



BASE

Materials for Growth Opportunities and Strategies

BASE, Inc.

(Tokyo Stock Exchange Growth: 4477)

March 22, 2024

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(Excerpt from FY2023 Q4 Materials)
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(Excerpt from FY2023 Q4 Materials)
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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.

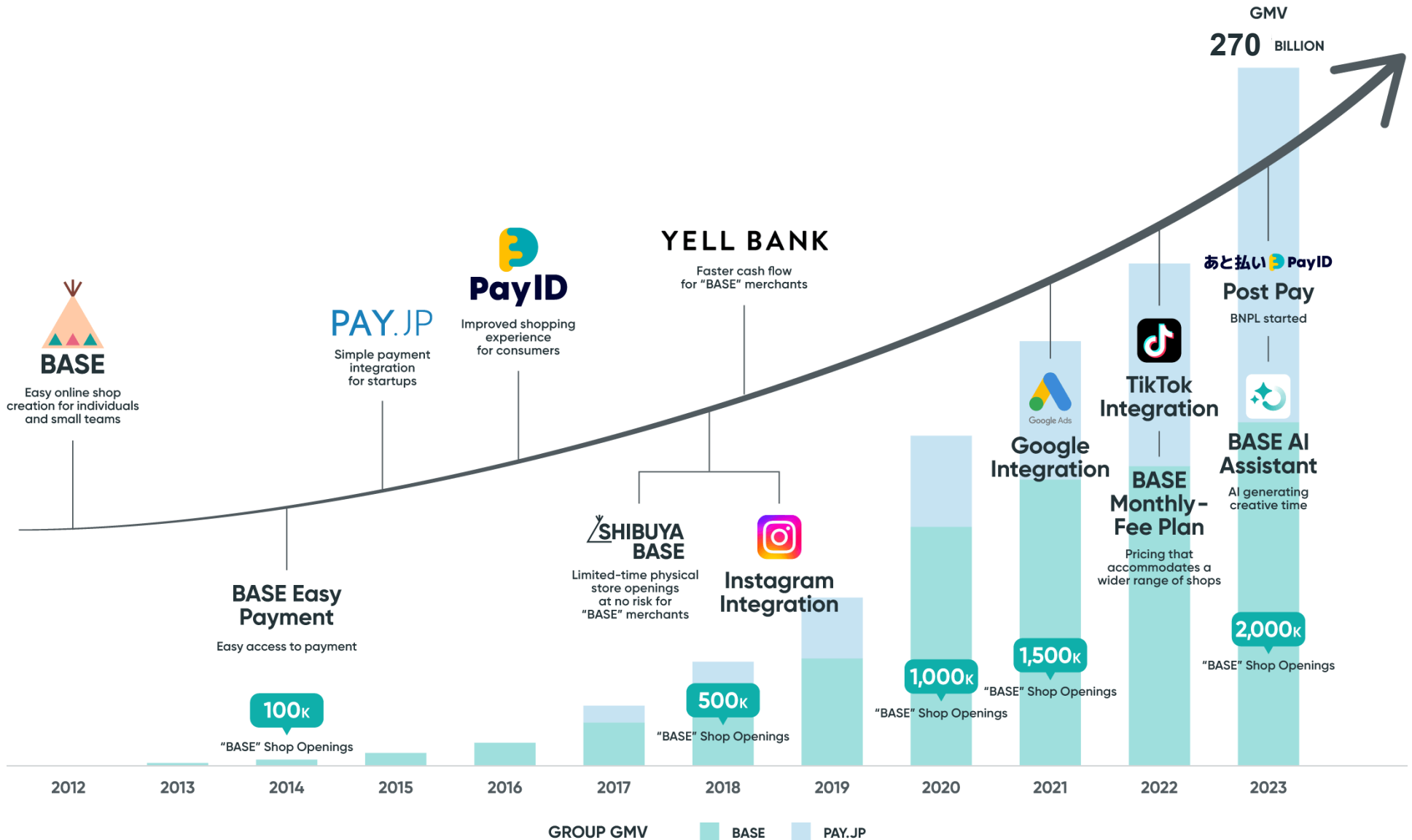
Means of payment should be available to everyone in the world and beyond. As a company, we aim to provide each and every individual with the opportunity to freely transform their potential into value.

Creating an economy for People through the Power of Payment.



Company Name	BASE, Inc.
Address	Sumitomo Real Estate Roppongi Grand Tower 37F, 3-2-1 Roppongi, Minato-ku, Tokyo 106-6237
Establishment Date	December 11, 2012
Directors	Representative Director Yuta Tsuruoka Director Ken Harada Director Masayuki Shimura Director Misa Matsuzaki
Number of Employees (Consolidated)	274 persons (as of December 31, 2023)
Subsidiary	PAY Co., Ltd.

History of the Group Growth

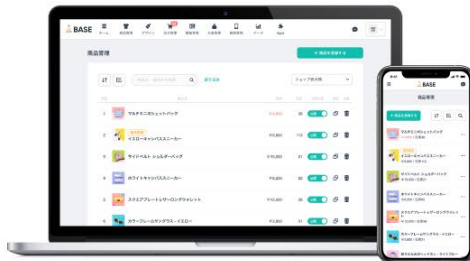


2. Business Outline

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

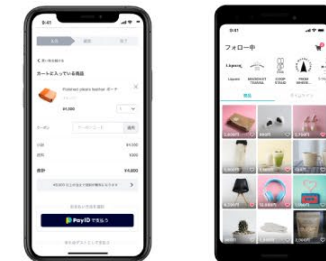


Payment Support

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



For Purchasers



Payment ID /
Shopping App

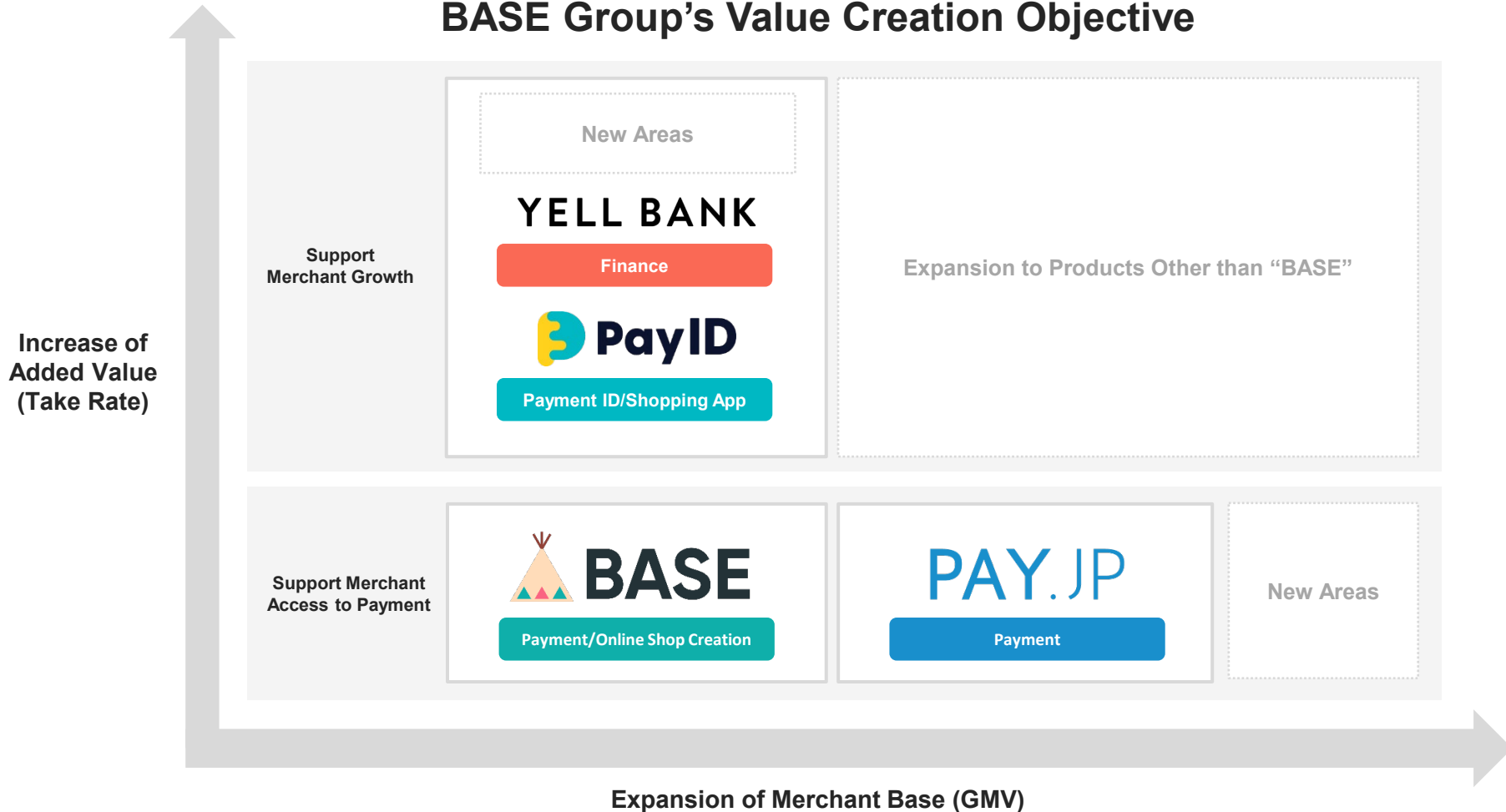
Shopping service providing smoother payment experiences including BNPL and helping to build relationships with purchasers

BASE Group's Policy for the Next Decade



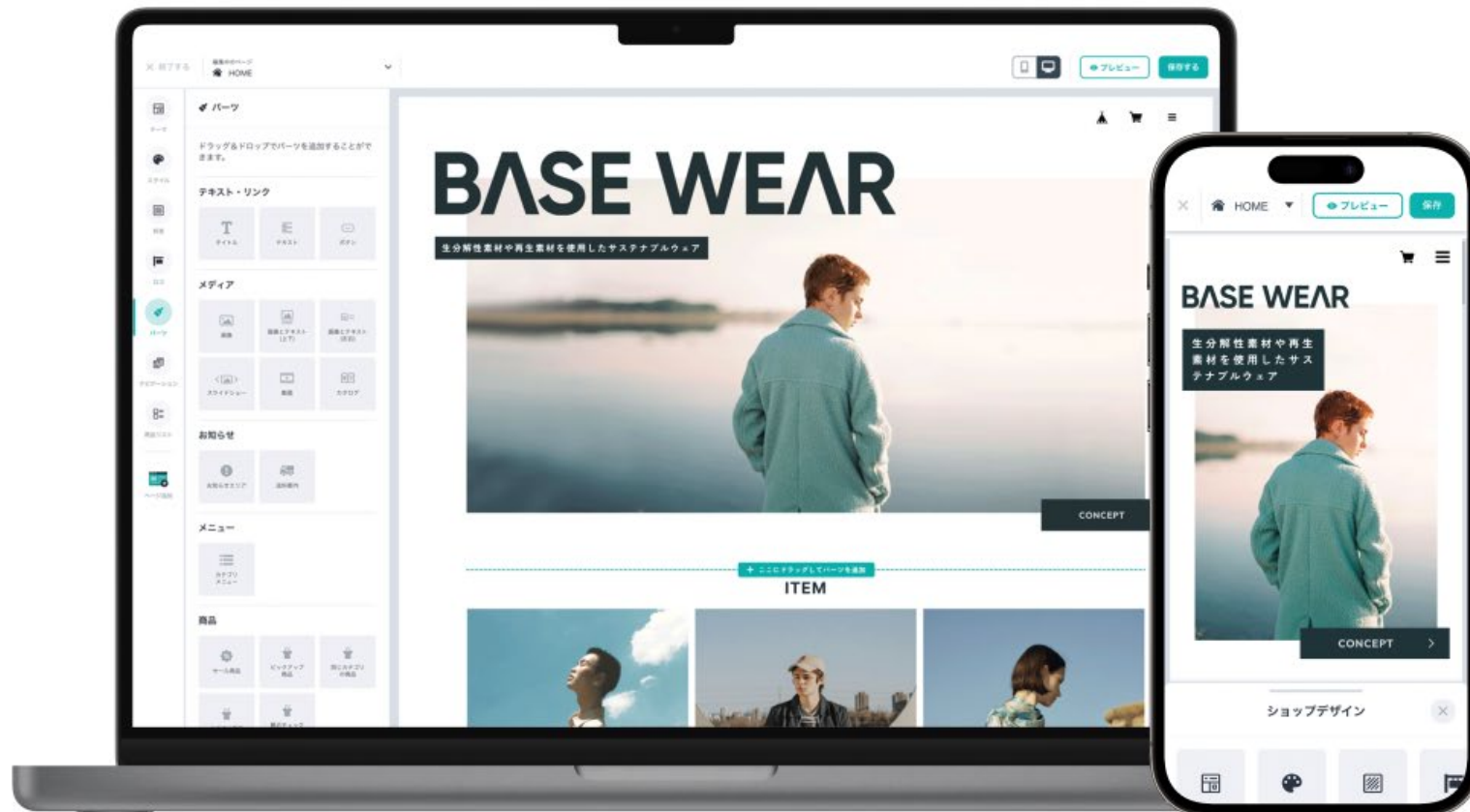
Will expand the “BASE” and “PAY.JP” merchant base (GMV), increase added value (take rate) for merchants through “YELL BANK” and “Pay ID,” and create further value by broadening into new areas

BASE Group's Value Creation Objective

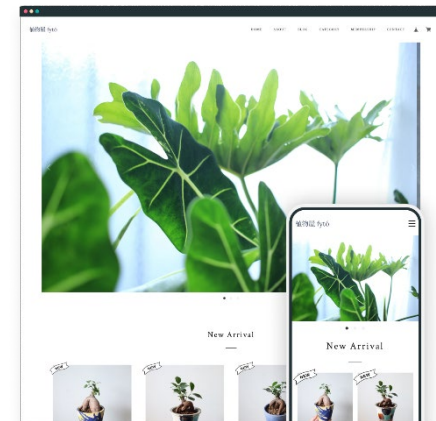
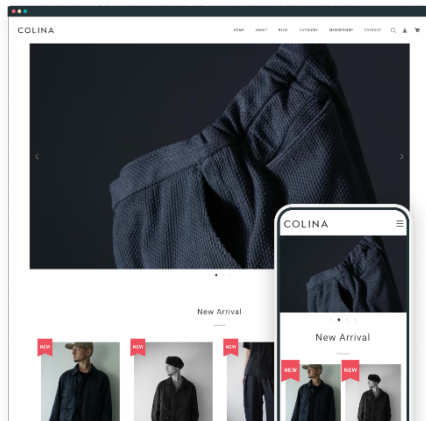
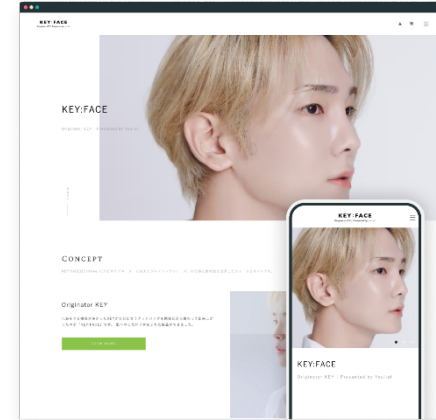
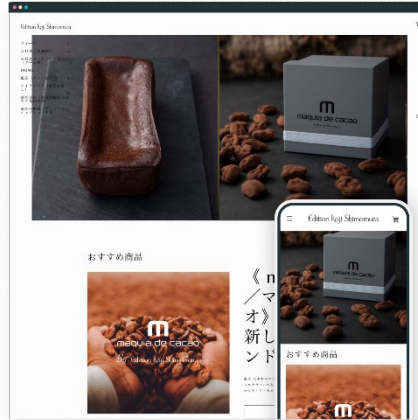
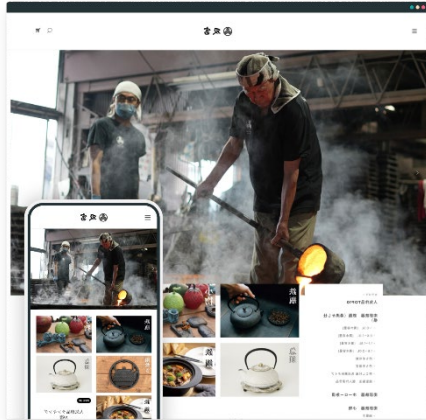


2-1. Online Shop Creation Service “BASE”

The online shop creation service enabling anyone to easily create well-designed online shops at no cost



Wide range of merchants from individuals and small teams to large companies.



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

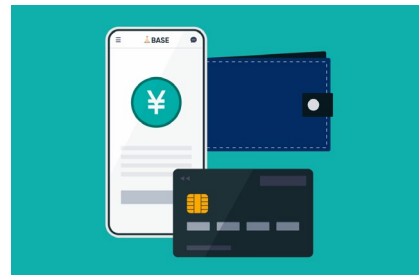
Point 1

Suitable Price Plans
for All Shops

売れるまで無料
初期費用 月額費用 0円
どのプランでもどの機能も使える

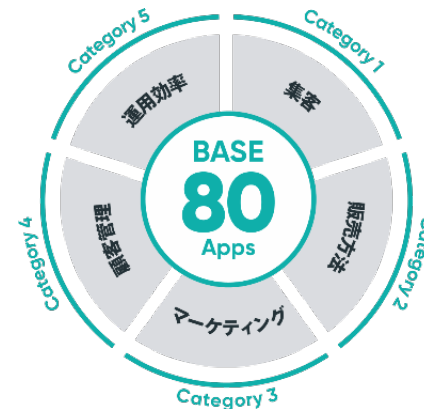
Point 2

“BASE Easy Settlement”
for immediate use



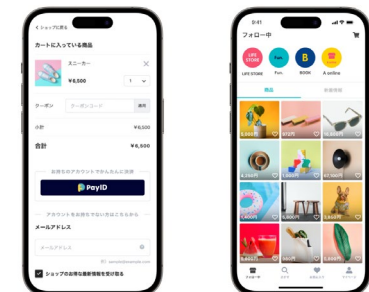
Point 3

Functions and services for
a wide range of sales scale



Point 4

Shopping Service
“Pay ID”



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 (Standard Plan)	Monthly-Fee Plan (Growth Plan)
Service Commission	3.0% of Payment Amount	19,980 Yen Per Month (Note2)
Payment Processing Commission	3.6%~ of Payment Amount + 40 Yen per Transaction (Note1)	2.9%~ of Payment Amount (Note1)

(Note1) Amazon Pay and PayPal payments incur an additional 1% system usage fee.

(Note2) 16,580 yen per month for annual payment

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	¥3,750 <small>(Note2)</small>
Initial Fee	¥0	¥0	¥3,300	¥11,000	¥0

Lowest price

(Note1) Pricing plans for each company are based on in-house research (as of March 2024). Comparison of plans that incur monthly fees

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

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

Overview of “Base Easy Payment”

- ✓ 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**
- ✓ Users can choose from **7 payment methods**

あと払い  PayID

Post Pay (Pay ID)

VISA



AMERICAN EXPRESS

JCB

Credit card



三井住友銀行

Bank transfer

d払い au UQ mobile
SoftBank Y! mobile

Carrier settlement



CVS Payment / Pay-easy

amazon pay

Amazon Pay

PayPal

PayPal

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

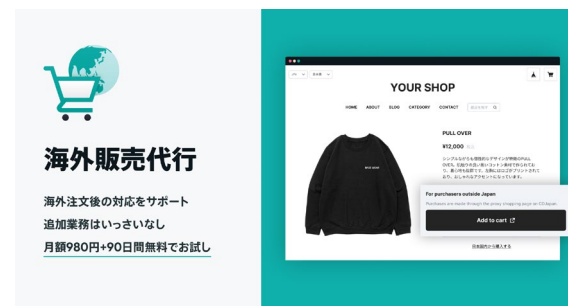
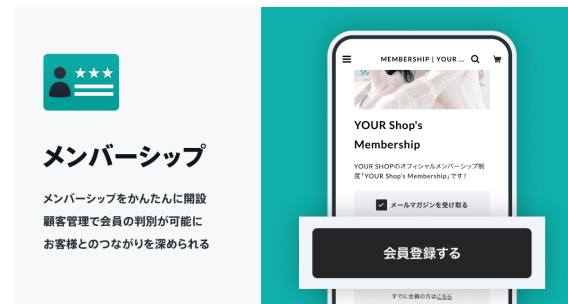
Standard Functions

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



Extension Function “BASE Apps”

Many extension functions to meet the diverse needs of a growing merchant



Other Services

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



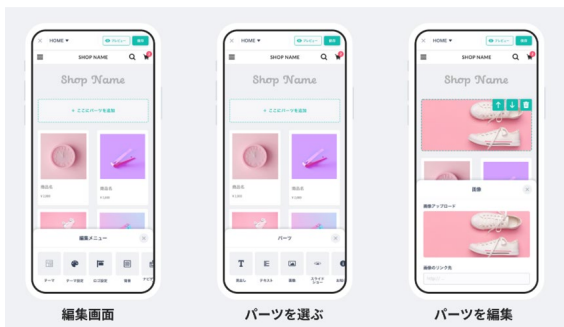
Providing functions necessary to open an online shop as standard functions to all merchants free of charge

Providing AI-based operational support functions in addition to no-code shop design functions

On-demand media "BASE U" providing know-how on operating an online shop

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**



BASE AI Assistant

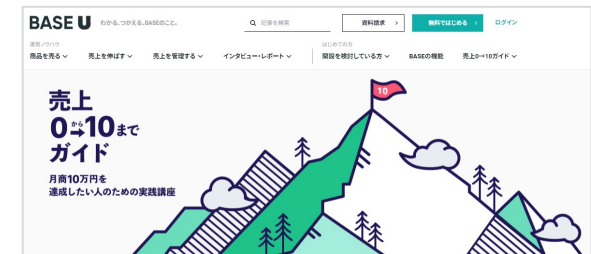
Providing all merchants with AI-based **operating support functions**, such as automatic generation of SNS posts and goods descriptions, automatic proposal of inquiry replies and shop design, etc.



Owned Media "BASE U"

Providing know-how and trends related to online stores, from start-up to operation, sales promotion, etc.

Support for solving a wide range of issues that vary depending on sales scale, operating structures, etc.




Many extension functions to meet diverse needs of a growing merchant

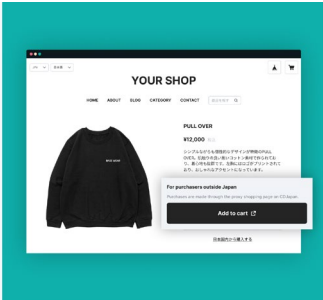
Providing support for sales promotion, CRM, and operational efficiency for merchants with a wide range of sales scale

Sales Promotion

Support sales channel expansion and marketing activities through cross-border EC and advertising effectiveness measurement functions, etc.



海外販売代行
海外注文後の対応をサポート
追加業務はいっさいなし
月額980円+90日間無料でお試し





広告効果測定
広告の効果を測定できるよう設定
コピー&ペーストでタグを配置

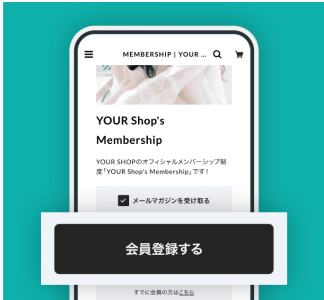


CRM

Support customer relationship building through functions that create loyal fans and lead to repeat purchases, etc.



メンバーシップ
メンバーシップをかんたんに開設
顧客管理で会員の判別が可能に
お客様とのつながりを深められる




メールマガジン
購入者にメルマガを無料配信
テンプレートでかんたん作成
リピーターやファン作りに最適



Operational Efficiency

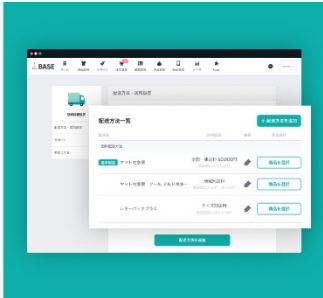
Support for flexible shipping and delivery, etc. to help merchants with a high volume of orders improve operational efficiency



かんたん発送
面倒な宛名書き作業が不要
配送料は全国一律
安心の追跡・補償付き




送料詳細設定
商品ごとに配送手段を設定できる
購入金額に応じた送料無料設定
(国内配送のみ)
海外の国・地域への配送設定



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

Physical Shops

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



Fundraising Service “YELL BANK”

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

30秒で資金調達。
支払は、売れた時だけ。



YELL BANK

あなたの未来を応援。

YELL BANK

(Note) Please see page 33 for details.

Point 4: Shopping Service “Pay ID”

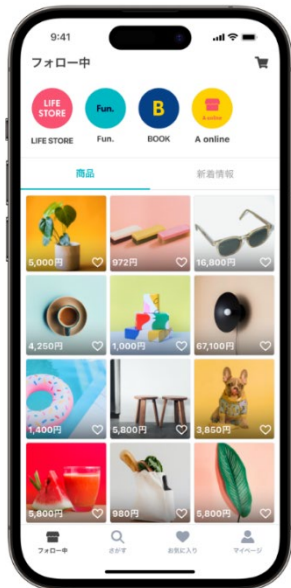
Providing "Pay ID" shopping service for purchasers, which can be used for shopping at "BASE" shops

Shopping app makes it easier for merchants to attract new and repeat customers

Purchasers can also use the shopping app and ID payment for easy and safe shopping at shops created with "BASE"

Outline

Provides a shopping application that enables users to follow stores, search for stores and goods, etc., as well as ID payment services such as 1-click payment



▲ the shopping app



▲ ID Payment

Added Value

Added value for merchants

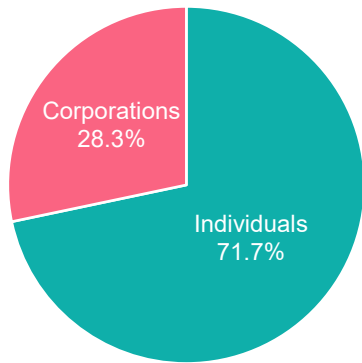
- ✓ **Increase repeat customers** by creating continuous connection with purchasers through the app's follow-up and push notification functions, etc.
- ✓ **Increase new customers** through app search and recommendation functions, etc.

Added value for purchasers

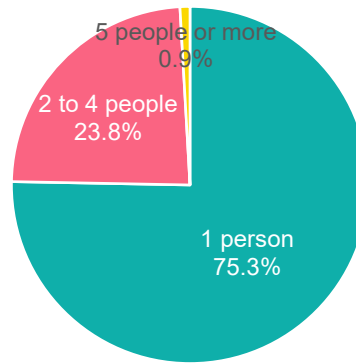
- ✓ Smoother shopping experiences at favorite shops by using follow-up function of the shopping app
- ✓ Discovery of new shops by using browsing and recommendation functions of the shopping app
- ✓ ID payment available at all shops created with “BASE”
- ✓ An easy shopping through 1-click payment

Individuals and small teams without a physical stores, attracting purchasers using social media, and selling a wide range categories of original goods

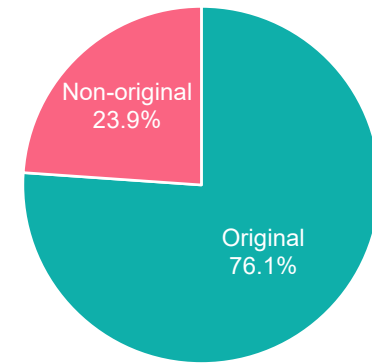
Merchants Management Structure



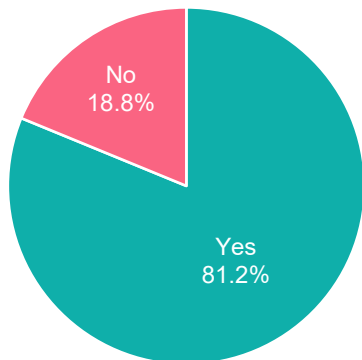
Number of Operators



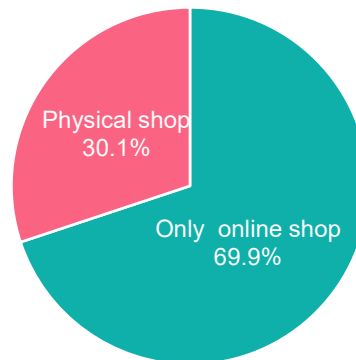
Selling of Original vs Non-original Goods



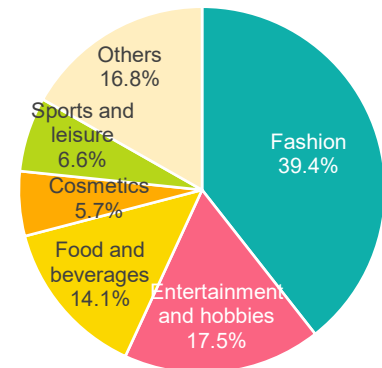
Merchants Who Use Social Media



Merchants Who Own Physical Shops

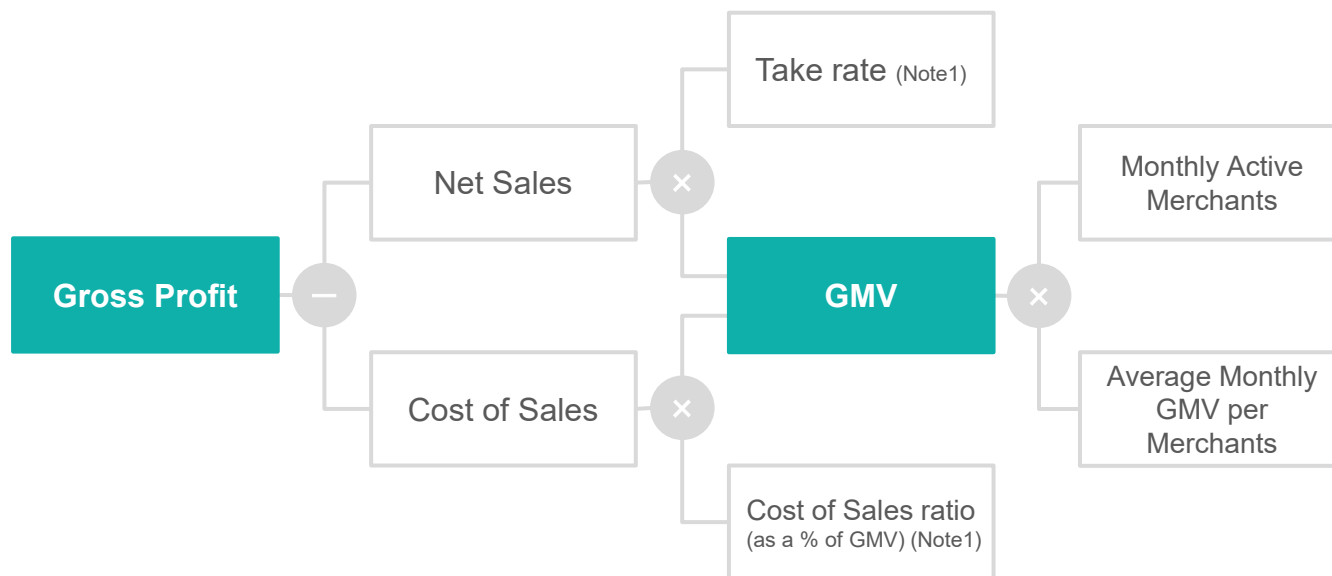


GMV Ratio by Goods Category



Gross profit mainly driven by GMV

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 selectin CVS, post pay, bank transfer, and carrier payment

Composition of Cost of Sales

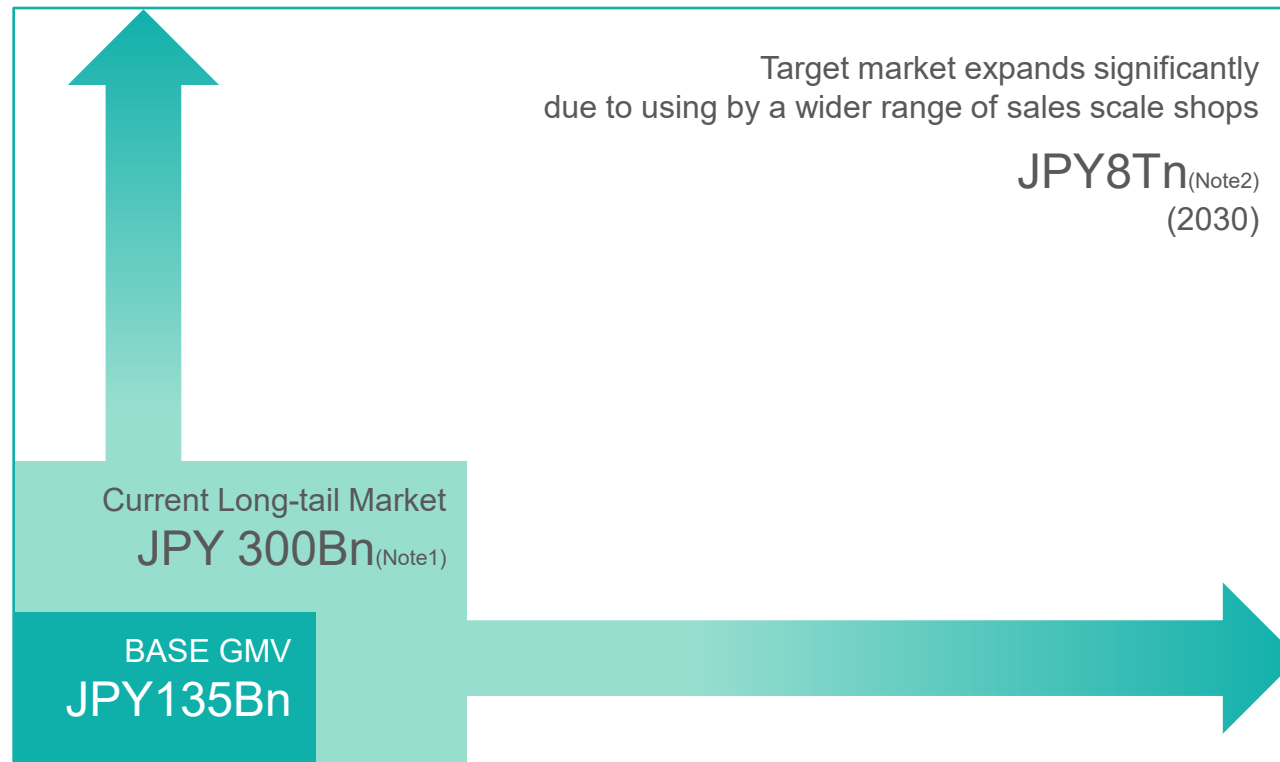
- ✓ Mainly commissions paid to payment processing companies

(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 15 for details.

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

Target market expands significantly, because “BASE” continues to be the best choice for individuals and small teams and a wider range of sales scale shop use



(Note1) Estimate by company based on assumption of GMV (order amount) of the BASE business in FY2023 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 of goods EC space

2-2. Online Payment Service “PAY.JP”

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

PAY.JPで支払いの すべてをシンプルに

わかりやすい機能でクレジットカード決済の導入をサポートします

1 アカウント登録



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 本番利用申請



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、最長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 PAY.JP APIの組み込み



チュートリアル・APIリファレンスを参考にして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。



3ステップで導入

あなたの決済をすく、かんたんに

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

シンプルな機能

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

0円

トランザクション費用

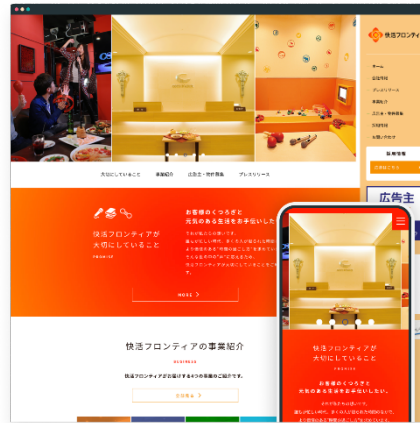
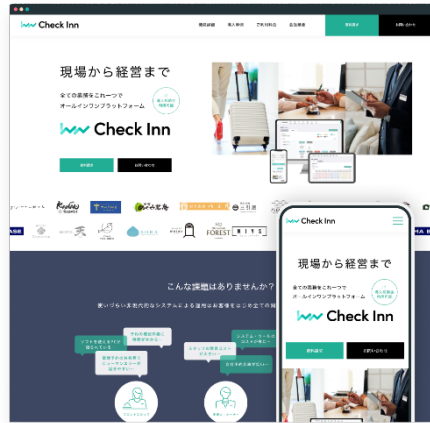
0円

決済手数料

2.59%~



Mainly used by start-up companies selling goods as well as services



Solving complex problems of online payment services such as "time-consuming to apply," "expensive," and "difficult to use"

Point 1

Simple functions to integrate payment with only 3 steps

1 Account Registration





2 Application for Use



3 Built-in PAY.JP API

Point 2

Flexible and reasonable fee structure

	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	One per month with close month-end / Two per month close 15 th and month-end				

Point 3

Strong security complying with global standards



Tokenizing



PCI DSS

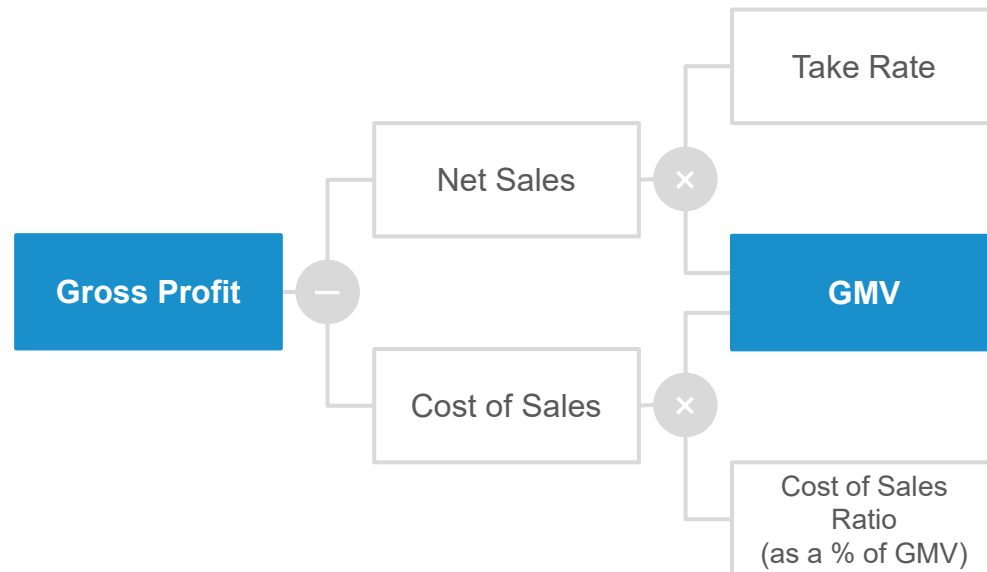


Monitoring

Gross profit mainly driven by GMV

Take rate and cost of sales ratio (as a % of GMV) fluctuate based on GMV mix of pricing plan 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

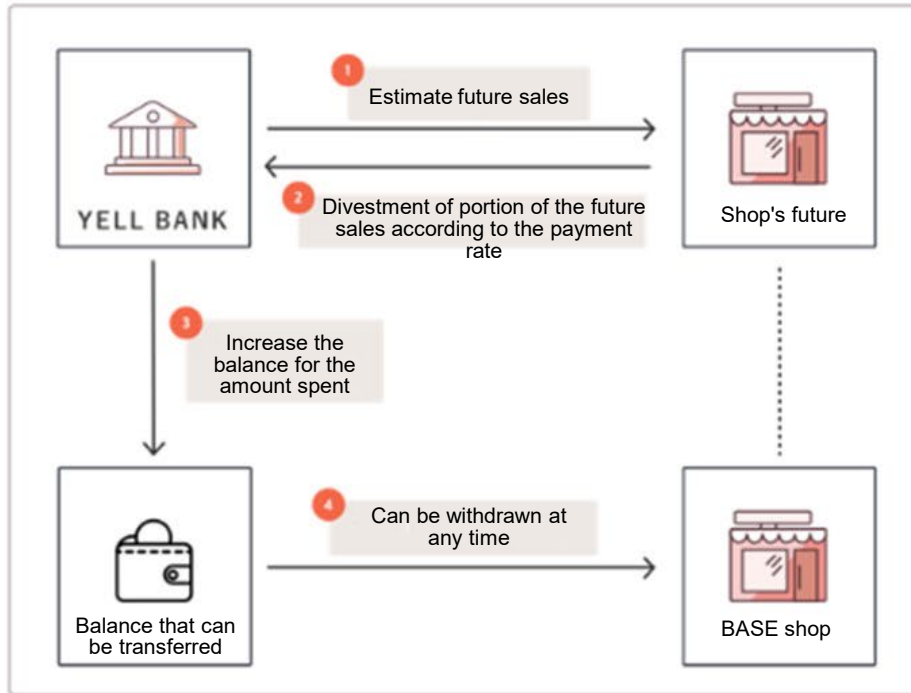
2-3. Fundraising Service “YELL BANK”

Fundraising Service “YELL BANK”

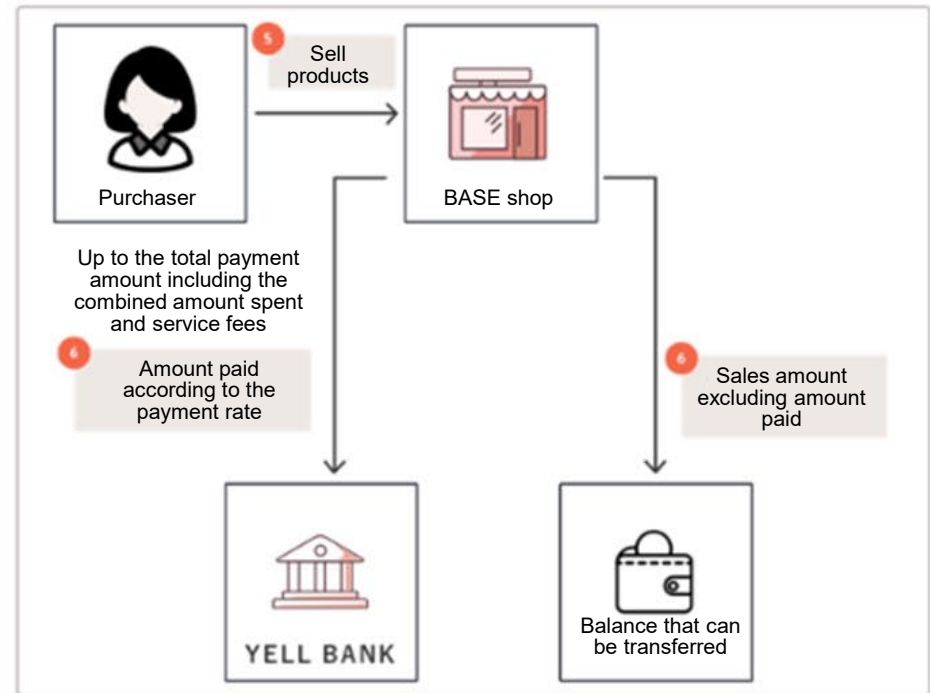
Factoring service for future receivables (Note) for “BASE” merchants

With no prior screening or documentation required by traditional financial institutions, and payments only due when goods are sold, **merchants can raise funds immediately and without risk**

Process for obtaining financing



Payment process



(Note1) BASE provides funds to a merchants by estimating future sales based on the sales history and buying the receivables arising in the future

(Note2) Amounts collected in excess of shop spend are recognized as sales in the Other business

Merchants can raise funds instantly with easy process

Step 1

The funding amount available displayed on the administration screen of merchants with certain criteria

あなたのショップの家賃から資金を調達できるようになりました。

最大 ¥300,000 まで資金調達できます

調達金額を選ぶ

YELL BANKへつなぐ

※ サービス利用料は、調達金額の1〜10%かかります。調達金額によって変動します。
※ 家賃連金額からあらかじめYELL BANKのサービス利用料を差し引いた金額が、売上残高に計上されます。

Step 2

Selecting the funding amount

BASEから調達する金額を選ぶ

資金調達をすると、すぐにBASEの売上残高を増やすことができます。

最大 ¥270,000 まで調達できます

¥60,000 ¥90,000 ¥180,000

上記の金額以外を調達する

Step 3

Select the percentage paid to BASE from future sales

売上からBASEに支払う割合を選ぶ

支払いは資金調達後に、商品が売れたタイミングで、売上からBASEに支払う割合に応じて自動的に支払われます。

支払う割合が大きいほど支払いペースが早くなり、サービス利用料もお得です。

30% 60% 90%

60%の支払率で¥10,000の商品が売れたとき

売上残高 ¥4,000

BASE ¥6,000

自動で支払い

Step 4

The funding amount added to the merchant's balance

お金管理

売上残高 ① ¥300,000

お金管理

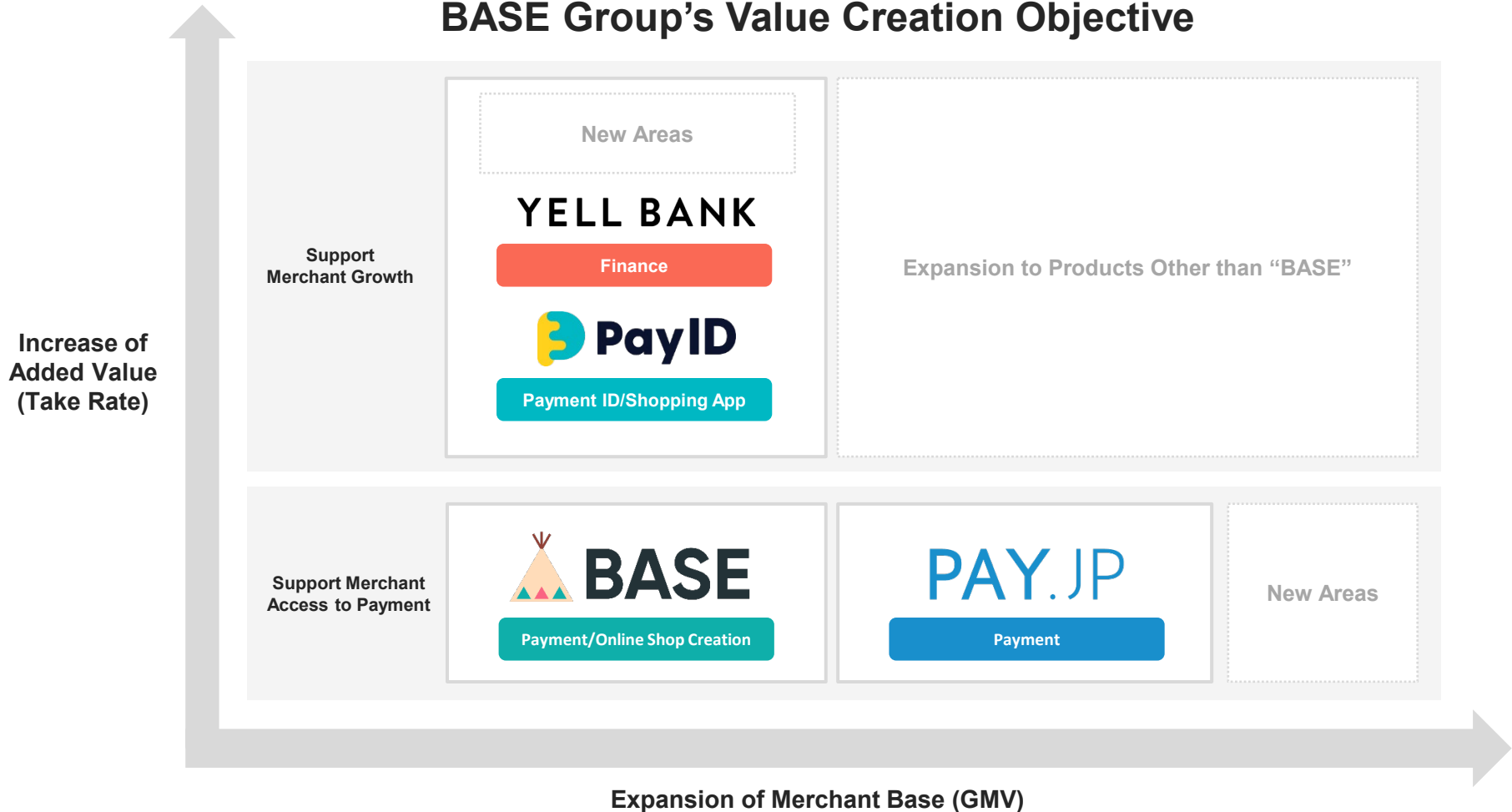
売上残高 ② ¥760,000

3. 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

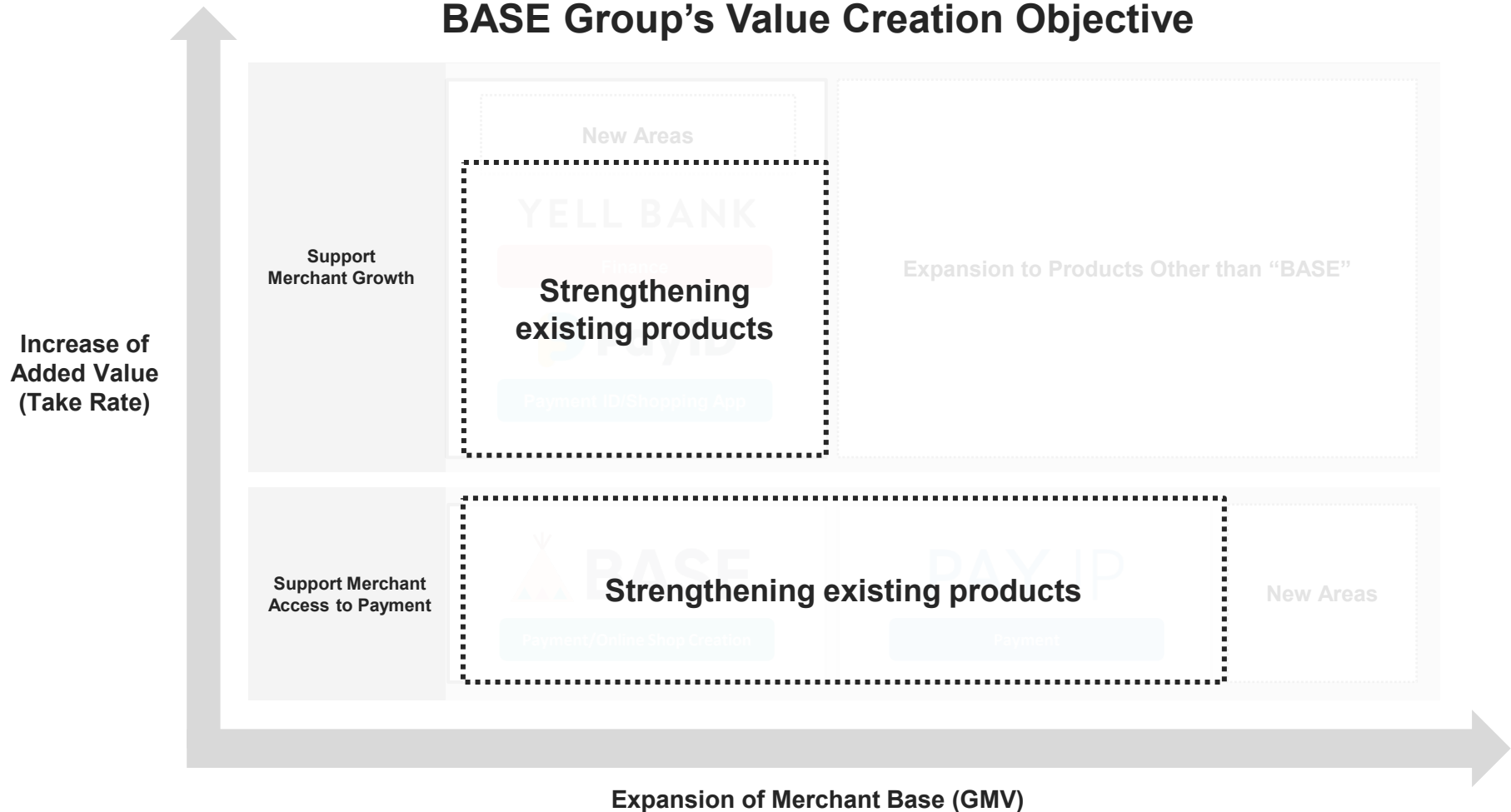


Growth strategies for existing products	Group	<ul style="list-style-type: none"> ✓ Achieve both GMV growth and improved profitability by strengthening existing products through increasing added value and optimizing pricing accordingly, as well as through improving marketing measures, etc.
	BASE	<ul style="list-style-type: 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

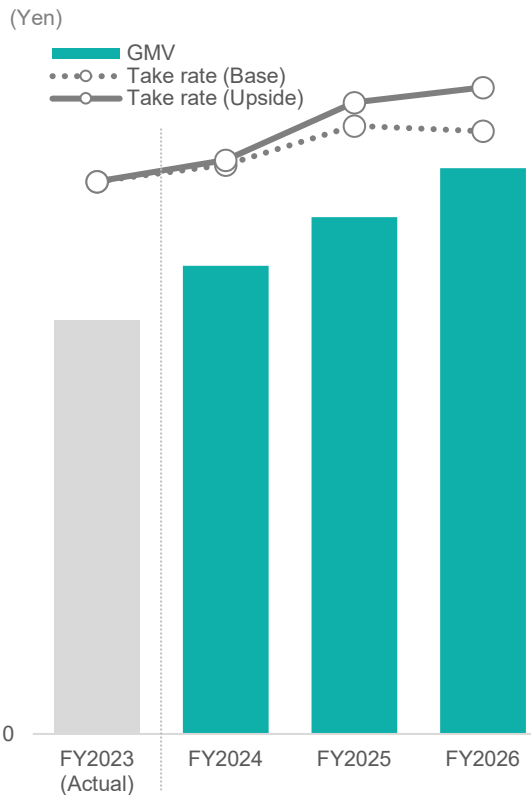
- ✓ Offering paid extended functions and working on monetization of purchaser assets etc.

Improving marketing measures

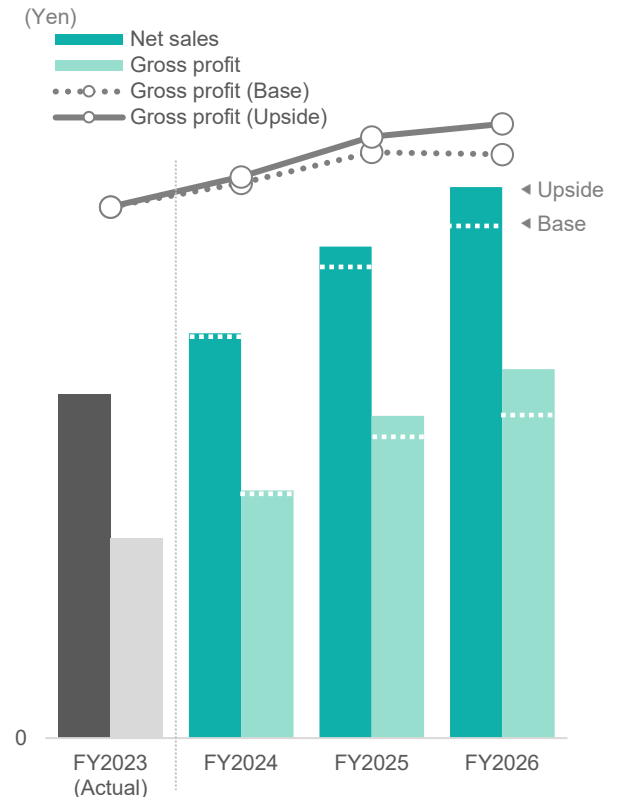
- ✓ Continued rebranding with the aim of expanding coverage to shops with a wide range of sales sizes, while maintaining a disciplined investment policy

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

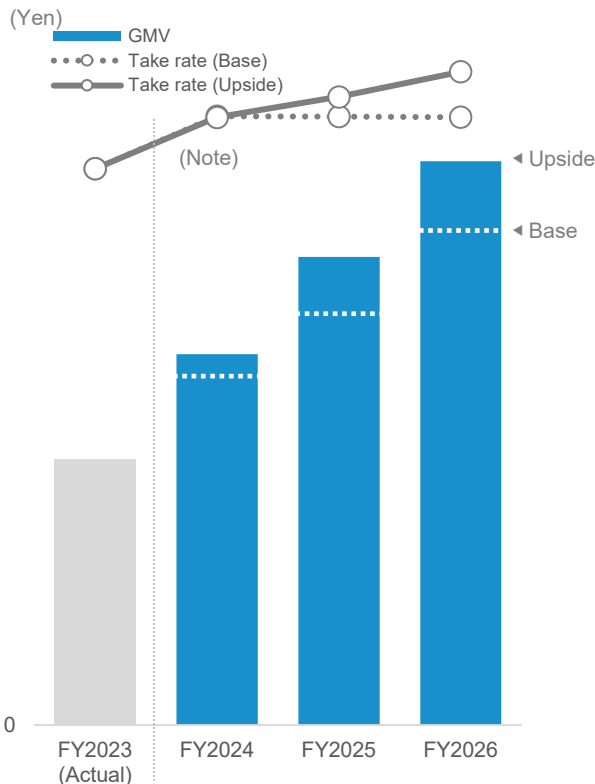
- ✓ Optimizing the fee structure based on the expansion of the value provided
- ✓ Improving cost of sales ratio in line with platform growth

Strengthening sales and marketing

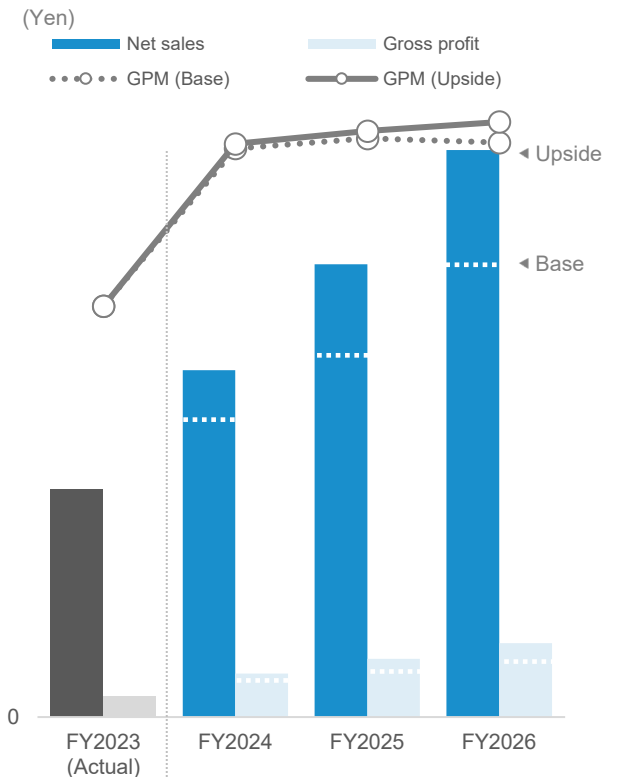
- ✓ Establishing an efficient sales and marketing structure to attract more new merchants
- ✓ Promoting relationship building with existing large merchants

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

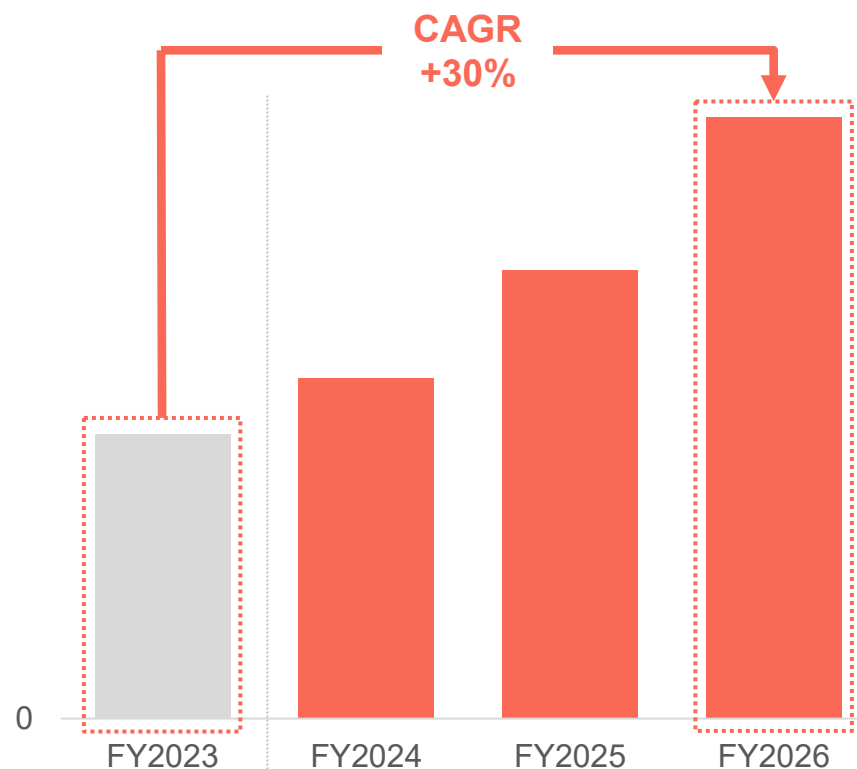
- ✓ More flexibility in the amount of funding and the method of payment of fees when "BASE" shops raise funds via "YELL BANK"
- ✓ Promoting the use by "BASE" shops through campaigns, etc.

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)



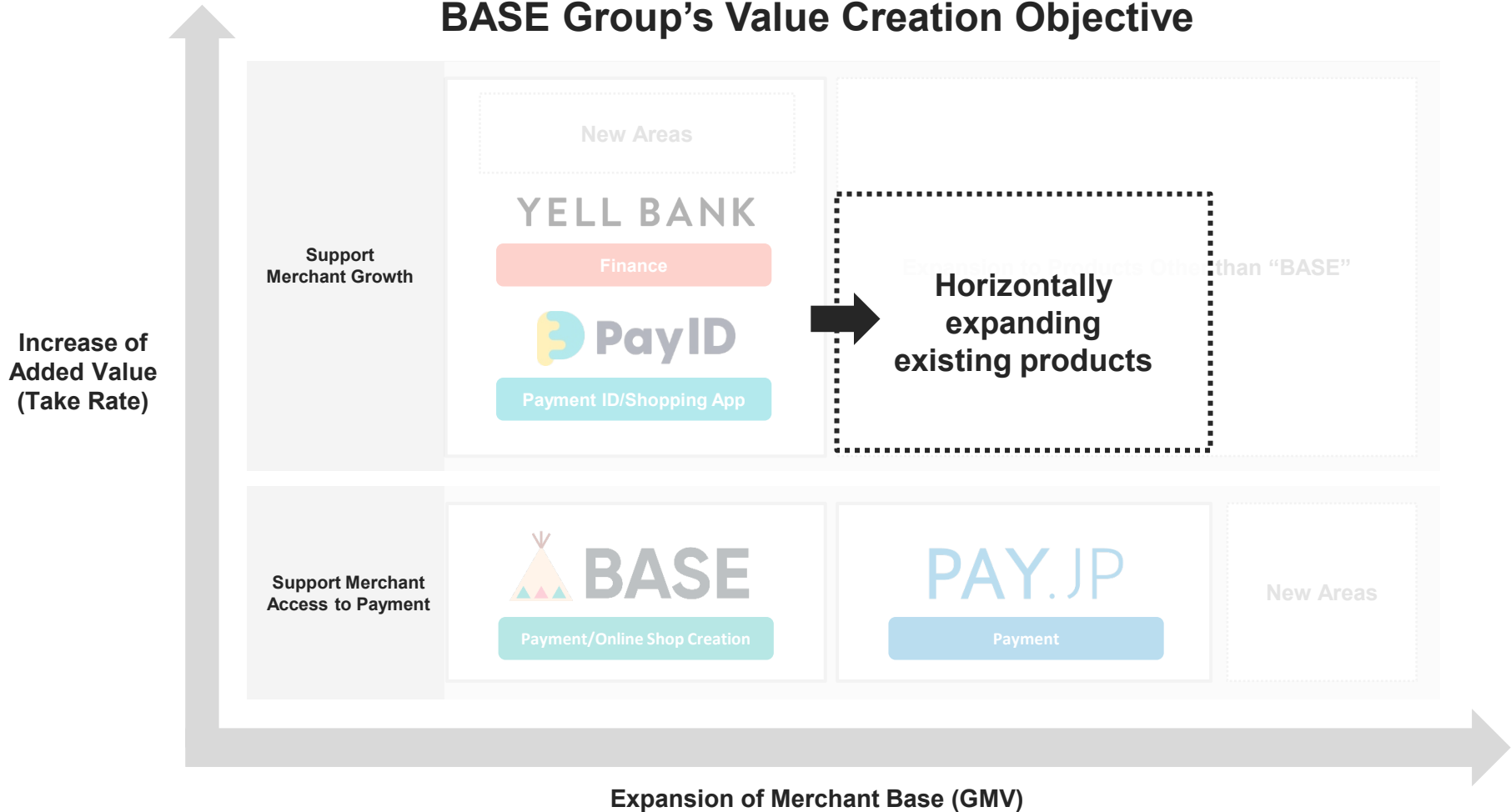
(Note1) Other business include 'YELL BANK' and 'BASE Cards', the majority of which are "YELL BANK"

(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

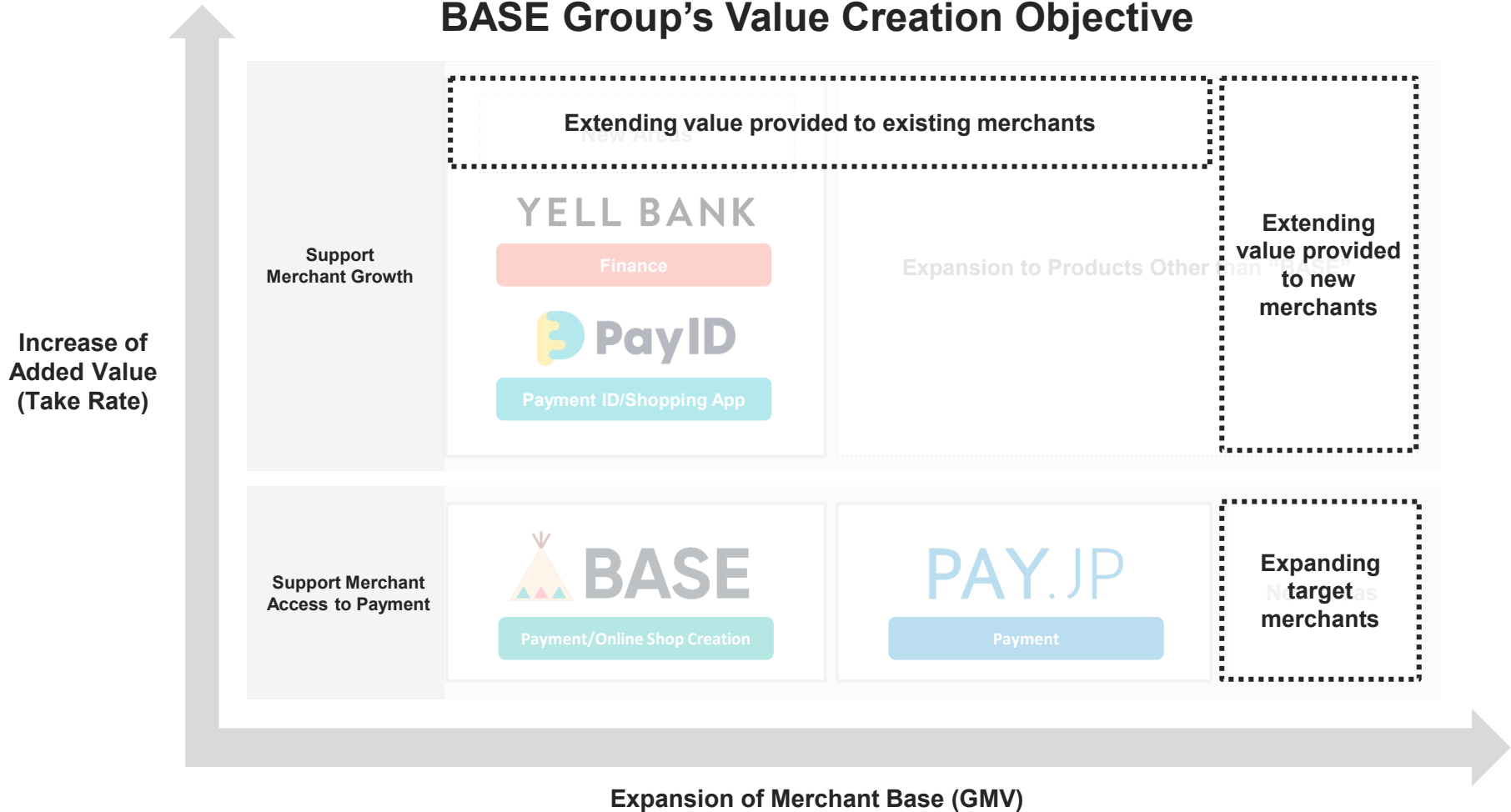
BASE Group's Value Creation Objective



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

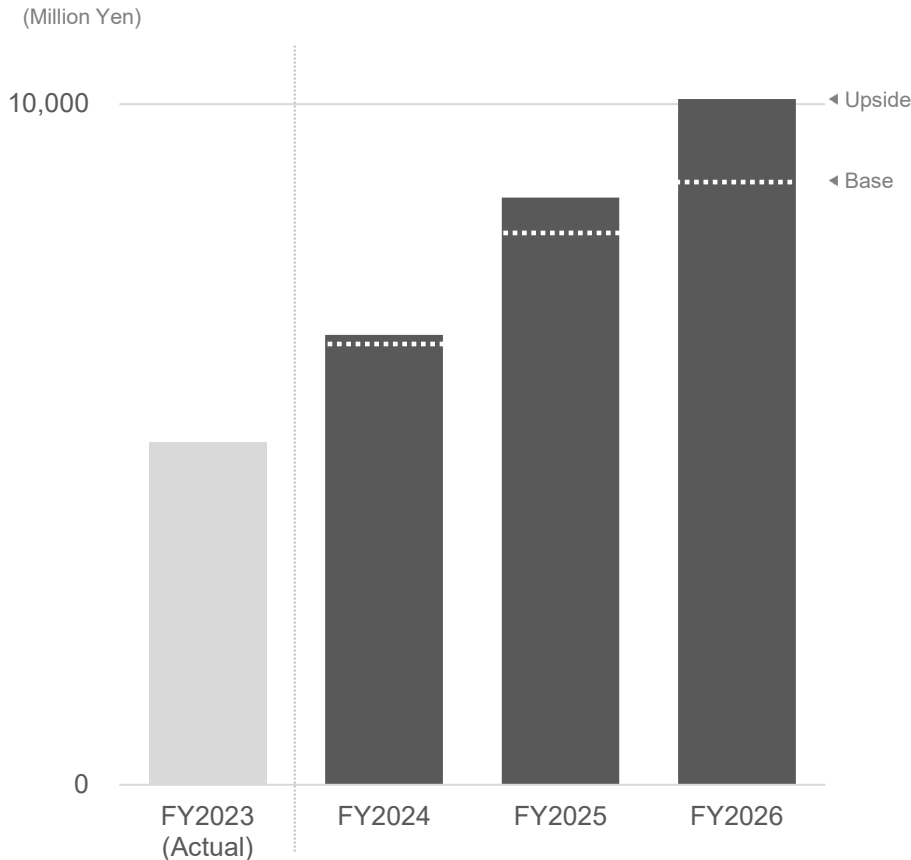
BASE Group's Value Creation Objective



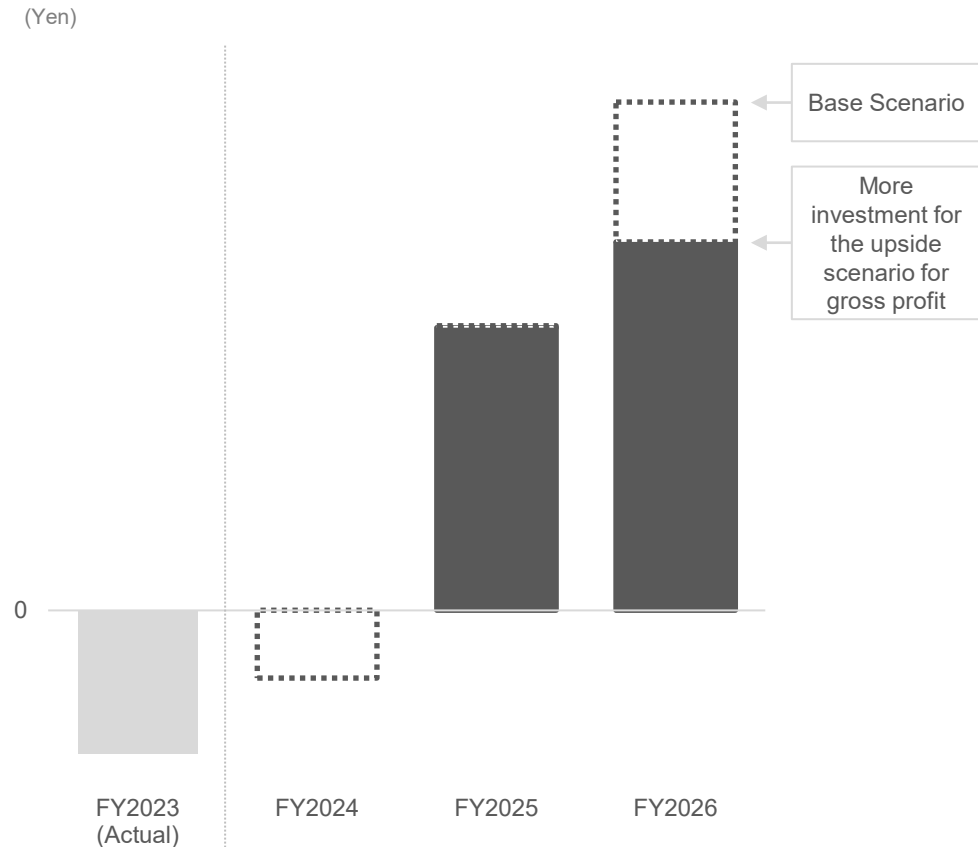
Aim to achieve gross profit of JPY 10 billion from FY2026 onwards as soon as possible

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)

GMV and Gross Profit	<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
SG&A Expenses	<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
Operating Profit/Loss	<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

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

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"

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

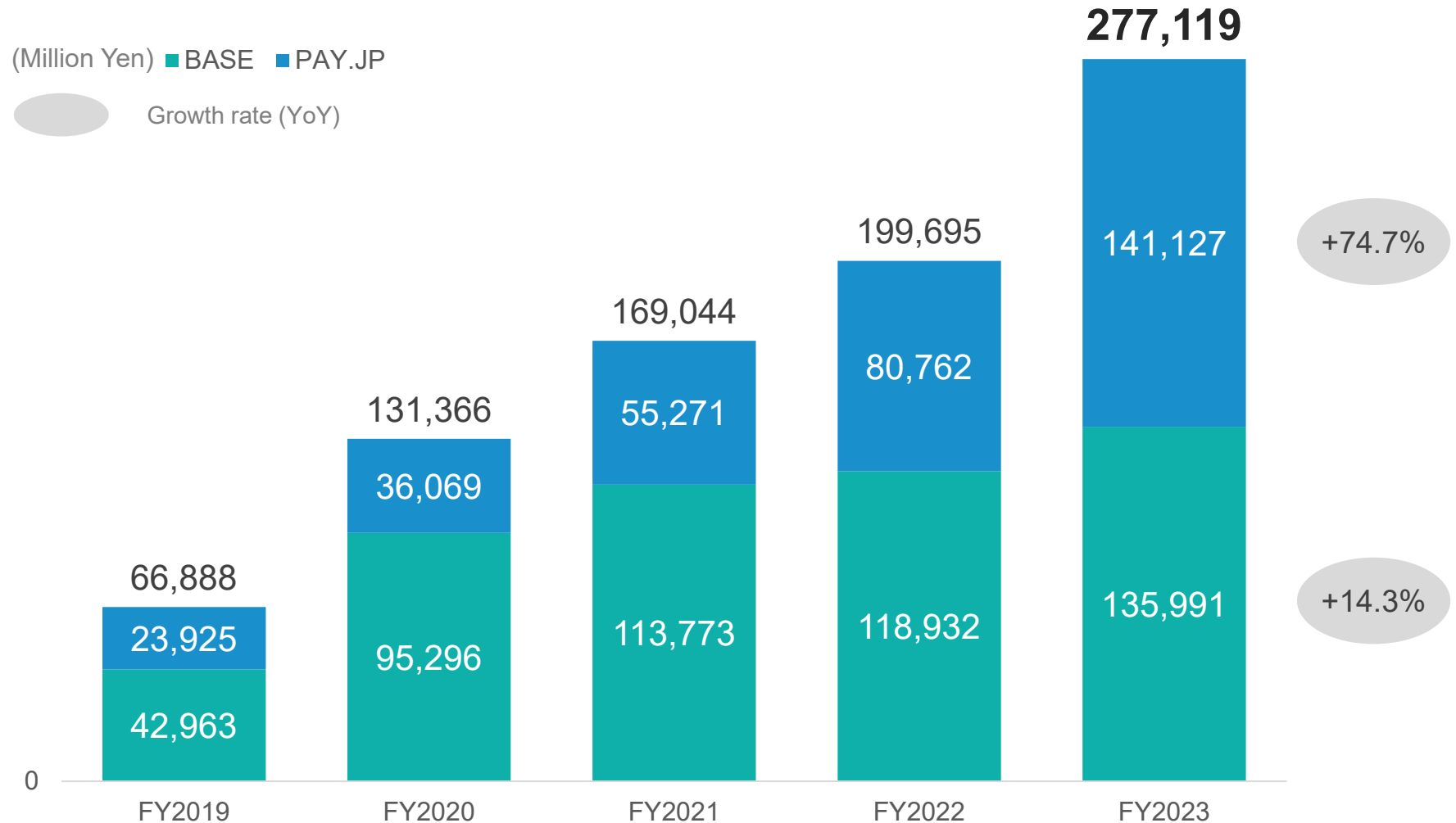
(Million Yen)	As of Dec. 31, 2023	As of Dec. 31, 2022	Change
Current assets	36,965	30,946	+19.5%
(of which, cash and deposits)	22,227	22,344	-0.5%
(of which, trade accounts receivable) (Note1)	13,821	7,977	+73.2%
Non-current assets	331	332	-0.2%
(of which, Investment securities)	36	39	-7.9%
Total assets	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

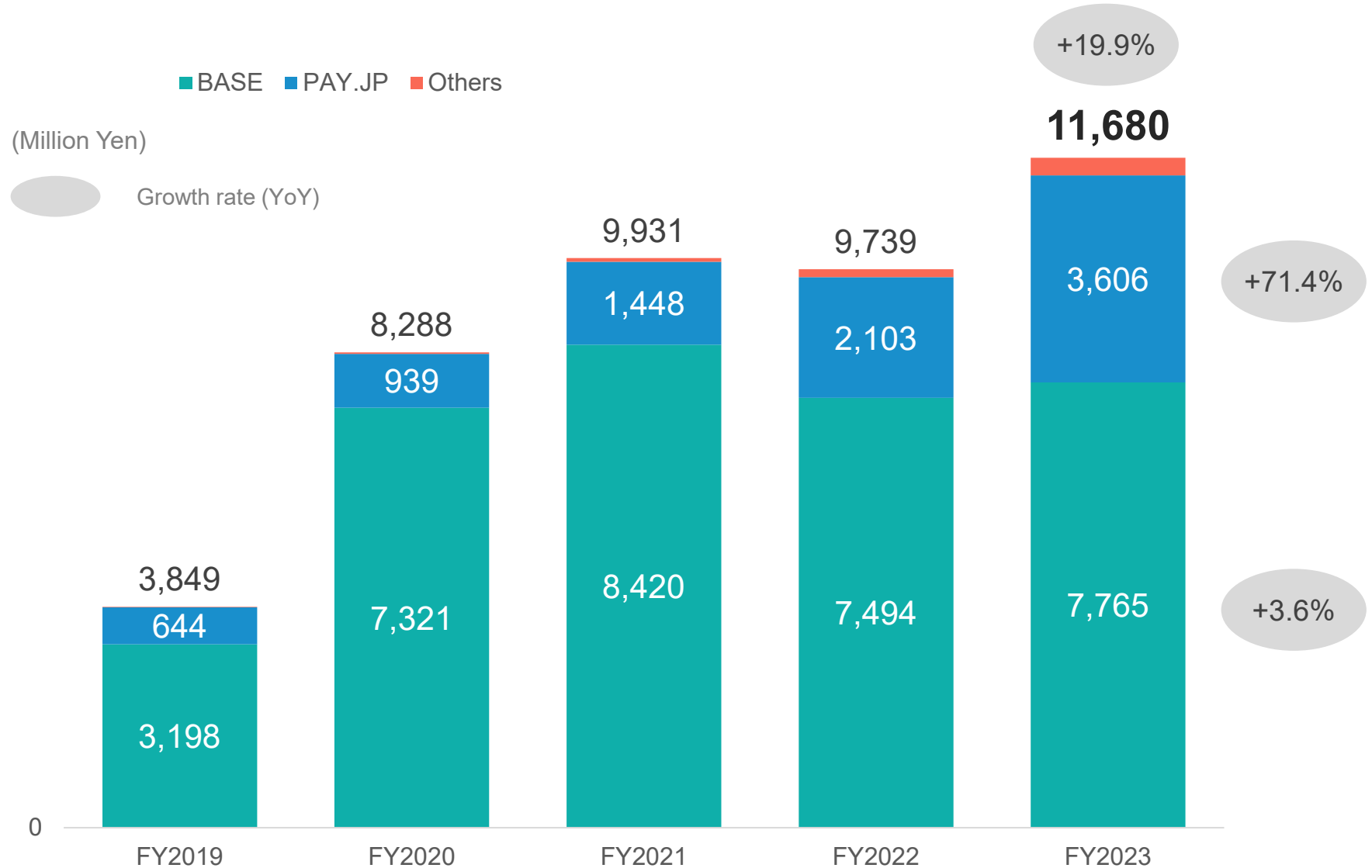
(Note3) Operating deposits: Outstanding amount of settlement to be paid by our company to member merchants in the PAY.JP Business

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

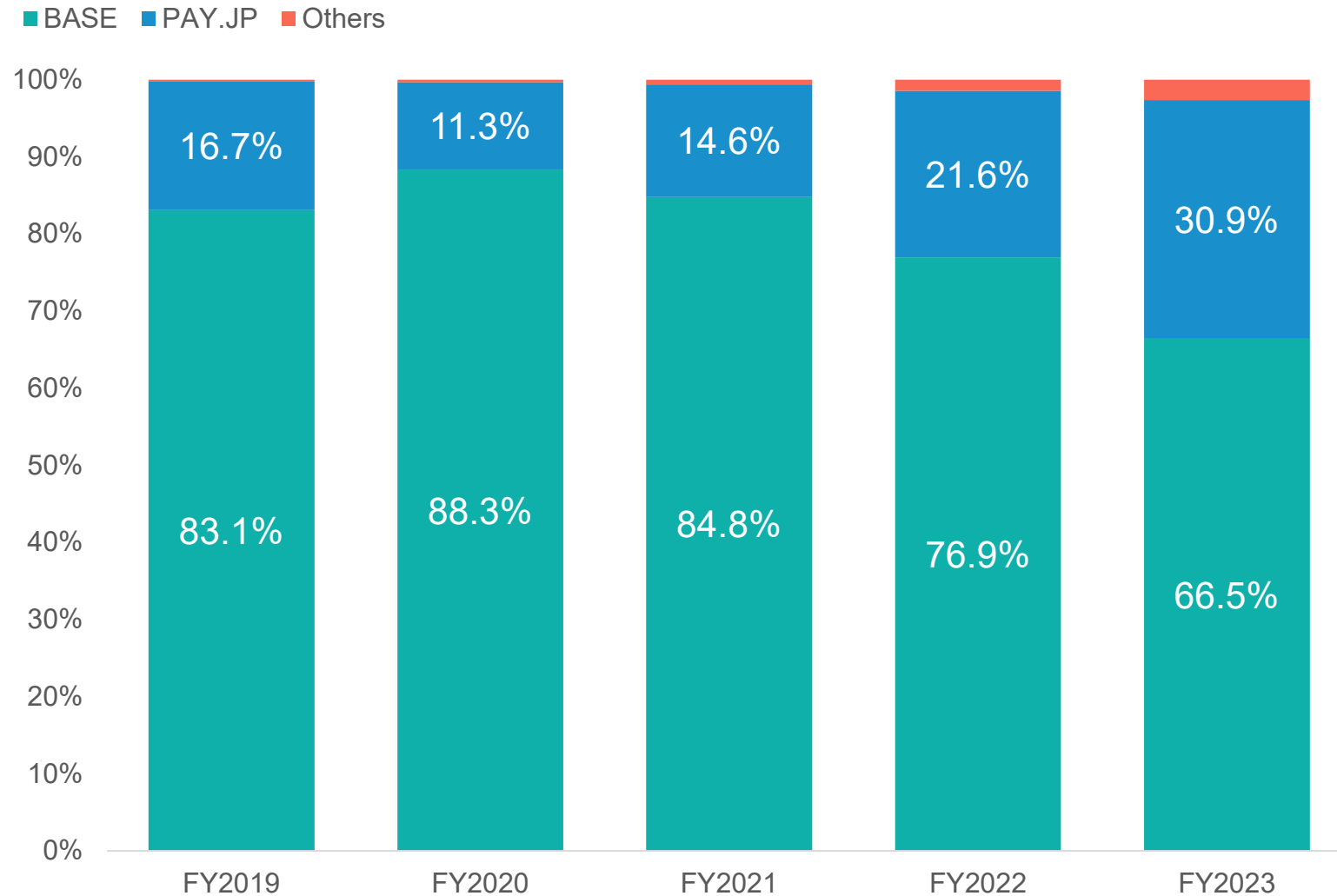


(Note) BASE's GMV is based on the order date (order amount). PAY.JP's GMV is based on the payment date (payment amount)

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

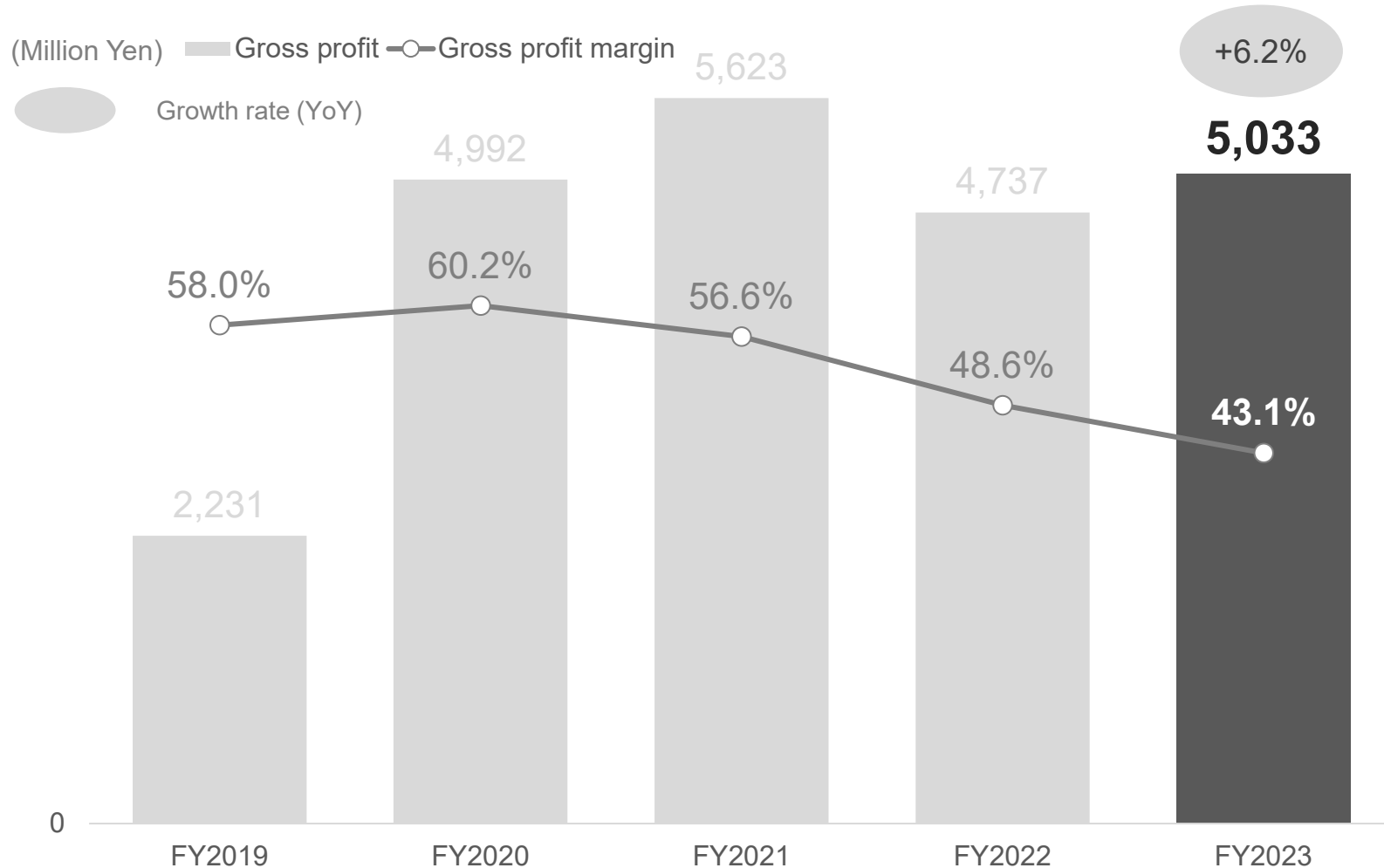


Net sales ratio for the BASE Business decreased YoY due to the PAY.JP Business's net sales growth

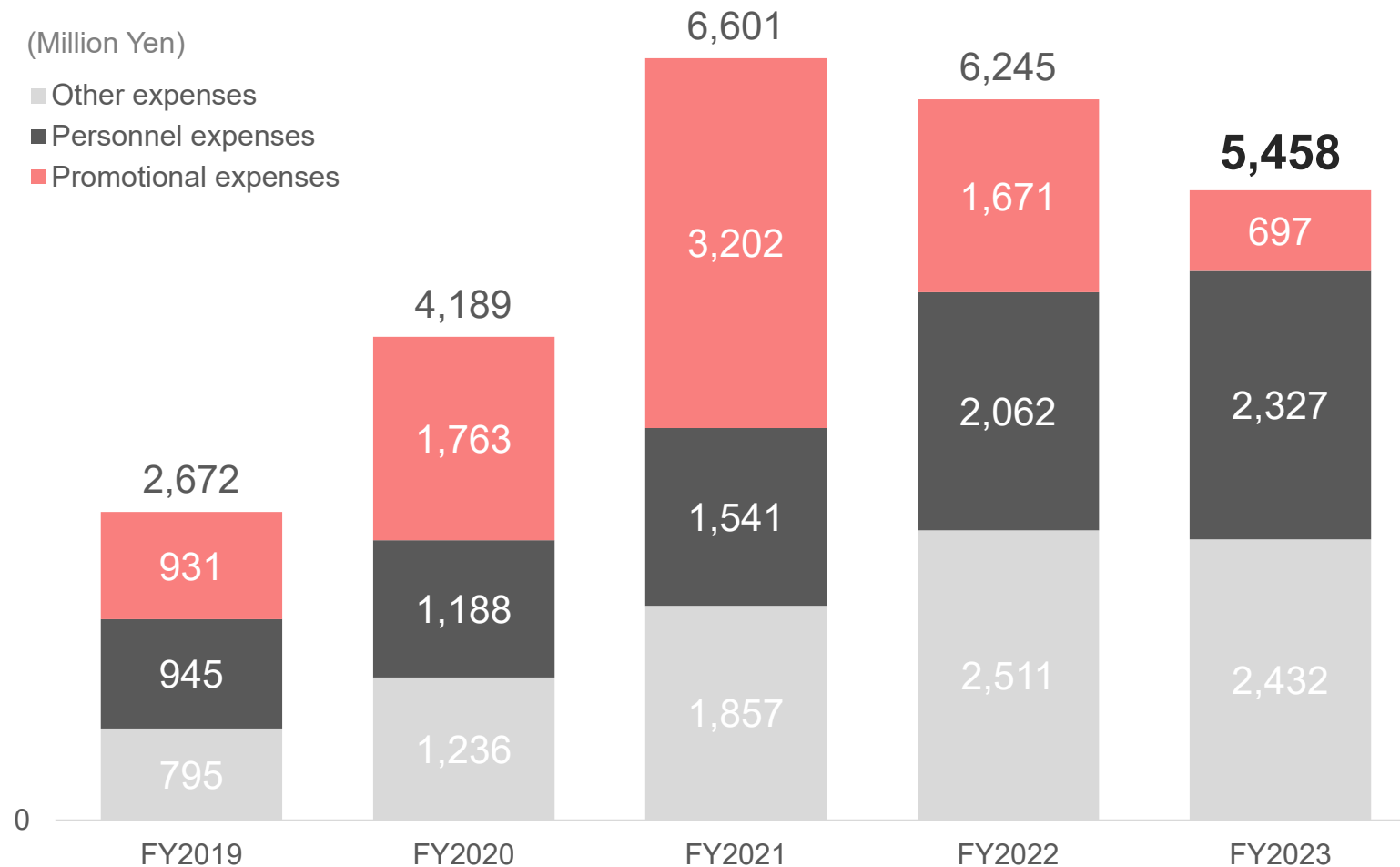


Consolidated gross profit increased YoY due to the increase in Group GMV

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



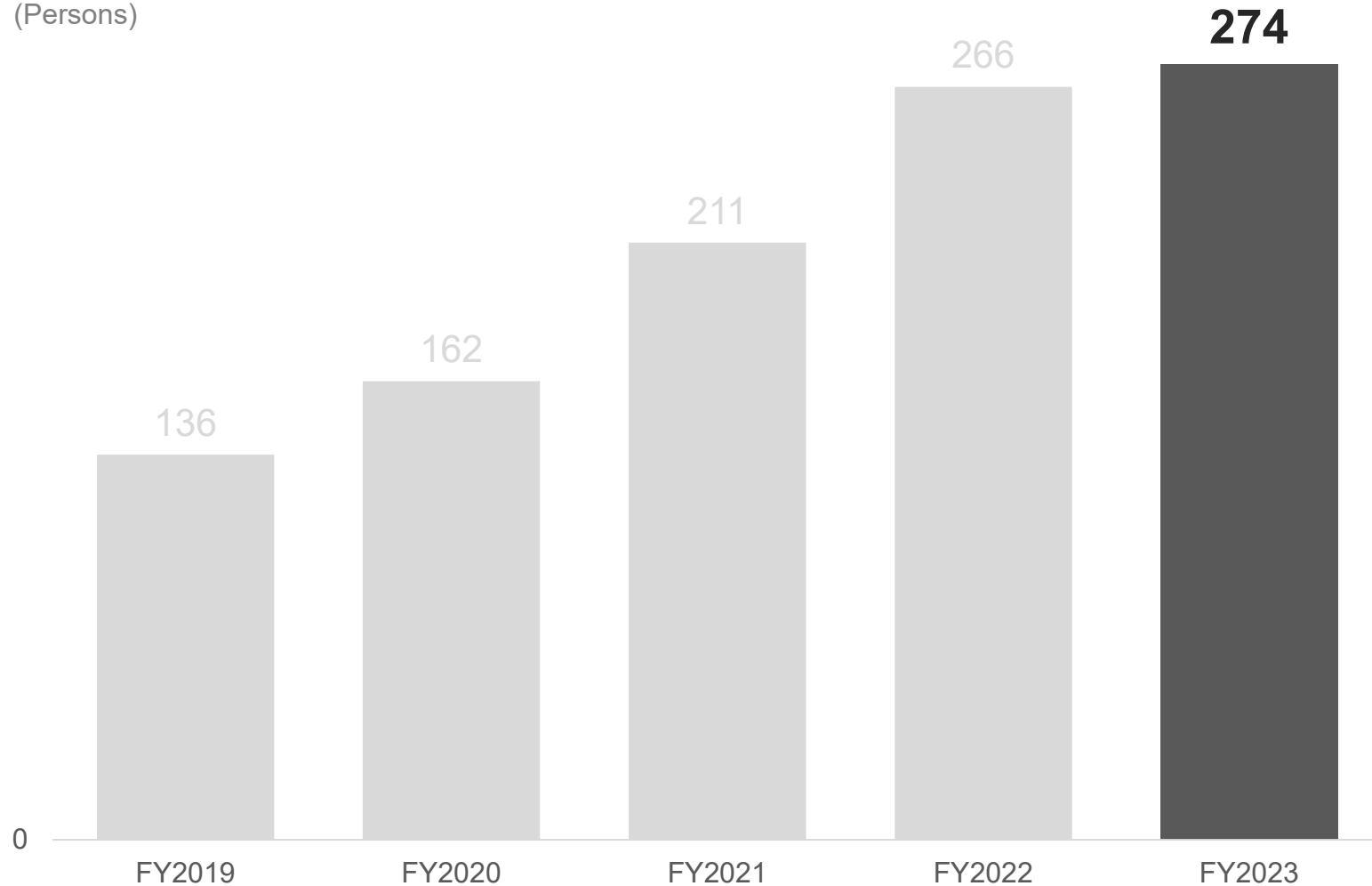
- **SG&A expenses decreased YoY, mainly due to the significant reduction in promotional expenses**
- Promotional expenses reduced significantly due to more efficient promotional support and a reduction in awareness marketing etc.
- Personnel expenses increased due to an increase in the number of employees



(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)

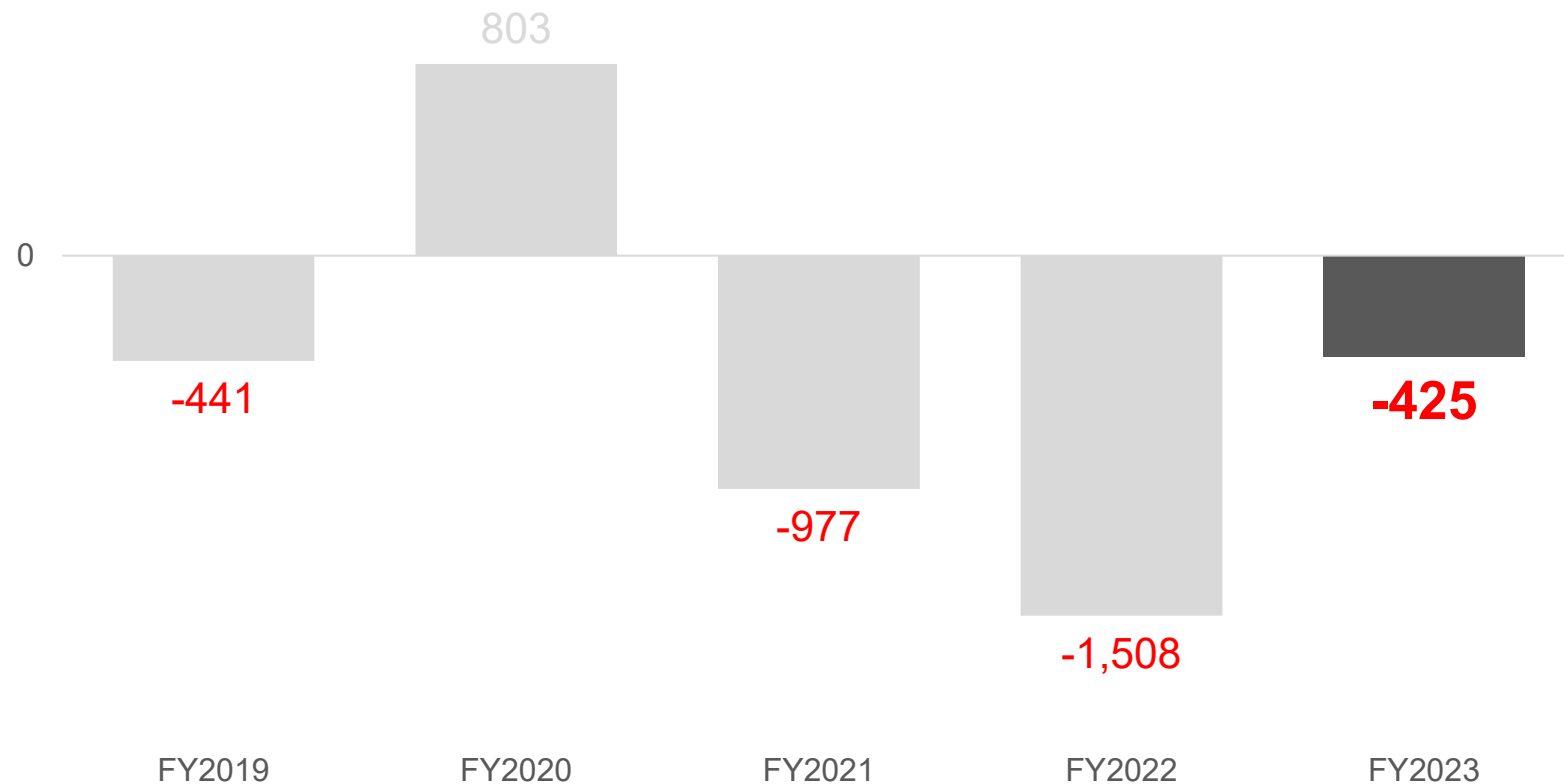
(Persons)



(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

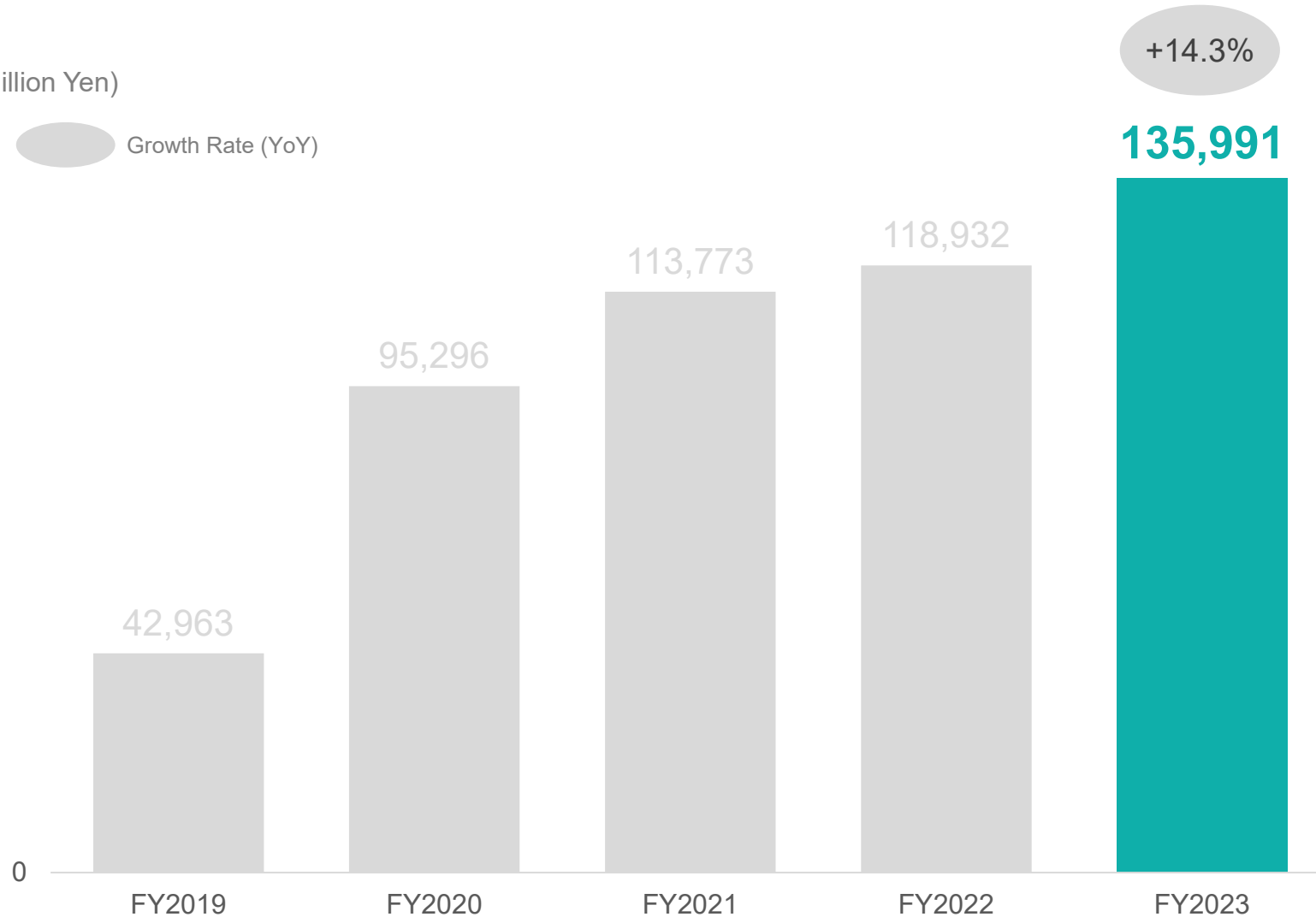
(Million Yen)



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

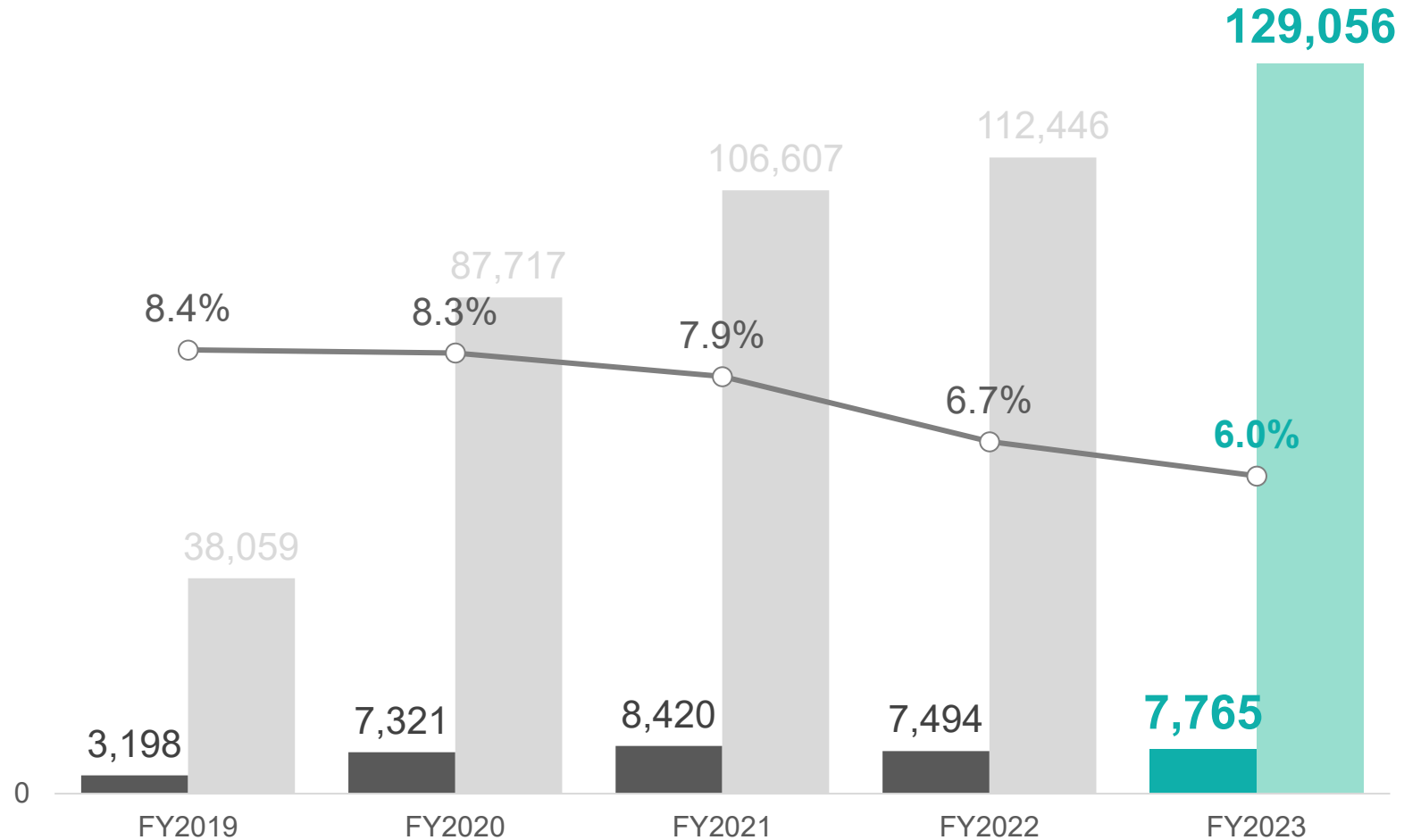
(Million Yen)

 Growth Rate (YoY)

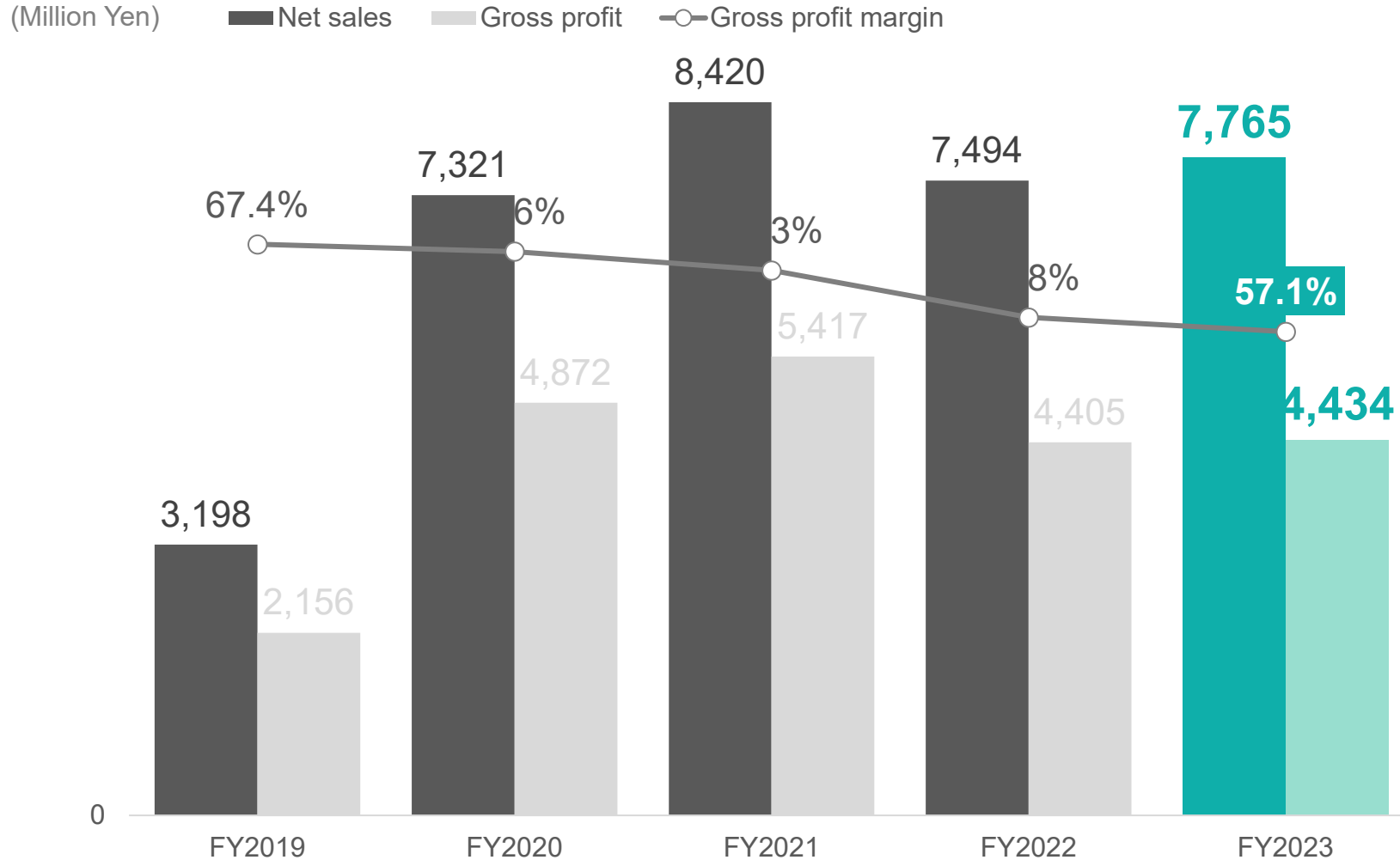


Take rate decreased YoY due to the increase in the GMV mix of the Monthly-Fee Plan

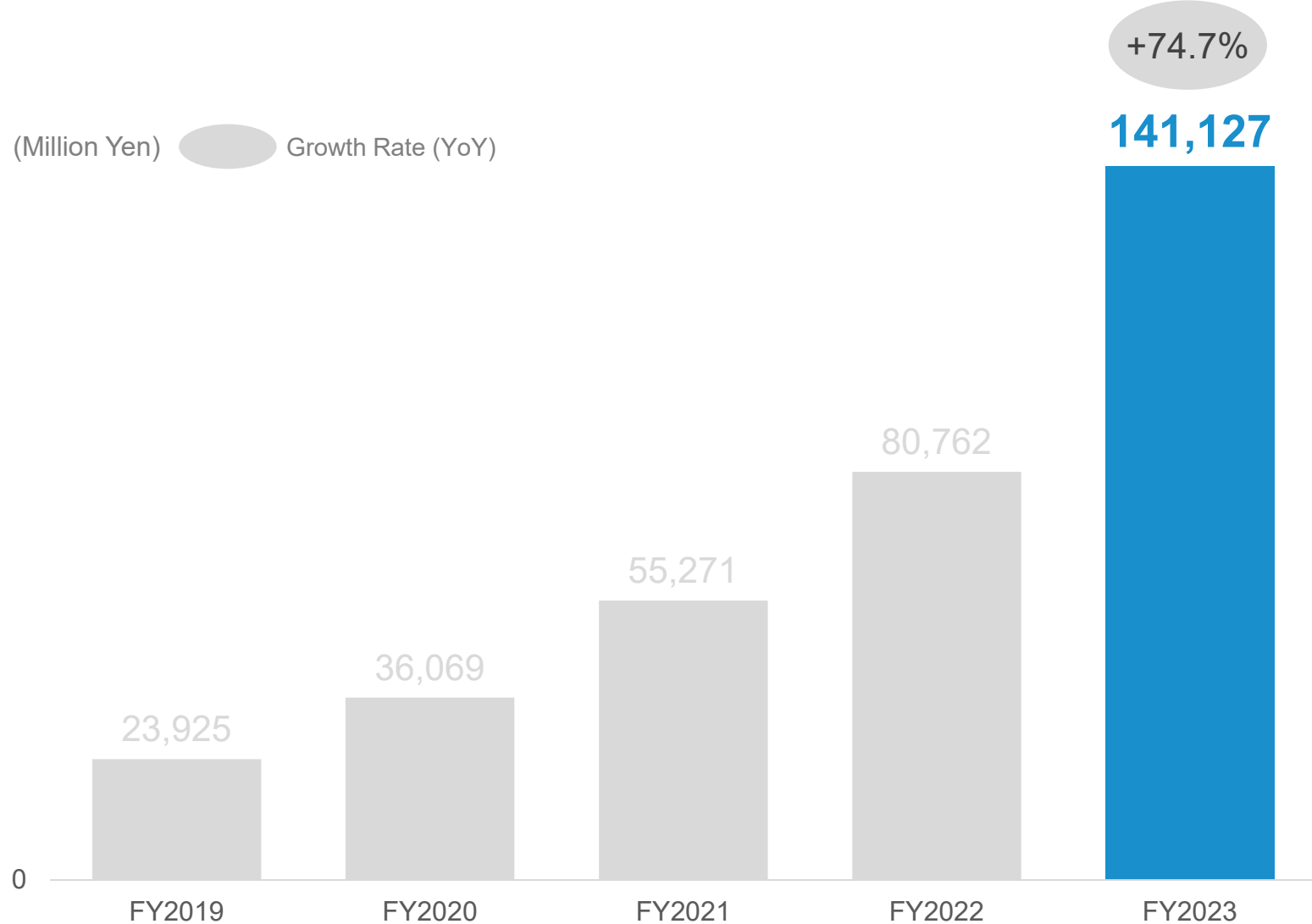
(Million Yen) ■ Net sales ■ GMV (payment) ○ Take rate



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

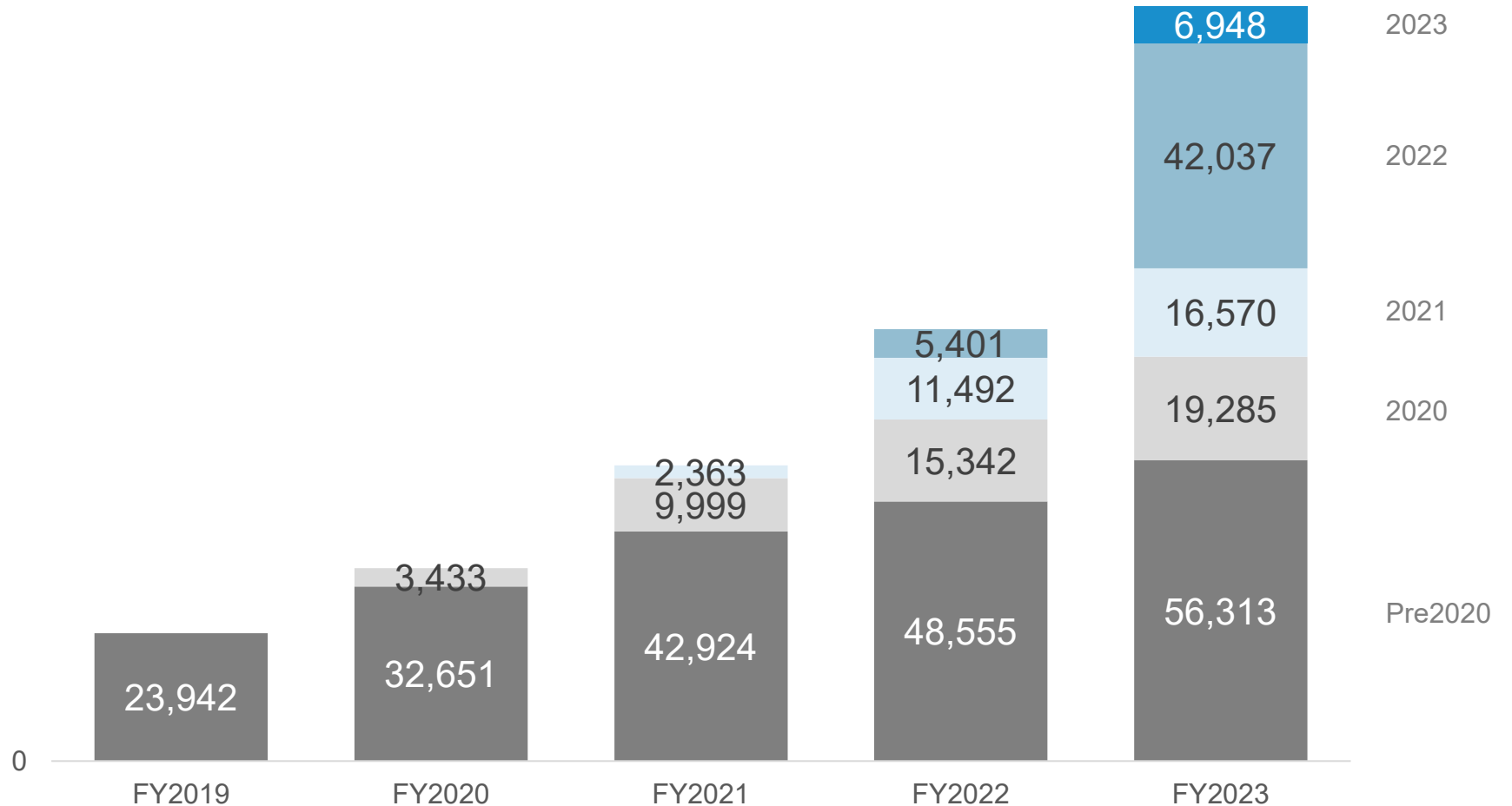


GMV continued to increase significantly at +74.7% YoY due to contribution from both existing and new large merchants



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

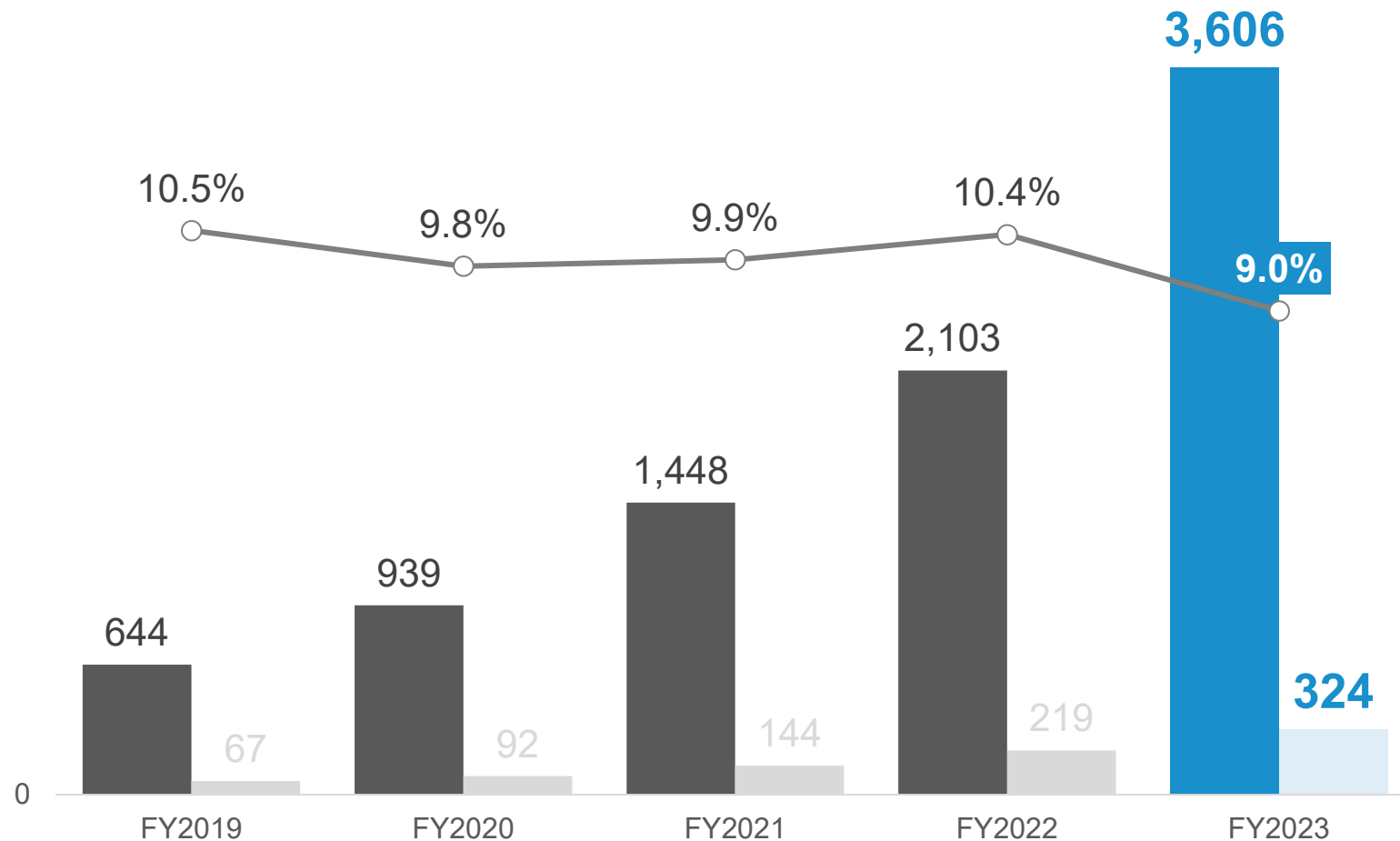
(Million Yen) ■ Pre2020 ■ 2020 ■ 2021 ■ 2022 ■ 2023



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

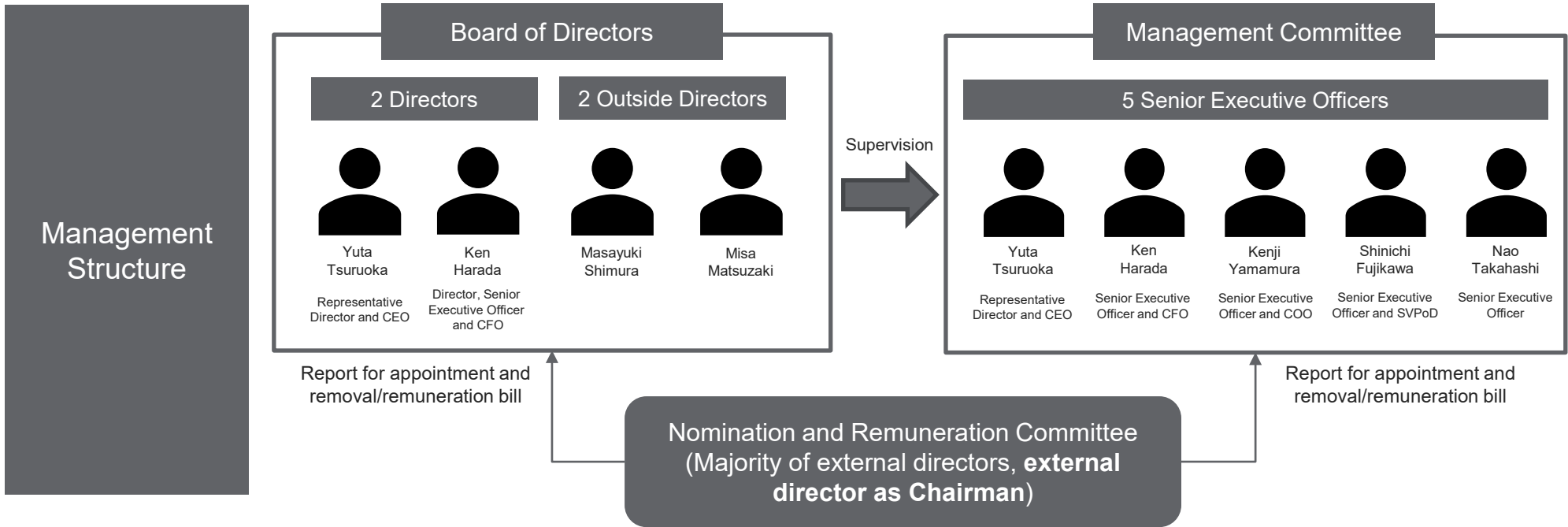


(Note) Gross profit margin of each merchant differs based on factors including pricing plan, credit card, and merchant category

5. Reference Materials

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

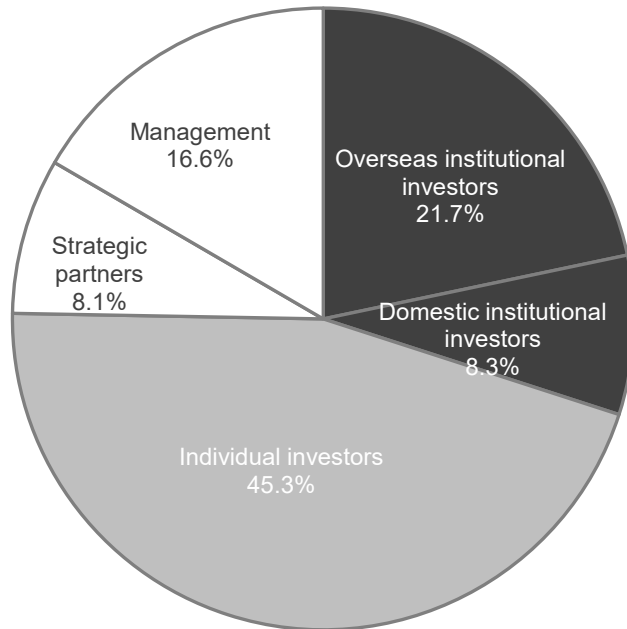
Aiming to achieve further growth of the entire Group through management structure with diversified skillset (Note)

	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			●	●

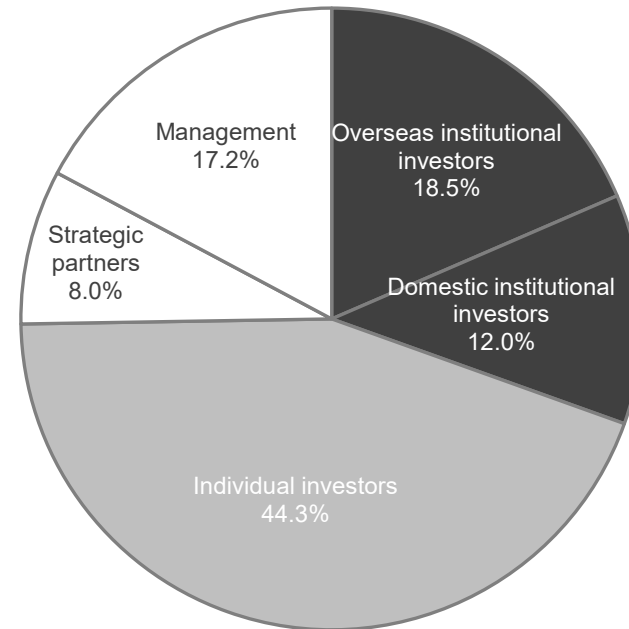
(Note) Excerpt from skill matrix included in the "Notice of the 11th Annual General Meeting of Shareholders"

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%

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 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.)



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

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The next update of these materials are scheduled to be disclosed in March 2025.

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