



Q1 of Fiscal Year Ending December 2022  
Materials for Financial Results Presentation

BASE, Inc.  
(Tokyo Stock Exchange Growth: 4477)  
May 12, 2022

- 1. Corporate Profile**
- 2. Executive Summary**
- 3. Results for Q1 of the Fiscal Year Ending December 2022**
- 4. Reference Materials**

# **1. Corporate Profile**

---

## Mission

---

### **Payment to the people, Power to the people.**

To ensure that the thoughts, feelings, and talents kept deep inside to come out and reach those who need them around the world.

To realise ideas, works and activities born there.

To ensure that everyone receives fair value.

Making payment available to everyone around the globe.

To give everyone a chance to transform his/her power into value.

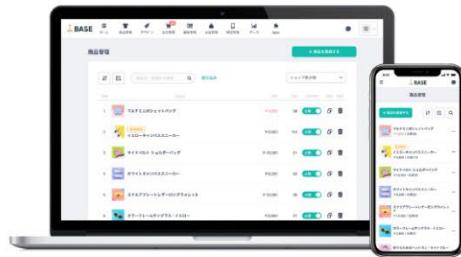
To create new economy through a new payment platform.



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



For Individuals and Small Team Shops

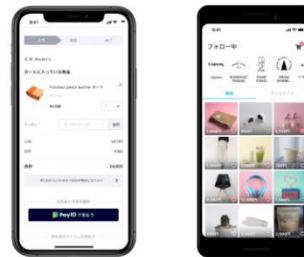


**Payment Support /  
Online Shop Creation Support**

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



For Purchasers



**Payment ID /  
Shopping App**

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



For Startup Merchants

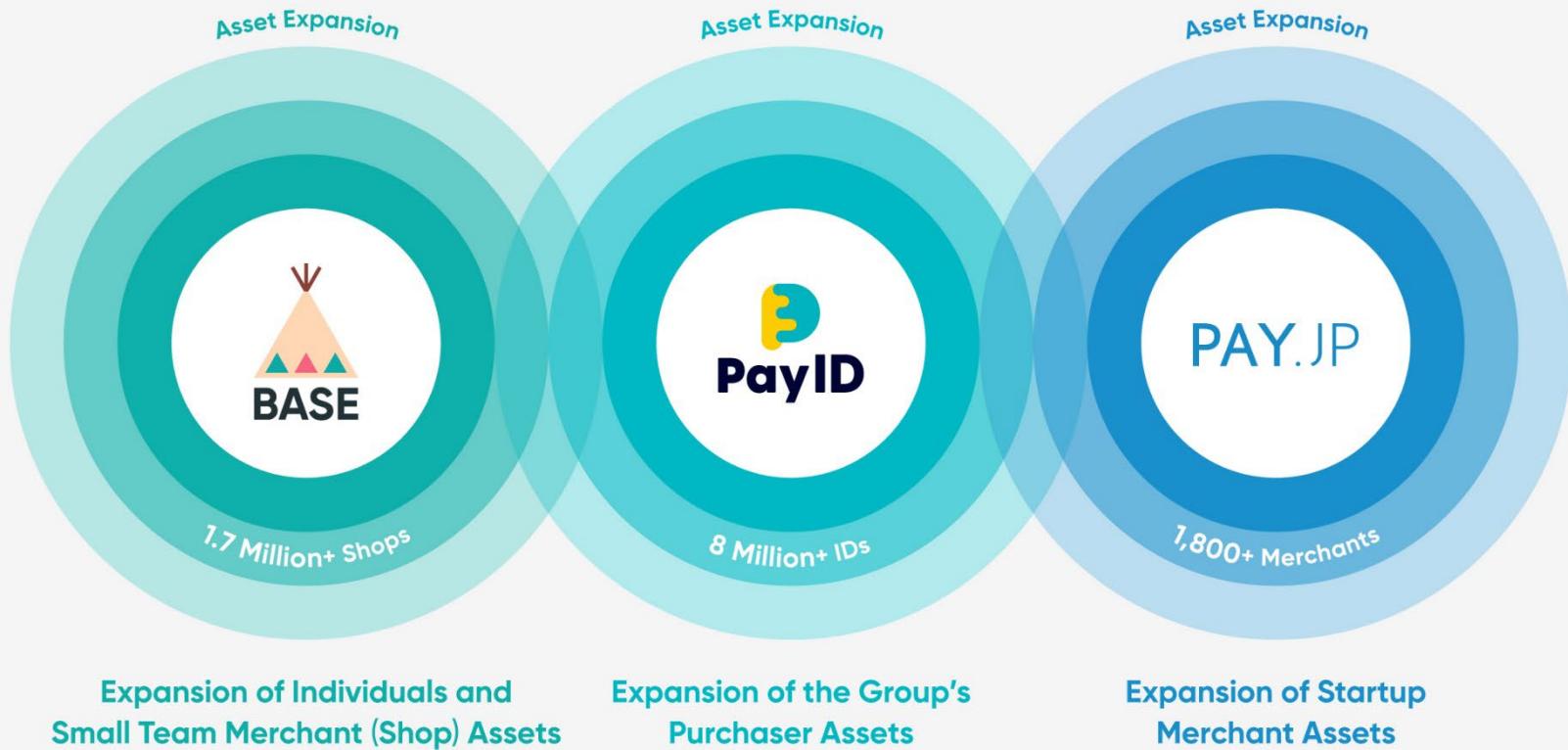


**Payment Support**

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

**Maximizing BASE Group's existing assets to build a unique payment network, and become a payment company providing services to both merchants and purchasers**

## Providing a Unique Payment Network Across The Group



## **2. Executive Summary**

---

## Topics

- **Continued high growth in GMV for BASE business at CAGR +53.8% and PAY businesses at CAGR +90.7%<sub>(Note1,2)</sub>**
- **Commencement of the new “Monthly-Fee Plan” since April 18<sup>th</sup> in the BASE business**

## Results for Q1 of the Fiscal Year Ending December 31, 2022

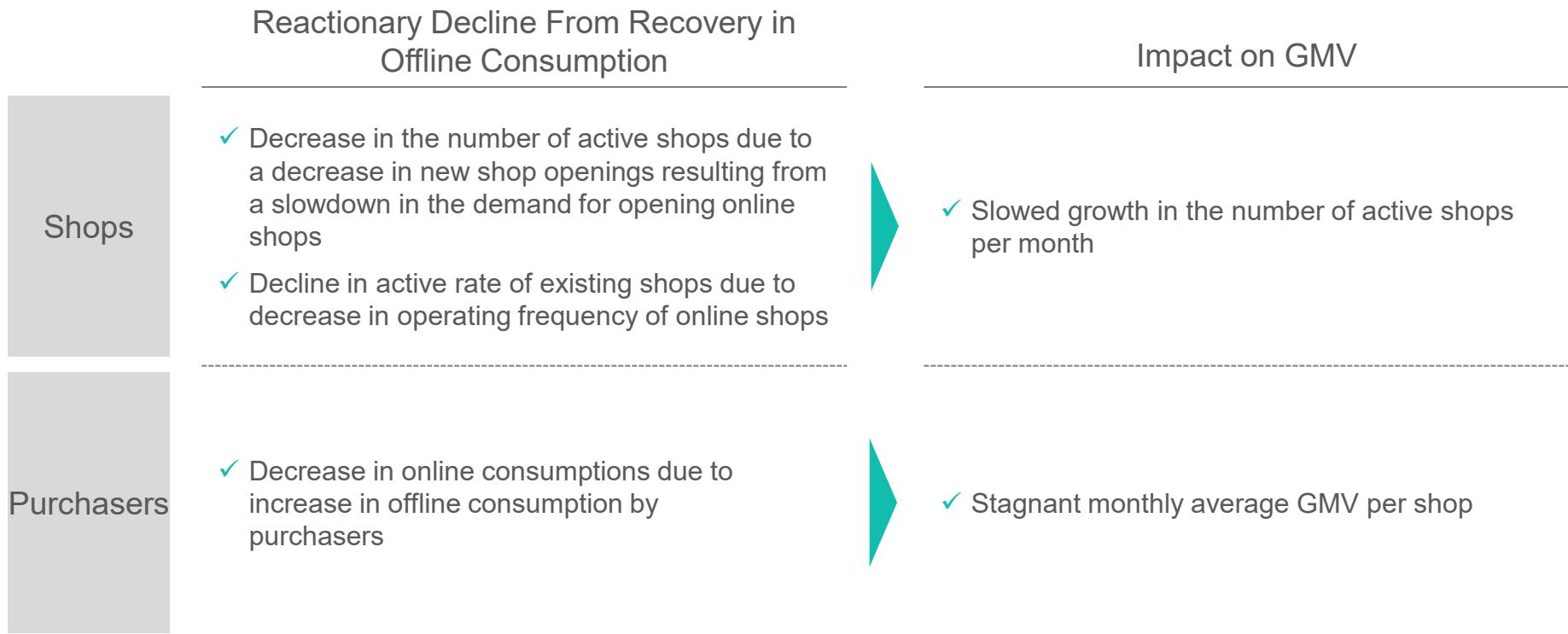
- Consolidated net sales increased +12.3% YoY owing to increases in GMV for both the BASE and PAY business
- EC-related sectors see effects of a reactionary decline following the recovery in offline consumption
- Effects of reactionary decline seen in BASE business on both the shop and purchaser ends, with GMV growth remaining at +9.6% YoY
- **PAY business GMV continued to increase significantly at +55.5% YoY** owing to continued growth by existing merchants and additional increases by new merchants

## Policies and Progress for Fiscal Year Ending December 31, 2022

- **Continue forward-looking investments for medium to long term growth, regardless of the short-term business environment**
- **Steady use of the monthly-fee plan mainly among existing shops** with 1,907 shops applying as of the end of April
- **Establishment of a circa 20-member scout team**, with full-scale launch of outbound sales since April aimed at acquisition of shops with large sales
- Release of extension functions to support the operational efficiency of shops with large sales, and standard functions to assist in increasing shop sales

EC-related sectors see effects of a reactionary decline following the recovery in offline consumption

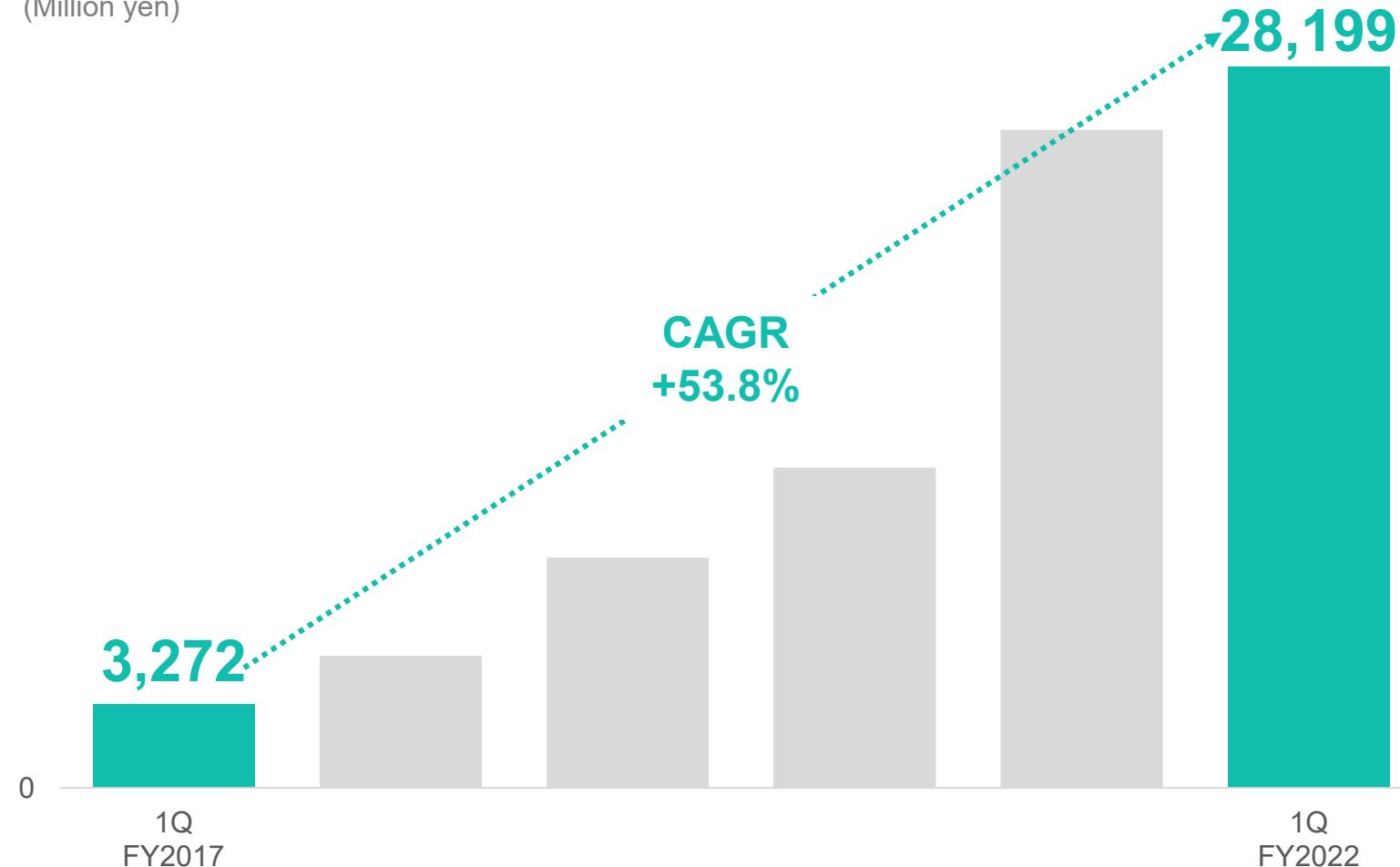
Effects of reactionary decline seen in BASE business on both the shop and purchaser ends, however maintains **continuous forward-looking investments for medium to long term growth regardless of the short-term business environment**



Continued high growth in GMV for BASE business at CAGR +53.8%<sup>(Note1,2)</sup>

### Quarterly GMV

(Million yen)



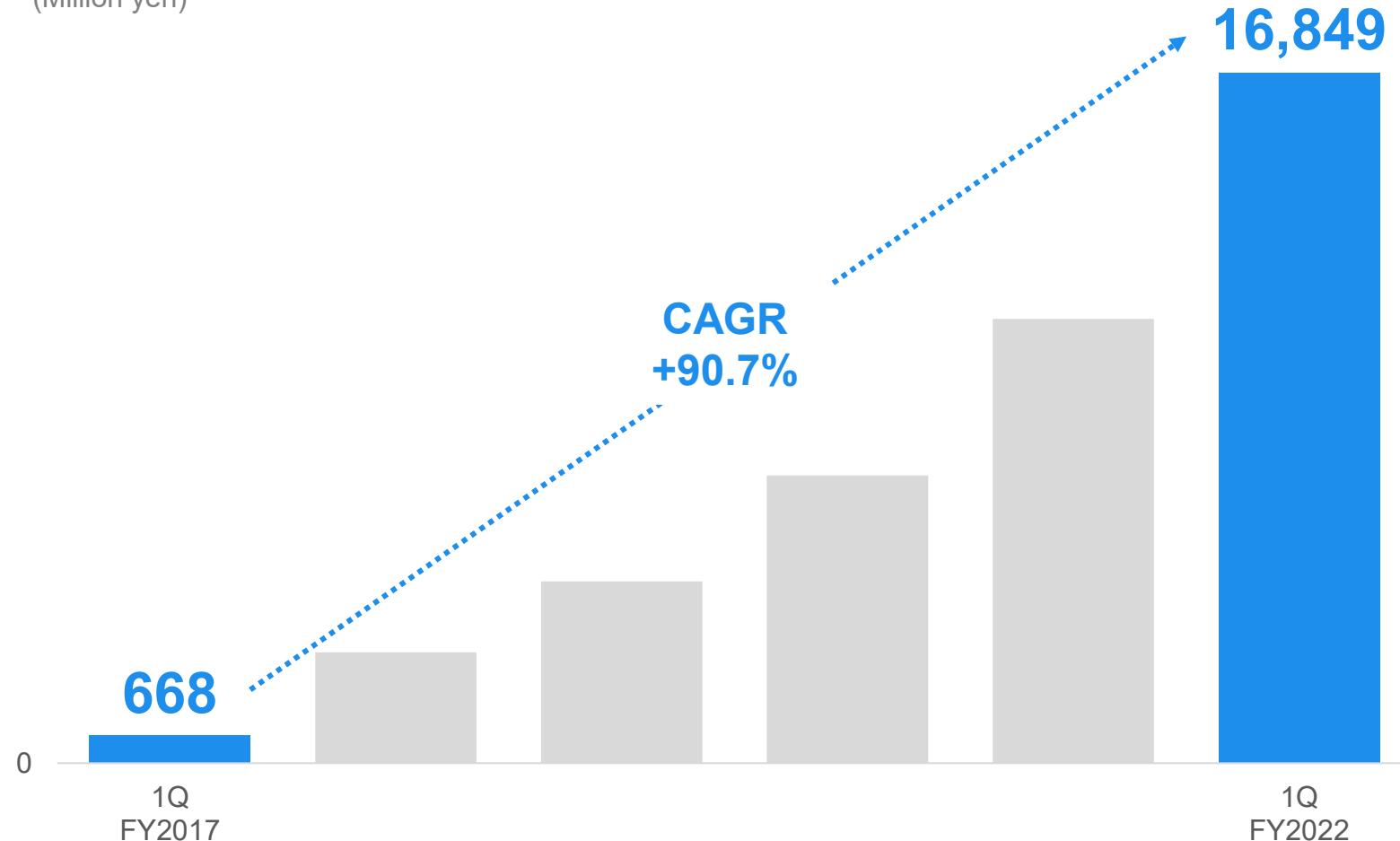
(Note1) GMV is the order amount based on the order date

(Note2) 5 year compound average growth rate of the 1<sup>st</sup> quarter of each fiscal year

Continued high growth in GMV for PAY business at CAGR +90.7%<sup>(Note1,2)</sup>

### Quarterly GMV

(Million yen)



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

(Note2) 5 year compound average growth rate of the 1<sup>st</sup> quarter of each fiscal year

## Consolidated

- ✓ Continue to focus on the BASE business and continue to make upfront investments with the aim of medium- to long-term profit growth rather than short-term profits
- ✓ Increase in operating loss expected in the short term due to an increase in SG&A expenses resulting from the strengthening of recruiting activities and outsourcing expenses for product development and scout teams in connection with the new price plan for "BASE" and entry into the BNPL market.
- ✓ Strengthened governance by reviewing the composition of the Board of Director
- ✓ Formulation of long-term strategy for ESG management
- ✓ Aim for sustainable growth in the medium to long term despite difficulties in calculating appropriate figures due to the introduction of a new price plan, and the impact of COVID-19 etc, resulting in no disclosure of the full year earnings forecast

## BASE

- ✓ **Scheduled offering of a monthly-fee based pricing plan in April (note)**
- ✓ New establishment of scout team for the acquisition of large-scale shops
- ✓ Promotional expenses to be controlled to focus on cost efficiency
- ✓ Further enhancements in competitive functions for beginners, and expansion functions for large scale shops

## Pay ID

- ✓ **Strengthening product development hiring for BNPL, with a prototype completion by the end of the year**
- ✓ Focusing on increasing the number of new and repeat purchasers of "BASE" shops through quick payment functions using SMS authentication and point issuing functions

## PAY.JP

- ✓ Improving the support system for existing large-scale merchants
- ✓ Provide anti-fraud settlement functions to promote new merchant acquisition and continued use
- ✓ Aiming for full-scale launch of "PAY.JP Platform" for platform operators
- ✓ Begin preparations for the provision of new payment methods

## Other (Finance)

- ✓ BASE BANK, Inc absorption merger by BASE, Inc (effective date January 1,2022)
- ✓ Start developing functions that will contribute to improving the take rate of the BASE business in the medium term

For Sales & Marketing, advertising expenses to decrease by improving the efficiency of marketing, while **personnel and outsourcing expenses for scout teams etc to increase**

In product development, personnel and outsourcing to increase due to the strengthening of recruitment activities for product personnel and the use of external resources with the aim of catering to a wider range of shop scales

## Sales & Marketing Policies

	Sales	Marketing
Before	<ul style="list-style-type: none"><li>✓ No Sales Activities</li></ul>	<ul style="list-style-type: none"><li>✓ Improve brand recognition and acquisition through advertisements</li><li>✓ Coupon measures etc for sales promotion</li><li>✓ “Top of mind” brand recognition to be maintained</li><li>✓ <b>Efficient marketing</b> to cut costs and invest in scout teams for new large shop acquisition</li></ul>
Going Forward	<ul style="list-style-type: none"><li>✓ <b>Offering of new price plan</b></li><li>✓ Utilize external resources to <b>newly establish a 20 person scout team</b></li><li>✓ <b>Aim at 300+ large-scale shops acquisition</b> in the first year</li></ul>	

## Product Development Policies

	Product
Before	<ul style="list-style-type: none"><li>✓ <b>Simple to use and easy standard functions for anyone to use, and extension functions offered to suit the needs of each shop</b></li><li>✓ Strengthening the hiring of product development personnel to expand services</li></ul>
Going Forward	<ul style="list-style-type: none"><li>✓ <b>Focus on product development for a wider range of sales scales</b></li><li>✓ Expand functions such as CRM, operational efficiency, sales promotion and design for large-scale shops</li><li>✓ Strengthen the development system by utilizing external resources in addition to strengthening recruitment activities</li></ul>

Commencement of the monthly-fee price plan and full-scale launch of outbound sales by the Scout Team from April

	Monthly-Fee Plan	Sales	Marketing	Product Development
Current Situation	<ul style="list-style-type: none"><li>✓ Completion of system development for the implementation of the monthly fee price plan</li><li>✓ <b>Commencement of the monthly-fee plan commenced since April 18<sup>th</sup></b>, as well as campaign measures implemented <small>(note)</small></li></ul>	<ul style="list-style-type: none"><li>✓ <b>Establishment of a circa 20-member Scout Team</b></li><li>✓ Commencement of outbound sales since April</li></ul>	<ul style="list-style-type: none"><li>✓ Conducting TVCM and other brand recognition marketing measures to maintain brand recognition</li></ul>	<ul style="list-style-type: none"><li>✓ Release of extension functions to support the operational efficiency of shops with large sales, and standard functions to assist in increasing shop sales</li></ul>
Future Measures	<ul style="list-style-type: none"><li>✓ Considerations for diversification of payment methods for monthly-fee plan</li></ul>	<ul style="list-style-type: none"><li>✓ Aim to acquire 300+ large-scale shops in the first year</li></ul>	<ul style="list-style-type: none"><li>✓ Scheduled implementation of marketing measures aimed at improving recognition for monthly-fee plans and functions</li></ul>	<ul style="list-style-type: none"><li>✓ Focus on product development for a wider range of sales scales</li><li>✓ Expansion of functions for shops with large sales such as CRM, operational efficiency, and design etc</li><li>✓ Continue to strengthen recruitment for product personnel aimed at service expansion</li></ul>

**Commencement of the “Monthly-Fee Plan” since April 18<sup>th</sup>**, in addition to the conventional “No Monthly Cost Plan” (Note1,2)

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

	No Monthly Cost Plan	Monthly-Fee Plan <small>NEW</small>
Service Commission	3.0%(Note3)	5,980Yen Per Month
Payment Processing Commission	3.6%+40Yen(Note3)	2.9%(Note3)
Features	Risk-free, <b>“Pay as you sell” system</b> with commissions charged only when sales are generated	<b>Payment of monthly fixed service fees</b> allow for <b>control over running costs</b>

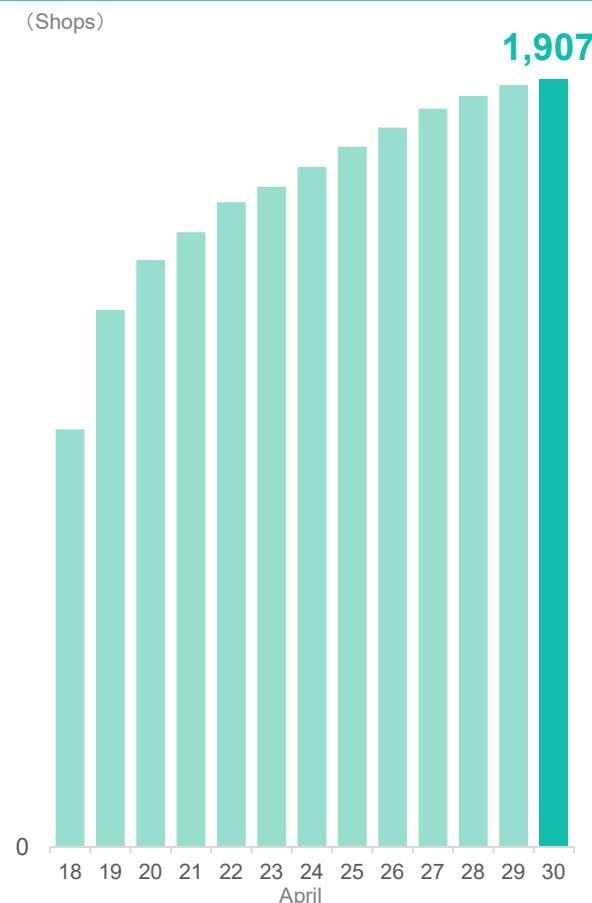
(Note1) Conventional “No Monthly Cost Plan” offered as “Standard Plan”, and New “Monthly-Fee Price Plan” offered as “Growth Plan”

(Note2) Same functions offered for both plans

(Note3) Charged according to payment amount

## Increasing number of existing shops leading the total number of shops applying to the monthly-fee plan

### Number of Shops Using the Monthly-Fee Plan



### Current Situation of Monthly-Fee Plan and Future Measures

	Current Situation	Future Measures
New Shops	<ul style="list-style-type: none"><li>✓ Established Scout Team as per schedule, with outbound sales to acquire shops with large sales starting in April</li><li>✓ The ratio of large-scale shops<sup>(note1)</sup> comprising the number of new shops opened through organic channels increases</li></ul>	<ul style="list-style-type: none"><li>✓ Aim to increase the number of new shop openings through outbound sales by improving the acquisition efficiency of the Scout Team</li><li>✓ Aim to increase the number of shop openings through organic channels through marketing efforts to increase recognition of the monthly-fee plan</li></ul>
Existing Shops	<ul style="list-style-type: none"><li>✓ <b>Steady switch to monthly price plan by shops with large sales</b></li></ul>	<ul style="list-style-type: none"><li>✓ Improvement recognition of the monthly-fee plan for shops to use as needed, and reduce the risk of potential churn</li></ul>

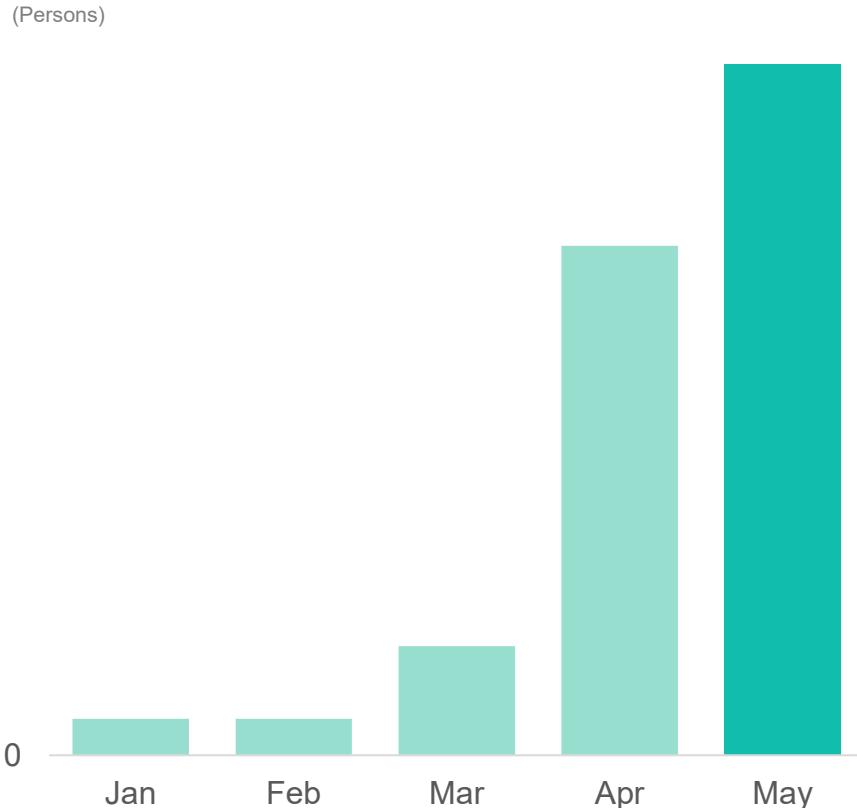
(Note1) Referring to shops with monthly sales over 1 million yen

# Launch of the Scout Team

**Establishment of a circa 20-member Scout Team**, consisting of both permanent and outsourced personnel

Full-scale launch of outbound sales aimed at acquiring shops with large sales since April, while impact on Q2 performance is expected to be limited due to the required timeframe from opening to operation of a shop

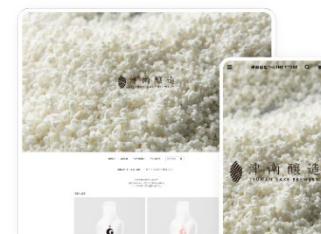
## Headcount of Scout Team<sup>(Note1,2)</sup>



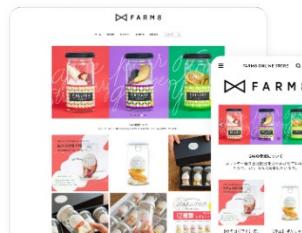
## Examples of Newly Opened Shops by Scout Teams



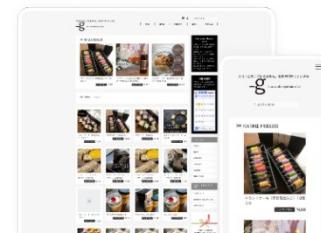
Bebrain



Tsunan Sake Brewery



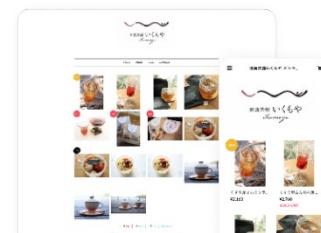
FARM8 ONLINE STORE



Genki



ONLYCHILD



Ikumoya

(Note1) Includes outsourced staff as well as external personnel from strategic partner companies

(Note2) May headcount as of the 12<sup>th</sup> of May

**Extension function to support the operational efficiency of shops with large sales volumes, operated by multiple staff members**

**Standard function to promote purchases** by active purchasers and assist in increasing shop sales

## Extension Function “Staff Authority Management App”

Multiple accounts can now be issued with the range of accessible information specified for each user

**Supports the secure and smooth operation of shops that increase staff for sales expansion etc.**



## Standard Function “Cart Abandonment Prevention Mail”

Enables automatic sending of e-mails to remind purchasers of incomplete purchases

**Provided as a standard function to all shops to assist improving shop sales**

Reminding Purchasers of Incompleted Purchases

**Automatically Send E-mails to Avoid Cart Abandonment**



**Integration with TikTok scheduled from May 17<sup>th</sup> to support shops in attracting purchasers and promoting sales**

Enables automatic generation of TikTok video ads and easy distribution of ads



### **3. Results for Q1 of the Fiscal Year Ending December 2022**

---

## Consolidated

**Consolidated net sales increased +12.3%YoY owing to an increase in GMV in both the BASE and PAY business**

## BASE Business

GMV<sub>(Note1)</sub> growth remained at +9.6% YoY as effects of reactionary decline following the recovery in offline consumption is seen on both the shop and purchaser end

Net sales and gross profit increased YoY owing to increase in GMV

Gross profit margin increased QoQ as a result of reduced cost of sales ratio<sub>(note2)</sub>

## PAY Business

PAY business GMV<sub>(Note1)</sub> increased significantly at **+55.5% YoY** owing to continued growth by existing merchants and additional increases by new merchants

Net sales and gross profit on sales continued growth at **+53.8%** and **+52.2% YoY** respectively as a result of GMV growth

**Consolidated net sales increased +12.3%YoY owing to an increase in GMV in both the BASE and PAY business**

SG&A expenses increased YoY due to active recruiting activities aimed mainly at product development personnel in the BASE business, resulting in an operating loss. **However, losses narrowed QoQ as a result of lower SG&A expenses resulting from a decrease in promotional expense**

(Million yen)	FY2022 1Q (January – March 2022)				
	Results	Same Period Last Year		Previous Quarter	
		Results	YoY	Results	QoQ
Net Sales	2,512	2,237	+12.3%	2,754	-8.8%
Gross Profit on Sales	1,382	1,316	+5.0%	1,543	-10.4%
Gross Profit Rate	55.0%	58.8%	-3.8pt	56.0%	-1.0pt
SG&A	1,654	1,302	+27.0%	2,030	-18.5%
Operating Profit	-272	13	n/a	-487	n/a
Ordinary Profit	-267	12	n/a	-465	n/a
Net Income	-299	40	n/a	-726	n/a

As of the end of March 2022, cash and deposits were 22,004 million yen, **maintaining a strong financial base**

Decrease in current liabilities due to decrease in trade accounts payable resulting from a decrease in GMV in the BASE business

(Million yen)	As of Mar 31, 2022	As of December 31, 2021	Change from the end of the previous fiscal year
Current assets	28,204	31,433	-10.3%
(of which, cash and deposits)	22,004	24,053	-8.5%
(of which, trade accounts receivable) (Note1)	5,897	6,631	-11.1%
Non-current assets	519	558	-6.9%
(of which, Investment securities)	154	183	-15.3%
<b>Total assets</b>	<b>28,724</b>	<b>31,991</b>	<b>-10.2%</b>
Current liabilities	13,850	16,823	-17.7%
(of which, trade accounts payable) (Note2)	9,693	12,745	-24.0%
(of which, operating deposits) (Note3)	3,823	3,707	+3.1%
Non-current liabilities	62	61	+0.6%
<b>Total liabilities</b>	<b>13,912</b>	<b>16,885</b>	<b>-17.6%</b>
Capital Stock	8,554	8,552	+0.0%
Capital surplus	7,364	7,362	+0.0%
Retained earnings	-1,112	-813	-
Valuation difference on available-for-sale securities	6	3	+73.6%
<b>Total net assets</b>	<b>14,812</b>	<b>15,105</b>	<b>-1.9%</b>

(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 shops.

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

**Grant of restricted stock to directors, senior executive officers, executive officers, and certain employees with the aim of providing incentives to increase corporate value over the medium to long term** (note)

## Purpose of Grant

- Commitment of executives and employees to improve corporate value over the medium to long term
- To share medium to long term value with shareholders

## Restricted Period Of Transfer

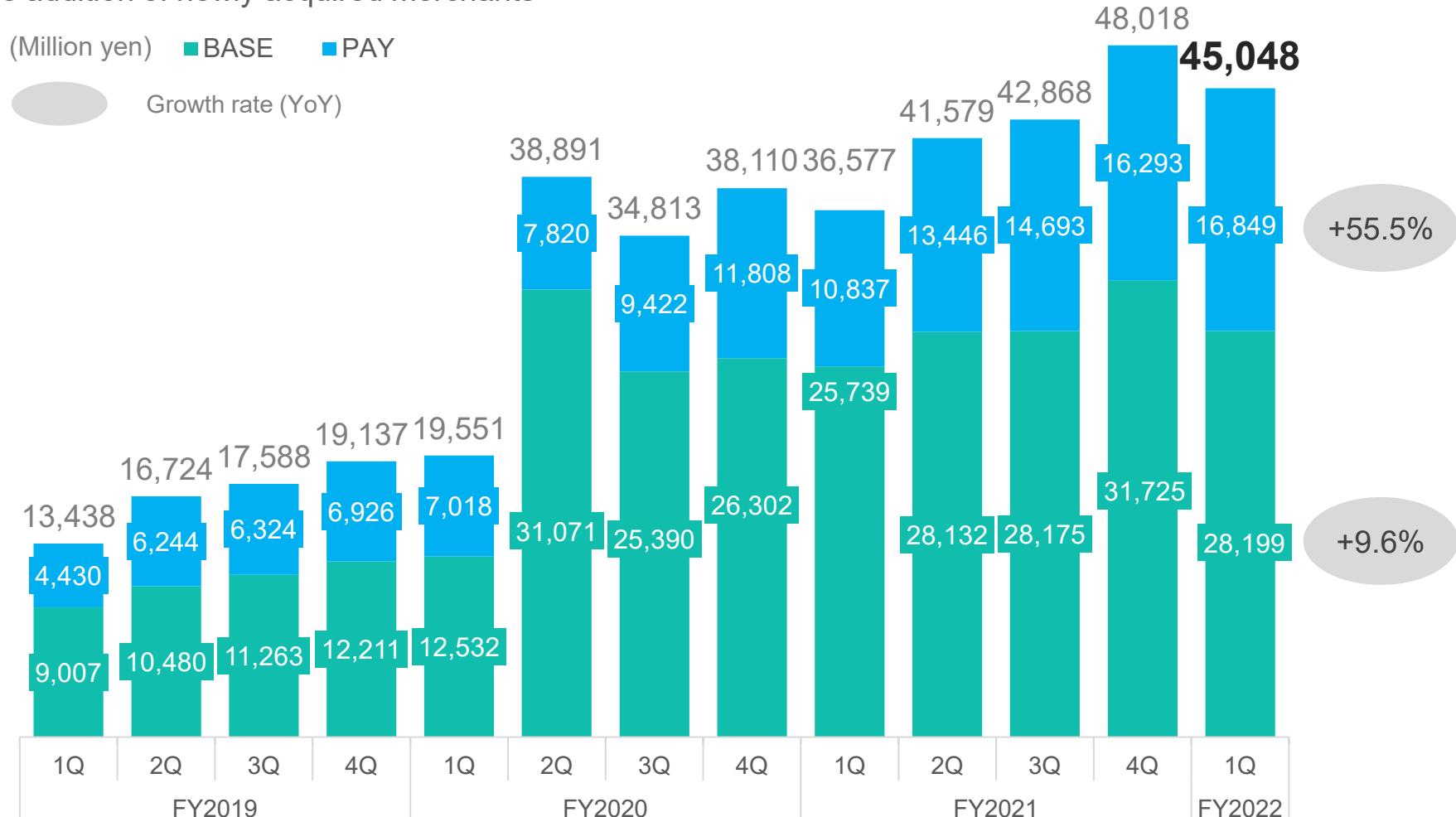
- **【Directors/Senior Executive Officers/Executive Officers】**
  - Transfer restriction lifted after 3 years following grant date
- **【Employees】**
  - Transfer restriction of 1/3 of the number of shares granted lifted after 1 year following grant date

## Effect of Dilution

- RS compensation plan designed so dilution from potential shares to be granted over a 10-year period does not exceed 10%
- The number of potential shares is 5,133,749 (SO:5,108,000 shares, RS:25,749 shares), representing 4.6% of the total number of shares outstanding of 111,718,749 (as of 31<sup>st</sup> March 2022)
- With consideration of the 209,044 newly issued RS shares in May 2022, the 5,342,793 potential shares represent only 4.8% of the 111,923,793 shares issued and outstanding

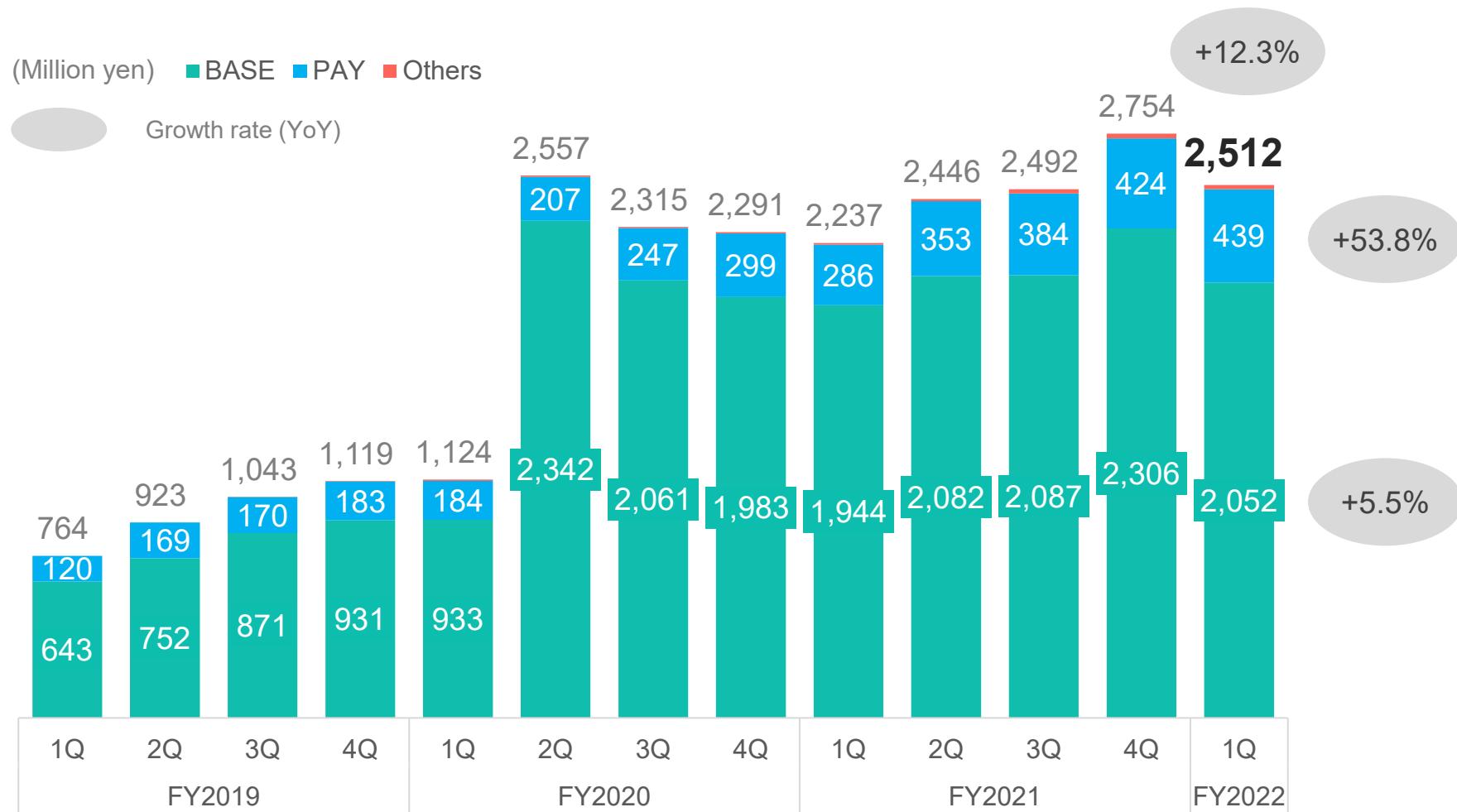
BASE business GMV<sub>(note)</sub> growth remained at +9.6% as effects of reactionary decline following the recovery in offline consumption is seen on both the shop and purchaser end

PAY business GMV<sub>(note)</sub> continued high growth at **+55.5%** YoY, owing to continuous growth by existing merchants, as well as the addition of newly acquired merchants

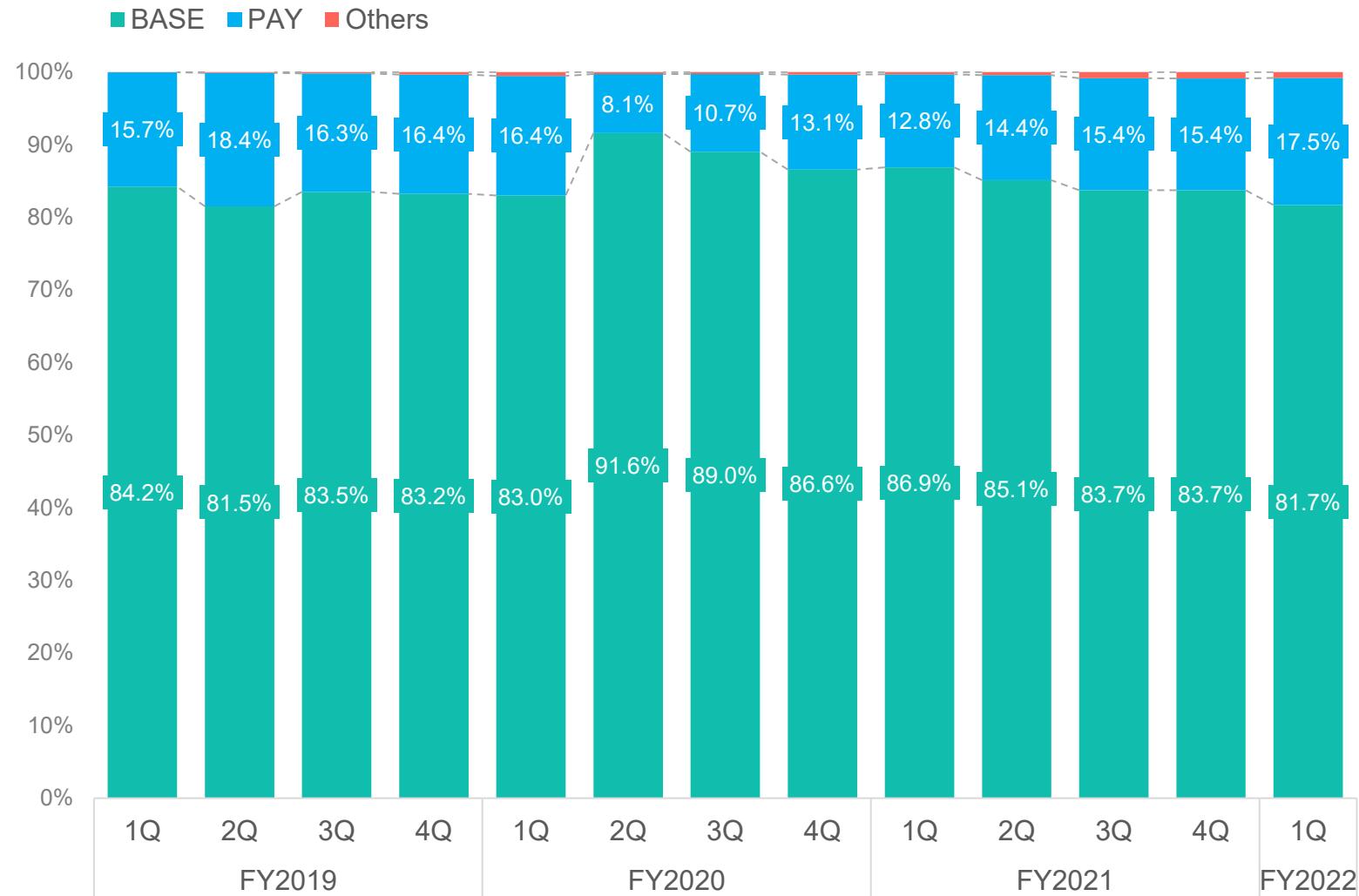


(Note) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (payment amount).

Consolidated net sales increased +12.3%YoY owing to an increase in GMV in both the BASE and PAY business

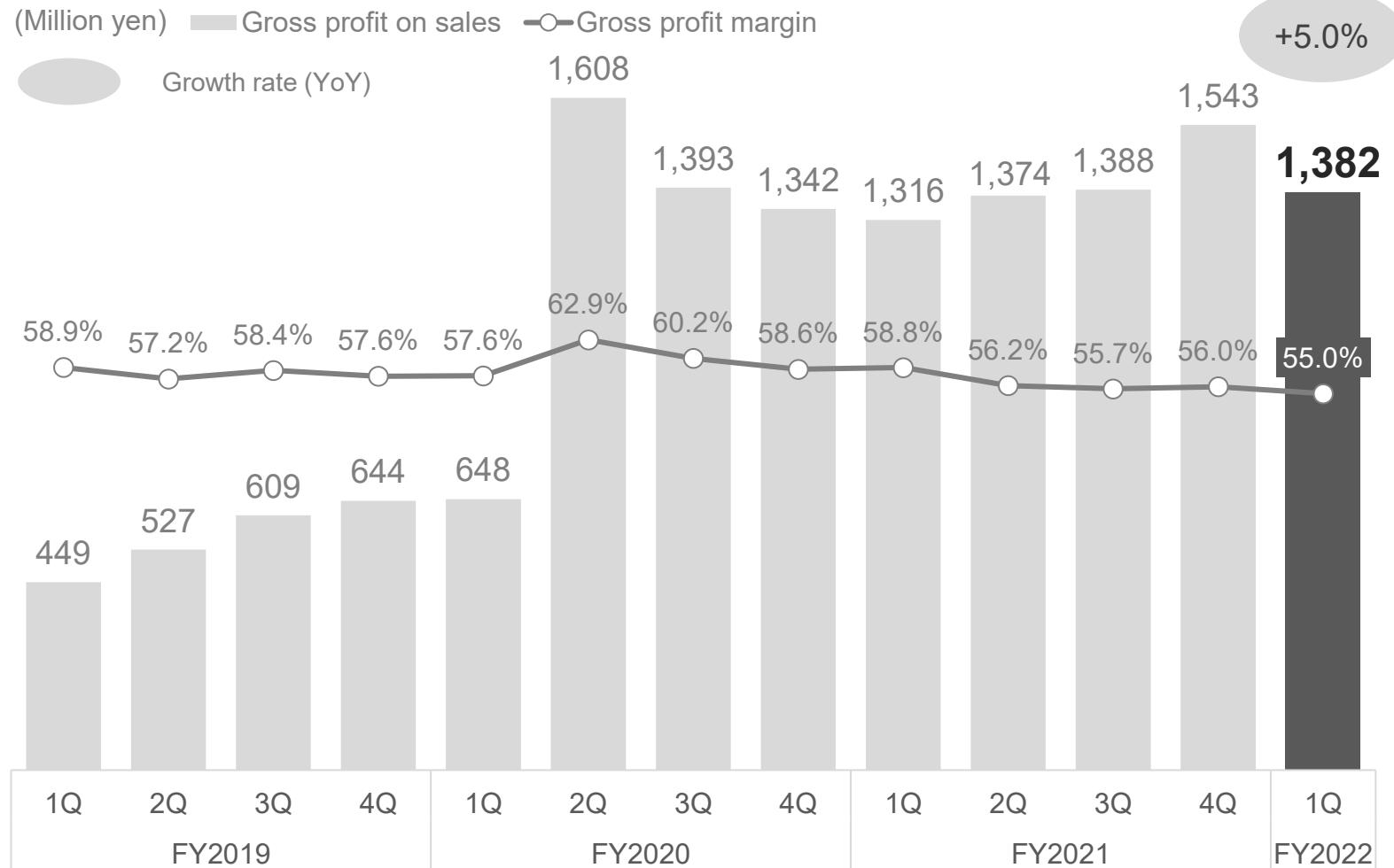


Sales composition ratio of the BASE business declined QoQ due to an increase in the PAY business

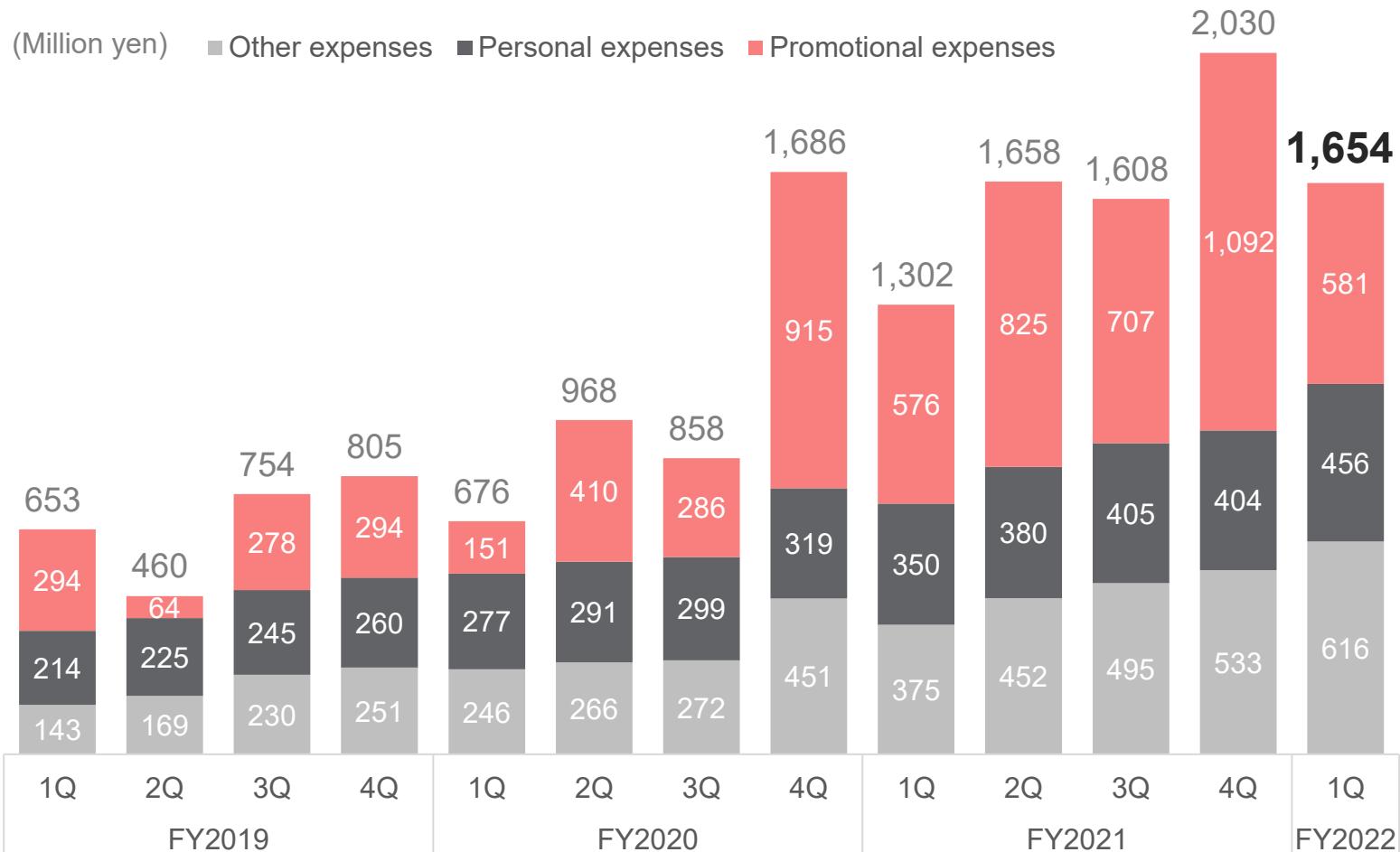


Gross profit increased YoY owing to increases in GMV in both the BASE and PAY business

Gross profit margin declined QoQ as a result of the lower sales composition ratio of the BASE business



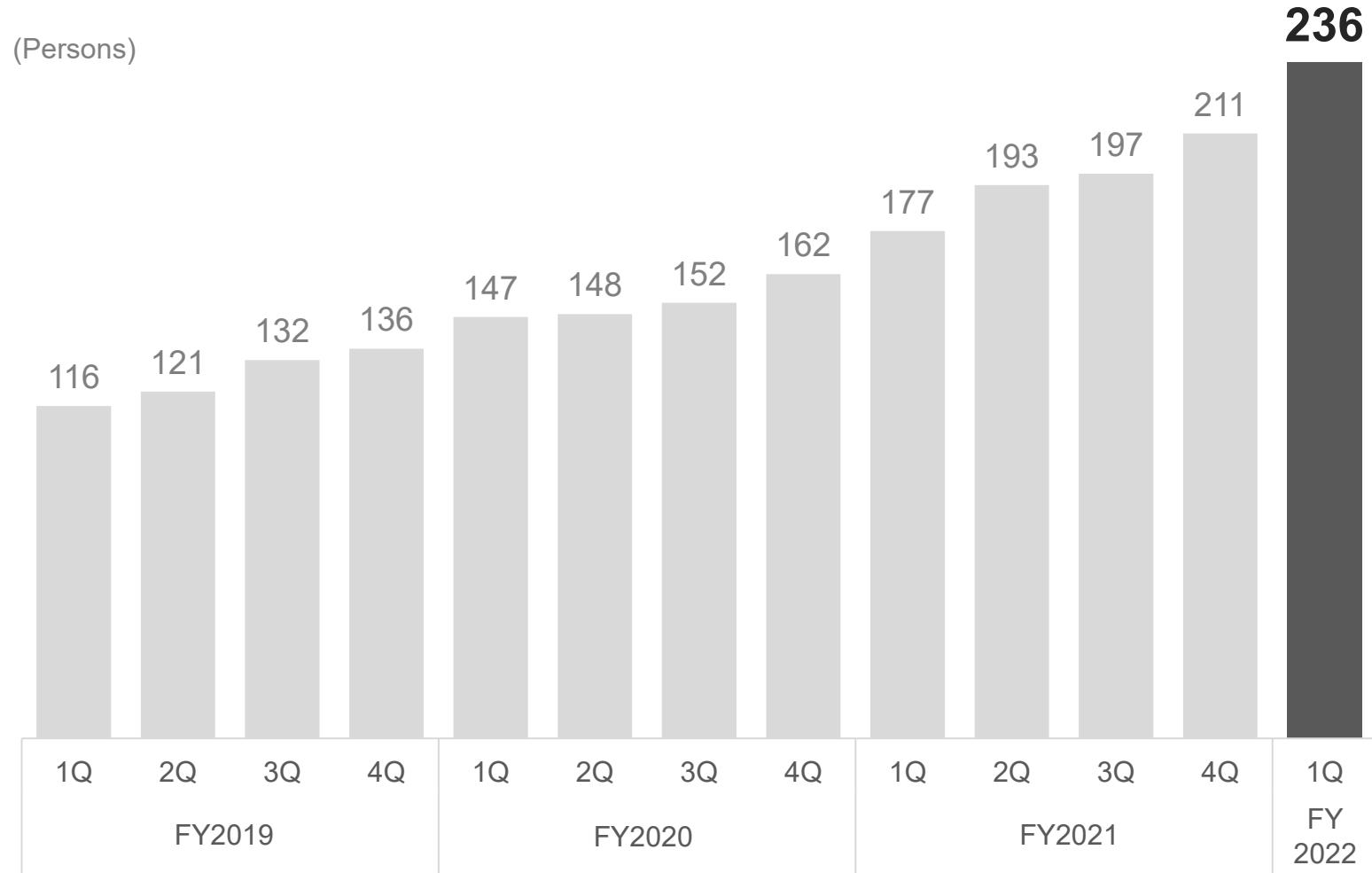
- SG&A expenses decreased -18.5% QoQ due to decreases in promotional expenses for the BASE business
- Promotional expenses decreased -46.7% QoQ due to decreases in sales promotions through coupons and brand recognition promotional measures in the BASE business
- Personnel expenses increased QoQ due to active recruiting activities throughout the company
- Other expenses increased QoQ due to increased costs in compensations and outsourcing, recruitment, and system expenses



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

Number of employees increased by **+59 headcounts (+33.3%) YoY**

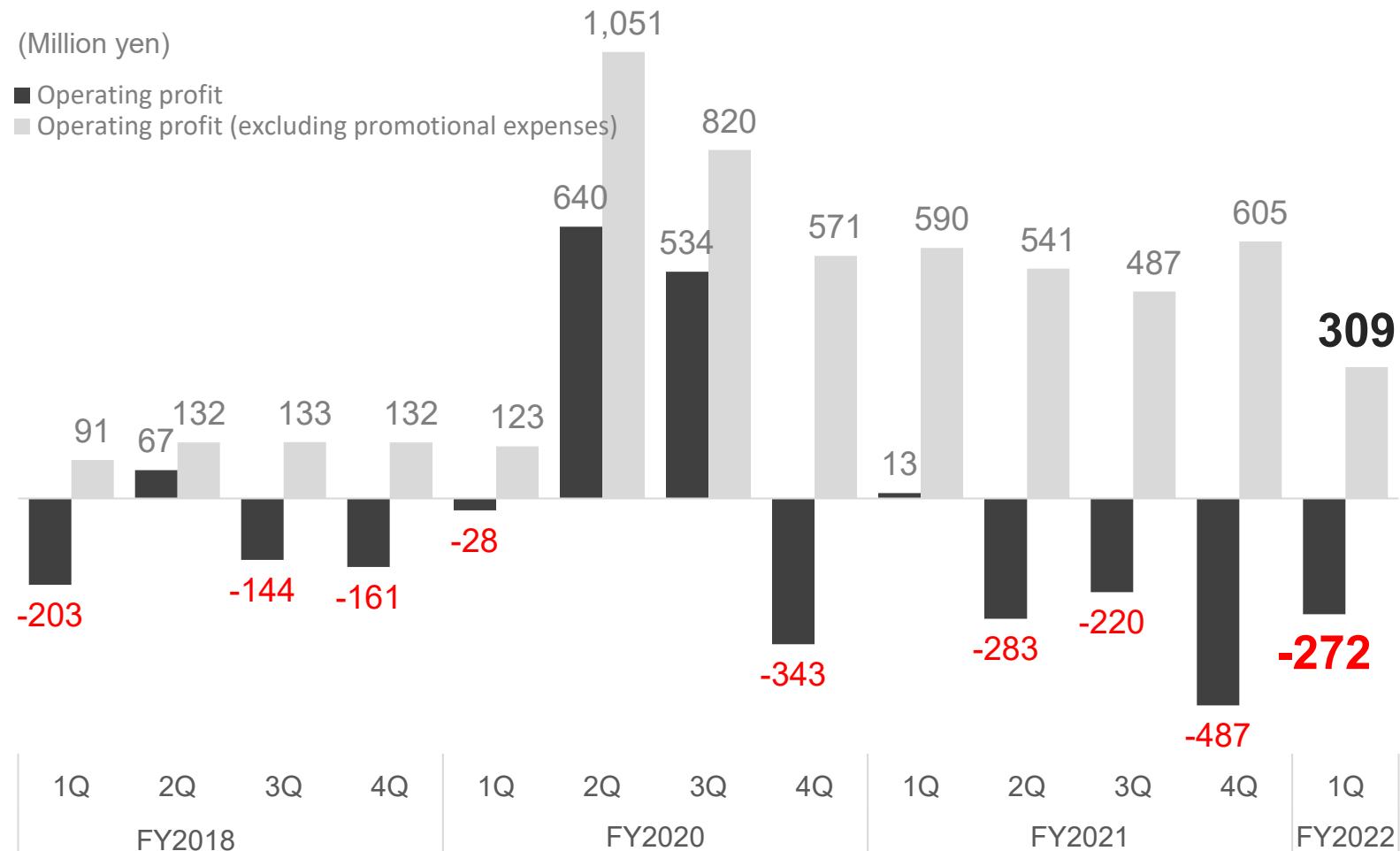
Continue to strengthen recruiting in product development personnel



(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 of **-272 million yen** (same quarter last year was **+13 million yen**) due to an increase in SG&A expenses in personnel and other expenses

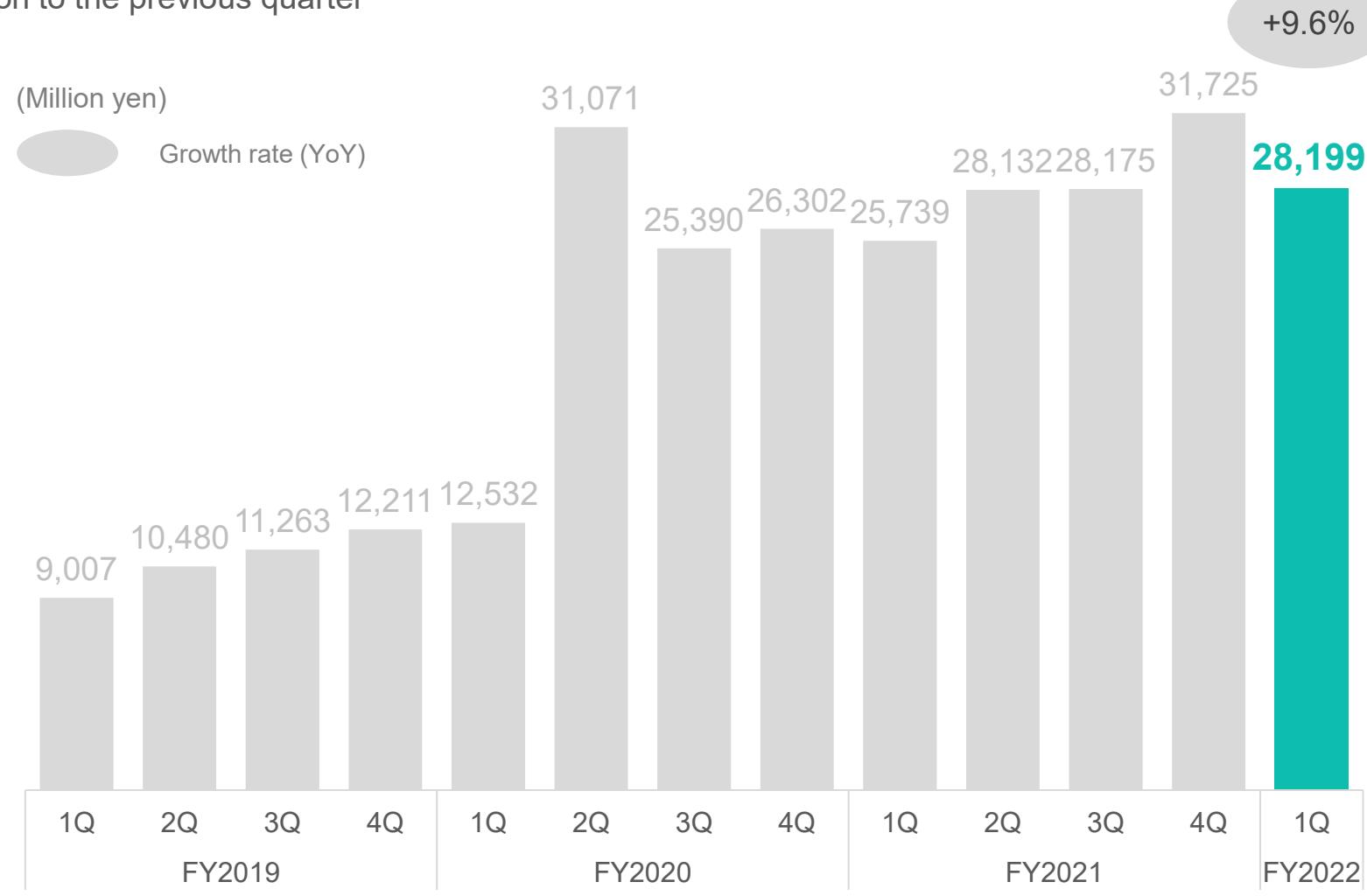
Operating loss narrowed QoQ due to a decrease in SG&A expenses resulting from lower promotional expenses



(Note) Other expenses are SG&A expenses excluding promotional expenses and personnel expenses.

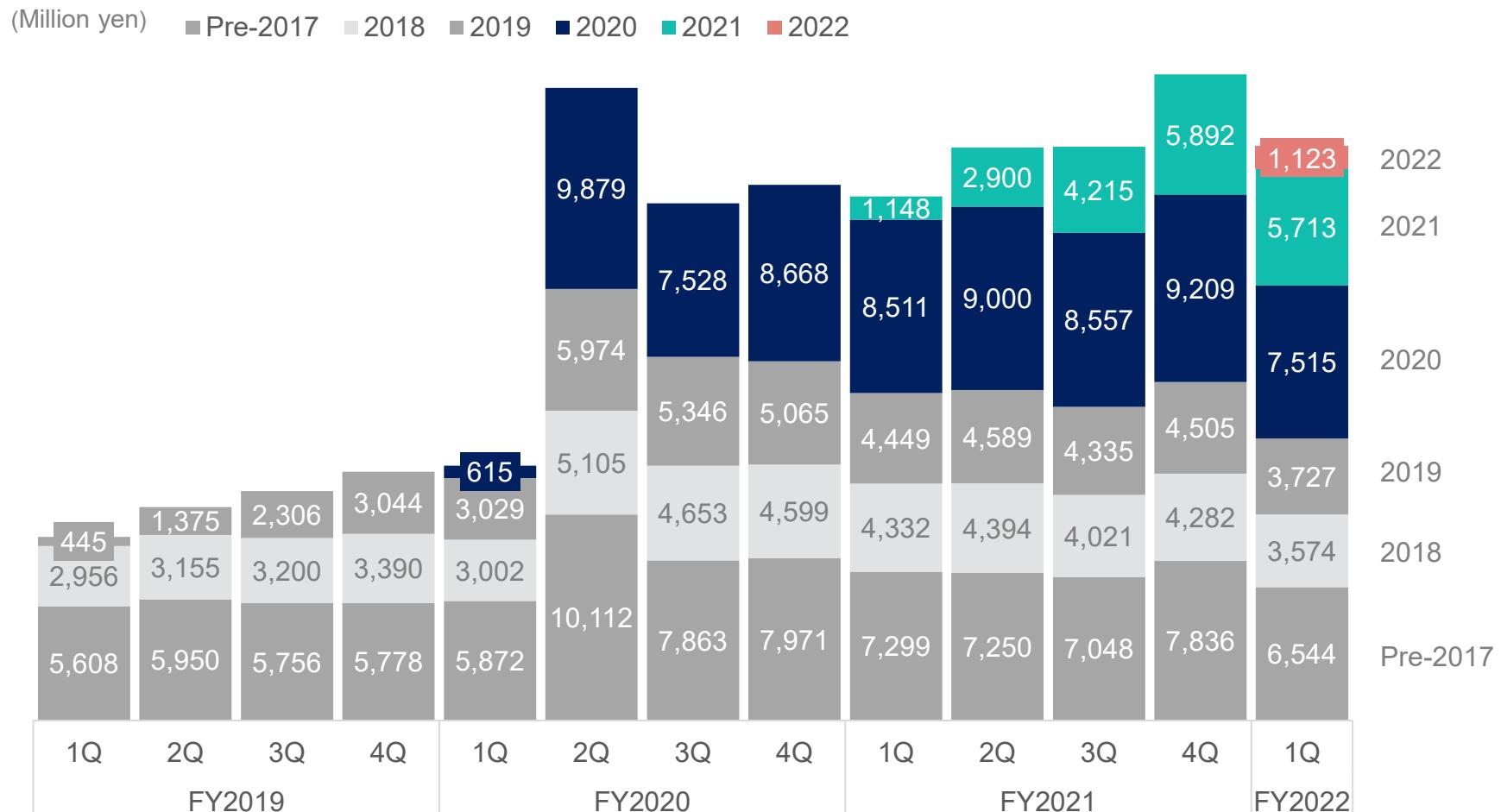
GMV growth remained at +9.6% as effects of reactionary decline following the recovery in offline consumption is seen on both the shop and purchaser end

GMV decreased QoQ due to the decrease of GMV from sales promotion through coupons and seasonality etc in comparison to the previous quarter



GMV of existing shops decreased QoQ due to the decrease of GMV from sales promotion through coupons and seasonality etc in comparison to the previous quarter

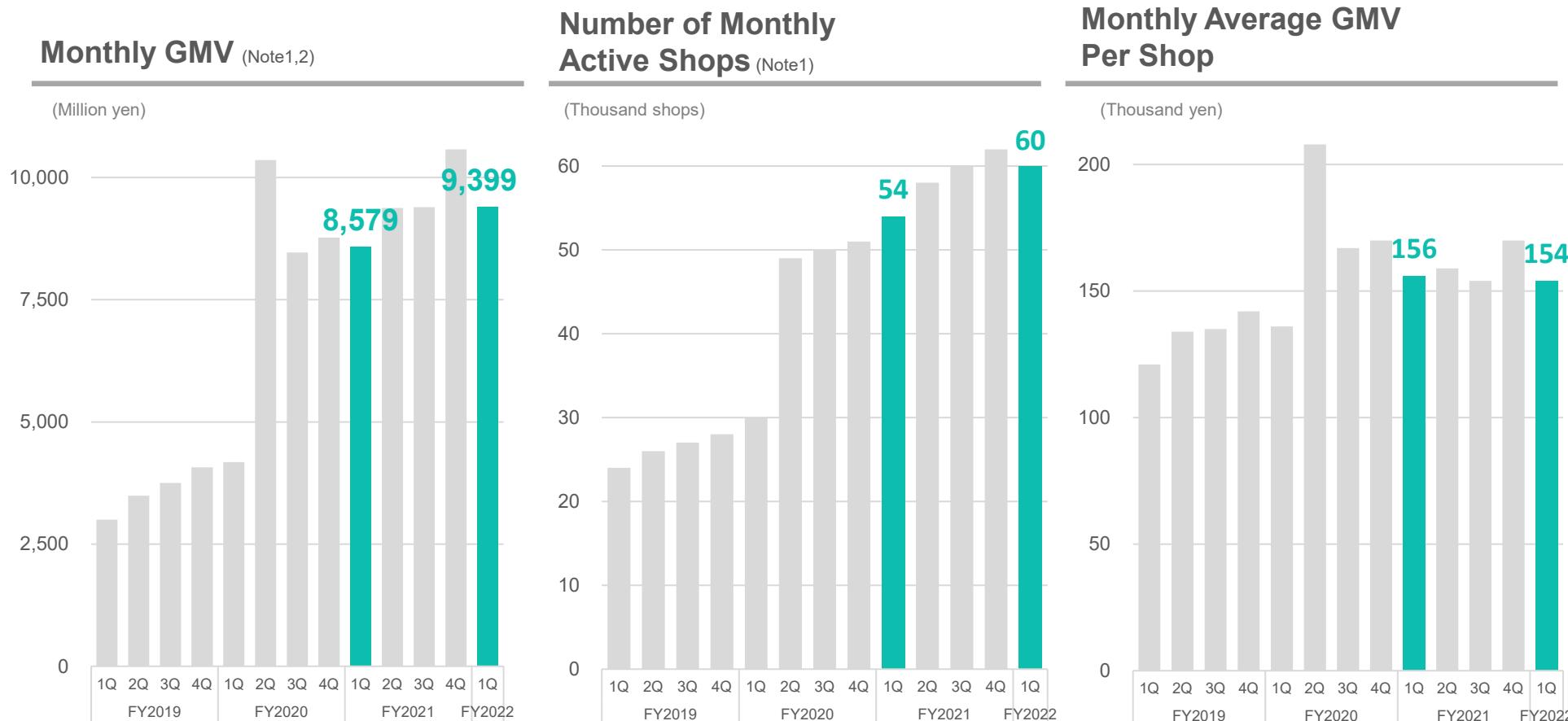
GMV Trend (By Year of Establishment)



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

Increase in number of monthly active shops remained at +6,000 shops YoY, and monthly average GMV per shop slightly decreased due to reactionary declines following the recovery in offline consumption

Both number of monthly active shops and monthly average GMV per shop decreased QoQ due to the decrease of GMV from sales promotion through coupons and seasonality etc in comparison to the previous quarter

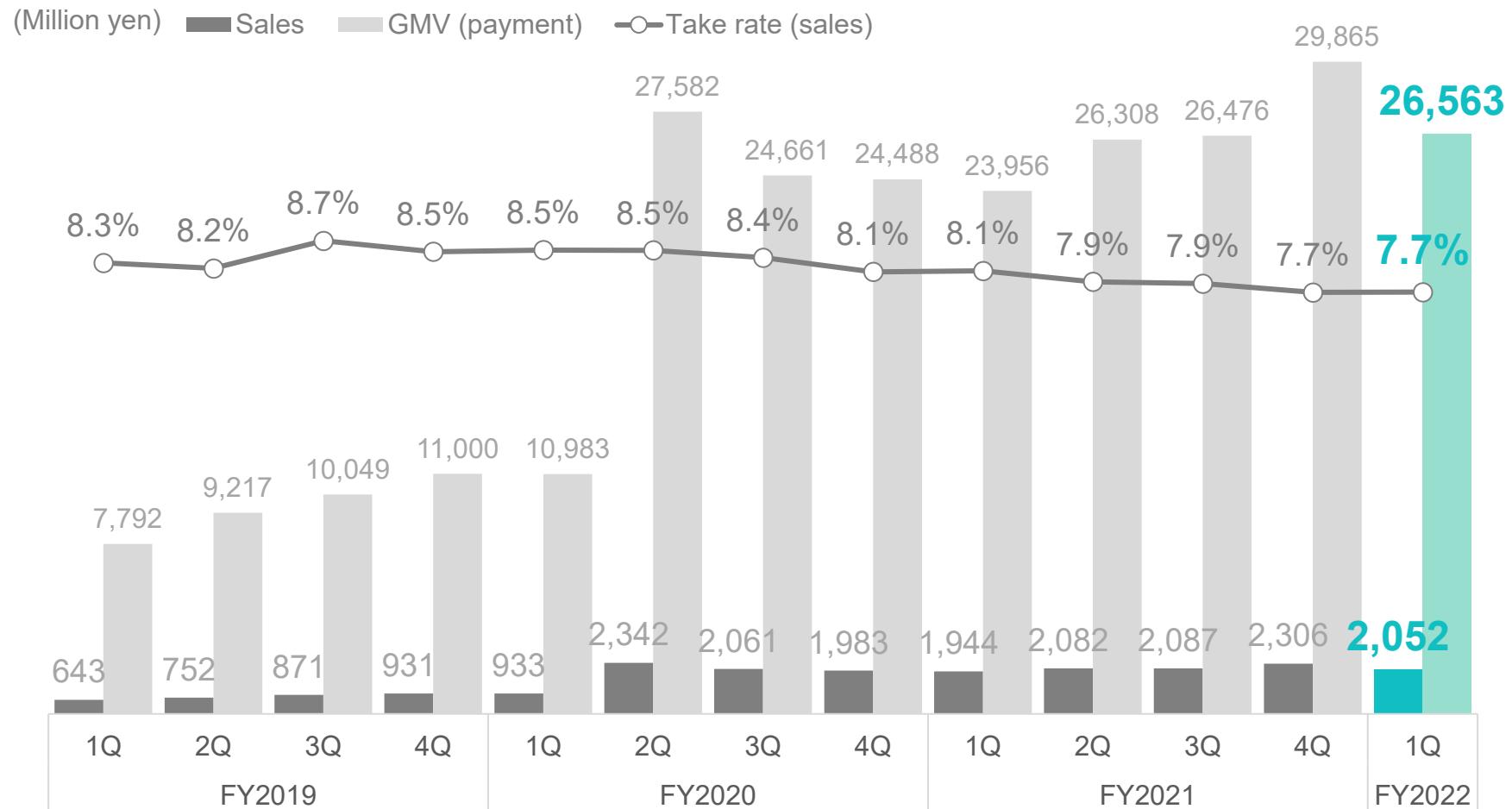


(Note1) BASE's GMV is based on the order date (order amount).

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

GMV (payment amount)<sup>(Note)</sup> increased YoY

Take rate remains unchanged QoQ



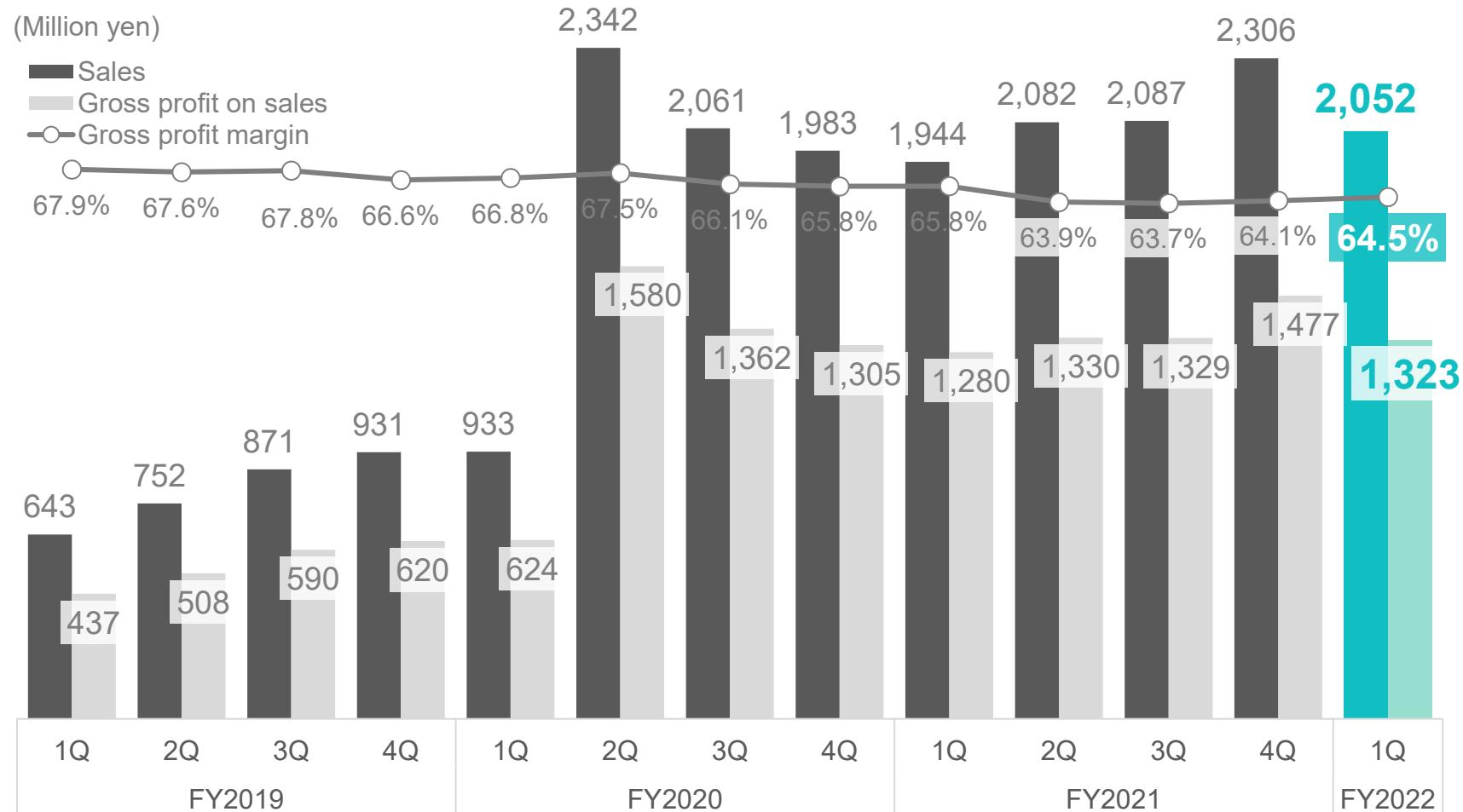
(Note1) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid, and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV is different from the order amount (GMV based on the order date) because the amount that has not been paid due to cancellation is not included in GMV (payment amount).

## Trends in Net Sales and Gross Profit

Net sales and gross profit increased YoY owing to increases in GMV

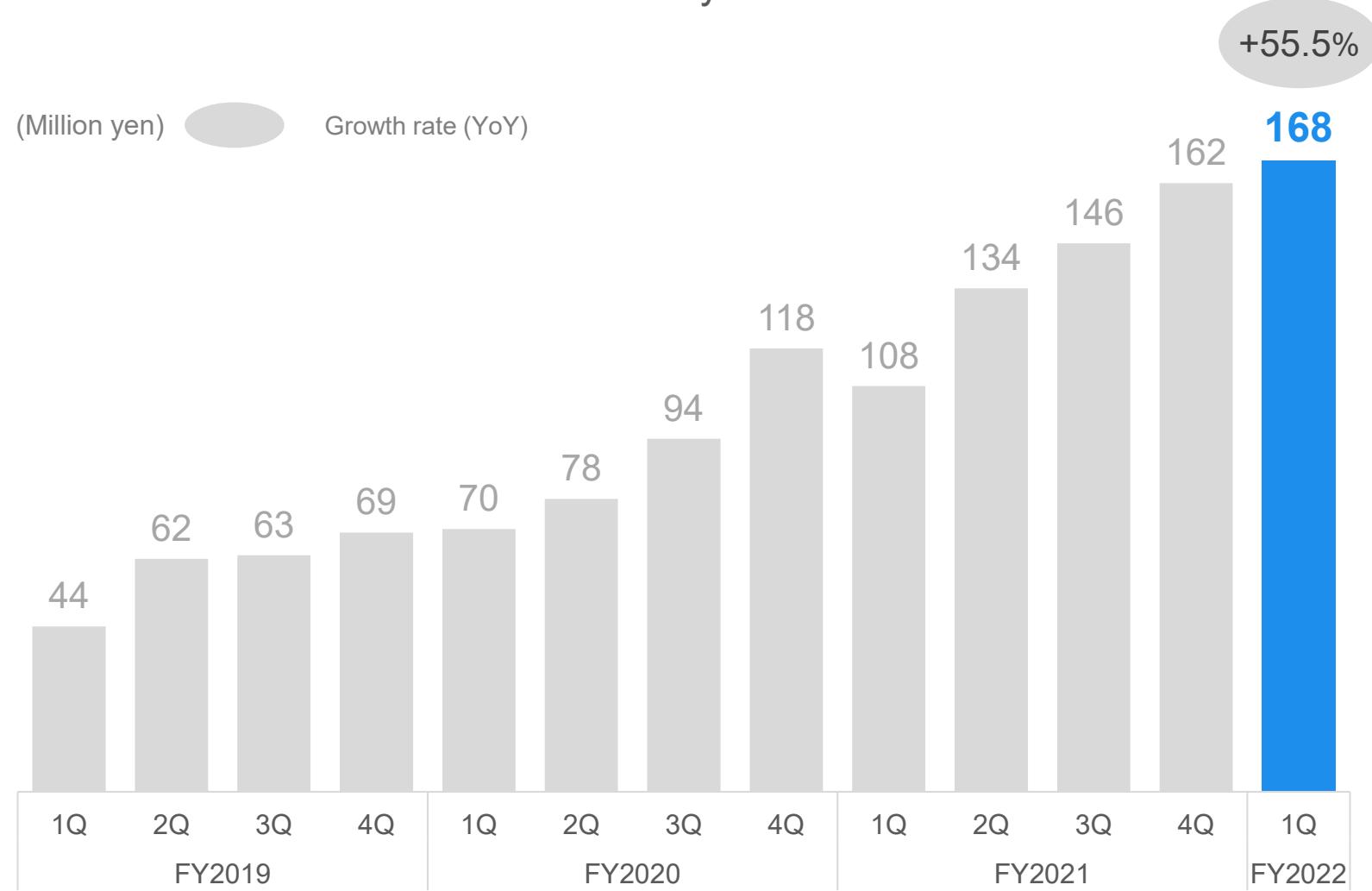
Net sales and gross profit decreased QoQ due to decreases in GMV

Gross profit margin increased QoQ as a result of reduced cost of sales ratio(Note)



(Note) Ratio of the cost of sales over GMV (payment amount). Cost of sales ratio decreased as a result of changes in the payment methodologies and reduced costs for certain payments.

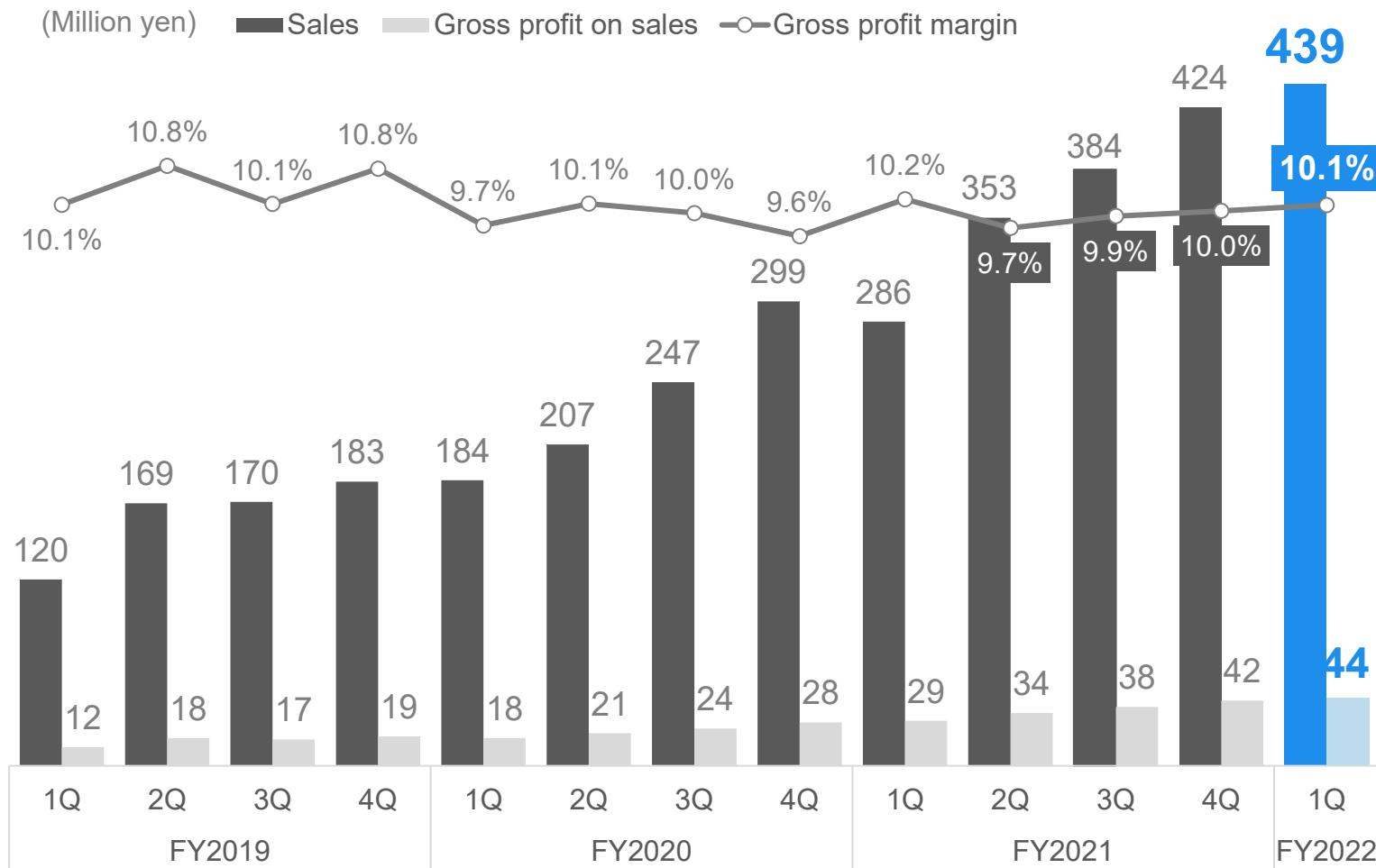
GMV continues to increase significantly YoY at **+55.5%** owing to continued growth by existing merchants and additional increases by new merchants



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

## Trends in Net sales and gross profit

Net sales and gross profit continued to increase YoY by **+53.8%** and **+52.2%** respectively owing to increase in GMV



## 4. Reference Materials

---

## **4-1. Historical Growth of BASE Group**

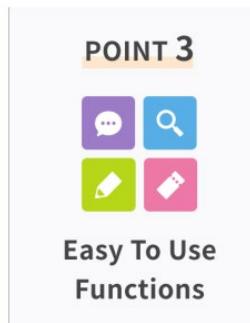
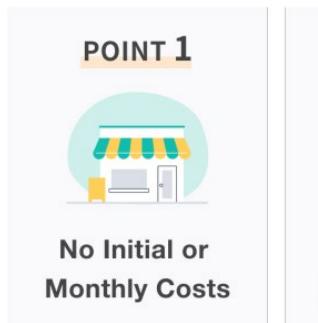
---

Since its foundation, “BASE” has focused on providing services to enable individuals and SMBs to **easily set up online shops and install payment systems with a risk-free fee structure**

**With one of the largest number of monthly active shops**, “BASE” has built a strong position in the long-tail market

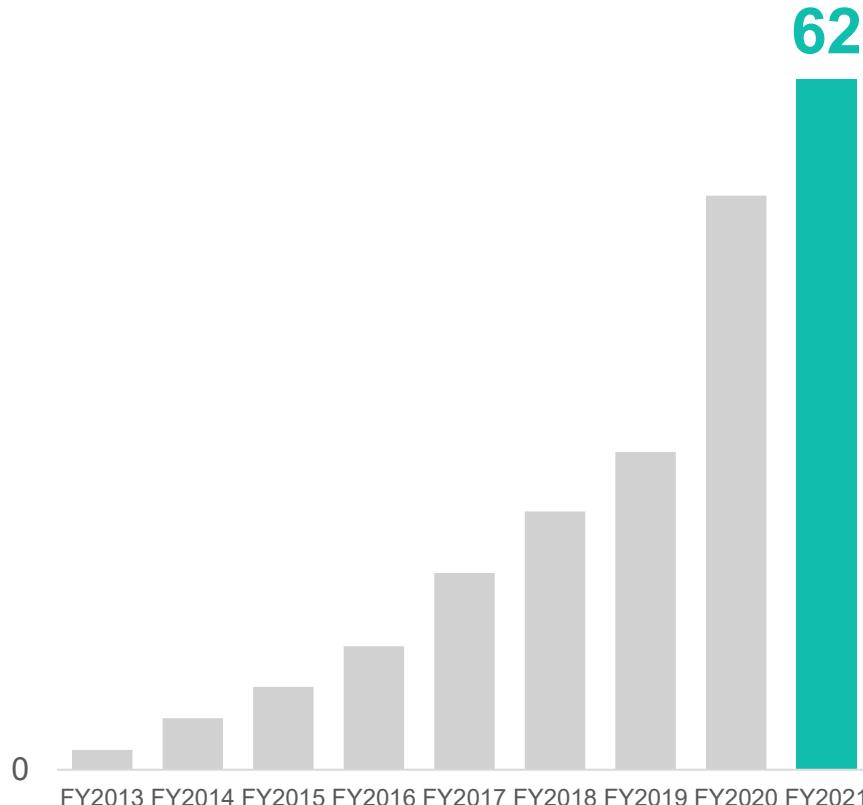
## Risk-free Opportunities for All Users

- ✓ No initial or monthly costs, and fees are paid only when products are sold (Note1)
- ✓ Unique and easy to install payment system for all users
- ✓ Easy to operate standard functions, and extensions function to extend functionalities depending on needs



## Large Number of Active Shops(Note2)

(Thousand Shops)



(Note1)3.6%+40Yen payment processing fees and 3% service fee on the amount of products sold

(Note2)Number of monthly active shops in the 4<sup>th</sup> quarter of each fiscal year

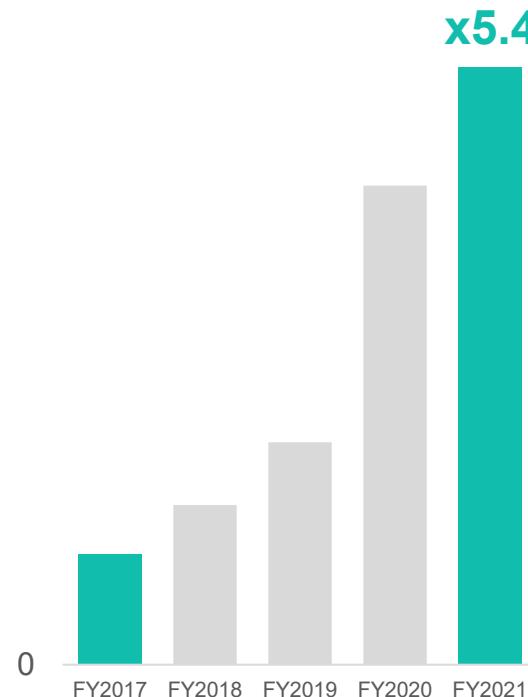
Increasing capacity to support shops, as a service used by shops with large sales  
Becoming a platform with many individuals and small teams with continuous growth

## Growth in Large-Scale Shops<sup>(Note1)</sup>

### Number of Large-Scale Shops<sup>(Note2)</sup>

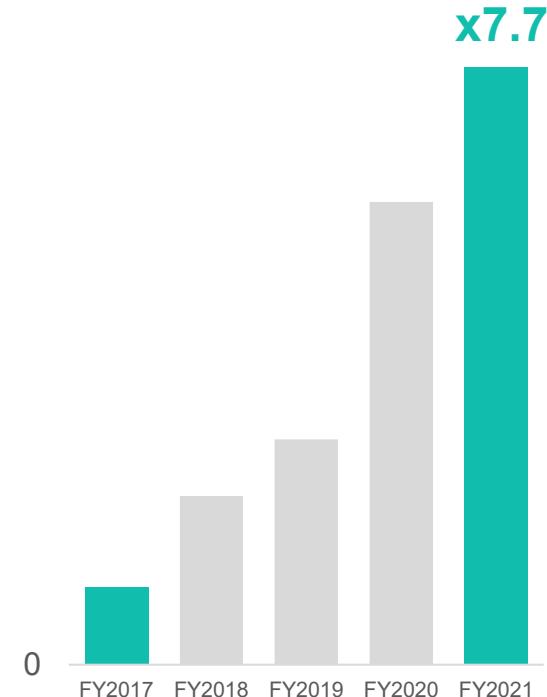
(Shops)

x5.4

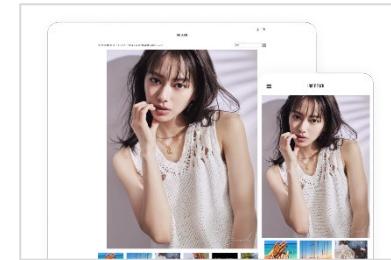


### Monthly Average GMV Per Shop of the Top 3 Shops

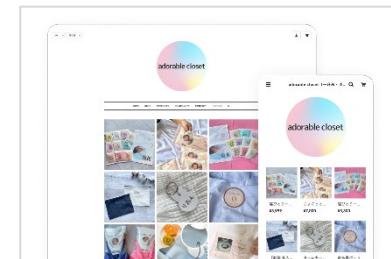
x7.7



## Examples of Large-Scale Shops



IRIE BEACH



adorable closet



Senbei Brothers

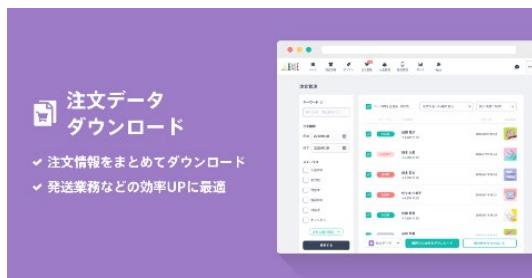
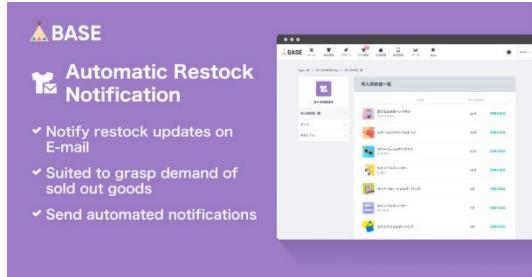
(Note1) Large-scale shops refer to shops with more than 1 million yen sales per month

(Note2) Number of monthly active shops in the 4<sup>th</sup> quarter of each fiscal year

Offering numerous functions with high demand from shops with high growth potential and large sales to enhance operational efficiency, CRM, and designs

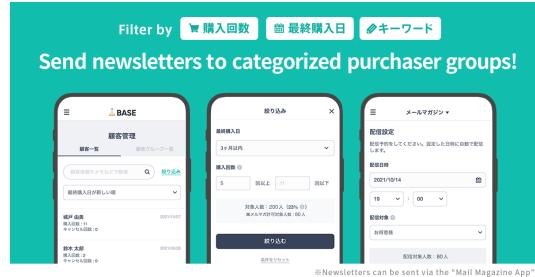
## Operational Efficiency

Functions to support the operational efficiency of shops with large sales and order volume, and complicated back-office operations to help reduce the workload in operating an online shop



## CRM (Client Relationship Management)

Helping shops build lasting relationships with purchasers marketed through SNS and other channels, contributing to an increase in new and repeat purchasers



## Design

Design features and services that meet the needs of large-scale shops which place importance on expressing each shops' worldview and seek unique designs



Promoting faster cash flow for “BASE” shops by providing various financial services

### Financial Services Offering for “BASE” Shops(Note)

#### YELL BANK

- ✓ “BASE” forecasts future sales, and purchases the receivables enabling shops to raise funds without risk

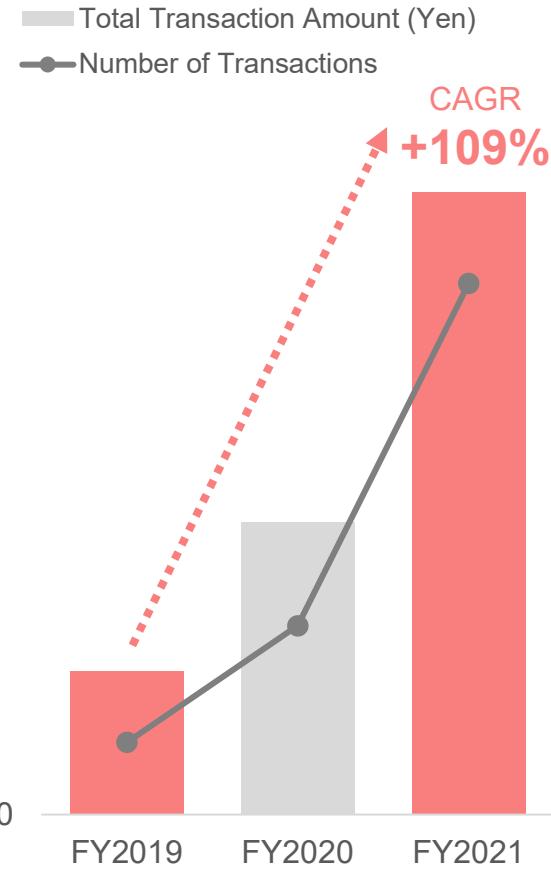
#### Express Bank Transfers

- ✓ Shortening the standard deposit period of 10 days, enabling the transfer of funds 1 day after application

#### BASE Card

- ✓ Spend proceeds from online shop sales at VISA member merchants nationwide

### Growth of “YELL BANK”



### User examples of “YELL BANK”

YELLの先には vol.7

一瞬で入金される  
体験が圧倒的

La crieならではの資金活用方法。



YELLの先には vol.6

YELL BANKを  
利用し続けて2年

「好き」の詰まった  
M-BROWN のショップ作り



YELLの先には vol.5

計画なく気軽に  
資金を調達できるから  
ちょうどいい

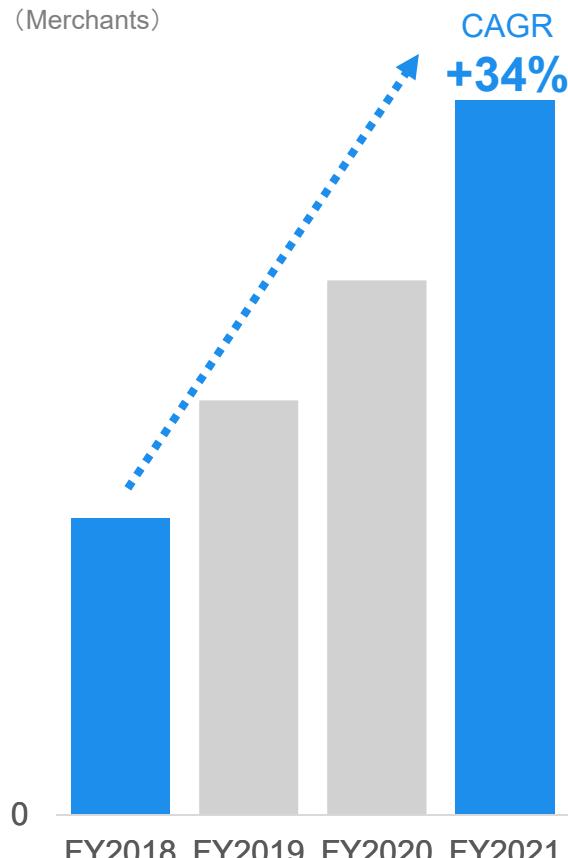
HACOMIDORI が実践する  
お金との上手な付き合い方



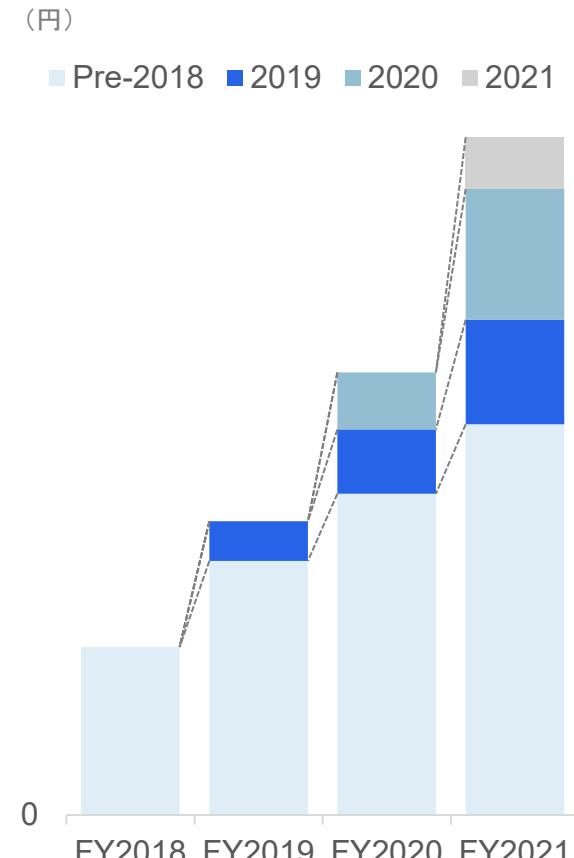
Solving issues for ventures and start ups in introducing online payment

Steady growth maintained with continuous growth by existing merchants, and additional increases by new merchant

### Increase in Merchants



### Growth in GMV



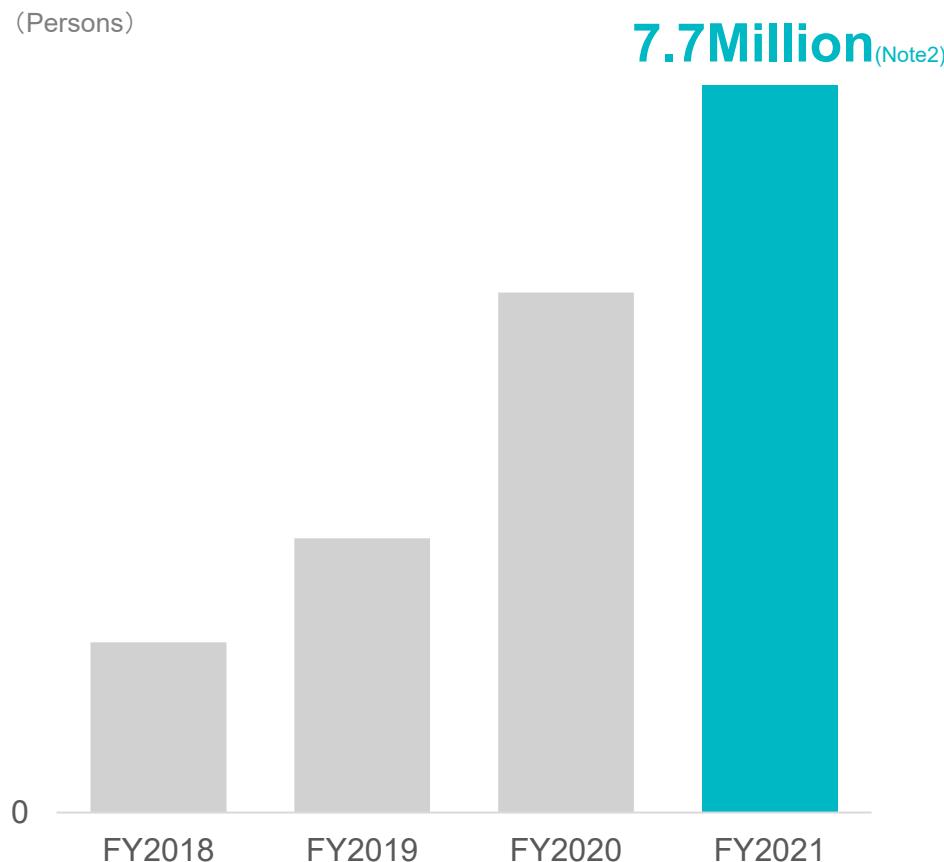
### Merchant Examples of “PAY.JP”



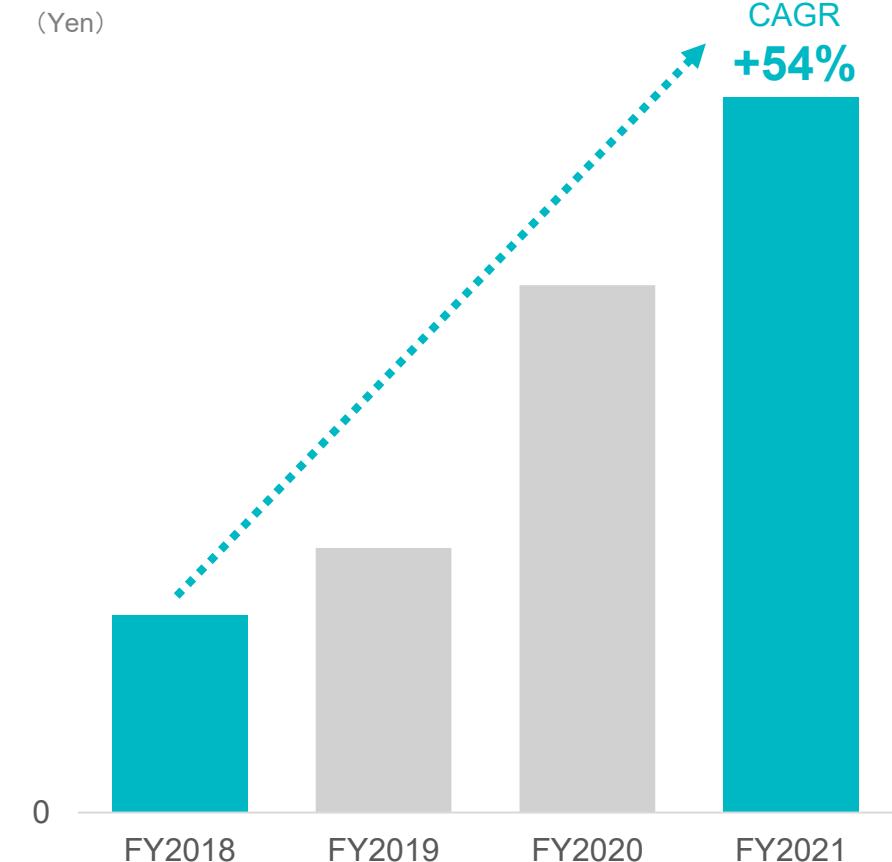
## The only storefront type online shop creation service providing service to purchasers

Increase in the number of users expanded in line with the growth of “BASE”

### Growth in Registered Users of “Pay ID”



### Increase in GMV via Shopping App<sup>(Note1)</sup>



(Note1) Provided as the “BASE” Shopping App until November 2021. Currently offered as the “Pay ID App” following the integration and renewal of the Shopping Service “Pay ID”

(Note2) Number of registered users of “PayID” exceeded 8.0 million as of February 2022

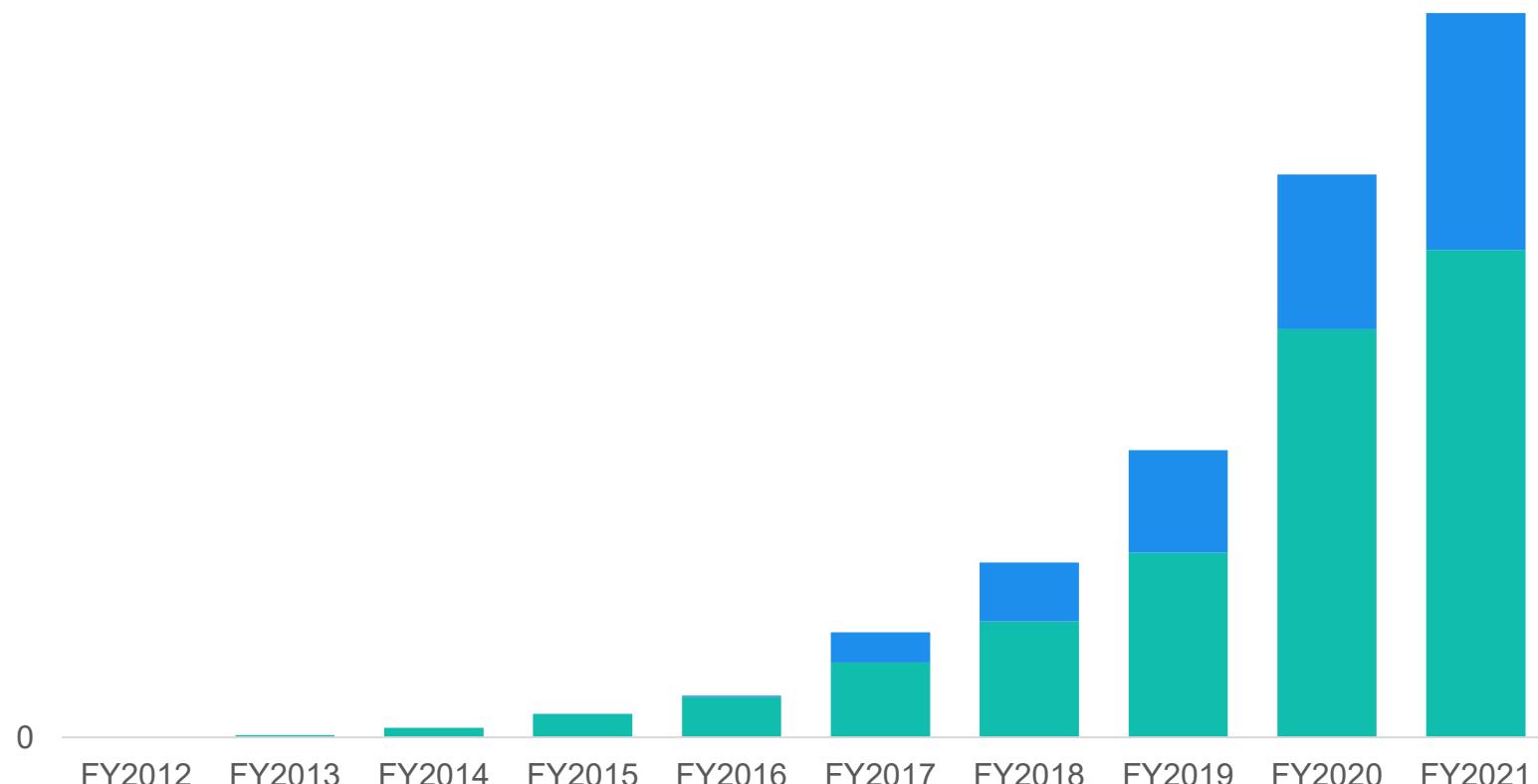
## Significant growth as a platform for the creation of new markets

### Consolidated Yearly GMV<sup>(Note)</sup>

(Million Yen)

■ BASE ■ PAY

**169,041**

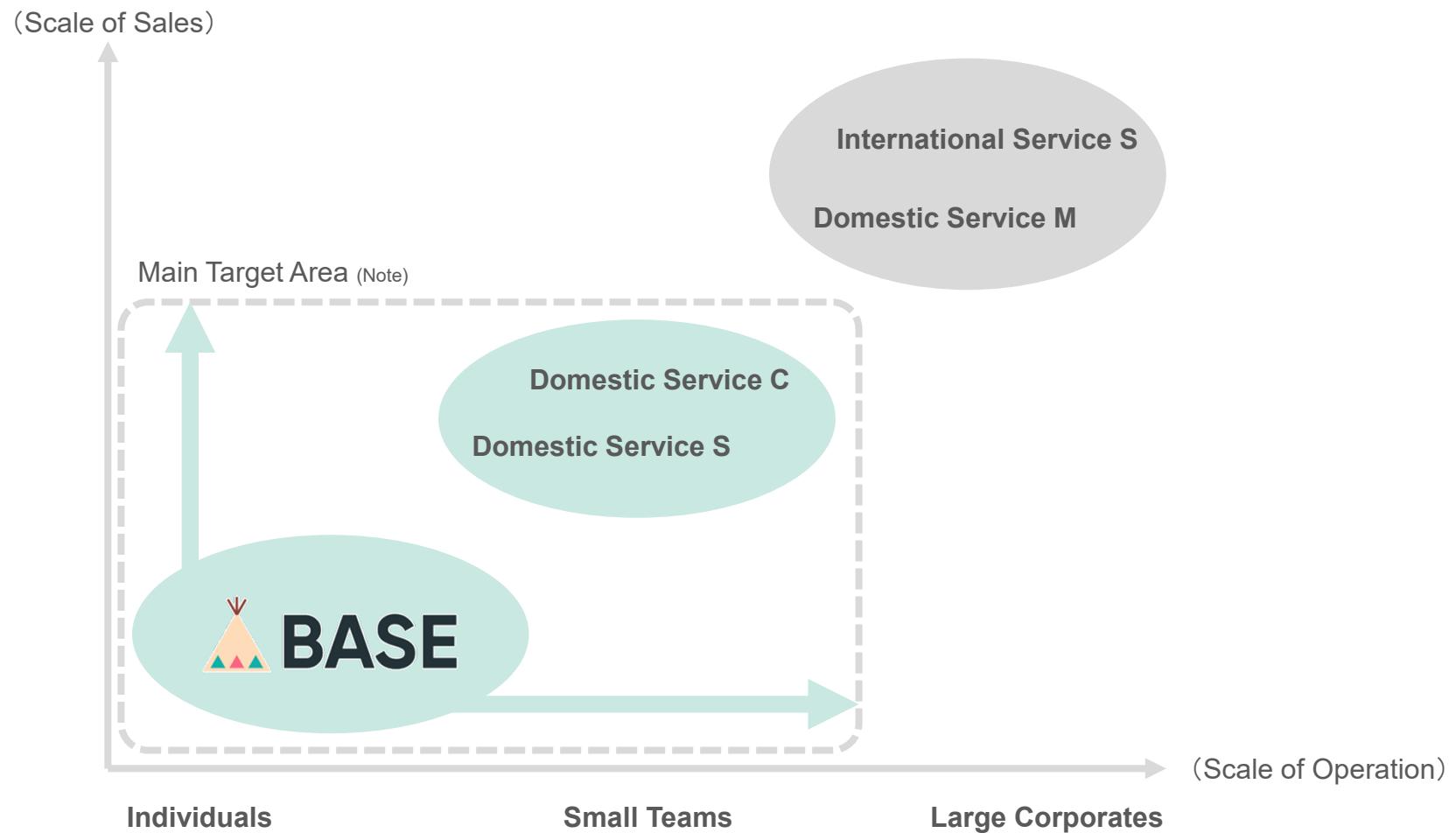


(Note) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (settlement amount)

## **4-2. Future Growth of BASE Group**

---

Aiming to maximize GMV and gross profit in the medium term, to become a platform to support all individuals and small teams



**Commencement of the “Monthly-Fee Plan” since April 18th**, in addition to the conventional “No Monthly Cost Plan” (Note1,2)

Enabling the support of individuals and small teams who have not selected “BASE” due to pricing  
Maintaining a strong position in the long tail markets as a source of competitiveness

	Conventional Plan (Unchanged)	<b>Monthly-Fee Plan</b> <small>NEW</small>
Target	Individuals and small teams who want to operate an online shop with no risk	Individuals and small teams who can take risks to grow their online shop
Service Commission	3.0%(Note3)	<b>5,980Yen Per Month</b>
Payment Processing Commission	3.6%+40Yen <small>(Note3)</small>	<b>2.9%<small>(Note3)</small></b>

(Note1) Conventional “No Monthly Cost Plan” offered as “Standard Plan”, and New “Monthly-Fee Price Plan” offered as “Growth Plan”

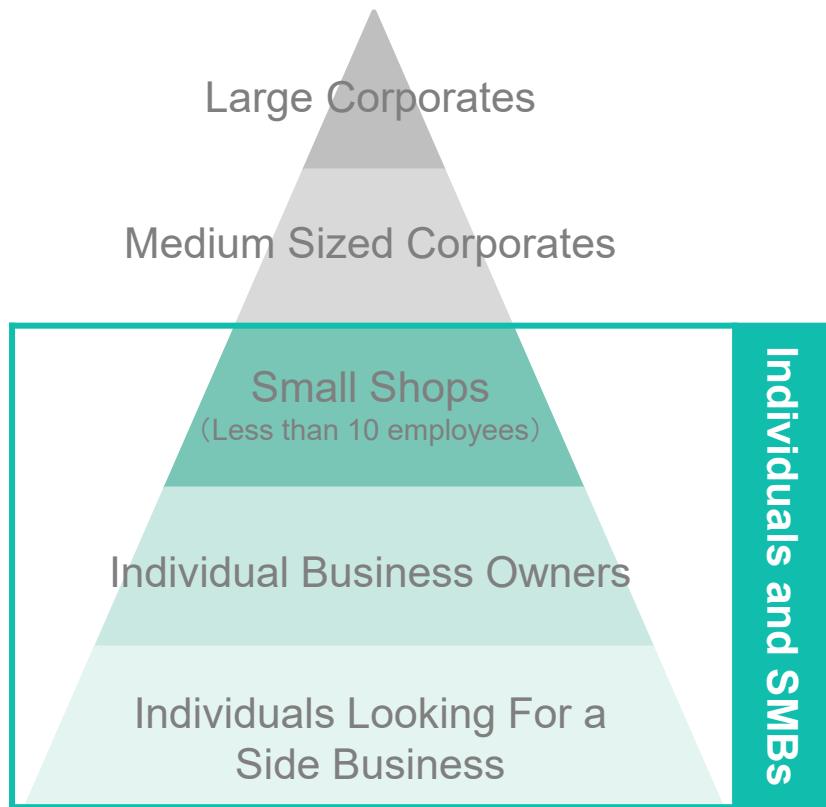
(Note2) Same functions offered for both plans

(Note3) Charged according to payment amount

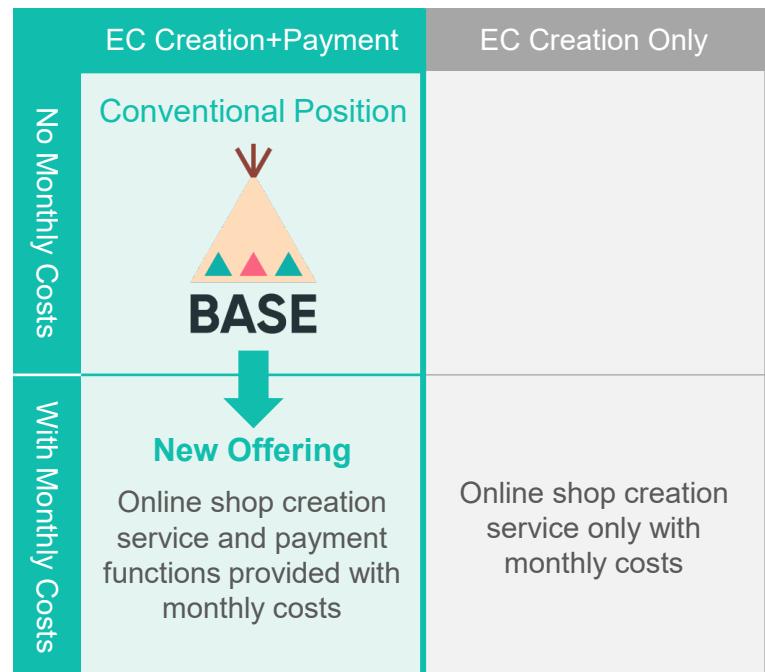
## Unique position with continued focus on targeting individuals and small teams

New monthly-fee plan offering in addition to the conventional price plan enabling to target individuals and small teams operating shops which can take risks for higher growth

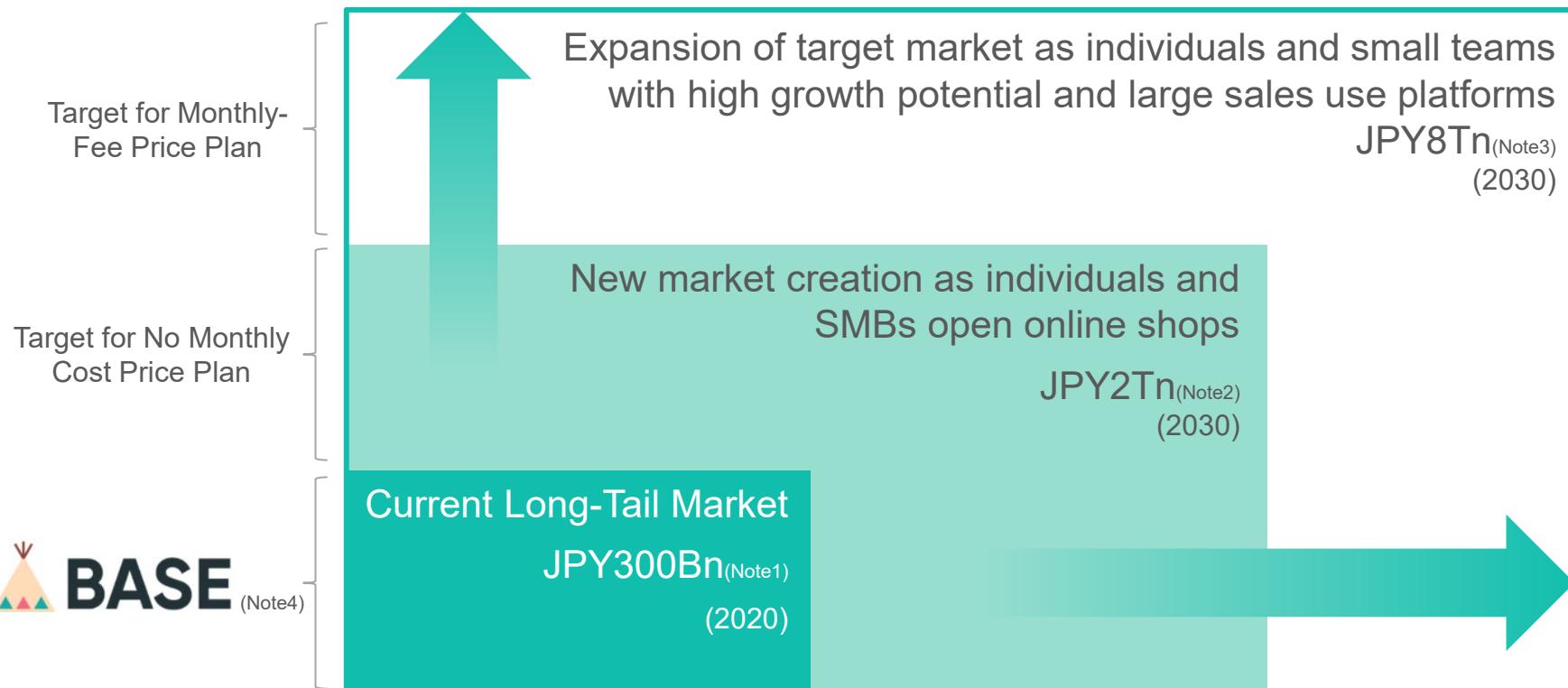
### Scale of Target Users



### Competitive Landscape



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



(Note1) Estimate by company based on assumption of GMV (order amount) of the BASE business in FY12/2020 accounting for approximately 1/3 of the long-tail market

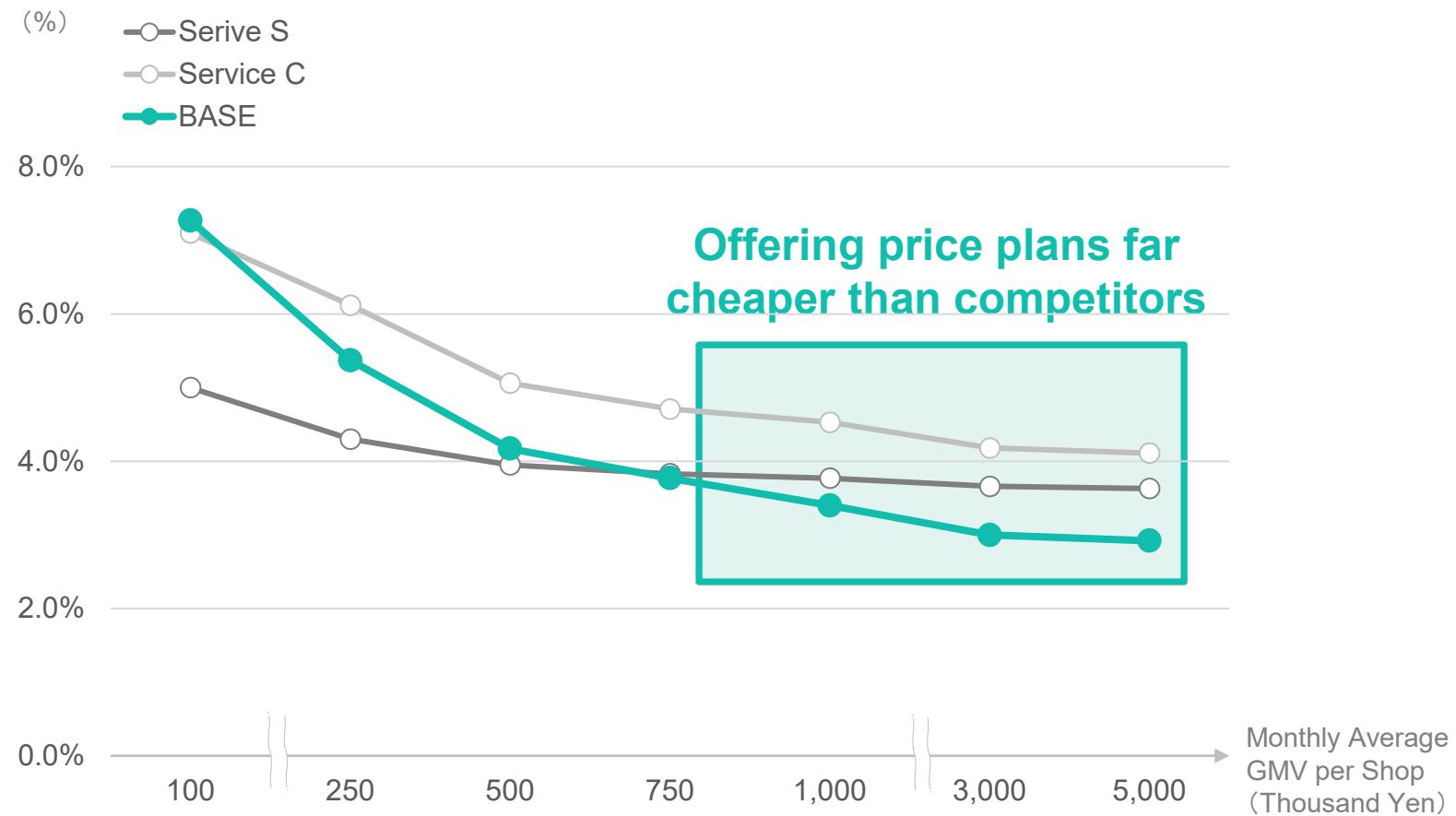
(Note2) Estimate by company based on long-tail market growth of 20% CAGR over 10 years

(Note3) Reference to METI "E-Commerce Market Survey" of 2020, estimate by company of market scale of in-house EC to grow at 8% CAGR over 10 years in the BtoC sale of goods EC space

(Note4) FY12/2020 BASE business GMV (order amount) was JPY95.2Bn

Enabling to support individuals and small team who can take risks to grow by offering a new price plan far cheaper than competitors

### Comparison of Fee Rates (Note)

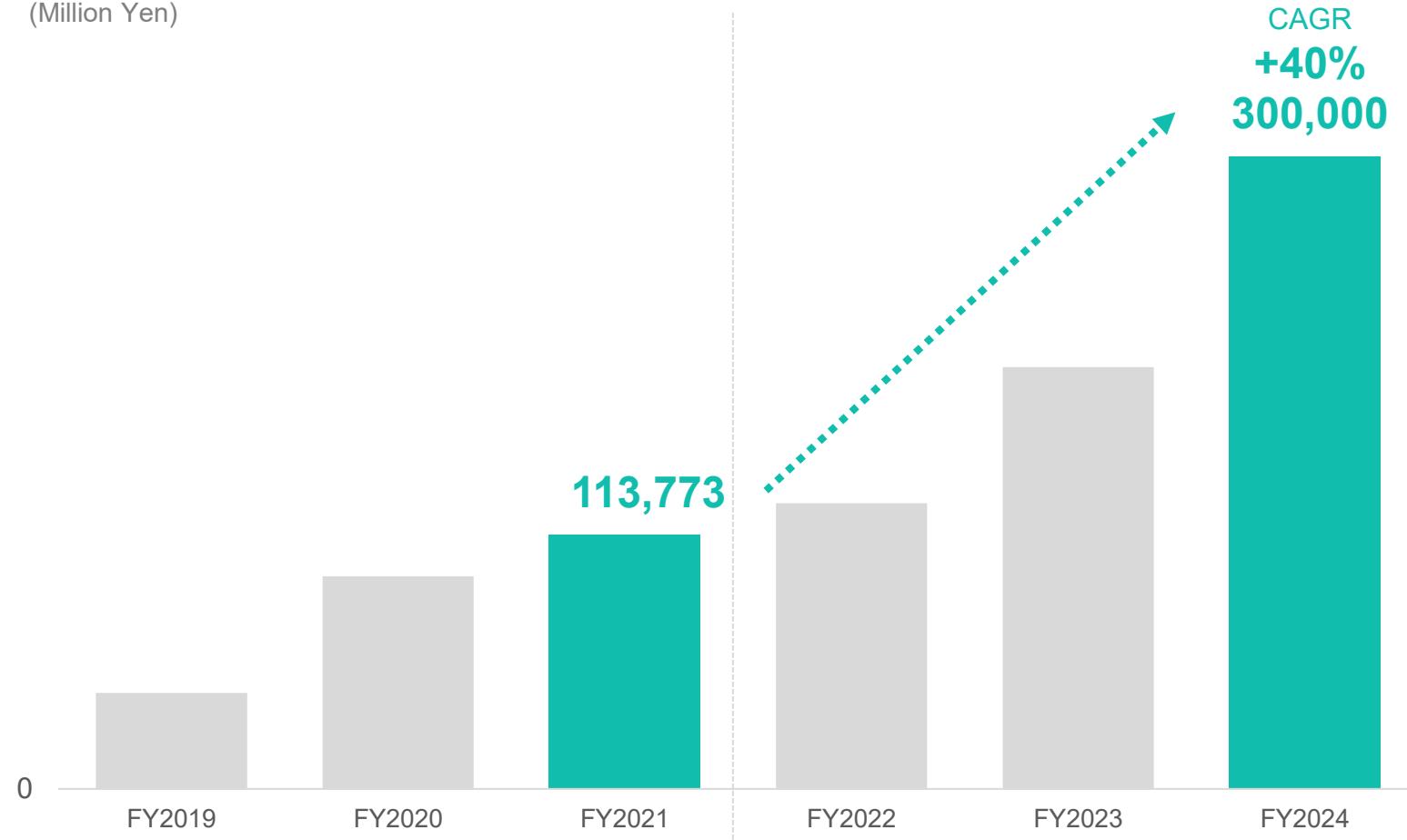


(Note) Comparison based on the lowest fee rate according to the scale of sales among the fee plans offered by each company (calculated by BASE)

Aim to achieve high GMV growth rate(CAGR+40%), and GMV300,000 million yen in 2024

### Image of GMV Growth<sup>(Note1,2)</sup>

(Million Yen)

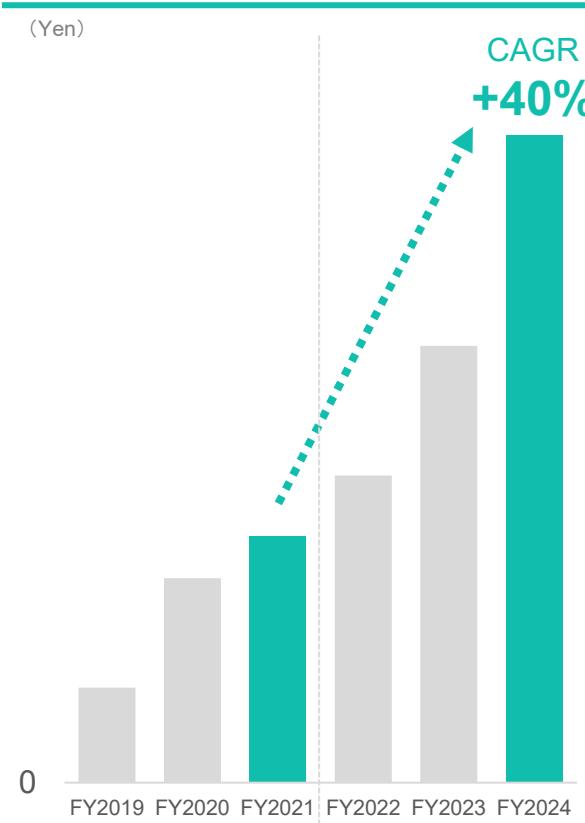


(Note1)Expected figures after 2022

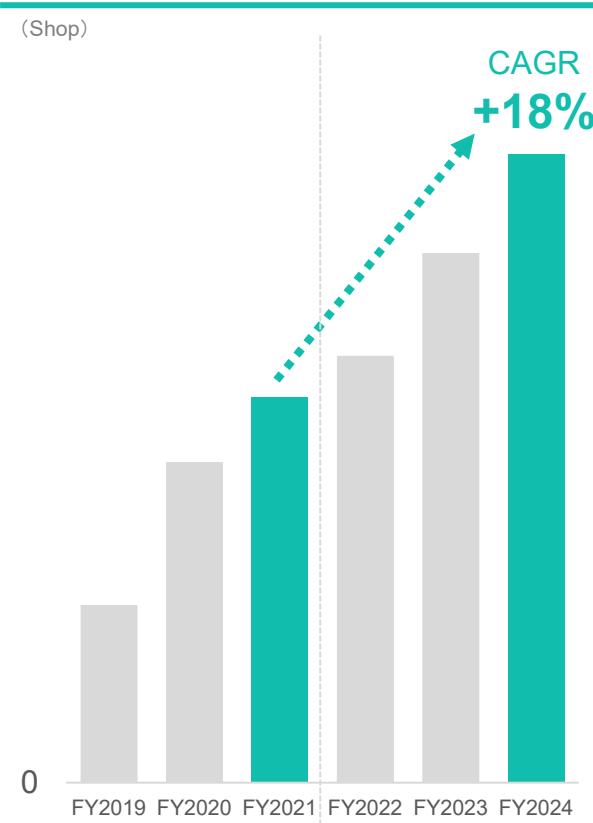
(Note2)GMV is based on order date(order amount)

In addition to increasing the number of active shops per month, which has been a driver for growth, “BASE” aims to also increase the average monthly GMV per shop in order to maximize GMV growth

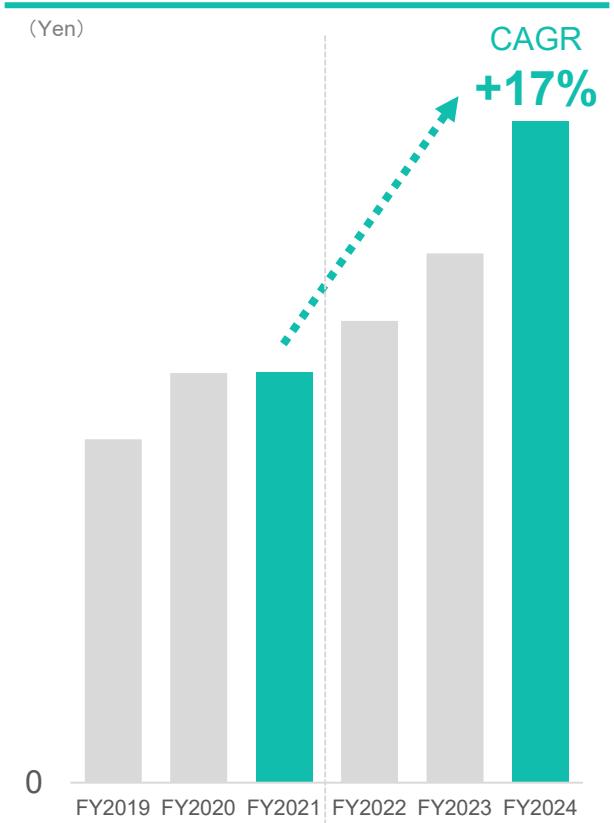
**Monthly GMV**<sup>(Note1,2,3)</sup>



**Number of active shops per month**<sup>(Note2,3)</sup>



**Monthly average GMV per shop**<sup>(Note3)</sup>



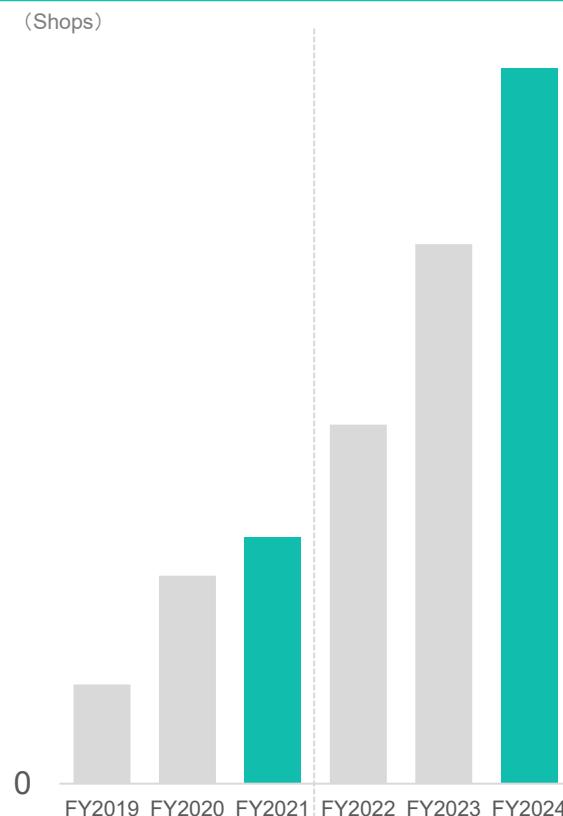
(Note1)GMV is based on order date (order amount)

(Note2) Monthly GMV and number of active shops per month are quarterly averages

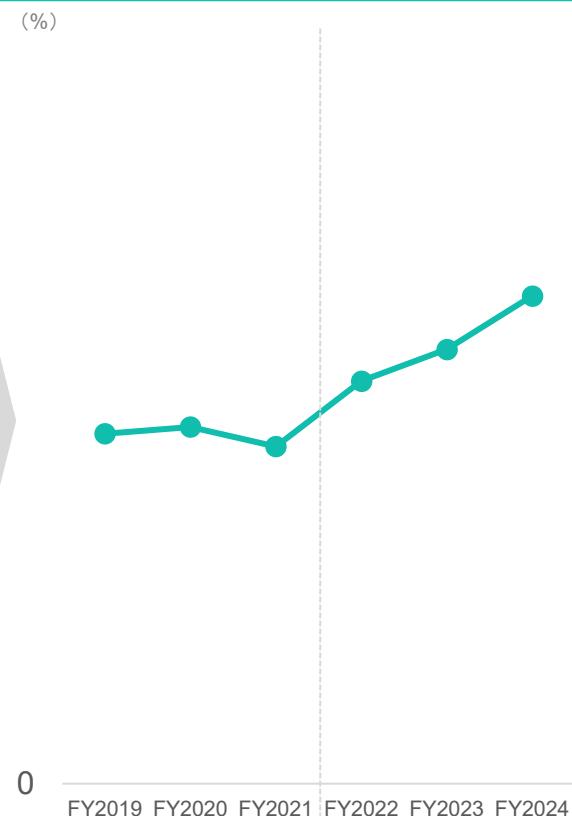
(Note3)Comparison of the 4<sup>th</sup> quarter of each fiscal year

The number of **large-scale shops**<sup>(note1)</sup> is expected to increase with the offering of a monthly-fee based pricing plan etc, **leading to a higher ratio of large-scale shops comprising the overall GMV, resulting in a higher Monthly average GMV per shop**

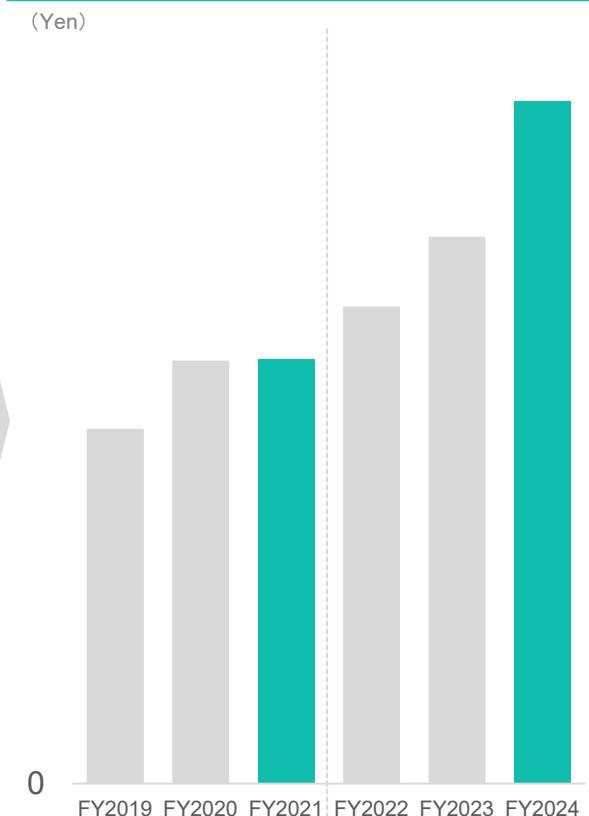
**Number of large-scale active shops per month** <sup>(Note2)</sup>



**Percentage of large-scale shop GMV** <sup>(Note2)</sup>



**Monthly average GMV per shop** <sup>(Note2)</sup>



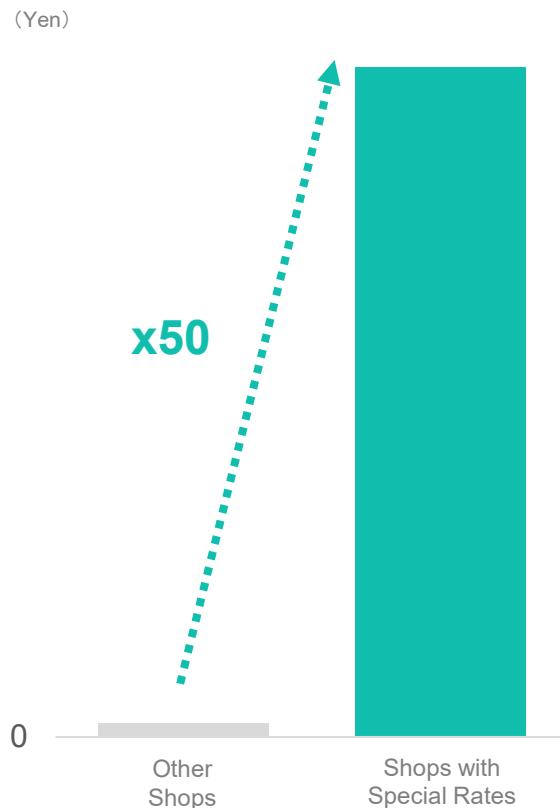
(Note1) Shops which monthly sales exceed 1 million yen

(Note2) Q4 of each fiscal year

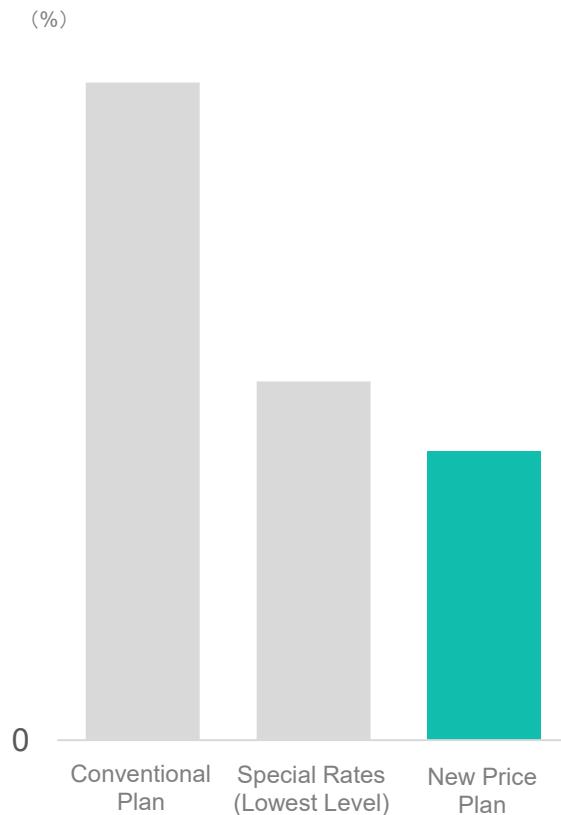
**“BASE” has been selected by many large-scale shops, through providing lower fee rates (special rates)**

The offering of a new price plan which is even lower in fee rates as compared to current shops with special rates, therefore making expectations to acquire a larger number of large-scale shops

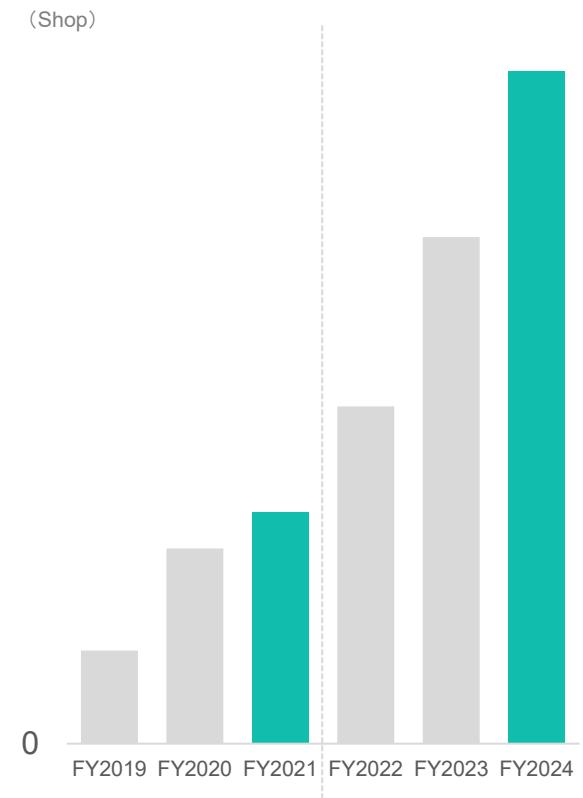
**Yearly average GMV of shops  
which are applied special rates**



**Fee Rate Comparison**



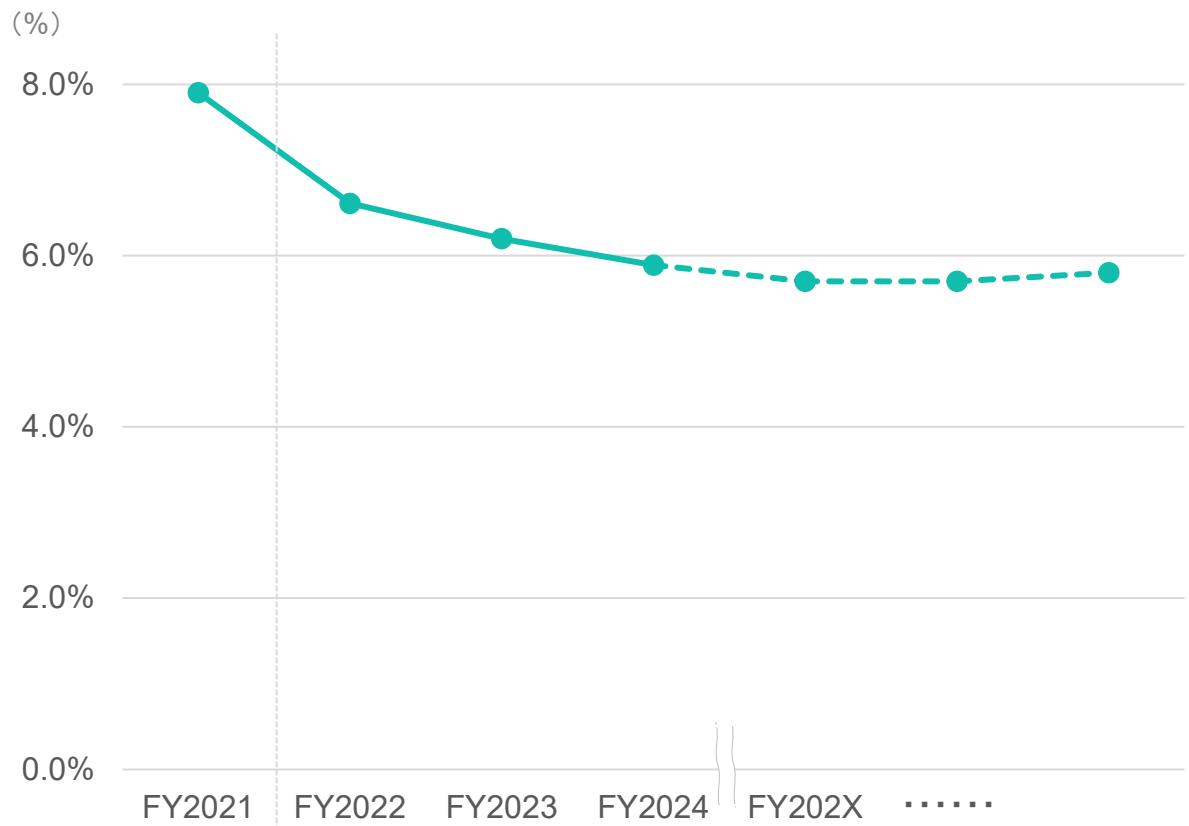
**Expected Number of Large-  
Scale Shops**



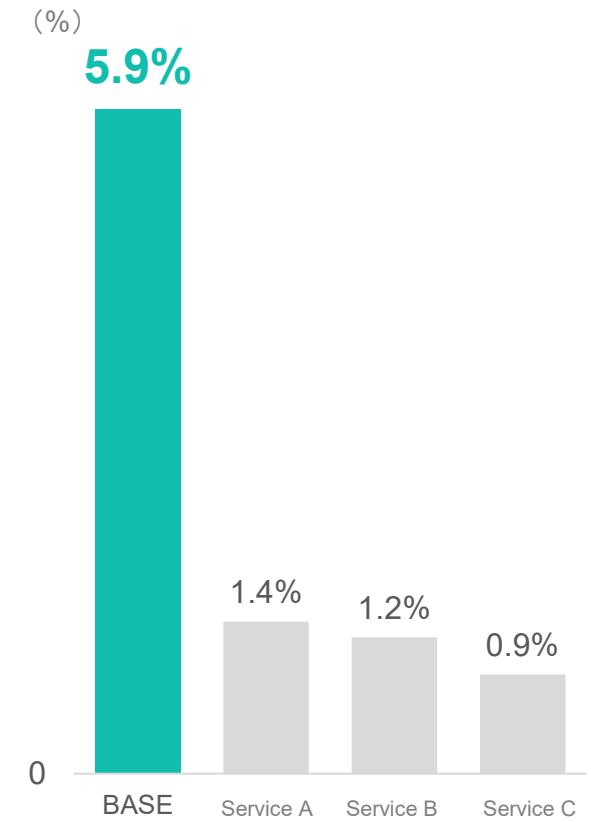
Maintaining high levels of take rate despite offering the lowest fee among competitors, by continuing to focus on long-tail markets

Providing additional pay-as-you-go functions to expect increases in take rate

### Image of Future Take Rate



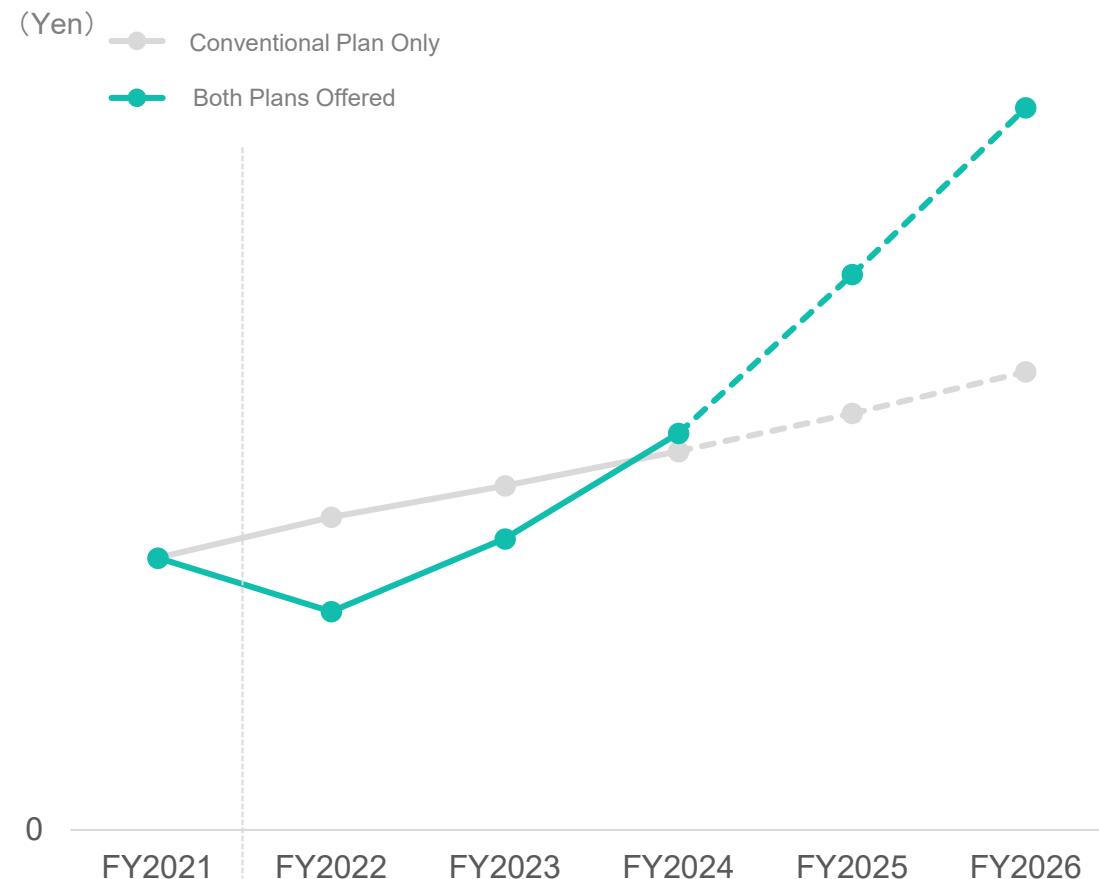
### Take Rate Comparison (Note)



(Note) BASE's take rate is estimated for FY2024. Competitor take rates calculated from publicly disclosed material by BASE

**Gross profit expected to decrease in the short term due to the offering of a monthly-fee based plan, while medium-long term to be maximized**

### Expected Gross Profit



Aim to provide BNPL functions by leveraging on Group assets in “BASE”, “PAY.JP”, and “Pay ID”

**Service infrastructure for providing BNPL to expand in line with growth in existing assets**

## Increased Added Value and Competitiveness through the establishment of a Unique Payment Network

- ✓ Overcome issues of online credit card payments and **improve the purchasers' payment experience** through BNPL
- ✓ **Increase repeat purchases and average unit price** by offering smooth payment and instalments etc.
- ✓ **Secure competitiveness in shops, merchants, and purchaser acquisition** by leveraging on Group assets
- ✓ **Create future revenue streams** through repayment instalments, and **reduce payment fees** paid to PSPs

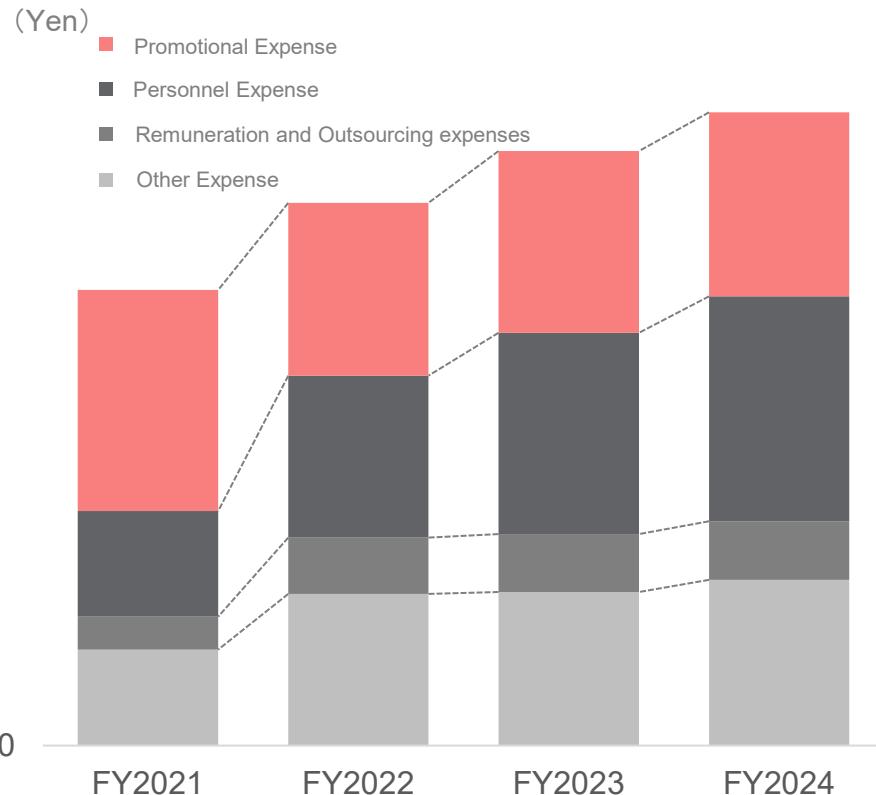


Up to 25 billion yen<sup>(note1)</sup> of forward-looking investments will be made over the next 3 years to maximize gross profit

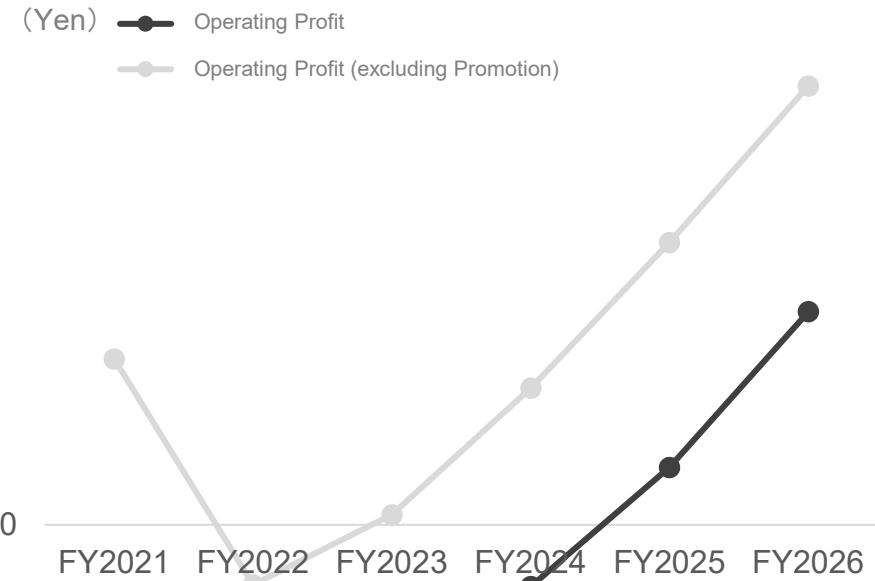
Aim to return to profitability in FY2025, although the operating loss is expected to increase in the short term due to an increase in SG&A expenses as a result of strengthening of the scout team and product development related to the offering of the new price plan etc, and entry into the BNPL business

Maintain a strong financial base with approximately 24 billion JPY in cash and deposits and 15.1billion in net assets as of December 31, 2021

### Expected SG&A<sup>(Note1)</sup>



### Expected Operating Profit



(Note1)Total amount of SG&A expected for the next 3 years

(Note2) Other expenses consist mainly of office expenses, system expenses, remuneration and outsourcing expenses, and taxes.

### **4-3. Others**

---

# Management (Senior Executive Officers)



## **Yuta Tsuruoka (Senior Executive Officer and CEO)**

Born in 1989. After experiencing back-end programming and direction of several Internet services when he was in university, he established BASE, Inc. in December 2012 at the age of 22. Based on its mission of “Payment to the People, Power to the People.” the company has developed a business focusing on the simplification of settlement and operates “BASE,” one of Japan’s largest e-commerce platforms.



## **Shinichi Fujikawa (Senior Executive Officer and SVP of Development)**

After working at an FA equipment manufacturer and a Web production venture, he joined GMO Pepabo in 2006. In 2007, he independently began developing and operating a Twitter Web service client “movatwi” for mobile devices. He established Sousousha in 2010 and served as President and Representative Director until April 2012. He was appointed as CTO of our company in August 2014. In January 2018, he completed the doctoral course of the Graduate School of Media Design, Keio University. In July 2019, he resigned as CTO of our company and was appointed as EVP of Development. In March 2021, he was appointed as Senior Executive Officer of our company.



## **Ken Harada (Senior Executive Officer and CFO)**

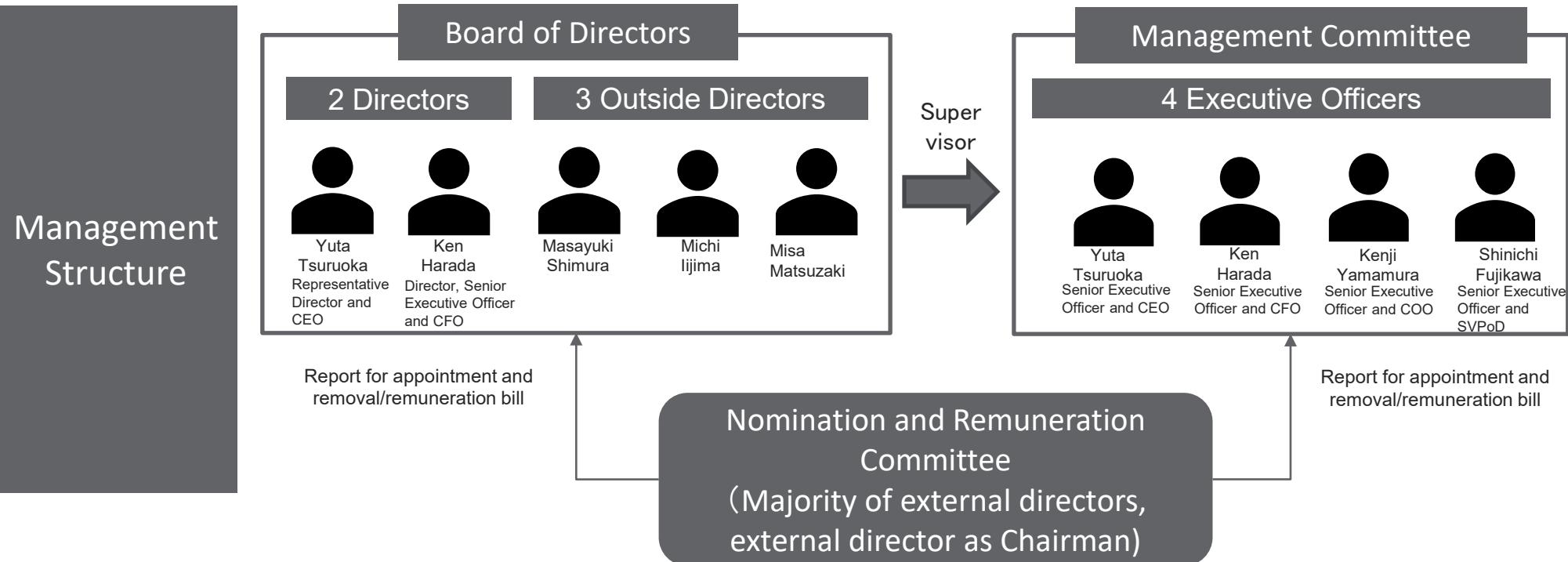
After graduating from School of Commerce, Waseda University, he was in charge of accounting and finance at a major general contractor from 2000. After that, he was in charge of operations such as accounting manager and management planning at mixi, Inc. from 2007, and joined FreakOut, inc. as a management manager in 2013, and conducted its IPO in June 2014. After the IPO, he oversaw and was in charge of overall accounting and finance, corporate planning, and IR operations. He joined our company as CFO in June 2015 and was appointed as Director and CFO of our company in February 2016. He oversees overall corporate operations. In March 2021, he was appointed as Senior Executive Officer of our company.



## **Kenji Yamamura (Senior Executive Officer and COO)**

After graduating from Ritsumeikan University, he worked at a food company and joined Recruit Co., Ltd. in 2004. He served as a business planning member and manager in the learning business, group purchase service “Ponpare,” CS promotion, EC business promotion office, “Air cashier,” etc. He joined our company in January 2017. He promoted “BASE” e-commerce platform business and strengthened the organizational structure, and was appointed as Director and COO of our company in June 2018. In March 2021, he was appointed as Senior Executive Officer of our company.

- Strengthen the supervisory function of the Board of Directors by **appointing a majority of outside directors (two internal directors and three outside directors)**
- Improve fairness and transparency of the process of selecting and dismissing management by **appointing an outside director** as the chairman of the Nomination and Compensation Committee

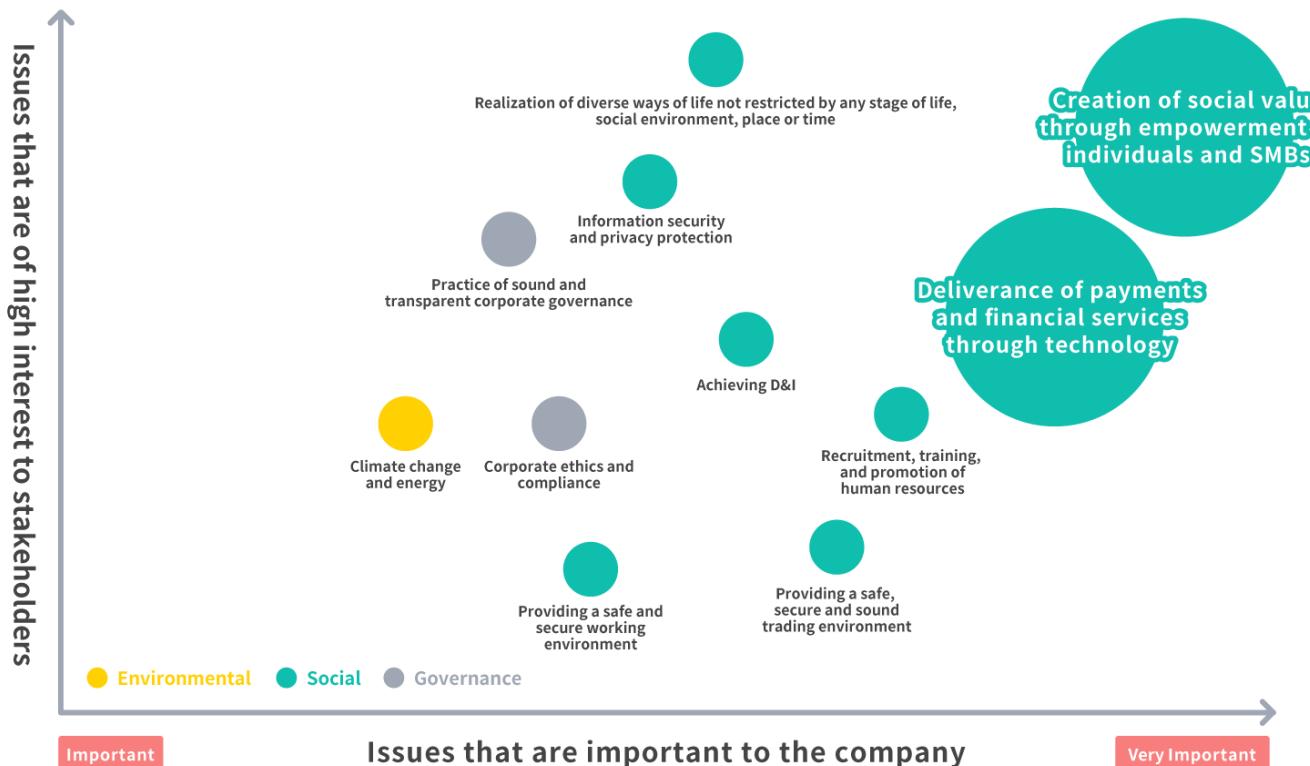


# Initiatives for Realizing a Sustainable Society

Formulation of basic sustainability goals and identification of materiality issues as well as establishment of the Sustainability Committee<sup>(Note1)</sup>

Aiming to create a society in which all people can play an active role by enhancing accessibility to payment and finance services<sup>(Note2)</sup>

**Materiality Map** <sup>(Note3)</sup>



(Note1) Established on 23<sup>rd</sup> March following resolution by the Board of Directors

(Note2) Details of the materiality and specific initiatives are disclosed on the BASE corporate website

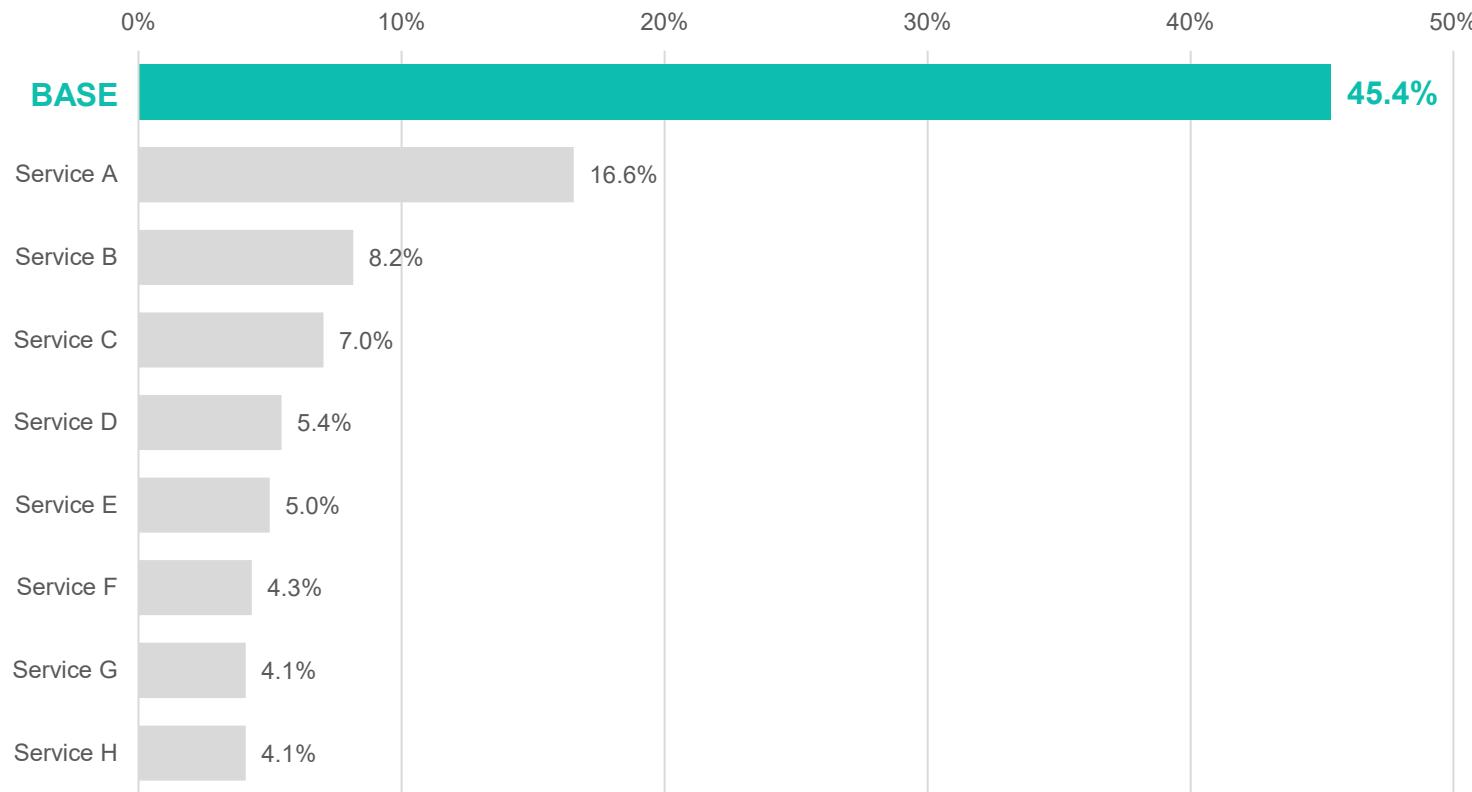
(Note3) the most important materiality to be resolved through business is indicated by a large circle, and materiality that serves as the foundation to support business continuity and means to achieve the most important materiality are indicated by smaller circles

Incurring cost from the initial stage when products don't sell is a risk for SMBs.

The strengths of our services that it is easy to set up an e-commerce site and introduce a payment function, and that initial and monthly costs are free of charge, are a major differentiators from similar services.

### Survey on actual use of our cart-style online retail shop creation service

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



# Profit and Loss Statement (By Segment)

BASE

(Million yen)	FY2020				FY2021				FY2022	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	
Sales	BASE	933	2,342	2,061	1,983	1,944	2,082	2,087	2,306	2,052
	PAY	184	207	247	299	286	353	384	424	439
	Others	6	7	6	7	7	10	20	23	20
Gross profit on sales	BASE	624	1,580	1,362	1,305	1,280	1,330	1,329	1,477	1,323
	PAY	18	21	24	28	29	34	38	42	44
	Others	6	7	6	7	7	10	20	23	14
Segment profit	BASE	56	718	601	-264	102	-207	-167	-431	-178
	PAY	-25	-26	-19	-19	-18	-17	-6	3	-4
	Others	-10	-13	-6	-14	-15	-18	-12	-5	-13
	Corporate expenses	-47	-38	-40	-44	-54	-41	-33	-52	-76
Operating profits	Entire company	-28	640	534	-343	13	-283	-220	-487	-272

(Note) Others include BASE Card

Year	Month	Quarterly GMV (million yen)(Note1)	Monthly GMV (million yen)	Number of shops	Monthly GMV per shops (yen)	Quarterly GMV (Settlement amount) (million yen)(Note2)
2019	March	9,007	3,002	24,770	121,218	7,792
	June	10,480	3,493	26,071	134,001	9,217
	September	11,263	3,754	27,811	135,000	10,049
	December	12,211	4,070	28,537	142,638	11,000
2020	March	12,532	4,177	30,658	136,262	10,983
	June	31,071	10,357	49,715	208,330	27,582
	September	25,390	8,463	50,553	167,417	24,661
	December	26,302	8,767	51,558	170,051	24,488
2021	March	25,739	8,579	54,742	156,734	23,956
	June	28,132	9,377	58,833	159,392	26,308
	September	28,175	9,391	60,856	154,329	26,476
	December	31,725	10,575	62,049	170,431	29,865
2022	March	28,199	9,399	60,672	154,927	26,563

(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)
2019	March	4,430
	June	6,244
	September	6,324
	December	6,926
2020	March	7,018
	June	7,820
	September	9,422
	December	11,808
2021	March	10,837
	June	13,446
	September	14,693
	December	16,297
2022	March	16,849

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

# Ratio of Dilutive Shares

BASE

		FY2022
SO	Beginning balance	5,334,000
	Granted	0
	Exercised	-218,000
	Renounced	-8,000
	Ending balance	5,108,000
Number of shares outstanding		111,718,749
Ratio of dilutive shares		4.6%

# Handling of these Materials

This document has been prepared by BASE, Inc. (the "Company") solely for information purpose only. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in Japan, the United States or any other jurisdictions. The information contained herein is based on current economic, regulatory, market trends and other conditions. The Company makes no representation or guarantee with respect to the credibility, accuracy or completeness of the information herein. The information contained herein may change without prior notice. Furthermore, the information on future business results are forward-looking statements. Forward-looking statements include but not limited to expressions such as "believe", "expect", "plan", "strategic", "expect", "anticipate", "predict" and "possibility", as well as other similar expressions to explain future business activities, achievements, events and future conditions. Forward-looking statements are predictions about the future that reflect management's judgment based on currently available information. As such, these forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by the forward-looking statements. Therefore, you may not rely entirely on forward-looking statements. The Company does not assume any obligation to change or correct any forward-looking statements in light of new information, future events or other findings.

This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. In giving this presentation, the Company does not undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent.

Information on companies other than the Company and information provided from third parties are based on public information or sources. The Company has not independently verified the accuracy and appropriateness of such data and indicators used herein, nor assume any responsibility for the accuracy and appropriateness of such data and indicators presented in this document.

BASE