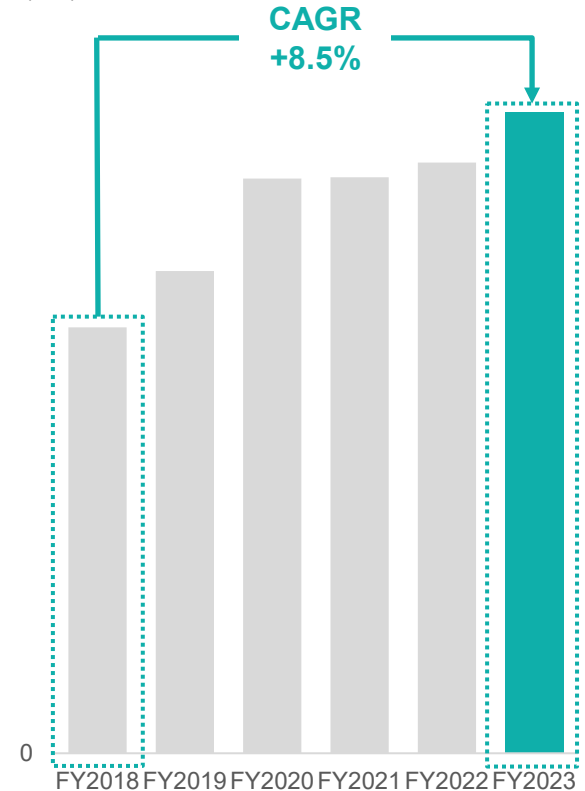
(Note1,3)

(Merchants)



Monthly GMV Per Merchant (Note1)

(Yen)



(Note1) Five-year compounded annual growth rate for Q4 figures of each fiscal year

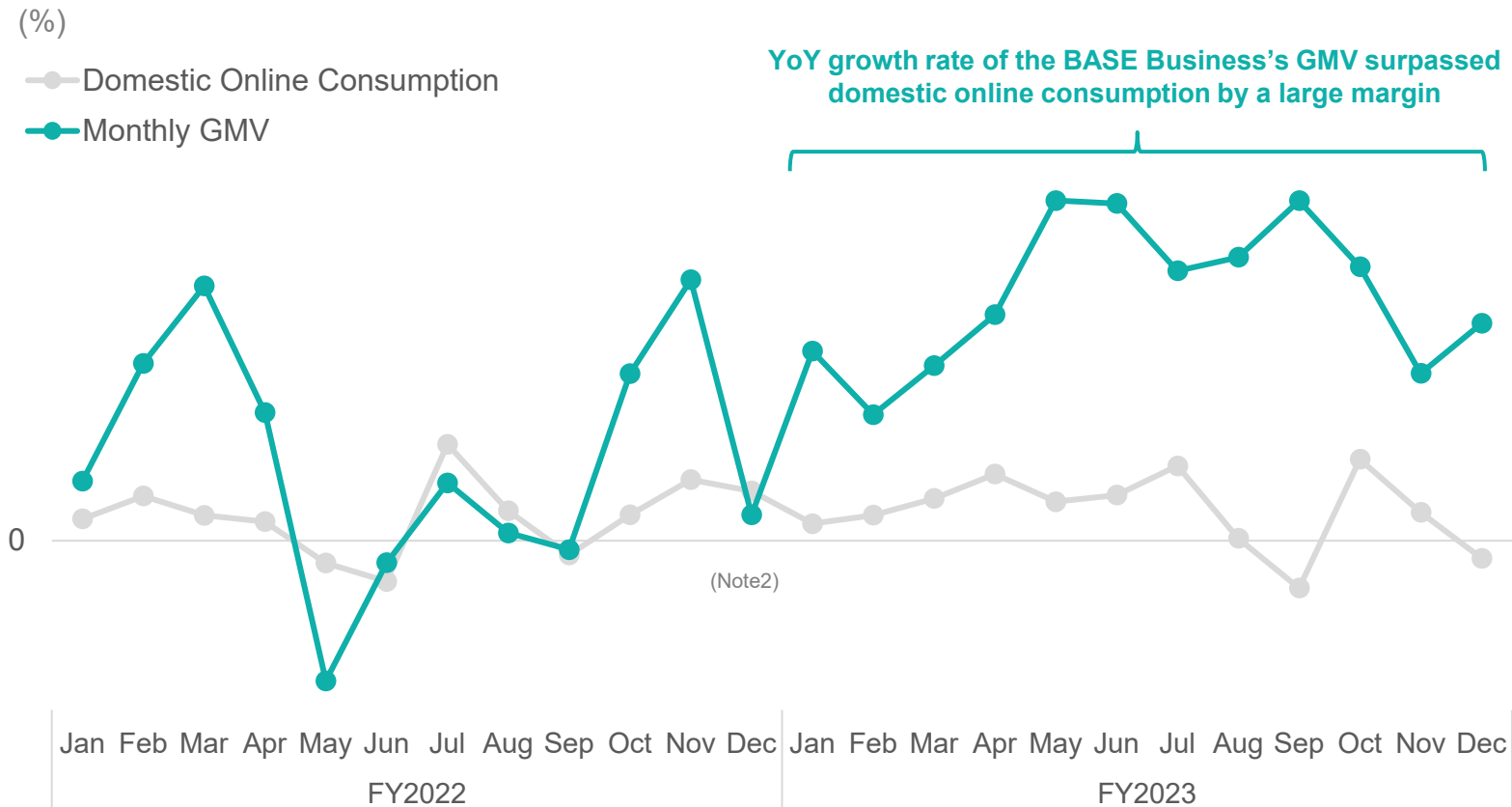
(Note2) GMV is based on the order date (order amount)

(Note3) Monthly GMV and the number of monthly active merchants are quarterly averages

YoY growth rate of the BASE Business's Monthly GMV surpassed domestic online consumption by a large margin throughout the fiscal year.

The business remained robust in Q4 with +12.8% YoY, led by shops with large sales

YoY Growth Rate of Monthly GMV and Domestic Online Consumption (Note1)

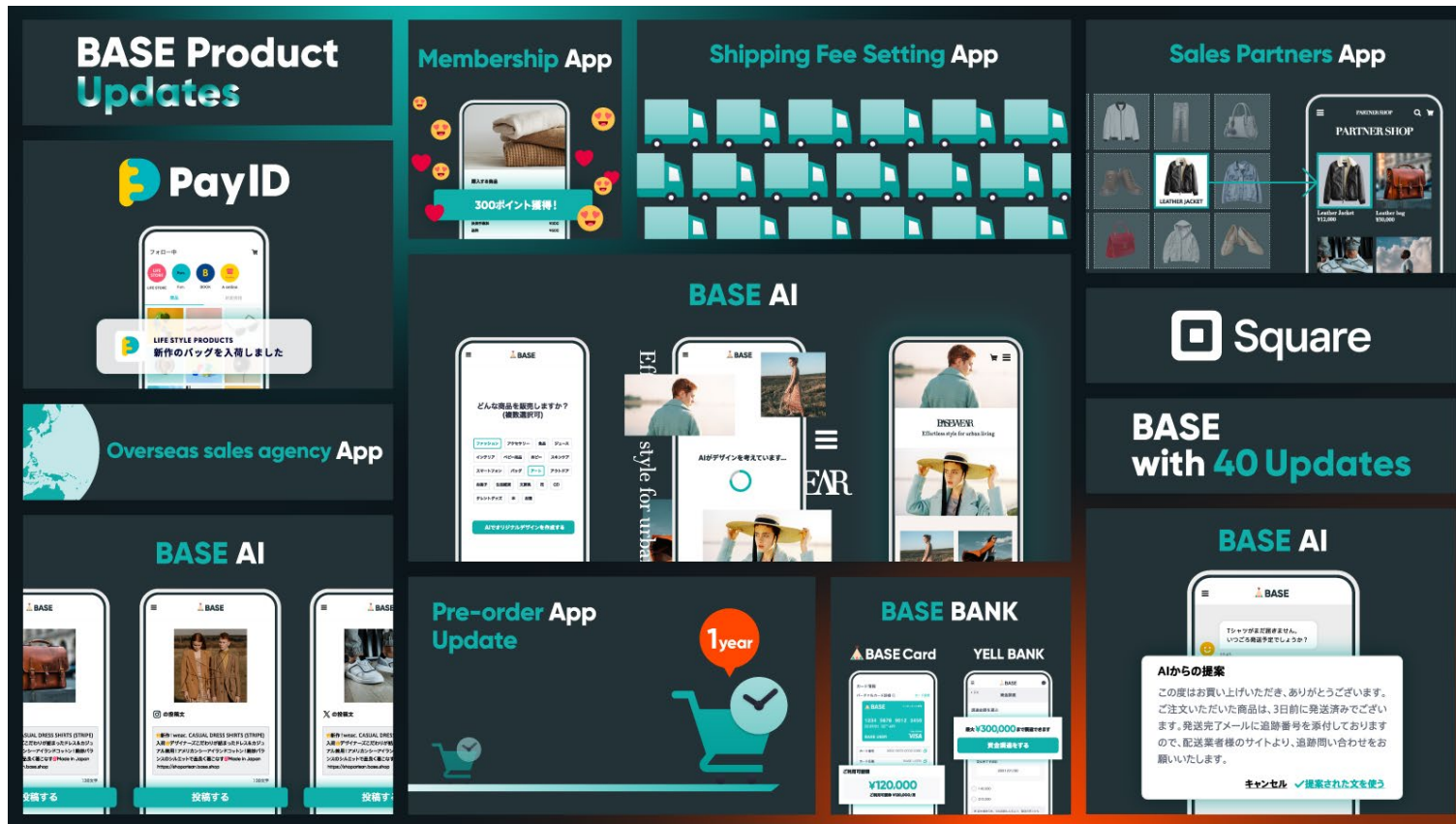


(Note1) Prepared by BASE using "EC (Monthly/YoY)" data from Nowcast/JCB's "JCB Consumption NOW"

(Note2) YoY growth for December 2022 lower than previous and following months due to Monthly GMV for December 2021 being boosted by a large-scale coupon issuance

Increased product added value due to numerous new feature releases and improvements

Support shop growth with expanded functions such as CRM, promotional activities, design and operational efficiency, etc.

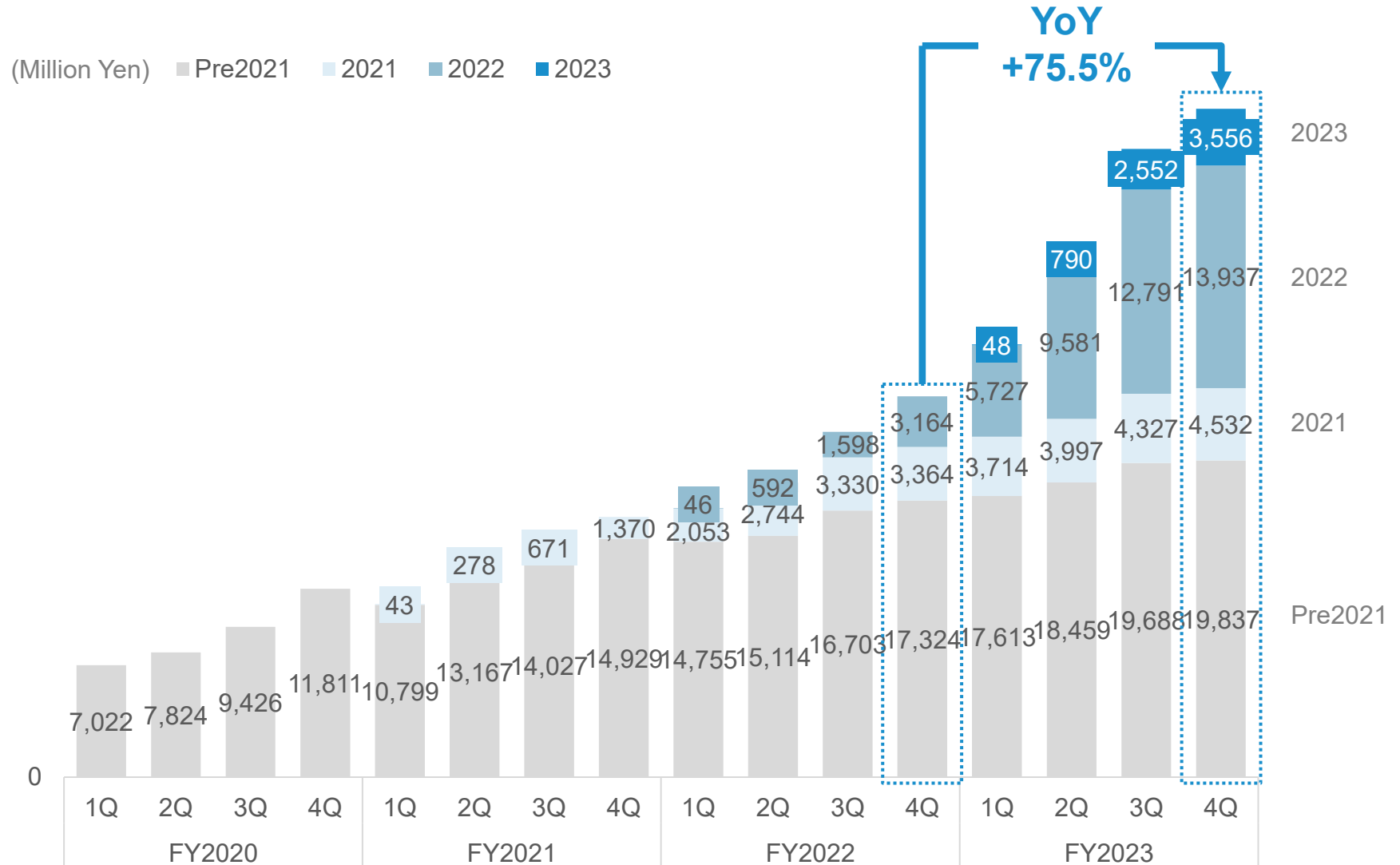


In November 2023, a website is launched to showcase our efforts to support the growth of shops

Announcement of functional updates implemented in the most recent year approximately and those planned for release in the future

The special website: <https://product.thebase.com/solution>

The GMV continued to increase significantly by 75.5% YoY, because existing merchants continued to grow and in addition because of the significant accumulation of the GMV of new merchants



The financial domain, mainly the fundraising service "YELL BANK", continued to grow strongly by supporting the growth of "BASE" shops by improving their cash flow

“YELL BANK”

Scheme of funding

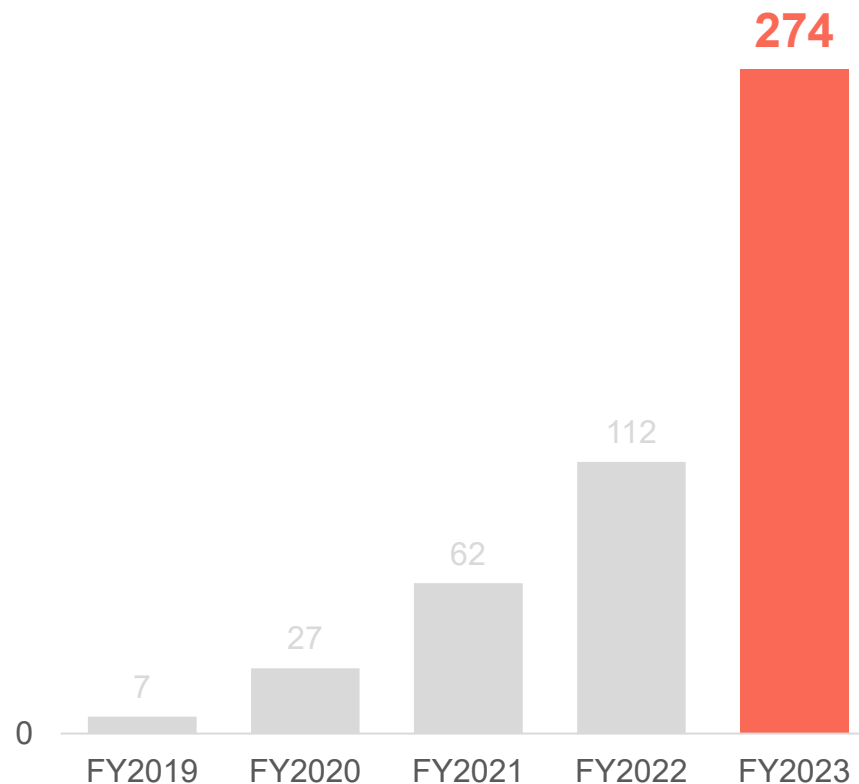
- ✓ BASE forecasts future sales based on the shop's sales performance and provides funding by purchasing future sales receivables
- ✓ Shops automatically pay the sales amount based on the payment rate (Note1) when goods are sold

Benefits of "YELL BANK"

- ✓ Shops can raise funds instantly, without requiring pre-screening or submission of documents to conventional financial institutions
- ✓ Payment from shops to BASE is only made when goods are sold
- ✓ As shop sales grow, the amount available for funding also increases

Gross Profit of the Other Business (Note2)

(Million Yen)



(Note1) Percentage paid by the shop to BASE Corporation when goods are sold

(Note2) Other business include 'YELL BANK' and 'BASE Cards', the majority of which are "YELL BANK"

Strengthening efforts to realize D&I for the Group and society

Disclosure based on TCFD and environmental protection initiatives through "Post Pay (Pay ID)" also promoted

D&I

- ✓ Reviewing the personnel system, internal training system, etc. to promote a workplace where all employees can work in their own way
- ✓ Working to create a workplace where LGBTQ+ people can be proud to work, including the establishment of an internal Ally community, and achieving 'Gold Certification' in the PRIDE Index 2023.
- ✓ Supporting for diverse ways of life not restricted by location, time, etc. by holding several courses on setting up an online shop for local businesses, teachers and students, along with strengthening cooperation with local authorities



Seminars on setting up an online shop for students

Climate Change

- ✓ Disclosure based on TCFD
- ✓ Calculation of GHG emissions
- ✓ Switching all electricity consumption at the head office to electricity derived from renewable energy sources, as well as promoting environmentally friendly initiatives through the use of recycled products
- ✓ Donate an amount corresponding to the number of payments made via "Post Pay (Pay ID)" to to the Japan International Forestry Promotion and Cooperation Center (JIFPRO)



Contribute to environmental conservation by using "Post Pay (Pay ID)"

Initiative for Environmental Conservation

Start Date
Starting from World Environment Day on June 5, 2023 (Mon.)



3. Results for Q4 of the Fiscal Year Ending December 31, 2023

Consolidated

In the fourth quarter, **operating loss temporarily contracted significantly due to record GMV in both the BASE and PAY.JP businesses**, leading to an increase in consolidated gross profit, while SG&A expenses were controlled

In the full year, **net sales, gross profit and operating profit/loss exceeded the forecasts**

BASE Business

GMV_(Note) continued to be robust, **with an increase of +12.8% YoY**, led by shops with large sales

Net sales and gross profit increased YoY due to the increase in GMV

Take rate remained flat QoQ with no change in the GMV composition of Monthly-fee plan

PAY.JP Business

GMV_(Note) **continued to increase significantly at +75.5% YoY** due to contribution from both existing and new large merchants

Net sales and gross profit increased significantly by 71.6% and 50.7% respectively YoY due to an increase in GMV

In the fourth quarter, **operating loss temporarily contracted significantly due to record GMV in both the BASE and PAY.JP businesses**, leading to an increase in consolidated gross profit, while SG&A expenses were controlled

SG&A expenses were lower than expected due to some unaccounted-for expenses, such as contracting sales promotion support in response to the strong GMV trend

In the full year, **net sales, gross profit and operating loss exceeded the forecasts**

(Million yen)	FY2023 Q4 (Oct. 2023 to Dec. 2023)					FY2023 Full-Year				
	Results	YoY (vs. FY2022 Q4)		QoQ (vs. FY2023 Q3)		Results	Same Period Last Year		Full-Year Forecast	Achievement Rate (Note1)
		Results	Change	Results	Change		Results	Change		
Net Sales	3,343	2,639	+26.7%	2,976	+12.3%	11,680	9,739	+19.9%	11,500	101.6%
Gross Profit	1,462	1,200	+21.9%	1,256	+16.4%	5,033	4,737	+6.2%	4,900	102.7%
Gross Profit Margin	43.7%	45.5%	-1.7pt	42.2%	+1.5pt	43.1%	48.6%	-5.5pt	-	-
SG&A	1,466	1,541	-4.8%	1,390	+5.5%	5,458	6,245	-12.6%	5,900	92.5%
Operating Profit	-4	-340	n/a	-133	n/a	-425	-1,508	n/a	-1,000	n/a
Ordinary Profit	1	-341	n/a	-130	n/a	-409	-1,495	n/a	-1,000	n/a
Net Income Attributable to Owners of Parent	-92	-515	n/a	-142	n/a	-606	-1,732	n/a	-1,100	n/a
GMV (BASE Business)	38,752	34,343	+12.8%	33,487	+15.7%	135,991	118,932	+14.3%	134,000	101.5%
GMV (PAY.JP Business)	41,858	23,844	+75.5%	39,351	+6.4%	141,127	80,762	+74.7%	139,000	101.5%

(Note1) Achievement Rate towards full-year forecast

(Note2) GMV disclosed as reference figures. BASE's GMV is based on the order date (order amount). PAY.JP's GMV is based on the payment date (payment amount)

Maintains a strong financial foundation with cash and deposits at 22,227 million yen as of December 31, 2023

Due to the significant increase in the Group GMV, the trade accounts receivable, trade accounts payable, and operating deposits increased compared to the end of the previous year

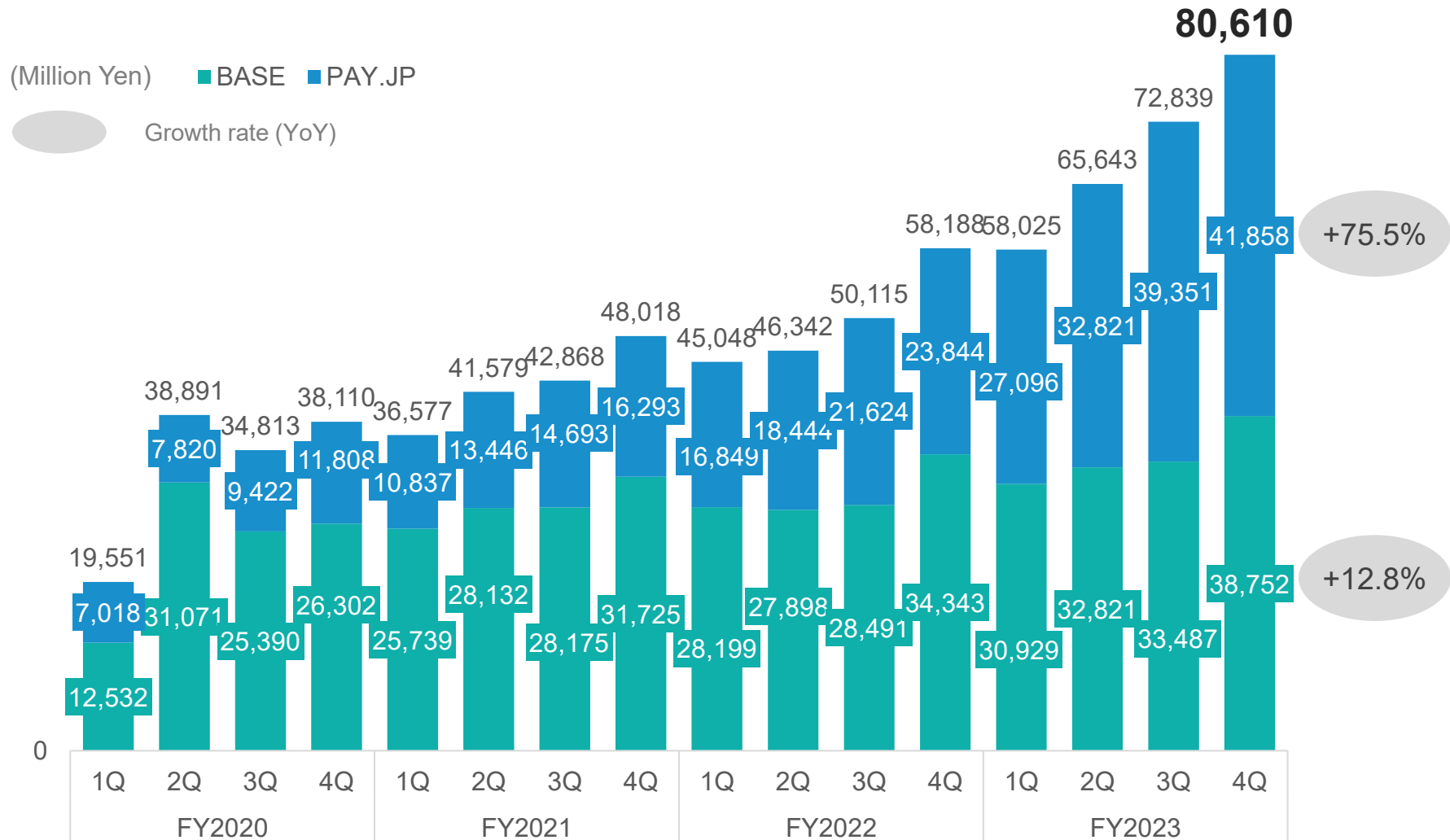
(Million Yen)	As of Dec. 31, 2023	As of Dec. 31, 2022	Change
Current assets	36,965	30,946	+19.5%
(of which, cash and deposits)	22,227	22,344	-0.5%
(of which, trade accounts receivable) (Note1)	13,821	7,977	+73.2%
Non-current assets	331	332	-0.2%
(of which, Investment securities)	36	39	-7.9%
Total assets	37,297	31,278	+19.2%
Current liabilities	24,244	17,720	+36.8%
(of which, trade accounts payable) (Note2)	13,215	11,771	+12.3%
(of which, operating deposits) (Note3)	10,299	5,468	+88.3%
Non-current liabilities	52	57	-7.5%
Total liabilities	24,297	17,777	+36.7%
Capital Stock	8,669	8,614	+0.6%
Capital surplus	4,933	7,424	-33.6%
Retained earnings	-606	-2,545	-
Valuation difference on investment securities	5	6	-24.5%
Total net assets	13,000	13,501	-3.7%

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

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

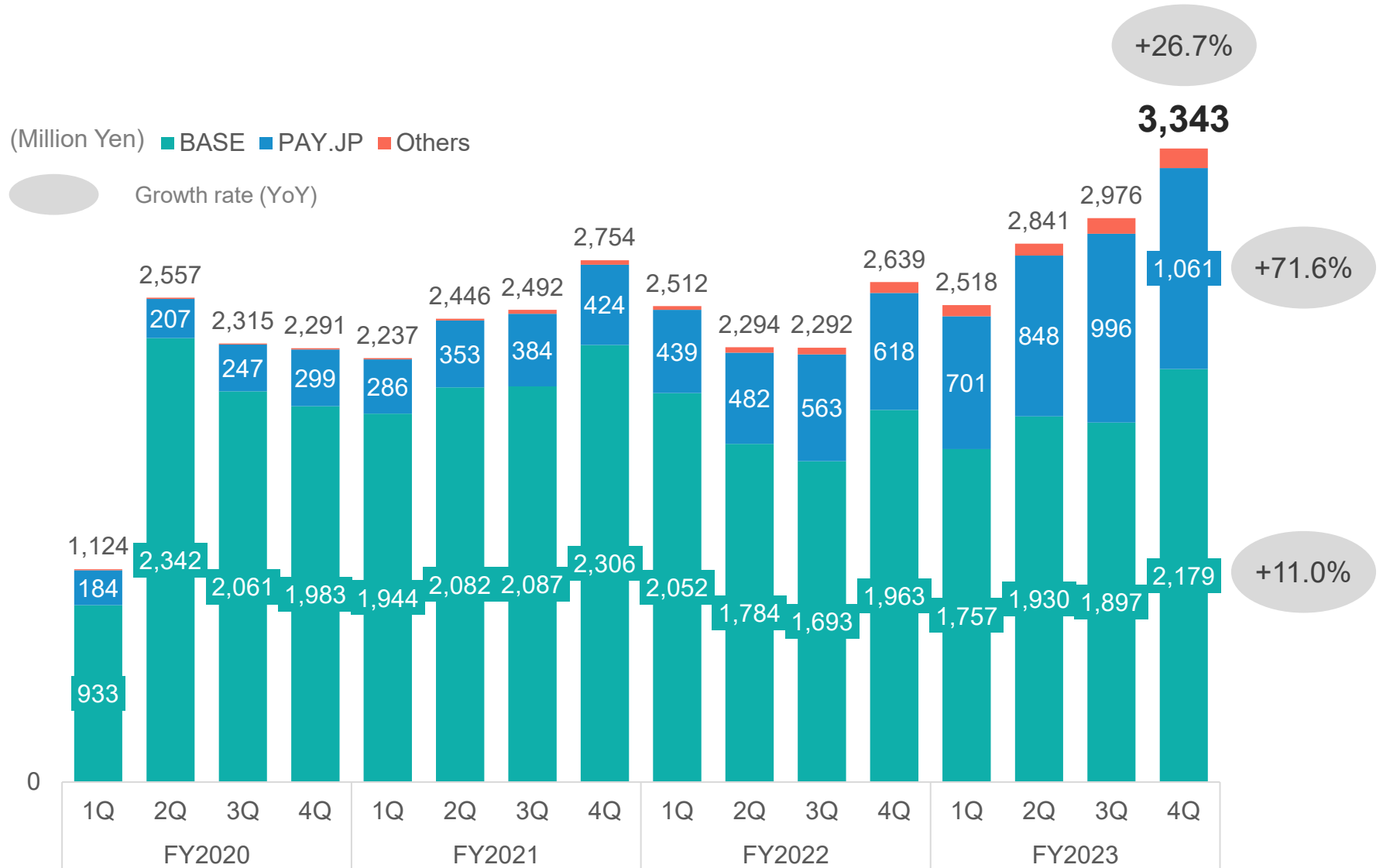
(Note3) Operating deposits: Outstanding amount of settlement to be paid by our company to member merchants in the PAY.JP Business

Group GMV increased significantly YoY,
with both the **BASE** and **PAY.JP** businesses achieving record highs

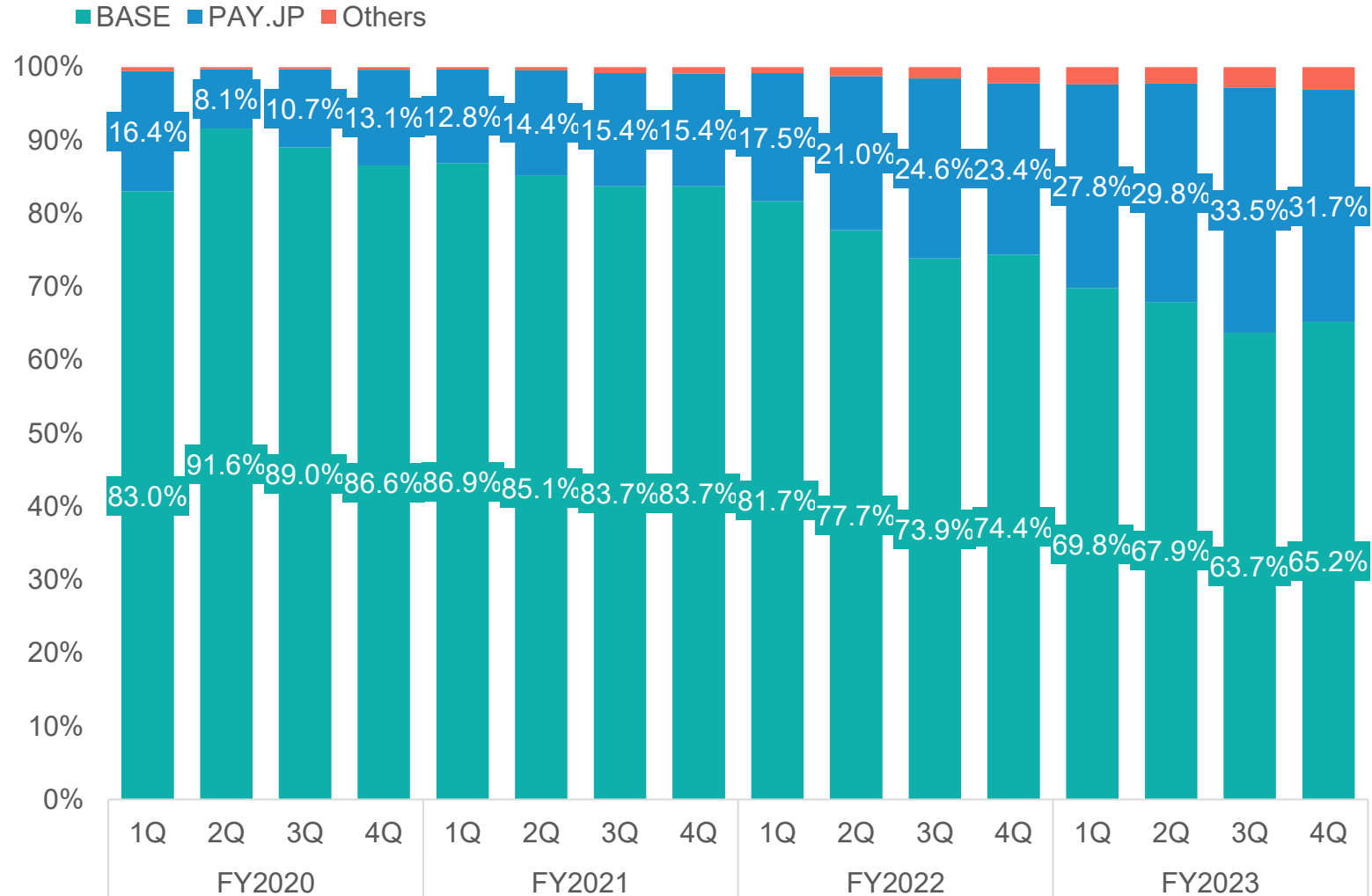


(Note) BASE's GMV is based on the order date (order amount). PAY.JP's GMV is based on the payment date (payment amount)

Consolidated net sales increased YoY due to the increase in Group GMV

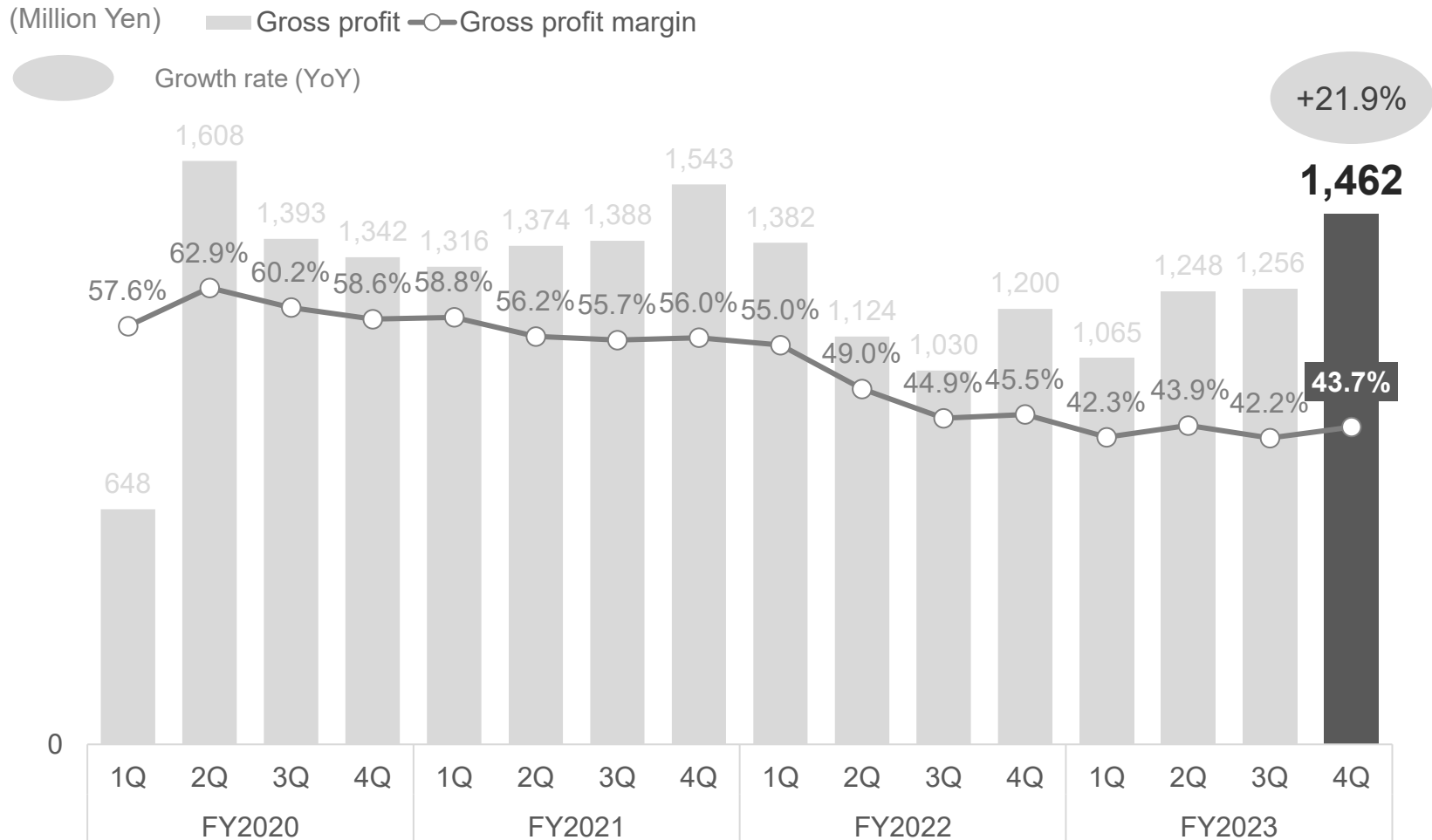


Net sales ratio for the BASE Business increased QoQ due to the BASE Business's net sales growth

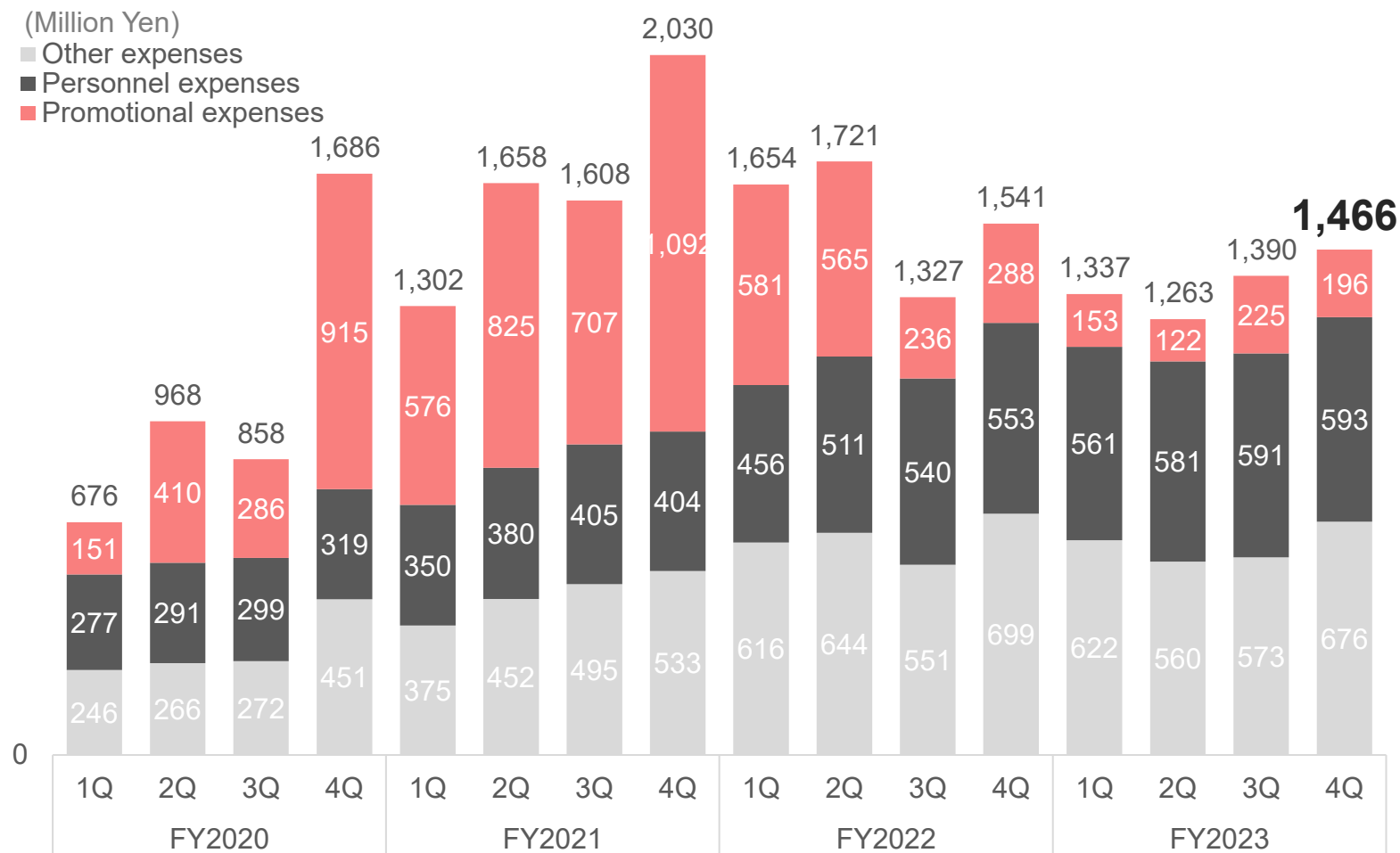


Consolidated gross profit increased YoY due to the increase in Group GMV

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

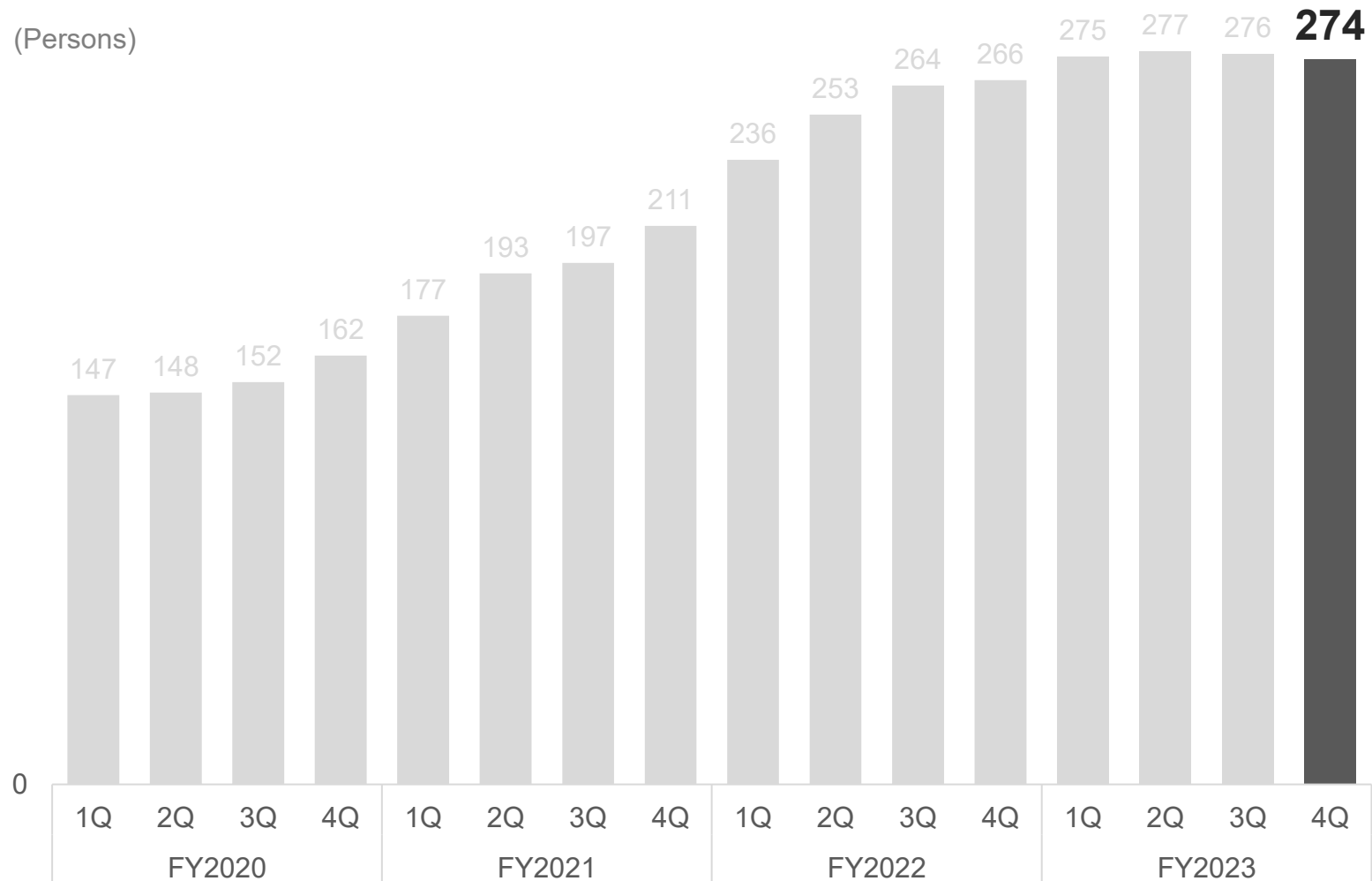


- **SG&A expenses increased YoY mainly due to an increase in other expenses**
- Promotional expenses were lower than expected, mainly due to ongoing efforts to improve marketing efficiency and contracting promotional support in response to the strong GMV trend



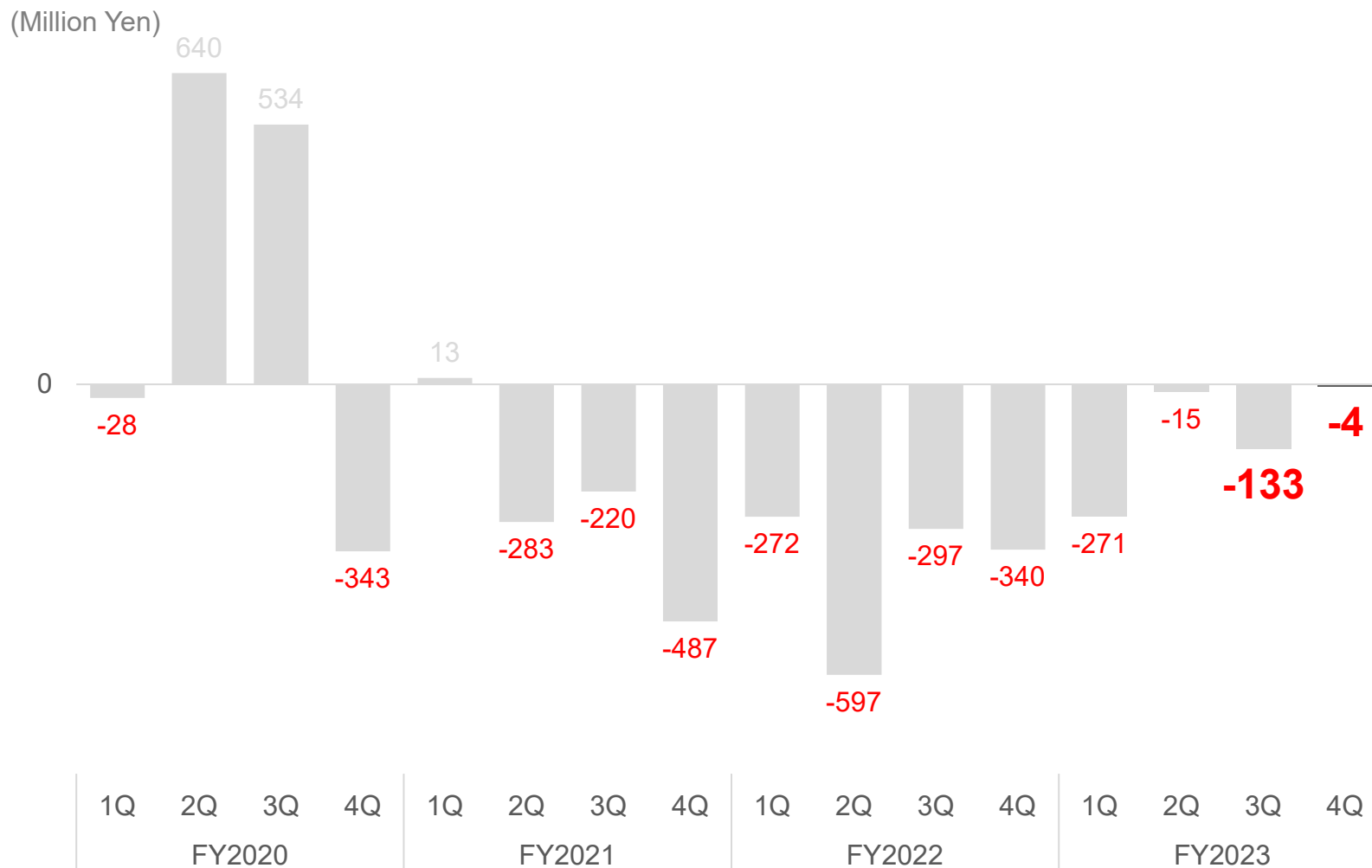
(Note) Other expenses consist mainly of remuneration and outsourcing expenses, system expenses, office expenses, tax expenses, and hiring expenses

Headcount **increased by 8 persons** YoY (+3.0% YoY)



(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

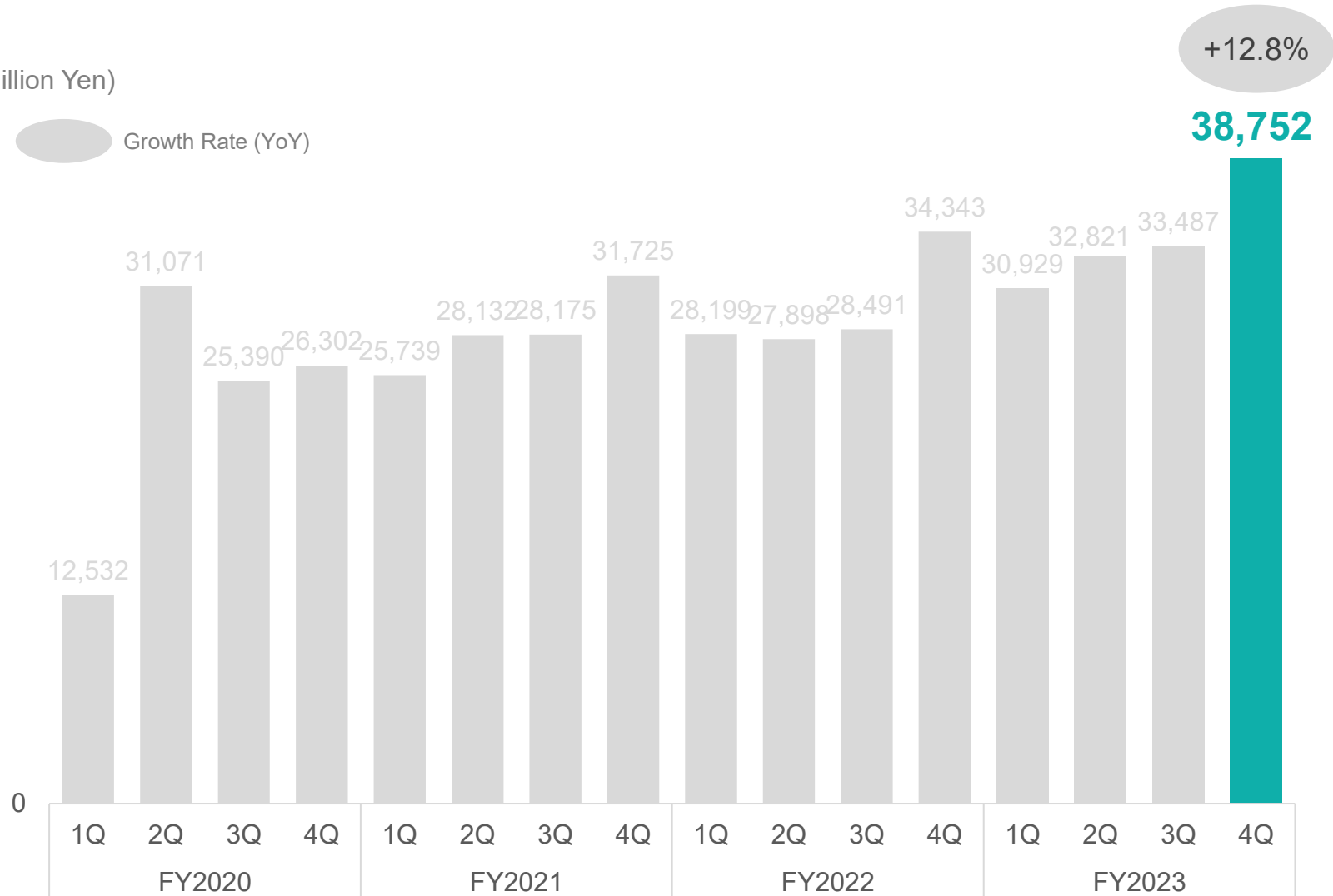
Operating loss temporarily contracted significantly due to record GMV in both the **BASE** and **PAY.JP** businesses, leading to an increase in consolidated gross profit, while SG&A expenses were controlled



GMV continued to be robust, **with an increase of +12.8% YoY**, led by shops with large sales

(Million Yen)

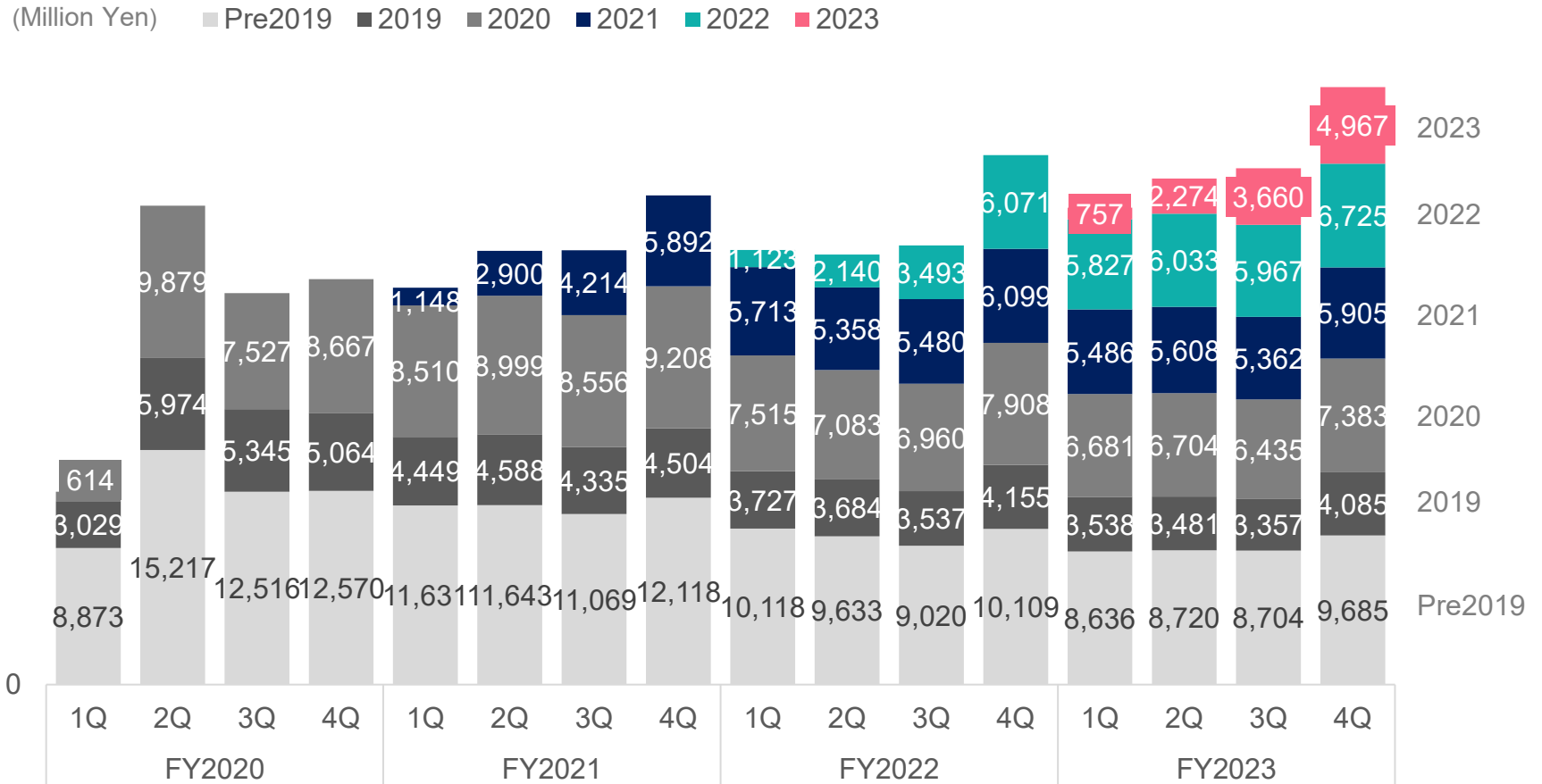
 Growth Rate (YoY)



The GMV of existing cohorts (note) remained flat YoY despite reduced promotional support for the year-end sales season, and increased more than expected QoQ

The GMV of the new cohort also built up steadily, even as the number of new shops opened settled to pre-COVID-19 levels

GMV Trend (By Year of Establishment)

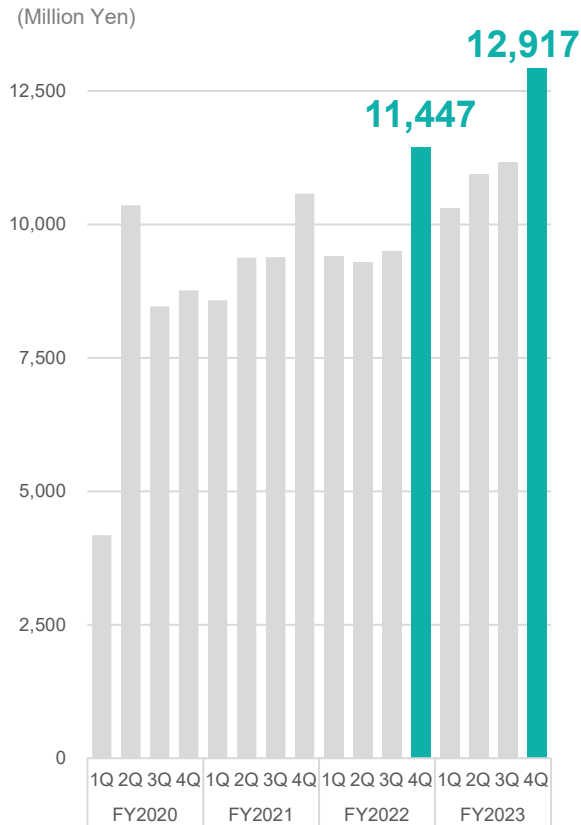


(Note) The existing cohort is the GMV total of the merchants opened in or before 2022

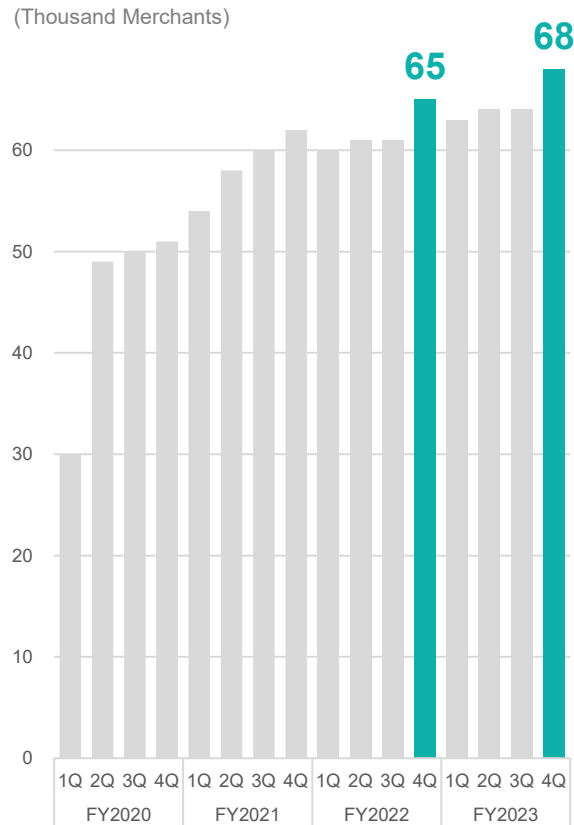
The number of monthly active merchants generally maintained YoY increases and trended as expected, even though the number of new shops opened settled to pre-COVID-19 levels

The average monthly GMV per merchant increased, continuing to be led by merchants with large sales

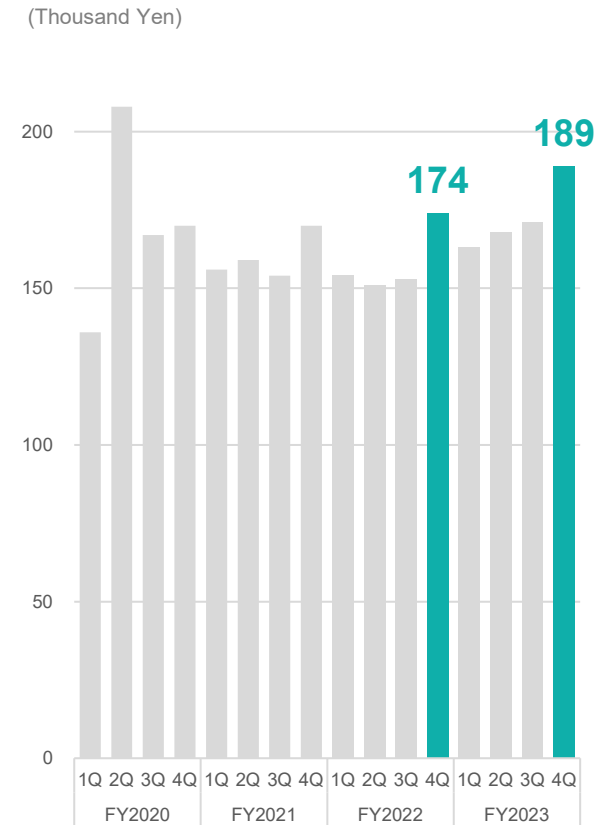
Monthly GMV (Note1,2)



Number of Monthly Active Merchants (Note2)



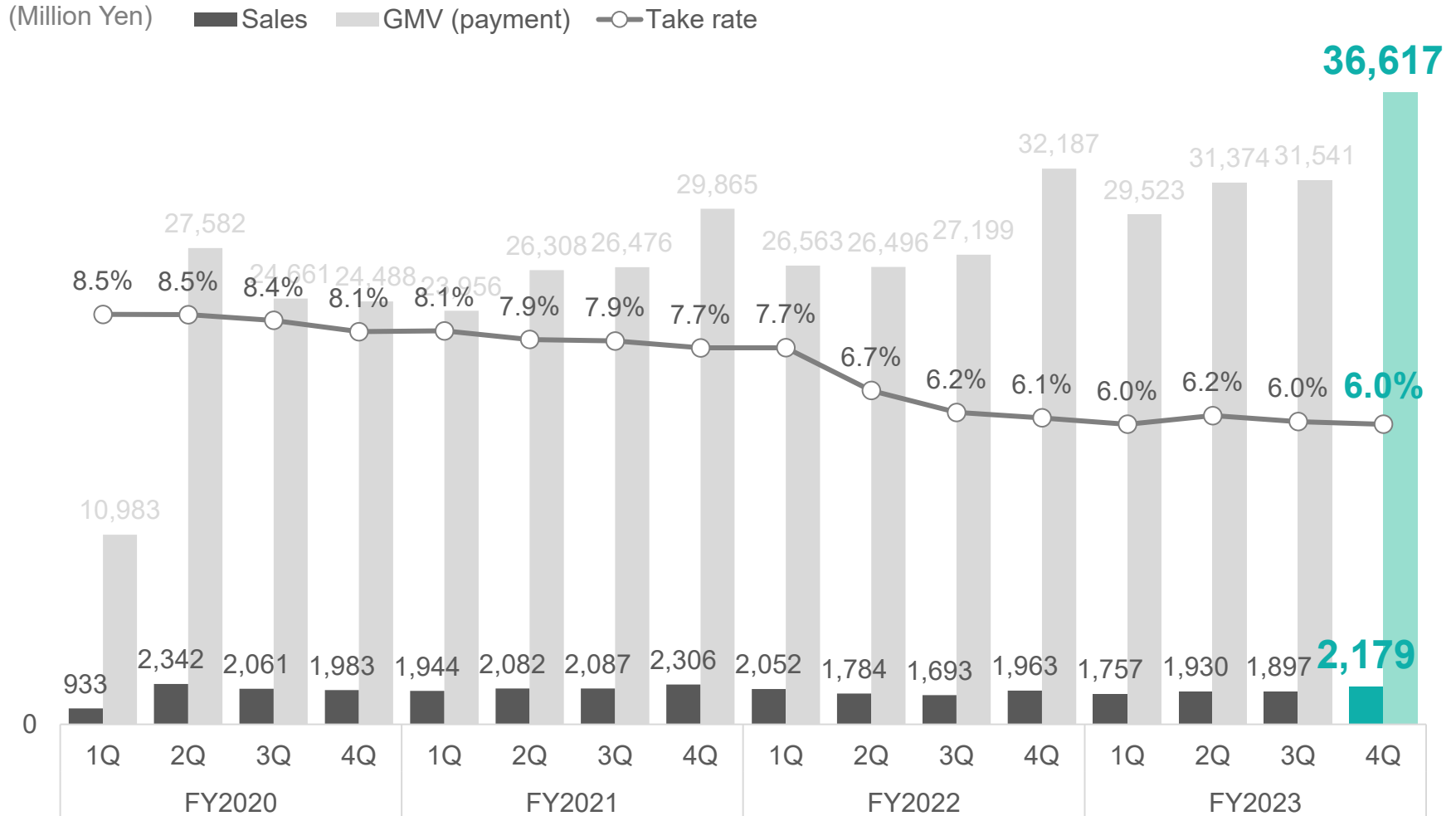
Average Monthly GMV Per Merchant



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

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

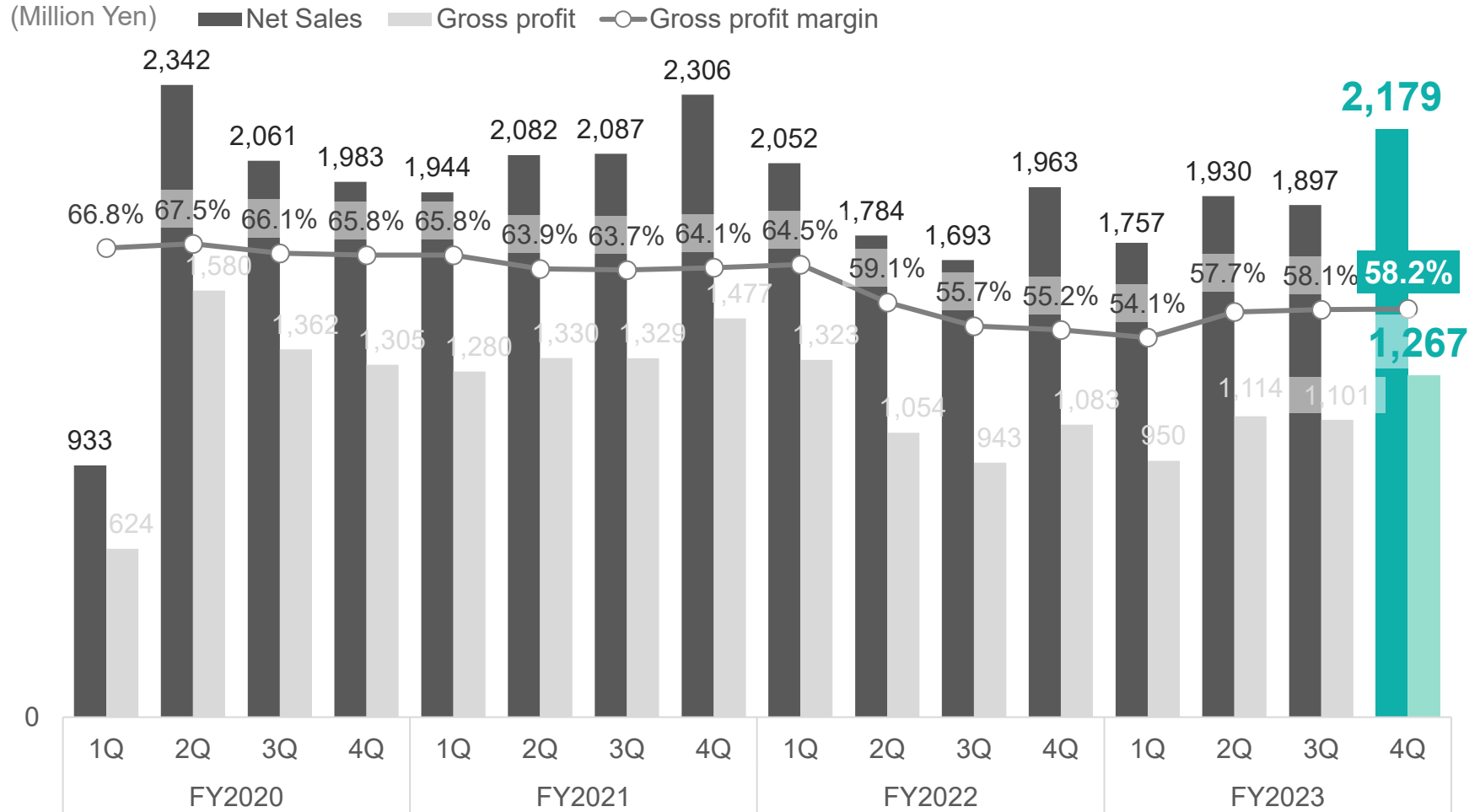
Take rate remained flat QoQ with no change in the GMV composition of Monthly-fee plan



(Note) Take rate excluding one-time factors of FY2023 Q2 was 5.9%

Net sales and gross profit increased YoY due to the increase in GMV

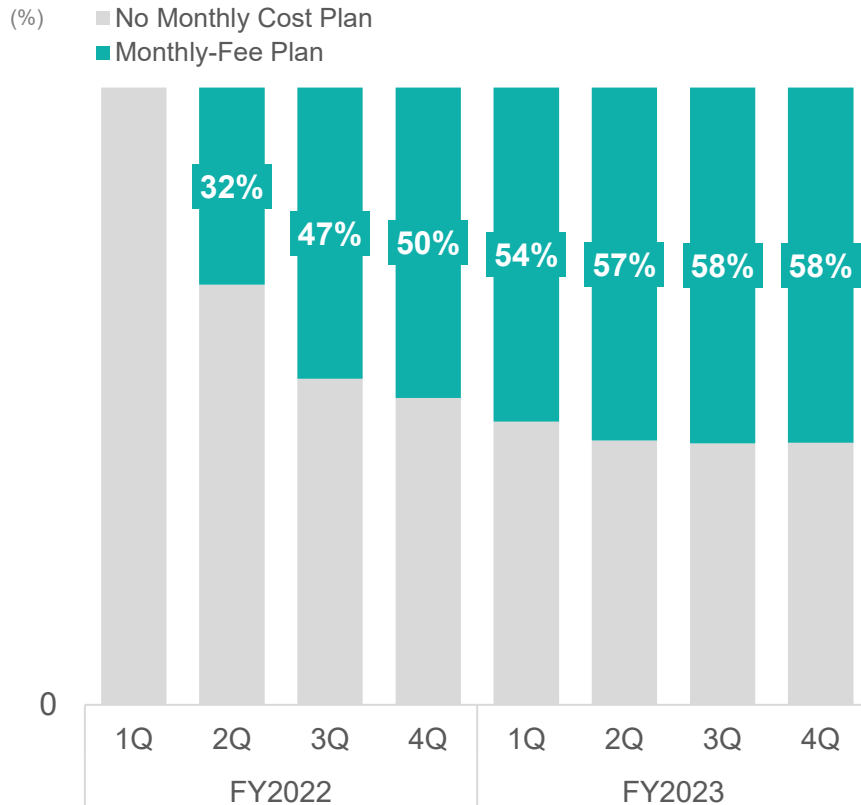
Gross profit margin is flat QoQ



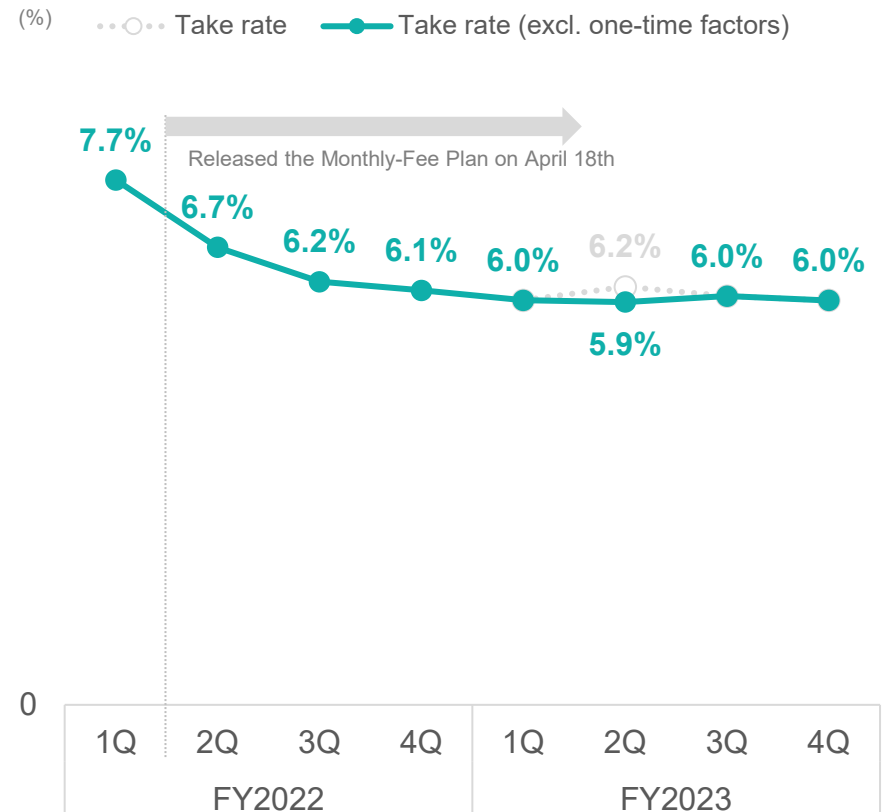
(Note) Gross profit margin excluding one-time factors of FY2023 Q2 was 56.1%

Take rate remained flat QoQ with no change in the GMV composition of Monthly-fee plan

GMV Mix (Payment Amount) by Pricing Plan

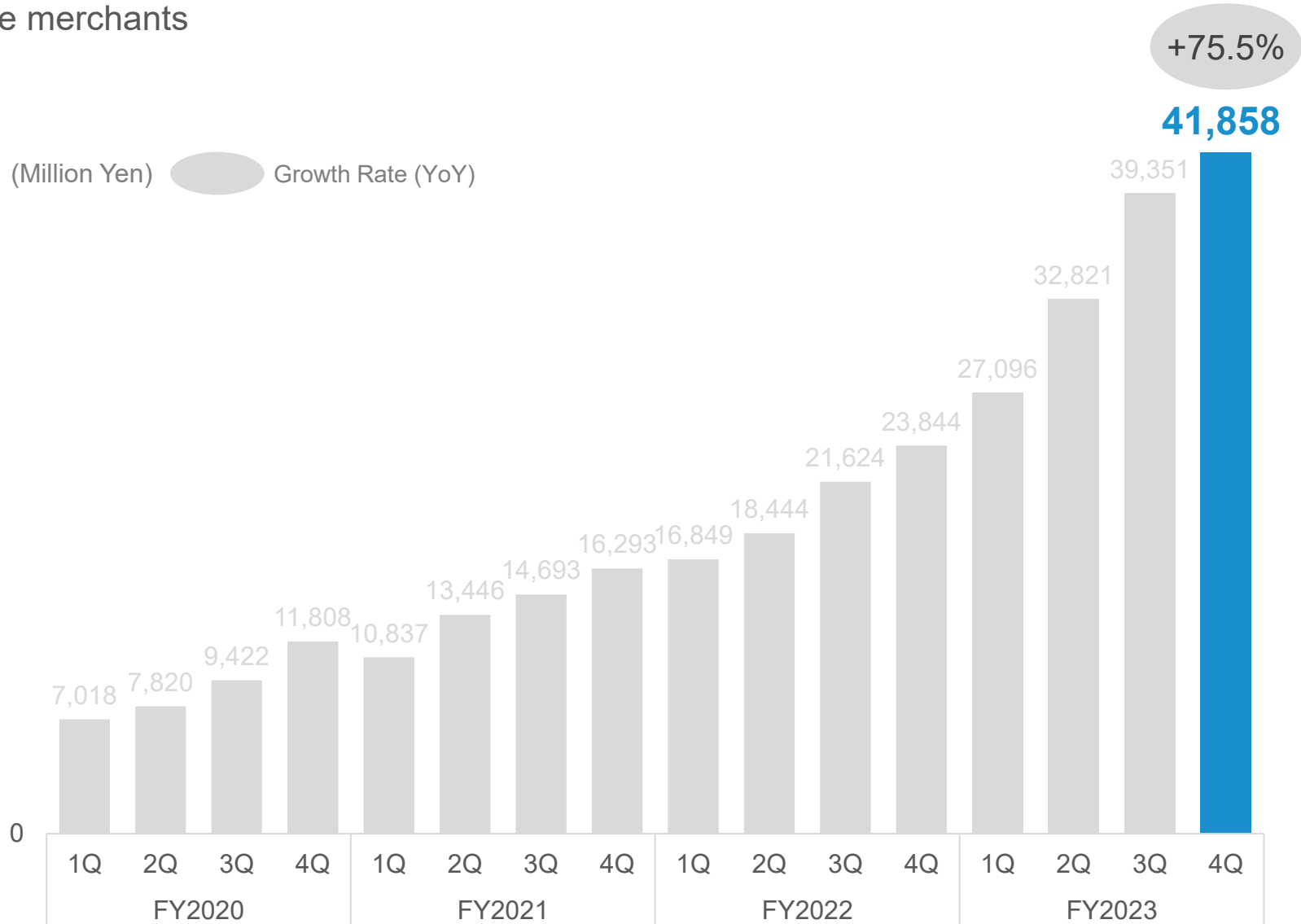


Take Rate (Note)



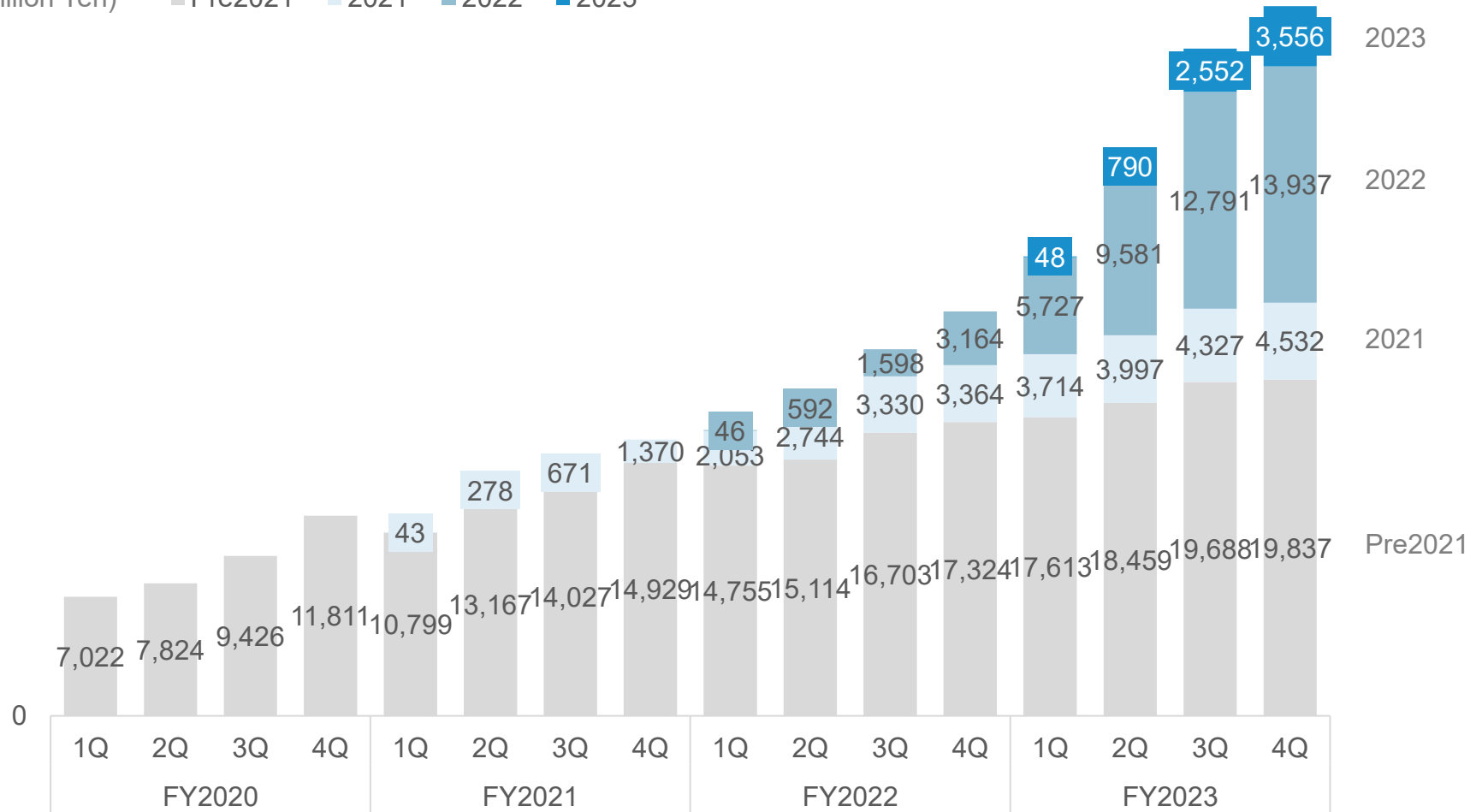
(Note) Sales proceeds from "BASE" merchants that are not withdrawn by a predetermined due date are collectively recorded as sales of the BASE Business

GMV continued to increase significantly at +75.5% YoY due to contribution from both existing and new large merchants



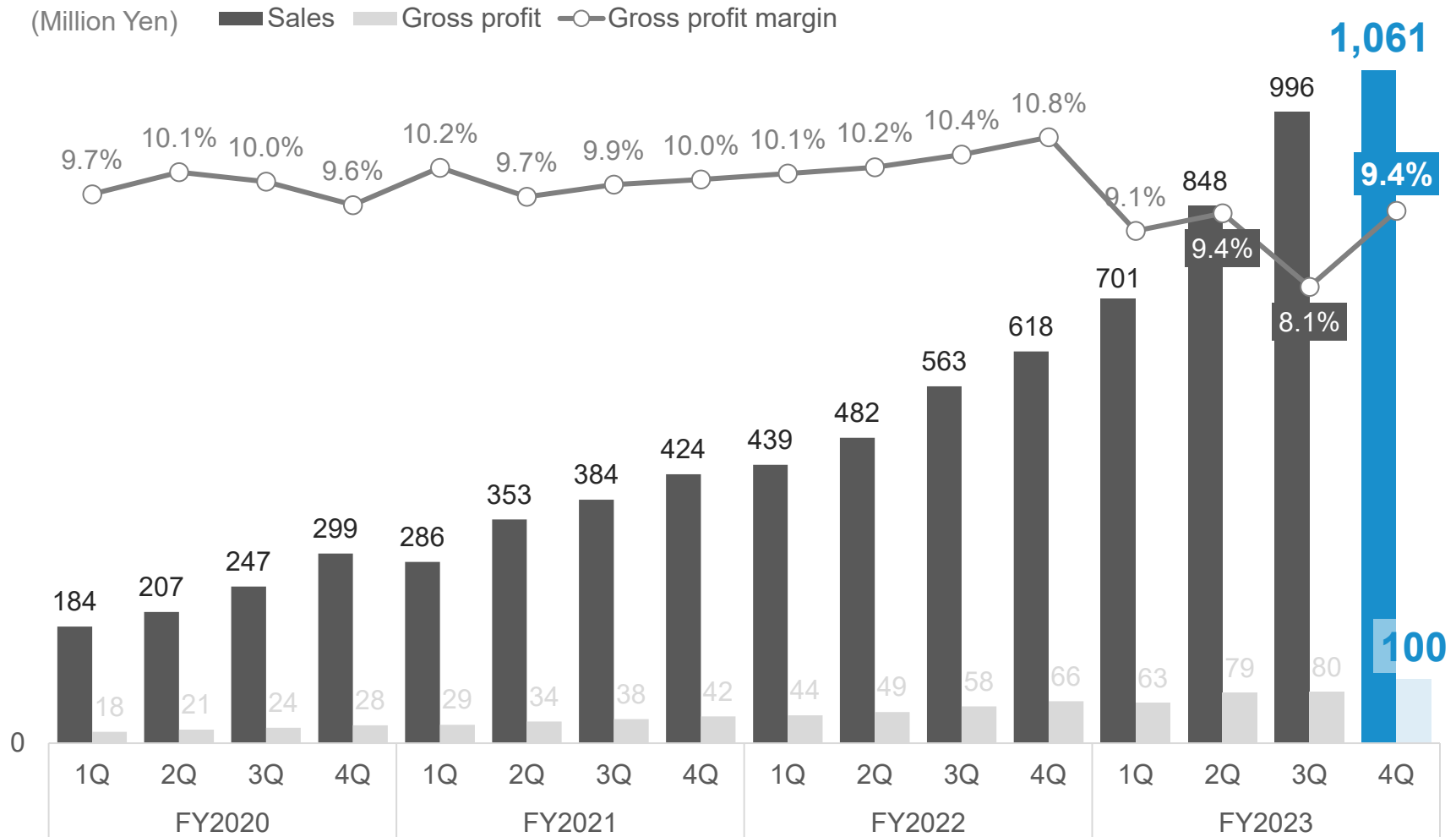
Continued growth of existing merchants and a significant build-up of GMV from new merchants

(Million Yen) ■ Pre2021 ■ 2021 ■ 2022 ■ 2023



Net sales and gross profit increased significantly by 71.6% and 50.7% respectively YoY due to an increase in GMV

Gross profit margin improved QoQ due to an improvement in the cost of sales to GMV ratio (note)



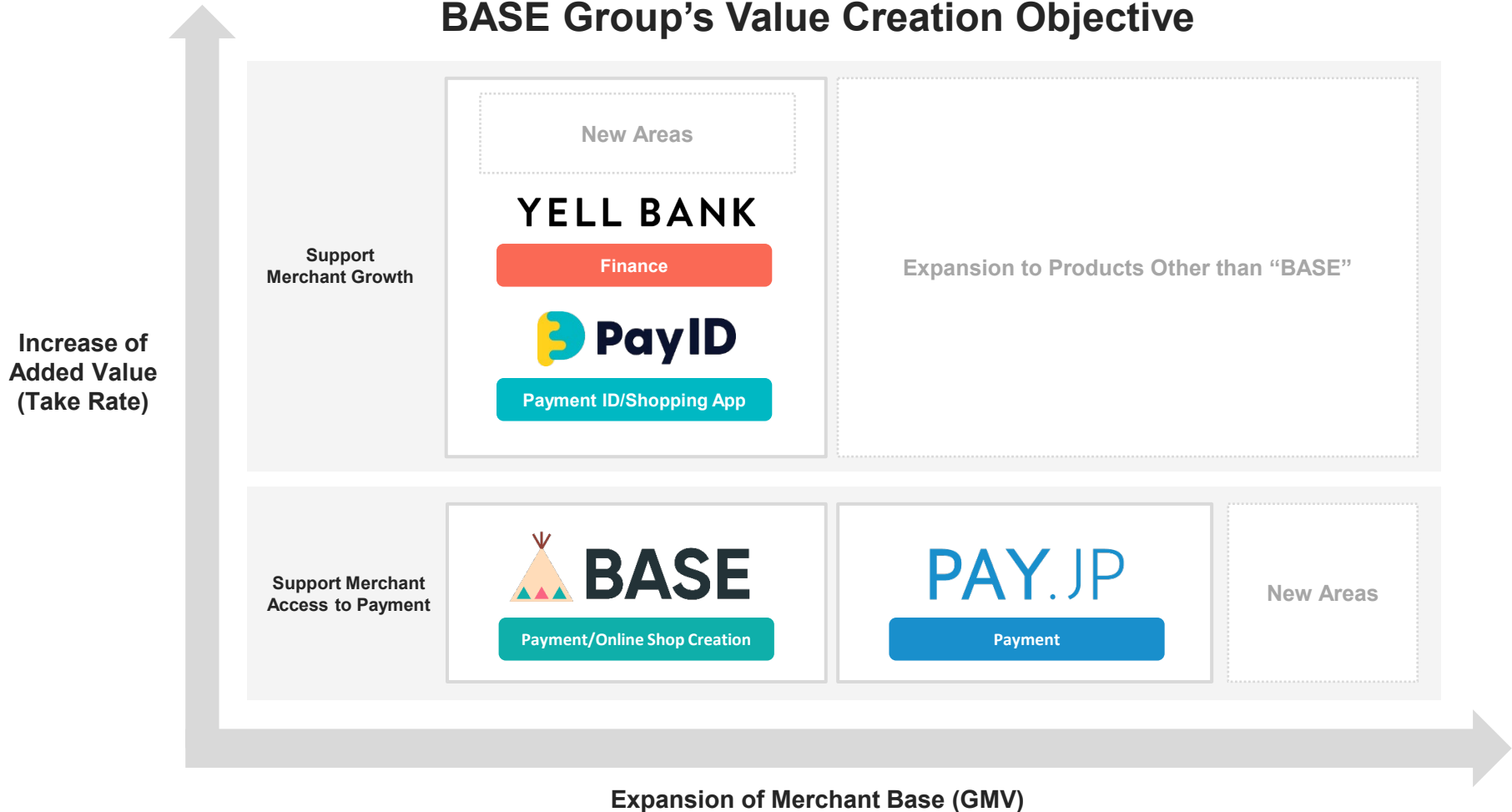
(Note) Mainly due to an increase in the GMV share of payments made by merchants and credit card brands with relatively low cost to value ratios (% of GMV)

4. Medium to Long-Term Management Policy and Earnings Forecast for the Fiscal Year Ending December 31, 2024

Medium to Long-Term Growth Strategy

Aim to achieve both GMV growth and improved profitability by strengthening existing products
 Furthermore, accelerate growth by **creating synergies between existing products and achieve group-wide discontinuous growth** through M&A, alliances, etc.

BASE Group's Value Creation Objective

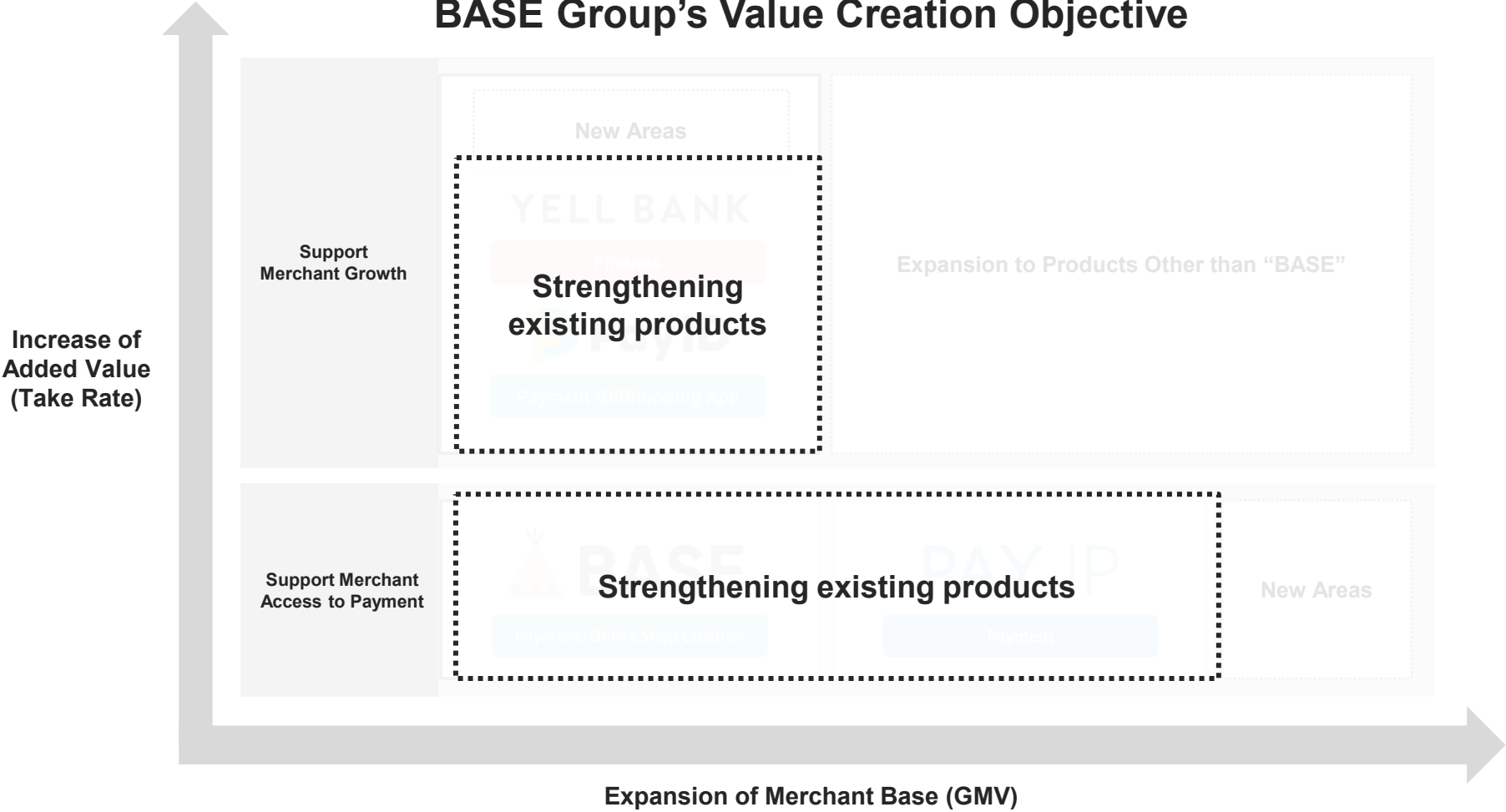


Growth strategies for existing products	Group	<ul style="list-style-type: none"> ✓ Achieve both GMV growth and improved profitability by strengthening existing products through increasing added value and optimizing pricing accordingly, as well as through improving marketing measures, etc.
	BASE	<ul style="list-style-type: none"> ✓ Continue to focus on empowerment for individuals and small teams ✓ Continue to focus on both GMV growth and take rate improvement by increasing added value of products and optimizing the fee structure, as well as improving marketing measures
	PAY.JP	<ul style="list-style-type: none"> ✓ Continue to focus on both strong GMV growth and gross profit margin improvement by increasing added value of products, optimizing the fee structure and improving the cost of sales ratio accordingly, as well as strengthening sales and marketing, etc.
	Pay ID	<ul style="list-style-type: none"> ✓ Contribute to the growth of the BASE business by monetizing purchaser assets with over 13 million registered users through enhancements to BNPL "Post Pay (Pay ID)" and shopping app functions, etc.
	Finance	<ul style="list-style-type: none"> ✓ Continue to increase added value to "BASE" shops by expanding existing services, mainly "YELL BANK" ✓ In the long term, aim to take the role of profit center through group-wide initiatives
Group-wide expansion strategies	Group	<ol style="list-style-type: none"> ① Accelerate growth by creating synergies between existing products ② Achieve group-wide discontinuous growth through M&A and alliances, etc.

Growth strategies for existing products

Achieve both GMV growth and improved profitability by strengthening existing products through increasing added value and optimizing pricing accordingly, as well as through improved marketing measures, etc.

BASE Group's Value Creation Objective



Continue to focus on empowerment for individuals and small teams

Continue to focus on both **GMV growth and take rate improvement** through continuous efforts to increase added value of products and optimize the fee structure, as well as improving marketing measures

Pursue the upside scenario by providing paid extension functionality and monetizing purchaser assists etc.

Main initiatives

Increasing added value of products

- ✓ Offering extended functions to more directly support shop sales growth, such as sales channel expansion and marketing support

Optimizing the fee structure

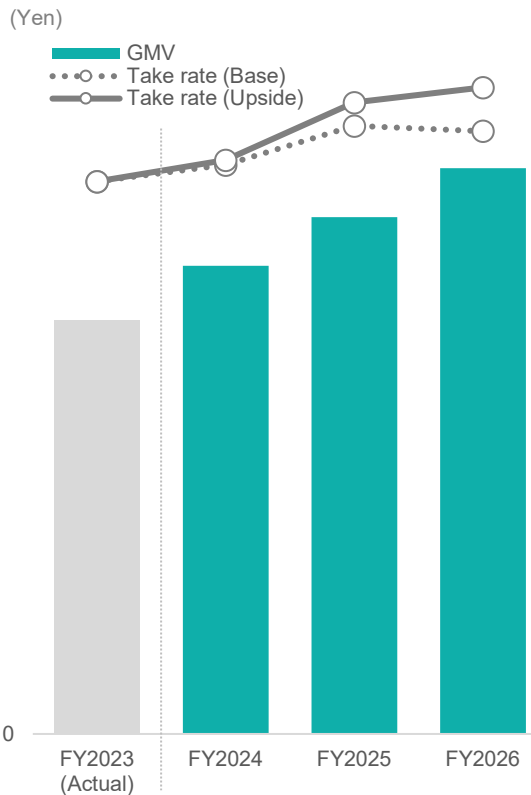
- ✓ Offering paid extended functions and working on monetization of purchaser assets etc.

Improving marketing measures

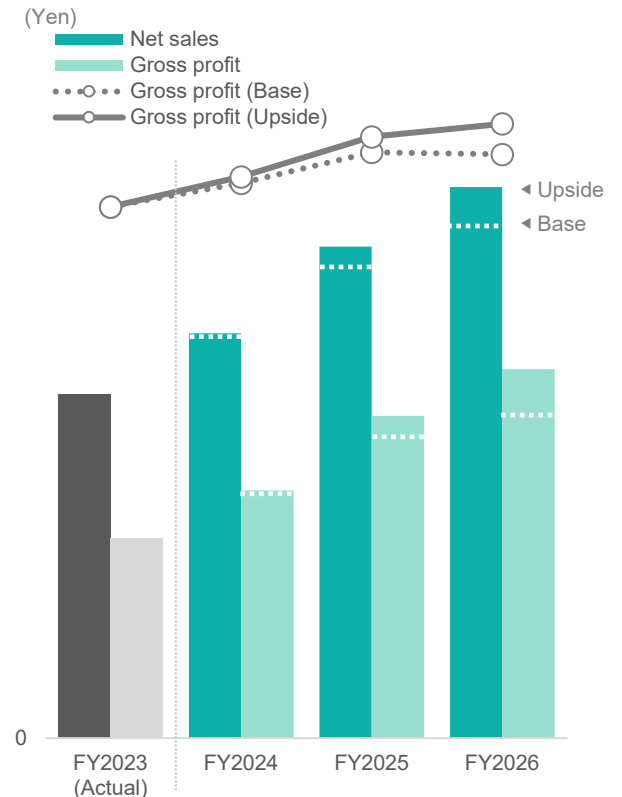
- ✓ Continued rebranding with the aim of expanding coverage to shops with a wide range of sales sizes, while maintaining a disciplined investment policy

Medium to long-term outlook

GMV (Payment) and Take Rate



Net Sales, Gross Profit and GPM



Contribute to the achievement of the upside scenario of the BASE business by monetizing purchaser assets with over 13 million registered users through enhancements to BNPL "Post Pay (Pay ID)" and shopping app functions, etc.

Main features of “Pay ID”

ID Payment

- ✓ ID payment function available to purchasers when shopping in all shops opened on “BASE”
- ✓ **BNPL “Post Pay (Pay ID)”**, launched in April 2023
- ✓ Managing shopping logs

Shopping App

- ✓ Follow the shop function, where you can receive push notifications about new goods and arrivals
- ✓ Registering goods as favorites
- ✓ Shop search and recommendation function
- ✓ Checking the delivery status

Main Initiatives

Enhancements to BNPL “Post Pay (Pay ID)”

- ✓ More flexible payment methods
- ✓ Examining schemes to build a unique payment network, aiming to improve profitability in the future

Enhancements to Shopping App

- ✓ Improving the recommendation function and other functions for purchasers
- ✓ Strengthening of app-based marketing and CRM functions, etc., for "BASE" shops
- ✓ Aiming for GMV growth via the app and monetization of the app by strengthening the user base of both shops and purchasers

Continue to focus on both strong GMV growth and gross profit margin improvement by increasing added value of products, optimizing the fee structure and improving the cost of sales ratio accordingly, as well as strengthening sales and marketing, etc.

Pursue upside scenarios by supporting the growth of existing merchants and strengthening the structure for attracting new merchants

Main initiatives

Increasing added value of products

- ✓ **Continuing pursuit of competitive products** designed for developer usability
- ✓ Resolving issues in the existing payment area through improvements to the administration screen, etc. and expansion of "PAY.JP Partners" and "PAY.JP Platform"

Optimizing the fee structure and improving the cost of sales ratio

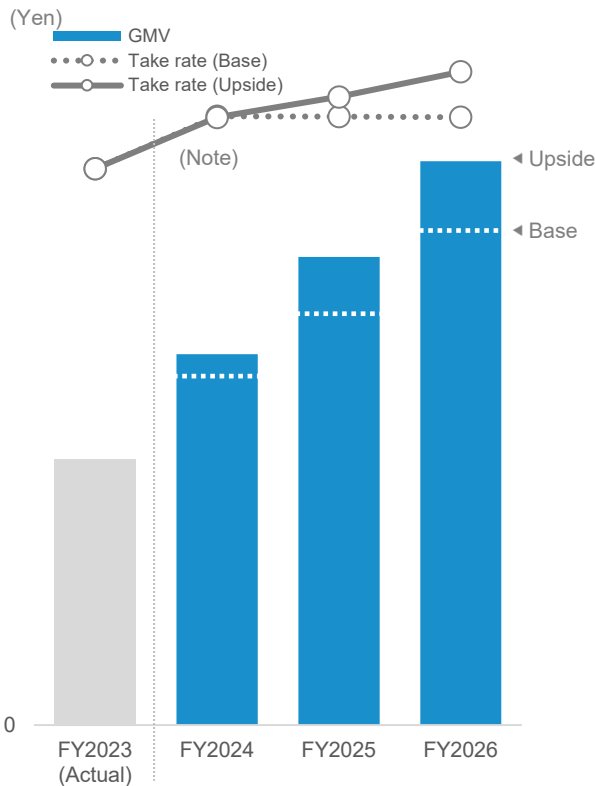
- ✓ Optimizing the fee structure based on the expansion of the value provided
- ✓ Improving cost of sales ratio in line with platform growth

Strengthening sales and marketing

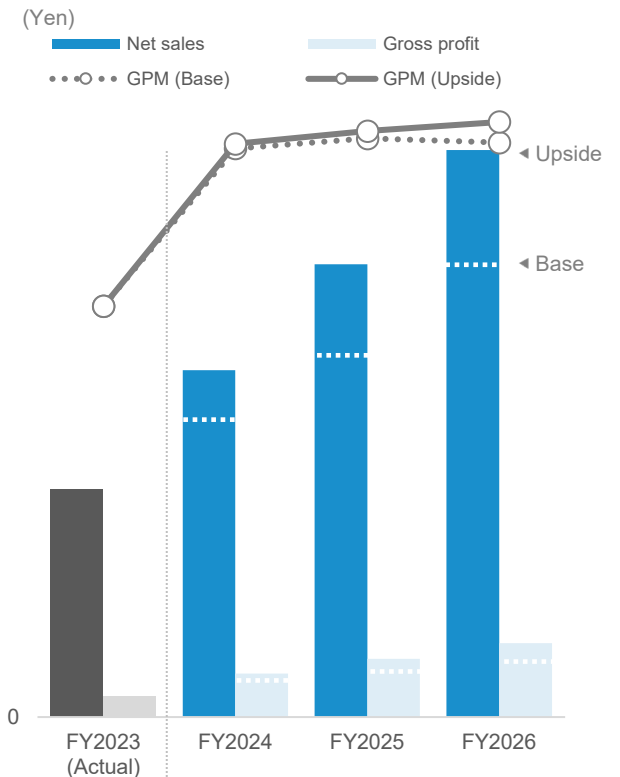
- ✓ Establishing an efficient sales and marketing structure to attract more new merchants
- ✓ Promoting relationship building with existing large merchants

Medium to long-term outlook

GMV (Payment) and Take rate



Net Sales, Gross Profit and GPM



(Note) From FY2024 onwards, due to the shift from a collection agency to a crediting format to comply with the invoice system, PAY.JP business sales and cost of sales will become tax-exempt and will be recognised at a level approximately 10% higher than before FY2023

Continue to increase added value to "BASE" shops by expanding existing services, mainly "YELL BANK"

In the long term, aim to take the role of profit center through group-wide initiatives

Main Initiatives

Increasing added value of existing financial services

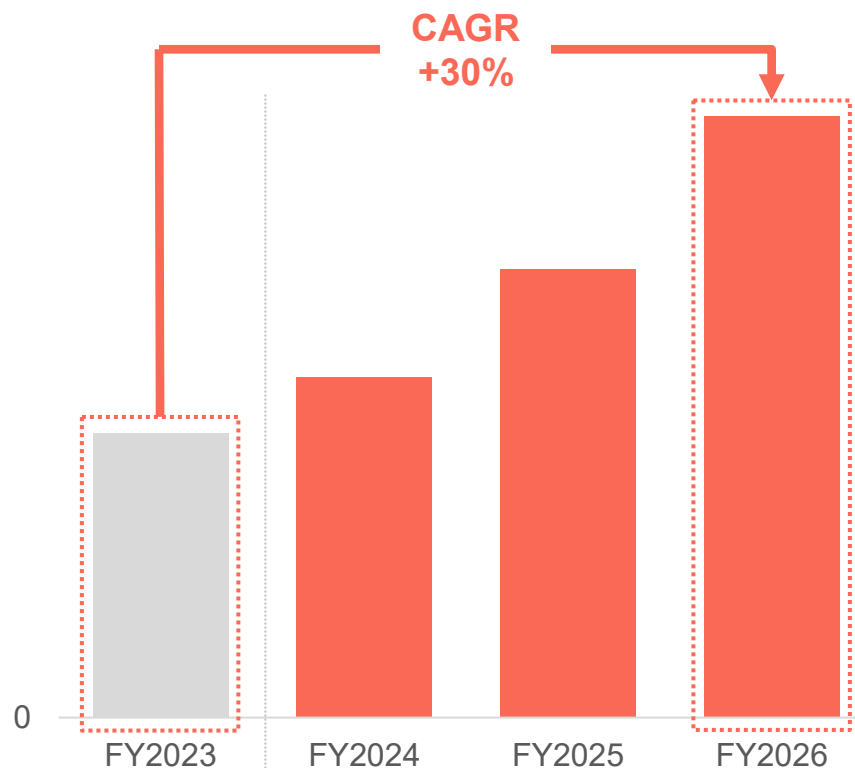
- ✓ More flexibility in the amount of funding and the method of payment of fees when "BASE" shops raise funds via "YELL BANK"
- ✓ Promoting the use by "BASE" shops through campaigns, etc.

Group-wide initiatives

- ✓ Aiming for horizontal development of "YELL BANK" within the Group, which has previously been offered to "BASE" shops

Gross Profit of the Other Business (Note1,2)

(Yen)



(Note1) Other business include 'YELL BANK' and 'BASE Cards', the majority of which are "YELL BANK"

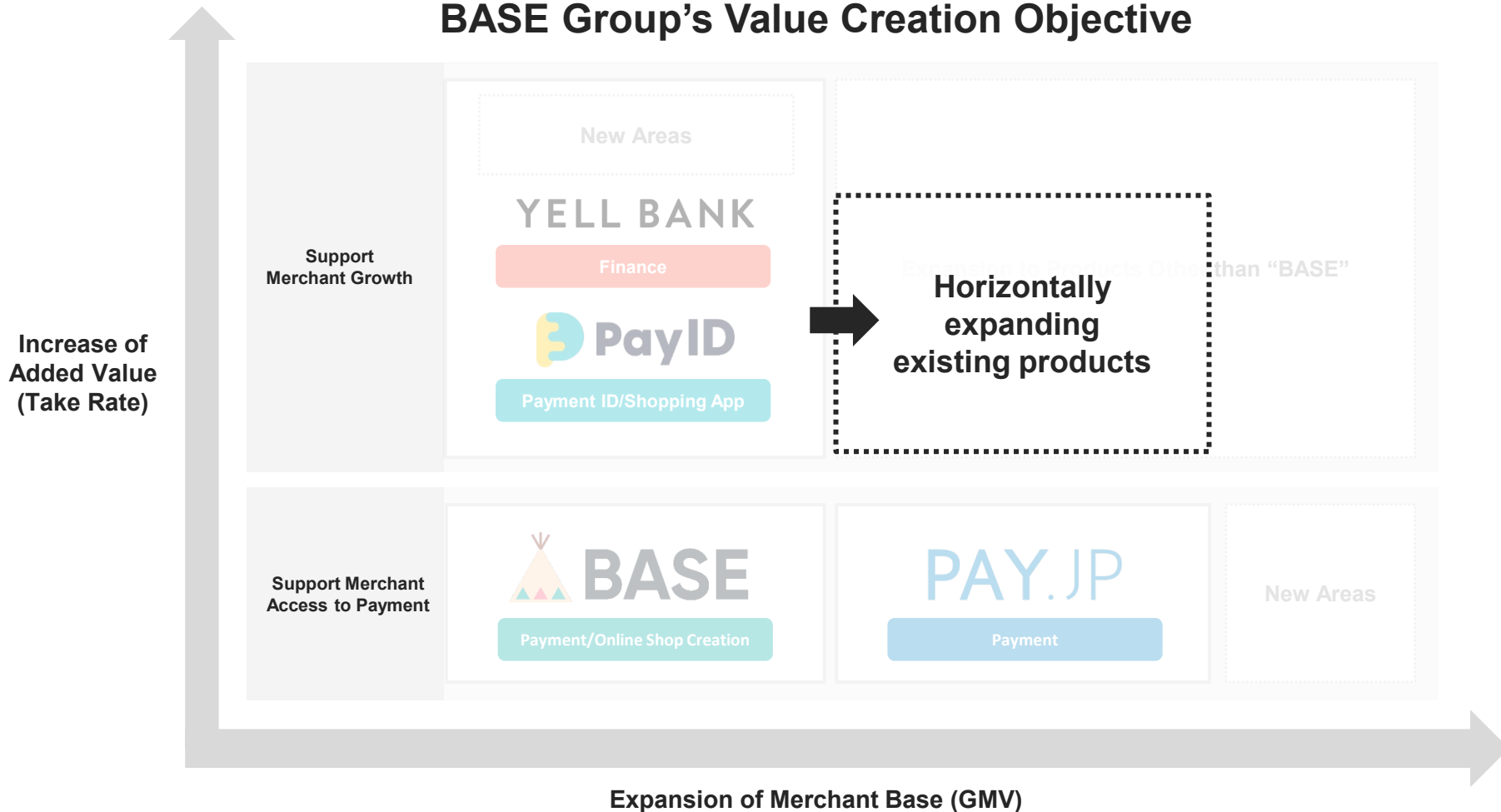
(Note2) Growth scenarios for the Other business only refer to the base scenario. Gross profit estimates from group-wide initiatives are not included.

Group-wide Expansion strategies ①



Aiming to accelerate growth through creating synergies between existing products by horizontally expanding existing products offered to "BASE" shops to "PAY.JP" merchants

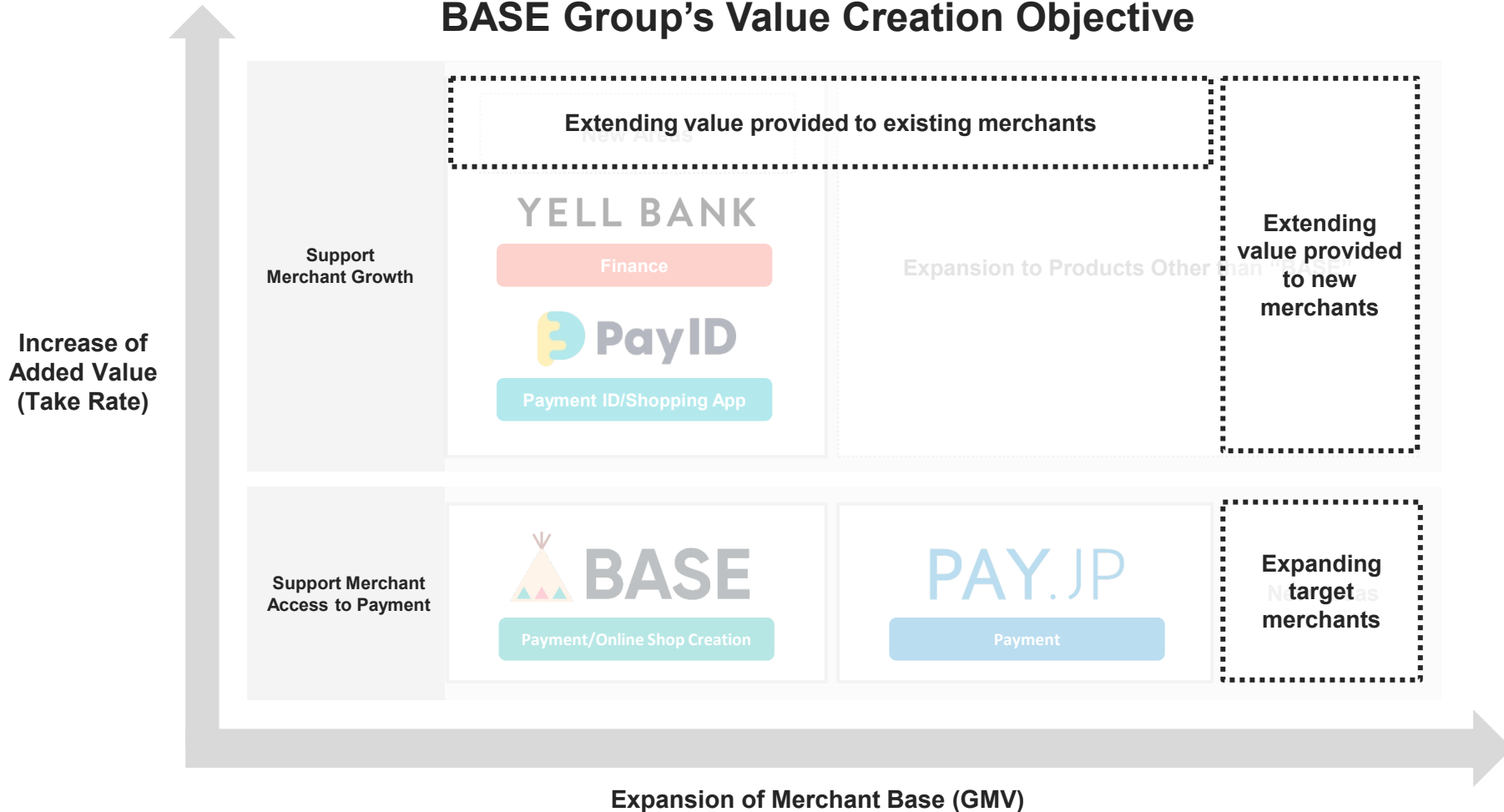
BASE Group's Value Creation Objective



Group-wide Expansion strategies ②

Building a flexible implementation structure in FY2023, centered on the Corporate Strategy Unit under CEO, and CFO
Aiming for group-wide discontinuous growth in the future through M&A and alliances, etc., with the aim of increasing the number of target merchants and adding value to existing products

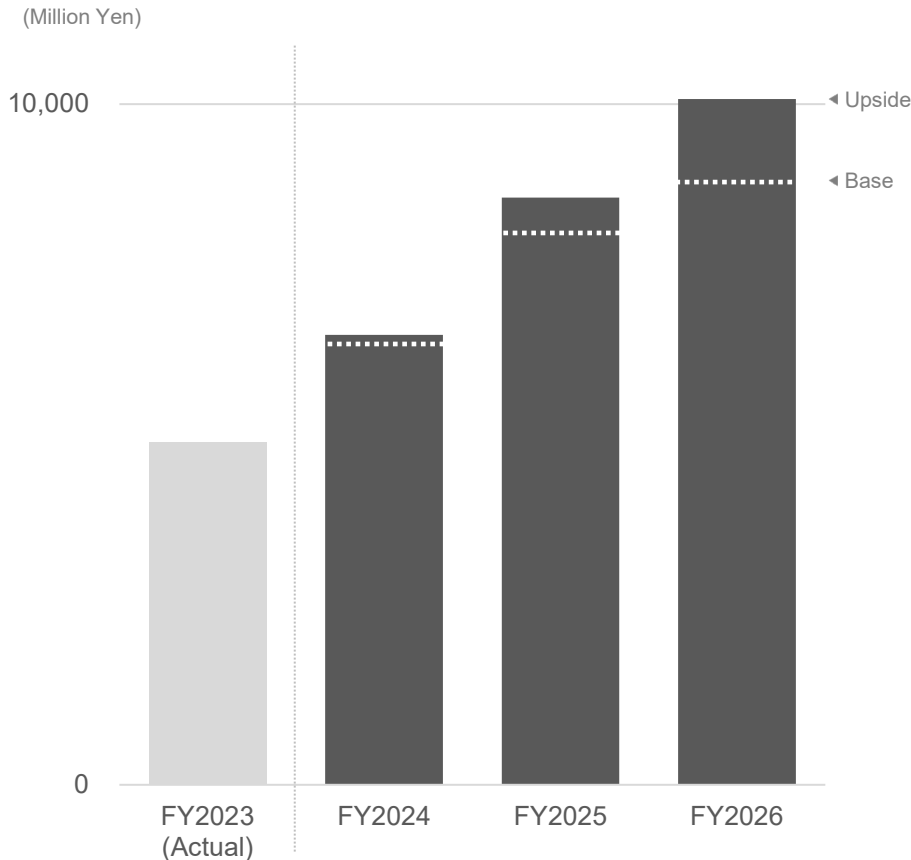
BASE Group's Value Creation Objective



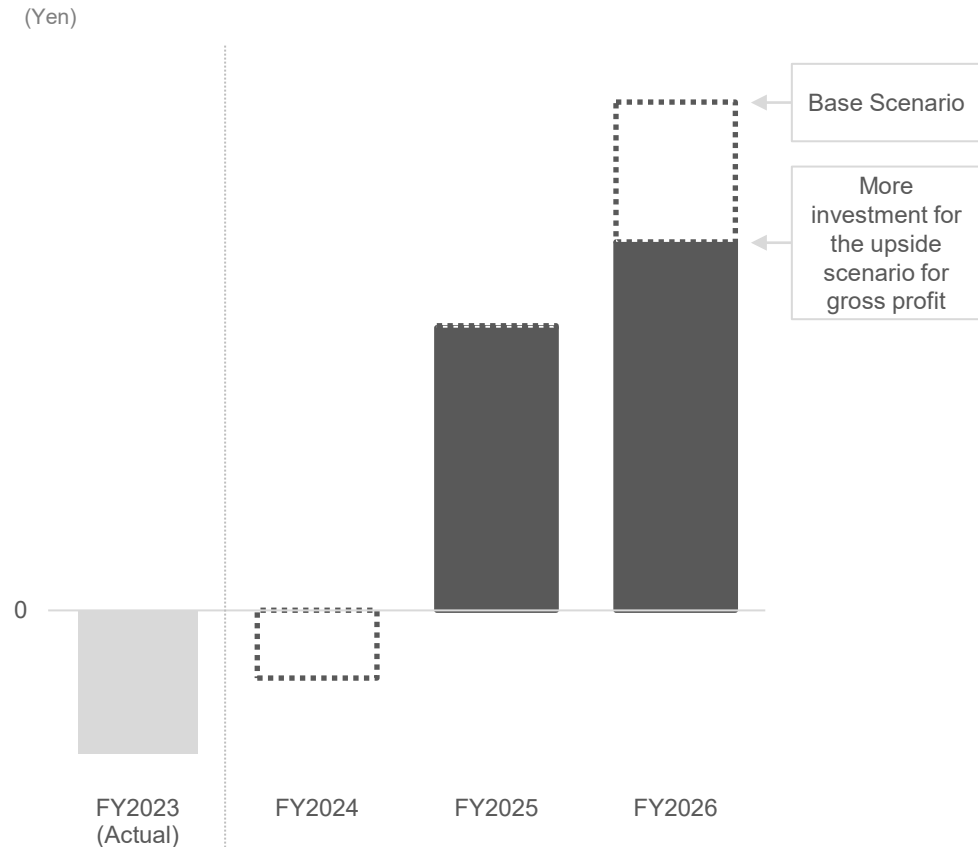
Aim to achieve gross profit of JPY 10 billion from FY2026 onwards as soon as possible

Maintain a disciplined investment policy based on growth potential and profitability, after returning to operating profit in FY2025

Gross Profit Outlook



Operating Profit Outlook



(Note) The base scenario for FY2024 is the financial forecast figures

Consolidated	<ul style="list-style-type: none">✓ Aim for gross profit to be at the +30% level YoY due to an increase in Group GMV and improved profitability✓ Maintain a disciplined investment policy based on growth and profitability, even though SG&A expenses are expected to increase YoY, which were controlled better than expected in the previous year✓ The upper forecast for operating profit/loss is at the break-even level, while the lower forecast is also expected to contract the loss
BASE	<ul style="list-style-type: none">✓ Aim to increase GMV by more than 13.2% YoY by increasing added value of products and implementing efficient marketing measure✓ Aim to increase gross profit beyond the GMV growth rate by increasing take rate through increasing the price of Monthly-Fee Plans and offering paid extensions
PAY.JP	<ul style="list-style-type: none">✓ Aim to increase GMV by more than 32.5% YoY by increasing added value of products and strengthening sales and marketing, etc.✓ Aim to improve gross profit margin by optimizing the fee structure and improving the cost of sales ratio
Pay ID	<ul style="list-style-type: none">✓ Build a foundation for expanding purchaser assets and monetizing by expanding functions, etc.
Finance	<ul style="list-style-type: none">✓ Aim for further growth in gross profit of the Other business through increasing added value in financial services, mainly “YELL BANK”, as well as through campaigns etc.✓ Execute measures to improve the Group's profitability

Aim for gross profit to be at the +30% level YoY due to an increase in Group GMV and improved profitability

Maintain a disciplined investment policy based on growth and profitability, even though SG&A expenses are expected to increase YoY, which were controlled better than expected in the previous year

The upper forecast for operating profit/loss is at the break-even level, while the lower forecast is also expected to contract the loss

(Million Yen)	FY2024 Full-Year Forecast	FY2023 Results	YoY
Net Sales	14,700	11,680	+25.9%
Gross Profit	6,450	5,033	+28.1%
SG&A	6,450 ~6,650	5,458	+18.2% ~+21.8%
Operating Profit	-200 ~0	-425	-
Ordinary Profit	-204 ~-3	-409	-
Net Income Attributable to Owners of Parent	-207 ~-7	-606	-
GMV (BASE Business)	154,000	135,991	+13.2%
GMV (PAY.JP Business)	187,000	141,127	+32.5%

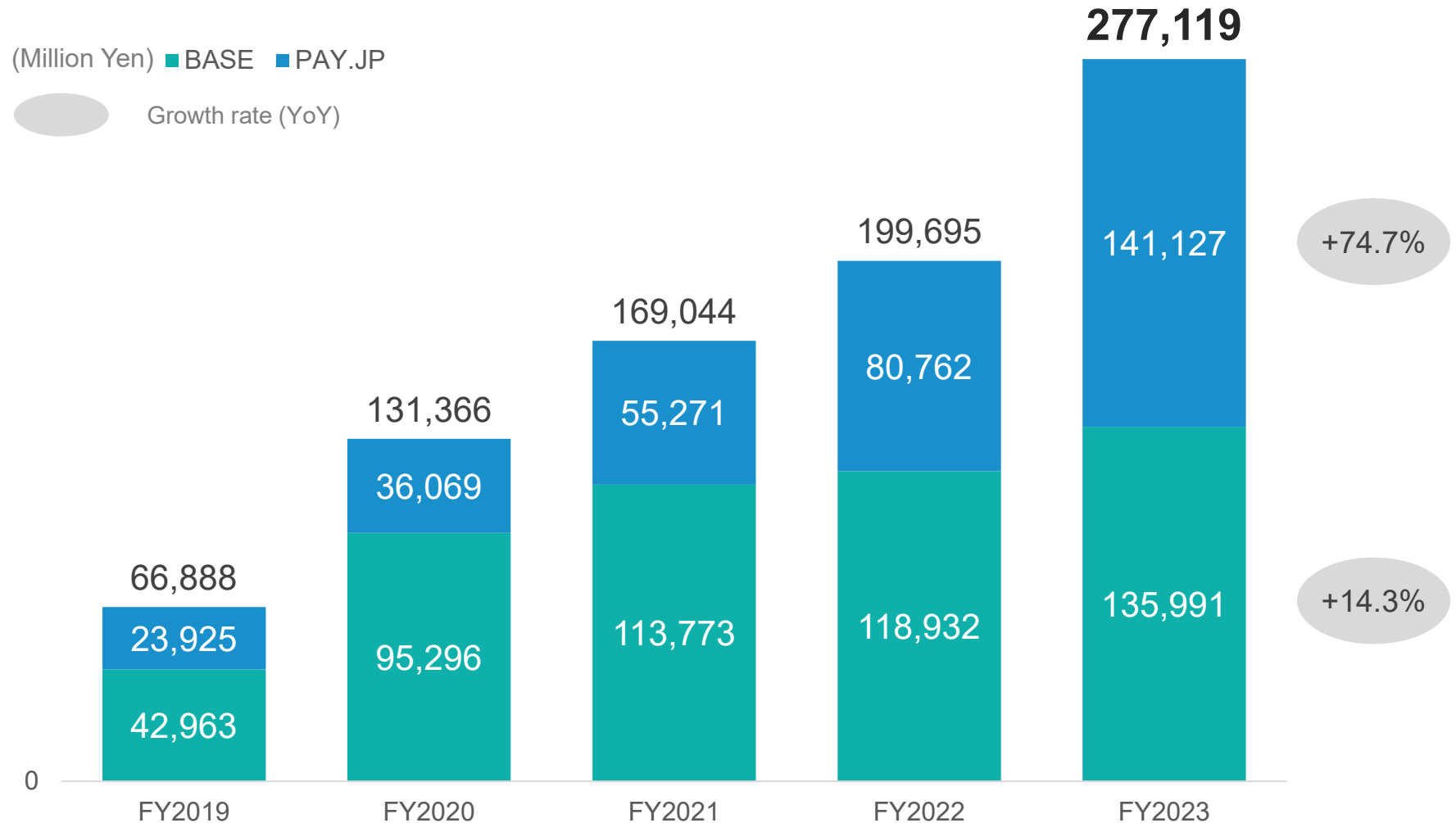
(Note) GMV disclosed as reference figures. BASE's GMV is based on the order date (order amount). PAY.JP's GMV is based on the payment date (payment amount)

<p>GMV and Gross Profit</p>	<ul style="list-style-type: none"> ✓ In the BASE business, more shops than expected have continued to use the service since the increase in the Monthly-Fee Plan price on 16 January 2024, and at present the negative impact on GMV and gross profit is expected to be negligible ✓ In the PAY.JP business, further growth of GMV by maintaining a high retention rate of large merchants, driving strong growth, and by strengthening the system for acquiring new merchants
<p>SG&A Expenses</p>	<ul style="list-style-type: none"> ✓ The upper limit forecast for SG&A expenses includes a certain buffer for each item due to the high uncertainty of planned measures etc. at the beginning of the year ✓ Promotional expenses are expected to increase YoY due to increased investment in products other than “BASE” for medium- and long-term Group growth. ✓ Personnel expenses are expected to increase, mainly due to a full year of personnel expenses for employees hired in FY2023 ✓ Outsourcing costs included in other expenses are expected to increase in order to achieve the product development plan required for the growth strategy ✓ System expenses included in other expenses are expected to increase due to business growth
<p>Operating Profit/Loss</p>	<ul style="list-style-type: none"> ✓ Operating profit/loss excluding promotional expenses is expected to remain positive in each quarter, some quarters are expected to be profitable depending on promotional expenses ✓ Possible intensified investment, within the scope of the operating profit/loss forecast, in case further growth in gross profit is expected

5. Reference Materials

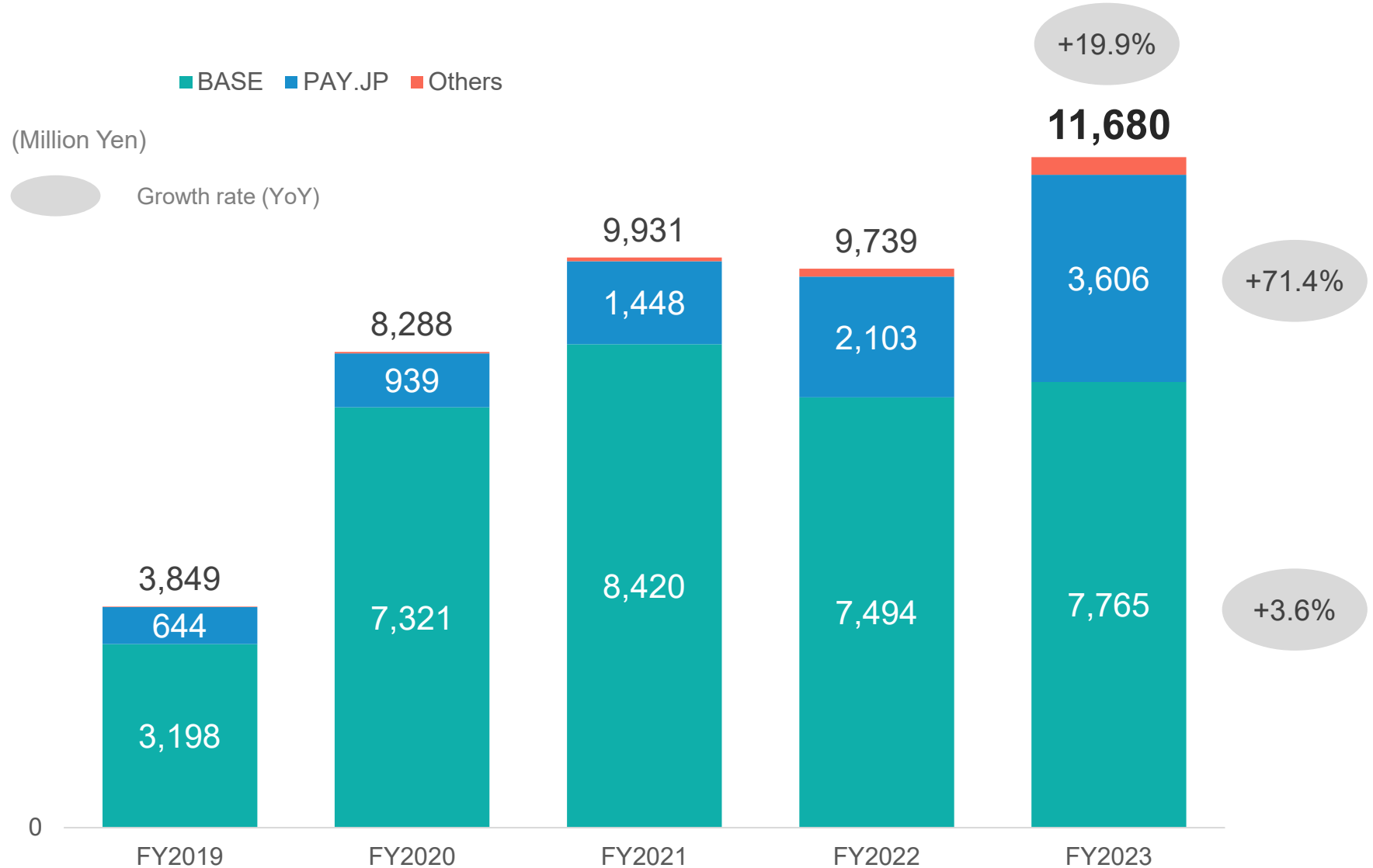
5-1. Full-Year Results for Fiscal Year Ended December 31, 2023

Group GMV increased significantly YoY due to both the BASE and PAY.JP Businesses' growth

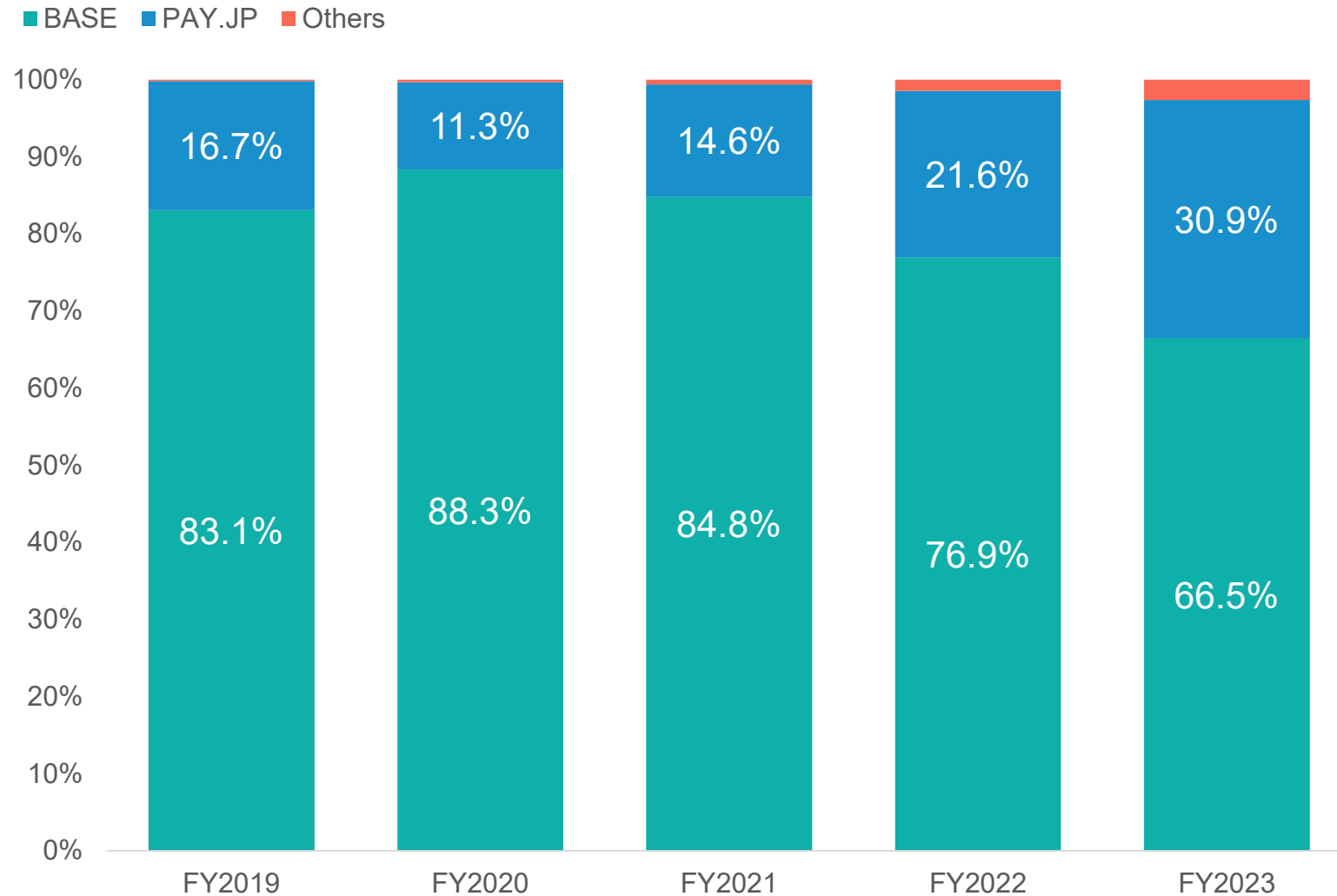


(Note) BASE's GMV is based on the order date (order amount). PAY.JP's GMV is based on the payment date (payment amount)

Consolidated net sales increased YoY due to the increase in Group GMV

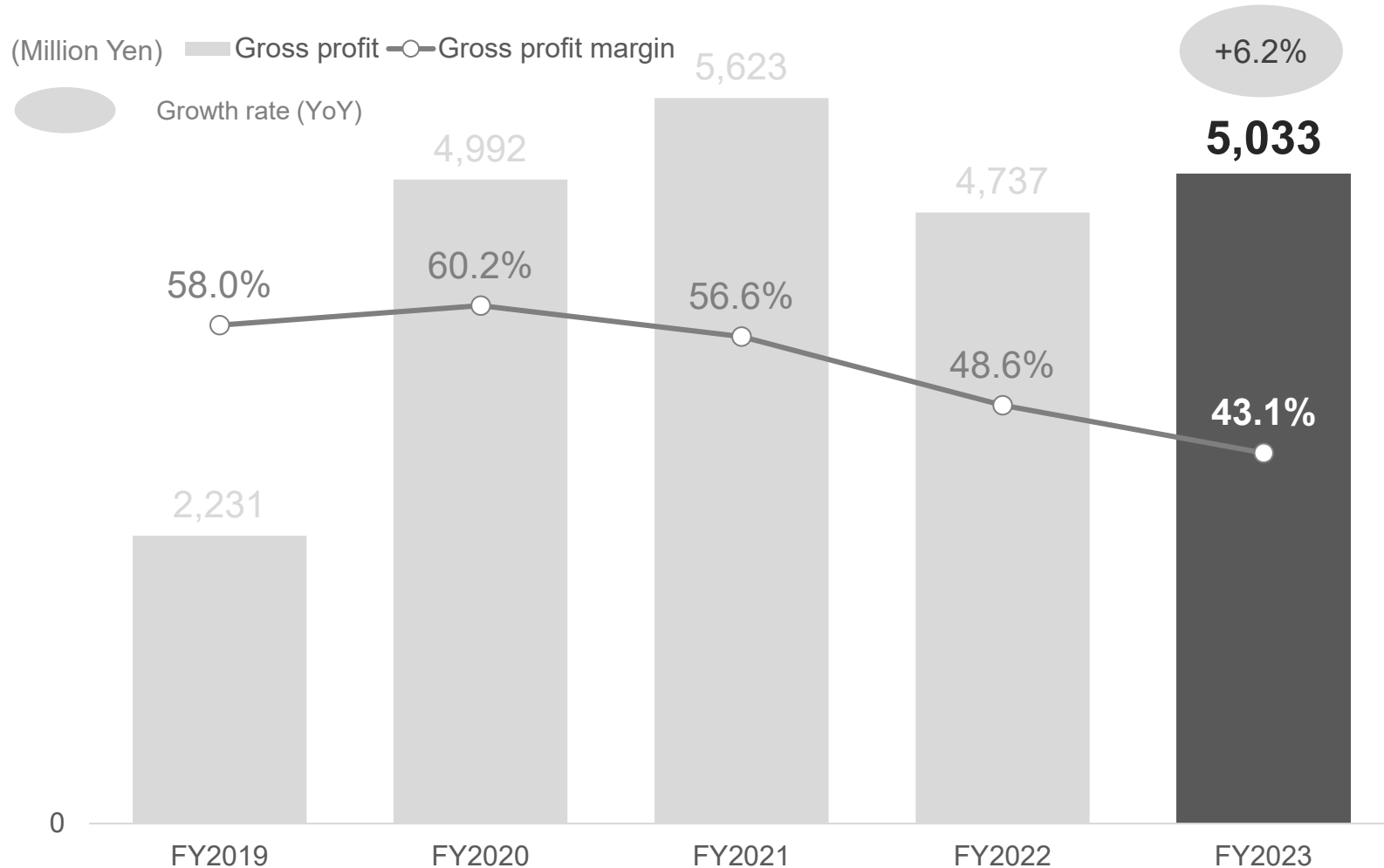


Net sales ratio for the BASE Business decreased YoY due to the PAY.JP Business's net sales growth

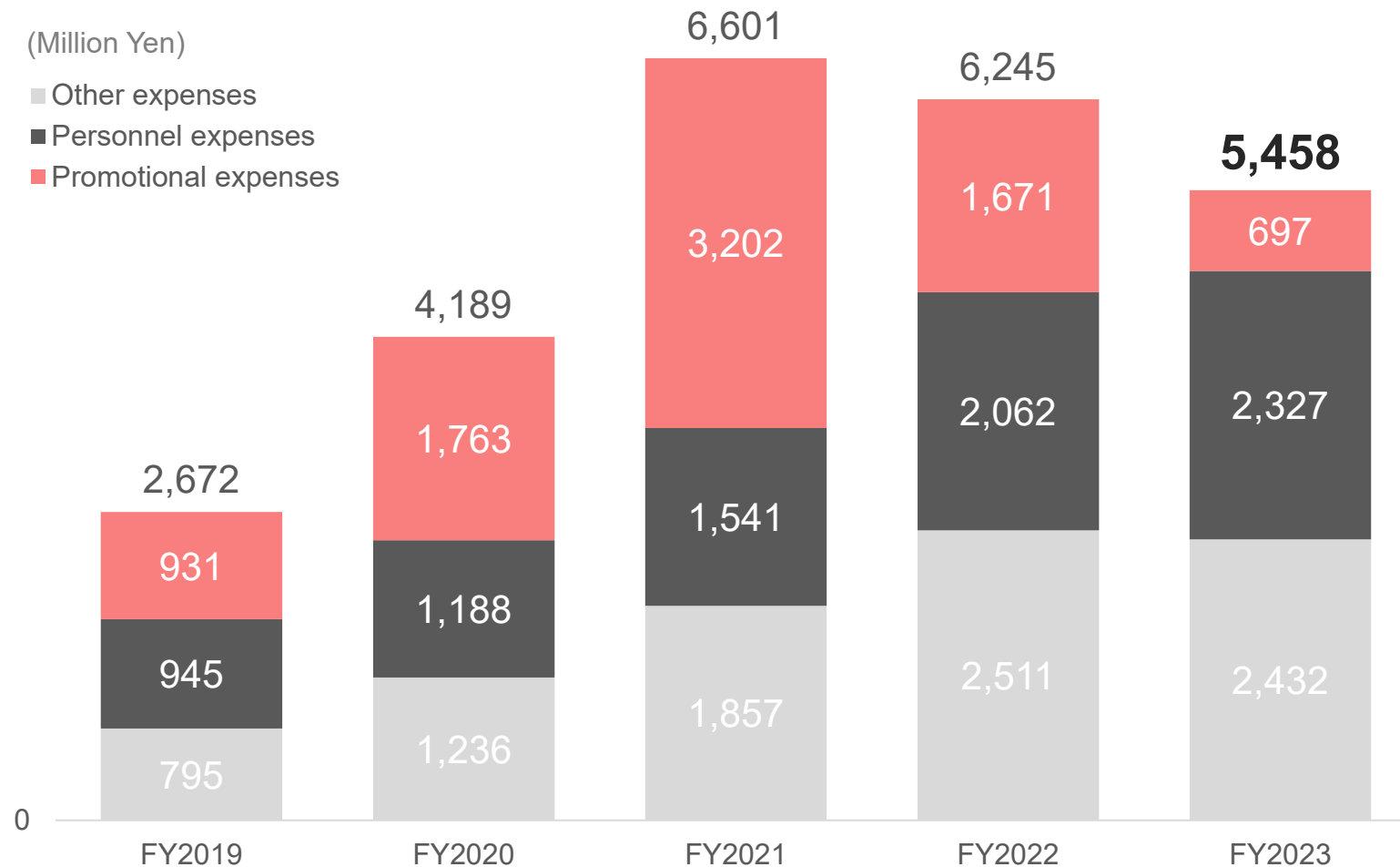


Consolidated gross profit increased YoY due to the increase in Group GMV

Consolidated gross profit margin was down YoY due to the decrease in the BASE Business's net sales ratio



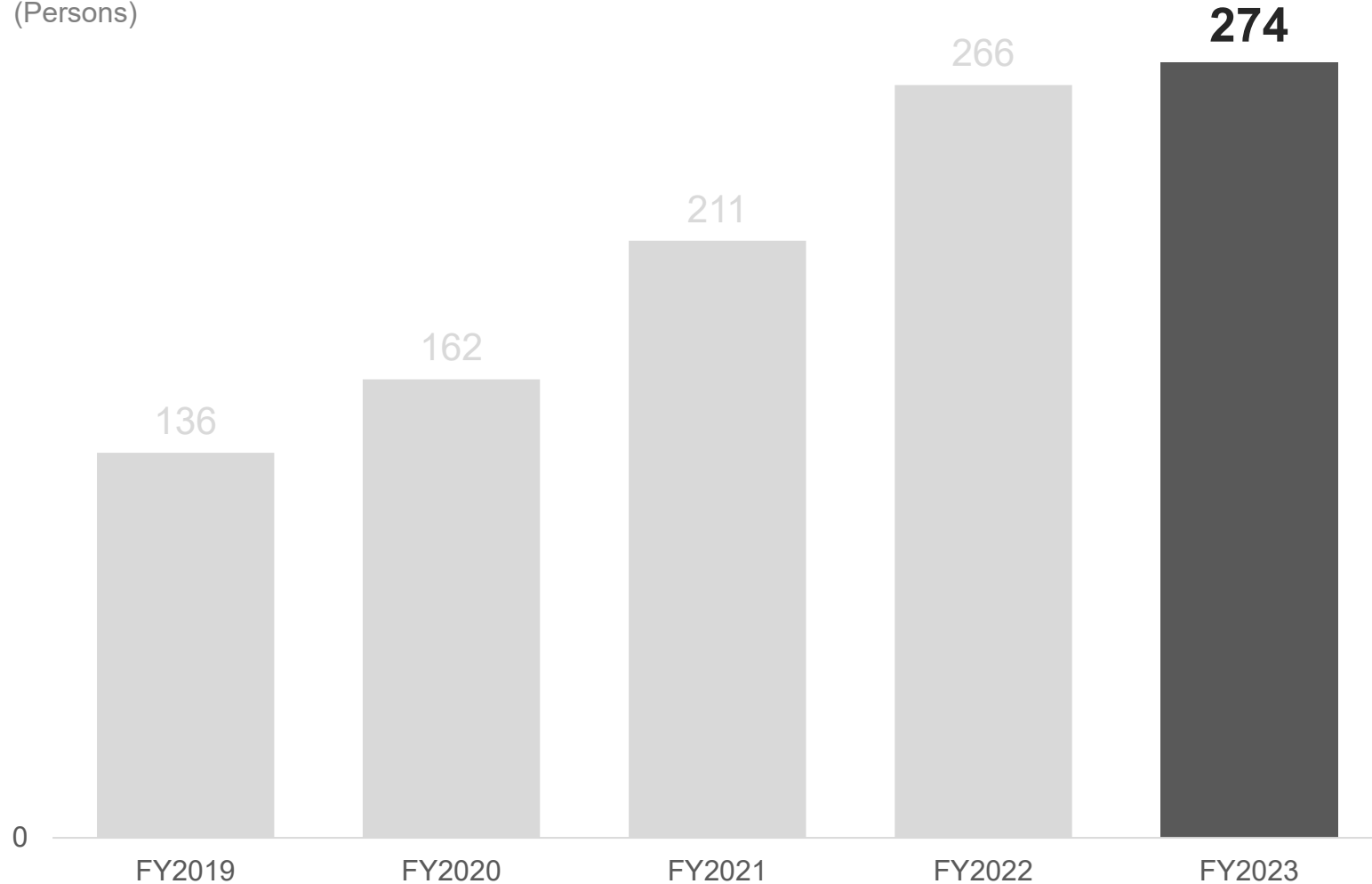
- **SG&A expenses decreased YoY, mainly due to the significant reduction in promotional expenses**
- Promotional expenses reduced significantly due to more efficient promotional support and a reduction in awareness marketing etc.
- Personnel expenses increased due to an increase in the number of employees



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

Headcount **increased by 8 persons** YoY (+3.0% YoY)

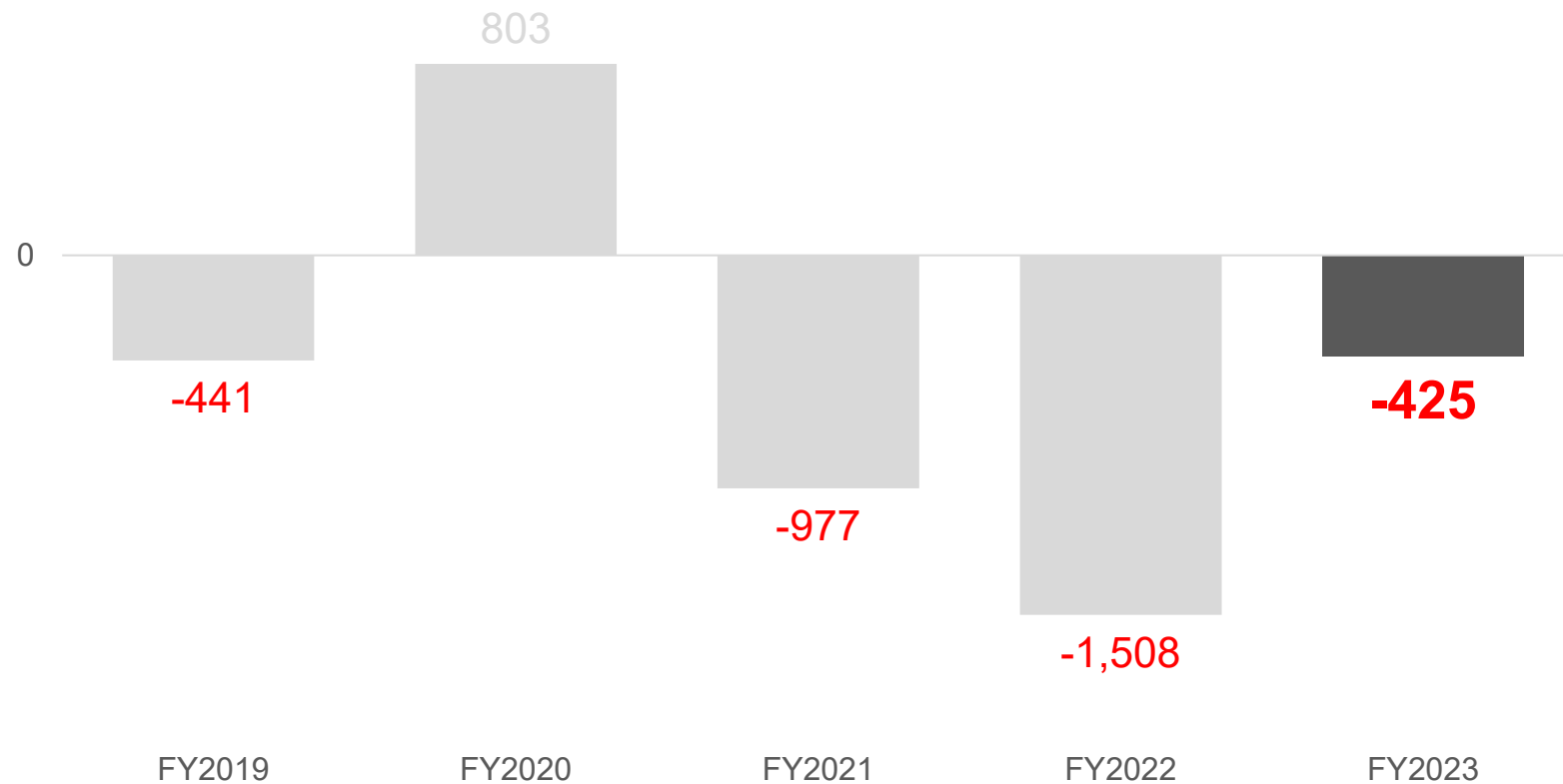
(Persons)



(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

Operating loss contracted YoY due to an increase in consolidated gross profit and a significant reduction in SG&A expenses

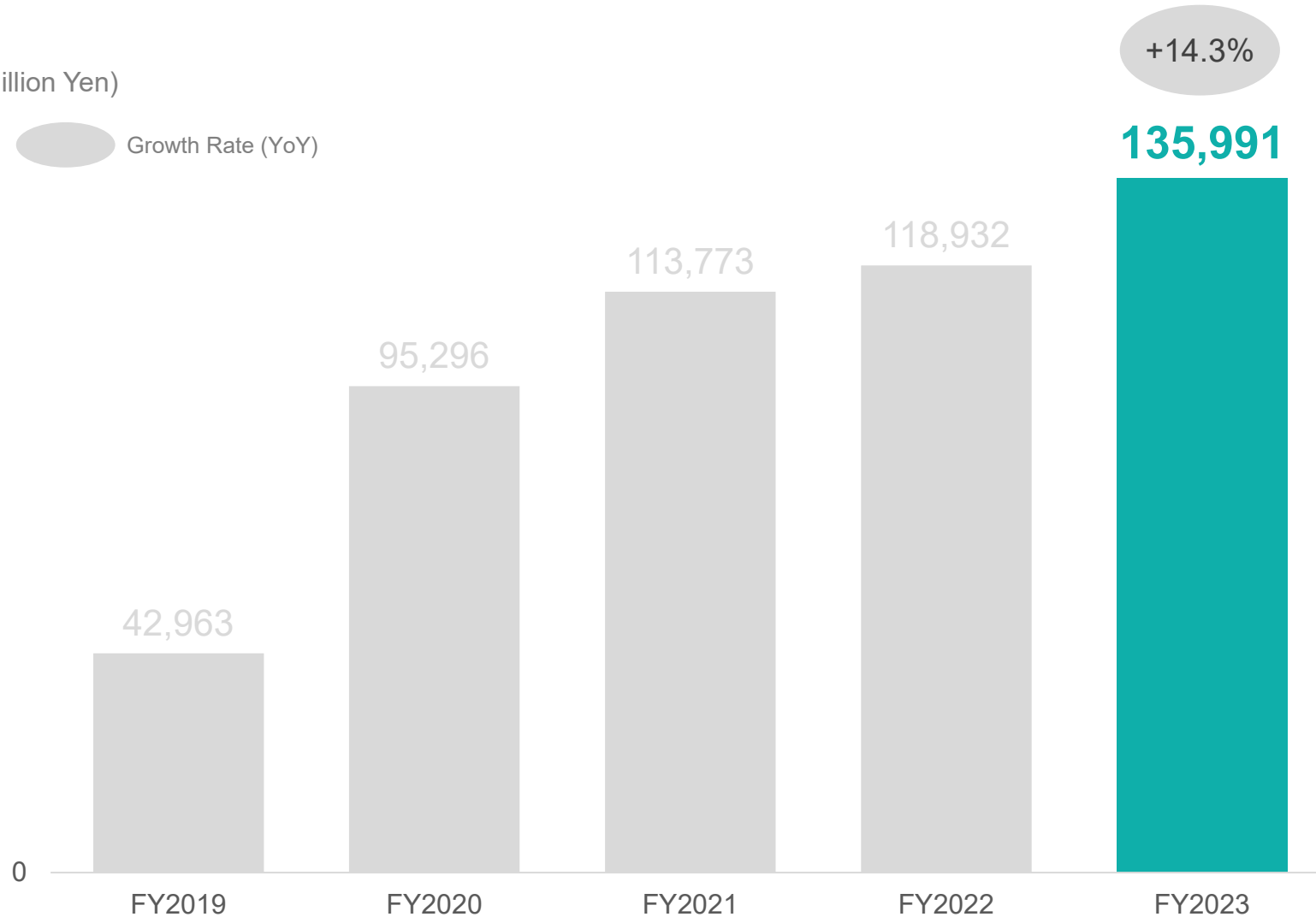
(Million Yen)



GMV increased by 14.3% YoY, led by shops with large sales, mainly due to the effect of Monthly-Fee Plan

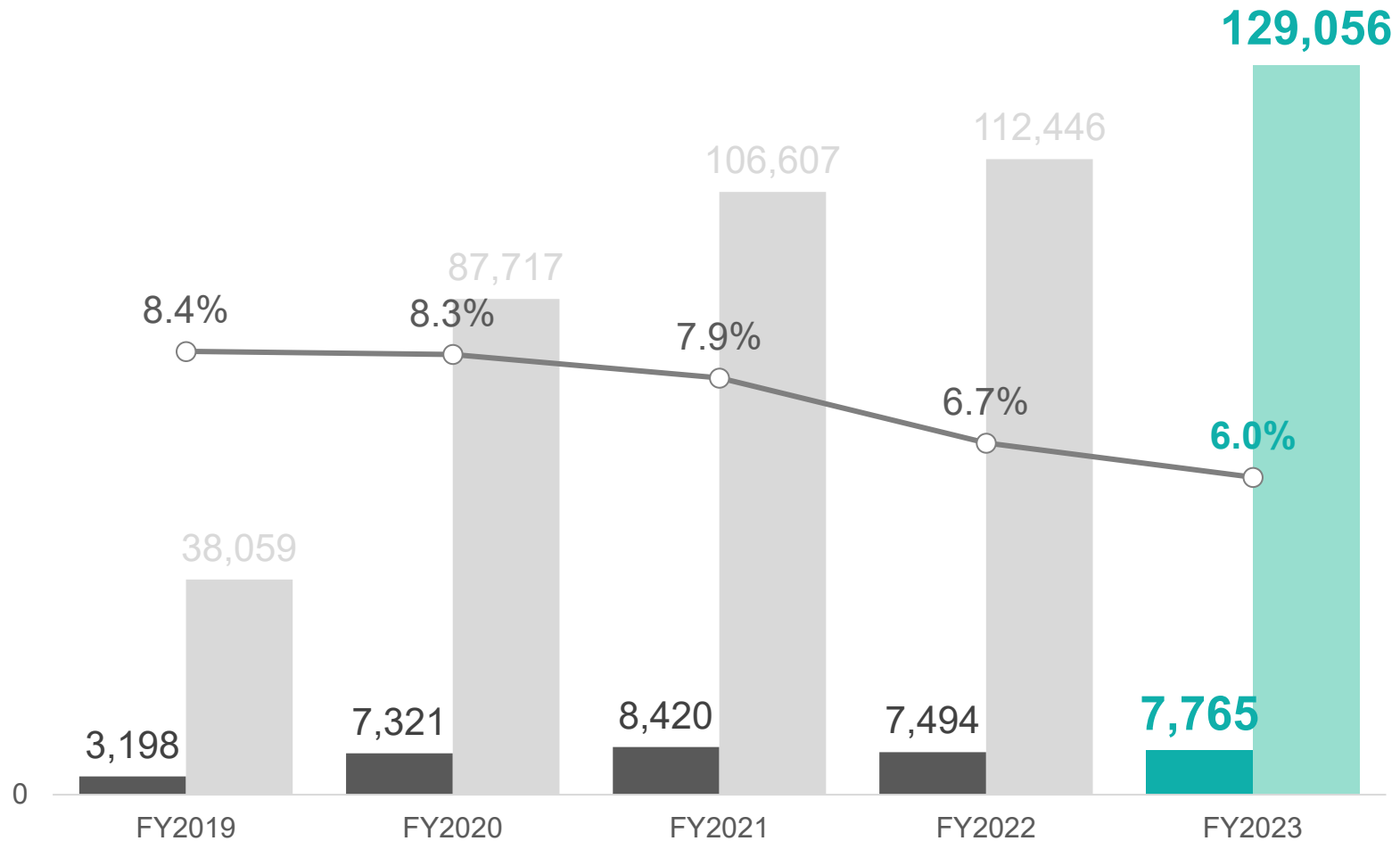
(Million Yen)

 Growth Rate (YoY)

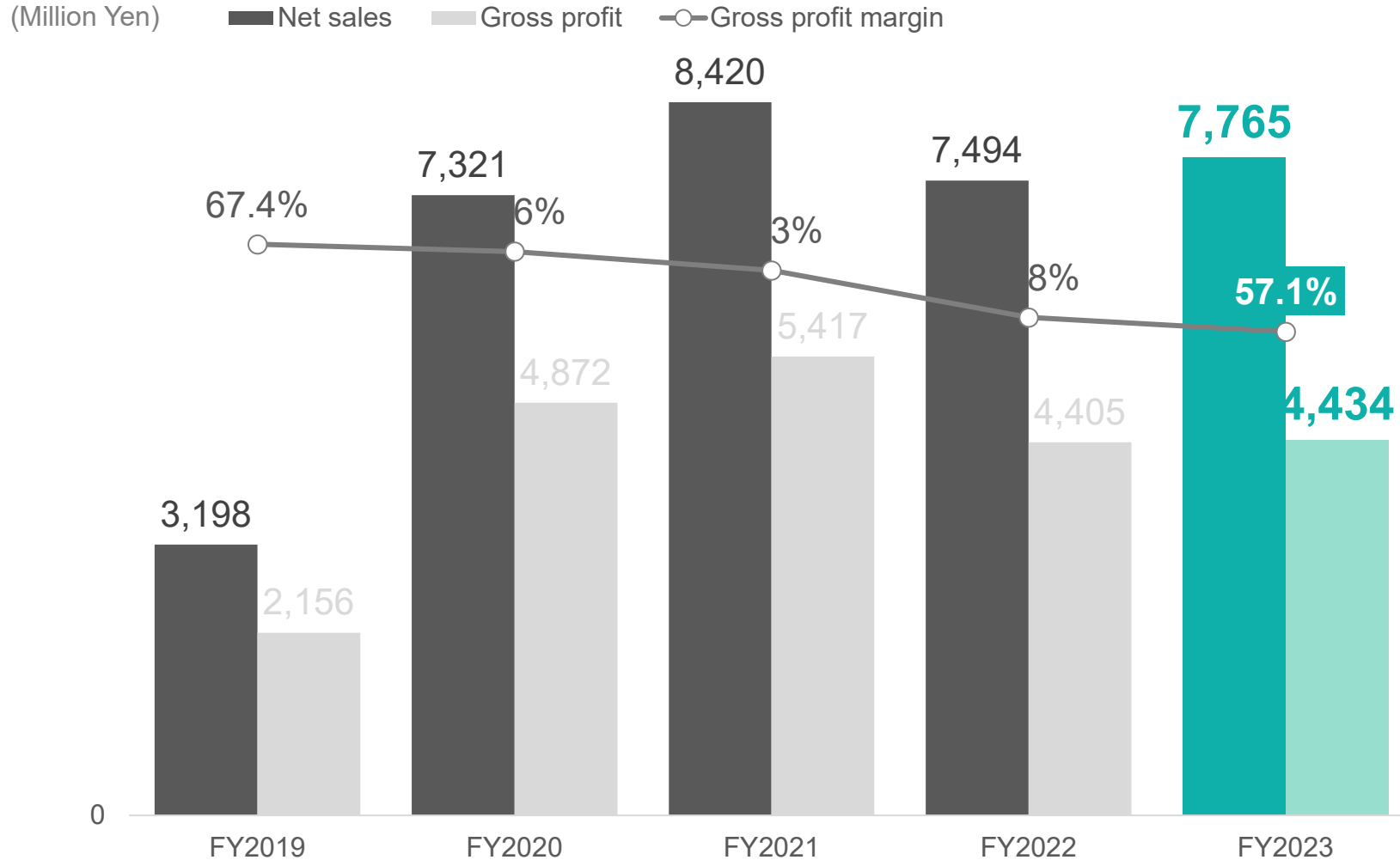


Take rate decreased YoY due to the increase in the GMV mix of the Monthly-Fee Plan

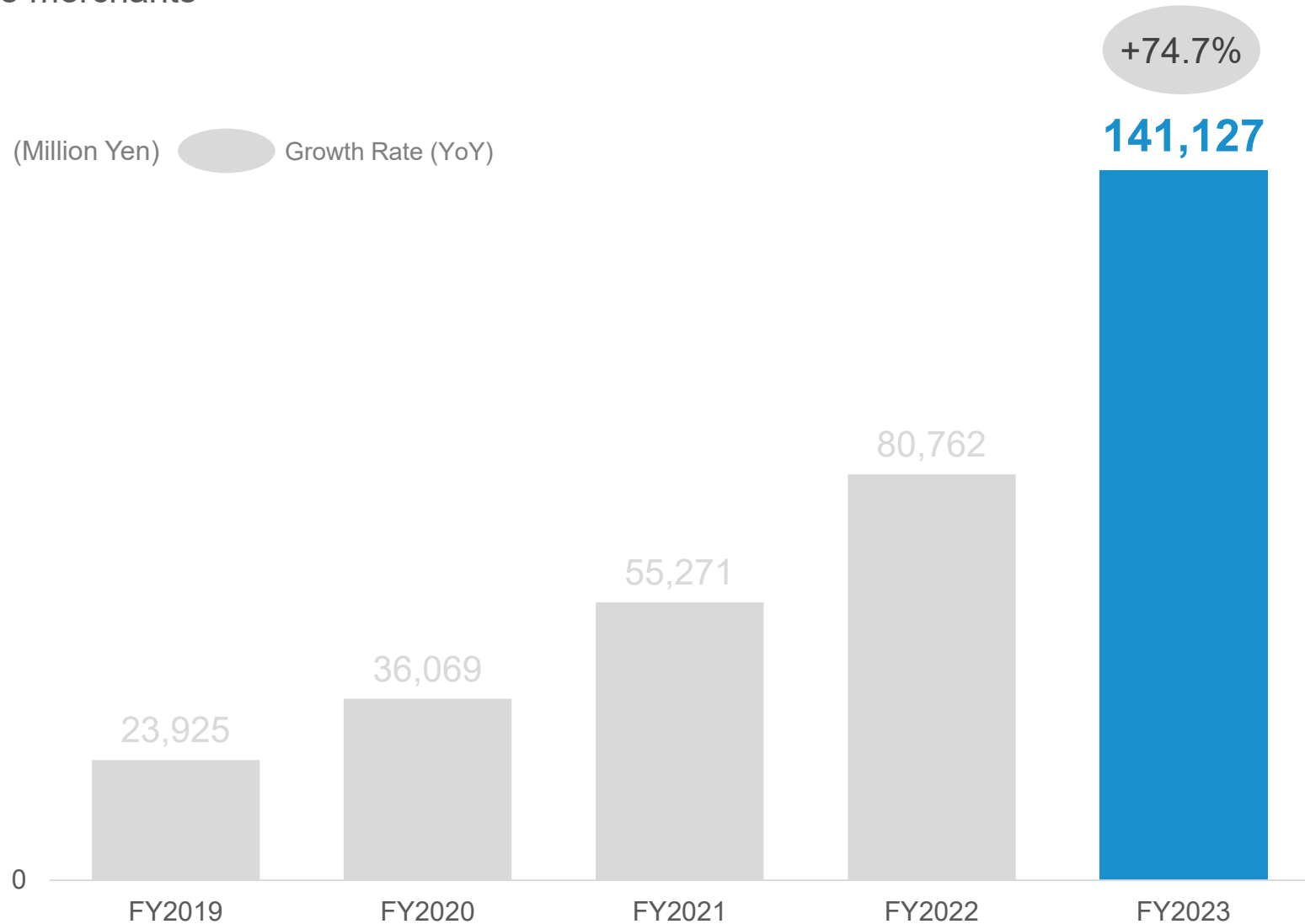
(Million Yen) ■ Net sales ■ GMV (payment) ○ Take rate



Net sales and gross profit increased YoY due to the increase in GMV
 Gross profit margin is down in YoY due to the decline in take rate

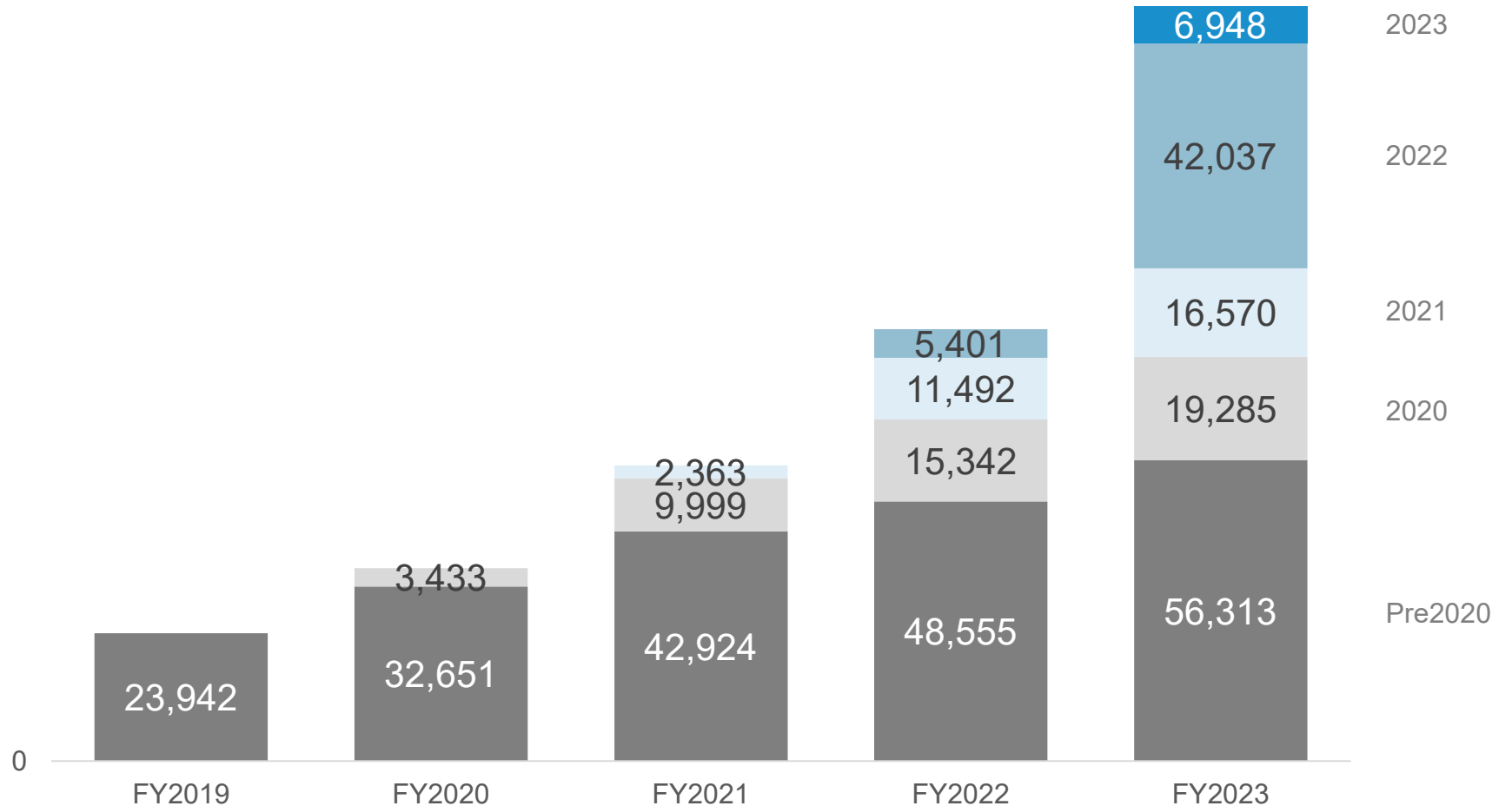


GMV continued to increase significantly at +74.7% YoY due to contribution from both existing and new large merchants



Existing merchants, especially those acquired in 2022, continued to drive GMV growth
GMV of new merchants also accumulated significantly

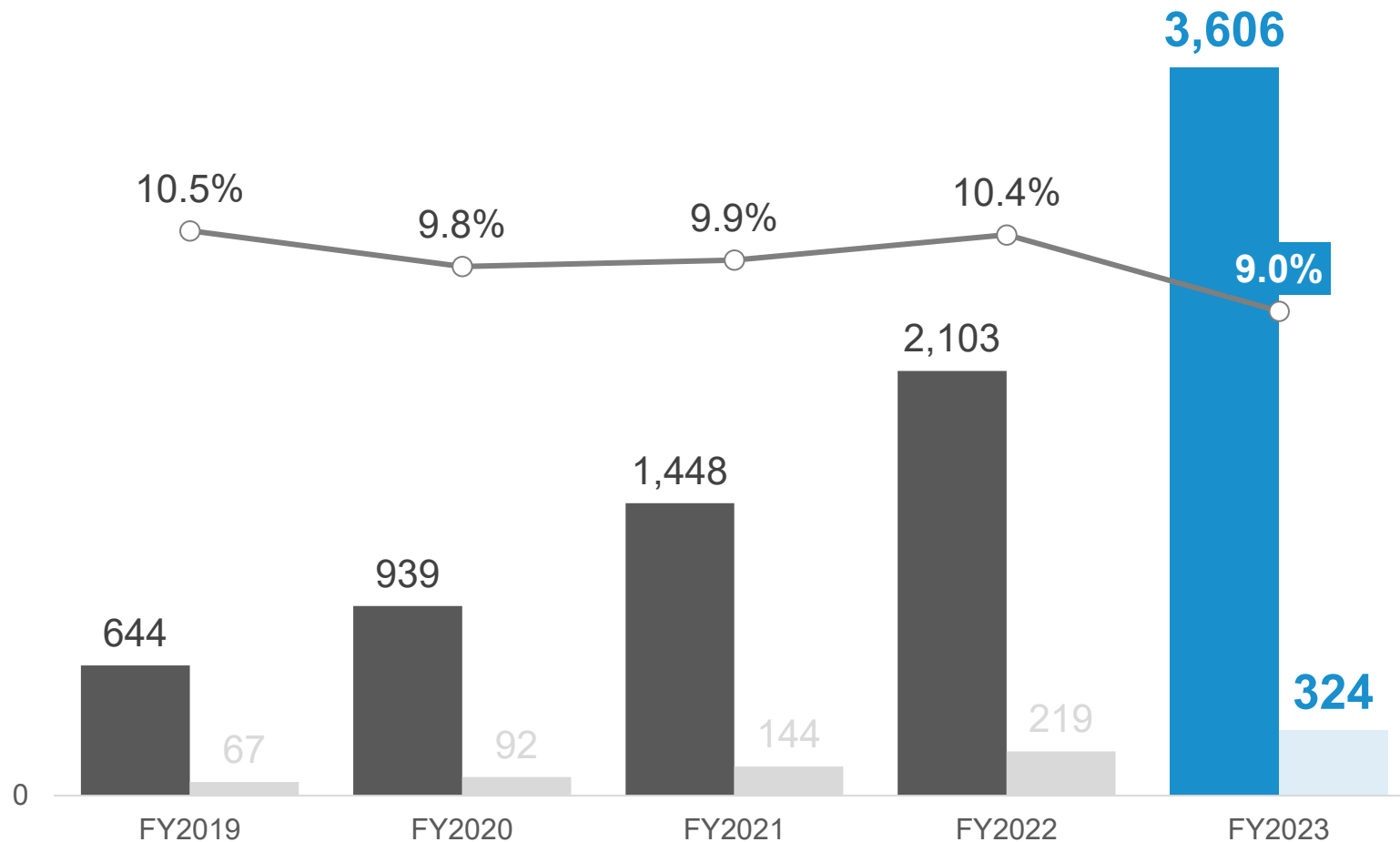
(Million Yen) ■ Pre2020 ■ 2020 ■ 2021 ■ 2022 ■ 2023



Net sales increased significantly YoY at +71.4% due to GMV growth

Gross profit margin decreased YoY due to the increased GMV mix of merchants with low gross profit margin^(Note)

(Million Yen) ■ Net sales ■ Gross profit ○ Gross profit margin

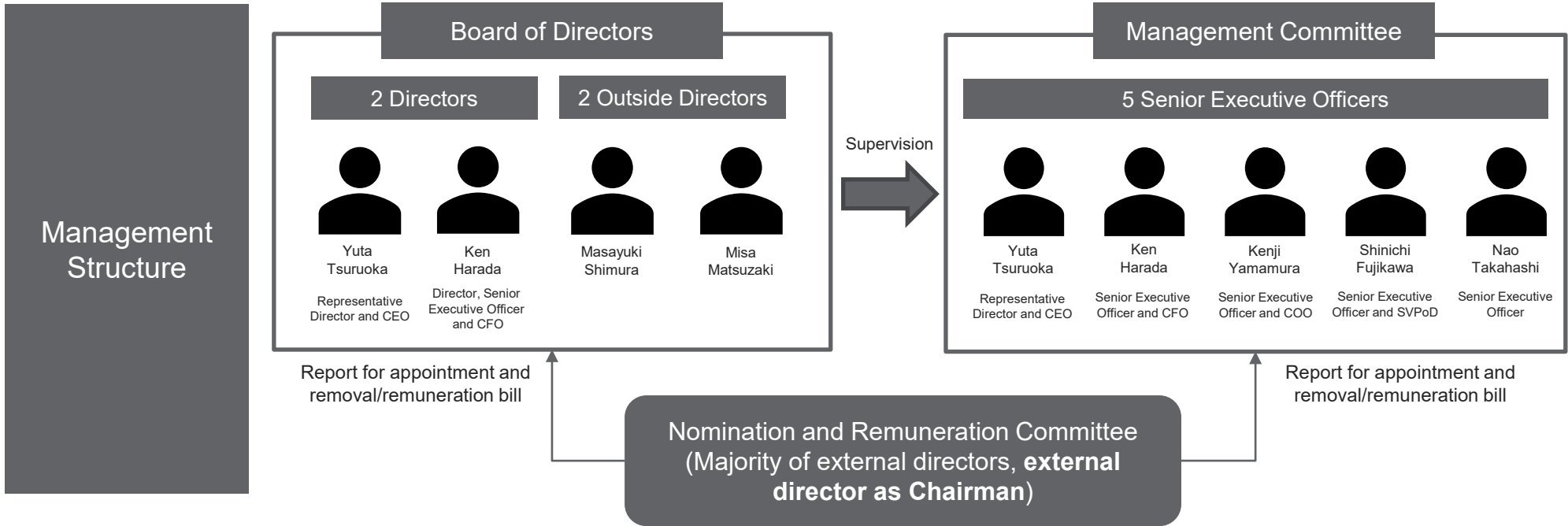


(Note) Gross profit margin of each merchant differs based on factors including pricing plan, credit card, and merchant category

5-2. Others

Governance Structure

Further improving corporate governance by continuing to evaluate the effectiveness of the Board of Directors and making improvements based on the results



(Note) No change in governance structure from the previous year

Directors' Skills Matrix

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

	Directors		Outside Directors	
	Yuta Tsuruoka	Ken Harada	Masayuki Shimura	Misa Matsuzaki
Corporate management	●	●	●	●
Finance and Accounting		●		
Legal, compliance, and risk management		●	●	
ESG and sustainability	●	●	●	●
Human resources and organizational development	●	●	●	●
Technology	●			
Industry knowledge	●	●	●	
International experience			●	●

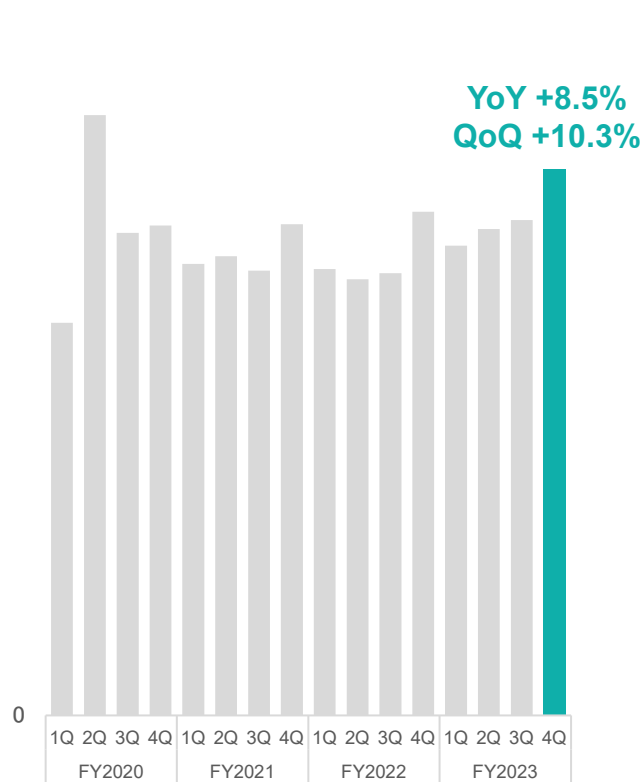
(Note) Excerpt from skill matrix included in the "Notice of the 11th Annual General Meeting of Shareholders"

Both the purchase price per purchaser and the average number of purchasers per merchant increased YoY

They both increased QoQ as well, due to the impact of seasonality, etc.

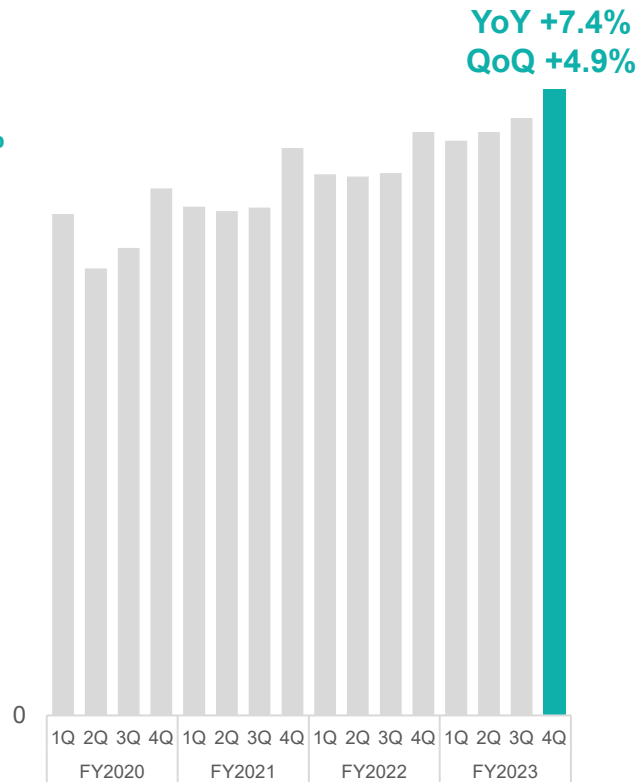
Average Monthly GMV Per Merchant

(Yen)



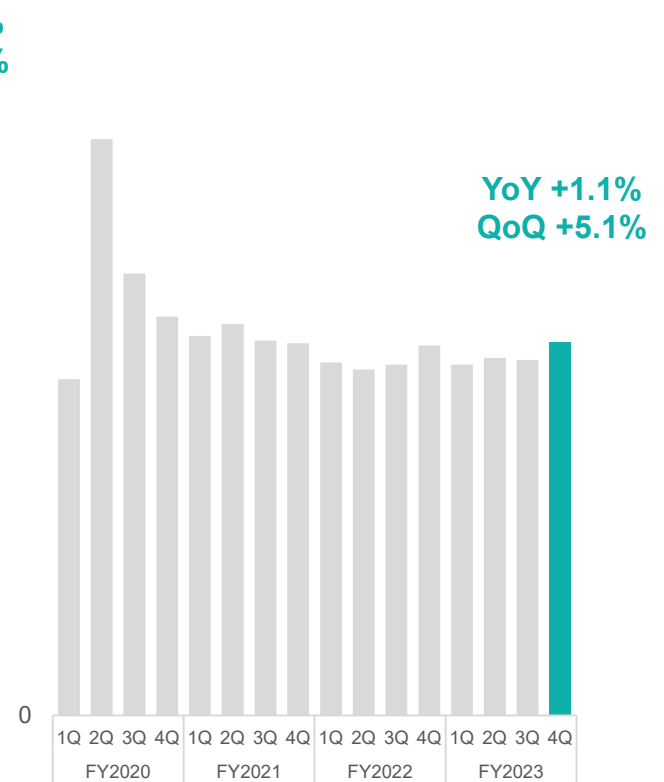
Purchase Price Per Purchaser

(Yen)



Average Number of Purchasers Per Merchant

(Persons)



Implementing a strategy to become the service of choice for merchants with a wider range of sales volumes by offering a pricing plan with an overwhelming competitive superiority (Note1)

	BASE	Domestic Service S	Domestic Service C	Domestic Service M	International Service S
Payment Processing Fee	2.9% ~	3.6%	4.0% ~	3.19% ~	3.4%
Monthly Fee	¥19,980	¥2,980	¥4,950	¥12,100	¥4,950 (Note2)
Initial Fee	¥0	¥0	¥3,300	¥11,000	¥0

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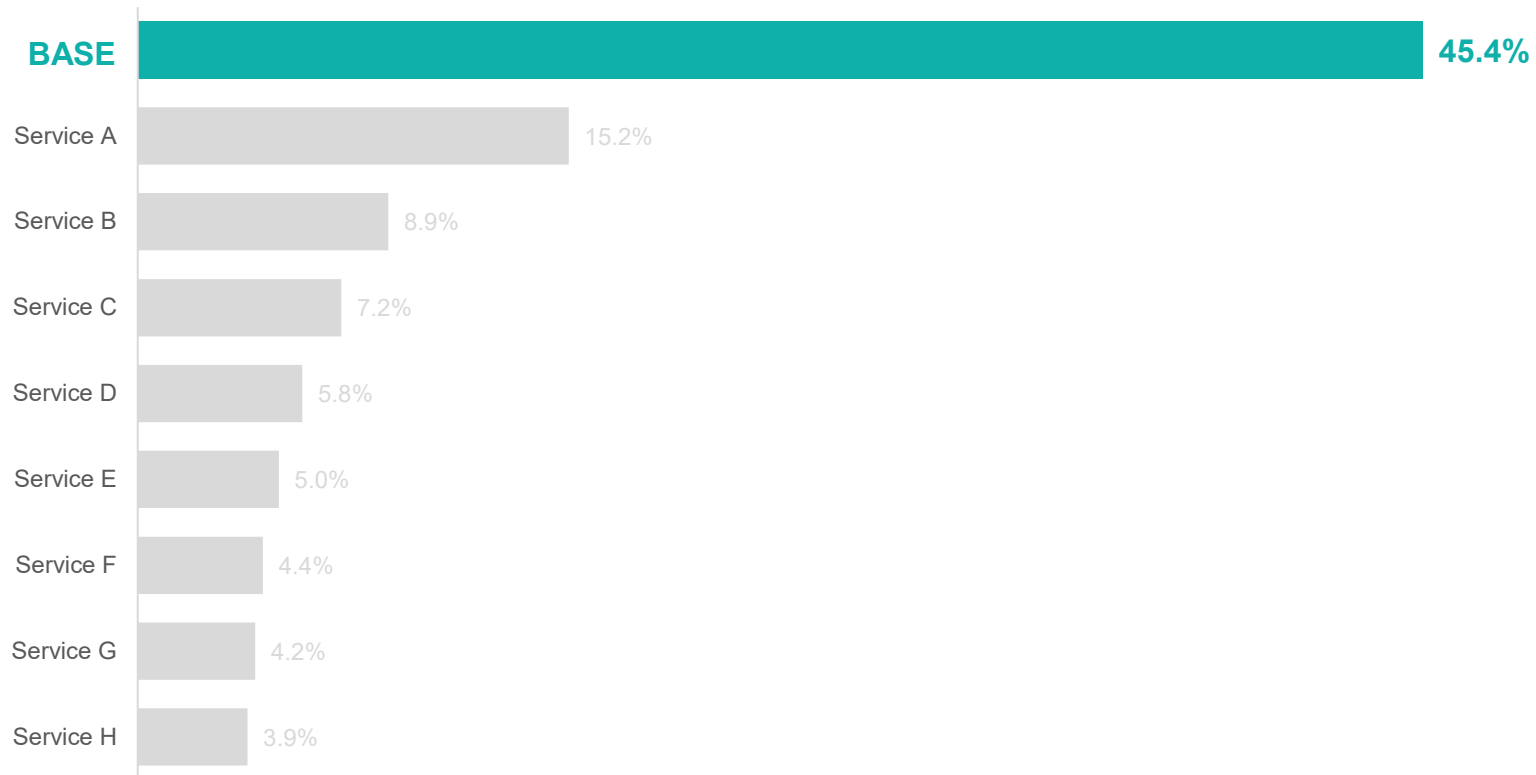
(Note1) Pricing plans for each company are based on in-house research (as of May 2023). Comparison of plans that incur monthly fees

(Note2) Conversion rate of 150 yen to the U.S. dollar

Placing focus on empowering individuals and small teams since its inception, BASE has realized a solid position in the longtail market

Survey on use of storefront online shop creation services

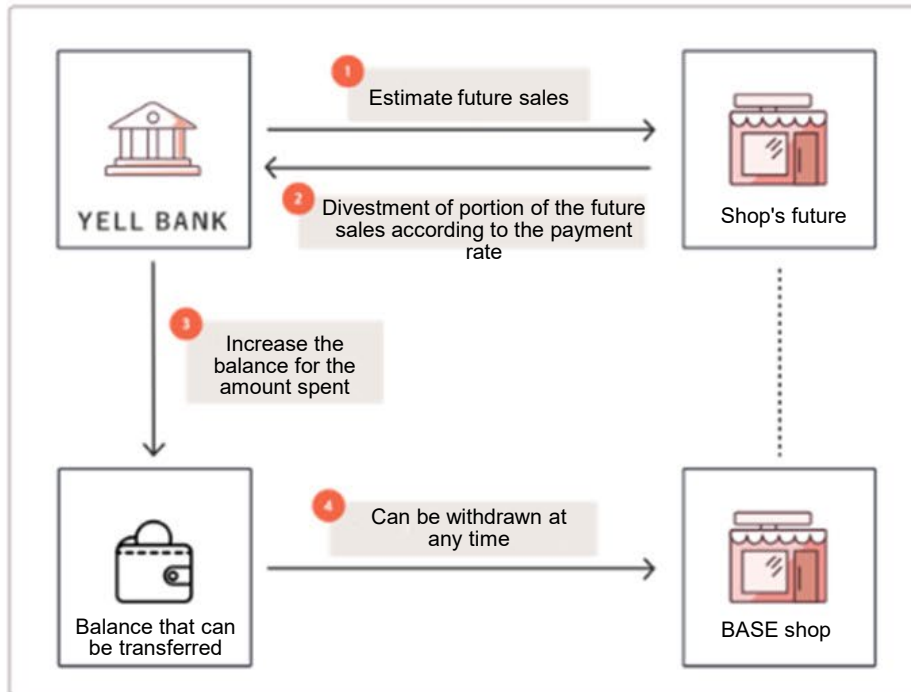
Please reply with all of the online retail shop creation services you used when opening your online retail shop within the most recent year.



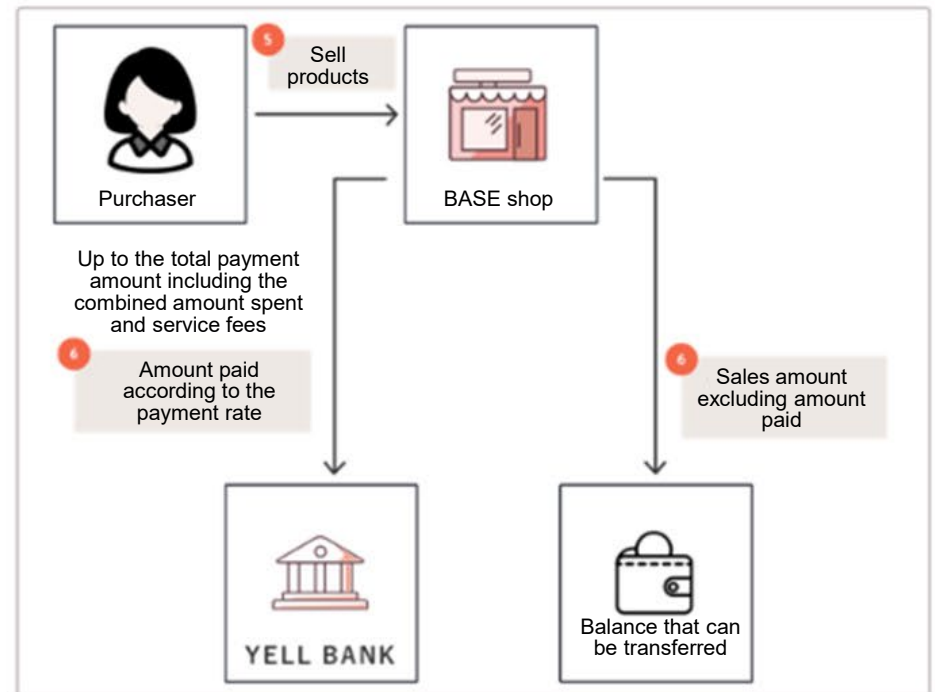
* Research from Macromill, Inc. (actual results from March 2023)

A financial service that allows shops to raise funds instantly by “BASE” purchasing their future receivables

Process for obtaining financing



Payment process



(Million Yen)		FY2021				FY2022				FY2023			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	BASE	1,944	2,082	2,087	2,306	2,052	1,784	1,693	1,963	1,757	1,930	1,897	2,179
	PAY.JP	286	353	384	424	439	482	563	618	701	848	996	1,061
	Other	7	10	20	23	20	28	35	57	59	63	82	103
Gross Profit	BASE	1,280	1,330	1,329	1,477	1,323	1,054	943	1,083	950	1,114	1,101	1,267
	PAY.JP	29	34	38	42	44	49	58	66	63	79	80	100
	Other	7	10	20	23	14	20	27	50	51	54	74	94
Segment Profit	BASE	102	-207	-167	-431	-178	-481	-234	-256	-175	66	-73	120
	PAY.JP	-18	-17	-6	3	-4	-3	-4	-33	-9	3	5	-84
	Other	-15	-18	-12	-5	-13	-15	-8	6	-14	-23	-7	20
	Corporate Expenses	-54	-41	-33	-52	-76	-96	-49	-57	-72	-61	-58	-61
Operating Profit	Entire Company	13	-283	-220	-487	-272	-597	-297	-340	-271	-15	-133	-4

Year	Month	Quarterly GMV (Million Yen) (Note1)	Monthly GMV (Million Yen)	Monthly Active Merchants (# of Merchants)	Average Monthly GMV Per Merchant (Yen)	Quarterly GMV (Payment amount) (Million Yen) (Note2)
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
2023	March	30,929	10,309	63,226	163,064	29,523
	June	32,821	10,940	64,820	168,785	31,374
	September	33,487	11,162	64,948	171,871	31,541
	December	38,752	12,917	68,115	189,641	36,617

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

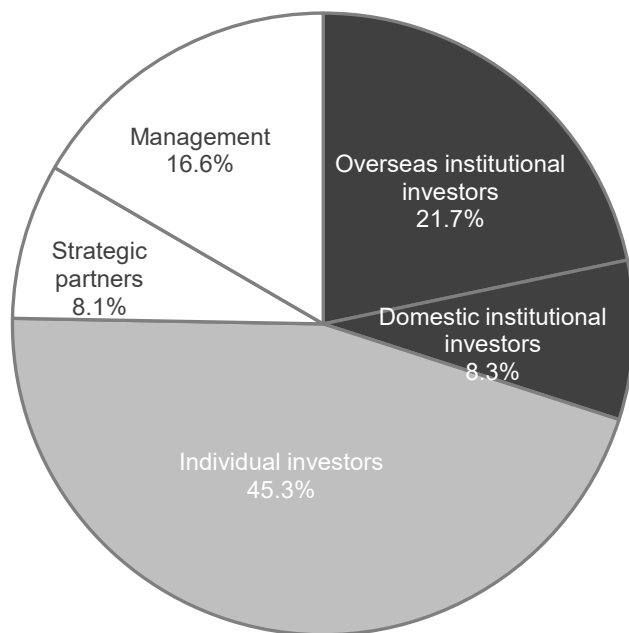
(Note 2) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV is different from the order amount (GMV based on the order date) because the amount that has not been paid due to cancellation is not included in GMV (payment amount)

Year	Month	Quarterly GMV (Million Yen)
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
2023	March	27,096
	June	32,821
	September	39,351
	December	41,858

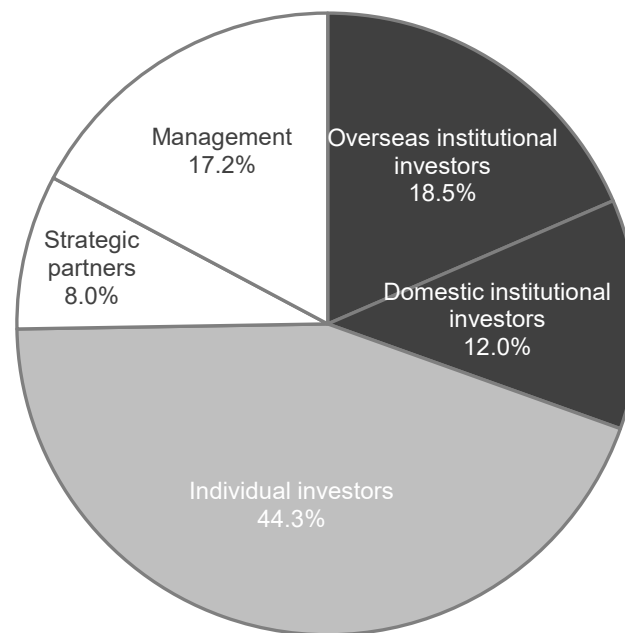
(Note) GMV is based on the payment date (payment amount)

Continuing IR activities targeting a wide variety of investors

June 30, 2023



December 31, 2023



(Shares)		FY2023
Stock Options	Beginning balance	3,368,000
	Granted	0
	Exercised	-1,242,000
	Renounced	0
	Ending balance	2,126,000
Number of issued shares (including treasury shares)		115,197,823
Ratio of dilutive shares (as a % of issued shares)		1.8%

Handling of these Materials

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