

**BASE, Inc.**

# **Integrated Report 2024**

The logo consists of a solid black square with the word "BASE" written inside in a white, bold, sans-serif font.

**BASE**

## 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.

## Foundation

# We are All Owners

We believe.

The day will come when the internet places individuals at the forefront of society.

We believe.

Economic activity starts with the individual, supporting each and every person in their pursuit of happiness.

What BASE makes are more than just tools.

They are a social infrastructure, empowering people to be proactive and live life to the fullest, empowering people to be "owners of their lives".

Together we thrive.

We are All Owners.

# CEO Message

Representative Director and  
Senior Executive Officer, CEO

**Yuta Tsuruoka**

## **BASE's Mission and Products**

At BASE, Inc., we believe that “when the internet empowers individuals and small teams, the world becomes a much better place.” Empowering individuals and small teams has been the focus of our business from our founding up to the present moment. This remains unchanged. Our corporate mission, “Payment to the People, Power to the People,” represents our commitment to empowering individuals and small teams by providing a payment method that anyone can use easily. People live by creating value and exchanging it with other things of value. We have been delivering “Power to the People” by providing a platform that allows creators and people who need their creations to exchange value more simply.

Our flagship business is the Online Shop Opening Service “BASE,” and ever since its launch, we have offered a pricing plan that allows anyone to start for free, with fees only charged when products are sold. “BASE” earns commissions only when shops generate sales, so shops’ success is essential for our own success. This relationship has been the cornerstone of our business since our inception, and we intend to continue such win-win relationships that foster mutual growth. Although some have suggested we should focus only on high-sales shops, we run our business with a long-term perspective rather than merely pursuing short-term profit growth, driven by our desire to work with “100,000 shops with 100,000 yen in sales each” rather than “one company with 10 billion yen in sales.” Individuals and small teams may lack the capital and organizational scale of large

corporations, but we believe they can utilize technology to create even greater value than large corporations.

We also offer “Pay ID,” a service that empowers purchasers by facilitating a seamless online payment experience and the discovery of new products. In 2023, we added the BNPL “Post Pay (Pay ID)” feature. Moreover, our unique “YELL BANK” fundraising service enables shop owners using “BASE” to secure funds without taking on risk. Our “PAY.JP” service, providing credit card payment functionality via an API, is widely used by startups. Moving forward, we will continue to create products that remove barriers in e-commerce, payment, and finance, supporting the activities of individuals and small teams.

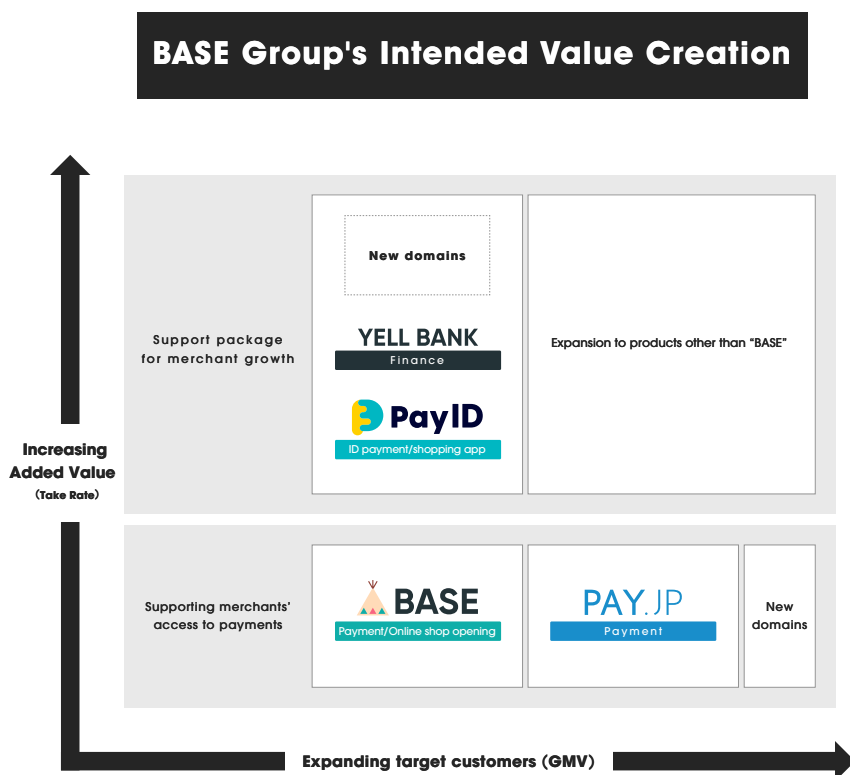
## A Decade of Growth with Shop Owners

While at university, I learned engineering and programming through an internship at HyperInternets, Inc. (now CAMPFIRE, Inc.) and created a few simple services myself. Around that time, my mother, who runs a clothing store, said, “I want to start an online shop, but all the options are hard and confusing.” This was the start of it all. At the time, major online shopping mall services existed, but they were too complicated and costly for my mother to operate. The e-commerce services back then catered only to those with significant capital and development capabilities, leaving small business owners like my mother behind. I thought that there must be many people just like my mother who wanted to start an online shop but had given up on the idea for technical or financial reasons. After realizing this, I started building a service that would allow anyone to set up an online shop with integrated payment functionality easily. This led to the launch of the Online Shop Opening Service “BASE.”

Our focus on individuals and small teams means we don’t chase short-term profit growth. Instead, we have grown along with the market by continuously creating new markets that did not exist before.

Just as we were steadily building up our track record, the demand for opening online shops surged in 2020 when the COVID-19 pandemic began. At one point, GMV growth in just one quarter nearly matched the GMV accumulated over the previous seven years. When running physical stores became challenging, many people started using “BASE” to seek new sales channels online. The unexpected increase in transactions temporarily crashed our service. We deeply regret the inconvenience caused to our users, but providing our service during such times was a great honor and demonstrated our purpose.

With the growth of our service, we increased recruitment and welcomed many new members to our company, leading to a multi-layered and more sophisticated organizational structure. This allowed me to focus more on my work as CEO, such as medium- to long-term strategic planning. Seeing more users than I had ever imagined using our service and the company’s growth that came from this has revealed more opportunities and challenges for us to pursue.



## A Society where “We are All Owners”

It has been a decade since our founding, and the company has grown considerably. At this juncture, we have re-examined our mission and established a new foundation statement, “We are All Owners,” with the aim of continuing to grow as a company that can contribute more to society.

The “We” in “We are All Owners” refers to people all over the world. Everyone is born and raised in different circumstances, and we are not all given equal life choices. Nevertheless, I believe everyone should be able to make decisions as the owner of their own life and live the life they want to. The internet has made this possible. It is a tool that can turn individual differences into personal value. Before the internet, conformity was valued, but now, living authentically will create new value in society. Our ideal is a society where everyone can live authentically and proudly say, “We are All Owners.”



## Looking Back on 2023

In 2022, we faced a challenging business environment owing to the negative rebound from the growth we experienced during the COVID-19 pandemic. In contrast, in 2023, we improved our financial health by increasing consolidated net sales and gross profit and significantly reducing operating losses. The BASE business achieved higher monthly GMV growth rates than Japan’s online consumption growth rate throughout the year, thanks to the release and subsequent upgrading of new features and the introduction of a monthly fee plan. For the PAY.JP business, the continual improvements we have made produced tangible results, creating an ideal growth structure with substantial GMV growth from both existing and new merchants. “Pay ID” saw enhancements, including the addition of the BNPL “Post Pay (Pay ID)” feature, and now serves over 13 million users. Meanwhile, “YELL BANK” enjoyed a significant increase in usage thanks to various improvements. Driving performance through the power of our products is a fundamental strength of ours, and we are proud of these results.

## Medium- to Long-term Outlook and Growth Strategy

Our medium- to long-term growth strategy focuses on balancing GMV growth and profitability improvement by strengthening existing products. As a Group-wide initiative, we aim to create synergies among existing products by extending products that were previously only available to “BASE” shop owners to “PAY.JP” merchants as well. Moreover, we will leverage our solid financial foundation to seek inorganic growth Group-wide through M&A and alliances. Through these efforts, we aim to attain operating profitability in the fiscal year ending December 2025 and early achievement of gross profit of 10 billion yen from the fiscal year ending December 2026 onward. Reaching our goals will take time, so we have adopted a long-term approach to our business. However, to continue taking on bigger challenges, we must continue meeting the expectations of our stakeholders, including shareholders. We are committed to creating high-value-added products for our users and maximizing profits, thereby enhancing our corporate value.

## Sustainability Initiatives

The BASE Group is convinced that when individuals and small teams are empowered, the world becomes a better place. That is why we aim for a world where everyone can live diverse lifestyles, unconstrained by life stage, social environment, place, or time. Accordingly, we proactively embrace DE&I. Just as diversity contributes to social progress and maturity, in a company, the more diverse the opinions, the better the decision-making should be. Therefore, when hiring, we consciously seek a wide range of talent to avoid bias toward people with similar careers and backgrounds. They must of course identify with our corporate mission and foundation, but we encourage vigorous discussions from various perspectives on how these should be achieved, which in turn improves our decision-making. Regarding working conditions, our salary system has no gender gap, but we recognize the need to increase the percentage of female managers.

Furthermore, we have worked to reduce various environmental impacts through our business activities to realize a sustainable society. We view climate change as a significant issue affecting our business and have implemented climate change measures across the group. In March 2023, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) and are disclosing information in line with TCFD recommendations. Moving forward, we will continue to practice environmentally conscious management by reviewing the services we offer and our internal operations. Since our listing, I have realized that governance is essential for our growth. Before our listing, I was afraid that my opinions would go unchallenged within the company, so there were times when I said 50% of what I wanted to, rather than the full 100%. This lack of governance was a significant disadvantage. A crucial role of governance is preventing management from running wild. At the same time, a weak governance system can hinder aggressive business decisions when such decisions are needed. Since our listing, the strengthening of our corporate governance and the establishment of a proper oversight system have allowed me to speak my mind fully, knowing I will be stopped if I am wrong. Even if, through the discussions, my ideas are watered down to 55% of what I had intended, we are still taking better-calculated risks than before, which benefits the company.

## To Our Stakeholders

I believe that continuously pursuing our mission is our duty to society and our responsibility as a listed company. The decisions we make to achieve our mission will maximize the interests of our stakeholders. Our greatest strength is that we believe in our users' inherent value and potential more strongly than anyone else in the world. We take pride in empowering those whom only we can empower, and we are confident that we are creating excellent products for that purpose. We are committed to management that makes society better while earning the support of all our stakeholders.

We look forward to your continued support.



# History

GMV ■ BASE ■ PAY.JP (Millions of yen)

## 2012

Launched Online Shop Opening Service "BASE"  
Established BASE, Inc.

## 2015

Launched Online Payment Service "PAY.JP"

## 2016

Launched ID Payment Service "PAY ID" (now Shopping Service "Pay ID")

## 2018

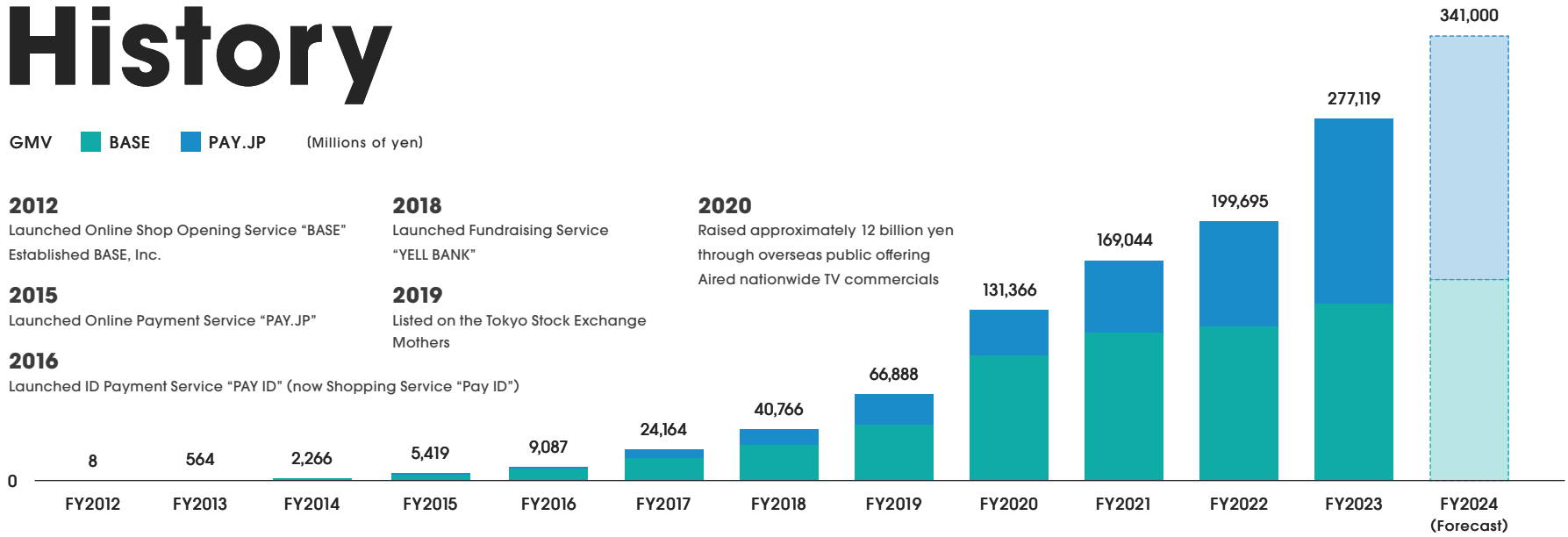
Launched Fundraising Service  
"YELL BANK"

## 2019

Listed on the Tokyo Stock Exchange  
Mothers

## 2020

Raised approximately 12 billion yen  
through overseas public offering  
Aired nationwide TV commercials



### Founding and Business Launch (2012–2014)

The Online Shop Opening Service BASE was established in December 2012, enabling individuals and small teams to open online shops and implement payment solutions, endeavors previously only possible for large corporations. After making Pureca Inc. a subsidiary in 2014, we launched the Online Payment Service "PAY.JP" the following year for startups, and strove to enable all teams to introduce payment solutions through the internet.

### Business Growth and Expansion of Business Domains (2015–2019)

In the BASE business, we expanded our service foundation by enhancing payment methods for "BASE Easy Payment," offering the "BASE Apps" extension features, and launching the physical shop spaces "SHIBUYA BASE" and "BASE Design Market." We also intensified our marketing investments. In 2016, we released the ID Payment Service "PAY ID" (now Shopping Service "Pay ID"), and in 2018, we introduced the Fundraising Service "YELL BANK," aiming to increase the added value for shops using "BASE."

### Rapid Growth Triggered by COVID-19 (2020–2022)

COVID-19 caused stay-at-home consumption and "support consumption" to surge, leading to a significant increase in shops using BASE and substantial GMV growth. To meet the high demand for new openings, we secured large-scale funding in September 2020, boosting marketing and organizational expansion investments. In April 2022, we introduced the Monthly-fee Plan. The PAY.JP business also grew robustly, supported by startups, expanding the merchant base empowered by the Group.

### Returning to Growth Trajectory (2023–)

As COVID-19 subsided, the BASE business experienced a decline associated with Japan's reopening, but returned to growth in 2023. Alongside the growth of our services—"PAY.JP," "Pay ID," and "YELL BANK"—we are working on creating synergies among existing products. Additionally, we have begun efforts to achieve inorganic growth through various forms of collaboration with external partners, aiming to expand our target customers and enhance added value for all customers.



# Contents

Mission .....	01
Foundation .....	02
CEO Message .....	03
History .....	07

## Value Creation

Value Creation .....	09
Materiality .....	10
SVPoD/CTO Message .....	11
User Interview .....	14

## Business

CFO Message .....	17
BASE Group's Growth Strategy .....	19
BASE Online Shop Opening Service .....	22
Pay ID Shopping Service .....	25
YELL BANK Fundraising Service .....	26
PAY.JP Online Payment Service .....	27

## Governance

Discussion with Outside Directors .....	28
Corporate Governance .....	32
Platform Integrity .....	36
Compliance .....	37
Information Security .....	38

## Sustainability

Sustainability .....	39
Risk Management .....	41
Human Capital .....	42
Climate Change .....	43

## Facts & Data

Financial Information .....	45
ESG Data .....	46
Company Information / Stock Information .....	47

## Editorial Policy

The Integrated Report 2024 integrates financial and non-financial information to provide stakeholders with a comprehensive overview of BASE, Inc.'s and PAY, Inc.'s performance, management policies, business strategies, and sustainability efforts. By actively disclosing information, we aim to use this report as a vital communication tool with stakeholders and create new dialogue opportunities.

## Scope

BASE, Inc. and PAY, Inc. (100% subsidiary)

Reporting period: January 1, 2023, to December 31, 2023

However, some activities before and after the reporting period are included.

## Publication Date

May 2024

## Cautionary Note on Forward-looking Statements

Forward-looking statements in this report are based on the company's judgment at the time of production. They may vary due to various uncertain factors, including economic trends, market conditions, and industry trends. Please be aware that actual results may differ from the forecasts described.

## Contact Information

BASE, Inc. IR Contact

Inquiry Form: <https://binc.jp/contacts>

# Value Creation

**Payment to the People,  
Power to the People.**

## Human Capital

- Talent development policy to support employees who take ownership of their work and careers and continue to challenge themselves
- Internal environment policy promoting work-life balance and fostering a DE&I culture

## Social and Relationship Capital

- A merchant base of over 2.1 million
- A purchaser base of over 13 million
- Collaboration with local governments and municipalities nationwide
- Creator Economy Association

## Financial Capital

- A strong financial foundation

Input

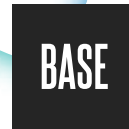
## YELL BANK

Financial Services



**BASE**

Payments / Online Shop Opening



**BASE**

**PAY.JP**

Payments



**PayID**

ID Payments / Shopping App

Output/Outcome

**Solving issues in E-commerce, payment, and finance as an economic foundation for individuals, small teams, and startups**

- Group GMV exceeding 270 billion yen
- Net sales exceeding 11.6 billion yen

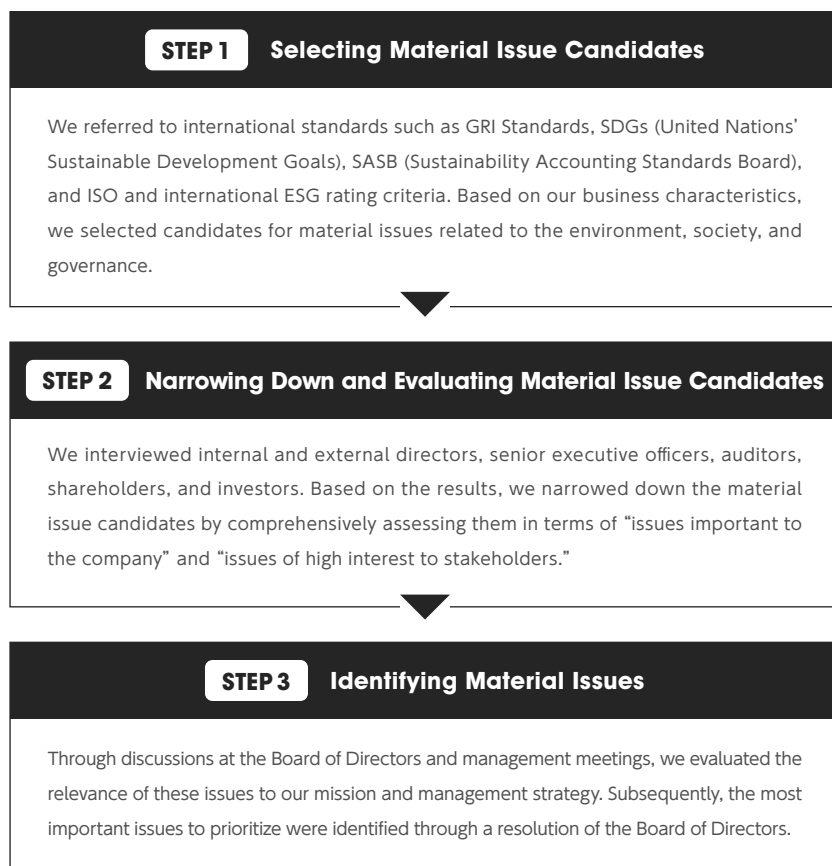
**Recruiting top talent and pursuing DE&I to support sustainable growth**

- Ratio of female managers: 19%
- Parental leave uptake rate:  
Women: 100%  
Men: 83%

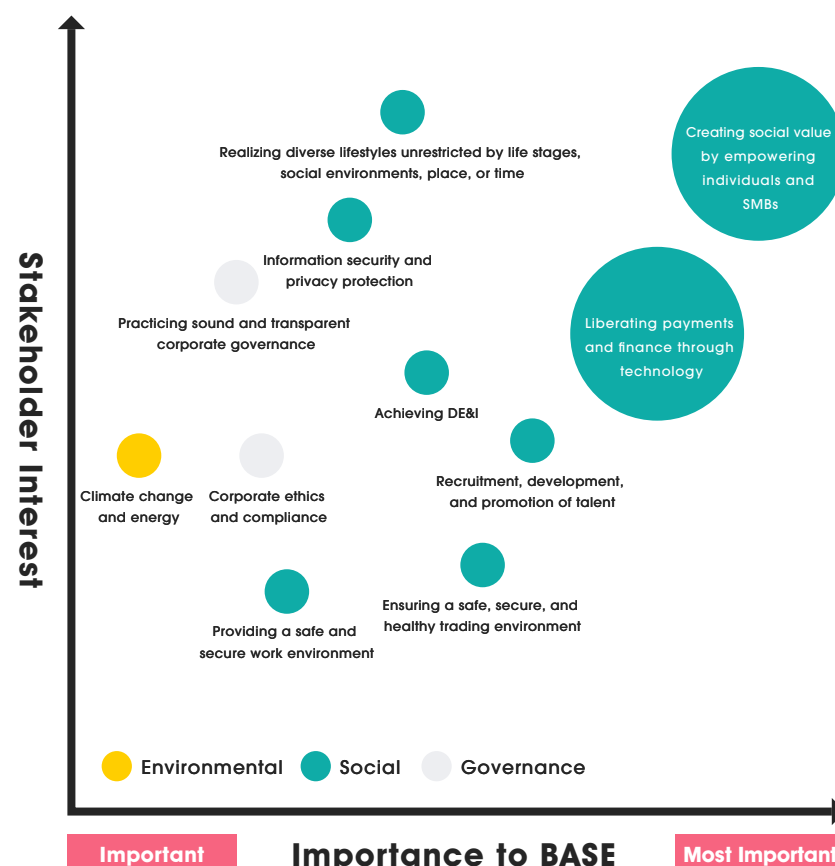
**Corporate Governance  
Supporting Value Creation**

# Materiality

## Material Issue Identification Process



## Materiality Map





# SVPoD/CTO Message

Senior Executive Officer and  
SVP of Development

**Shinichi Fujikawa**

CTO **Masaki Kawaguchi**

## Please tell us about your backgrounds and respective roles.

**Fujikawa** : I have been involved with “BASE” as a technical advisor since shortly after its release and officially joined as CTO in August 2014. Currently, as director, I oversee the technology department's management and governance, focusing on information security. We established a separate CTO position because, as the company grew, the scope of work expanded to include IT internal controls and internal information systems, leaving no time to work on products. We appointed Kawaguchi as CTO to lead technical decisions in the development field.

**Kawaguchi** : I joined the company in May 2017 and became the CTO after Fujikawa in July 2019. As the front-line head of the technology department, I lead product development and maintenance, such as technical management, strategy formulation, and engineer recruitment.

## Tell us about the work of the technology department.

**Kawaguchi** : It primarily involves product development and updating. We listen to the product management team's requests and work with the planning and design teams to translate these into development tasks. We gather all the requirements, assess their feasibility, gain consensus, and then proceed with the actual work.

**Fujikawa** : Our services operate 24/7, so quickly responding to issues like server errors or unexpected traffic spikes is critical.

The elimination of technical debt has also become a prime issue. It's been 11 years since “BASE” was launched, and its user base continues to grow. We will also develop other services over the long term. Also, technology trends change faster than the product lifecycle. With security, for example, new threats constantly emerge, necessitating continuous improvement to support our services. As we make daily improvements, the number of minor errors in the source code also increases, leading to a tremendous workload during significant feature upgrades and making this an issue from a productivity perspective. Therefore, we are also working on refactoring or completely rewriting internal programs even if the UI/UX does not change.

**Kawaguchi** : In 2020, we secured funding to cover the necessary costs, and we are now balancing this work with new developments.

## What is your attitude and approach to development?

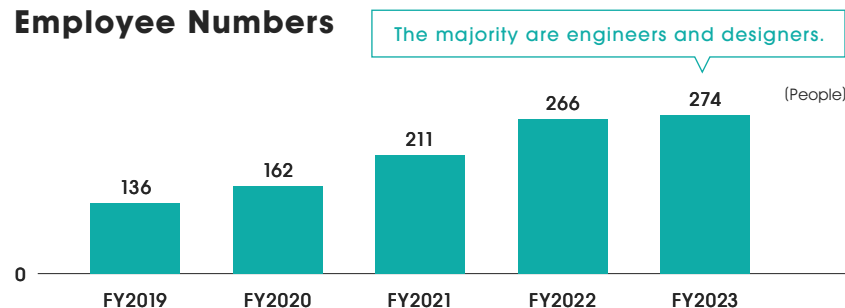
**Kawaguchi** : Our primary objective is to support users' economic activities by providing user-friendly services. We use any technology necessary for that purpose, whether new or old, if it improves the product. We always stay up to date with the latest technologies, but whether we use them or not depends on whether they are necessary for creating a better product.

**Fujikawa** : Our approach emphasizes solving service operation problems through technology, such as monitoring for misuse. For example, the volume of transactions occurring daily on "BASE" is too large for manual monitoring, so we have had a system in place for some time where AI narrows down the data, and humans review it. Another important aspect of our approach is that we demand a strong sense of ownership.

**Kawaguchi** : The ideal is a full-cycle engineer with a sense of ownership and understanding of all aspects from development to operation. To develop such talent, we have engineers in charge of new projects engage in user support regularly. Even if they join midway, this helps them understand the product better and allows them to look beyond their immediate responsibilities.

**Fujikawa** : From an organizational efficiency perspective, having a separate team to deal with user requests might be better. However, we deliberately have engineers experience this because we want them to understand what it means to maintain a service that operates 24/7 and we want them to become well-rounded engineers. Although we may transition to a system with more clearly segmented roles in the future, we want to develop as many engineers as possible who can work beyond the boundaries of their roles.

## Employee Numbers



## What were the aims and outcomes of organizational expansion since 2020?

**Fujikawa** : The biggest aim was to expand the range of our services. "BASE" development prioritized features that could impact the most shops, thus deprioritizing features tailored to specific shop requests. However, we have started to address a broader range of demands.

We also need to grow "Pay ID" and "YELL BANK," so we increased personnel in the development and product management teams. We now have a system in place to handle unexpected situations. We've mostly rectified the areas where we lagged behind our competitors and are now entering a phase of enhancing additional value.

## What are the requirements and challenges for the next phase?

**Fujikawa** : We need to improve profitability by strengthening synergies among our products, centered around "BASE." Our current members must grow into leadership roles like managers and tech leads to achieve this. Since some of them currently hold multiple positions, we are working on increasing the number of personnel who can lead teams. We are also considering M&A and aiming to have numerous people ready to take on new business ventures. It is crucial that future team members understand our services' potential. Top talent will not join a service that is content with the status quo. Part of my mission is to attract people who find our current business phase exciting and share our vision for the next ten years.

**Kawaguchi** : For better or worse, becoming a listed company means we are seen as a stable company, and I feel this fails to attract engineers looking for exciting work. In reality, there is still a lot to do, and I want to highlight the unique appeal of the phase we are currently in. This is an exciting place for those who wish to expand their technical repertoire.

## What do you expect from engineers who will work with you in the future?

**Fujikawa** : The essential prerequisite for working with us is a love for the internet. On top of that, companies like X and Facebook, for instance, never seem to undergo maintenance, despite operating globally. We, however, have to stop our services for a few hours late at night every few months for maintenance and other upkeep, which shows that we still have a long way to go in terms of technology. I want to work with people who are interested in supporting services 24/7 and fascinated by the technology that makes it possible.

**Kawaguchi** : Technical skills can be honed after joining the company; what's more important is commitment to the product. Before joining the company, I wasn't particularly interested in e-commerce, but I loved the internet and I felt that a service created by a CEO who shares this passion could make the world more interesting, so I joined.

**Fujikawa** : Given our services' enormous user base, any issue requires us to process significant volumes of data. That said, using AI to streamline this process has enabled us to achieve things we couldn't before. We now have a solid foundation for engineers to take on wide-ranging challenges. It's an exciting place for those looking to gain such experiences.



Question



### What do you like about BASE?

Answer



Kawaguchi

I appreciate that we decide to develop new features based on how many shops they can benefit, rather than focusing on features that only benefit specific shops.

Answer



Fujikawa

It's the exact opposite of other e-commerce companies, in a good way.

Having previously worked in the e-commerce industry, I found that the general industry perspective differs vastly from Tsuruoka's approach. Other companies compete based on sales volume per shop, often emphasizing creating e-commerce sites for large companies. In our case, it's the opposite: we focus on how many shops we can serve, resulting in a meager average transaction volume per shop.

In the early days of "BASE," we had a request from a well-known artist, but the condition was that it had to support feature phones. "BASE" didn't do that because it was designed for smartphones from the start. I offered to handle it since I had development experience, but Tsuruoka refused, saying it wasn't in the best interest of all our shops and that the times had changed. I was deeply impressed by this unwavering decision-making, especially from someone in his early twenties.

# Making Online Shops a Brand's “Business Card”

## BASE User Interview

〈Sobajima Can Company〉

CEO **Takaya Ishikawa**

Can Promotion Department,  
Online Shop Manager

**Miki Sato**



**Ishikawa** : Sobajima Can Company is a can manufacturer with over a century of history. One day, when we posted on social media that we were disposing of our unsold cans, we received many offers from the general public asking to purchase them. This led us to start a B2C business. When we first decided to set up an online shop, many people recommended “BASE” as an easy way to get started. Indeed, the UI was intuitive and user-friendly, even for someone who doesn’t know much about online tools, making “BASE” the obvious choice. Another decisive factor was that we were drawn to BASE’s philosophy. In August 2023, we launched a new brand called Sobajima THING Manufactory to more widely convey the intrinsic appeal and novel value of cans, which are used to hold important things. “BASE” was the perfect fit for us to showcase the brand’s worldview, which is about nurturing people’s ideas and enriching their hearts.

**Sato** : At Sobajima Can Company, we create tools for the heart—items that help individuals engage with their feelings, cherish the thoughts of loved ones, and connect with people. Our online shop features products that allow you to reflect on important things, like the “Sotto” can for deepening parent-child bonds and the “Colorful Can,” which is perfect for expressing your passion with its color variations. It’s gratifying to see a growing number of people across generations who appreciate the charm of cans and identify with our vision. Through our online shop, we hope to create opportunities and experiences that lead people to realize what truly matters.

Due to their size, cans are not products that can be stocked in large quantities at retail stores, and transportation costs make it challenging to get them placed in stores nationwide. With online shopping, however, customers can get them delivered across the country with just a click, which they greatly appreciate.

**Ishikawa** : Since launching the new brand, we have been recognized not just as a can manufacturer but as a company that creates value-added cans. The online shop also serves as a business card of sorts, and one positive impact has been an increase in B2B orders. We plan to continue utilizing “BASE” services to achieve our mission of “Bringing Cans to the World.”



# UI/UX and Support for Fast Development are Key to Payment Solution Adoption

## PAY.JP User Interview

〈Check Inn, Inc.〉

CEO **Kentaro Tanaka**



We offer an all-in-one tool called “Check Inn” for accommodation facilities. We adopted “PAY.JP” as the payment facilitator for booking accommodations.

I launched the service in October 2021, driven by the belief that if facility operators could focus more on improving hospitality by streamlining operations and reducing costs, it would greatly benefit both the facilities and their guests. When I was involved in a service for hotels as a student, I noticed that the management services used by hotels were complex and varied, making it difficult for them to obtain marketing data. I founded Check Inn to solve this problem myself.

Previously, accommodation facilities needed to contract multiple tools, but “Check Inn” offers comprehensive facility management capabilities, including room reservations, management, and inventory control for supplies, significantly reducing the time that used to be spent using multiple tools. Today, it is used by many kinds of accommodation facilities across Japan, including ryokans, hotels, and villas, with many newly opened facilities among them.

Credit card payments are standard in the accommodation industry, making online payment integration essential. Initially, I developed our system using another company’s online payment service but struggled due to the need to make inquiries in English, which hindered progress. At that time, a VC investing in Check Inn recommended the “PAY.JP Seed” program for startups, so I switched to “PAY.JP.”

As a former engineer, I handled the development alone, and being able to make inquiries in Japanese and receive quick responses from support allowed me to keep up the development speed and launch on schedule. “PAY.JP” is simple and easy to develop with, and the documentation is clear, so I’m glad I chose it.

In the future, I hope for features that will make user management of our service even easier and allow us to support businesses that operate accommodation facilities with a small staff and face cash flow challenges. We also intend to continue expanding our services to help many more accommodation facilities.





# Early E-Commerce Education to Foster Business Talent

## Local Government Interview

〈Oita Prefectural Board of Education〉

Supervisor, Industrial Education Guidance Group,  
High School Education Division

**Tsukasa Watanabe**



In 2022, Oita Prefecture signed a comprehensive partnership agreement with BASE to stimulate regional revitalization by expanding sales channels for prefectural products online and supporting digital transformation for SMEs. Aiming to produce talent capable of showcasing the prefecture's appeal, the Board of Education has been promoting a Business Leader Training Program for high schools with commercial courses. Just as we were exploring the learning needed for students' career development, BASE proposed early education in e-commerce, leading to the joint implementation of classes on opening online shops. BASE provides lectures on e-commerce basics and know-how for operating online shops, followed by workshop-style classes where students create original online shops using tablets.

The classes have yielded three significant outcomes. First, the psychological hurdle to opening an online shop has been lowered. Second, although they do not actually sell products, students have been able to experience real-world logistics. Third, their interest and attention have been directed toward the local community. Students have learned about their local areas, rediscovered the charm of nearby attractions, and conveyed this in their own words. This has made students able to promote Oita Prefecture. Furthermore, they seem to have learned that online shops enable a more proactive sales strategy that targets a wide audience with a multi-faceted approach. Through these experiences, some students have recognized the potential of the internet and are planning to leverage it in the future.

Additionally, BASE's brand recognition and power seem to have motivated the students, with good engagement in classes and reactions after the experience. Many students shared positive feedback, indicating they found it easy and enjoyed trying various things. After this set of classes, we also had BASE give an online shop opening workshop for teachers. The workshop addressed teachers' concerns about conducting such lessons. Now, some have already started teaching online shop opening in their own classes.

Moving forward, we plan to continue collaborating with BASE to expand classes incorporating online business across many local schools, thereby helping to broaden children's life choices.



# CFO Message

Director and Senior Executive Officer, CFO **Ken Harada**

## Reflecting on the Fiscal Year Ended December 2023

In the fiscal year ended December 2023, we solidly exceeded our performance forecast, which we had revised upward mid-year.

We managed to grow group GMV while focusing on making efficient investments and reducing costs, and significantly improved our financial health towards achieving operating profitability in the fiscal year ending December 2025.

The BASE business faced a challenging period in the fiscal year ended December 2022 due to a negative rebound following Japan's post-COVID-19 reopening. However, the Growth Plan that we launched in April 2022, targeting individuals and small teams with larger-than-usual sales volumes, started to gradually show results. Growth driven by shops with larger sales volumes led to GMV growth in the fiscal year ended December 2023. Additionally, in April 2023, we launched the BNPL "Post Pay (Pay ID)" to enhance purchaser convenience. Even after the launch, we enhanced several features, such as adding direct debit and enabling use in the shopping app, leading to a steady increase in usage rates.

The PAY.JP business grew robustly, thanks to solid support mainly from startups. Even excluding some large, rapidly growing merchants, we achieved growth beyond our initial expectations.

Our other businesses mainly consist of the fundraising service "YELL BANK," which is offered primarily to shops that use "BASE." We have been tackling the challenging task of enhancing shops' fundraising capabilities while minimizing our risk through steady improvements in UI/UX, leading to substantial growth.

We assess 2023 as a year where we returned to a growth trajectory after making it through 2022, a very challenging year for the entire merchandise e-commerce market.

## Medium- to Long-Term Management Policy

We will aim for medium- to long-term growth by continuing to pursue our corporate mission of “Payment to the People, Power to the People” and remaining an entity needed by society. Our medium- to long-term growth strategy is based on three pillars. First, we will achieve both GMV growth and profitability improvement by strengthening existing products, mainly “BASE” and “PAY.JP.” Second, we will accelerate growth by extending products previously only offered to “BASE” shops to “PAY.JP” merchants, creating synergies among existing products. Third, we will achieve group-wide inorganic growth through M&A and alliances aimed at expanding the group’s target customers and enhancing the added value of existing products. By steadily implementing these initiatives, we aim to secure operating profitability in the fiscal year ending December 2025 and early achievement of consolidated gross profit of 10 billion yen from the fiscal year ending December 2026 onward.

In addition, with the funds we raised in 2020, we have ample cash and deposits and are maintaining a solid financial foundation. Our cash allocation policy prioritizes pursuing further growth, such as using cash and deposits for M&A to achieve inorganic growth. Balancing group growth with stakeholder returns is a crucial management task, and we intend to work out the optimal financial strategy. At this point, however, we believe that prioritizing investment in the group’s business growth will contribute most to increasing corporate value. In the process, if additional funding needs arise, we will be flexible and choose whichever method is optimal, including using our own funds, as well as debt financing or equity financing, while prioritizing a healthy balance sheet.

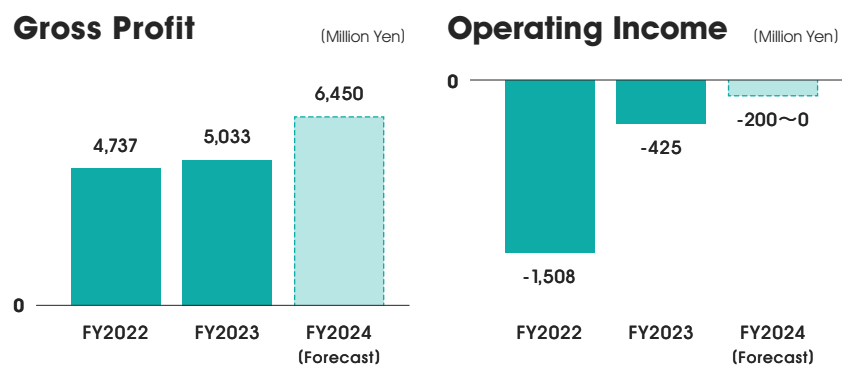
## Consolidated Earnings Forecast for the Fiscal Year Ending December 2024

In the fiscal year ending December 2024, we will continue to operate our businesses in line with our medium- to long-term management policy. Our earnings forecast is net sales of 14.7 billion yen (up 25.9% YoY), gross profit of 6.45 billion yen (up 28.1% YoY), and operating income between a loss of 200 million yen and breakeven, as we continue to improve our financial health.

In the BASE business, where we have consistently focused on enhancing functionality, we increased the monthly fee for the Growth Plan from 5,980 yen to 19,980 yen starting from January 2024. While maintaining commission rates at the lowest level in the industry and competitive compared to our rivals, we continue to strive to enhance the added value of our products to ensure that shop owners are fully satisfied and keep using our services. In the PAY.JP business, we will continue to strengthen our payment solution—our core value—while also focusing on enhancing our added value in the financial domain. We will also continue to improve features in “YELL BANK” and “Pay ID” while implementing initiatives that can contribute to accelerating the group’s overall growth.

## To Our Stakeholders

As we continue to run the company from a medium- to long-term perspective, our management team must retain the confidence of our stakeholders. We aim to reduce the cost of capital by expanding our IR system to enable active dialogue with a wide range of investors and by striving for highly transparent communication. We are determined to enhance our corporate value, ensuring that our stakeholders can maintain high hopes for the future we envision. We look forward to your continued kind support.





# BASE Group's Growth Strategy

Senior Executive  
Officer COO

**Kenji Yamamura**

Executive  
Officer

**Masahito Jinguji**

PAY, Inc.  
CEO

**Kenichi Takano**

Senior Executive  
Officer

**Nao Takahashi**

BASE BANK  
Division Manager

**Keita Yanagawa**

The BASE Group has a medium- to long-term growth strategy based on three pillars. The first is achieving both GMV growth and profitability improvement through proper pricing and improvement of marketing measures while strengthening the added value of the products we have provided so far, including our flagship online shop opening service “BASE,” online payment service “PAY.JP,” shopping service “Pay ID,” and fundraising service “YELL BANK.” The second is accelerating growth by extending products previously only offered to shops created with “BASE” to “PAY.JP” merchants, thereby creating synergies among existing products. The third is achieving group-wide inorganic growth through M&A and alliances with external partners to expand target customers and enhance the added value of existing products.

Each business leader will explain the growth strategy of their respective products.

## Empowering Individuals and Small Businesses Since Our Founding

**Yamamura** : At “BASE,” we will further enhance the added value we provide to individuals and small teams. We will support the sales growth of shops even more strongly than before by responding to the need to expand sales channels, such as strengthening overseas sales and boosting customer acquisition through risk-free advertising. We will also offer growth opportunities for shops that only “BASE,” with its vast number of merchants, can provide. These include matching shops that are good at creating attractive products with shops that excel in communicating that value to a broader audience. Along with these product enhancements, we will implement appropriate pricing, such as charging for some extensions and monetizing purchaser assets held through “Pay ID.” Also, we gained overwhelming service recognition through the TV commercials we ran up to 2022, and we will leverage this asset to improve our marketing measures, seeking to ensure we continue to be a service that is chosen by individuals and small teams who share our value of “Living in a Way That’s True to Oneself,” which is made possible using “BASE.”



## Leveraging the Two-sided Network of Merchants and Purchasers as a Strength of Our Unique Payment Experience

**Takahashi** : It is our unique strength and a valuable asset that we provide services to purchasers as well as merchants and possess that data. We aim to monetize our purchaser assets by enhancing the added value of “Pay ID” for both the Group’s merchants and purchasers.

**Jinguji** : To achieve this, we will further enhance the shopping app and ID payment feature provided by “Pay ID.”

Specifically, by strengthening features such as recommendations in the shopping app, we aim to create new encounters between the attractive shops using “BASE” and purchasers, thereby fostering shop growth and improving the online shopping experience for purchasers. For the ID payment feature, we plan to expand payment options for purchasers, especially by enabling installment payments for BNPL “Post Pay (Pay ID).” Through these efforts, we will enable a broader range of individuals and small teams to take on the challenge of opening online shops.

## Becoming Payment Infrastructure that Supports the Robust Growth of Startups

**Takahashi** : The strong GMV growth of “PAY.JP” results from our steadfast pursuit of products that cater to developers.

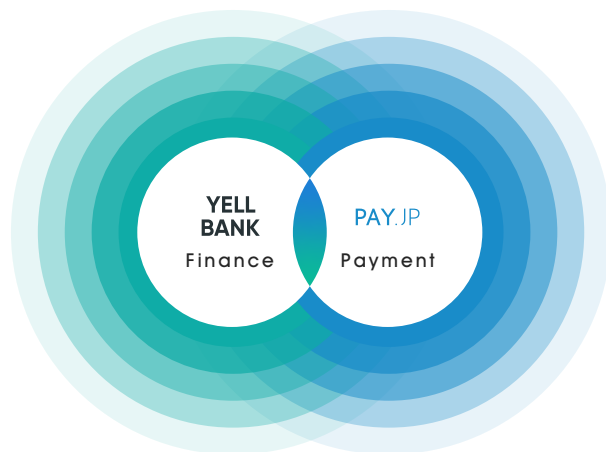
**Takano** : Moving forward, we will continue to provide competitive products by addressing issues in the field of payments, which is our core value. At the same time, we will optimize our pricing structure in line with the expanded value we offer and improve our cost ratio. Besides establishing a sales and marketing structure to diversify and strengthen our channels for acquiring new merchants, we will promote relationship-building with existing merchants to maintain our high retention rate.

## Aiming to Be the Group's Profit Center while Strongly Supporting the Growth of All Merchants

**Yanagawa** : Our financial services centered on "YELL BANK" have supported the growth of shops that use "BASE" by accelerating their cash flow through various approaches. We pay special attention to the simplicity of each service and are committed to getting people who have never considered fundraising to understand its significance, utilize it, and make it an opportunity for growth. The know-how we have accumulated in the five years since the service launched has enabled us to flexibly provide different offerings, such as the amounts that shops can procure and payment methods, resulting in significant growth in the number of shops using the service and the amounts used. We are proud of this achievement, which was made possible by taking the unique cash flow challenges of individuals and small teams more seriously than anyone else.

**Takahashi** : From 2024, we will create synergies among existing products and accelerate the group's growth by providing financial services that were previously only available to shops that use "BASE" to "PAY.JP" merchants as well.

**Takano** : With "PAY.JP," we have so far focused on solving payment issues for startups. Now, by also offering financial support in cooperation with "YELL BANK," we will aim for further growth for both merchants and our company.



## Achieving Leaps Forward for the Entire Group through Co-creation with External Partners

**Yamamura** : Utilizing our solid financial foundation, we will aim for group-wide inorganic growth through M&A and alliances. The envisioned areas are those aimed at expanding the group's target customers and those aimed at increasing the value provided to the resultant expanded customer base.

**Takahashi** : In 2023, we established an execution structure for M&A and collaborations consisting of the Corporate Strategy Unit directly under the CEO and the CFO. Provided it empowers individuals and small teams, we intend to actively pursue initiatives with partners who share our values. First, we will extend products that were previously only available to "BASE" shops, such as "YELL BANK," to "PAY.JP" merchants with a view to maximizing group synergies. Beyond this, through co-creation with partners, we hope to deliver value to users of platforms other than "BASE" and "PAY.JP." Going forward, we will continue to strive to realize our mission, "Payment to the People, Power to the People," and a world where we can empower more individuals and small teams through the power of the internet.



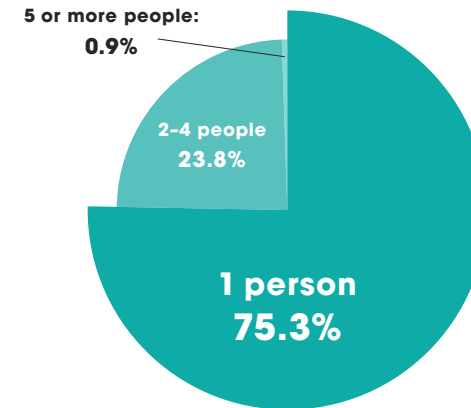


Online Shop Opening Service

**Value Provided**

“BASE” supports “owners” who choose the lifestyle they love by providing a service that allows anyone to open an online shop easily. In an era where many people desired diverse lifestyles but found it challenging to achieve, “BASE” has consistently removed various hurdles through the power of the internet. We believe more than anyone else in supporting individuals and small teams who strive to live freely and authentically. Besides offering easy-to-implement payment functions and user-friendly E-commerce features, we provide a pricing plan that allows starting E-commerce operations with minimal risk, supporting the endeavors of individuals and small teams from all aspects.

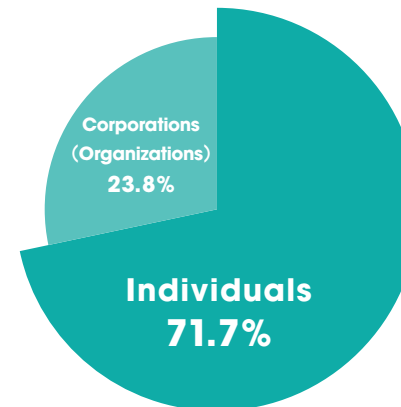
**Shops Operated by Four or Fewer People : 99%**



**Percentage of Shops with Physical Stores**



**Percentage of Corporations vs. Individuals**



(Survey by BASE, October 2023)



Online Shop Opening Service

### Social Issues and Business Opportunities

“BASE” is used by various shop owners, including those running online shops as hobbies or side businesses, those operating seasonally or for events, and those continuously managing brands as their primary business. Many shop owners using “BASE” feel that taking on new challenges by operating an online shop has enhanced their life satisfaction. However, a survey of working people in Japan (Cabinet Office “Public Opinion Survey on the Life of the People,” October 2022) revealed that many people want to have a side job or second job for various reasons but are unable to pursue these opportunities and noted that many cite “enjoyable work” as their ideal way of working but are unable to realize it. Furthermore, Japan faces unique challenges related to business succession and regional revitalization due to its declining birthrate and aging population. “BASE” helps to address these issues by leveraging the power of the internet to make it easy for anyone to expand sales channels, revitalize businesses, and grow a fan base nationwide. Looking at the overall Japanese E-commerce market, while it continues to expand, the penetration rate of E-commerce in Japan is still low compared to other countries, indicating significant growth potential. Among Gen Z, new purchasing behaviors and values are observed, such as actively gathering information on one’s own using social media and preferring unique brands and manufacturers that are not mainstream (Hakuhodo DY Group “Gen Z × New Commerce Survey,” May 23, 2023). “BASE” aims for further business growth in step with market expansion by providing functions that can reach a broader purchasing audience through E-commerce features that make the most of social media and the “Pay ID” shopping app.

### Cumulative Shop Openings

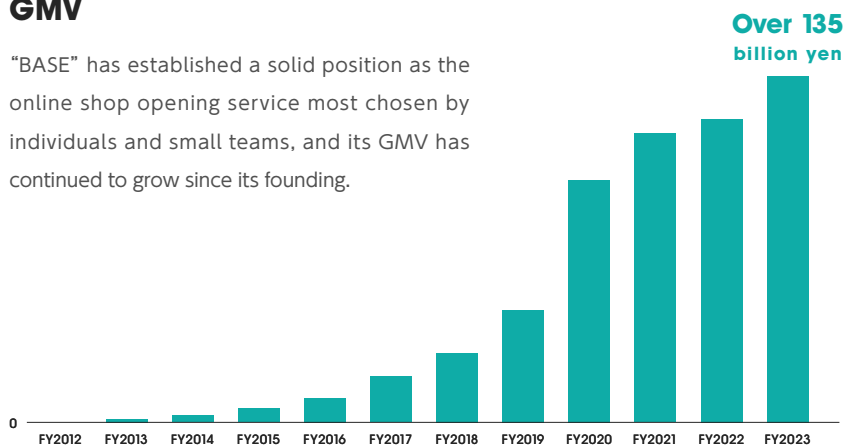
As of December 2023, over 2.1 million shops opened  
 No. 1 for seven consecutive years in online shop openings\*



\*Based on a survey of storefront online shop creation services used to open online shops within the last year (February 2024, commissioned to Macromill).

### GMV

“BASE” has established a solid position as the online shop opening service most chosen by individuals and small teams, and its GMV has continued to grow since its founding.







## Online Shop Opening Service

### Pricing Plans

“BASE” offers two pricing plans to meet the diverse needs of shop owners and enable them to continue operating their online shops without worrying about fees as their sales grow. The “non monthly-fee plan” incurs no fixed costs; shop owners pay fees only when they make sales. This plan is mainly used by those who want to start an online shop with minimal risk, those with relatively small sales volumes, and those who operate intermittently. The “monthly-fee plan” charges a monthly fee but keeps the fee rate when sales are made at the lowest level in the industry. This plan is mainly used by those with relatively large sales volumes who sell products continuously.

Encouraging People to Try with No Costs Until Sales are Made	Supporting Growth with Lower Payment Processing Fees
<b>Non Monthly-fee Plan</b>	<b>Monthly-fee Plan</b>
<b>When starting a shop</b>	<b>When starting a shop</b>
<b>Initial cost</b> ¥0	<b>Initial cost</b> ¥0
<b>Monthly cost</b> ¥0/month	<b>Monthly cost</b> ¥19,980/month
<b>When a product is sold</b>	<b>When a product is sold</b>
<b>Payment processing fee</b> 3.6% + ¥40	<b>Payment processing fee</b> 2.9%
<b>Service usage fee</b> 3%	<b>Service usage fee</b> ¥0

### BASE Easy Payment and E-Commerce Features

We provide our unique “BASE Easy Payment” payment system to all shops using “BASE.” Implementing a payment feature on an individual’s website typically requires complex procedures that take time. However, “BASE Easy Payment” can be set up as quickly as the same day with a simple procedure.

We also provide essential functions for E-commerce operations as standard features and extensions called “BASE Apps.” These include a customer management feature that supports relationship building between shops and purchasers, social media integration and advertising to support sales promotion, no-code shop design that allows for the free expression of the brand’s worldview, and an AI-powered efficiency improvement feature that allows shop owners to focus on their creative activities, all with an easy-to-use UI/UX, even for those without specialized knowledge. Additionally, we support offline expansion through the physical shop spaces “SHIBUYA BASE” and “BASE Lab,” where temporary physical stores can be set up.





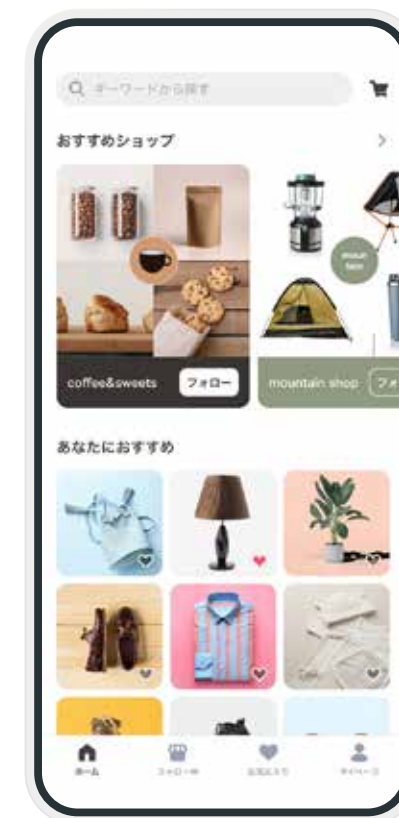
## Shopping Service for Purchasers

### Value Provided, Social Issues, and Business Opportunities

“Pay ID” is a shopping service designed to support new product discoveries, repeat purchases at favorite shops, and a smooth online payment experience. With the widespread adoption of social media across generations and the rise of direct-to-consumer (DTC) models in recent years, brands and purchasers can now connect directly without relying on malls. This has led to an increase in brands launching independent online shops and purchasers enjoying online shopping outside of traditional malls. In this context, shops using “BASE” can more easily acquire new and repeat customers through our shopping app. Purchasers can also enjoy a safe and smooth shopping experience through the shopping app and ID payment.

### Service Overview

The “Pay ID” service provides purchasers with a shopping app and ID payment feature. The shopping app allows users to enjoy shopping by exploring products from a wide range of categories and following their favorite shops. It offers easy access to the latest updates and new arrivals from followed shops, enabling seamless repeat purchases. Using the ID payment feature, purchasers only need to register their address and other details with “Pay ID” once, eliminating the need to enter their information every time they shop. Products can be purchased smoothly just by logging in with one’s ID. Users can register their credit cards and enjoy a seamless purchase experience using the BNPL “Post Pay (Pay ID),” where the entire process from login to payment completion requires just a few taps. These features are available at all shops using “BASE,” and as the number of these shops grows, the number of “Pay ID” users has also increased, surpassing 13 million.



# YELL BANK

## Fundraising Service

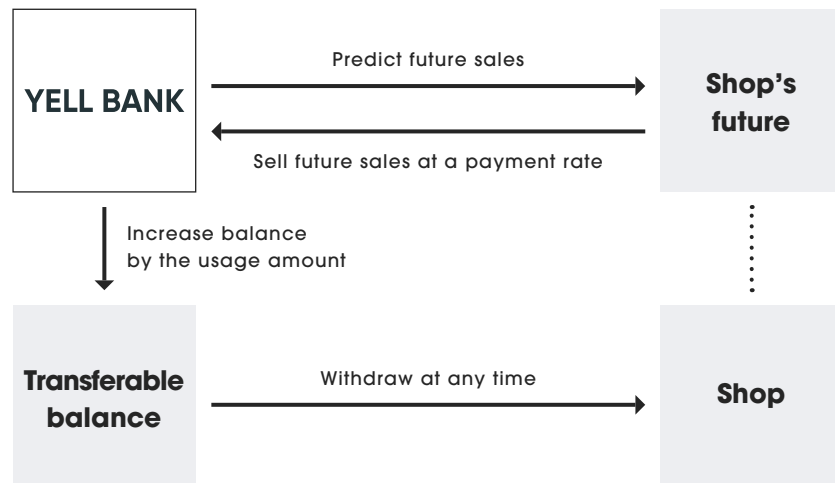
### Value Provided

“YELL BANK” is a financial service that allows shops using “BASE” to convert future sales into immediately usable funds, enabling risk-free and instant fundraising.

### Service Overview

Fundraising using “YELL BANK” involves “YELL BANK” predicting a shop’s future sales based on its sales history and other data from “BASE.” Based on this, “YELL BANK” immediately pays the amount of future receivables purchased from the shop owner, allowing the shop owner to access their future sales instantly.

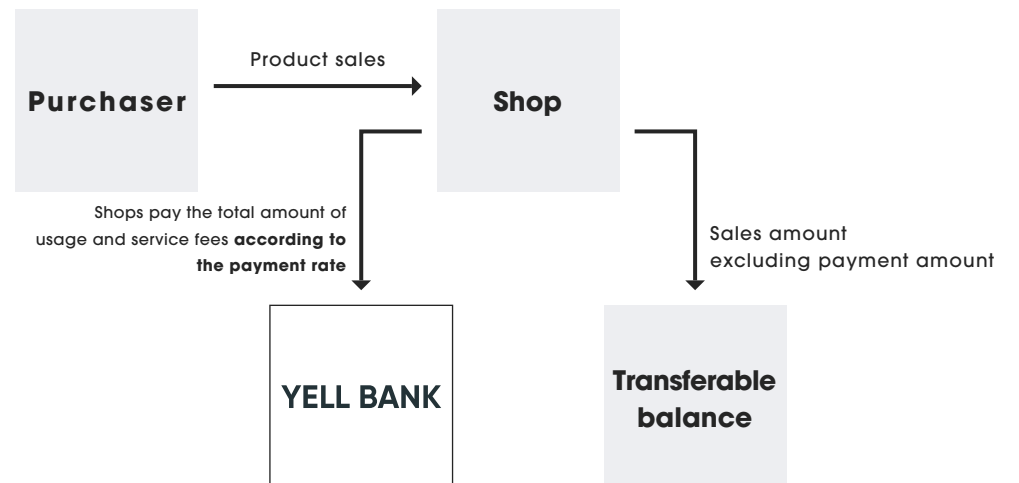
### Fundraising Process



### Social Issues and Business Opportunities

Many individuals and small teams using “BASE” face difficulties securing their desired funding through existing financial services. The procedures are often complex, and it takes time to secure funds. For example, shops that operate on a pre-order basis may need to limit production if they don’t receive payments until the products are sold. Some shops wish to strengthen their sales infrastructure through capital investment to pursue further growth. “YELL BANK” supports these shop owners by accelerating their cash flow, facilitating their growth. It has also contributed to further expanding the future potential of shops by allowing shop owners who have never thought of fundraising to consider it as a new option.

### Payment Process





Online Payment Service

### Value Provided, Social Issues, and Business Opportunities

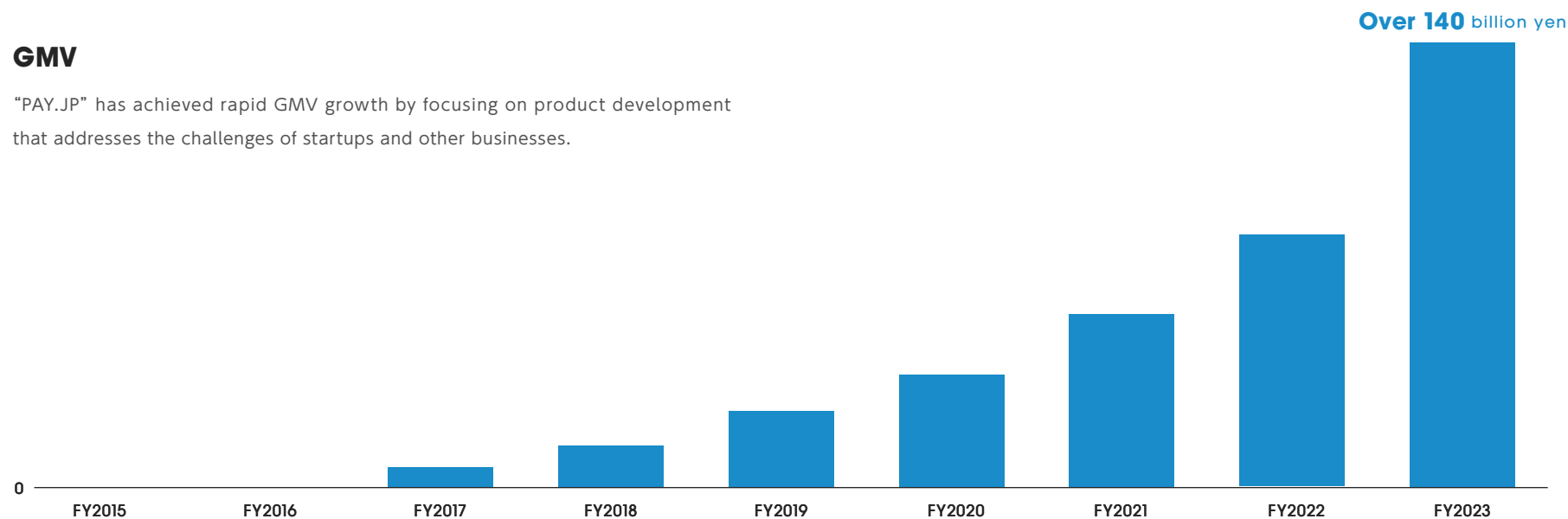
“PAY.JP” supports accelerated business growth for merchants by resolving various issues associated with implementing payment features when launching a startup or new business, simplifying everything about payment processes. While the cashless payment market, including credit card payments, is rapidly expanding, developers at startups and other small businesses face three significant challenges when trying to integrate credit card payments into their web services: lengthy application and screening processes, systems that are not user-friendly, and high fees.

### GMV

“PAY.JP” has achieved rapid GMV growth by focusing on product development that addresses the challenges of startups and other businesses.

### Service Overview

“PAY.JP” offers a simple API that can be integrated in three steps and a flexible pricing structure with the industry’s lowest rates. Services catering to the needs of new businesses, such as subscription payments and platform businesses, and partner initiatives through collaboration with system vendors are also available to support the diverse growth of businesses. Furthermore, “PAY.JP” fully complies with PCI DSS Version 4.0, the global security standard in the credit card industry, ensuring the highest level of information security.





# Governance

## Discussion with Outside Directors

Representative Director and  
Senior Executive Officer, CEO

**Yuta Tsuruoka**

Outside Director

**Masayuki Shimura**

Outside Director

**Misa Matsuzaki**

**Tsuruoka** : Mr. Shimura, you've served as an outside director at our company for five years, since just before our listing in October 2019. How do you assess our corporate governance efforts so far?

**Shimura** : When the company went public on the TSE Mothers in October 2019, you were 29 years old. That made it a listing by an entrepreneur born in the Heisei era (1989-2019), and BASE attracted much attention as a next-generation company. I recall that the average age of all officers and employees was also around 30. I come from a megabank where directors and executive officers are typically in their 50s and where even those in their 40s are only in the middle echelon. BASE seemed remarkably vibrant and energetic to me, as a man in his 60s who has spent many years in a traditional, large Japanese company where seniority is taken for granted. That was my first impression when I became an outside director. However, despite being such a young company, I can confidently say that the company's corporate governance has made steady progress over the past five years.

**Tsuruoka** : Compared to large corporations, many aspects of our company are still immature, and I'm sure we've sometimes given you cause for concern.

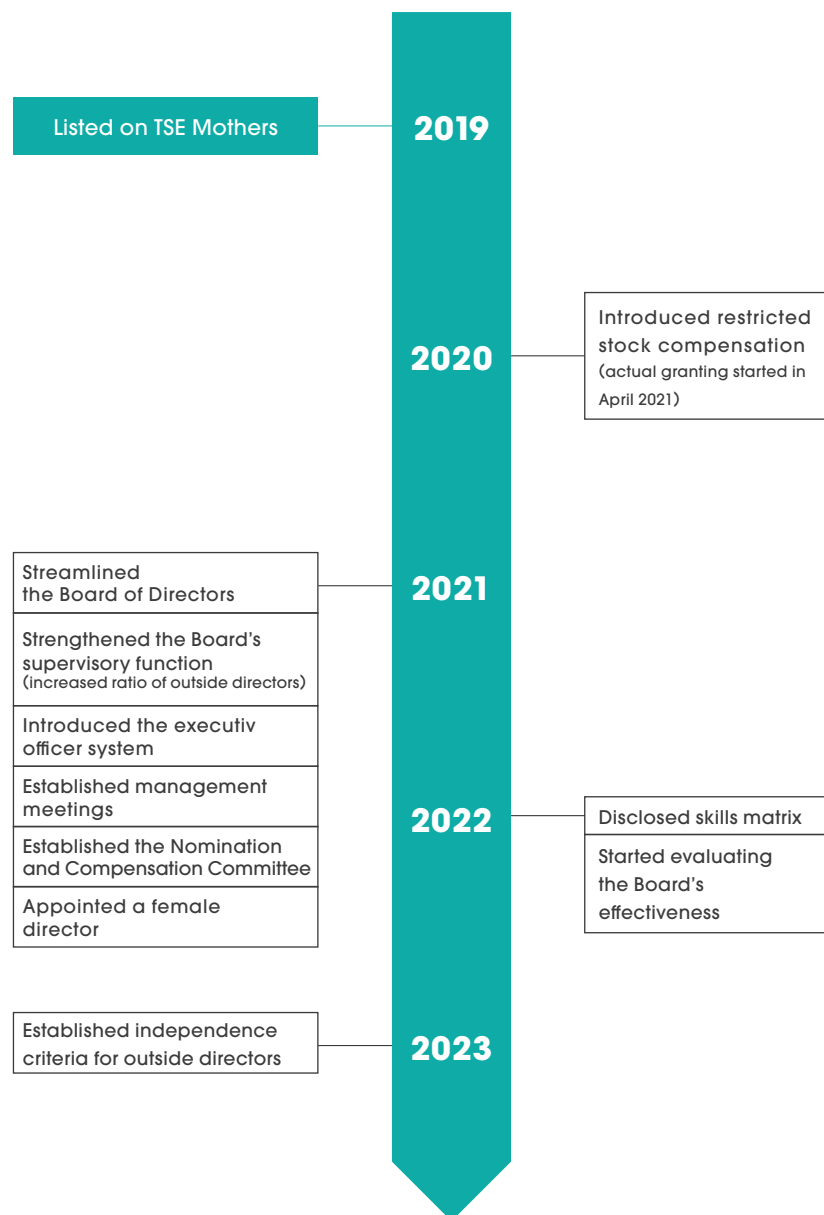
**Shimura** : In 2020, right after its listing, the company achieved dramatic growth by being there for many users and swiftly responding to the demand for opening online shops brought about by the COVID-19 pandemic. The explosive growth of our core business led to unforeseen pressures, such as a sudden increase in system load. However, the company overcame significant challenges, working desperately to maintain the smooth running of the "BASE" service, a piece of infrastructure that supports shop owners' economic activities. At the same time, the company didn't neglect to build a corporate foundation to match this rapid service growth. I greatly appreciate those efforts.

**Tsuruoka** : Could you specify what points you are referring to?

**Shimura** : First, in March 2021, the company decided to reduce the number of internal directors on the executive side from four to two, equaling the number of outside directors. This strengthened the Board's supervisory function by adopting the principle of "ensuring at least one-third of directors and at least two of them are independent outside directors," which is still upheld today. Second, all board members were male at the time of our listing, but in 2021, we decided to appoint at least one female outside director. Now, Ms. Matsuzaki sits on the Board. Third, also in 2021, we established a Nomination and Compensation Committee.

**Matsuzaki** : I think it's important that the chairman of the Nomination and Compensation Committee is not Mr. Tsuruoka, the CEO, but Mr. Shimura. The committee consists of just three members: Mr. Shimura, the chairman; Mr. Tsuruoka; and myself. The committee's small size is crucial, as it allows for frank and open discussions.

**Shimura** : Mr. Tsuruoka has always prioritized having an open and candid environment and



maintaining simplicity.

**Tsuruoka** : Thanks should also go to Mr. Harada, our CFO, for keeping an eye on governance across the corporation from the executive side and identifying various issues.

**Shimura** : It is risky and improper governance for the executives to focus solely on offense and leave defense to outside directors and auditors. While an aggressive approach is essential for the executive team, they must, themselves, also strengthen their defenses before being advised to do so by outside directors. I highly commend you, Mr. Tsuruoka, for paying attention to key executives responsible for defense and for being highly aware of the need for a more enhanced and sophisticated system right after the listing. This balance makes you a well-rounded leader.

**Tsuruoka** : Ms. Matsuzaki, it has been two years since you became an outside director of our company in March 2022. You are an entrepreneur yourself and successfully conducted the youngest female-led IPO in 2004. Even now, you have wide-ranging interactions with various startups and business owners and are active as both an investor and a CEO. How do you view our company from your own unique perspective compared to Mr. Shimura, who has led large organizations at a megabank?

**Matsuzaki** : Having founded a company and taken it public, I have experienced what it's like transitioning a company from the startup phase, focused on driving growth at full throttle, to the next phase, where you have to apply governance and find the right balance between the accelerator and the brake, so to speak. At BASE, I imagine the executive team might sometimes find my comments bothersome, but providing critical feedback is part of the outside director's role. Over the past two years, we've been joined by members with experience working at large corporations, and they have brought a wide range of perspectives that have helped balance our offense and defense, contributing to the company's growth.

**Tsuruoka** : Can you point to specific aspects?

**Matsuzaki** : There are two points. First is the evolution of our business promotion system. BASE has been rapidly implementing various initiatives, and their precision has visibly improved over the past year or two. I sense thorough discussions are held at all levels, from working-level teams to management meetings. Also, at our regular board meetings, there are always reports on the previous month's results and earnings forecasts for the coming months, and the odds of measures yielding results have clearly increased. The accuracy of earnings forecasts has also improved. Even when there are discrepancies between

forecasts and actual results, the cause analysis is logical. Lessons learned and newly discovered issues are applied to subsequent initiatives, and it is clear from reports at board meetings that the PDCA cycle is working well.

**Tsuruoka** : While there is still much room for growth, our products' precision and development speed have improved. Since December 2023, we've announced a service collaboration with Square in Japan and an official partnership with Japan Post, and I feel that our business phase is continuing to grow significantly.

**Shimura** : The recently joined executives have introduced new ways of thinking and working, providing a positive stimulus and raising the level of the PDCA cycle.

**Matsuzaki** : My second point about system evolution concerns governance. Alongside business promotion, our governance has also advanced. Shortly after I was appointed director, we launched a Sustainability Committee in May 2022. This committee, which is intentionally diverse in gender and age, is engaging in active discussions.

**Shimura** : Mr. Tsuruoka also consistently emphasizes the importance of diversity within the company.

**Matsuzaki** : An Ally community has been established within the company as an employee-led initiative, and volunteers have also started a project to improve product accessibility. I appreciate that a recognition of diverse lifestyles and values is spreading through the DE&I training conducted for all employees.

**Shimura** : More and more people with diverse career backgrounds are joining us, and we are growing into a company that is favored by a wide range of talent.

**Matsuzaki** : Securing top talent is essential to steadily executing Mr. Tsuruoka's business strategy. Establishing the Nomination and Compensation Committee in FY2021, thereby



ensuring transparency in evaluating the management team, was a significant development for attracting the talent we need for our future business growth.

Since I joined in FY2022, we have had more frequent dialogues than I had imagined before taking office. In FY2023, in some months, the three members of the Nomination and Compensation Committee met as frequently as almost every week. We consulted the Board of Directors on introducing a restricted stock compensation system, and we exchanged our honest opinions on the evaluation, appointment, and compensation of internal directors and senior executive officers.

**Shimura** : The Nomination and Compensation Committee mainly focuses on the management executives, so it is crucial to communicate with them frequently and fully understand them. We therefore hold regular monthly meetings, apart from formal board meetings, for senior executive officers and outside directors, as a vital platform for communication. These regular meetings were introduced on a trial basis in FY2023 in the form of preliminary explanations of agenda items to be discussed by the Board of Directors, and they have become valuable opportunities to learn about the personalities and concerns of senior executive officers in a candid setting without Mr. Tsuruoka's presence.

**Tsuruoka** : Without me?

**Matsuzaki** : Well, I think you understand better than anyone the danger, from a governance perspective, of having a system where the CEO attends every meeting and makes all the decisions.

**Tsuruoka** : Could you share what you consider important in your roles as outside directors?

**Shimura** : As an outside director, I believe it's crucial to supervise management to ensure the company's sustainable growth and enhance medium- to long-term corporate value. This includes providing guidance and advice as necessary. We leave the execution of daily operations to the management meeting consisting of senior executive officers and executive officers. At the same time, it is also essential for outside directors to keep the CEO in check. That's why I think it's important for Ms. Matsuzaki and me to sometimes discuss Mr. Tsuruoka without his presence.

**Matsuzaki** : As an outside director, it's important to be mindful of working on behalf of shareholders and representing the interests of all stakeholders. This is the feeling I have had since becoming an outside director. My fundamental approach is rooted in my experience

as the president of a startup, focusing not just on shareholders but on a multi-stakeholder perspective, including society, business partners, and all members working at the company.

**Tsuruoka** : Ms. Matsuzaki, I noticed you actively seek to communicate with a range of people at company events.

**Matsuzaki** : Because our competitive edge lies in our products, the ratio of development engineers in the company is naturally high. In Japan, most engineers are men, resulting in a higher male ratio within the company, including management. However, shop owners using "BASE" and purchasers show no significant gender disparity. Therefore, we need to intentionally build greater momentum for identifying issues and developing products from diverse perspectives, including those of women. As the sole female director, I see it as my responsibility to ensure diversity among those involved in critical corporate decisions.

**Shimura** : In my previous role at Sumitomo Mitsui Banking Corporation, I was stationed in Singapore as the head of the Asia-Pacific region. I oversaw local subsidiaries and branches in 10 countries, each with hundreds of employees. What I learned from that experience is the simple fact that you cannot tell whether each location has good communication and high morale or whether negative information is being reported to the top just by reading reports from branch managers. Therefore, during my visits, I made it a point to communicate directly with various staff members, not just the executives. At BASE, I also visit the office two to three times a week. I intend to continue interacting with members on the ground and serving as an "on-site-oriented outside director," contributing to the company through supervision and advice from a medium- to long-term perspective.

**Tsuruoka** : Just like in our Nomination and Compensation Committee meetings, both of you shared many frank and candid opinions today. Thank you very much.

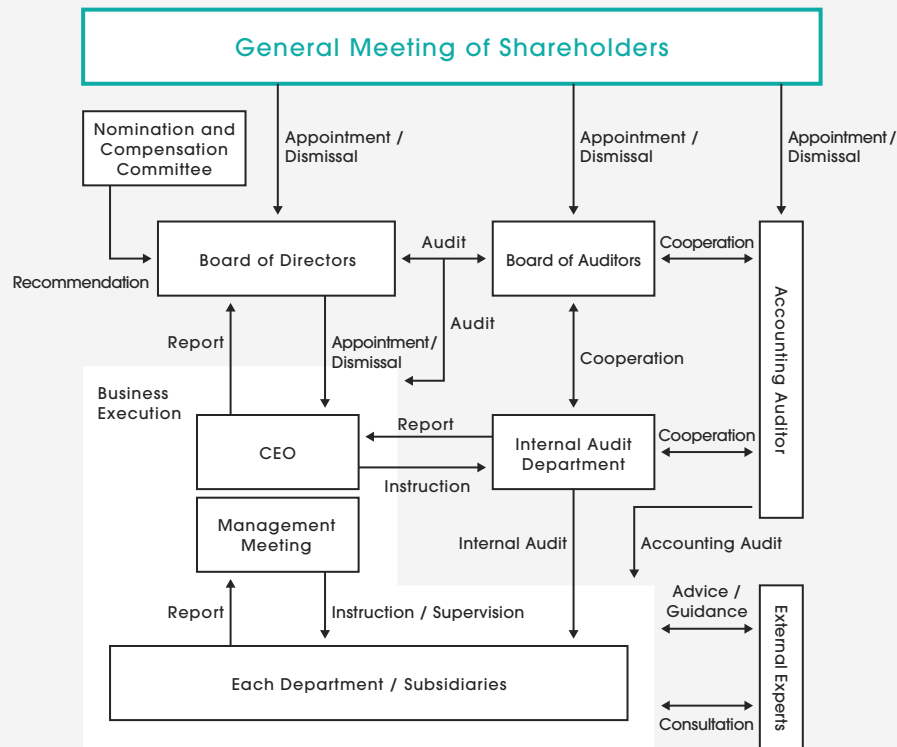




# Corporate Governance

Upholding our mission of “Payment to the People, Power to the People,” we aim to be a company that contributes to society. To sustainably enhance corporate value under this mission, we recognize the importance of improving management soundness, efficiency, and transparency and establishing an organizational structure that can respond swiftly and flexibly to changes in the business environment. Therefore, we are committed to strengthening and enriching our corporate governance system.

## Corporate Governance Structure



## Evolution of Corporate Governance Enhancement

To further strengthen and enhance our corporate governance, we separated the executive and supervisory by introducing an executive officer system and establishing management meetings in 2021. In the same year, we also established an optional Nomination and Compensation Committee to enhance management objectivity and rationality.

## Corporate Governance Status

Organizational form	Company with a Board of Auditors
Board of Directors composition	Four members
Outside directors	Two (both are independent outside directors)
Optional committees	Nomination and Compensation Committee
Accounting auditor	KPMG AZSA LLC

## Board of Directors

### Approach to the Composition of the Board of Directors

BASE's Articles of Incorporation stipulate that the number of directors must not exceed eight. To strengthen the Board of Directors' supervisory function, the Board's membership must consist of at least one-third and a minimum of two independent outside directors. When selecting Board members, we consider the balance of knowledge, experience, abilities, and diversity, ensuring that at least one female director is appointed. Specifically, after deliberation of candidates by the optional Nomination and Compensation Committee, we use a skill matrix to select directors. Currently, our Board comprises four directors (three males and one female): two internal and two independent outside directors, both of whom have management experience at other companies.

### Process for Selecting Director Candidates

When nominating director candidates, we aim to select individuals possessing extensive business knowledge and experience who can significantly contribute to the company's business and enhance its corporate value by fulfilling their duties as directors. The optional Nomination and Compensation Committee develops candidate proposals based on these criteria. The Board of Directors then discusses and approves these proposals before they are presented at the General Meeting of Shareholders for election.

### Evaluation of the Effectiveness of the Board of Directors

Since FY2022, we have evaluated the Board of Directors' effectiveness at least once a year. This evaluation aims to identify issues related to the Board, implement measures and improvements, and thereby enhance the Board's functionality, governance levels, and corporate value. In FY2023, as in the previous year, we confirmed that the effectiveness of the Board and other bodies was maintained.

### Approach to Compensation





#### Composition of Compensation

Compensation for our directors is linked to shareholder interests to function effectively as an incentive to enhance corporate value sustainably. When setting the compensation of individual directors, our basic policy is to ensure an appropriate level considering their respective responsibilities. Specifically, the compensation for executive directors consists of a basic salary and stock compensation as fixed compensation. Similarly, outside directors responsible for supervisory functions receive fixed compensation, including basic salary and stock compensation. This policy is deliberated by the Nomination and Compensation Committee, a consultative body of the Board of Directors comprising a majority of outside directors, and decided by the Board of Directors.

#### Decision Process

Regarding individual compensation amounts, CEO Yuta Tsuruoka is delegated by the Board of Directors to determine the specific contents. The delegation's scope includes deciding the basic salary amounts for each director, considering their responsibilities, contributions, and execution of duties, the company's performance, and economic conditions. The delegation to the CEO is based on the judgment that the CEO is best suited to evaluate each director, considering the company's performance and other factors. To ensure the appropriate exercise of this authority by the CEO, the Nomination and Compensation Committee reviews a draft proposal from the Board of Directors and provides recommendations, which the CEO must follow in making decisions. Additionally, the Board of Directors decides the allocation of stock compensation to individual directors based on the Nomination and Compensation Committee's recommendations. The Nomination and Compensation Committee comprises three directors appointed by the Board, with a majority being outside directors.

## Directors

Name	Position	Career	Reason for Appointment
 <p>Yuta Tsuruoka</p>	Representative Director, Senior Executive Officer, CEO	Started the online shop opening service “BASE” project while in university. Founded the company in December 2012 at age 22 and became Representative Director.	Having led the company as Representative Director since establishing it in December 2012 and possessing extensive knowledge in the E-commerce and payment industries, he is deemed suitable for continuing to make critical management decisions and supervising business execution.
 <p>Ken Harada</p>	Director, Senior Executive Officer, CFO	Joined the company in June 2015 after working at MIXI, Inc., FreakOut, Inc. (now FreakOut Holdings, Inc.), and other companies. Appointed Director in February 2016.	Having driven the company’s growth by consistently overseeing the corporate department since joining the company, and with his extensive experience and deep insight in financial strategy plus his familiarity with the company as CFO, he is deemed suitable for continuing to make critical management decisions and supervising business execution.
 <p>Masayuki Shimura</p>	Outside Director	Held positions as Executive Officer at Mitsui Bank, Ltd. (now Sumitomo Mitsui Banking Corporation) and Representative Director Senior Executive Officer at Sumitomo Mitsui Card Co., Ltd. Appointed Outside Director in August 2019.	With his experience as a director at payment-related companies and deep knowledge of the finance and payment industries, he is deemed suitable for continuing to make critical management decisions and supervising business execution.
 <p>Misa Matsuzaki</p>	Outside Director	Founded Agasta Co., Ltd., and led the company to be listed on the TSE Mothers (now TSE Growth). Appointed Outside Director in March 2022.	With her experience as Representative Director or Director of multiple companies, including the companies she founded, she is deemed suitable for continuing to make critical management decisions and supervising business execution.

## Skills Matrix

Name & Position	Management Experience	Finance & Accounting	Legal, Compliance, Risk Management	ESG & Sustainability	HR & Organizational Development	Technology	Industry Knowledge (E-commerce, Payment, Finance)	International Experience
<b>Yuta Tsuruoka</b> Representative Director, Senior Executive Officer, CEO	○			○	○	○	○	
<b>Ken Harada</b> Director, Senior Executive Officer, CFO	○	○	○	○	○		○	
<b>Masayuki Shimura</b> Outside Director	○		○	○	○		○	○
<b>Misa Matsuzaki</b> Outside Director	○			○	○			○

# Platform Integrity

As a business providing a place for transactions, the BASE Group believes it is crucial to ensure the safety and soundness of its services to allow all stakeholders, including online shop operators and purchasers, to conduct transactions with peace of mind.

## Merchant Management

### ● Initiatives for Safety and Security

We monitor products and sales content, address inquiries to shops, and provide shops with guidance to ensure purchasers can buy products safely and securely.

### ● Rules Regarding Transactions

We create help pages for both shops and purchasers, providing information on our products. We update and expand these help pages daily. Each product has a violation reporting feature, and we strive to respond quickly and offer guidance to shops based on sales conditions, product content, and report details.

### ● Disclosure of Shop Information

We display information based on the Act on Specified Commercial Transactions and provide a review feature for each shop to ensure purchasers can buy products confidently.

### ● Handling Purchase Troubles

In the event of problems with shops, such as non-receipt or delivery delays, we respond promptly and try to prevent recurrences by requesting the shop to take action and providing guidance according to our terms of service.

## Merchant Protection

### ● Measures Against Fraudulent Transactions

We implement preventive measures based on the “Measures to Prevent Fraudulent Use of Credit Cards in Non-Face-to-Face Transactions” established by the Japan Consumer Credit Association.

We analyze user attributes and behaviors, assess transaction risks based on user input information, and determine whether a transaction is fraudulent. We also store delivery information from fraudulent orders to prevent further misuse.

### ● Ensuring Account Security

To secure against unauthorized access, we implement measures like two-factor authentication at login. Our shop management screen allows issuing separate accounts for each staff member and setting operation-specific menus according to operational needs, thereby limiting access to confidential information.

### ● Protection of Personal Information

To enable individuals and small teams to operate shops securely, we offer features like non-disclosure settings for addresses and phone numbers under the Act on Specified Commercial Transactions and anonymous shipping that allows sending products without including personal information.

# Compliance

At the BASE Group, we believe that it is crucial to comply with laws and regulations, adhere to ethical standards and social norms, and act with a social conscience. To ensure thorough compliance, we have implemented the following initiatives.

## Human Rights Policy and Ethics Code

We have established a human rights policy, available on our website, intended to contribute to the development of a sustainable society by respecting human rights across corporate activities.

We have also established an ethics code, which requires all officers and employees to fully understand and adhere to all social norms and their spirit, and to act with social conscience. This code is included in our compliance training to ensure thorough understanding and adherence.

## Whistleblowing System

We have established a whistleblowing system with reporting channels to internal contacts, auditors, and external lawyers to detect and correct legal violations and other compliance issues promptly. This system is made known to all employees to facilitate early detection and prevention of problems. Our whistleblowing regulations ensure a thorough investigation and appropriate action upon receiving reports and protect whistleblowers from any disadvantageous treatment resulting from their reporting.

## Compliance Promotion System

Based on our "Risk Management and Compliance Regulations," we have established a Risk Management and Compliance Committee, chaired by the Representative Director, to prevent risks in each department and minimize company losses. The committee conducts company-wide risk management, comprehensively identifying, evaluating, and implementing countermeasures for risks in each business division. The committee meets regularly and reports the results to the Board of Directors and the Board of Auditors as necessary.

## Compliance Training

Compliance training is conducted for all employees upon joining the company and annually thereafter. It covers general compliance, the Act on the Protection of Personal Information, insider trading prevention, and harassment prevention. The training includes company-wide topics and specific content tailored to each department's operations to enhance effectiveness. In 2023, the training participation rate was 100%.

# Information Security

In the services the BASE Group provides, we handle various types of information, including the personal information of service users. It is crucial to manage this information appropriately to ensure users can use our services safely with peace of mind.

## Organizational Structure

### Information Security Management System

We have established internal regulations, such as our Basic Information Security Regulations, to ensure proper information management. We have also set up a specialized department for information security and hold regular Information Security Committee meetings to identify and address information security risks, thereby strengthening our information security measures. Moving forward, we will continue reinforcing our information management system through group-wide education, training, and system enhancements.

## Internal Security

### Security Review for External SaaS Selection

When selecting external SaaS, our internal security team always conducts a security review to prevent the use of inappropriate systems.

### Monitoring Internal Communications

Even in the distributed environment of remote work, we monitor for various events, such as unauthorized access and malware infections, and respond swiftly if any security events are detected.

### Training and Education

We conduct information security training at least once a year, achieving a 100% participation rate in 2023.

## Service Security

### High Availability of Services

All critical servers are load-balanced and redundant, enabling rapid service recovery in the event of a failure and quick service expansion during high-load periods through an alert system, protecting payment transaction integrity and preventing data loss.

### Encryption of Communication to Data Centers

All communication for server management is encrypted and limited to controlled network routes to prevent unauthorized access.

### Secure Environment for Deploying Source Code

Developed source code is deployed to production servers only after automated testing. A mechanism that automatically releases source code allows new features to be released safely. Moreover, even in the event of a sudden change in source code, the release is performed while maintaining stable system operation. In this way, we prevent the integration of unauthorized source code by using only controlled means to change source code.

### Vulnerability Assessment

We conduct internal vulnerability scans of the entire web server system and regular penetration tests by third parties to identify and address inappropriate modules and incomplete system issues.

### Service Monitoring

Automatic detection of unauthorized access to services, high loads, and defects allows us to quickly identify and deal with problems by raising appropriate alerts.

### Third-party Certification

We obtain security-related certifications from third-party organizations to ensure that users can safely use our services with peace of mind.

BASE, Inc. complies with the SAQ-A of PCI-DSS, the global security standard in the credit industry.

Since it holds credit card information, PAY, Inc. manages it in full compliance with PCI-DSS Version 4.0.



# Sustainability

## Basic Sustainability Policy

The BASE Group is driven by the mission “Payment to the People, Power to the People.” Our goal is to leverage internet technology to enhance accessibility to payment and financial services, which many people need but have not yet been able to enjoy, thereby empowering individuals and small teams and enabling a society where everyone can thrive. Since our inception, we have believed more than anyone else that “when the internet empowers individuals and small teams, the world becomes a much better place.” This belief has guided our product planning and development and will continue to do so. “Payment to the People, Power to the People.” We aim to realize this mission as soon as possible, acting as a responsible platform provider of open payment and financial services and promoting ESG initiatives throughout the Group to achieve a sustainable society.



## Sustainability Committee Structure

In March 2022, we established a Sustainability Committee to discuss, coordinate, and monitor significant sustainability-related matters, including our basic policy, materiality, and related initiatives. The committee also reviews and considers important issues to be presented to the management meeting. Matters that have passed through the Sustainability Committee and have been deliberated on and decided upon by the management meeting are regularly reported to the Board of Directors along with their progress. The response policies and measures agreed upon at the management meeting are spearheaded by the CEO, who chairs the Sustainability Committee, arranged by the responsible department, and implemented by each department within the company.

## Stakeholder Engagement

Maintaining appropriate communication with all stakeholders and meeting their expectations is crucial for enhancing corporate value and fulfilling our social responsibilities. We strive to incorporate stakeholders' valuable opinions into our business activities.

### Shareholders and Investors

We fulfill our accountability through timely and appropriate information disclosure, and the opinions gathered from constructive dialogue are regularly reported to the Board of Directors and incorporated into our management and IR activities.

#### Key Engagement Methods

- General Meetings of Shareholders
- Financial Results Briefings
- Individual Meetings
- Inquiry Forms

### Customers (Shop Owners, Merchants)

We have established a system to respond to the needs of shop owners and merchants. We will incorporate their feedback into our product and service development to provide more valuable offerings.

#### Key Engagement Methods

- Support and Online Meetings by Customer Success
- Inquiry Forms
- Website, Email Newsletters
- Community Events

### Customers (Purchasers)

We have established a system to respond to the needs of purchasers and "Pay ID" app users. We will incorporate their feedback into our product and service development to provide more valuable offerings.

#### Key Engagement Methods

- Inquiry Forms
- Website, Email Newsletters

### Business Partners

We interact with business partners with integrity, conducting fair and impartial transactions while complying with relevant laws and internal rules and collaborating to fulfill our social responsibilities.

#### Key Engagement Methods

- Negotiations
- Establishment of Partner Programs

### Employees

We support employees in continuing to take on challenges and create a fair, equitable, and human rights-conscious workplace environment so they can feel a sense of fulfillment and utilize their diverse abilities. We also focus on maintaining employees' mental and physical health.

#### Key Engagement Methods

- Business Policy Briefings
- Employee Surveys
- Various Training Programs
- Whistleblowing System

# Risk Management

The BASE Group has established a Risk Management and Compliance Committee, chaired by the CEO, which meets quarterly to conduct company-wide risk management and ensure timely and appropriate responses to risks that could significantly impact the company.

## Major Business Risks

Category	Risk	Response	Materiality
External Environment & Market	<ul style="list-style-type: none"> <li>Stagnant E-commerce and online payment service market growth caused by changes in consumer activity due to Japan's post-COVID-19 reopening and soaring prices</li> <li>Business stagnation due to the introduction of regulations related to payments and the internet</li> </ul>	<ul style="list-style-type: none"> <li>Agile review of business plans</li> <li>Investment in new technologies</li> <li>Information gathering and lobbying</li> </ul>	<ul style="list-style-type: none"> <li>Liberating payments and finance through technology</li> </ul>
Competition	<ul style="list-style-type: none"> <li>Intensifying competition by existing and new entrants in the independent E-commerce and online payment service markets</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining a position as a predominantly chosen service</li> <li>Strengthening marketing and feature development</li> </ul>	<ul style="list-style-type: none"> <li>Liberating payments and finance through technology</li> </ul>
Service Integrity	<ul style="list-style-type: none"> <li>BASE Group being held liable, as the provider of a trading platform, for actions of service users that threaten the integrity of the service</li> <li>Refunds and damage claims due to fraudulent transactions</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a specialized department to analyze transaction data possessed by the company using machine learning to detect and prevent inappropriate actions and fraudulent transactions</li> </ul>	<ul style="list-style-type: none"> <li>Providing a safe, secure, and sound trading environment</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>Business stagnation due to failure to hire and retain top talent as competition for talent intensifies</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening recruitment</li> <li>Human resource development and support for autonomous career building</li> <li>Creating a company environment where everyone's abilities can be maximized</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting, developing, and promoting human resources</li> <li>Realizing DE&amp;I</li> <li>Ensuring a safe and secure work environment</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Trust erosion, business activity restrictions, increased related costs, and damage to corporate value due to compliance violations or infringement of third-party intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>Conducting compliance training to raise awareness of legal compliance</li> <li>Establishing an intellectual property strategy, acquiring intellectual property, and conducting training</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with corporate ethics and regulations</li> </ul>
Information Security & Information Systems	<ul style="list-style-type: none"> <li>Legal liabilities and loss of the BASE Group's credibility due to leakage of personal information</li> <li>Inability to provide stable services due to large-scale system problems</li> </ul>	<ul style="list-style-type: none"> <li>Discussing and implementing security measures through the Information Security Committee</li> <li>Raising awareness among officers and employees through information security training</li> <li>Managing personal information in compliance with the Act on the Protection of Personal Information</li> <li>Strengthening server facilities and establishing appropriate internal systems</li> </ul>	<ul style="list-style-type: none"> <li>Protecting information security and privacy</li> <li>Providing a safe, secure, and sound trading environment</li> </ul>

# Human Capital

## Human Resource Development Policy

The BASE Group sees human resources as the most crucial management resource for achieving sustainable growth and enhancing business value. Therefore, supporting employees in taking ownership of their work and careers and continuously challenging themselves is essential for their development.

### Internal Recruitment

We have implemented an internal recruitment system. This system allows employees to apply for job openings that are also advertised externally, fostering competitiveness with external talent and promoting career opportunities and personal growth for employees. This is part of our efforts to support company-wide talent development and autonomous career building.

## Internal Environment Development Policy

Under a corporate culture that respects diversity, we aim to create systems and workplace environments that allow each individual's personality and abilities to be fully realized. This involves promoting work-life balance and cultivating a DE&I environment to enhance employee work engagement.

### Work-Life Balance

We provide a framework that enables our diverse group of employees to work productively, accommodating changing life stages and diversifying values. This includes a flex-time system, work-from-home scheme, and promotion of parental leave, ensuring an environment where all talent can thrive.

### Engagement Survey

Regular engagement surveys are conducted among employees to identify and address organizational challenges. Through this, we strive to improve employee performance and use it as a driving force for business growth.

### DE&I

Our corporate activities aim to empower individuals and small teams, contributing to a society where everyone can flourish. As a company striving to create a society where all individuals can succeed, we promote a workplace environment where members with diverse backgrounds—such as gender, age, nationality, religion, gender identity, sexual orientation, gender expression, ethnicity, and disability—can work comfortably. Specific measures include DE&I training to enhance understanding within the company and updating internal systems.

### Women's Empowerment

We have implemented measures to address women's labor issues and create an environment where women can succeed. By broadening the diversity of our talent in terms of gender, nationality, disability, etc., and leveraging the various perspectives this diversity brings, we aim to drive business growth. We have set the following goals to be achieved by 2030:

30% or more for female officers

30% or more for female managers

# Climate Change

## Support for TCFD Recommendations

The BASE Group recognizes climate change as a critical issue that impacts our business and has designated it as one of our material issues. We have been actively addressing climate change across the Group and, in March 2023, declared our support for the Task Force on Climate-related Financial Disclosures (TCFD). We disclose climate-related information in line with TCFD recommendations on “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets.”

### Governance

In March 2022, we established a Sustainability Committee to discuss, coordinate, and monitor significant sustainability-related matters, including our basic policy, materiality, and related initiatives. The committee also reviews and considers important issues to be presented to the management meeting. Matters that have passed through the Sustainability Committee and been deliberated on and decided upon by the management meeting are regularly reported to the Board of Directors along with their progress. The response policies and measures agreed upon at the management meeting are spearheaded by the CEO, who chairs the Sustainability Committee, arranged by the ESG Promotion Office, and implemented by each department within the company.

### Risk Management

The Risk Management and Compliance Committee identifies and prioritizes risks that must be addressed in our business activities. Chaired by the CEO, the committee comprises members selected by the CEO and meets quarterly. It regularly reports especially significant risks to the Board of Directors. Moving forward, a department responsible for sustainability will identify and evaluate climate-related risks and opportunities with the cooperation of relevant departments and report them to the Sustainability Committee with recommendations, promoting a company-wide response to climate change. Critical environmental risks related to climate change and social issues that include climate change, raised by the Sustainability Committee, will be integrated into company-wide risk management in collaboration with the Risk Management and Compliance Committee.

### Metrics and Targets

We calculate our GHG\*1 emissions as a metric related to climate change. The table on the right shows our GHG emissions for the last two years.

For Scope 1 and Scope 2 emissions, we aim to achieve a 100% reduction compared to 2022 levels by the end of fiscal year 2025. We are actively evaluating and implementing actions to achieve this target. For Scope 3 emissions, we will continue to discuss and determine the scope of emissions that can be calculated based on our business characteristics.

#### GHG Emissions within the BASE Group

Category	FYE Dec. 2023	FYE Dec. 2022
<b>Scope 1</b> (Direct emissions from fuel use, etc.)	0 (t-CO <sub>2</sub> )	0 (t-CO <sub>2</sub> )
<b>Scope 2*2</b> (Indirect emissions from purchased electricity use)	85 (t-CO <sub>2</sub> )	82 (t-CO <sub>2</sub> )

\*1 Abbreviation for Greenhouse Gas \*2 Calculated using market-based criteria

## Strategy

Based on the framework proposed by TCFD, the BASE Group conducted a scenario analysis in light of the characteristics of our business, identifying the following risks and opportunities brought about by climate change:

### Identification of Risks

Category		Assumed Scenario	Risk	Impact	Countermeasures
Transition Risk	Policy and Regulations	Introduction of carbon tax in Japan due to stricter regulations	Increased tax burden due to the carbon tax	Low	<ul style="list-style-type: none"> <li>Reducing GHG emissions</li> <li>Using renewable energy for electricity at the head office</li> <li>Carbon offsetting for electricity usage outside the head office</li> </ul>
	Market	Sharp increase in various energy prices due to rising demand for clean energy	Increased SG&A expenses due to rising renewable energy prices	Low	<ul style="list-style-type: none"> <li>Reducing costs through research, diversification, and optimization of office electricity procurement</li> </ul>
		Changes in consumer preferences leading to customer attrition due to decreased demand for services that are not environmentally friendly	Revenue decrease due to reduced usage of our services	Low	<ul style="list-style-type: none"> <li>Promoting and disclosing information on environmentally friendly initiatives</li> </ul>
	Reputation	Fall in reputation of companies not disclosing ESG-related information as ESG-driven investment accelerates	Stock price decline due to insufficient climate change response and related information disclosure, and impact on fundraising	Low	<ul style="list-style-type: none"> <li>Promoting environmentally friendly initiatives</li> <li>100% reduction of Scope 1 and 2 emissions</li> <li>Proper dialogue with financial institutions and investors</li> </ul>
Physical Risk	Acute	Frequent and severe disasters such as heavy rains and floods due to abnormal weather caused by climate change	Service operation suspension due to flooding of offices and data centers and system downtime	High	<ul style="list-style-type: none"> <li>Formulating business continuity plans (BCP)</li> <li>Relocating to offices with BCP measures</li> <li>Promoting remote work</li> <li>Promoting the use of robust cloud services</li> </ul>

### Identification of Opportunities

Category		Assumed Scenario	Opportunity	Impact	Countermeasures
Energy Source		Introduction of carbon tax in Japan due to stricter regulations	Non-taxable status due to achieving zero GHG emissions	Low	<ul style="list-style-type: none"> <li>Reducing GHG emissions</li> <li>Using renewable energy for electricity at the head office</li> <li>Carbon offsetting for electricity usage outside the head office</li> </ul>
Product and Service		Changes in consumer preferences leading to increased demand for environmentally friendly companies and cloud services	Enhanced corporate competitiveness and increased demand for our services due to improved brand image	High	<ul style="list-style-type: none"> <li>Promoting and disclosing information on environmentally friendly initiatives</li> </ul>
Resilience		Demand for platform providers providing payment and financial services to establish resilient platforms and systems	Increased reliability and demand for our services	High	<ul style="list-style-type: none"> <li>Formulating business continuity plans (BCP)</li> <li>Relocating to offices with BCP measures</li> <li>Promoting remote work</li> <li>Promoting the use of robust cloud services</li> </ul>

# Financial Information

(Million yen)

		<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
		(ended Dec. 31, 2019)	(ended Dec. 31, 2020)	(ended Dec. 31, 2021)	(ended Dec. 31, 2022)	(ended Dec. 31, 2023)
Consolidated income statement	Net sales	3,849	8,288	9,931	9,739	11,680
	Gross profit	2,231	4,992	5,623	4,737	5,033
	Operating profit (loss)	(441)	803	(977)	(1,508)	(425)
	Ordinary profit (loss)	(455)	747	(960)	(1,495)	(409)
	Net profit (loss)	(459)	584	(1,194)	(1,732)	(606)
Consolidated balance sheet	Current assets	10,064	27,693	31,433	30,946	36,965
	Non-current assets	393	811	558	332	331
	Total assets	10,458	28,505	31,991	31,278	37,297
	Current liabilities	7,244	12,224	16,823	17,720	24,244
	Non-current liabilities	56	63	61	57	52
	Net assets	3,158	16,217	15,105	13,501	13,000
Cash flow statement	Cash flows from operating activities	870	3,128	1,782	(1,706)	(80)
	Cash flows from investing activities	(51)	(471)	(21)	(28)	(53)
	Cash flows from financing activities	1,879	12,419	21	26	16
	Cash and cash equivalents at end of period	7,195	22,271	24,053	22,344	22,227

# ESG Data

## Environment

Category / Item		Unit	FY2023
Global warming prevention			
GHG emissions	Scope1	t-CO2	0
	Scope2	t-CO2	85

## Governance

Category / Item		Unit	FY2023
Officers			
Board of Directors composition	Internal directors (of which female)	Persons	2 (0)
	Outside directors (of which female)		2 (1)
Board of Auditors composition	Outside auditors (of which female)		3 (1)
Executive officers composition	Senior executive officers (of which female)		5 (0)
	Executive officers (of which female)		3 (0)
Percentage composition of outside officers on Nomination and Compensation Committee		%	66%

## Society

(Million yen)

Category / Item		Unit	FY2023
Basic employee data			
Number of employees	Total employees	Persons	274
	Men		178
	Women		96
	Percentage of women	%	35
Number of managers	Total managers	Persons	32
	Men		26
	Women		6
	Percentage of women	%	19
Average age		Years old	34.3
Average tenure		Years	2.8
Employment and DE&I			
Number of hires	Mid-career hires	Persons	48
	Men		31
	Women		17
	Percentage of women	%	35
Wages	Average annual salary	Thousand yen	6,943
	Gender pay gap	%	71
Employment rate of persons with disabilities		%	2
Turnover rate		%	15
Work-life balance			
Childcare	Number of employees taking childcare leave (cumulative)	Persons	10
	Men		5
	Women		5
	Rate of male employees taking childcare leave	%	83
	Return rate after childcare leave	%	100
Paid leave	Number of annual paid leave days taken	Days	2,427
	Annual paid leave utilization rate	%	74

## Company Information

As of December 31, 2023

Company Profile	
Name	BASE, Inc.
Representative	Yuta Tsuruoka, Representative Director and CEO
Head office	Sumitomo Real Estate Roppongi Grand Tower 37F, 3-2-1 Roppongi, Minato-ku, Tokyo 106-6237, Japan
Established	December 11, 2012
Business	Web service planning, development, and operation
Capital	8,669.10 million yen
Fiscal year end	December 31
Number of employees	274 (consolidated)
Affiliated company	PAY, Inc.

## Stock Information

As of December 31, 2023

Basic Stock Information	
Code number	4477
Stock exchange listing	Tokyo Stock Exchange Growth Market
Total number of authorized shares	376,440,000 shares
Total number of issued shares	115,197,823 shares
Number of shareholders	37,897
Number of shares per trading unit	100 shares
Record date	December 31
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation

## Major Shareholders (Top 10)

As of December 31, 2023

Shareholder Name	Shareholding Ratio (%)
Yuta Tsuruoka	15.6
MARUI GROUP Co., Ltd.	5.5
SBI SECURITIES Co., Ltd.	4.1
MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT	2.4
Ueda Yagi Tanshi Co., Ltd.	2.3
STATE STREET BANK AND TRUST COMPANY 505001	2.3
THE BANK OF NEW YORK MELLON 140051	2.2
CyberAgent, Inc.	2.0
THE BANK OF NEW YORK 133612	1.6
SAJAP	1.2

## Shareholder Composition

