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**Summary of Consolidated Financial Results  
for the Six Months Ended June 30, 2020  
(Based on Japanese GAAP)**

August 14, 2020

Company name: BASE, Inc.  
 Stock exchange listing: Tokyo  
 Stock code: 4477 URL <https://binc.jp/en>  
 Representative: Representative Director and CEO Yuta Tsuruoka  
 Inquiries: Director and CFO Ken Harada TEL 03(6441)2075  
 Scheduled date to file Quarterly Securities Report: August 14, 2020  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

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

**1. Consolidated financial results for the Six months ended June 30, 2020 (from January 1, 2020 to June 30, 2020)**

(1) Consolidated operating results (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2020	3,681	118.2	612	–	613	–	503	–
Six months ended June 30, 2019	1,687	–	(135)	–	(135)	–	(136)	–

(Note) Comprehensive Income (millions of yen)

Six months ended June 30, 2020: 503 (–%) Six months ended June 30, 2019: (136) (–%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2020	24.68	22.75
Six months ended June 30, 2019	(18.87)	–

(Notes) 1. Our company has disclosed results for the 2nd quarter for the year ended December 2019, and therefore, the percentage change from the same quarter of the previous fiscal year for the 2nd quarter of the year ended December 2019 is not shown.

2. We made a stock split on August 31, 2019 at the rate of 400 shares per 1 share of common stock. Net income per share or net loss per share is calculated by assuming that the stock split was carried out at the beginning of the previous fiscal year.

3. Diluted net income per share for the 2nd quarter of the year ended December 2019 is not presented because the Company's stock, despite the existence of potential shares, is unlisted and the average stock price during the fiscal year is unknown, and because diluted net income per share is a quarterly net loss per share.

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	14,620	3,663	25.1
As of December 31, 2019	10,458	3,158	30.2

(Reference) Equity (millions of yen) As of June 30 2020: 3,663. As of December 31, 2019: 3,158.

**2. Cash dividends**

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	0.00	–	0.00	0.00
Year ending December 31, 2020	–	0.00			
Year ending December 31, 2020 (Forecast)			–	0.00	0.00

(Note) Revisions to most recent dividend forecast: None

### 3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	7,520	95.3	0	—	0	—	(55)	—	(2.72)
	~8,100	~110.4	~500		~500		~394		~19.30

(Note) Revisions to most recent consolidated results forecast: Existence

#### 4. Notes

(1) Changes in significant subsidiaries during the Six months ended June 30, 2020

No

(changes in specified subsidiaries resulting in the change in scope of consolidation):

New: – ( ), Exclusion: – ( )

(2) Application of special accounting methods for preparing quarterly consolidated financial statements:

No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2020	20,433,400shares	As of December 31, 2019	20,413,800shares
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Number of treasury shares at the end of the period

As of June 30, 2020	– shares	As of December 31, 2019	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2020	20,419,643shares	Six months ended June 30, 2019	7,216,400shares
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(Note) We made a stock split on August 31, 2019 at the rate of 400 shares per 1 share of common stock. Average number of shares during the period (cumulative from the beginning of the fiscal year) is calculated by assuming that the stock split was carried out at the beginning of the previous fiscal year.

\*The summary of quarterly financial results are not subject to a quarterly review by a certified public accountant or an auditing firm.

\*Explanation on the appropriate use of business forecasts and other special matters

(Notice regarding forward-looking statements, etc.)

Forward-looking statements or projections contained in this document are based on information that the Company has at the present time and certain premises that the Company deems reasonable. Such forward-looking statements are not intended to represent a commitment on the part of the Company to achieve them. Also, actual results may differ significantly due to various factors. Please see the "1. Qualitative information on results for the six months ended June 30, 2020 (3) Overview of forecast of operating results including consolidated financial results" on page 3 of the attached document for the conditions that form the basis of earnings forecasts and cautions for using earnings forecasts.

(Access to supplementary information on quarterly financial results and contents of quarterly financial results briefing)

The Company plans to hold a briefing for institutional investors and analysts on Monday, August 17, 2020. We plan to post on the Company website the materials for results briefing, which will be used on that day.

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## 1. Qualitative information on results for the six months ended June 30, 2020

### (1) Overview of operating results

Advocating "Payment to the People, Power to the People." as its mission, the Group of the Company (hereinafter, "the Group") actively operates the BASE business providing e-commerce platforms BASE, and the PAY business providing PAY.JP, online payment services and PAY ID, payment services and through these services, the Group focuses on empowering SMB (Small and Medium Businesses) and supporting start-up businesses.

According to the Fiscal 2018 Report on Infrastructure Development for a Data-Driven Society in Japan published by the Ministry of Economy, Trade and Industry, the domestic BtoC-EC market size is expected to expand to 26.0 trillion yen in 2022. In this business environment, in the BASE business, the Group is continuously making active investments to accelerate the opening of new shops, developing functions to promote wider use of shops, and expanding services to support the growth of shops that use BASE, such as strengthening expansion functions, in an effort to increase long-term use and LTV (Life Time Value). Meanwhile, in the PAY business, the Group is promoting marketing activities targeting start-up companies and venture companies, strengthening its products, and working to increase the number of member stores.

Note that the BASE business recorded a significant increase in both the number of new stores opened and the gross merchandise volume, due to factors such as stay-at-home and business suspension request, which were implemented to prevent the spread of COVID-19 infection.

As a result of the above, net sales of the Group for the six months under review were ¥3,681,762 thousand (up 118.2% year-on-year), operating profit was ¥612,180 thousand (operating loss of ¥135,673 thousand in the same period of the previous fiscal year), ordinary profit was ¥613,480 thousand (ordinary loss of ¥135,713 thousand in the same period of the previous fiscal year), and the net profit attributable to owners of parent was ¥503,994 thousand (net profit attributable to owners of parent ¥136,196 thousand in the same period of the previous fiscal year).

The business result by segment are as follows.

#### A) BASE Business

In the BASE business, the impact of the COVID-19 accelerated the shift of consumers to EC and of brick-and-mortar stores to online services, resulting in a sharp increase in the number of newly opened stores and a significant increase in the gross merchandise volume of new and existing stores.

In addition, the Group enhanced its services to support the growth of stores that continue to use our services, such as seamless integration with distribution warehouses and delivery systems, strengthening expansion functions to sell products to more fans, and accelerating cash flow. As a result, the gross merchandise volume during the 2nd quarter of the fiscal year under review, namely, six months ended June 2020, was ¥38,566,505 thousand (order base), ¥43,603,658 thousand (settlement base), and was up 123.7% (order base) and 126.7% (settlement base) in the same period of the previous fiscal year.

As a result of the above, net sales were ¥3,276,245 thousand (up 134.7% year on year) and segment profit was ¥774,863 thousand (up 2,100.4% year on year).

#### B) PAY Business

In the PAY business, the Group provides online settlement services "PAY.JP" and identity settlement services "PAY ID". During the 2nd quarter of the fiscal year under review, namely, six months ended June 2020, the number of registered member stores remained strong with the gross merchandise volume reaching ¥14,839,338 thousand (up 39.0% year on year).

As a result, net sales were ¥392,180 thousand (up 35.2% year on year) and segment loss was ¥52,300 thousand (segment loss of ¥74,745 thousand in the same period of the previous fiscal year)

#### C) Other Businesses

In other businesses, the Group provides services such as YELL BANK, which provides business funds to Internet shop operators using BASE. The number of its users has been steady since the service was launched in December 2018.

As a result, net sales were ¥13,335 thousand (up 928.9% year on year) and segment loss was ¥24,299 thousand (segment loss of ¥28,448 thousand in the same period of the previous fiscal year).

### (2) Overview of Financial Position

#### (Assets)

Total assets as of the end of the 2nd quarter of the fiscal year under review were ¥14,620,320 thousand, an increase of ¥4,161,518 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥2,588,046 thousand in cash and deposits and an increase of ¥1,524,459 thousand in accounts receivable.

#### (Liabilities)

Liabilities as of the end of the 2nd quarter of the fiscal year under review were ¥10,956,639 thousand, an increase of ¥3,656,151 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,143,292 thousand in deposits received from customers and an increase of ¥4,756,471 thousand in trade accounts payable.

#### (Net assets)

Net assets as of the end of the 2nd quarter of the fiscal year under review were ¥3,663,680 thousand, an increase of ¥505,366 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥503,994 thousand in retained earnings due to the recording of profit attributable to owners of parent. Based on the Board of Directors' meeting held on February 20, 2020, the Company reduced capital surplus by ¥1,130,856 thousand and transferred the amount to retained earnings in order to eliminate accumulated loss at an early date and enable realization of a flexible and expeditious capital policy for the future.

(Cash flow status)

Cash and cash equivalents as of the end of the 2nd quarter of the fiscal year under review were ¥9,783,461 thousand, an increase of ¥2,588,046 thousand from the end of the previous fiscal year. A summary of cash flows and their factors for the 2nd quarter of the fiscal year under review are as follows:

(i) Cash flows from operating activities

Cash flows provided by operating activities amounted to ¥2,611,530 thousand (acquisition of ¥1,057,487 thousand in the same period of the previous fiscal year). The main factors for the decrease were an increase in accounts receivable of ¥1,524,459 thousand and a decrease in deposits received from customers of ¥1,143,292 thousand. The main factors for the increase were an increase in trade accounts payable of ¥4,756,471 thousand and posting of profit before income tax of ¥613,480 thousand.

(ii) Cash flows from investing activities

Cash flow used in investing activities was ¥24,855 thousand (acquisition of ¥76,105 thousand in the same period of the previous fiscal year). The main factors for the decrease were purchases of property, plant and equipment of ¥22,831 thousand.

(iii) Cash flows from financing activities

Cash flow provided by financing activities amounted to ¥1,372 thousand. These were proceeds of ¥1,372 thousand from the issuance of new shares due to exercise of stock acquisition rights.

### **(3) Overview of forecast of operating results including consolidated financial results**

In view of the business results for the 2nd quarter of the fiscal year under review, we have changed our forecast for the full year ending December 2020 from the one announced on February 13, 2020. For details, please see Notice on Revision of Earnings Forecast announced on August 14, 2020.

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

### (1) Quarterly consolidated balance sheets

(Thousand yen)

	As of December 31, 2019	As of June 30 2020
Assets		
Current assets		
Cash and deposits	7,195,414	9,783,461
Accounts receivable - other	2,804,308	4,328,767
Other	112,584	154,934
Allowance for doubtful accounts	(47,448)	(46,961)
Total current assets	10,064,859	14,220,202
Non-current assets		
Property, plant and equipment	122,494	131,737
Intangible assets	2,209	3,713
Investments and other assets	269,238	264,665
Total non-current assets	393,942	400,117
Total assets	10,458,801	14,620,320
Liabilities		
Current liabilities		
Operating accounts payable	3,918,629	8,675,101
Operating deposits received	3,002,191	1,858,899
Other	323,382	357,757
Total current liabilities	7,244,203	10,891,759
Non-current liabilities		
Other	56,284	64,880
Total non-current liabilities	56,284	64,880
Total liabilities	7,300,488	10,956,639
Net assets		
Shareholders' equity		
Capital stock	2,275,957	2,276,643
Capital surplus	2,216,838	1,086,668
Retained earnings	(1,334,482)	300,368
Total shareholders' equity	3,158,313	3,663,680
Total net assets	3,158,313	3,663,680
Total liabilities and net assets	10,458,801	14,620,320

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

(Six months ended June 30, 2020)

	(Thousand yen)	
	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Six Months Ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Net sales	1,687,581	3,681,762
Cost of sales	710,012	1,425,151
Gross profit	977,569	2,256,611
Selling, general and administrative expenses	1,113,242	1,644,430
Operating profit (loss)	(135,673)	612,180
Non-operating income		
Interest income	18	25
Lecture's fee income	559	558
Late charges income	1,075	—
Sponsorship (money) income	—	510
Other	306	205
Total non-operating income	1,960	1,300
Non-operating expenses		
Listing expenses	2,000	—
Total non-operating expenses	2,000	—
Ordinary profit (loss)	(135,713)	613,480
Profit (loss) before income taxes	(135,713)	613,480
Income taxes	483	109,485
Net Profit (loss)	(136,196)	503,994
Profit (loss) attributable to owners of parent	(136,196)	503,994

**Consolidated statement of comprehensive income**

(Six months ended June 30, 2020)

	(Thousand yen)	
	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Six Months Ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Net profit (loss)	(136,196)	503,994
Comprehensive income	(136,196)	503,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(136,196)	503,994



### (3) Quarterly consolidated statement of cash flows.

(Thousand yen)

	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Six Months Ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	(135,713)	613,480
Depreciation	14,650	20,453
Increase (decrease) in allowance for doubtful accounts	22,592	(487)
Interest income	(18)	(25)
Listing expenses	2,000	—
Increase (decrease) in accounts receivable -other	(432,584)	(1,524,459)
Increase (decrease) in accounts payable -trade	—	4,756,471
Increase (decrease) in operating deposits received	1,329,016	(1,143,292)
Other, net	259,160	(107,878)
Subtotal	1,059,103	2,614,263
Interest income received	18	25
Income taxes paid	(1,634)	(2,757)
Net cash provided by operating activities	1,057,487	2,611,530
Cash flows from investing activities		
Purchase of property, plant, and equipment	(5,901)	(22,831)
Purchase of intangible assets	—	(2,024)
Payments of leasehold and guarantee deposits	(1,000)	—
Proceeds from refund of leasehold and guarantee deposits	83,007	—
Net cash provided by investing activities	76,105	(24,855)
Cash flows from financing activities		
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	1,372
Net cash provided from financing activities	—	1,372
Net increase (decrease) in cash and cash equivalents	1,133,593	2,588,046
Cash and cash equivalents at beginning of period	4,408,530	7,195,414
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	88,556	—
Cash and cash equivalents at end of period	5,630,680	9,783,461

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

##### (Notes regarding going concern assumptions)

Not applicable.

##### (Notes on significant changes in the amount of shareholders' equity)

Reduction of capital reserves and appropriation of surplus

(1) As of February 20, 2020, pursuant to Article 448, paragraph 1 of the Companies Act, capital reserves were partially reduced and transferred to other capital surplus.

1) The amount of decrease in the reserves

Capital reserves of ¥1,130,856 thousand

2) The amount of Increase in the surplus

Other capital surplus ¥1,130,856 thousand

(2) Pursuant to Article 452 of the Companies Act, the Company reduced the total amount of other capital surplus after the transfer of capital reserves described above, and transferred them to retained earnings carried forward to compensate for the loss of retained earnings carried forward.

1) The amount of decrease in the surplus

Other capital surplus ¥1,130,856 thousand

2) The amount of Increase in the surplus

Retained earnings carried forward ¥1,130,856 thousand

Issuance of new shares;

As a result of the exercise of stock acquisition rights as stock options, capital stock and capital surplus of the Company increased by ¥686 thousand and ¥686 thousand, respectively, during the six months ended June 30, 2020.

##### (Segment information)

Segment Information

Consolidated six months ended June 30, 2019 (From January 1, 2019 to June 30, 2019)

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

(Thousand yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	1,396,221	290,063	1,296	1,687,581	—	1,687,581
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	1,396,221	290,063	1,296	1,687,581	—	1,687,581
Segment profit (loss)	35,214	(74,745)	(28,448)	(67,979)	(67,693)	(135,673)

(Notes) 1. Reconciliations of segment profit (loss) of ¥(67,693) thousand are for corporate expenses that are not allocated to any reportable segment.

Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

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

Consolidated six months ended June 30, 2020 (From January 1, 2020 to June 30, 2020)

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

(Thousand yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	3,276,245	392,180	13,335	3,681,762	—	3,681,762
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	3,276,245	392,180	13,335	3,681,762	—	3,681,762
Segment profit (loss)	774,863	(52,300)	(24,299)	698,263	(86,083)	612,180

(Notes) 1. Reconciliations of segment profit (loss) of ¥(86,083) thousand are for corporate expenses that are not allocated to any reportable segment.

Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

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