



Q2 of Fiscal Year Ended December 2020
Materials for Financial Results Presentation

BASE, Inc.
(Tokyo Stock Exchange Mothers: 4477)
August 14, 2020

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1. Corporate Profile

Mission

Payment to the People, Power to the People.

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

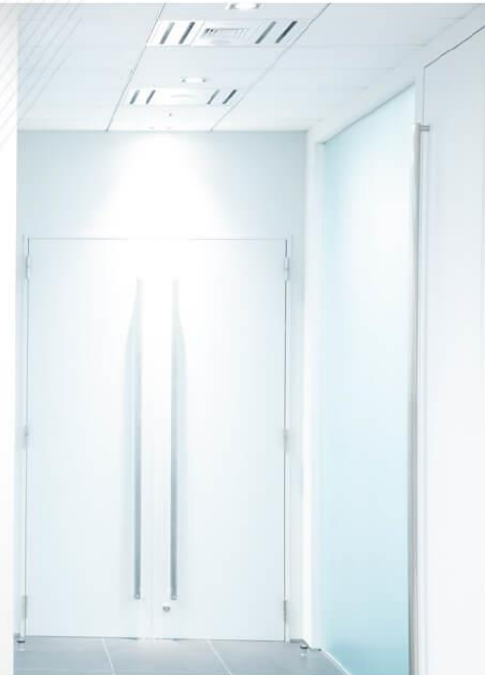
To realise ideas, works and activities born there.

To ensure that everyone receives fair value.

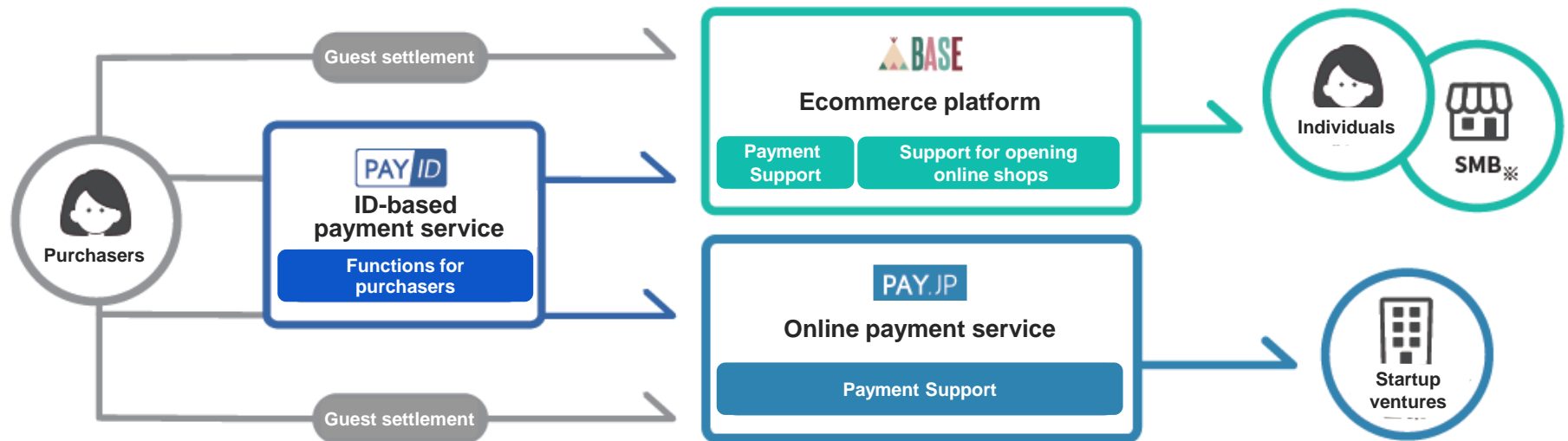
Making payment available to everyone around the globe.

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

To create new economy through a new payment platform.

BASE

Focus on empowering individuals and SMBs_(Note) through "BASE"
and supporting startups through "PAY.JP"



We have developed an e-commerce platform that offers an "online shop-creation service" that allows anyone to easily create a well-designed online shop at no cost, with additional features such as shopping apps connected to such shops.



Even people who have had difficulty in starting up online retail shops on reasons including the time cost, operating cost, or web technologies can now easily start and run their own EC sites.

POINT 01

Initial and monthly costs are free.

POINT 02

**BASE
Easy Payment**

POINT 03

**A full choice
of templates**

POINT 04

**A wide range
of extensions**

“Simplifying all your payments”

An online payment platform for developers to easily introduce credit card payments for online services and shops(Note).



(Note) Excluding online retail shops created by BASE

2. Executive summary

Topix

- **GMV in the BASE business increased greatly by 196.5% compared to the same quarter of the previous year, and contributed to make the quarterly result black.**

Impact from the COVID-19 infection

- In the BASE business, both the number of new stores opened and GMV increased greatly owing to consumers shifting to e-commerce and online shifting of actual stores.
GMV achieved growth of 196.5% compared to the same quarter of the previous year
- In the PAY business, the GMV of some existing member stores operating off-line business decreased significantly since the first quarter.

Financial results for the second quarter of the fiscal year ending December 31, 2020

- BASE business: we have strengthened enhanced functionality through cooperation with external services in order to provide support from manufacturing to shipping of goods.
- **Net sales increased by 177.0% year-on-year and gross profit increased by 204.8% year-on-year, showing large increase.**
- Although selling, general, and administrative expenses increased significantly by 110.4% year-on-year due to strengthened promotion, **operating profit increased by 846.8% year-on-year.**

Revision of earnings forecast for the full fiscal year ending December 31, 2020

- **We have revised the earnings forecast upward, and net sales are estimated to be between 7,520 million yen and 8,100 million yen (up 95.3% - 110.4% year-on-year) and gross profit is estimated to be between 4,500 million yen and 4,830 million yen (up 101.7% - 116.5% year-on-year).**
- We are planning to accelerate forward-looking investments such as aggressive advertising and publicity aimed at further increase of recognition level and acquisition of customers and hiring of product personnel to expand services; therefore, **selling, general, and administrative expenses are estimated to increase significantly.**
- **Operating profit is estimated to be between 0 million yen and 500 million yen**

3. Impact from COVID-19 Infection

Impact on the BASE business

- **Acceleration of consumers' shift to EC and physical stores' shift to online stores.**
- Providing assistance to support every business operator to continue the business (assistance for net shop opening, no charge for urgent fund transfer, cash drawing service on proceeds of products before shipment, holding of online seminars, support for attracting customers, etc.)
- On-line shift of bricks and mortar business selling apparel or food, increase of opening by food wholesalers influenced from cancellation of events such as food and product fairs, and by restaurants who voluntarily refrained from running business
- Take-out App released to meet new needs due to changing situations such as increasing number of openings by restaurants.
- In response to an increase in the load on servers due to an increase in transactions and an increase in the number of inquiries, we increased capabilities of servers and strengthened the CS work structure.
- Opening space of real stores and pop-up events, which had been suspended, resumed in sequence.
- **The number of BASE shops in the second quarter of 2020 increased by 229% YoY (up 159% compared to the previous quarter) and the total number of shops exceeded 1 million shops in May and 1.1 million shops in July 2020.**
- **In addition to the increase of GMV owing to new stores opened, GMV by existing stores also increased greatly**
- 11% of GMV was realized by sales of hygiene products (masks, alcohol-based disinfectant, etc.)
- **Growth rate of GMV excluding hygiene products increased significantly by 164%**
- GMV of the fashion category, the main category in the business, also drastically increased by 124% YoY.
- GMV of food and drink category increased greatly by 1,087% YoY, and GMV composition ratio became 18%

Impact on the PAY business

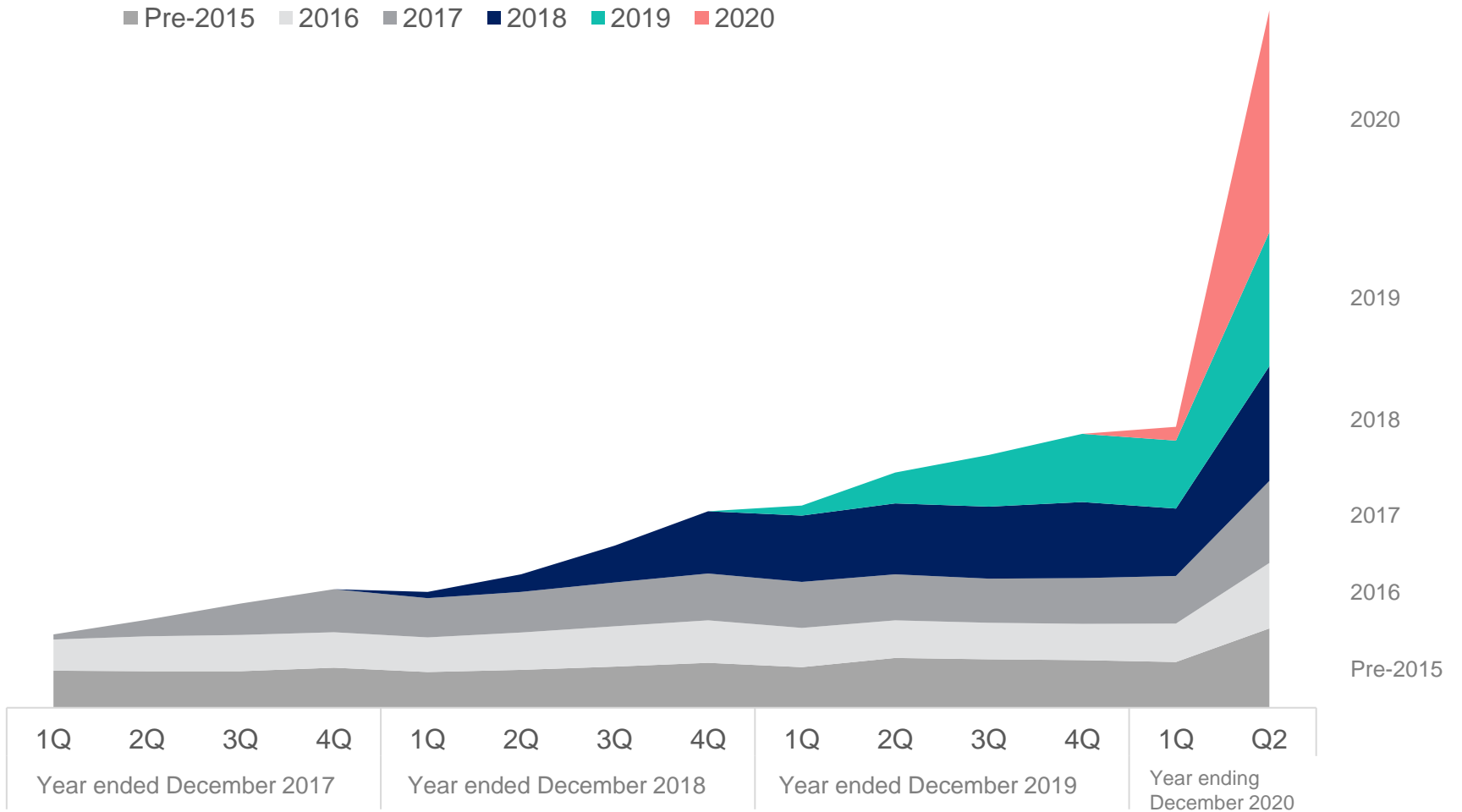
- GMV of some member stores that manage offline business (sports, inbound-related, etc.) has decreased significantly since February.

Response status of our group

- Starting February 20, our Group recommended all employees to telecommute, starting April 1 telecommuting was put into practice in principle, starting June 17 telecommuting is at each employee's discretion

GMV of not only opened new shops but also shops opened in the past increased greatly.

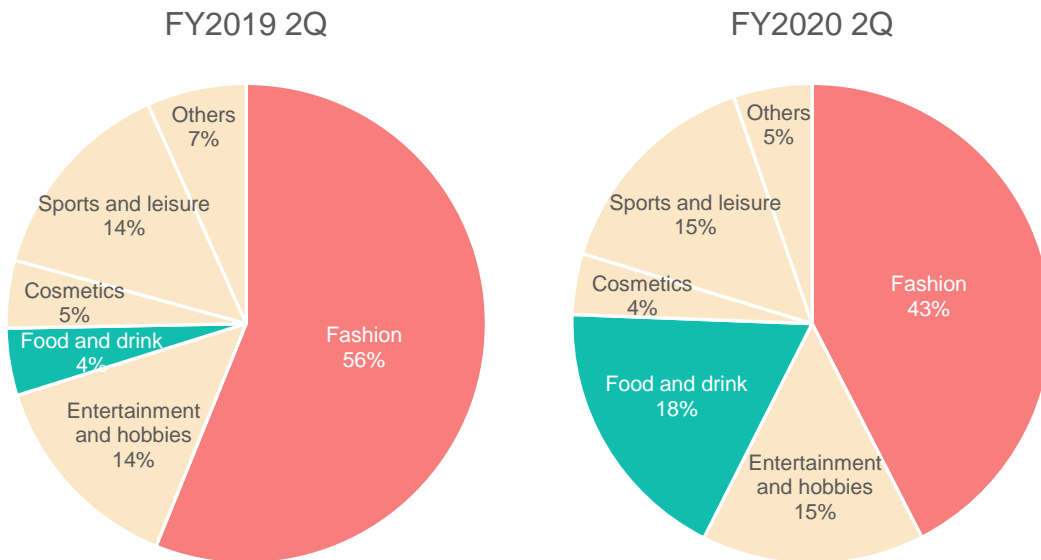
Tends in GMV (by year of establishment)



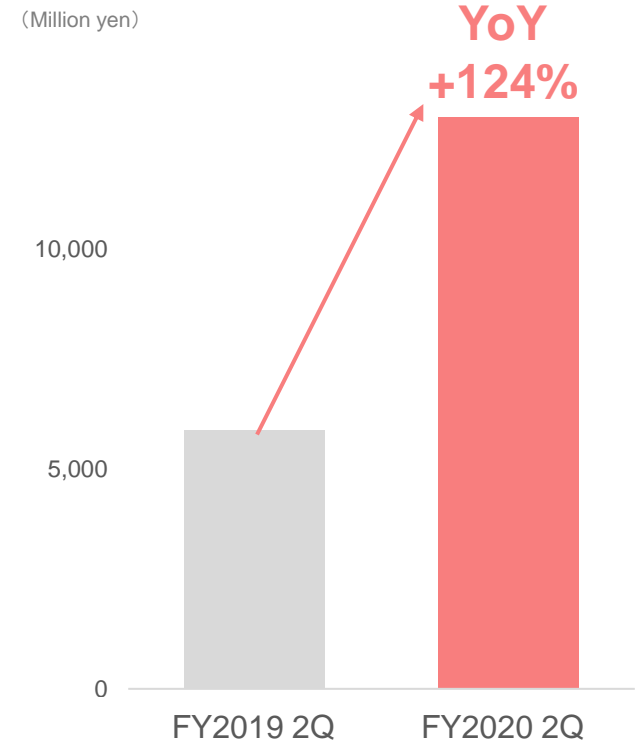
(Note) GMV is based on the order date (order amount)

- The share of fashion, the main category, decreased, but the GMV of the same category showed high growth of **+124%** YoY.
- The food and drink category's GMV grew at an accelerated **+1,087%** YoY, resulting in a significant increase in the category's share.

Change in GMV composition ratio by category



Fashion category's GMV



4. Financial highlights for Q2 Results ending December 2020

Consolidated

Net sales increased **177.0%** YoY to **2,557 million yen** and gross profit increased **204.8%** YoY to **1,608 million yen**, showing large increase.

Operating profit of **640 million yen** (**+846.8%** YoY), landing with **a positive figure**.

BASE Business

GMV_(note) increased significantly by **196.5%** YoY due to nesting consumption accompanied by self-restraint on going out, shift of consumers to EC, and accelerated shift of physical stores to online, etc.

GMV growth led to a significant increase in net sales of **211.4%** YoY and gross profit of **210.8%** YoY.

PAY Business

Due to the spread of COVID-19, the GMV of some existing offline franchisees declined significantly, resulting in a growth rate of **25.2%** YoY in GMV_(note), showing decreased growth.

Net sales growth slowed to **+22.0%** YoY and gross profit growth slowed to **+14.3%** YoY as GMV growth slowed.

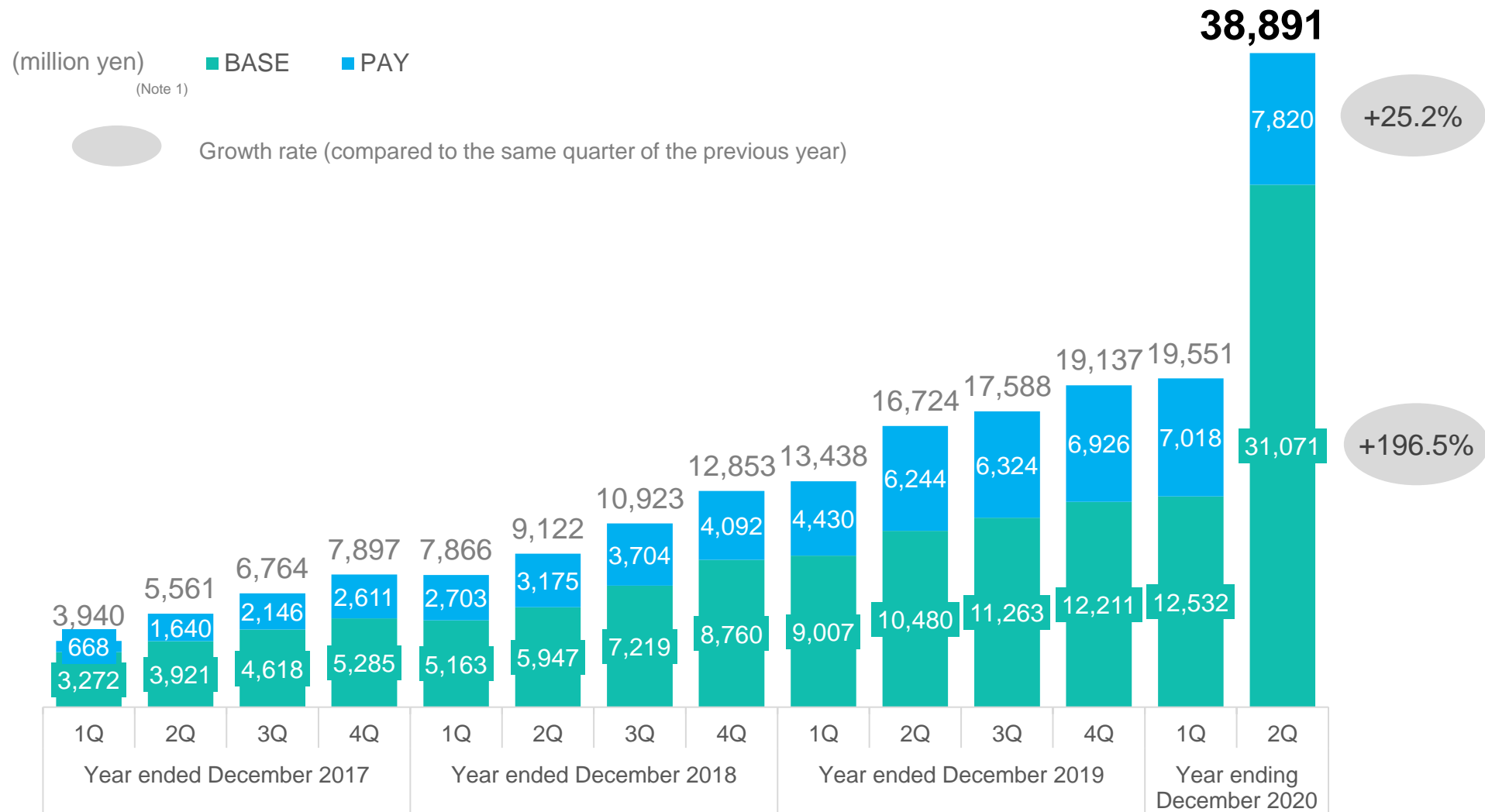
Net sales increased by **177.0%** YoY and gross profit increased by **204.8%** YoY, showing large increase.

SG & A expenses increased significantly by **110.4%** YoY due to strengthened promotion.

Operating profit of **640 million yen (+846.8% YoY)**, landing with a **positive figure**

(Million yen)	FY 2020 2Q (April - June 2020)					FY 2020 2Q cumulative (January – June 2020)		
	Results	Same period last year		Previous quarter		Results	Same period last year	
		Results	YoY	Results	QoQ		Results	YoY
Sales	2,557	923	+177.0%	1,124	+127.4%	3,681	1,687	+118.2%
Gross profit on sales	1,608	527	+204.8%	648	+148.2%	2,256	977	+130.8%
Gross profit rate	62.9%	57.2%	+5.7pt	57.6%	+5.3pt	61.3%	57.9%	+3.4pt
Selling, general and administrative expenses	968	460	+110.4%	676	+43.2%	1,644	1,113	+47.7%
Operating profit	640	67	+846.8%	-28	n/a	612	-135	n/a
Ordinary profit	640	66	+868.0%	-26	n/a	613	-135	n/a
Profit	533	65	+708.9%	-29	n/a	503	-136	n/a

BASE business increase by **196.5%** YoY and in PAY business increase by **25.2%** YoY.



(Note 1) BASE's GMV is based on the order date (order amount). PAY's GMV is based on the payment date (payment amount).

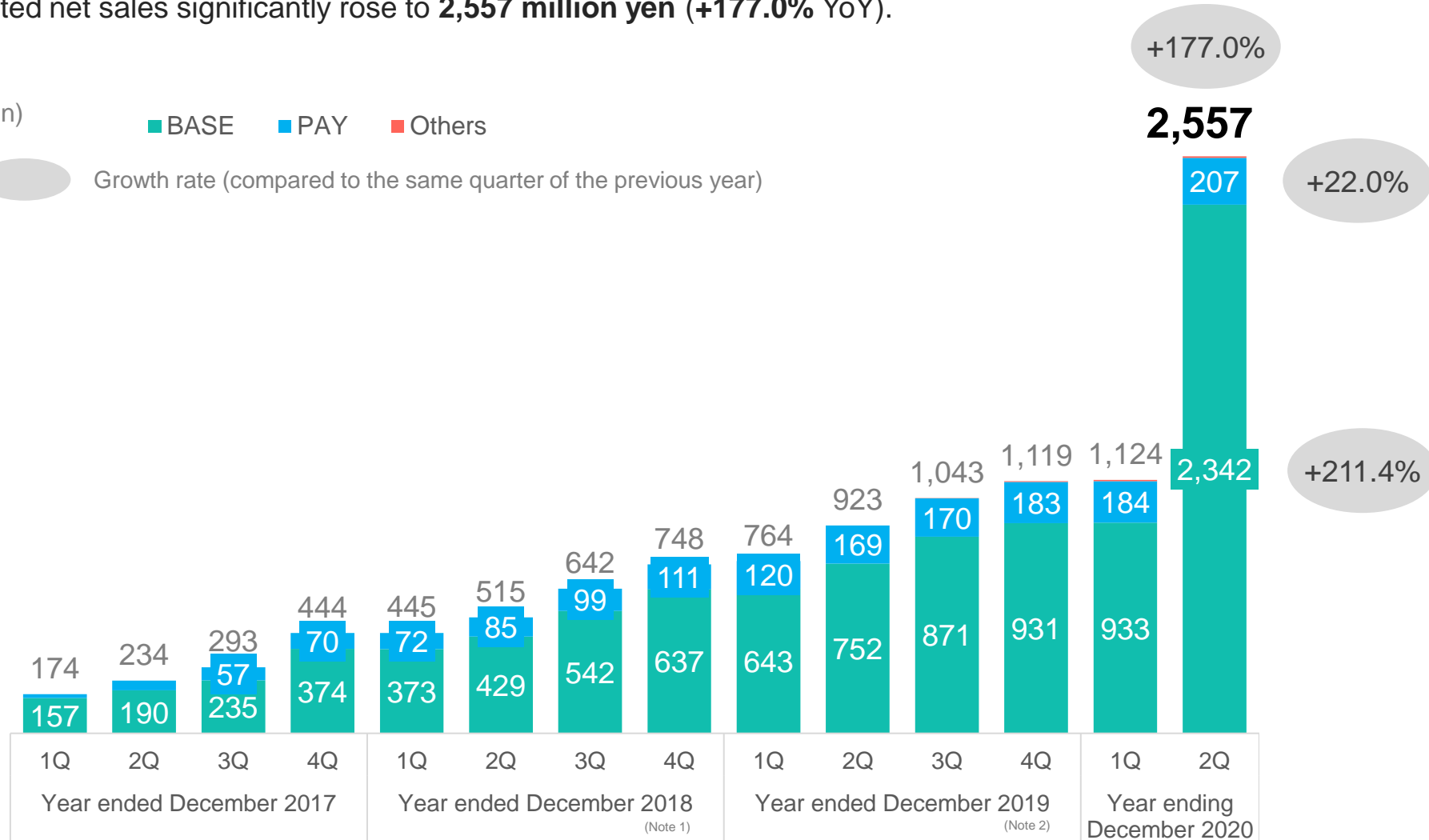
BASE business increased by **211.4%** YoY and in PAY business increase by **22.0%** YoY.

Consolidated net sales significantly rose to **2,557 million yen (+177.0% YoY)**.

(Million yen)

■ BASE ■ PAY ■ Others

○ Growth rate (compared to the same quarter of the previous year)

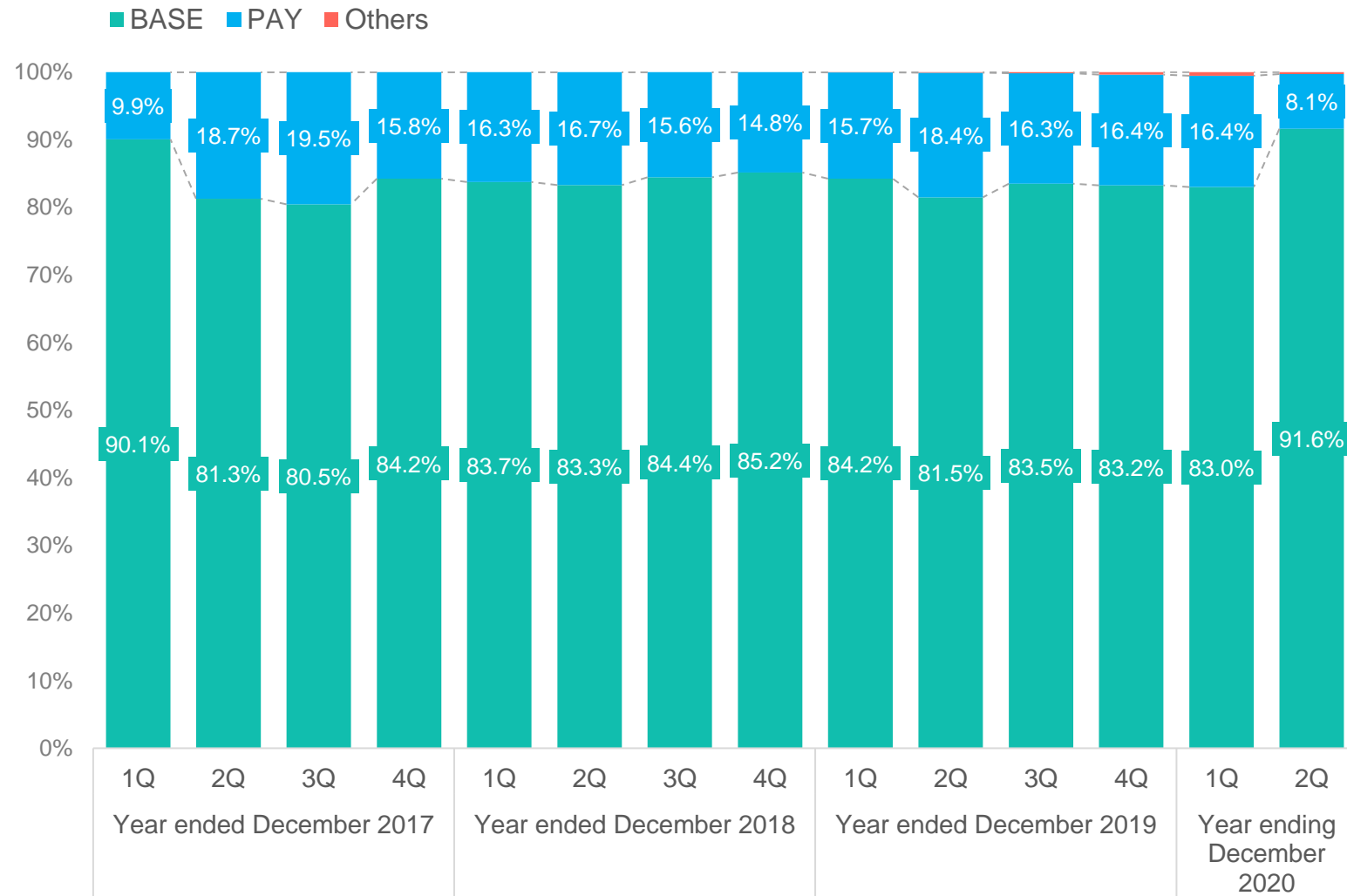


(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018, and the consolidating subsidiary was implemented in the fiscal year ended December 2019. Therefore, figures for the fiscal year ended December 2019 are consolidated.

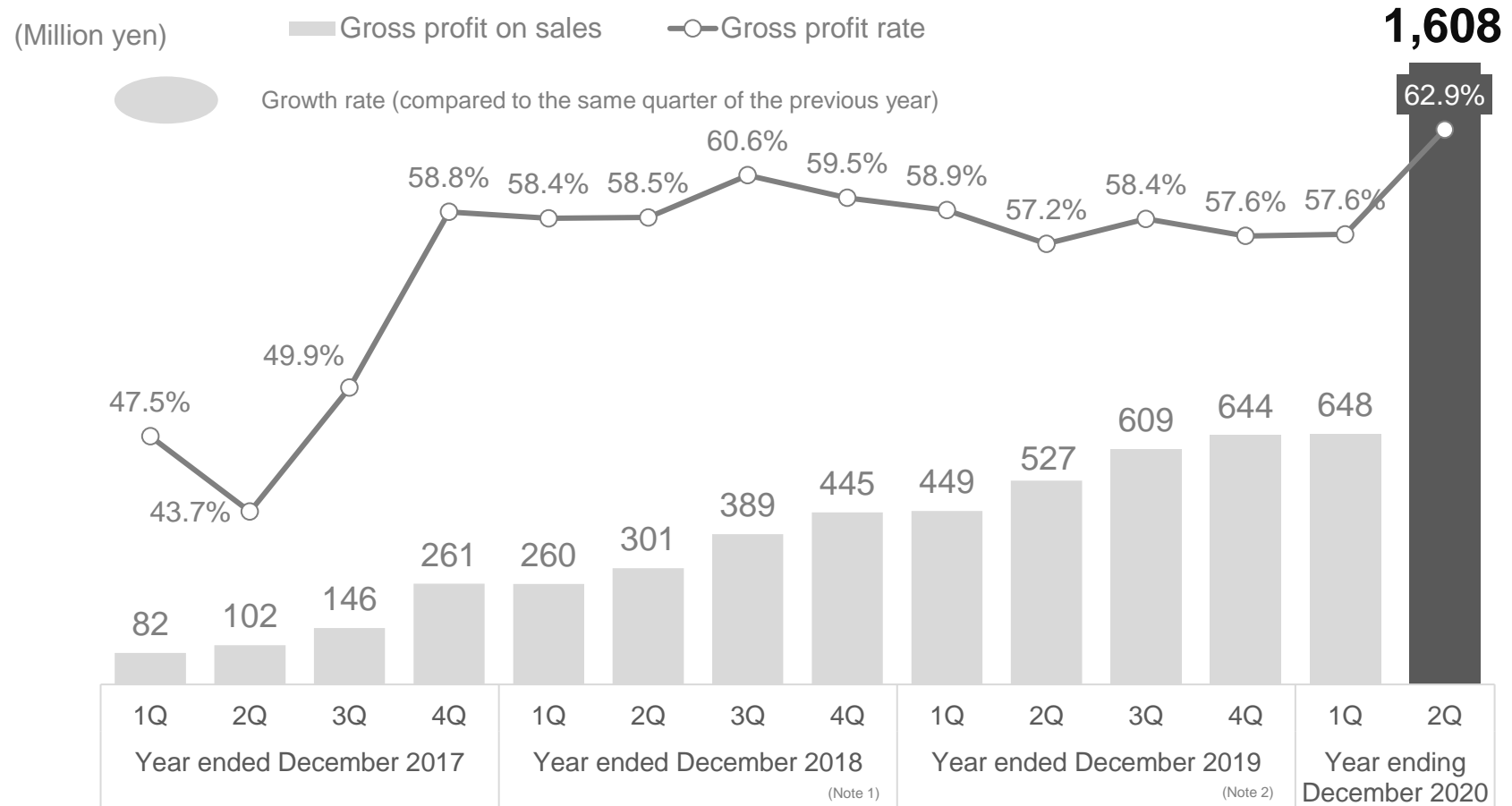
Changes in Ratio of Net Sales by Business

High sales growth in the BASE business contributed to a significant increase in the percentage of net sales in the BASE business.



Gross profit increased **204.8%** YoY due to GMV growth in the BASE business

Gross profit margin rose significantly due to an increase in the percentage of sales in the BASE business

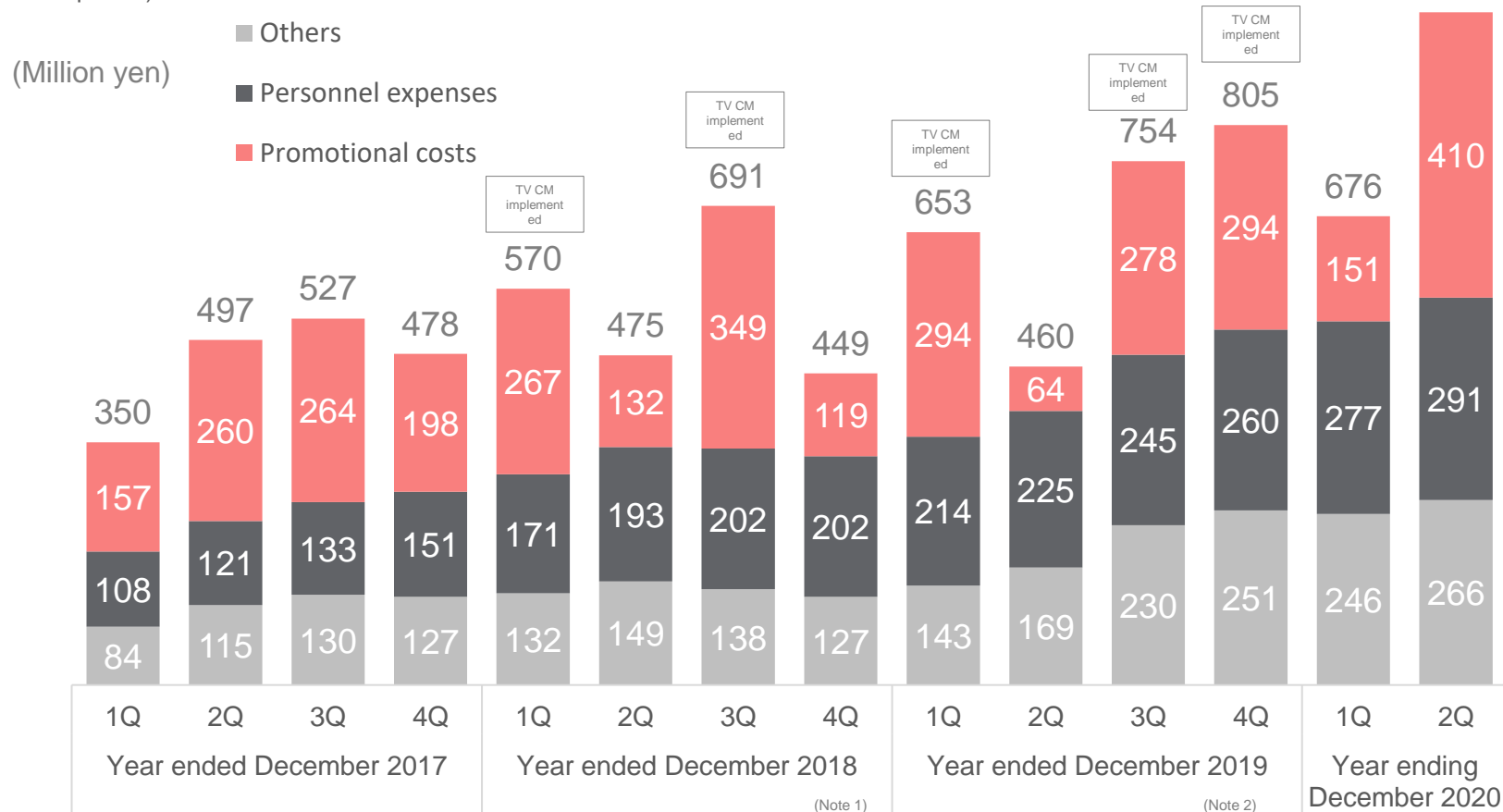


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Trends in Selling and Administrative Expenses

- Due to a large increase in promotion expenses, SG & A expenses increased 292 million yen compared to the previous quarter.
- Promotion expenses increased significantly due to strengthened promotion activities such as TV commercials (+ 259 million yen compared to the previous quarter)
- Personnel expenses increased due to an increase in the number of employees for product enhancement (+13 million yen compared to the previous quarter)
- Other expenses increased due to an increase in taxes and public dues, system costs, etc. (+19 million yen compared to the previous quarter)



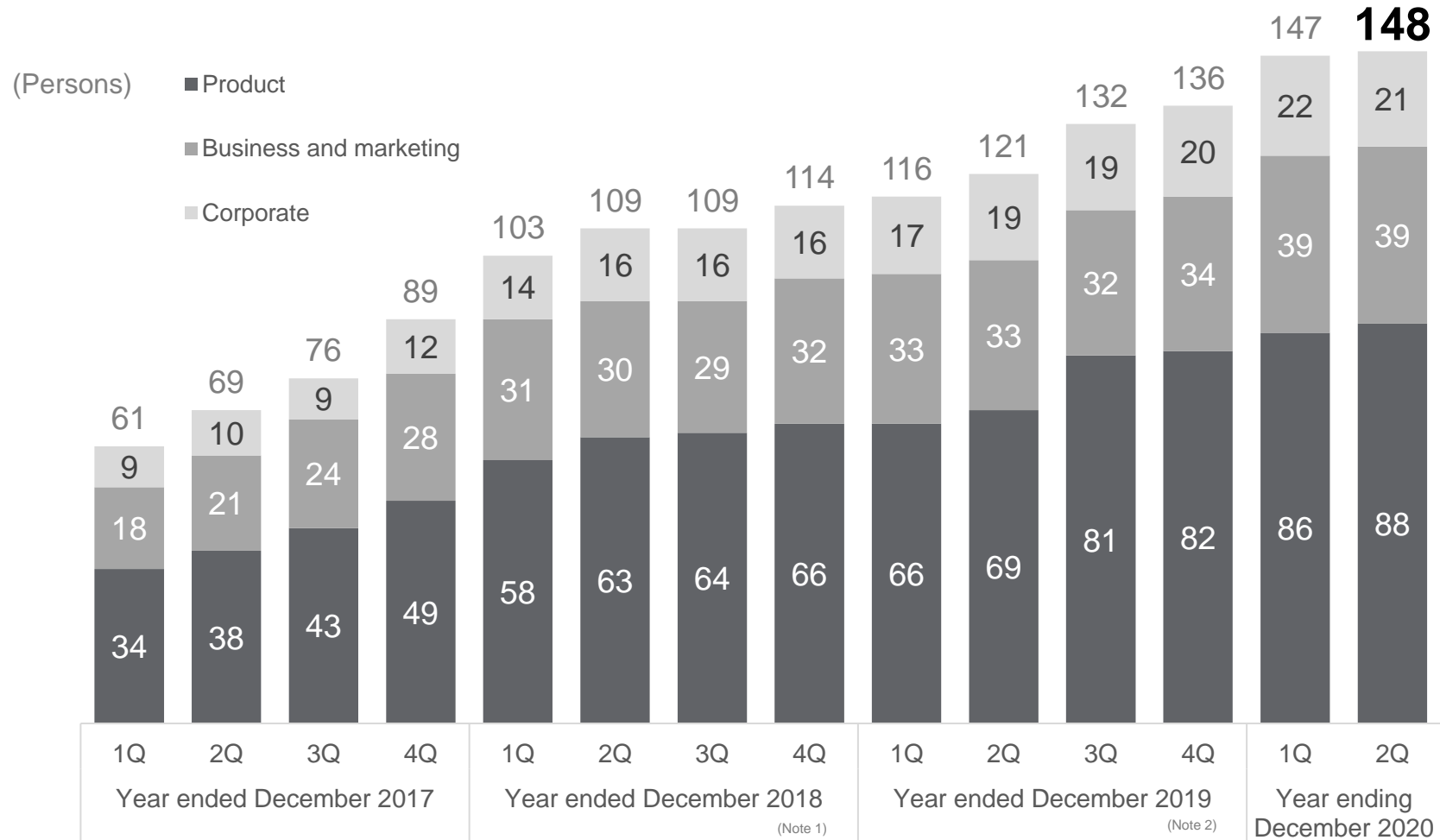
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(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018, and the consolidating subsidiary was implemented in the fiscal year ended December 2019. Therefore, figures for the fiscal year ended December 2019 are consolidated.

(Note 3) Other expenses consist mainly of office expenses, system expenses, remuneration and outsourcing expenses, and taxes.

Increased employees mainly due to increased hiring for product enhancements

+27 persons compared to the same quarter of the previous year, and **+1** person compared to the previous quarter

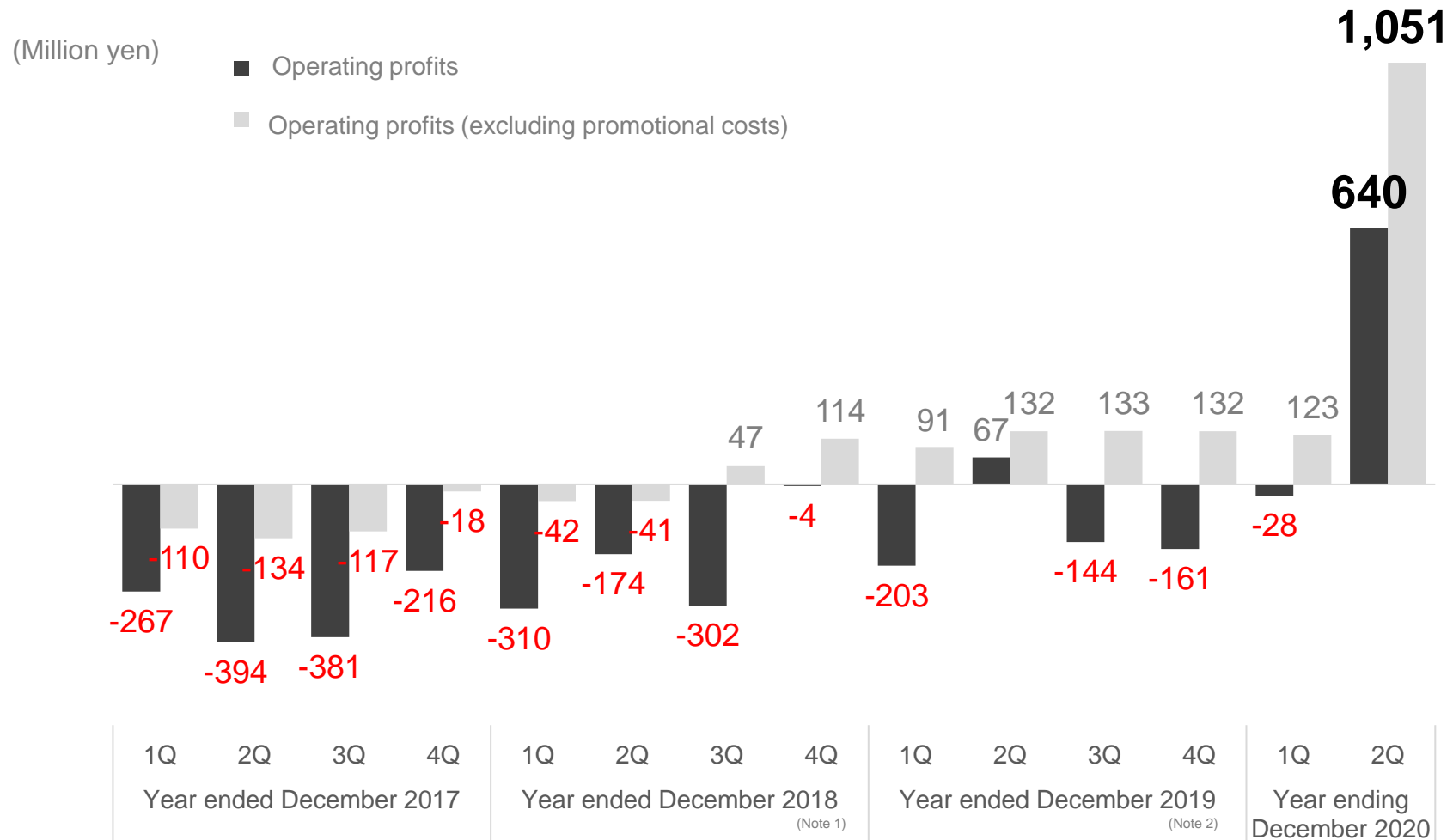


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(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018, and the consolidating subsidiary was implemented in the fiscal year ended December 2019. Therefore, figures for the fiscal year ended December 2019 are consolidated.

(Note 3) The number of employees is the number of regular employees and contract employees, and does not include the number of Directors and temporary employees. However, the number of employees includes the number of persons seconded to subsidiaries as Directors.

Although SG&A expenses increased significantly due to the strengthening of promotion, gross profit in the BASE business increased significantly, resulting in a large increase in operating income of **640 million yen** and landing in the black.



(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018, and the consolidating subsidiary was implemented in the fiscal year ended December 2019. Therefore, figures for the fiscal year ended December 2019 are consolidated.

As of the end of June 2020, cash and deposits totaled 9,783 million yen, an increase of 2,588 million yen from the end of the previous fiscal year.

(Million yen)	As of June 30, 2020	As of December 31, 2019	Change from the end of the previous fiscal year
Current assets	14,220	10,064	+41.3%
(of which, cash and deposits) *1	9,783	7,195	+36.0%
(of which, trade accounts receivable)	4,328	2,804	+54.4%
Non-current assets	400	393	+1.6%
Total assets	14,620	10,458	+39.8%
Current liabilities *2	10,891	7,244	+50.4%
(of which, trade accounts payable) *3	8,675	3,918	+121.4%
(of which, operating deposits)	1,858	3,002	-38.1%
Non-current liabilities	64	56	15.3%
Total liabilities	10,956	7,300	+50.1%
Capital Stock	2,276	2,275	+0.0%
Capital surplus *4	1,086	2,216	-51.0%
Retained earnings *4	300	-1,334	-
Total net assets	3,663	3,158	+16.0%

*1: Trade accounts receivable: The unpaid portion of the settlement amount to be paid to our company by the settlement service company.

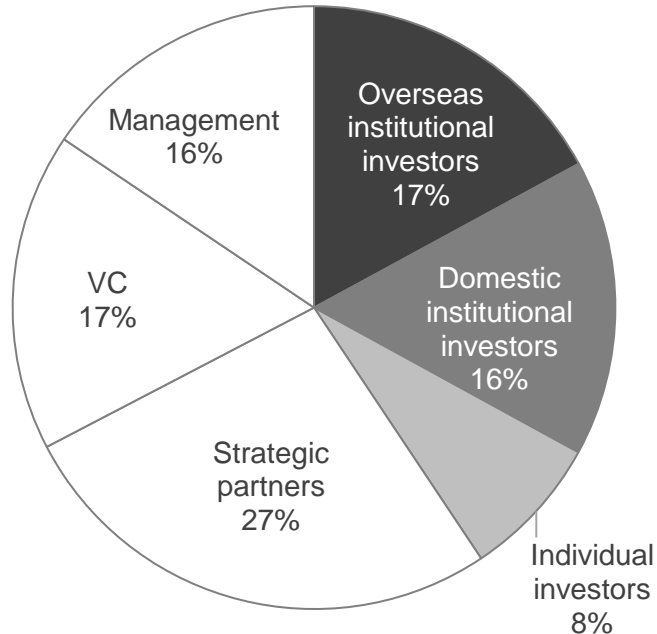
*2: Trade accounts payable: In the BASE business, outstanding amount of settlement to be paid by our company to shops.

*3: Operating deposits: Outstanding amount of settlement to be paid by our company to franchised stores in the PAY business.

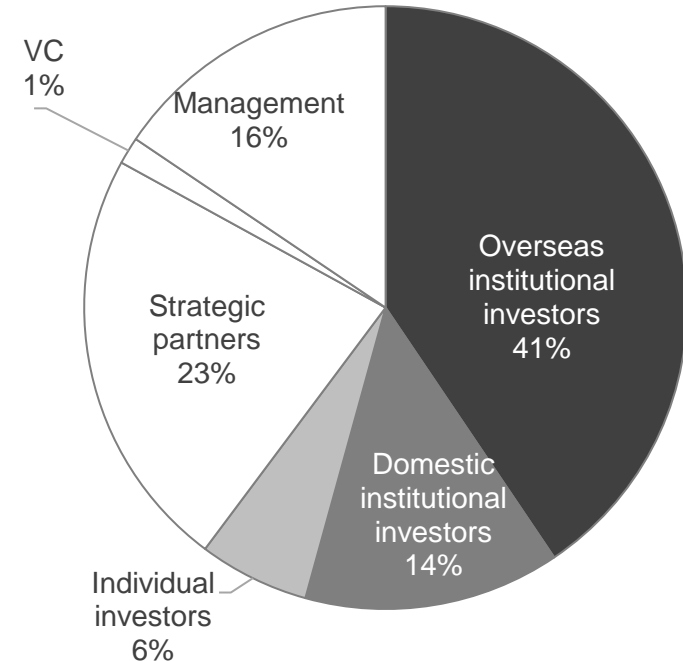
*4: Based on a resolution of the Board of Directors of BASE, Inc., effective as of February 20, 2020, those amounts are changed owing to compensation for accumulated loss carried forward through a reduction of 1,130,856,384 yen in capital surplus whose prior balance was 2,216,838,750 yen.

VC ratio significantly decreased and the ratio of overseas institutional investors significantly increased. As a result, the proportion of institutional investors increased from 33% to 54%.

**Shareholder composition
(as of December 31, 2019)**




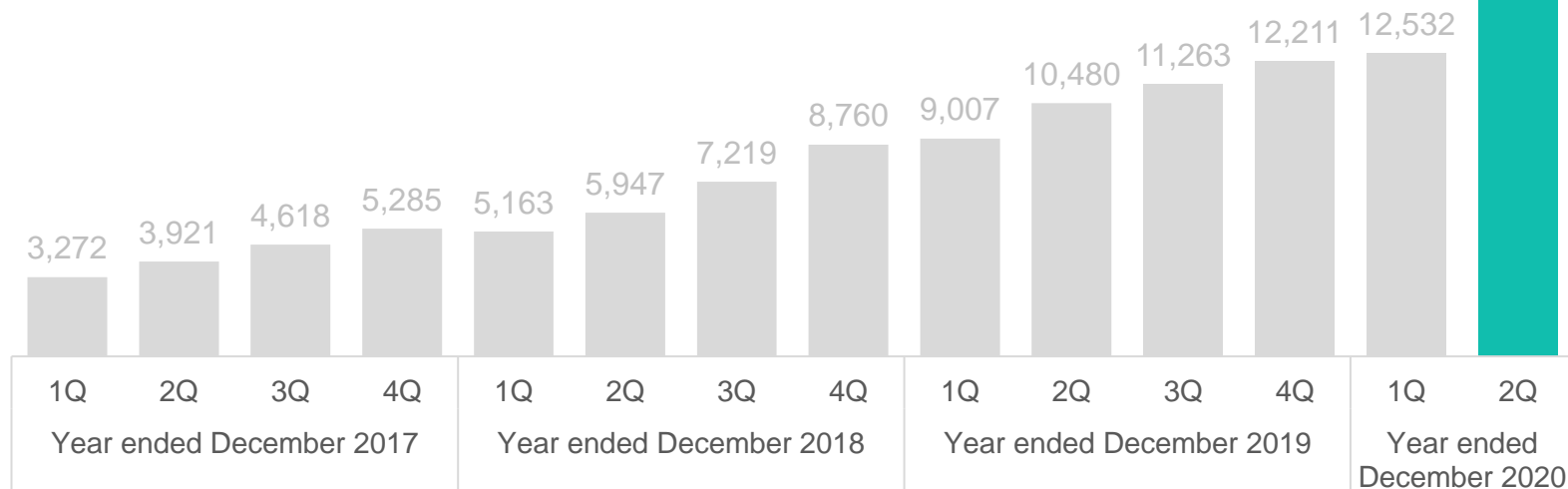
**Shareholder composition
(as of June 30, 2020)**



GMV increased significantly **196.5%** compared to the same quarter of last year and was **31,071 million** yen in the quarter.

(million yen)

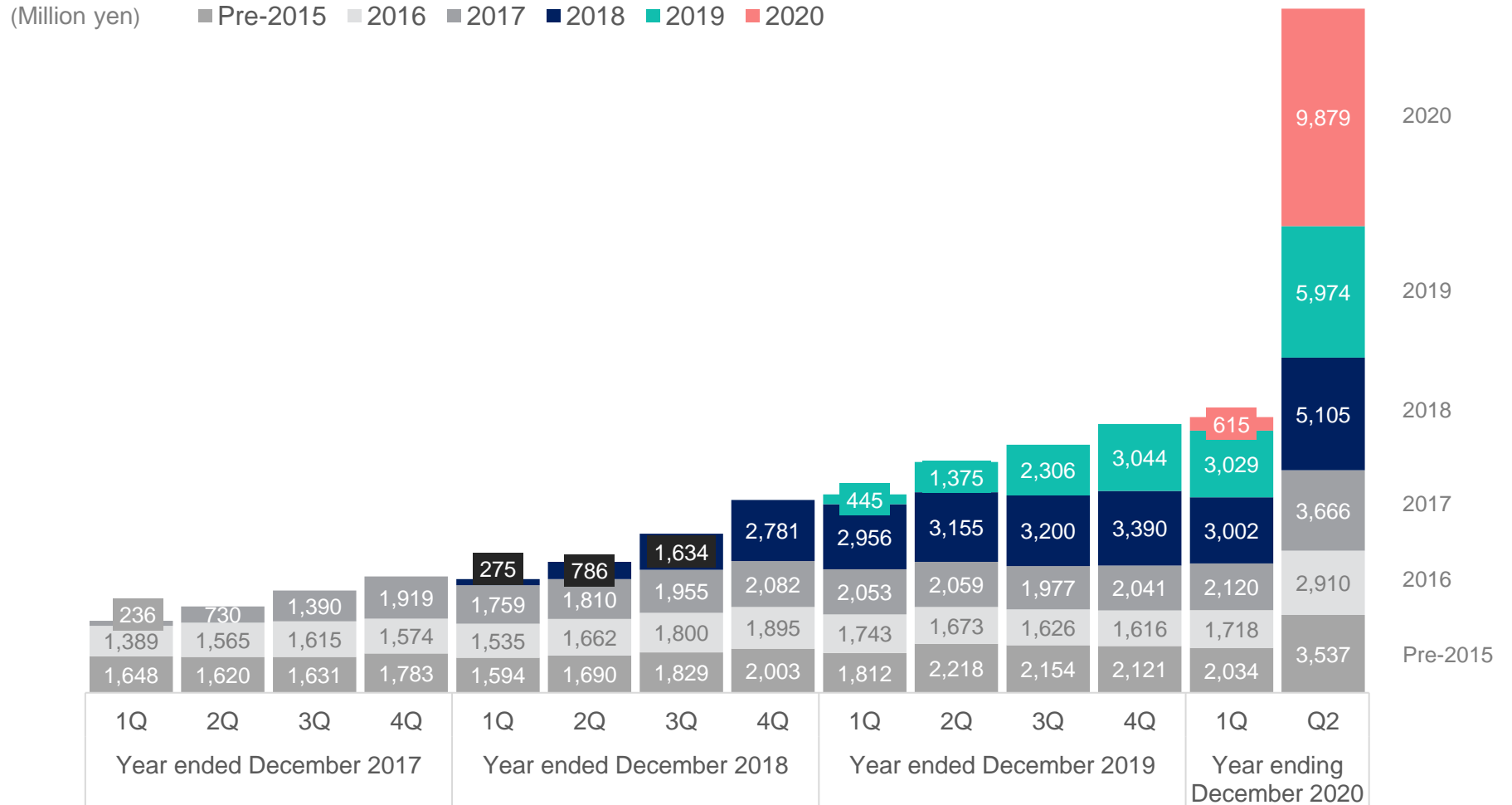
 Growth rate (compared to the same quarter of the previous year)



(Note 1) GMV is based on the order date (order amount)

GMV of not only opened new shops but also shops opened in the past increased greatly.

GMV trend (by year of establishment)



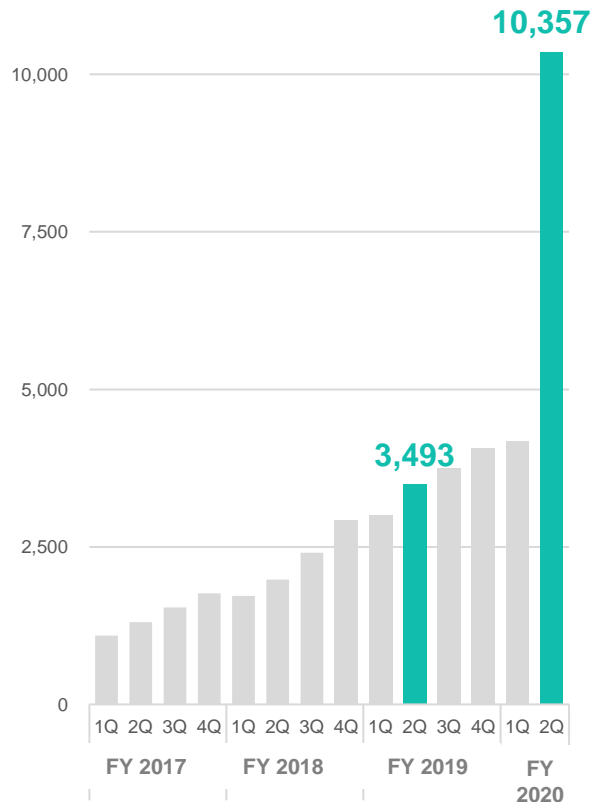
(Note) GMV is based on the order date (order amount)

Monthly GMV increased by **196.5%** YoY.

The number of stores per month increased by **90.7%** YoY, and also monthly average GMV per shop increased by **55.5%** YoY, showing significant increase of both.

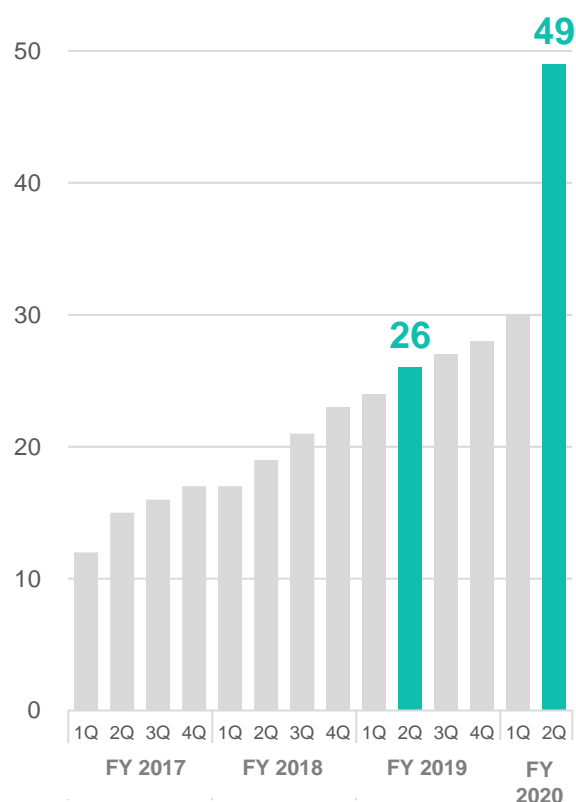
Monthly GMV (Notes 1, 2)

(million yen)



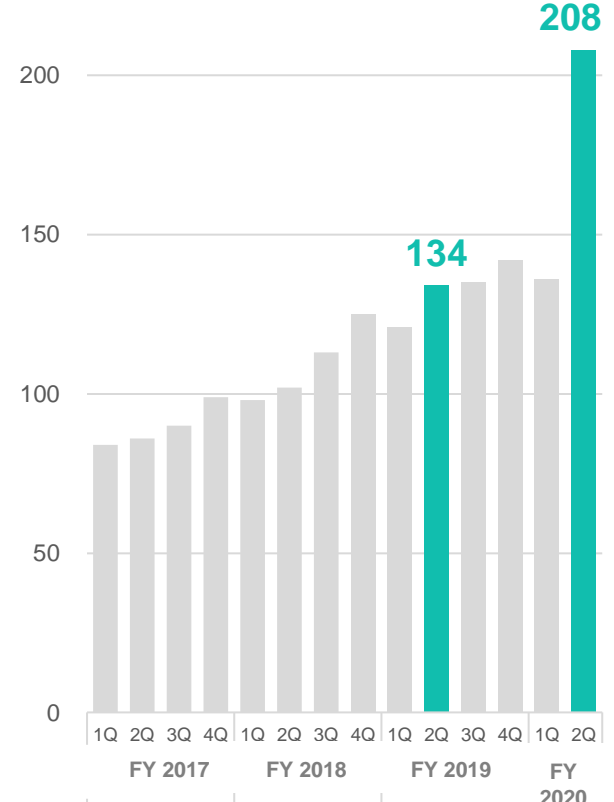
Number of stores per month (Note 2)

(Thousand shops)



Monthly average GMV per shop

(Thousand yen)

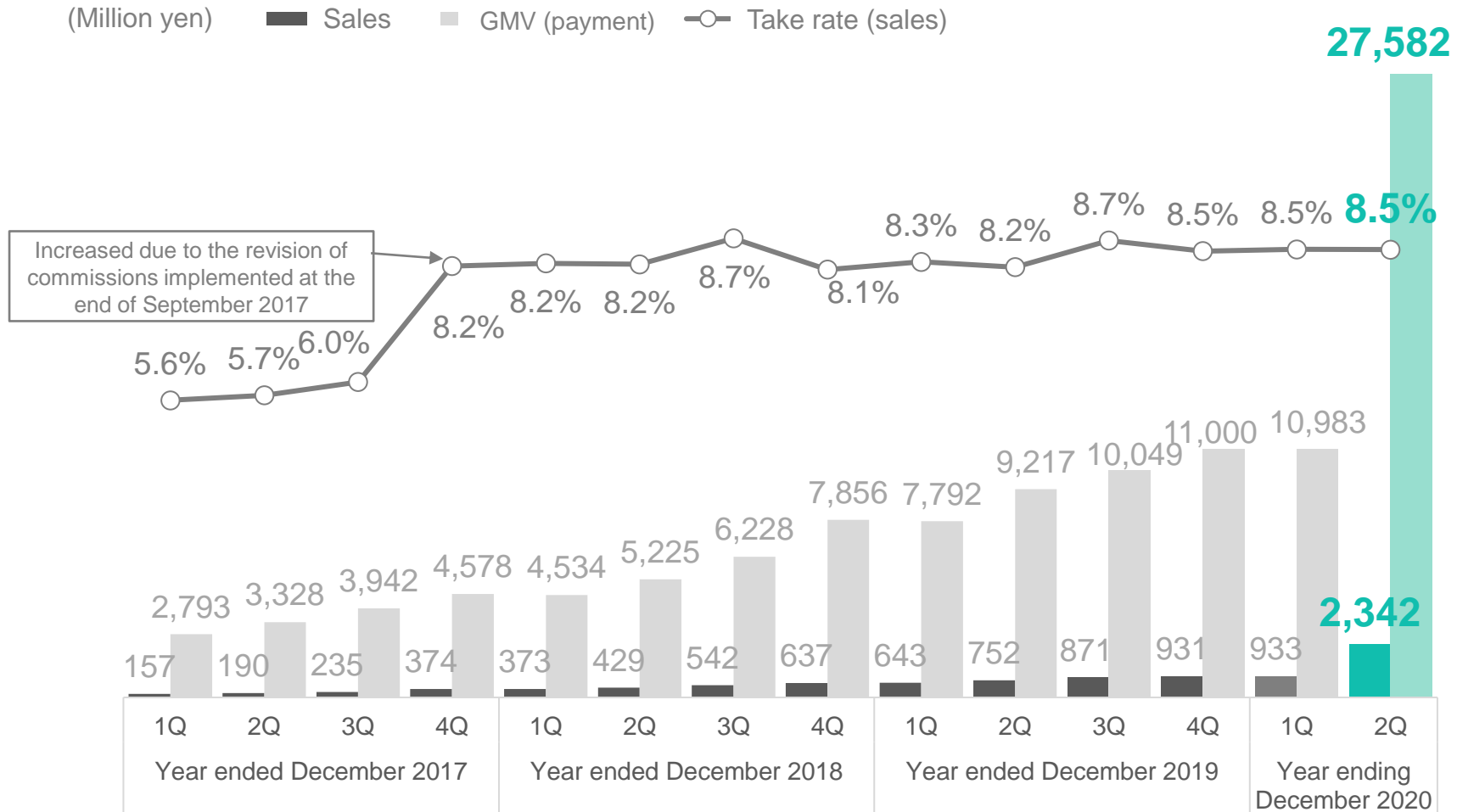


(Note 1) BASE's GMV is based on the order date (order amount).

(Note 2) Monthly GMV and the number of stores per month are the quarterly averages.

GMV (settlement amount) ^(note) was **27,582** million yen (**+199.2%** YoY)

No change in take rate from previous quarter

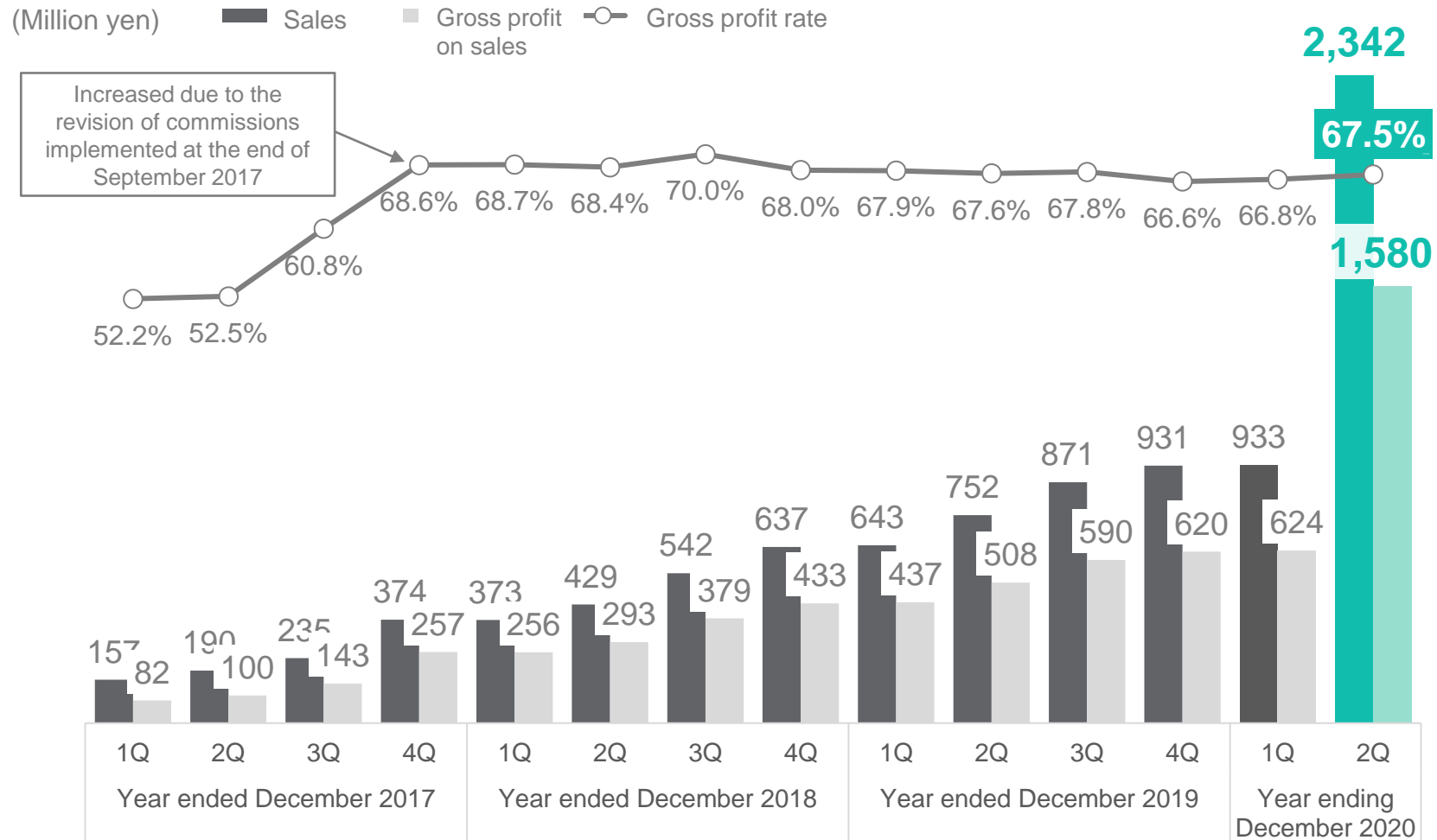


(Note) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid, and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV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

Net Sales and Gross Profit by Business Segment



Net sales **increased by 211.4%** YoY and gross profit **increased by 210.8%** YoY.
Gross profit margin up slightly compared to the previous quarter.

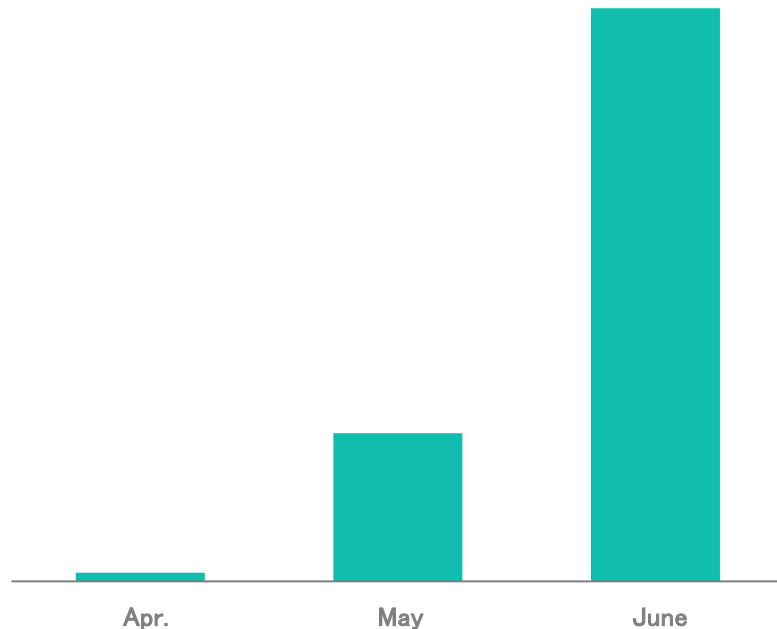


Beginning to offer functions of lottery sales and block list

Providing functions that enable more fans to have opportunities to purchase products

Provision of Lottery Selling Functions

Its provision started in April and the functions are used by many shops. They are also used in large shops, and GMV has increased owing to lottery sales



Provision of Block List Functions

Preventing persons causing unscrupulous cancellations or reselling products from purchasing enables safe and secure operation of online shops



ブロックリスト

- ✓ 登録情報と一致する注文をブロック
- ✓ 悪質なキャンセルを未然に防ぐ
- ✓ Web・アプリのどちらにも対応

The screenshot shows a web interface for the 'Block List' function. It includes a sidebar with navigation links like 'ホーム', '商品検索', 'デザイン', '注文履歴', 'お気に入り', 'FAQ', and 'お問い合わせ'. The main content area is titled 'ブロックリスト' and contains a table of blocked orders. The table has columns for '登録済み情報一覧', 'ブロック対象者', '注文ID', '注文日', and '注文内容'. The table lists several orders that have been blocked, including those from 'ブロックリストに登録' and 'ブロックリストに登録済み'.

Integration with external services for strengthening enhanced functionality and providing support from manufacturing to shipping of goods

Manufacturing and purchasing

In cooperation with AYATORI provided by Deepvalley.inc.
Easy outsourcing of original apparel products' manufacturing, and buying overseas merchandise.



Sales

In cooperation with Appify operated by D Technologies, Inc.
BASE store shops can easily create original apps.



Sales

Conducting function provision to ARTIST BASE, an artist support comprehensive platform, provided by UNIVERSAL MUSIC LLC and developed and operated by WEARE Inc.



Inventory control

In cooperation with CROSS MALL provided by I'LL Inc.
Centralized management of order and inventory information at each store of a business operating multiple stores is made possible.



Shipping services

In cooperation with Neologi provided by Neowing Co., Ltd.
Enables outsourcing of all logistics support operations for overseas deliveries.



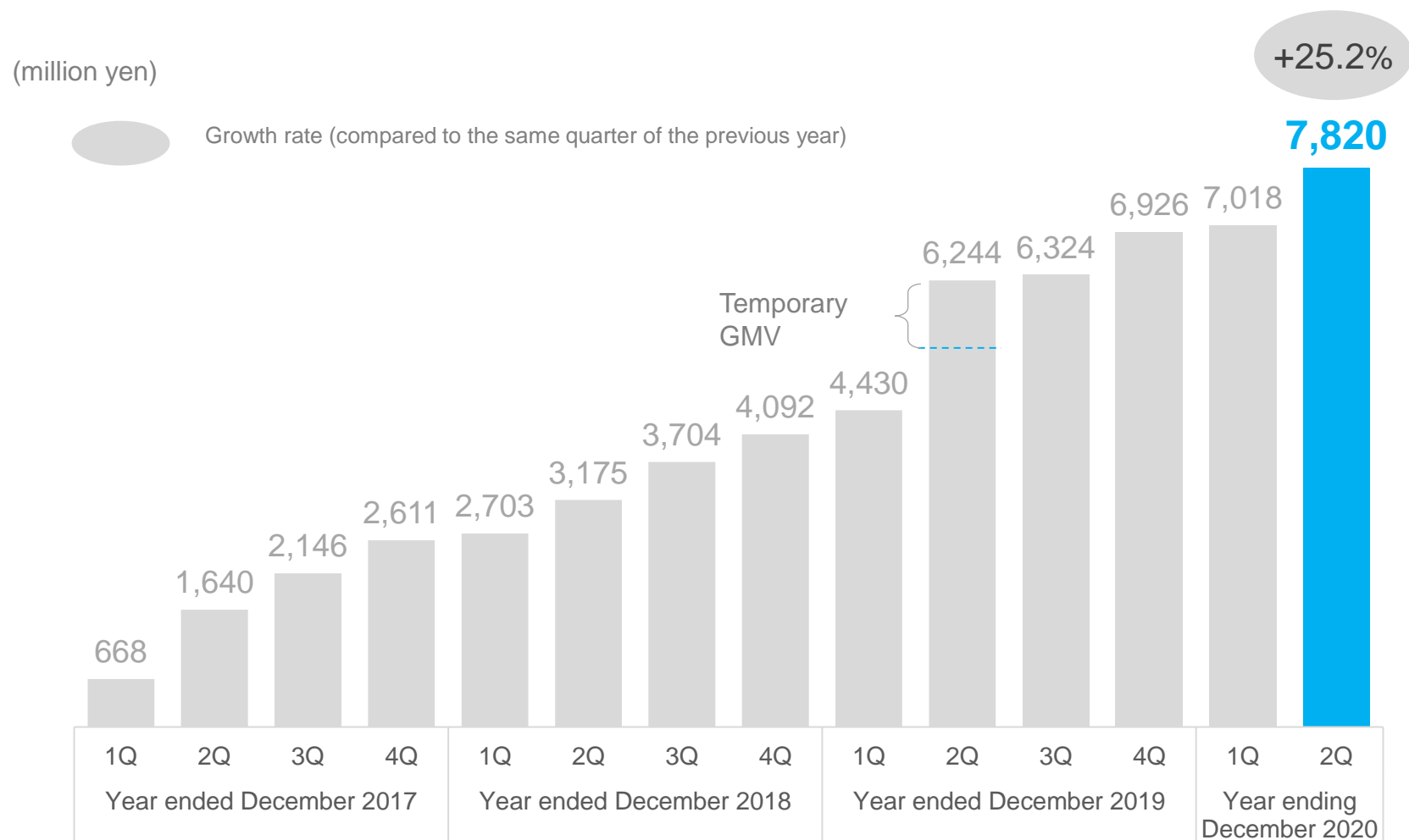
Shipping services

In cooperation with labelmake provided by labelmake.jp.
Automated mailing label creation enables more efficient shipping operations



GMV continued to grow at a rate of **+25.2%** YoY.

Due to the impact from COVID-19, the GMV of some franchisees declined significantly.

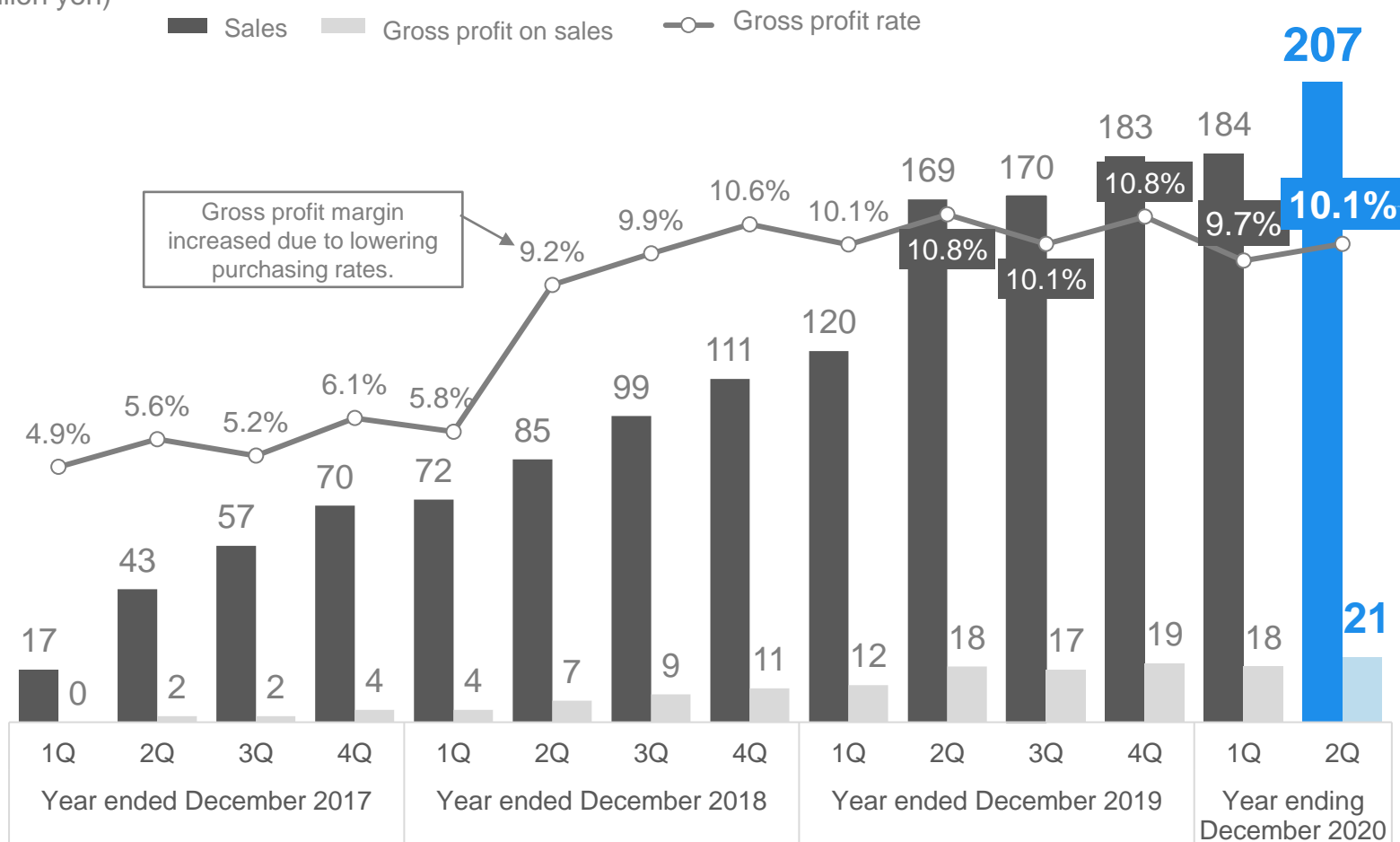


(Note 1) GMV is based on the payment date (payment amount).

Net sales **increased by 22.0%** YoY and gross profit **increased by 14.3%** YoY.

Gross profit margin up slightly compared to the previous quarter.

(Million yen)



5. Earnings Forecast for Fiscal Year Ending December 2020

Consolidated

- Continuing forward-looking investments aiming not at short-term profit but at mid and long-term profit growth
- Implementing forward-looking investments observing discipline under cost control considering the level of operating profit
- Considering strategic investment and M&A toward mid and long-term growth

BASE Business

- Placing importance on the growth of GMV, net sales, and gross profit, and implementing forward-looking investments actively
- Continue to support the business continuity of people who are suffering from the Corona disaster
- Strengthening advertising and publicity aiming at further increase of recognition level and acquisition of new stores opened
- Strengthening sales promotion support to stores utilizing shopping application “BASE” and coupons
- Accelerating forward-looking investments such as hiring of product personnel to expand services
- In product development, expanding services to support member stores continuing to use our services such as functional development to promote utilization by a wider range of users, strengthening of function expansion, provision of funds, accelerated cash flow, and making effort toward long-term utilization and enhanced LTV

PAY Business

- Continuing to control cost, endeavoring to strengthen products and increase the number of member stores, and aiming at growth of GMV

Earnings Forecast for Fiscal Year Ending December 2020

Earnings were forecast with range method because of high uncertainty of the future impact from COVID-19 infection
Aiming at growth rate of net sales **between 95.3% and 110.4% year-on-year** and gross profit **between 101.7% and 116.5% year-on-year**

Selling, general, and administrative expenses will be up between 49.7% and 80.7% year-on-year because of acceleration of forward-looking investments such as promotion expenses

Operating profit is estimated to be between 0 and 500 million yen

(Million yen)	Forecast for FY2020	Forecast for FY2020 at the beginning	FY2019 results	YoY	FY2020 (Jan. - Jun.)	Progress rate (note)
Sales	7,520 ~8,100	5,292 ~5,546	3,849	+95.3% ~+110.4%	3,681	49.0%
Gross profit on sales	4,500 ~4,830	3,009 ~3,115	2,231	+101.7% ~+116.5%	2,256	50.1%
Selling, general and administrative expenses	4,000 ~4,830	3,000 ~3,460	2,672	+49.7% ~+80.7%	1,644	41.1%
Operating profit	0 ~500	-391 ~55	-441	-	612	-
Ordinary profit	0 ~500	-391 ~55	-455	-	613	-
Net income attributable to shareholders of the parent company	-55 ~394	-393 ~15	-459	-	503	-

Note: Progress rate against the lower limit of earnings forecast for fiscal year ending December 2020

Earnings Forecast for FY December 2020 (BASE business)

BASE

Aiming at growth rate of GMV(orders) between **104.8% and 123.5% year-on-year**

Assuming no big change in take rate and gross profit rate

(Million yen)	Forecast for FY2020	Forecast for FY2020 at the beginning	FY2019 results	YoY	FY 2020 (Jan. - Jun.)	Progress rate (note)
GMV (orders)	88,000 ~96,000	59,000 ~61,000	42,963	+104.8% ~+123.4%	43,603	49.5%
GMV (payment)	78,320 ~84,480	51,920 ~53,680	38,059	+105.8% ~+122.0%	38,566	49.2%
Sales	6,600 ~7,080	4,360 ~4,506	3,198	+106.3% ~+121.3%	3,276	49.6%
Take rate	8.4%	8.4%	8.4%	-	8.5%	-
Gross profit on sales	4,390 ~4,710	2,905 ~3,000	2,156	+103.6% ~+118.4%	2,204	50.2%
GMV (settlement base) rate	5.6%	5.6%	5.7%	-	5.7%	-
Gross profit rate	66.5%	66.6%	67.4%	-	67.3%	-

Note: Progress rate against the lower limit of earnings forecast for fiscal year ending December 2020

Earnings Forecast for FY December 2020 (PAY business)

Aiming at growth rate of GMV between **42.1% and 58.8% year-on-year**

Assuming no big change in take rate and gross profit rate

(Million yen)	Forecast for FY2020	Forecast for FY2020 at the beginning	FY2019 results	YoY	FY 2020 (Jan. - Jun.)	Progress rate (note)
GMV	34,000 ~38,000	34,000 ~38,000	23,925	+42.1% ~+58.8%	14,839	43.7%
Sales	900 ~1,000	920 ~1,028	644	+39.7% ~+55.3%	392	43.6%
Take rate	2.6% ~2.7%	2.7%	2.7%	-	2.6%	-
Gross profit on sales	90 ~100	92 ~103	67	33.2% ~48.0%	39	43.4%
GMV ratio	0.3%	0.3%	0.3%	-	0.3%	-
Gross profit rate	10.0%	10.0%	10.5%	-	10.0%	-

Note: Progress rate against the lower limit of earnings forecast for fiscal year ending December 2020

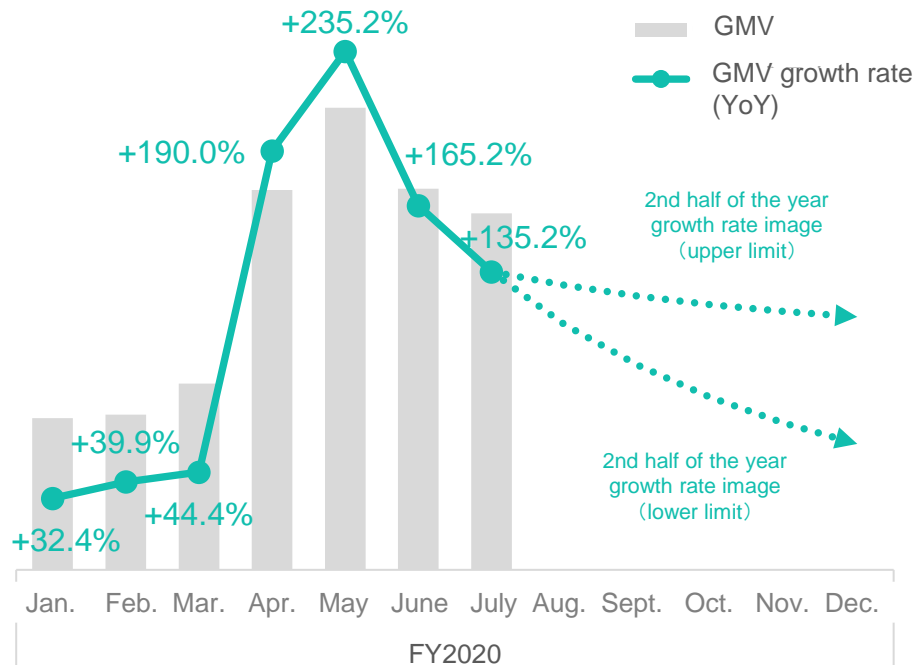
Present situation and forecast for the second half

BASE business: growth rate of GMV year-on year accelerated in April and May. It slowed down in June and July after the declaration of a state of emergency was canceled on May 25, the growth rate is estimated to slow down also in August and thereafter. (Note2)

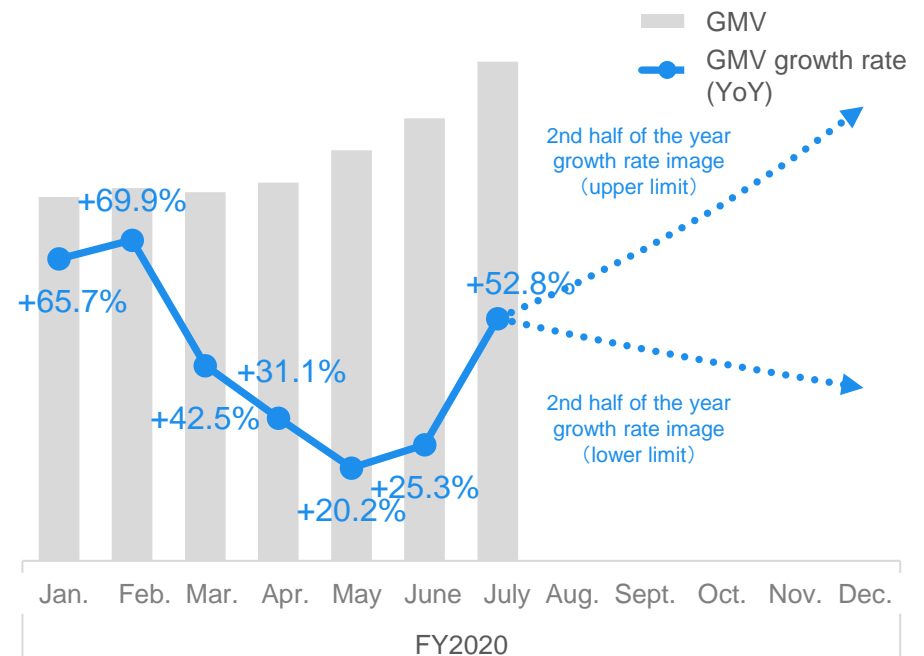
PAY business: GMV of some existing member stores running off-line business (sports-related, inbound-related, etc.) decreased significantly since February and negative impact continued. Although it recovered a little in July, the uncertain situation will continue to remain in August and thereafter.

GMV (BASE)

(Note1)



GMV (PAY)



(Note 1) BASE's GMV is based on the order date (order amount).

(Note 2) GMV growth rate (YoY) in the period from August 1 to 10 is higher than that in July

6. References

Company Name	BASE, Inc.
Address	Roppongi Grand Tower 37F, 3-2-1 Roppongi, Minato-ku, Tokyo
Established	December 11, 2012
Business Description	Planning, development, and operation of ecommerce platform BASE, online payment service PAY.JP, and ID-based payment service PAY ID
Representative	Yuta Tsuruoka, President & CEO
Number of Employees (Consolidated)	148, 88 of whom are product engineering personnel (as of the end of June, 2020)
Subsidiaries	PAY, Inc., BASE BANK, Inc.

Our History

BASE

December 2012
Established BASE,
Inc. in Roppongi

March 2014
Relocated H/O to
Shibuya

December 2014
Acquired Pureca Co., Ltd.

January 2018
Established PAY, Inc. and
BASE BANK, Inc.

September 2018
Relocated H/O to
Roppongi

October 2019
Listed on the Tokyo Stock
Exchange Mothers Market

2012

2013

2014

2015

2016

2017

2018

2019

2020

March 2014
Added credit card payment
in BASE Easy Pay

March 2015
Added bank transfer
option in BASE Easy Pay

June 2018
Opened SHIBUYA BASE, a
permanent BASE market place in
Shibuya Marui 1F

Ecommerce Platform, BASE

June 2014
Added convenience store payment,
Pay-easy in BASE Easy Pay

December 2015
Added Pay Later service
in BASE Easy Pay

September 2017
Added carrier settlement
in BASE Easy Pay

November 2019
Added Paypal transfer
option in BASE Easy Pay

September 2015

Online payment service, PAY.JP

BASE Project

PAY Project

Other Project

June 2016

ID-based payment service, PAY ID

December 2018

**Funding service
YELL BANK**



Yuta Tsuruoka (Representative Director and CEO)

Began an online shop development project “BASE” while at university.

Set up his company at the age of 22 in December 2012; assumed his role as CEO.



Shinichi Fujikawa (Director and EVP of Development)

Joined Tamura FA System (the present Tamura Corporation) in April 1996. Joined his current company in April 2014 and assumed the role of director after working at From Bits (presently REVIC Global Co., Ltd.), paperboy&co. (presently GMO Pepabo, Inc.), sousousha, inc., and Moi Corporation.



Ken Harada (Director and CFO)

Joined Ando Corporation (presently Hazama Ando Corporation) in April 2000. Joined his current company in June 2015 after working at mixi, inc. and FreakOut (presently FreakOut Holdings, inc.). Assumed the role of director in February 2016.



Kenji Yamamura (Director and COO)

Joined Suntory Beverage & Food Limited in April 2001. Joined his current company in January 2017 after working at Recruit Co., Ltd. (presently Recruit Holdings Co., Ltd.). Assumed the role of director in June 2018.

Kazuma Ieiri (External Director)

Founded paperboy&co.(presently GMO Pepabo, Inc.) in January 2003 after joining a design company. Assumed the role of External Director in December 2012. Takes part in various venture companies besides this company such as CAMPFIRE, Inc. and partyfactory, Inc.

Masayuki Shimura (External Director)

In 1982, joined Mitsui Bank (present Sumitomo Mitsui Banking Corporation) Served as the Director-General of the Asia-Pacific Region of the Bank and the Representative Director and Senior Managing Executive Officer of Sumitomo Mitsui Card Company, Limited In July 2019, assumed office as the Representative Director of Shimura & Partners Co., Ltd., the Director of bitFlyer, Inc. and the Advisor of CAMPFIRE, Inc. In August 2019, he was appointed as an outside director of our company.

Free of online shop initial and monthly fees

Free of charge with BASE! (Note1)



No initial fees nor monthly fees! Everything from creating to operating your online retail shop is free of charge!
There are no limits to the number of products that can be registered.

The handling fee is 6.6% of the settlement amount + 40 yen (Note2)

(Note 1) Certain shop templates and services, such as prompt payment transfers, are chargeable

(Note 2) Including service charges

Unique method of payment "BASE Easy Pay" is available.
Eases the burden on business of introducing payment functions into online shops.

Overview of "BASE Easy Pay"

- ✓ The one-stop service from the opening of an online shop to the introduction of a settlement function eliminates the need for the complicated process of introducing a settlement function.
- ✓ Shortens the review time spent on adoption and offers the payment services from the next business day at the earliest without the need for complicated credit administration procedures
- ✓ Users can choose from five payment methods
- ✓ Payment processing fees are inexpensive and flat-rated, which are

just **6.6%** of the transaction amount **plus 40 yen**

for all of the payment methods

(Including a service charge of 3.0%)

Credit Card



Carrier settlement



Bank transfer



Convenience store payment /
Pay-easy



PayPal



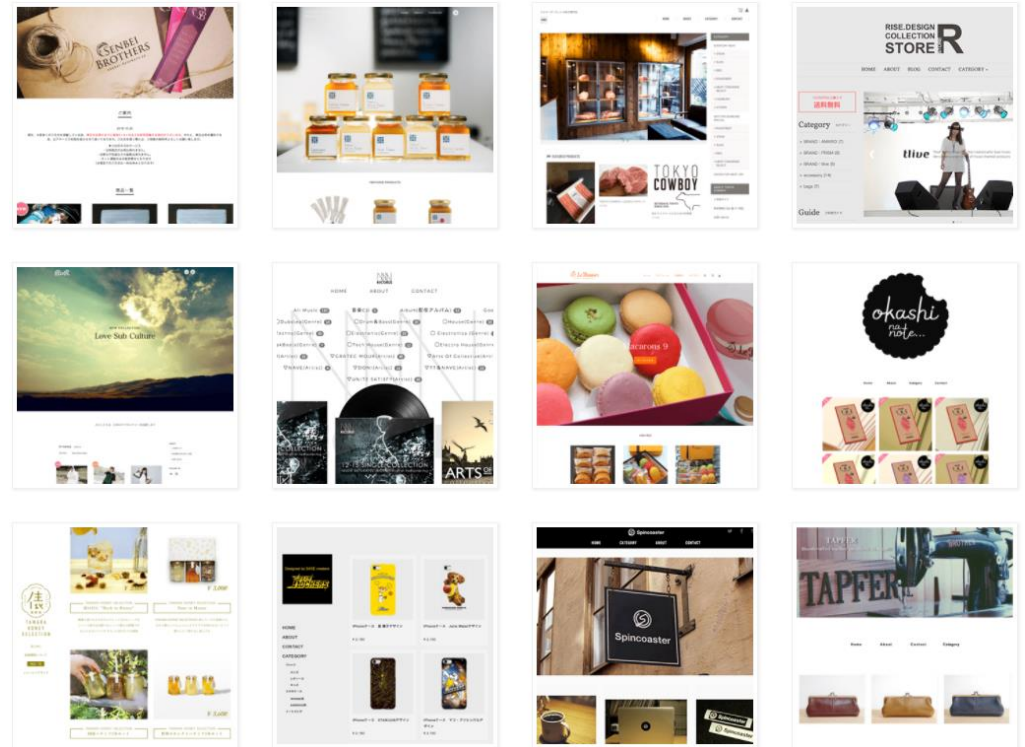
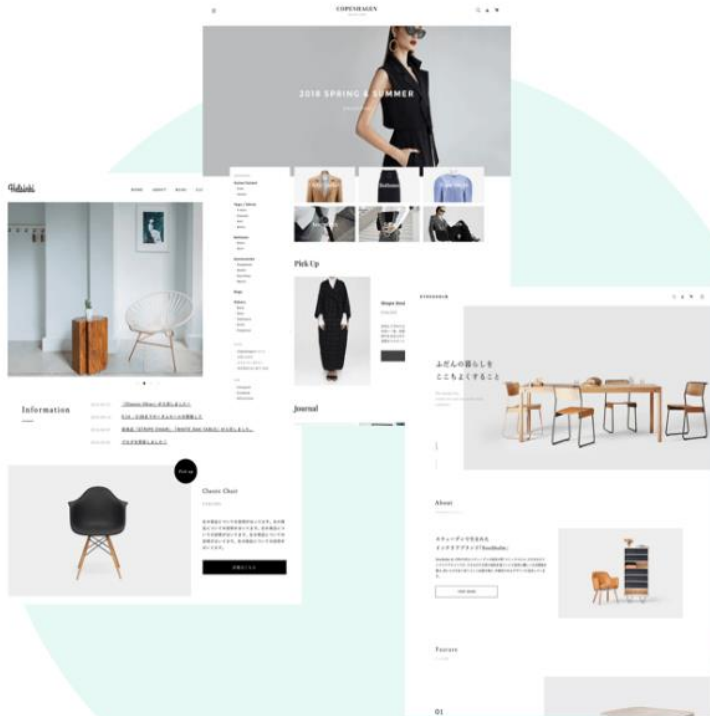
Deferred payment



You can create a stylish online shop simply by selecting a template.

A wide range of templates are provided free of charge.

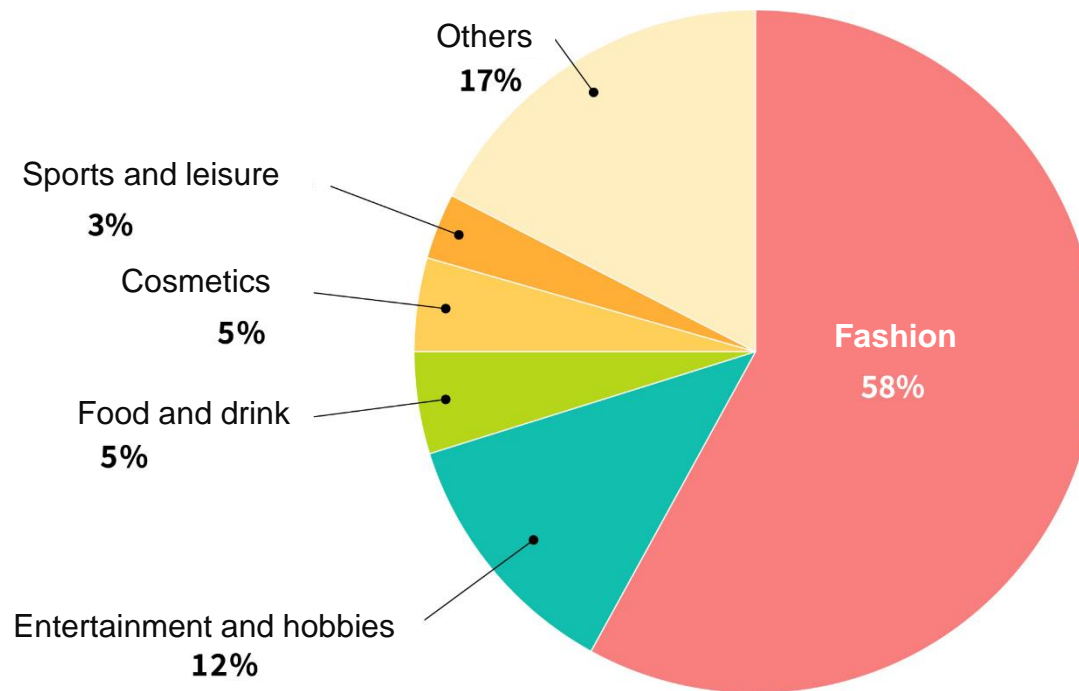
Shops of all kinds of genres have opened online shops using BASE.



Those especially concerned with design can customize their shops by HTML editing.

Used to sell products of various genres, mainly in fashion.

Percentage of product categories in GMV (Note)



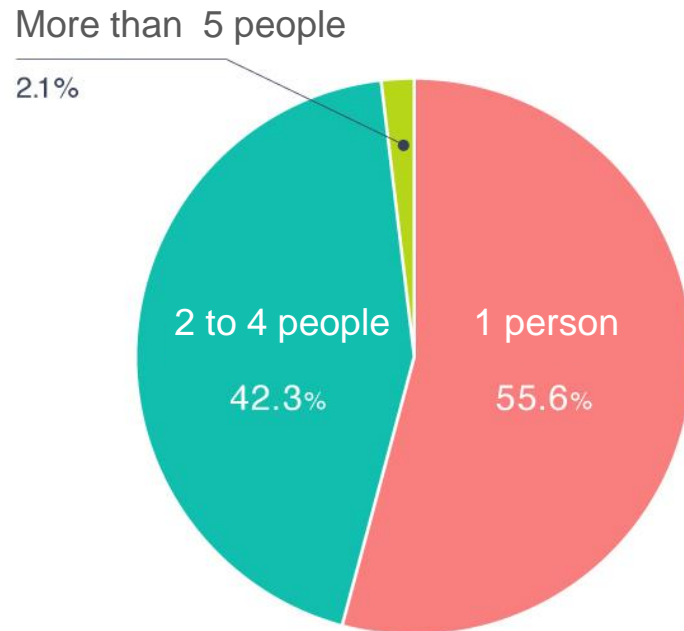
(Note) FY2019 results

Shop owners use SNS to acquire customers themselves.

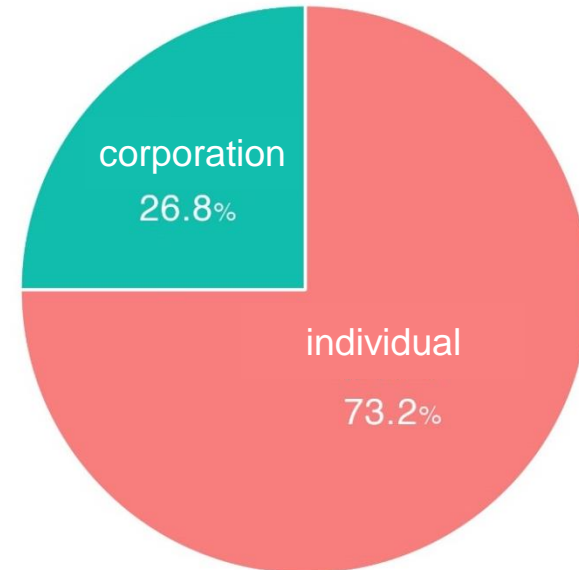


The fact that BASE's main users are individuals and SMBs, is a major differentiator from similar services. More than half of the shop owners are run by one person.

Q:How many people do you run your shop with?



Q:Is the shop owner an individual or a corporation?

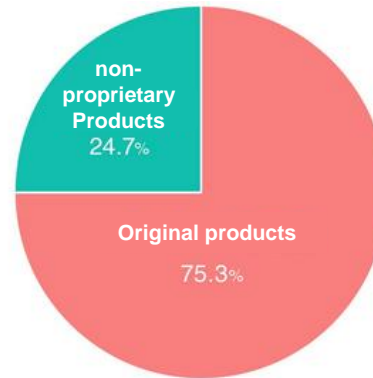


Most BASE shop owners are SMBs who develop their business mainly through online shops, use SNSs to attract customers, and sell original products.

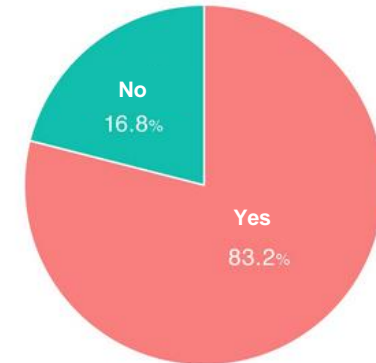
Brick-and mortar stores



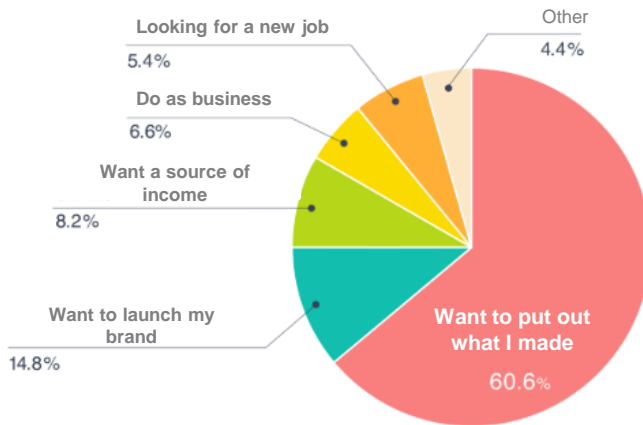
Distinction between original and non-proprietary products for sale



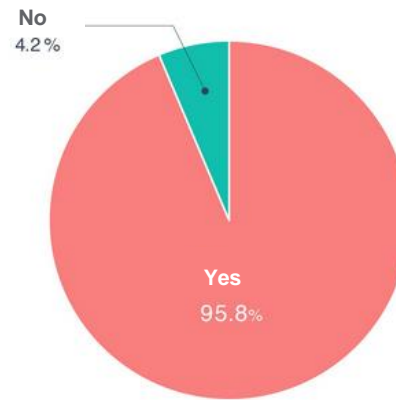
Brand recognition of own online shop



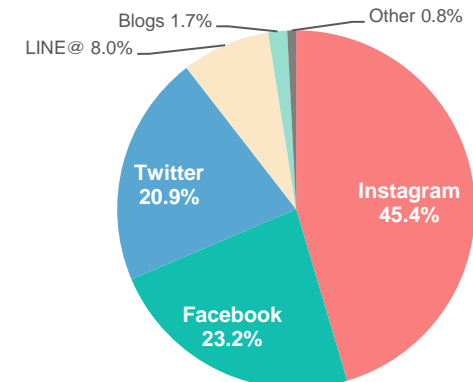
Most relevant reason to launch own brand



Use of SNSs for winning new customers



SNS marketing channels

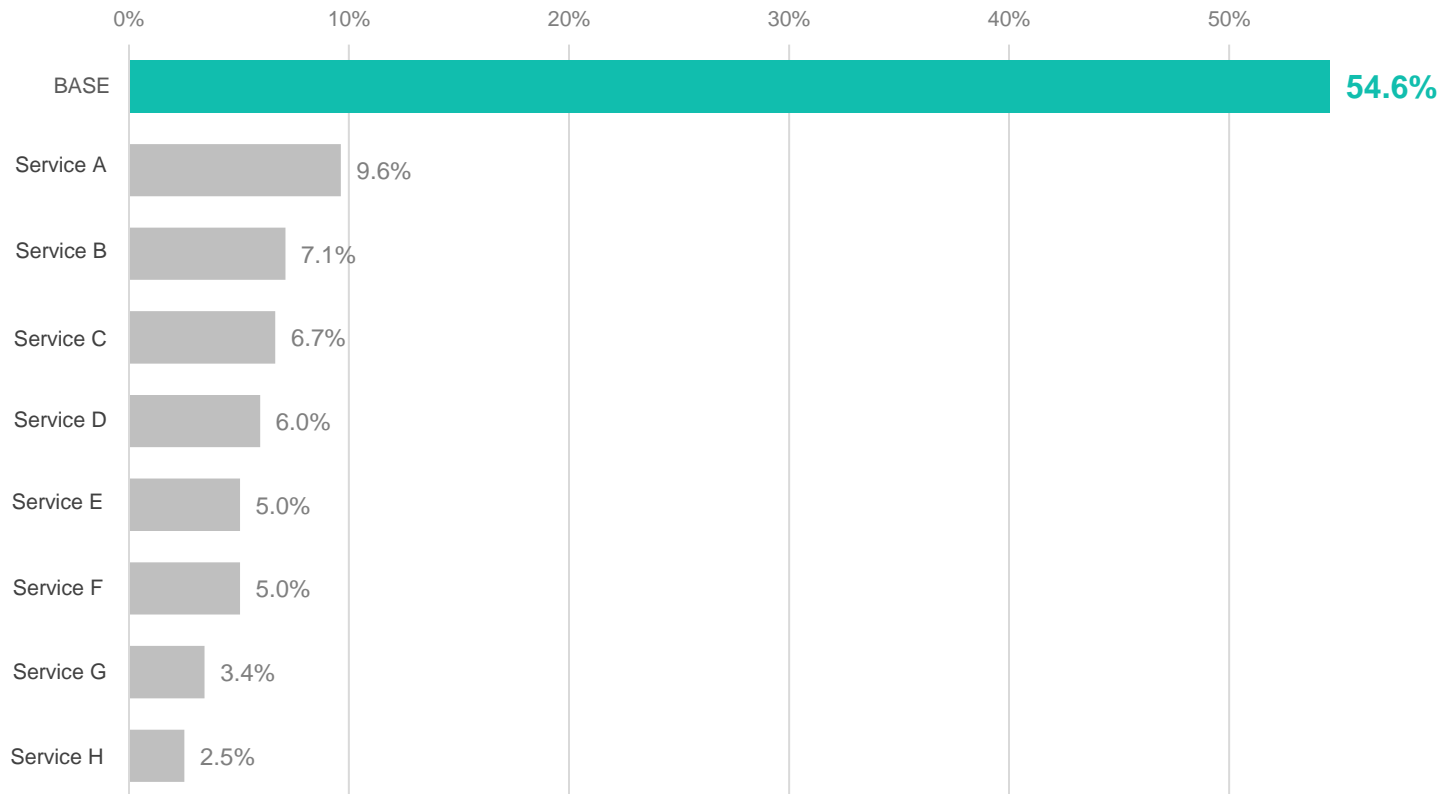


Incurring cost from the initial stage when products don't sell is a risk for SMBs.

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

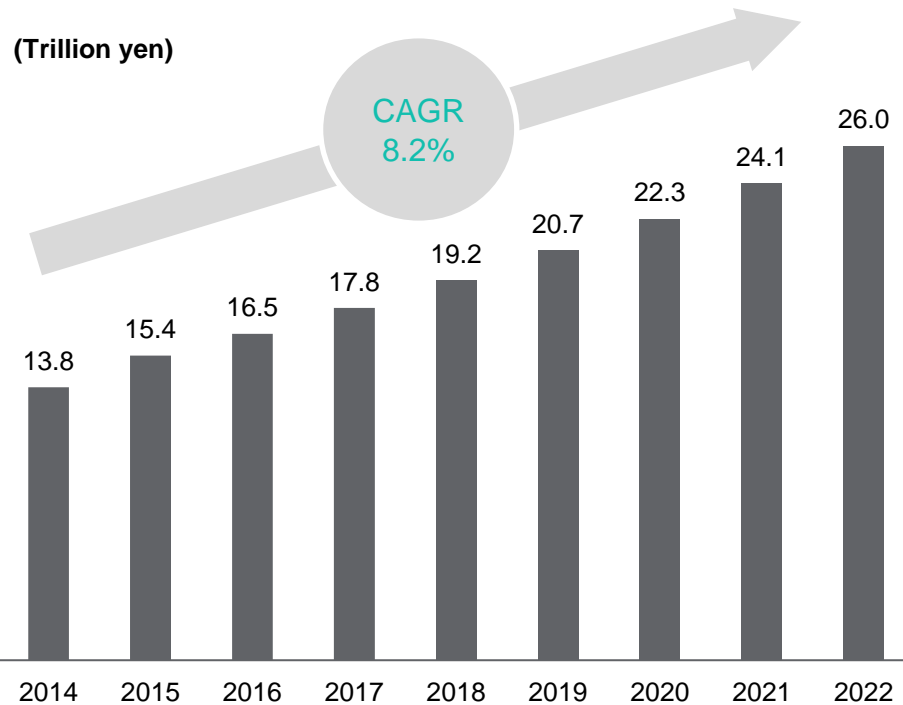
Survey on actual use of our cart-style online retail shop creation service(February 2020)

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

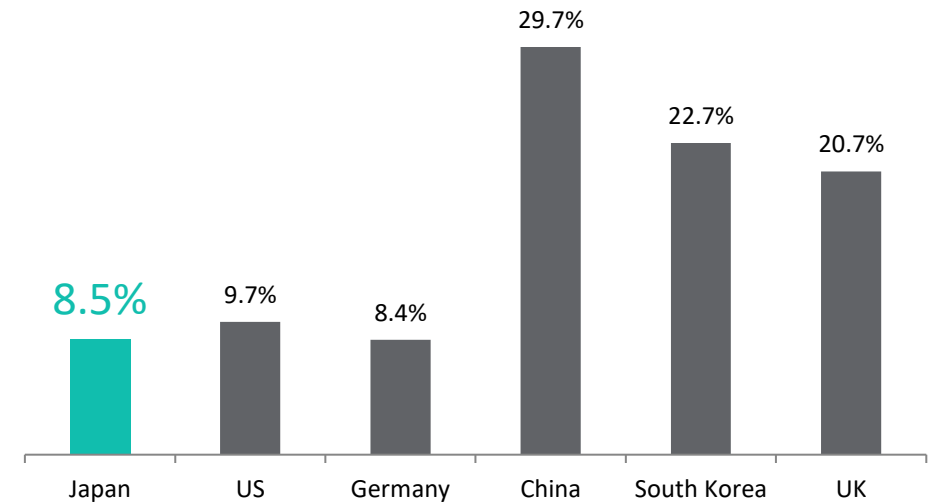


Although the domestic BtoC-EC market is growing steadily, the rate of EC penetration in the domestic retail market is still low.

Changes in and forecasts for the size of the BtoC-EC market in Japan



EC penetration by country



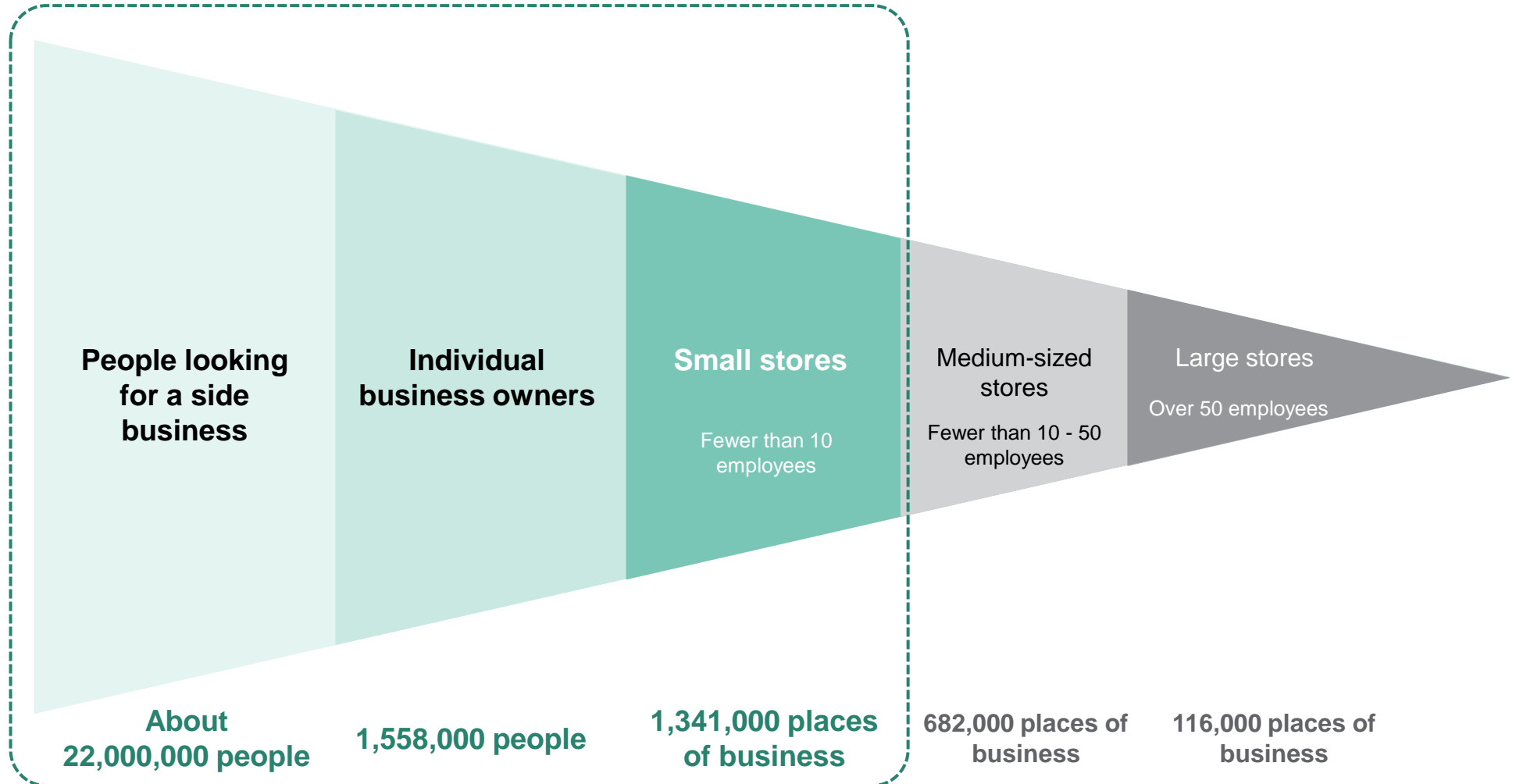
Source: Outlook for ICT and Media Market Scale and Trends through 2022: The Road to Becoming a Truly Advanced ICT Country Runs through Mastery of AI and IoT, Nomura Research Institute, Ltd.

Source: eMarketer "By Country Retail Ecommerce Sales Penetration: % of Total Retail Sales"

New trends for EC shops are direct messaging and communication among individuals through SNSs

	Existing-model EC shops	New-generation EC shops
Users	<ul style="list-style-type: none"> • Extensive reach for mass users 	<ul style="list-style-type: none"> • Niche • Passionate fans
Contacts	<ul style="list-style-type: none"> • Primarily search engines, search advertising, and performance advertising • Spending sizeable sums of money on advertising 	<ul style="list-style-type: none"> • Direct communication through social media and owned media • Frequent transmission of content and polite interaction
Values provided	<ul style="list-style-type: none"> • Product selection, choices, availability...convenience • Low price, cost performance and benefits • Fast and cheap delivery, etc. 	<ul style="list-style-type: none"> • Uniqueness, rarity • Atmosphere, experience • Interaction, positive emotions
Products and services	<ul style="list-style-type: none"> • Commodities • Compared with other stores 	<ul style="list-style-type: none"> • Niche, only one • Items not available in other stores
Competence	<ul style="list-style-type: none"> • Burgeoning power from merits of scale • Abundant financial muscle for marketing • Automation and optimization through technology 	<ul style="list-style-type: none"> • Personalities of the owner and team • World view • Hospitality

In addition to small stores and sole proprietors in Japan, would-be entrepreneurs and people looking for a side business also are targeted users.



Source: Ministry of Economy, Trade and Industry "Commercial Statistics"; Ministry of Internal Affairs and Communications "Economic Census"; Ministry of Internal Affairs and Communications "2017 Employment Status Survey"

Mizuho Research Institute "Possibility of side business / part-time business" (2018)

(Note) The numbers of enterprises were extracted from the areas of "retailing", "service industry", "agriculture, forestry and fisheries" and "manufacturing"

Aim to maximize GMV and gross profit through the following initiatives

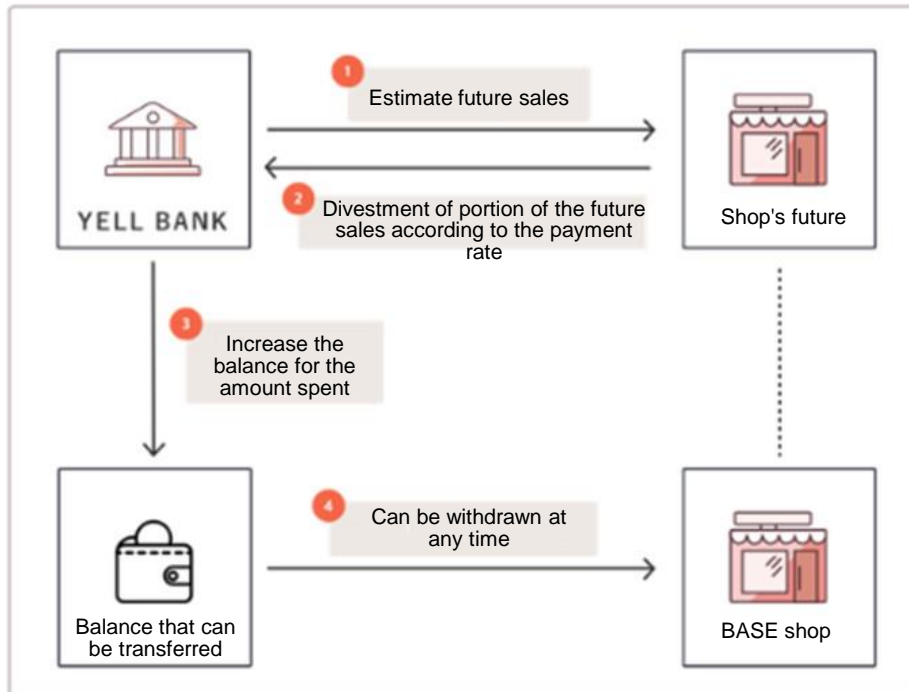
- ◆ Raise profile of our services and acquire new users
- ◆ Product improvement
- ◆ Enhanced data utilization
- ◆ Increase added-value other than settlement functions

Financial service that enables shop owners who use "BASE" to raise funds immediately

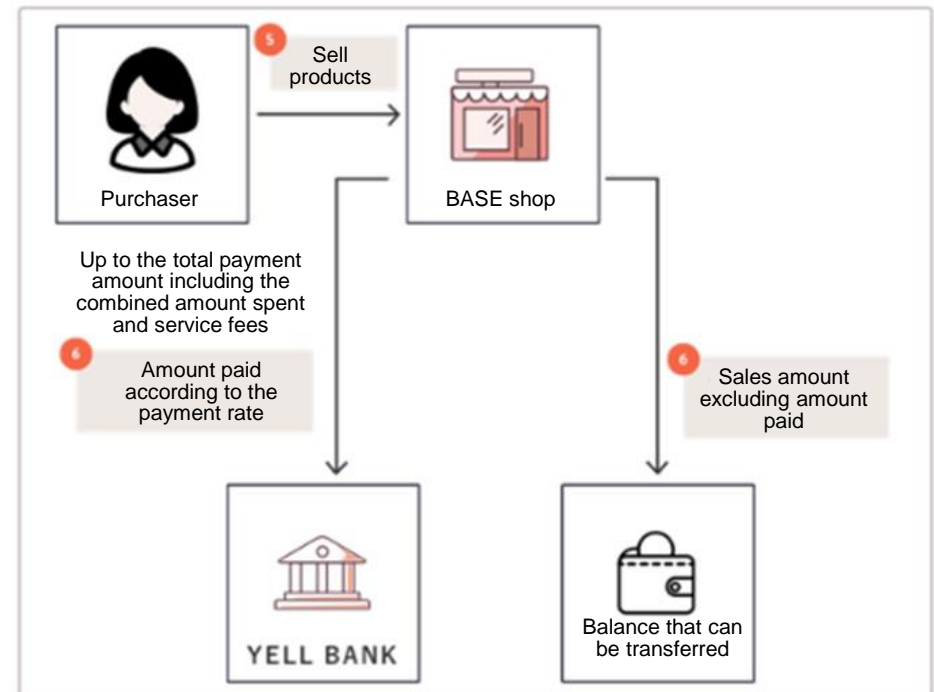
Shop owners are able to raise funds without these risks because "YELL BANK" bears the risk of no receivables being generated in the future and uncollected receivables.

Utilization of data enables shop owners who do not have access to existing financial institutions to raise funds.

Process for obtaining financing



Payment process



Feature of YELL BANK's Funding Services

01 Necessary amount can be procured immediately.

"YELL BANK" purchases the BASE shops' future receivables at a discount, enabling shop owners to raise necessary funds immediately.
The discount rate (service charge) ranges from 1% to 15%.

02 Payment is only made when products are sold.

Payments to "YELL BANK" are made on a pay-as-you-go basis at a relevant repayment rate only when products are sold after funding. In the event that the receivables do not accrue, or cannot be recovered, "YELL BANK" will bear the cost.





03 Forecasting future receivables based on shop management data.

Use BASE's shop management data to predict future receivables and provide the "YELL BANK" service to shop owners who meet relevant conditions. Shop owners who have not been able to get funding from existing financial institutions and hence hesitating to challenge will now have an opportunity to raise necessary funds.

We have designed a system to solve the complicated problems presented by online payment services, including their time-consuming credit examination process, high costs, and how difficult they are to use

Simple fee structure

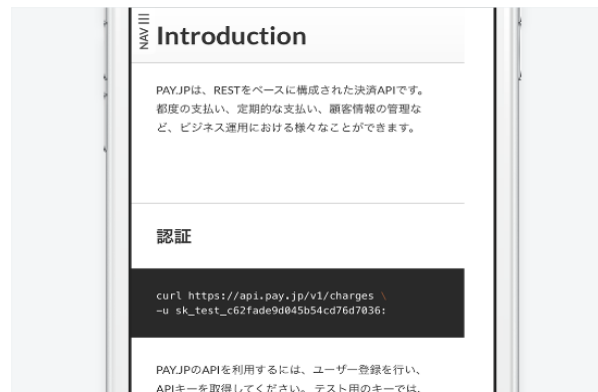
- ✓ Absolutely no costs other than the payment processing fees(Note)

	Basic plan	Pro plan	PAY.JP Seed	PAY.JP NPO	PAY.JP Travel
Monthly fee	¥0	¥10,000	¥0	¥0	¥0
 	3.0%	2.59%	2.59%	1.5%	1.5%
 	3.6%	3.3%	3.3%	—	3.3%
Deposit cycle	Close at month end Only paid at the end of following month	Close 15th / month-end Paid a half months later	Close 15th / month-end Paid a half months later	Close at month end Only paid at the end of following month	Close 15th / month-end Paid a half months later

(Note) Excluding Pro plan

Easy to integrate

- ✓ Allows for the integration of simple and smooth payment functions



Robust security

- ✓ A level of security that meets international standards



Tokenization



PCI-DSS



Monitoring

Used by a wide variety of businesses, mainly startups and venture companies.

Examples of businesses using PAY.JP



"PAY ID" is our payment service which can be used online and offline.



Number of users

**More than
3,500,000 people**

(Note 1)



Where available

**over
1,100,000 stores**

(Note 1)

(Note 1) As of July, 2020



Payment scenario



Online payment

Just enter your ID and password.



Offline payment

Just read the QR code with the PAY ID app.

- To aim for increases in the number of registrations at “PAY ID” through increases in shops established under “BASE” and through increased merchants at “PAY.JP”
- From the standpoint that “PAY ID” has data with high added value, such as past transaction histories and information on evaluation, we believe that it has competitive edge in the payment business that differentiates it from its competitors. We will leverage these data with high added value do offer a new type of payment service.

Profit and Loss Statement (By Segment)

(Million yen)		Year ended December 2017				Year ended December 2018				Year ended December 2019				Year ended December 2020	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Sales	BASE	157	190	235	374	373	429	542	637	643	752	871	931	933	2,342
	PAY	17	43	57	70	72	85	99	111	120	169	170	183	184	207
	Others	-	-	-	-	-	-	-	-	0	0	1	3	6	7
Gross profit on sales	BASE	82	100	143	257	256	293	379	433	437	508	590	620	624	1,580
	PAY	0	2	2	4	4	7	9	11	12	18	17	19	18	21
	Others	-	-	-	-	-	-	-	-	0	0	1	3	6	7
Segment profit	BASE	-	-	-	-	-234	-96	-229	64	-108	144	-71	-81	56	718
	PAY	-	-	-	-	-51	-50	-43	-37	-43	-31	-28	-24	-25	-26
	Others	-	-	-	-	-	-	-	-	-15	-12	-11	-14	-10	-13
	Corporate expenses	-	-	-	-	-23	-26	-29	-30	-34	-32	-33	-41	-47	-38
Operating profits	Entire company	-267	-394	-381	-218	-310	-174	-302	-4	-203	67	-144	-161	-28	640

KPI trends in the BASE business

year	month	Quarterly GMV (million yen) (Note1)	Monthly GMV (million yen) (Note1)	Number of shops	Monthly GMV per shops (yen) (Note1)	Quarterly GMV (Settlement amount) (million yen) (Note2)
2017	March	3,272	1,090	12,899	84,561	2,793
	June	3,921	1,307	15,126	86,419	3,328
	September	4,618	1,539	16,958	90,778	3,942
	December	5,285	1,761	17,669	99,717	4,578
2018	March	5,163	1,721	17,532	98,167	4,534
	June	5,947	1,982	19,326	102,589	5,225
	September	7,219	2,406	21,216	113,426	6,228
	December	8,760	2,920	23,183	125,968	7,856
2019	March	9,007	3,002	24,770	121,218	7,792
	June	10,480	3,493	26,071	134,001	9,217
	September	11,263	3,754	27,811	135,000	10,049
	December	12,211	4,070	28,537	142,638	11,000
2020	March	12,532	4,177	30,658	136,262	10,983
	June	31,071	10,357	49,715	208,330	27,582

(Note 1) BASE's GMV is based on the order date (order amount).

(Note 2) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid, and is recorded in the month of payment date.

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

year	month	Quarterly GMV (million yen)
2017	March	668
	June	1,640
	September	2,146
	December	2,611
2018	March	2,703
	June	3,175
	September	3,704
	December	4,092
2019	March	4,430
	June	6,244
	September	6,324
	December	6,926
2020	March	7,018
	June	7,820

Ratio of Dilutive Shares

		FY2020 2Q	FY 2019
SO	Beginning balance	1,790,000	1,776,000
	Granted	0	104,000
	Exercised	-16,000	-12,000
	Renounced	-8,000	-57,200
	Ending balance	1,766,000	1,810,800
Number of shares outstanding		20,433,400	20,413,800
Ratio of dilutive shares		8.6%	8.9%

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BASE