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**Summary of Consolidated Financial Results  
for the Nine months Ended September 30, 2022  
(Based on Japanese GAAP)**

November 8, 2022

Company name: BASE, Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4477 URL <https://binc.jp/en>  
 Representative: Representative Director and CEO Yuta Tsuruoka  
 Inquiries: Director, Senior Executive Officer and CFO Ken Harada TEL 03(6441)2075  
 Scheduled date to file Quarterly Securities Report: November 8, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

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

**1. Consolidated financial results for the Nine months ended September 30, 2022 (from January 1, 2022 to September 30, 2022)****(1) Consolidated operating results (cumulative)**

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2022	7,099	(1.1)	(1,167)	–	(1,153)	–	(1,216)	–
Nine months ended September 30, 2021	7,176	19.7	(490)	–	(494)	–	(467)	–

(Note) Comprehensive Income (millions of yen)

Nine months ended September 30, 2022: (1,206) (–%) Nine months ended September 30, 2021: (464) (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2022	(10.88)		–	
Nine months ended September 30, 2021	(4.24)		–	

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

2. The Company conducted a stock split as of April 1, 2021, whereby each ordinary share was split into 5 shares. The afore-mentioned calculation of earnings per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2021.

**(2) Consolidated financial position**

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of September 30, 2022	29,781		14,000		47.0	
As of December 31, 2021	31,991		15,105		47.2	

(Reference) Equity (millions of yen) As of September 30, 2022: 14,000 As of December 31, 2021: 15,105

**2. Cash dividends**

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended December 31, 2021	Yen –	Yen 0.00	Yen –	Yen 0.00	Yen 0.00
Year ending December 31, 2022	–	0.00	–	–	–
Year ending December 31, 2022(Forecast)	–	–	–	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

**3. Forecast of consolidated financial results for the year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)**

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,130	(8.1)	(2,300)	–	(2,290)	–	(2,369)	–	(20.60)
	~9,490	~(4.4)	~(2,130)	–	~(2,120)	–	~(2,199)	–	~(19.17)

(Notes) 1. Revisions to most recent consolidated results forecast: Existence



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# 1. Qualitative information on results for the Nine months ended September 30, 2022

## (1) Overview of operating results

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

During the nine months ended September 30, 2022, developments in the social response towards the novel coronavirus disease (COVID-19) led to the recovery of offline consumption associated with reopening. Online consumption has consequently decelerated, and the outlook of the market remains uncertain as a result.

In the midst of this business environment, the BASE Business pursues sustainable growth over the medium to long term and continues its aggressive marketing towards individuals and small teams while expanding functionality in order to improve the convenience of shop operations for its users. In the PAY Business, the Group aims to expand the number of merchants by targeting start-up companies and strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate.

As a result of the above, the Group’s consolidated net sales for the nine months ended September 30, 2022 were ¥7,099 million (1.1% decrease year on year), operating loss was ¥1,167 million (operating loss of ¥490 million in the same period of the previous fiscal year), ordinary loss was ¥1,153 million (ordinary loss of ¥494 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥1,216 million (loss attributable to owners of parent of ¥467 million in the same period of the previous fiscal year). The results of the segments are as follows.

### A) BASE Business

In the BASE Business, the COVID-19 pandemic triggered significant GMV growth for the business that greatly surpassed the average growth for the EC industry. As a reaction to this period of high growth, the negative effects of reopening and the decline in online consumption was amplified for the BASE Business during the nine months ended September 30, 2022 relative to the industry as a whole. However, the impact of reopening has recently contracted with the trend of declining online consumption coming to a halt during the three months ended September 30, 2022.

Additionally, the “Monthly-Fee Plan,” which charges a fixed monthly service commission alongside a reduced payment processing commission, was launched on April 18th with the aim of maximizing GMV and gross profit over the medium term. As a result of this deliberate reduction in take rate (Note), the number of shops using the plan steadily increased in the three months ended September 30, 2022, and the churning of large sales shops to a certain competitor diminished. Furthermore, the customer acquisition efficiency of the outbound sales team (or “Scout Team”) that launched in April improved, leading to the steady acquisition of shops with large sales.

As a result of the above, the Gross Merchandise Volume (or “GMV”) for the nine months ended September 30, 2022 was ¥84,589 million (order amount) and ¥80,259 million (payment amount) (3.1% increase for order amount and 4.6% increase for payment amount year on year). On the other hand, due to the increased GMV mix of shops using the Monthly-Fee Plan and strategically reduced take rate, net sales, gross profit, and gross profit margin for the three months ended September 30, 2022 decreased year on year. Net sales for the nine months ended September 30, 2022 were ¥5,530 million (9.6% decrease year on year), and segment loss was ¥894 million (segment loss of ¥271 million in the same period of the previous fiscal year).

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

### B) PAY Business

In the PAY Business, the Group provides the online payment service “PAY.JP.” In the three months ended September 30, 2022, though this includes a temporary surge in contribution from select merchants stemming from their large-scale sales promotions, GMV for the period increased significantly due to the continued growth of existing merchants as well as the acquisition of new merchants.

As a result, GMV for the nine months ended September 30, 2022 was ¥56,917 million (46.0% increase year on year), net sales were ¥1,485 million (45.0% increase year on year), and segment loss was ¥12 million (segment loss of ¥41 million in the same period of the previous fiscal year).

### C) Other Business

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

As a result, net sales for the nine months ended September 30, 2022 were ¥83 million (119.7% increase year on year), and segment loss was ¥37 million (segment loss of ¥46 million in the same period of the previous fiscal year).

## **(2) Overview of financial position**

### **(Assets)**

Total assets as of September 30, 2022 were ¥29,781 million, a decrease of ¥2,209 million from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of ¥2,593 million.

### **(Liabilities)**

Liabilities as of September 30, 2022 were ¥15,781 million, a decrease of ¥1,104 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥2,613 million in accounts payable - trade, which offset an increase of ¥1,509 million in deposits received.

### **(Net assets)**

Net assets as of September 30, 2022 were ¥14,000 million, a decrease of ¥1,105 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,216 million in retained earnings resulting from the recording of loss attributable to owners of parent. In addition, in accordance with the resolution of the Annual General Meeting of Shareholders held on March 23, 2022, with the aim of ensuring the flexibility of financial strategies while allowing for a responsive capital policy in the future, legal capital surplus was reduced by ¥7,362 million in order to transfer the amount to other capital surplus.

## **(3) Overview of consolidated earnings forecast and other forward-looking estimates**

With consideration to recent financial trends, the Company has disclosed its earnings forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022). For details, please refer to the document titled “Notice Concerning Full-Year Earnings Forecast (Consolidated and Non-Consolidated)” released today.

Since the effects of reopening remain uncertain and changes in the business environment may affect future consolidated financial results, the Company will continue to closely monitor the situation on hand.

## 2. Quarterly consolidated financial statements and main noted items

### (1) Consolidated balance sheets

(Million yen)

	As of December 31, 2021	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	24,053	21,460
Accounts receivable - trade	6,631	7,028
Other	843	848
Allowance for doubtful accounts	(95)	(88)
Total current assets	31,433	29,248
Non-current assets		
Property, plant, and equipment	101	87
Intangible assets	3	3
Investments and other assets	453	442
Total non-current assets	558	533
Total assets	31,991	29,781
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	12,745	10,132
Deposits received	3,707	5,217
Provision for chargeback	16	10
Other	353	356
Total current liabilities	16,823	15,716
Non-current liabilities		
Other	61	64
Total non-current liabilities	61	64
Total liabilities	16,885	15,781
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,552	8,603
Capital surplus	7,362	7,413
Retained earnings	(813)	(2,029)
Total shareholders' equity	15,102	13,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	13
Total accumulated other comprehensive income	3	13
Total net assets	15,105	14,000
Total liabilities and net assets	31,991	29,781

**(2) Consolidated statement of income and comprehensive income****Consolidated statement of income**

(Nine months ended September 30, 2022)

(Million yen)

	Nine months Ended September 30, 2021 (from January 1, 2021 to September 30, 2021)	Nine months Ended September 30, 2022 (from January 1, 2022 to September 30, 2022)
Net sales	7,176	7,099
Cost of sales	3,096	3,562
Gross profit	4,080	3,536
Selling, general, and administrative expenses	4,570	4,704
Operating loss	(490)	(1,167)
Non-operating income		
Interest income	0	0
Commission income	—	12
Other	2	7
Total non-operating income	2	19
Non-operating expenses		
Interest expenses	—	0
Foreign exchange losses	—	2
Share issuance cost	3	0
Commitment fee	3	2
Total non-operating expenses	6	5
Ordinary loss	(494)	(1,153)
Extraordinary loss		
Loss on valuation of investment securities	—	62
Total extraordinary loss	—	62
Loss before income taxes	(494)	(1,215)
Income taxes	1	0
Refund of income taxes for prior periods	(27)	—
Net loss	(467)	(1,216)
Loss attributable to owners of parent	(467)	(1,216)

## Consolidated statement of comprehensive income

(Nine months ended September 30, 2022)

(Million yen)

	Nine months Ended September 30, 2021 (from January 1, 2021 to September 30, 2021)	Nine months Ended September 30, 2022 (from January 1, 2022 to September 30, 2022)
Net loss	(467)	(1,216)
Other comprehensive income		
Valuation difference on available-for-sale securities	3	10
Total other comprehensive income	3	10
Comprehensive income	(464)	(1,206)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(464)	(1,206)



### (3) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Changes in scope of consolidation or application of equity method)

(Material change in scope of consolidation)

BASE BANK, Inc., which was the Company's consolidated subsidiary in the previous fiscal year, was dissolved through an absorption-type merger with the Company as the surviving company on January 1, 2022, and was therefore excluded from the scope of consolidation starting from the first quarter of the fiscal year ending December 31, 2022.

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

(Reduction of the amount of legal capital surplus)

In accordance with the resolution of the 9th Annual General Meeting of Shareholders held on March 23, 2022, legal capital surplus was reduced by ¥7,362 million to transfer the amount to other capital surplus as of March 31, 2022, pursuant to Article 448, paragraph (1) of the Companies Act.

There is no impact on the amount of total shareholders' equity.

(Issuance of new shares)

During the nine months ended September 30, 2022, capital stock and capital surplus increased by ¥50 million and ¥50 million, respectively, as a result of grant of restricted stock-based compensation and exercise of share acquisition rights as stock options.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, revised on March 31, 2020, hereinafter the "Revenue Recognition Standards"), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending December 31, 2022. Consequently, revenue is recognized when control of promised goods or services is transferred to the customer at the amount expected to be received in exchange for those goods or services. The application of this accounting standards has negligible impact on the quarterly consolidated financial statements.

In accordance with the transitional treatment provided for in paragraph (89)-2 of the Revenue Recognition Standards, prior year amounts have not been reclassified for consistency with the current fiscal year. Furthermore, in accordance with the transitional treatment provided for in paragraph (28)-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, revised on March 31, 2020), breakdown of revenues from contracts with customers in the nine months ended September 30, 2021, is not provided herein.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Standard"), etc. have been applied effective from the beginning of the first quarter of the fiscal year ending December 31, 2022. In accordance with the transitional treatment provided for in paragraph (19) of the Fair Value Measurement Standard and paragraph (44)-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, revised on July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Standard, etc. are applied prospectively. The application of these accounting standards has negligible impact on the quarterly consolidated financial statements.

(Segment information etc.)

Segment Information

Consolidated Nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)

1. Information on the amount of net sales and loss of each reportable segment

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	6,114	1,024	38	7,176	—	7,176
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	6,114	1,024	38	7,176	—	7,176
Segment loss	(271)	(41)	(46)	(360)	(129)	(490)

(Notes) 1. Reconciliations of segment loss of ¥(129) million are for corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

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

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

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

(Million yen)

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

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

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

(Business combinations)

(Transactions under common control)

At a meeting of the Board of Directors held on November 11, 2021, the Company resolved to absorb and merge with its wholly owned subsidiary, BASE BANK, Inc., and conducted the absorption-type merger on January 1, 2022.

1. Outline of the transaction

(1) Name and business description of the combining entity

Name of the acquired entity   BASE BANK Inc.

Business description            Trading of various receivables and other financial businesses

(2) Date of the business combination

January 1, 2022

(3) Statutory type of the business combination

Absorption-type merger where the Company is the surviving entity and BASE BANK Inc. is the absorbed entity.

(4) Name of the entity after the business combination

BASE, Inc.

(5) Other matters concerning the outline of transactions

The Company has decided to absorb its wholly owned subsidiary BASE BANK Inc. with the aim of consolidating management resources and improving operational efficiency of the Group. Since this merger is an absorption-type merger with a wholly owned subsidiary of the Company, no shares will be allocated, and no other considerations will be delivered upon the merger.

2. Outline of the accounting procedures implemented

For accounting purposes, this merger was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.”