



Q3 of Fiscal Year Ended December 2020
Materials for Financial Results Presentation

BASE, Inc.
(Tokyo Stock Exchange Mothers: 4477)
November 13, 2020

- 1. Corporate Profile**
- 2. Executive summary**
- 3. Financial highlights for Q3 Results ending December 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.

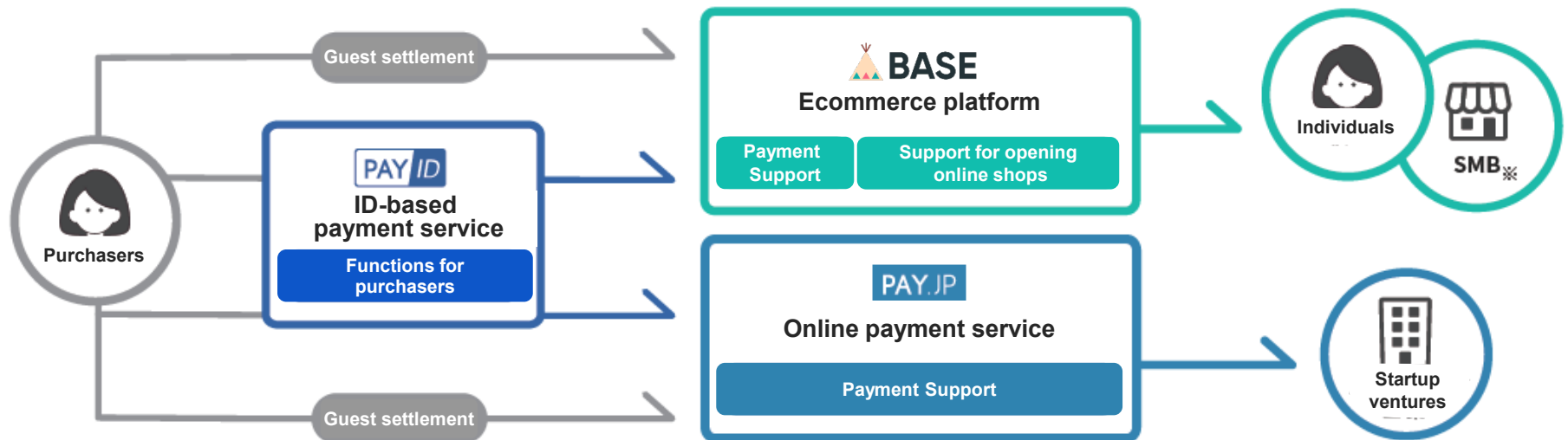
Making payment available to everyone around the globe.

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

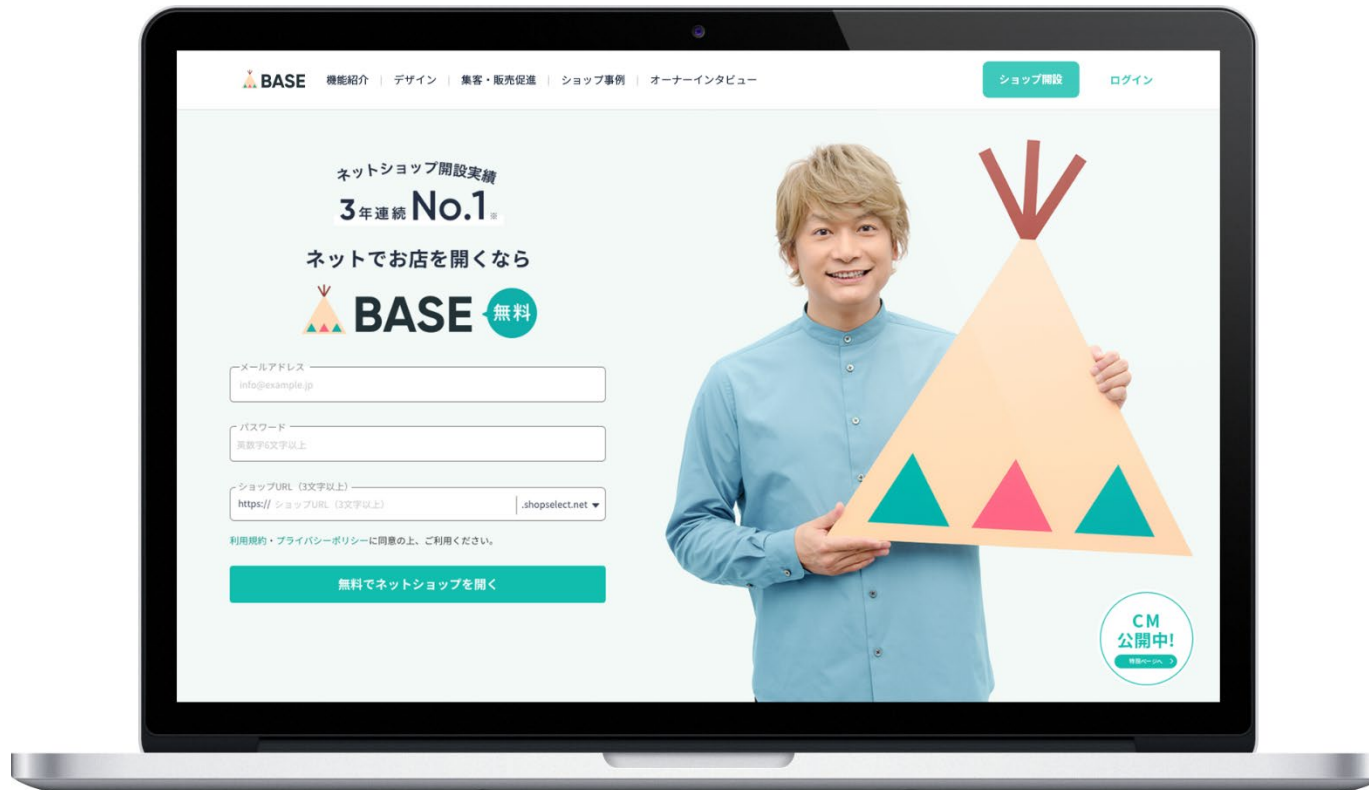
To create new economy through a new payment platform.

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 BASE Business continued to grow at a high rate of 125.4% YoY.**

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

- **Net sales increased 121.9% YoY to 2,315 million yen, and gross profit on sales increased 128.6% YoY to 1,393 million yen, showing large increase.**
- SG & A expenses increased by only 13.9% YoY, and **operating profit settled at 534 million yen** in the black.
- In the BASE Business, while nesting consumption and support consumption, etc., which had increased sharply, calmed down, **GMV increased significantly by 125.4% YoY.**
- **The number of new shops opened increased 107% YoY, and the cumulative number of shops opened exceeded 1.2 million** (As of September 2020).
- In the PAY Business, GMV at existing franchisees operating offline businesses remained sluggish, but **GMV increased by 49.0% YoY.**

Trends for the fourth quarter of the fiscal year ending December 31, 2020

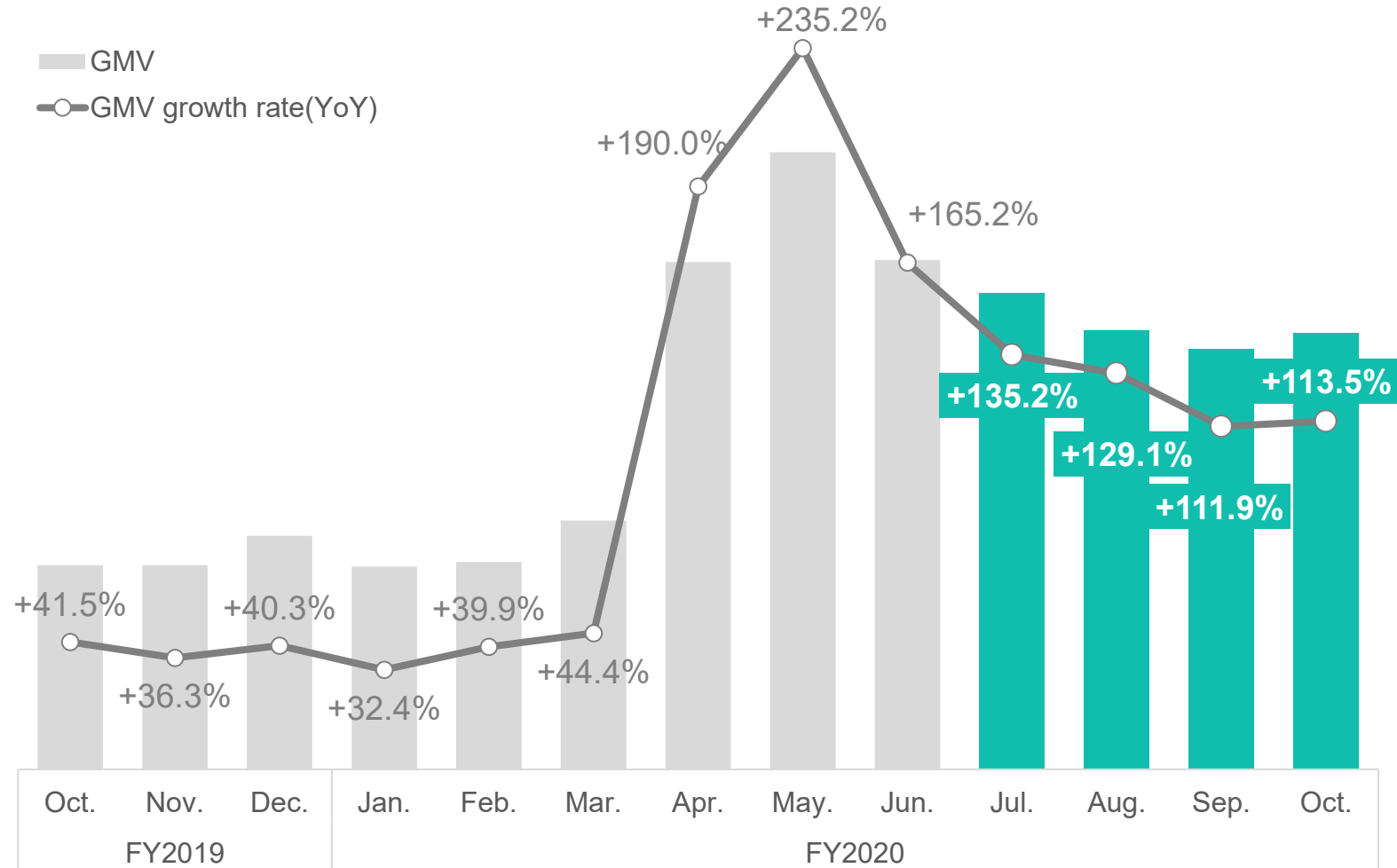
- **Raised 12.4 billion yen** (based on payment amount) **in October 2020 by issuing new shares through overseas offering. Approximately 17 billion yen was financed** by totaling 4.5 billion yen in borrowing limits secured from four major domestic banks in August of the same year.
- Implement capital and business alliances and investment with companies working on empowerment of individuals and SMBs (Small and Medium Businesses).
- In the BASE Business, a new commercial will start airing on November 12, 2020.

Earnings forecast for the full fiscal year ending December 31, 2020

- Changes within the range of Earnings Forecast announced on August 14, 2020

GMV in BASE Business continued to grow at a high rate

Monthly transition of GMV



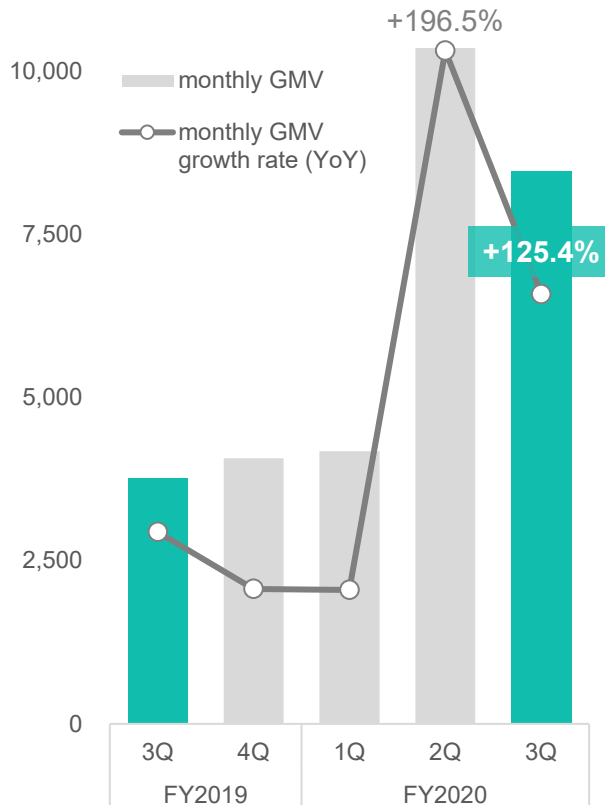
(Note) GMV is the order amount based on the order date

The number of monthly active stores remains strong, driving the growth of GMV
Monthly average GMV per store declined due to reduced temporary demand from COVID-19

Monthly GMV

(Notes 1, 2)

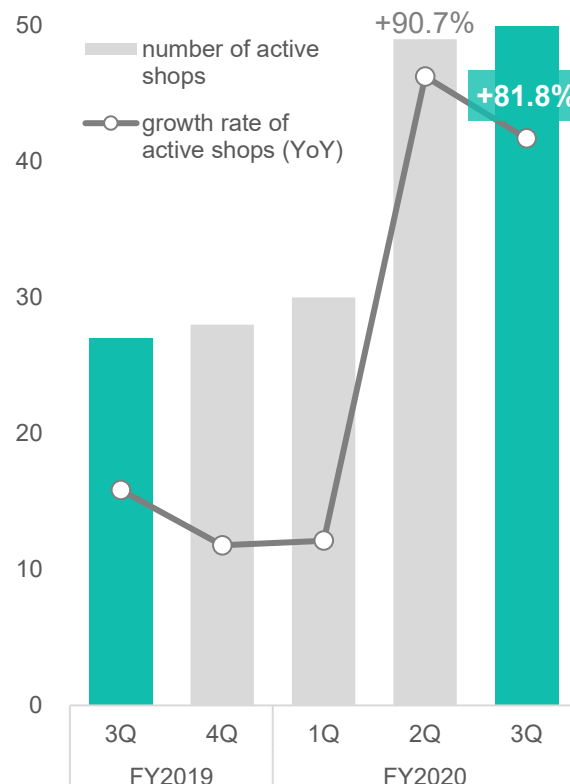
(100 million yen)



Number of active stores per month

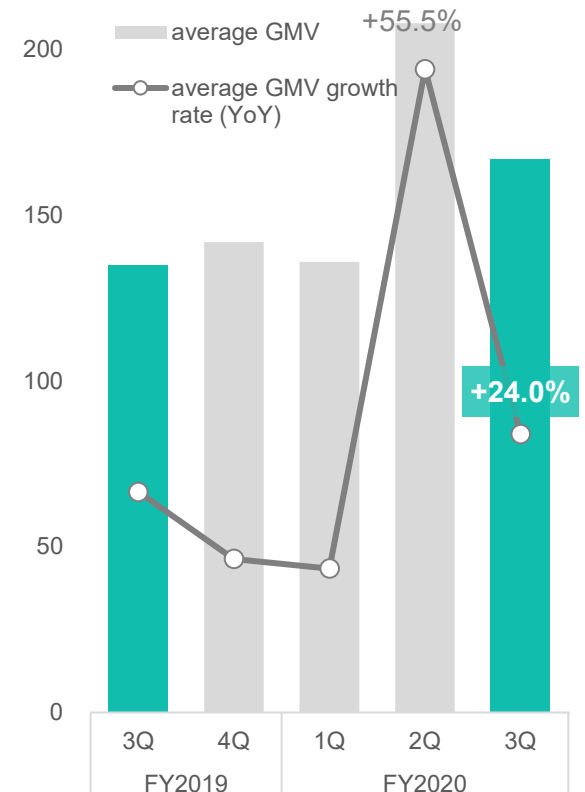
(Note 2)

(Thousand stores)



Monthly average GMV per shop

(Thousand yen)



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

(Note 2) Monthly GMV and number of active shops are quarterly average

3. Financial highlights for Q3 Results ending December 2020

Consolidated

Net sales increased **121.9%** YoY to **2,315 million yen**, and gross profit on sales increased **128.6%** YoY to **1,393 million yen**, showing large increase.

SG & A expenses increased by only **13.9%** YoY, and operating profit settled at **534 million yen in the black** (**-144 million yen** in the same period of the previous year).

BASE Business

While nesting consumption, support consumption, etc., which had increased sharply, calmed down, **GMV_(note) increased by 125.4% YoY.**

GMV growth led to a **136.6% YoY increase in net sales** and a **130.8% YoY increase in gross profit on sales.**

PAY Business

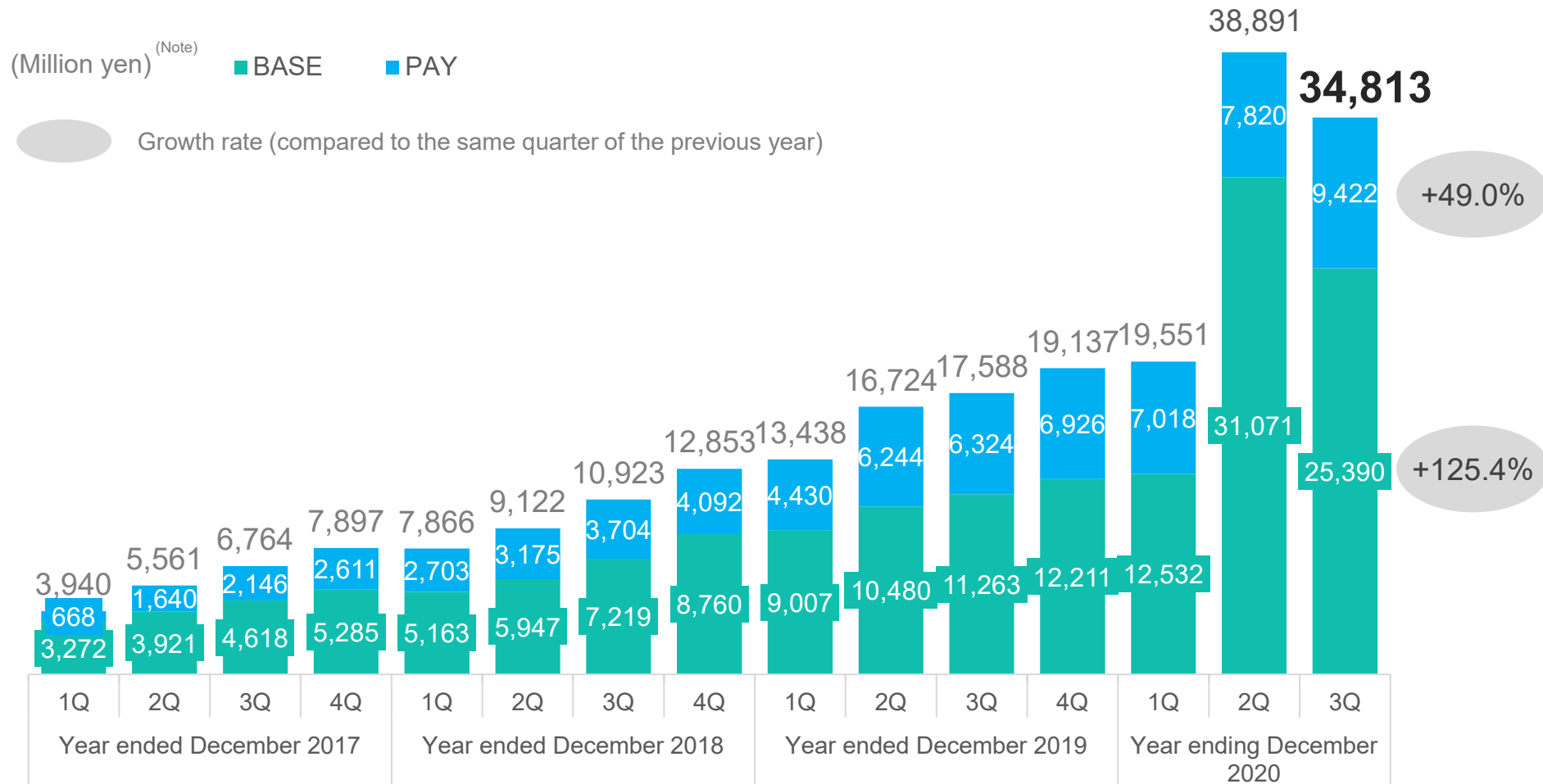
Although GMV_(Note) at existing offline shops remained sluggish, **GMV grew 49.0% YoY.**

GMV growth led to a **45.4% YoY increase in net sales** and a **43.1% YoY increase in gross profit on sales.**

Net sales increased by **121.9%** YoY and gross profit on sales increased by **128.6%** YoY, showing large increase. SG & A expenses increased by only **13.9%** YoY, and operating profit settled at **534 million yen in the black** (**-144 million yen** in the same period of the previous year).

(Million yen)	FY 2020 3Q (July - September 2020)					FY 2020 3Q cumulative (January – September 2020)		
	Results	Same period last year		Previous quarter		Results	Same period last year	
		Results	YoY	Results	QoQ		Results	YoY
Sales	2,315	1,043	+121.9%	2,557	-9.5%	5,996	2,730	+119.6%
Gross profit on sales	1,393	609	+128.7%	1,608	-13.4%	3,649	1,586	+130.2%
Gross profit rate	60.2%	58.4%	+1.8pt	62.9%	-2.7pt	60.9%	58.1%	+2.7pt
Selling, general and administrative expenses	858	754	+13.8%	968	-11.4%	2,502	1,867	+34.0%
Operating profit	534	-144	n/a	640	-16.5%	1,146	-280	n/a
Ordinary profit	535	-143	n/a	640	-16.4%	1,148	-279	n/a
Profit	445	-147	n/a	533	-16.5%	949	-283	n/a

The BASE business increased by **125.4%** YoY and the PAY business increased by **49.0%** YoY. Compared with the previous quarter, the BASE business saw a decrease with COVID-19 related consumption calming down, but the PAY business saw an increase.



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

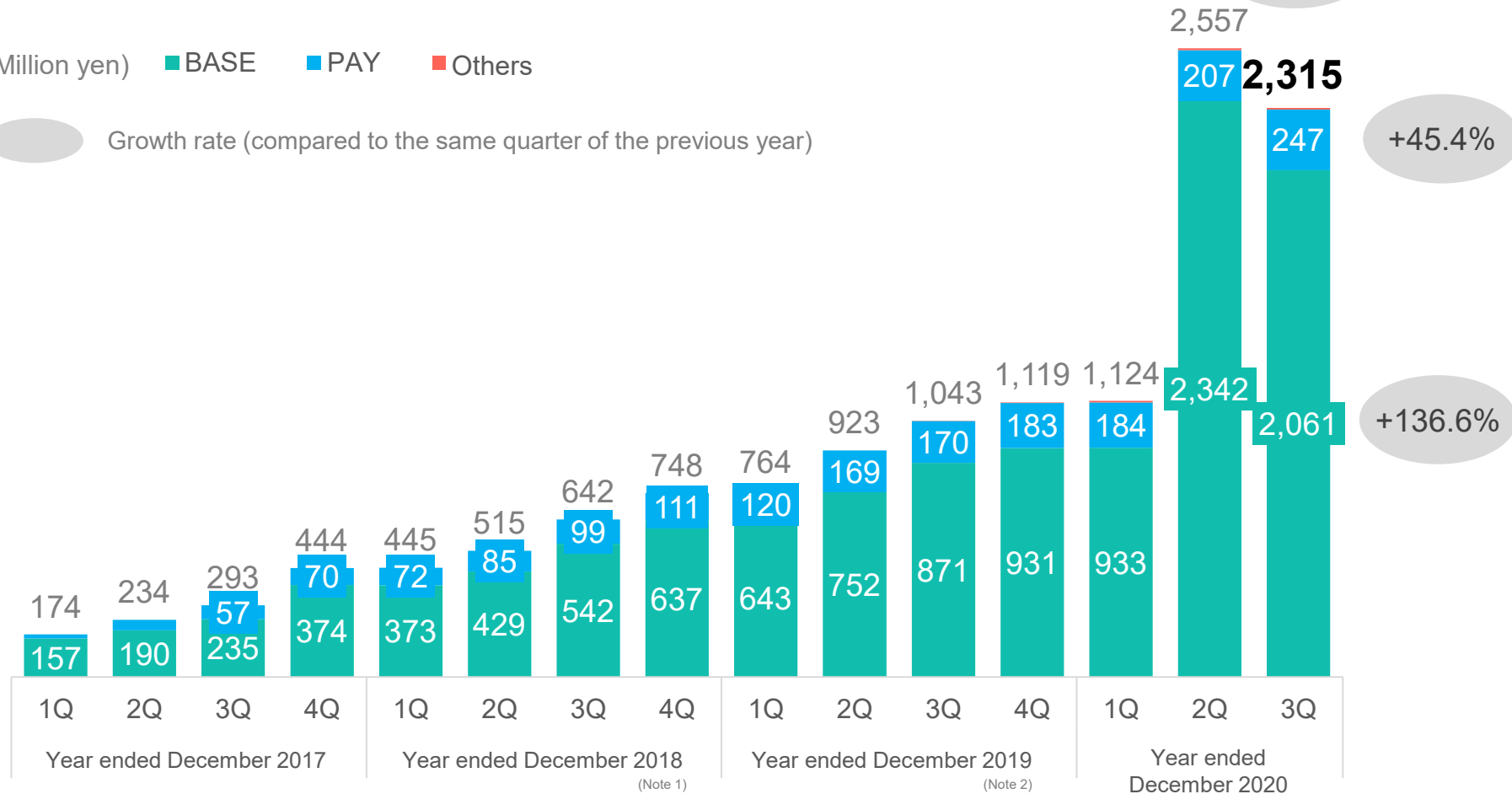
The BASE business increased by **136.6%** YoY and the PAY business increased by **45.4%** YoY.

Consolidated net sales significantly rose to **2,315 million yen (+121.9% YoY)**.

Decreased due to decrease in GMV of BASE business compared to the previous quarter.

(Million yen) ■ BASE ■ PAY ■ Others

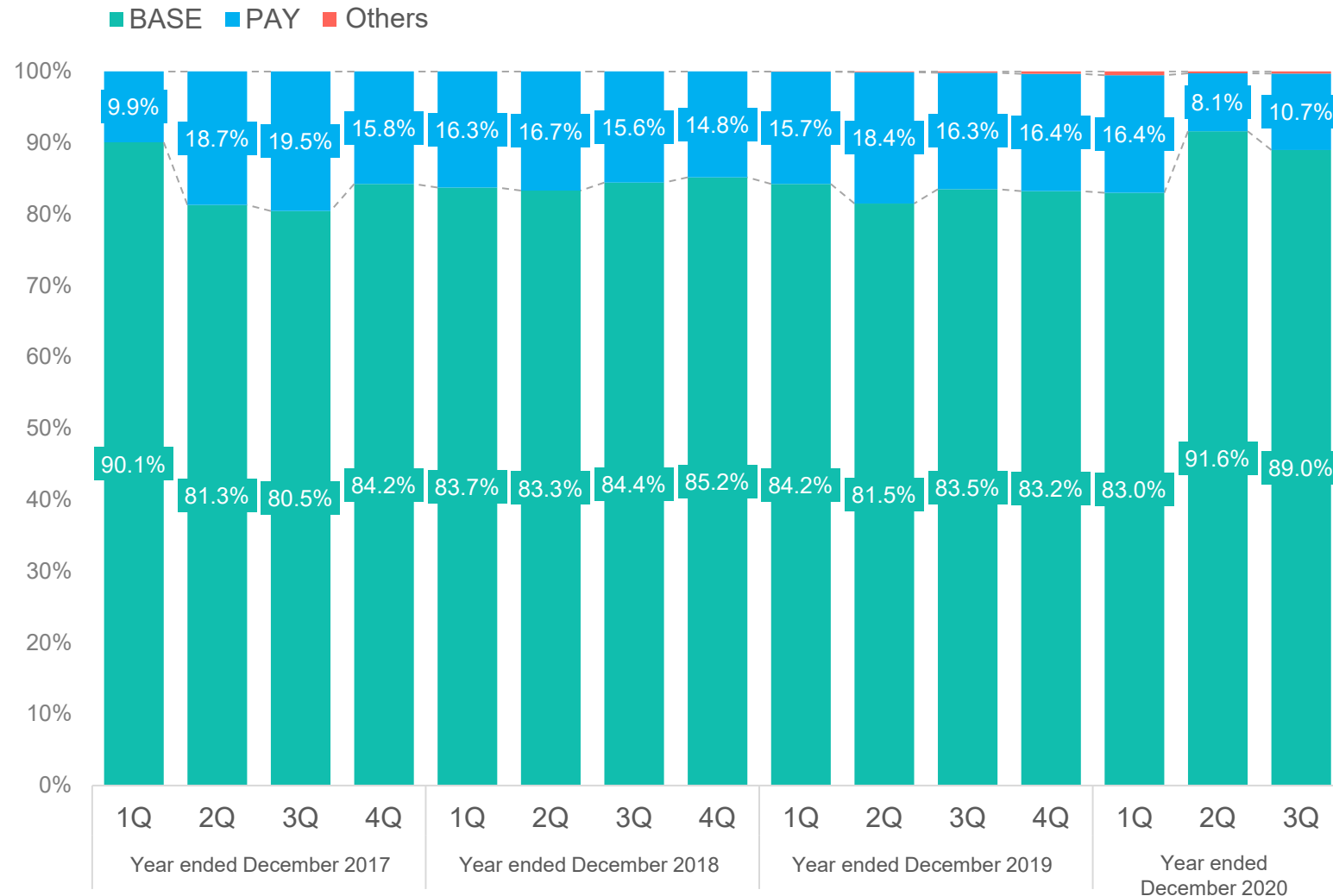
○ Growth rate (compared to the same quarter of the previous year)



(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.

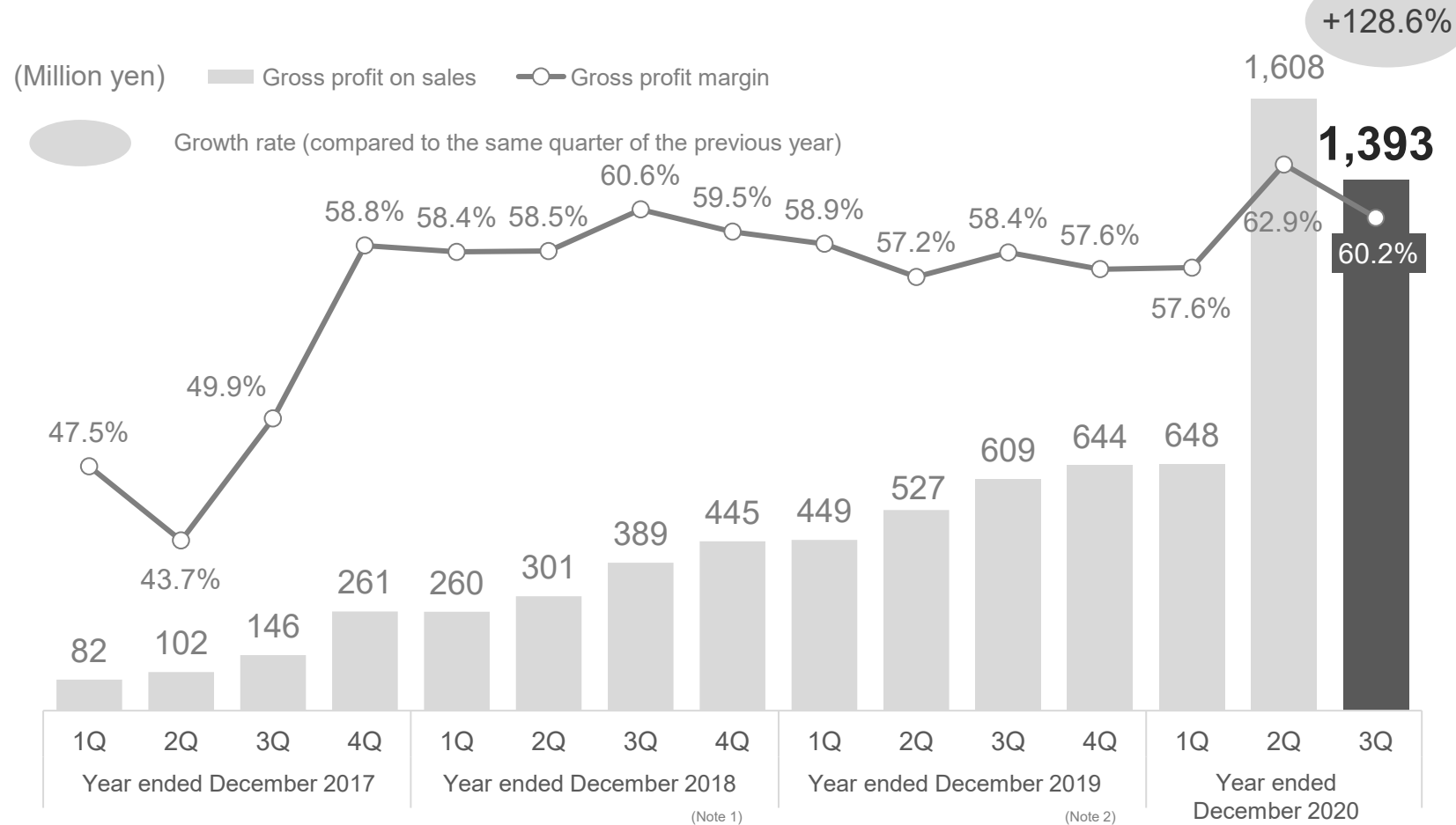
(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018, and the consolidating subsidiary was implemented in the fiscal year ended December 2019. Therefore, figures for the fiscal year ended December 2019 are consolidated.

The sales composition ratio of the BASE business declined from the previous quarter due to a sales increase in the PAY business.



Gross profit on sales increased **+128.6%** YoY due to GMV growth in the BASE business.

The gross profit margin declined due to a decline in the sales composition ratio of the BASE business.

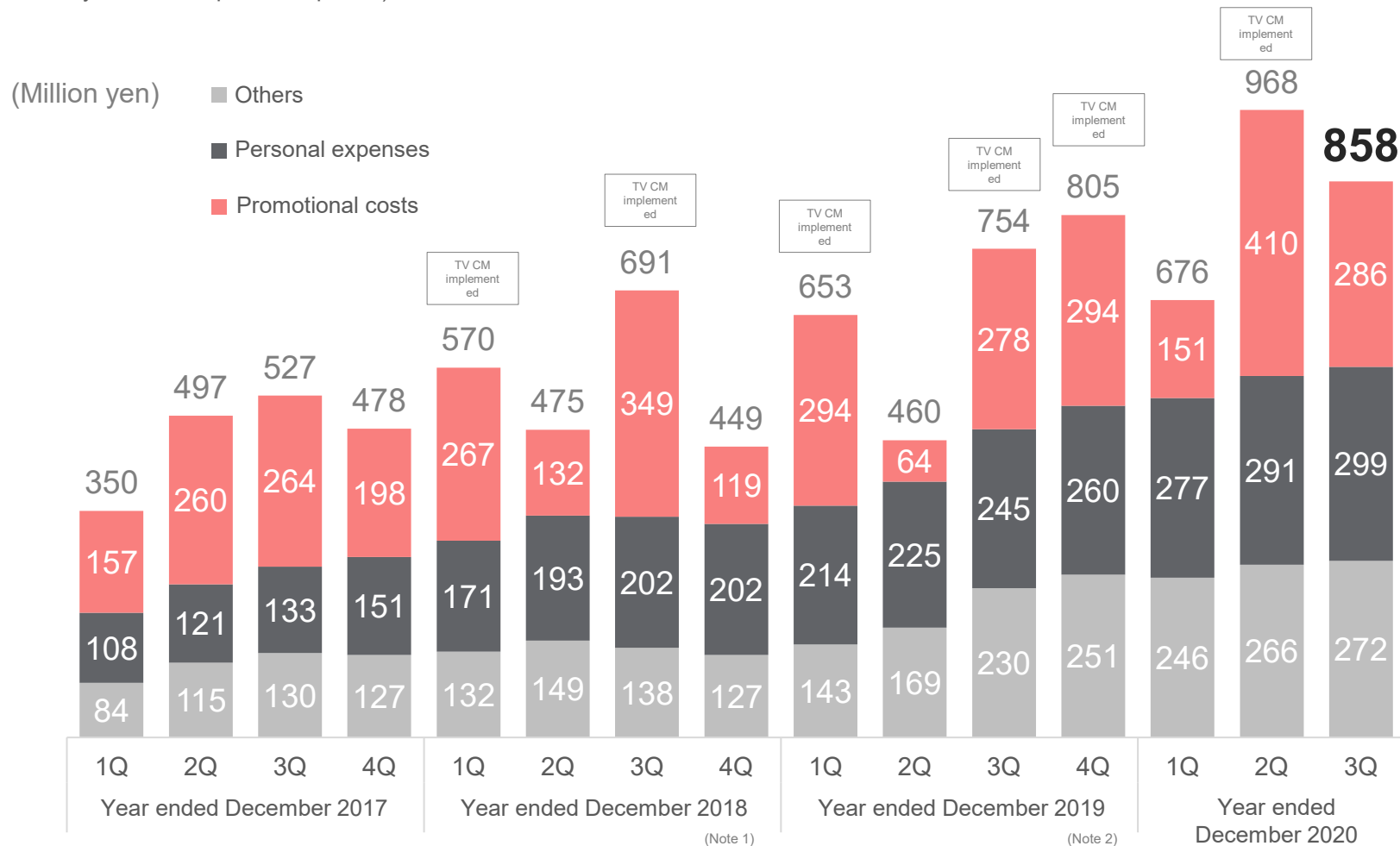


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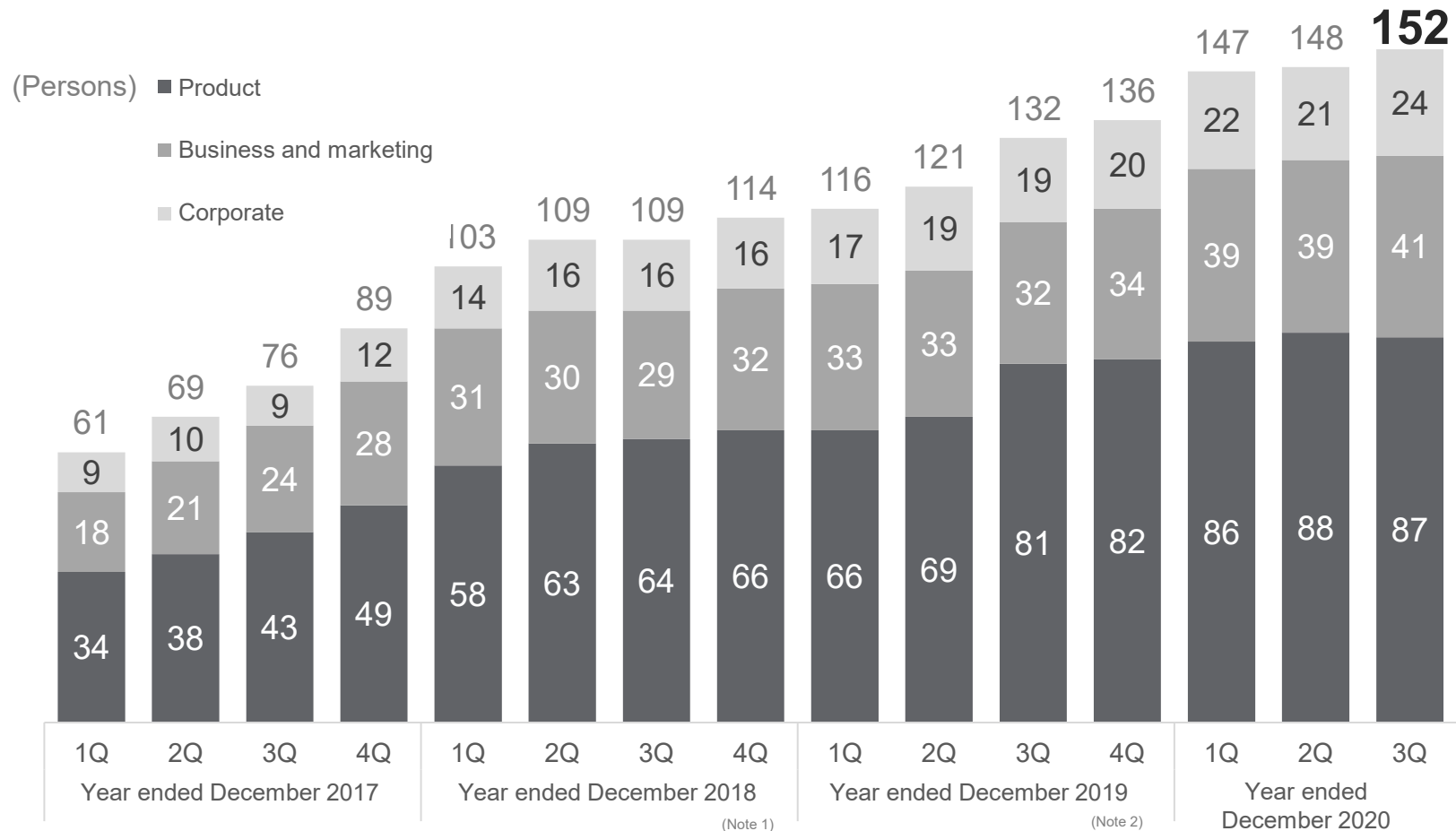
(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018, and the consolidating subsidiary was implemented in the fiscal year ended December 2019. Therefore, figures for the fiscal year ended December 2019 are consolidated.

Trends in Selling and Administrative Expenses

- Due to a decrease in promotion expenses, SG & A expenses decreased 109 million yen from the previous quarter.
- Promotion expenses decreased due to lack of large-scale promotion such as TV commercials (-124 million yen from the previous quarter).
- Personnel expenses increased only slightly in the first half of the fiscal year because recruitment activities were curbed due to the impact of COVID-19 (+8 million yen from the previous quarter).



+20 persons compared to the same quarter of the previous year, and **+4** persons compared to the previous quarter
The number of persons increased only slightly in the first half due to curbing recruitment activities, but the activities are strengthened in the second half.



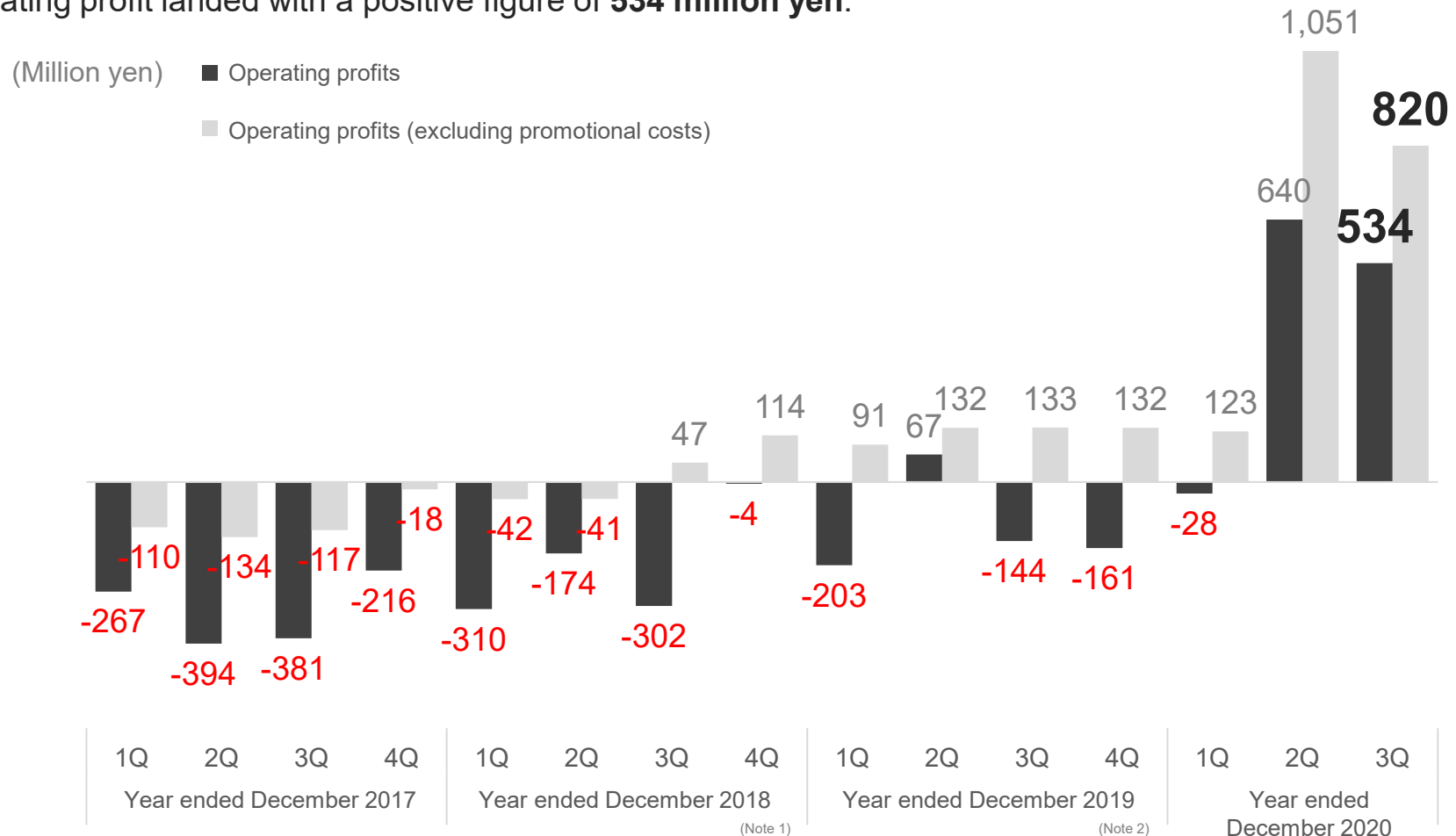
(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(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.

(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.

Compared with the previous quarter, although SG & A expenses decreased due to a decrease in promotion expenses, operating profit decreased due to the decrease in gross profit on sales owing to the stabilized COVID-19 related consumption in the BASE business.

Operating profit landed with a positive figure of **534 million yen**.



(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 September 2020, cash and deposits totaled 10,849 million yen, an increase of 3,653 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	14,634	10,064	+45.4%
(of which, cash and deposits)	10,849	7,195	+50.8%
(of which, trade accounts receivable) *1	3,693	2,804	+31.7%
Non-current assets	391	393	-0.5%
Total assets	15,026	10,458	+43.7%
Current liabilities	10,852	7,244	+49.8%
(of which, trade accounts payable) *2	7,911	3,918	+101.9%
(of which, operating deposits) *3	1,915	3,002	-36.2%
Non-current liabilities	64	56	13.9%
Total liabilities	10,916	7,300	+49.5%
Capital Stock *4	2,277	2,275	+0.1%
Capital surplus *4,5	1,087	2,216	-50.9%
Retained earnings *5	745	-1,334	-
Total net assets	4,110	3,158	+30.1%

*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: As a result of the issuance of new shares by overseas offering disclosed on September 24, 2020, share capital and legal capital surplus both increased by 6,226 million yen as of October 9, 2020.

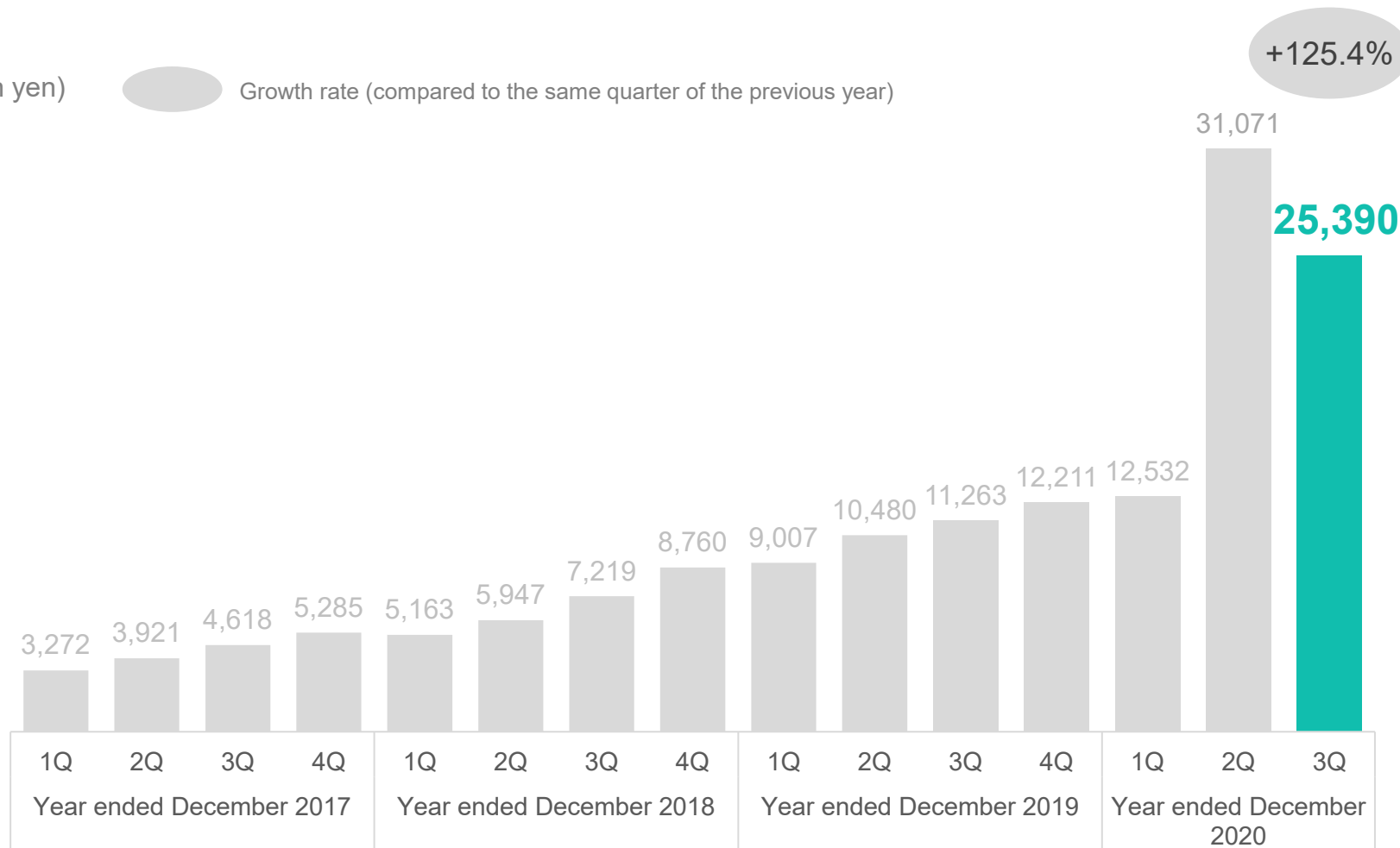
*5: Based on a resolution of the Board of Directors of BASE, Inc., effective as of February 20, 2020, those amounts are changed owing to compensation for accumulated loss carried forward through a reduction of 1,130 million yen in capital surplus whose prior balance was 2,216 million yen.

GMV increased significantly **125.4%** YoY and was **25.3 billion yen** in the quarter.

Compared to the previous quarter, GMV decreased because nesting consumption and supportive consumption, which had increased sharply, calmed down.

(million yen)

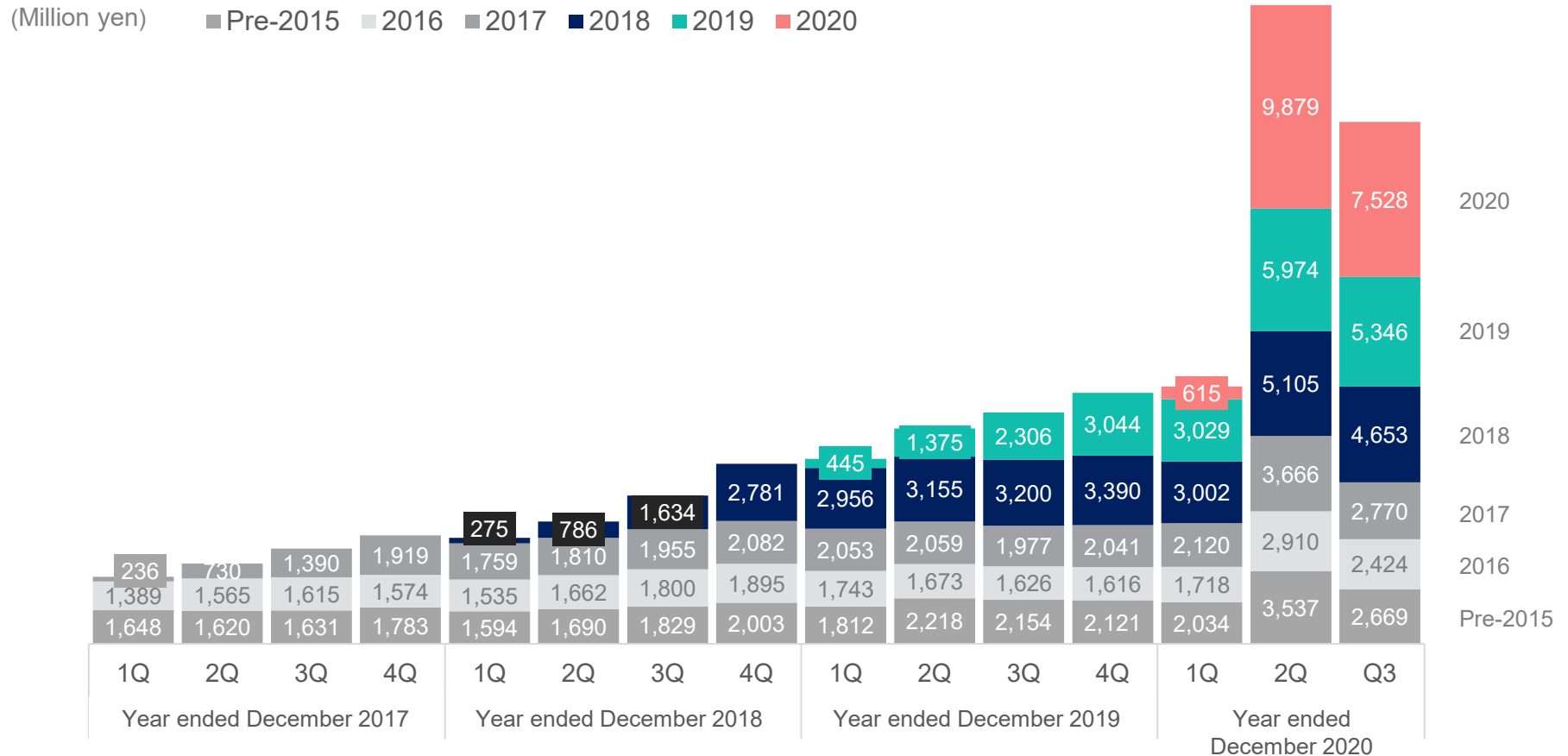
Growth rate (compared to the same quarter of the previous year)



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

Significant increase in GMV compared to the same quarter of the previous year in all years of operation
On the other hand, there was a decrease from the previous quarter when the effects of COVID-19 were significant.

GMV trend (by year of establishment)



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

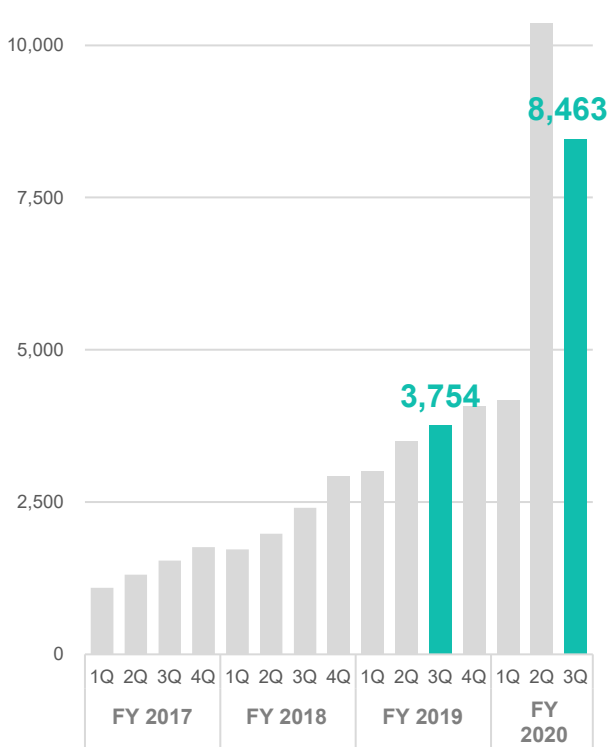
Monthly GMV increased by **125.4%** YoY.

The number of active shops per month increased by **81.1%** YoY, and also monthly average GMV per shop increased by **24.0%** YoY, showing significant increase.

COVID-19 related consumption, on the other hand, declined, with monthly average GMV per shop down **19.6%** from the previous quarter.

Monthly GMV (Notes 1, 2)

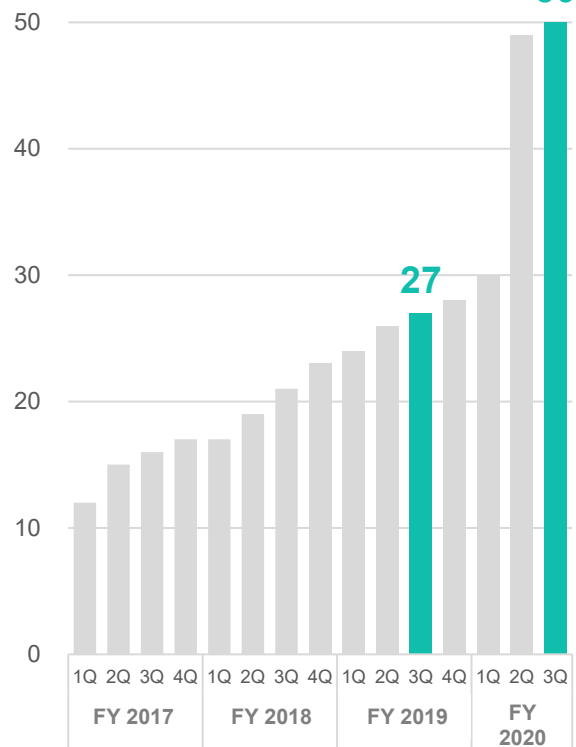
(million yen)



Number of active stores per month

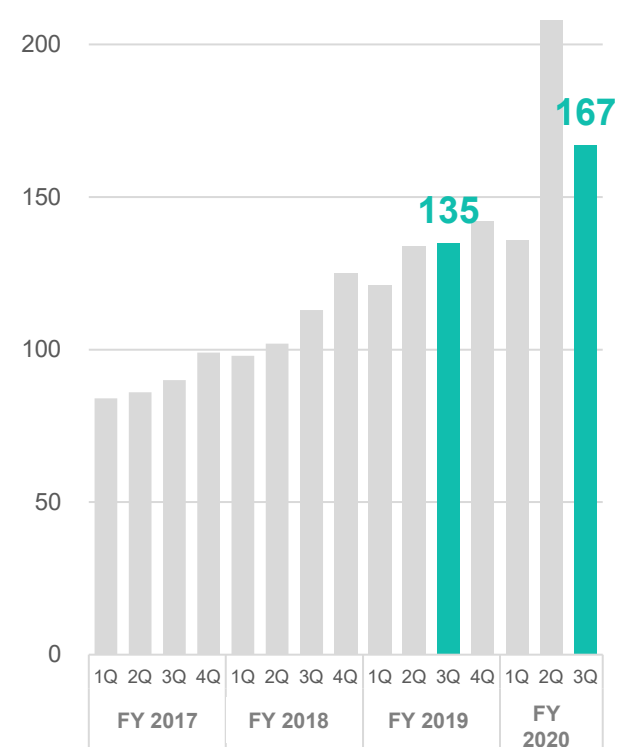
(Note 2)

(Thousand shops)



Monthly average GMV per shop

(Thousand yen)

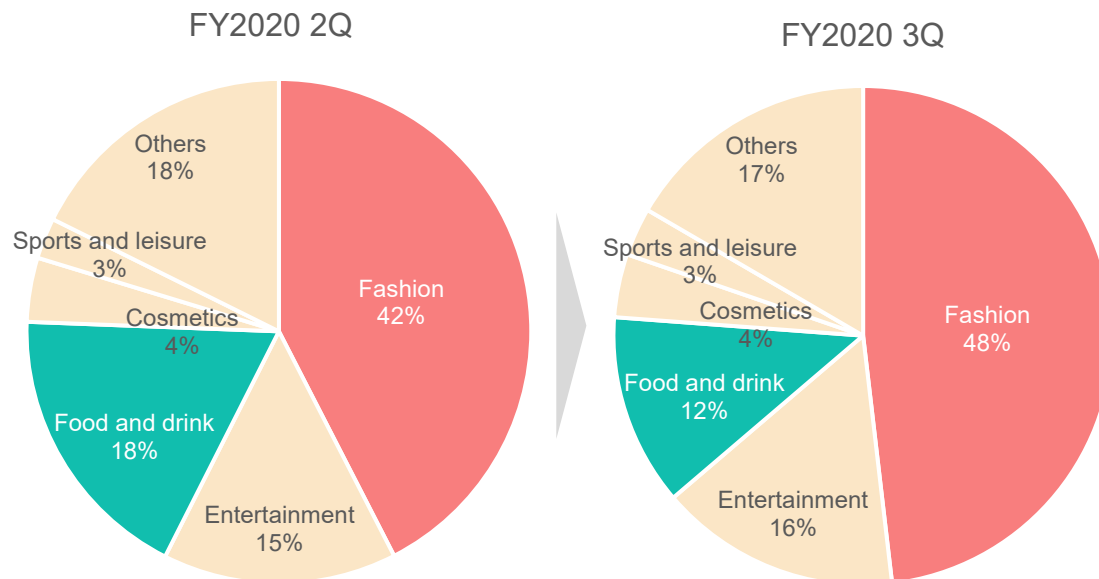


(Note 1) BASE's GMV is based on the order date (order amount).

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

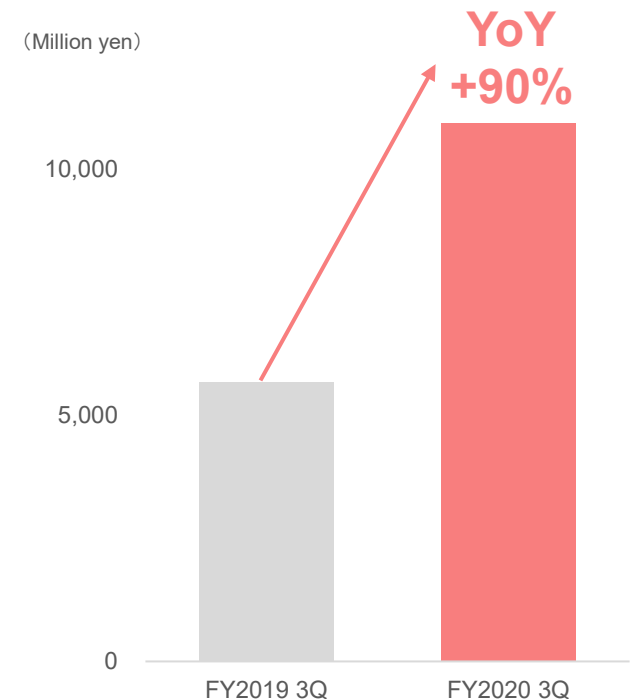
- Nesting consumption, support consumption, and sales of hygiene products decreased significantly
- The composition ratio of the food and beverage category, which surged in 2Q, decreased from the previous quarter, but the GMV of this category increased significantly by **490%** from the same quarter of the previous year.
- Sales of hygiene products (masks, alcohol disinfection, etc.) shrank to 8% of GMV, a significant decrease of 41% from the previous quarter.
- GMV growth rate excluding hygiene products increased significantly by 107% YoY.
- GMV in the fashion category increased significantly by **90%** YoY.

Change in GMV composition ratio by category



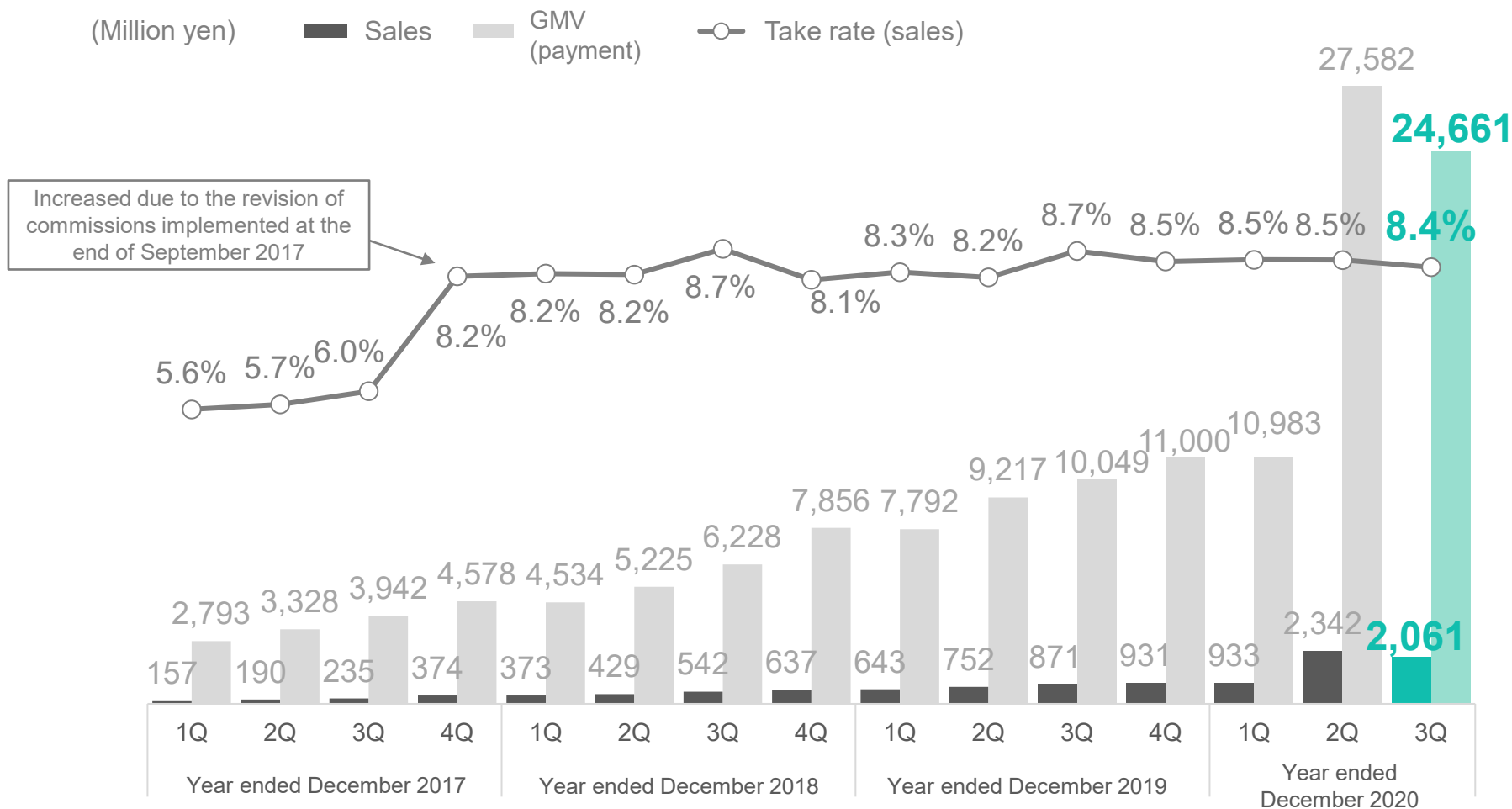
Note :
 Category ratio between Sports and leisure and Others was incorrectly reported in the Q2 financial results material.
 Sports and leisure : [Original] 2019 2Q 14%, 2020 2Q 15% [Corrected] 2019 2Q 3%, 2020 2Q 3%
 Others : [Original] 2019 2Q 7%, 2020 2Q 5% [Corrected] 2019 2Q 18%, 2020 2Q 18%

Fashion category's GMV



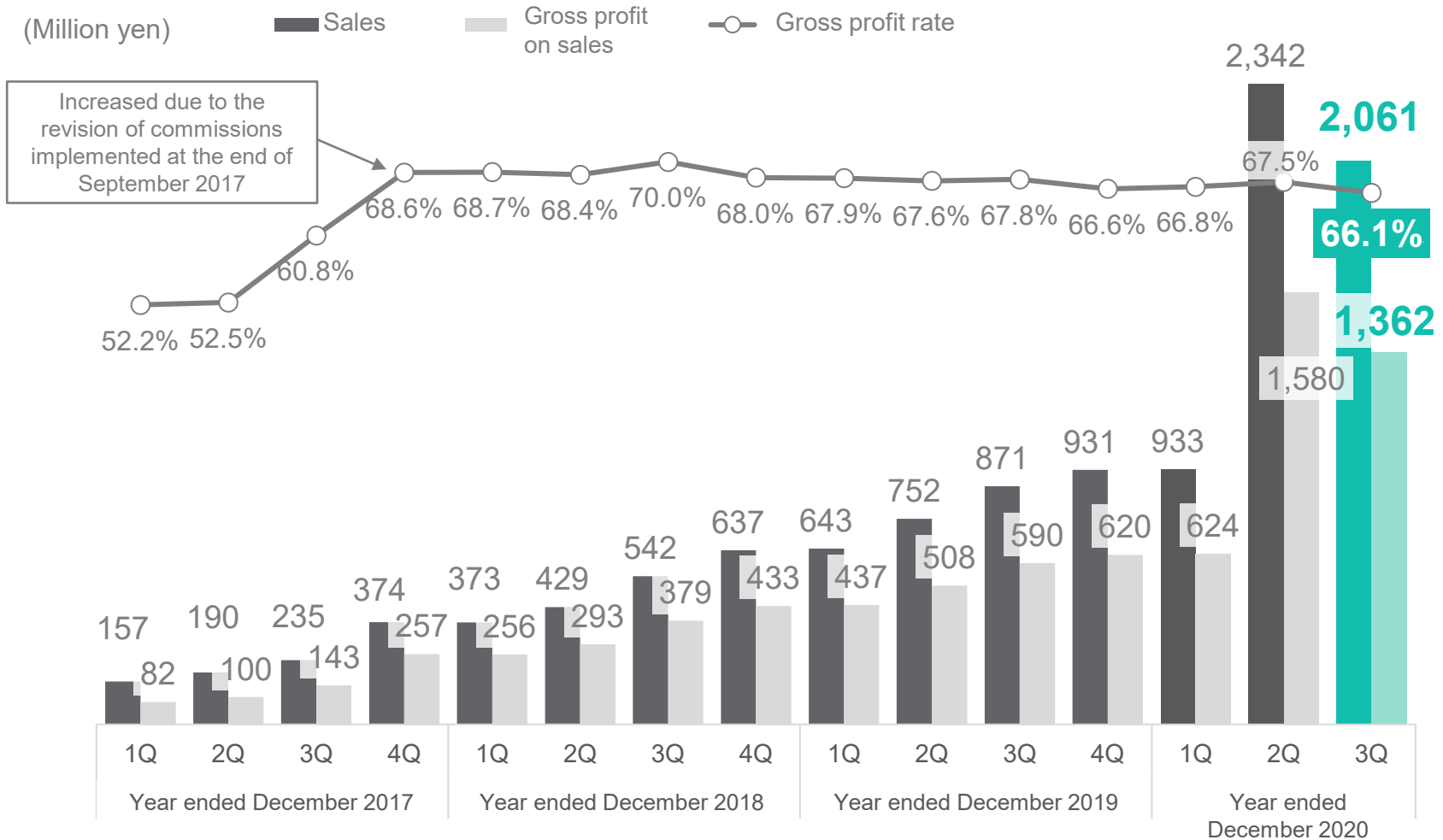
GMV (settlement amount) ^(note) was **24,661 million yen** (+145.4% YoY)

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 increased by **136.6%** YoY and gross profit on sales increased by **130.8%** YoY.
Gross profit margin down slightly from the previous quarter



The cumulative number of shops opened reached **1.2 million** in September 2020

The number of new shops opened in the 3rd quarter of 2020 remained at a high level of up **107% YoY**.

BASE Trends in the total number of shops established with BASE

As of the September 2020

More than **1,200,000** shops!

For three years in a row, No.1 track record in opening online retail shops in Japan (Note)



(Note) The online shop opening track record is taken from a survey by Macromill, Inc. (February 2020)

We have started offering a merchandise option function, a community function, and an invoice data download function.

Progress in the development of a wide range of functions to support the growth of repeated use of shops.

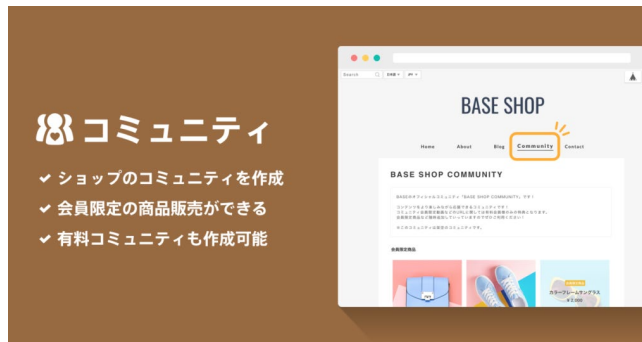
Merchandise option function

It can be used for a wide range of merchandise that have a combination of material, size, color, etc., and can easily create customized merchandise options.



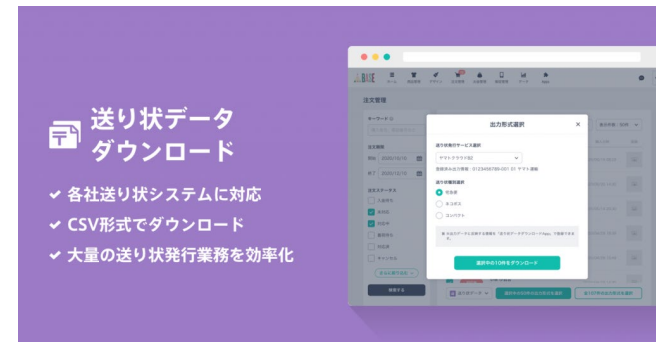
Community function

By using this function, shop owners can create a membership community through the online shop created by BASE and recruit members



Invoice data download function

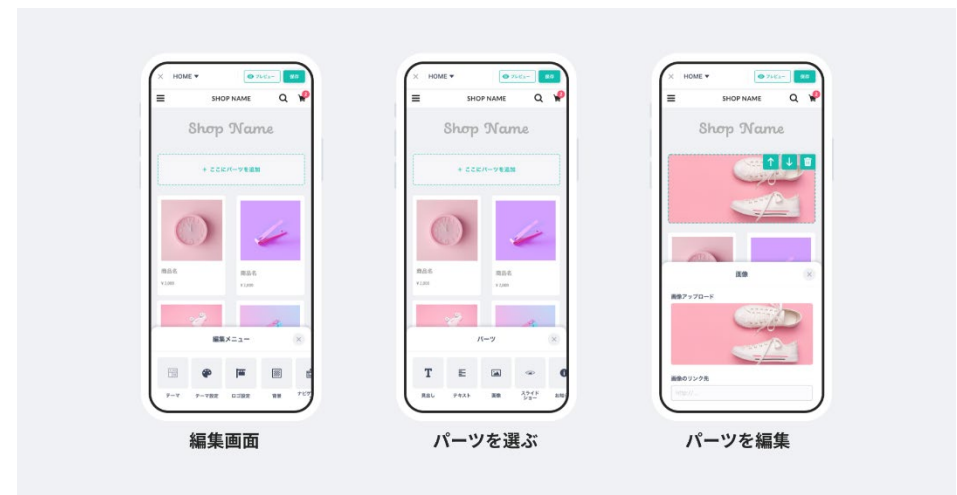
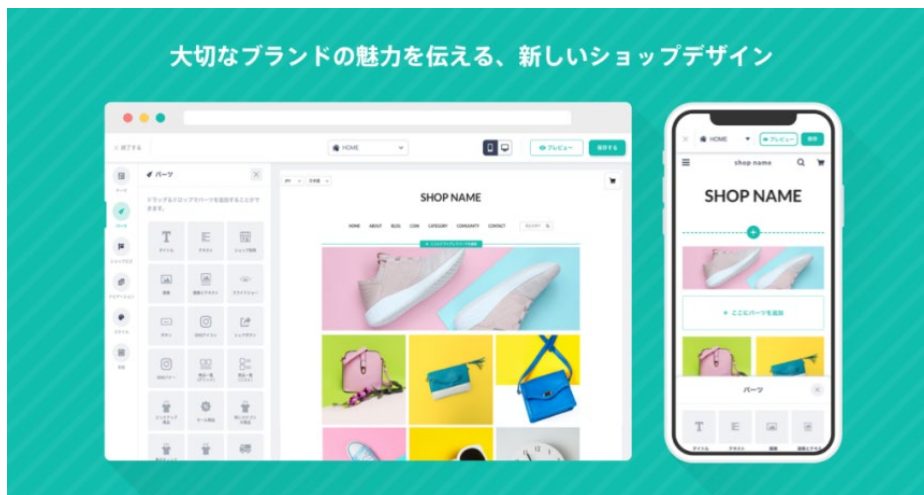
It makes it possible to download data suitable for inclusion in invoice issuing systems provided by each delivery company.



Major renewal of "shop design function"

Choose parts to freely customize the design of your online shop

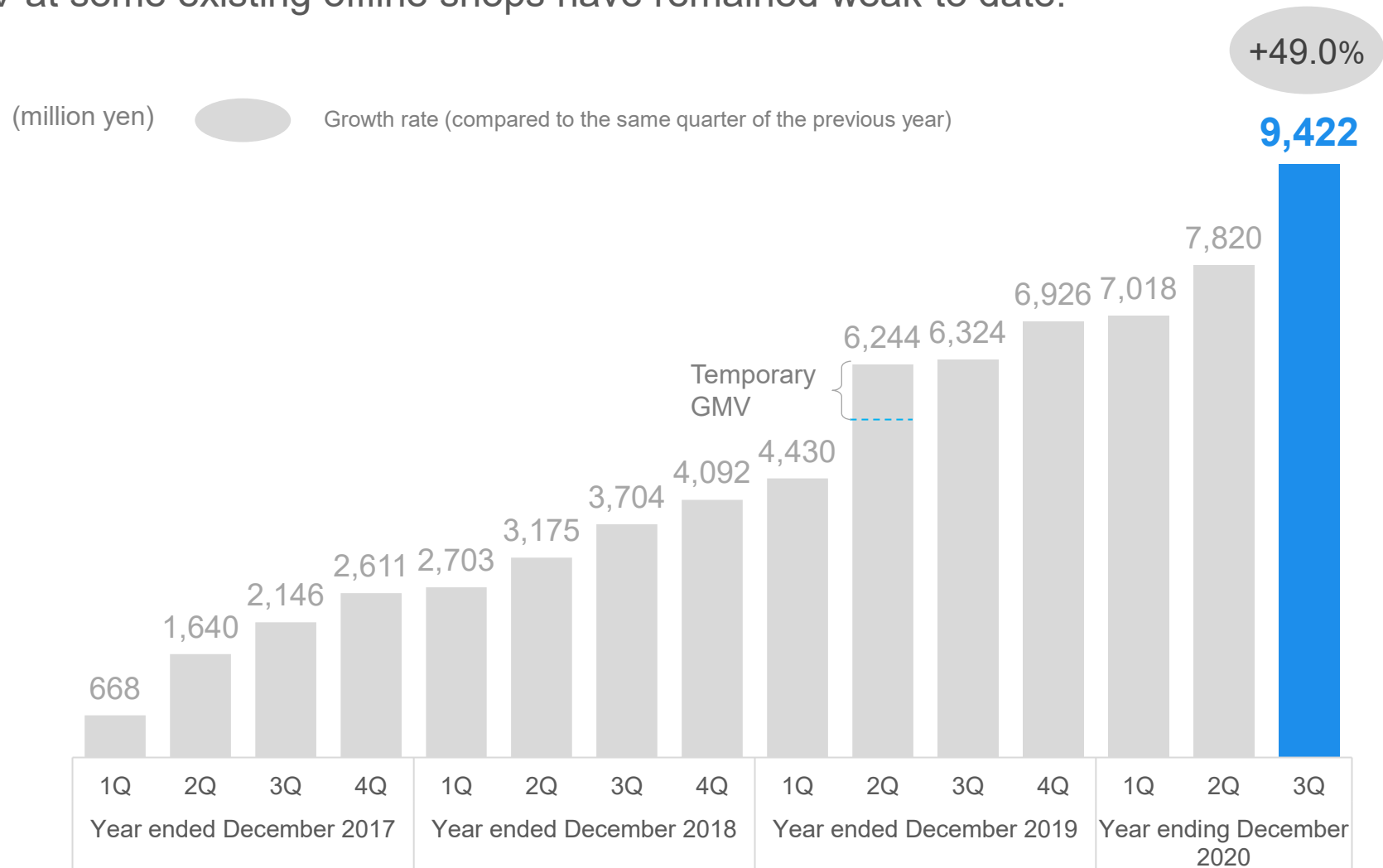
Online shops can be intuitively edited with no code



- In addition to providing 17 new official themes that can be used for free, the company has also made it possible to easily set up more than 20 different items in the desired location, including the addition of slideshows that previously could not be edited, and merchandise pick-up displays.
- By combining the official themes and items, over 1,000 designs can be created, so shop owners can express the brand's unique world view more than ever through the "shop design function".

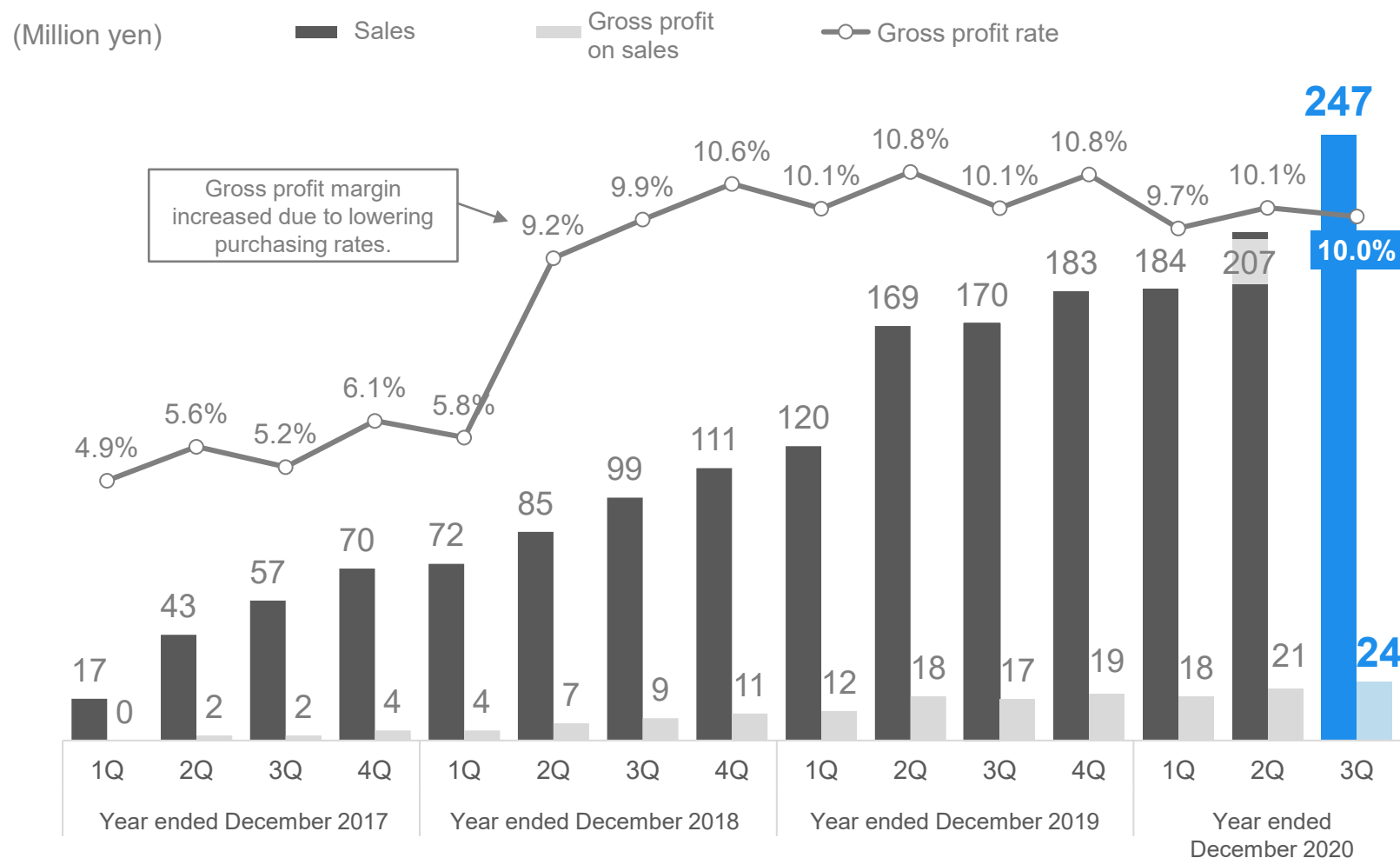
GMV achieved growth of **49.0%** YoY.

GMV at some existing offline shops have remained weak to date.



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

Net sales **increased by 45.4%** YoY and gross profit on sales **increased by 43.1%** YoY.
Gross profit margin unchanged from the previous quarter.



4. Overview of Q4 of the 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

Present situation and forecast for the second half

BASE Business

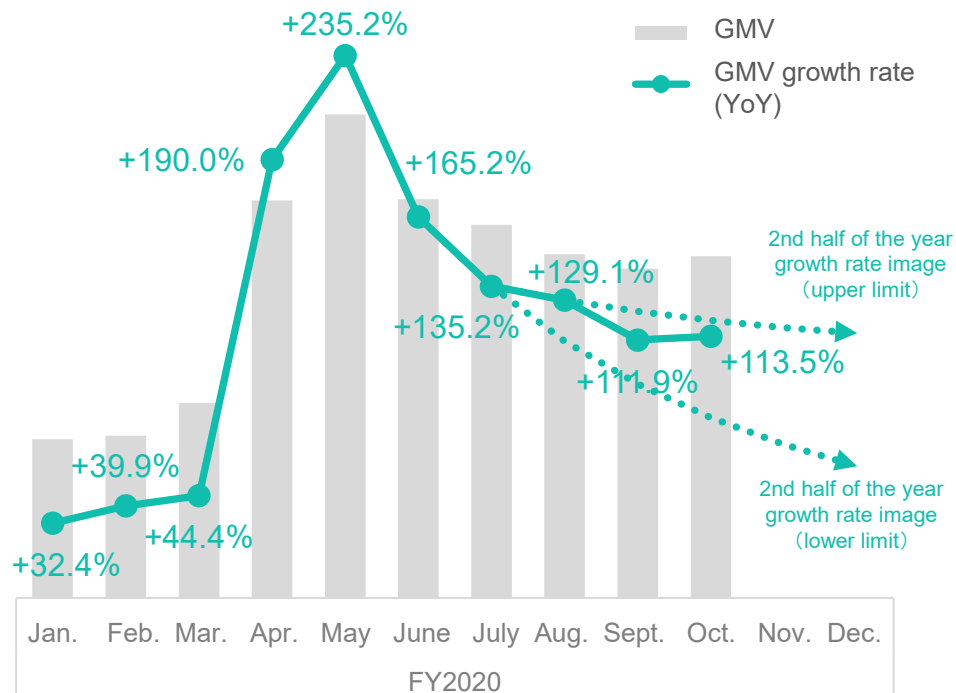
- GMV is performing well within our expectations.

PAY Business

- GMV surged in October by winning a large GoTo Travel deal, but is expected to grow only temporarily.

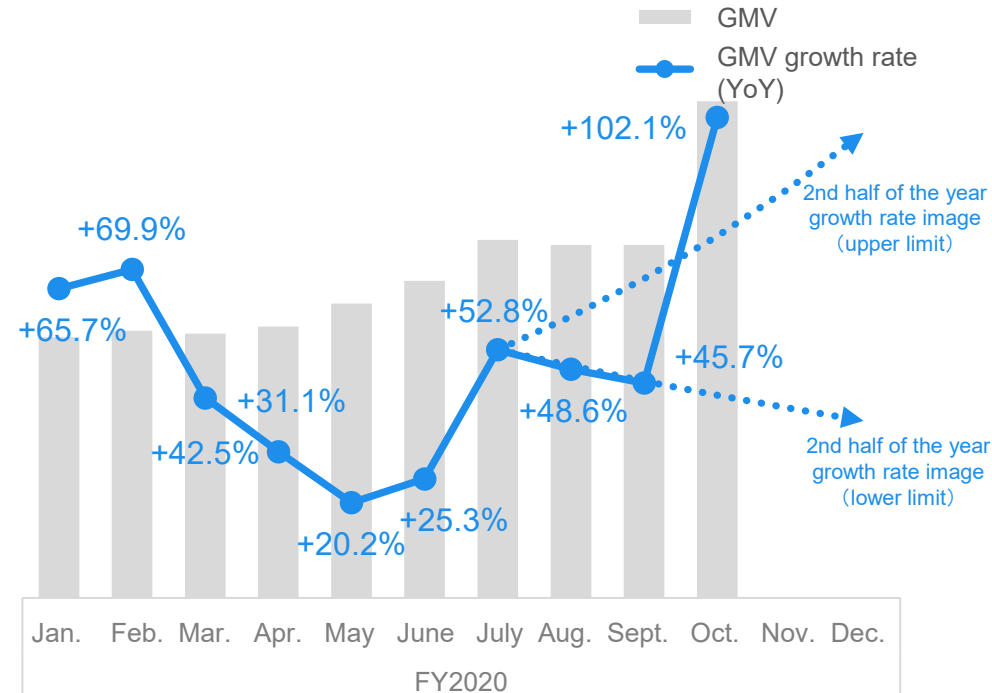
GMV (BASE)

(Note)



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

GMV (PAY)



Financing of approximately **17 billion yen** in total through issuance of new shares and establishment of borrowing facilities.

- Setting the end of August 2020 as the date of conclusion of the agreement, borrowing facilities were established with a total of **4.5 billion yen** from 4 major Japanese banks.
- In October of the same year, **12,453 million yen** was raised by the issuance of new shares through overseas offering.

Issuance of new shares implemented in October 2020.

Purpose

- Increase our group's corporate and shareholder value by accelerating business investments
- Improvement of stock liquidity and further expansion of institutional investor base

Use of funds

- Advertising expenses to accelerate the GMV growth of the BASE business
- Personnel and recruiting expenses to strengthen product development capabilities
- Appropriation for increased working capital due to GMV expansion and support for faster cash flow in shops

*Concerning the increase in working capital, it is planned on the assumption to be covered by liabilities, too.

- M&A and Capital and Business Alliances

Procurement method

- Intending to minimize market impact with Accelerated Book Building (ABB) methodology

A new commercial will start airing on November 12 with the aim of becoming a partner in the economic activities of even more people.



ネットでお店を開くなら

 **BASE** 

ネットショップ開設実績 No.1

- **Broadcast areas:** Nationwide (excluding some areas)
- **Casts**
 - “Mishearing (with Dave Spector)” : Shingo Katori, Dave Spector, Eita Okuno, Rie Matsuoka, and others
 - “Mishearing (with Matt)” : Shingo Katori, Matt, Naoko Kouda

Capital and Business Alliance with CAMPFIRE, Inc.

BASE forms capital and business alliance with CAMPFIRE, operating the largest crowdfunding body in Japan.

About CAMPFIRE, Inc.

Company Name: CAMPFIRE, Inc.

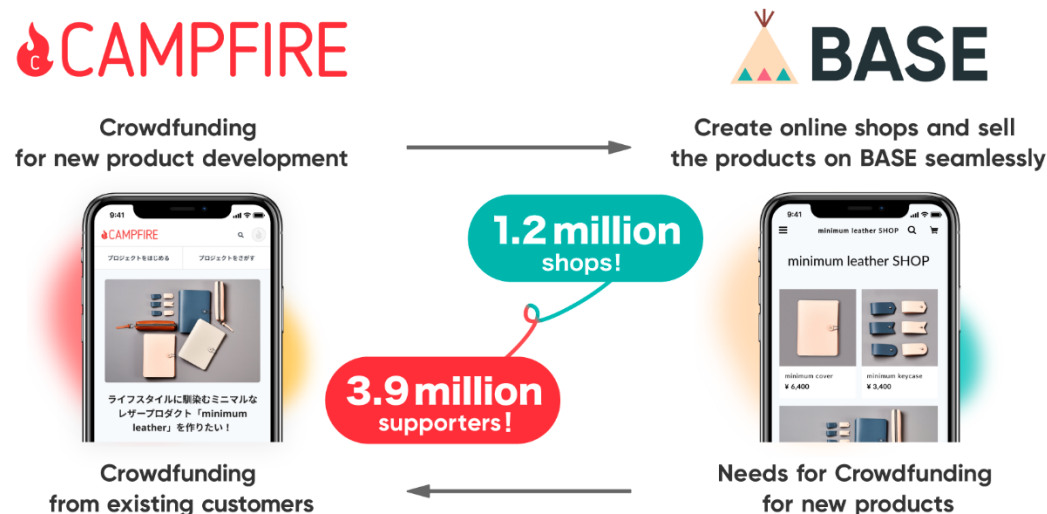
Address: Shibuya-ku, Tokyo

Representative Director: Kazuma Ieiri

Business: "CAMPFIRE" is the largest crowdfunding body in Japan, allowing anyone to try to raise funds easily for free.

About the Capital and Business Alliance

We will develop systems and functions which enable project owners of "CAMPFIRE" and shops of "BASE" to use both the services interactively and seamlessly. We will provide "Crowdfunding App (provisional name)" for "BASE" shops during the first half of 2021.



The Investment in MOSH, Inc. and Instamojo Inc.

BASE invests in companies which empower individuals and small and medium businesses.

MOSH



Company Name : MOSH, Inc.

Address : Meguro-ku, Tokyo

Representative Director : Kazuya Yabu

Business :

MOSH operates “MOSH,” a platform for individuals and small teams to sell services online.

Instamojo



Company Name : Instamojo Inc.

Address : Bangalore, Karnataka, India

Co-founder & CEO : Sampad Swain

Business :

Instamojo provides an online shop-creation service including payments and financing functions in India.

Earnings Forecast for Fiscal Year Ending December 2020

Q3 remained strong within the range of earnings forecasts

Accelerate GMV growth by implementing large-scale promotions such as TVCM in Q4

(Million yen)	Forecast for FY2020	FY2019 results	YoY	FY 2020 (Jan. - Sep.)	Progress rate (note)
Sales	7,520 ~8,100	3,849	+95.3% ~+110.4%	5,996	79.7%
Gross profit on sales	4,500 ~4,830	2,231	+101.7% ~+116.5%	3,649	81.1%
Selling, general and administrative expenses	4,000 ~4,830	2,672	+49.7% ~+80.7%	2,502	62.6%
Operating profit	0 ~500	-441	-	1,146	-
Ordinary profit	0 ~500	-455	-	1,148	-
Net income attributable to shareholders of the parent company	-55 ~394	-459	-	949	-

5. 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)	152, 87 of whom are product engineering personnel (as of the end of September, 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

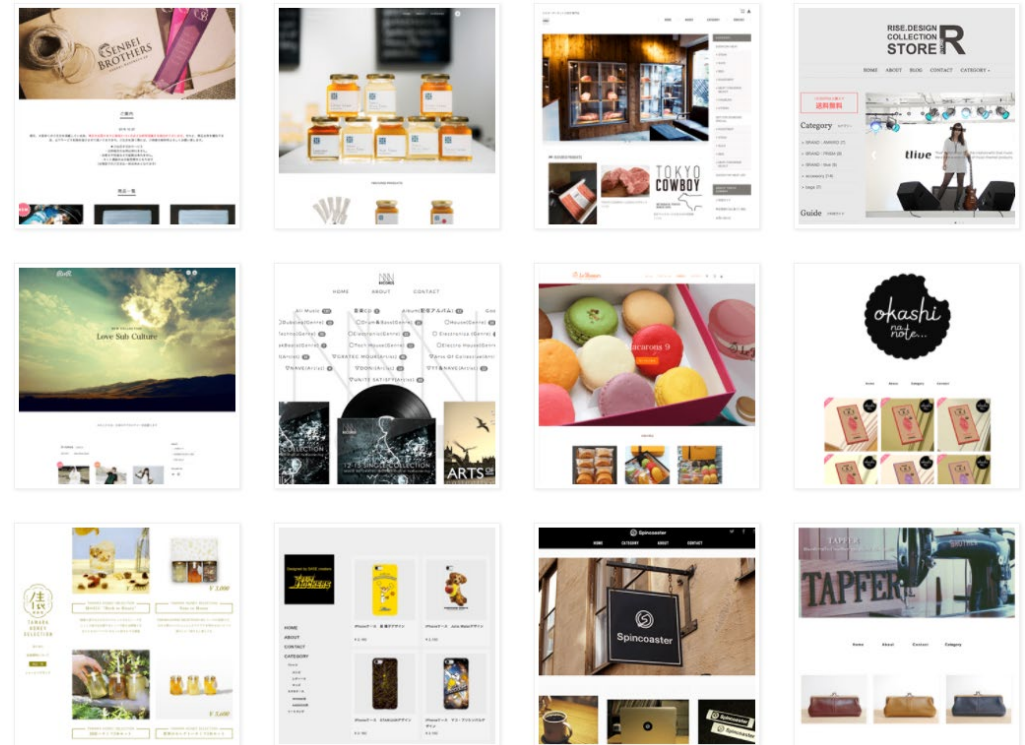
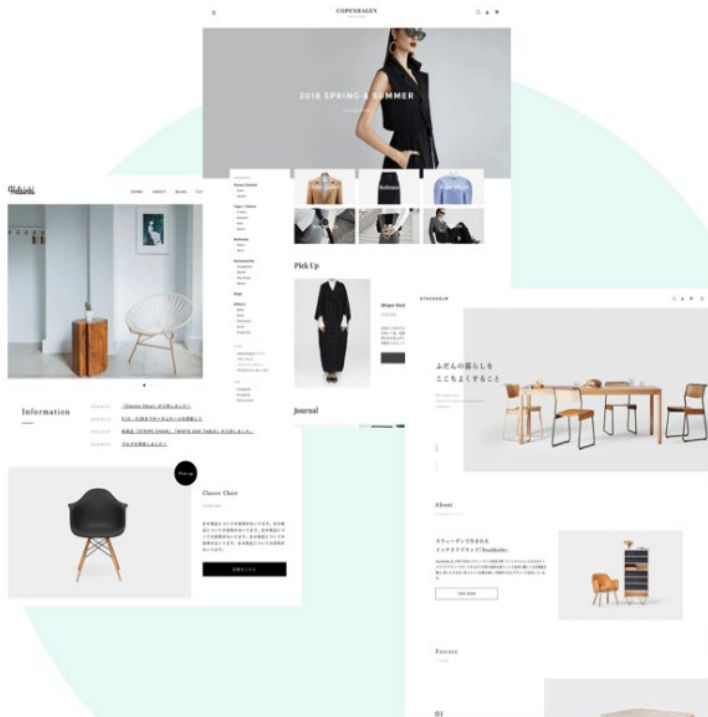


Deferred payment



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

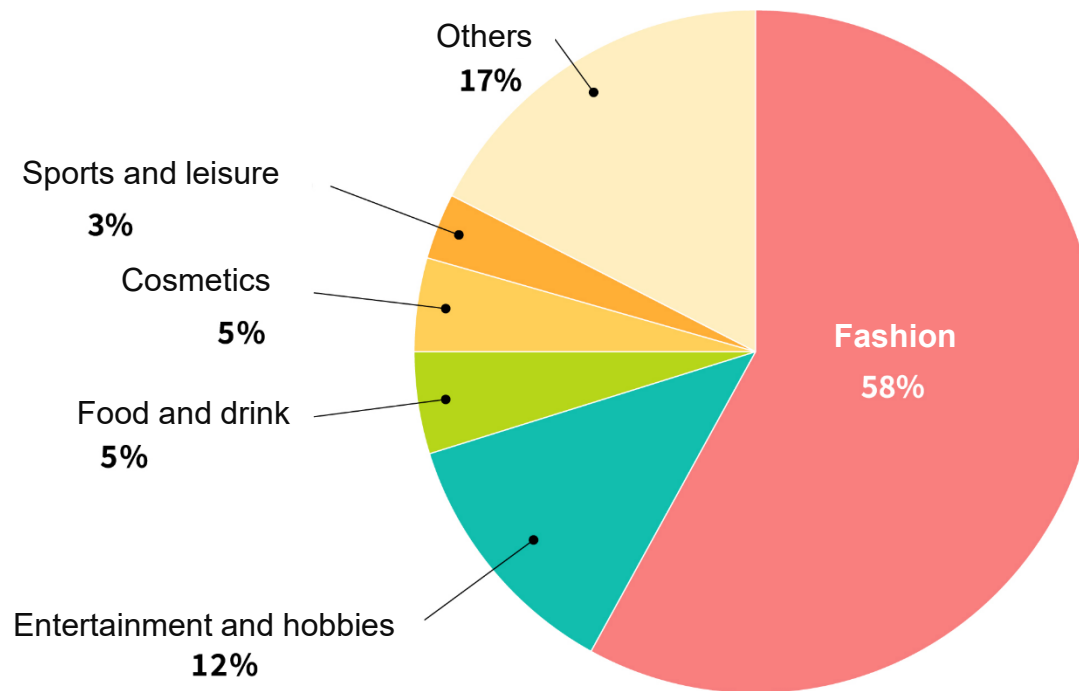
A wide range of templates are provided free of charge. Shops of all kinds of genres have opened online shops using BASE.



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.

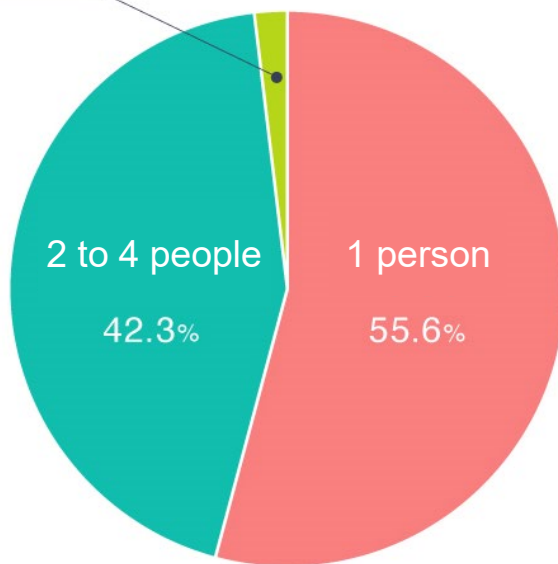


The fact that BASE's main users are individuals and SMBs, is a major differentiator from similar services. More than half of the shop owners are run by one person.

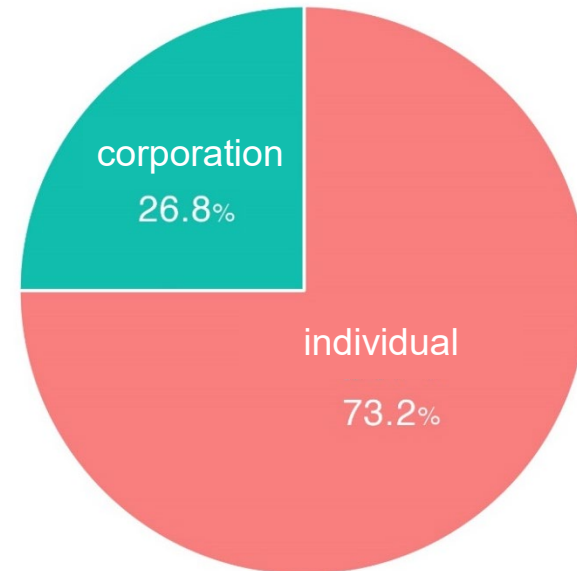
Q:How many people do you run your shop with?

More than 5 people

2.1%



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

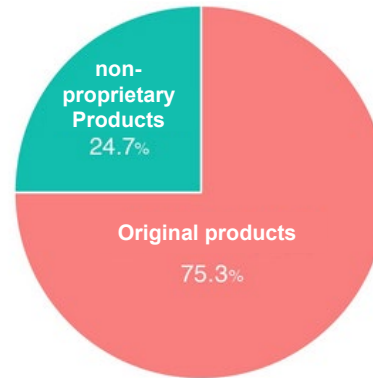


Most BASE shop owners are SMBs who develop their business mainly through online shops, use SNSs to attract customers, and sell original products.

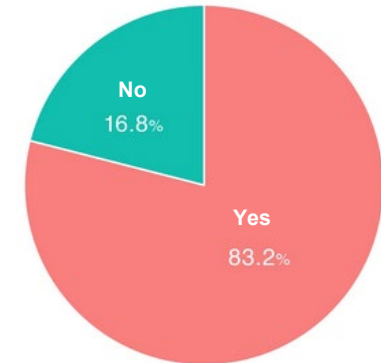
Brick-and mortar stores



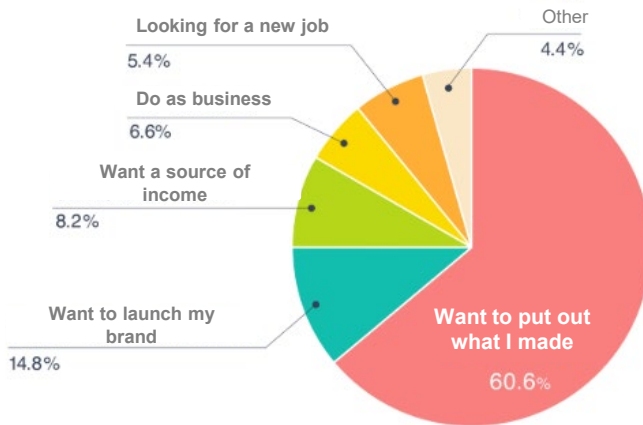
Distinction between original and non-proprietary products for sale



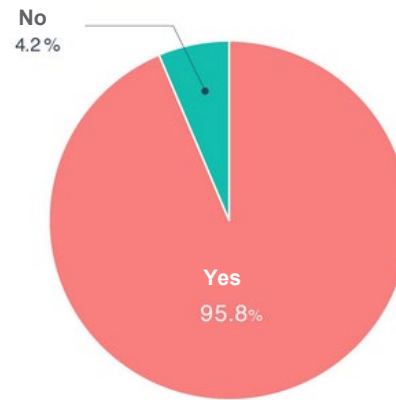
Brand recognition of own online shop



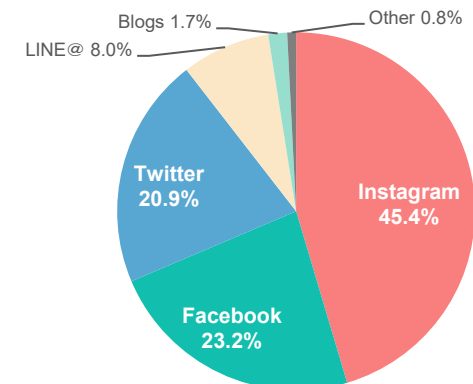
Most relevant reason to launch own brand



Use of SNSs for winning new customers



SNS marketing channels

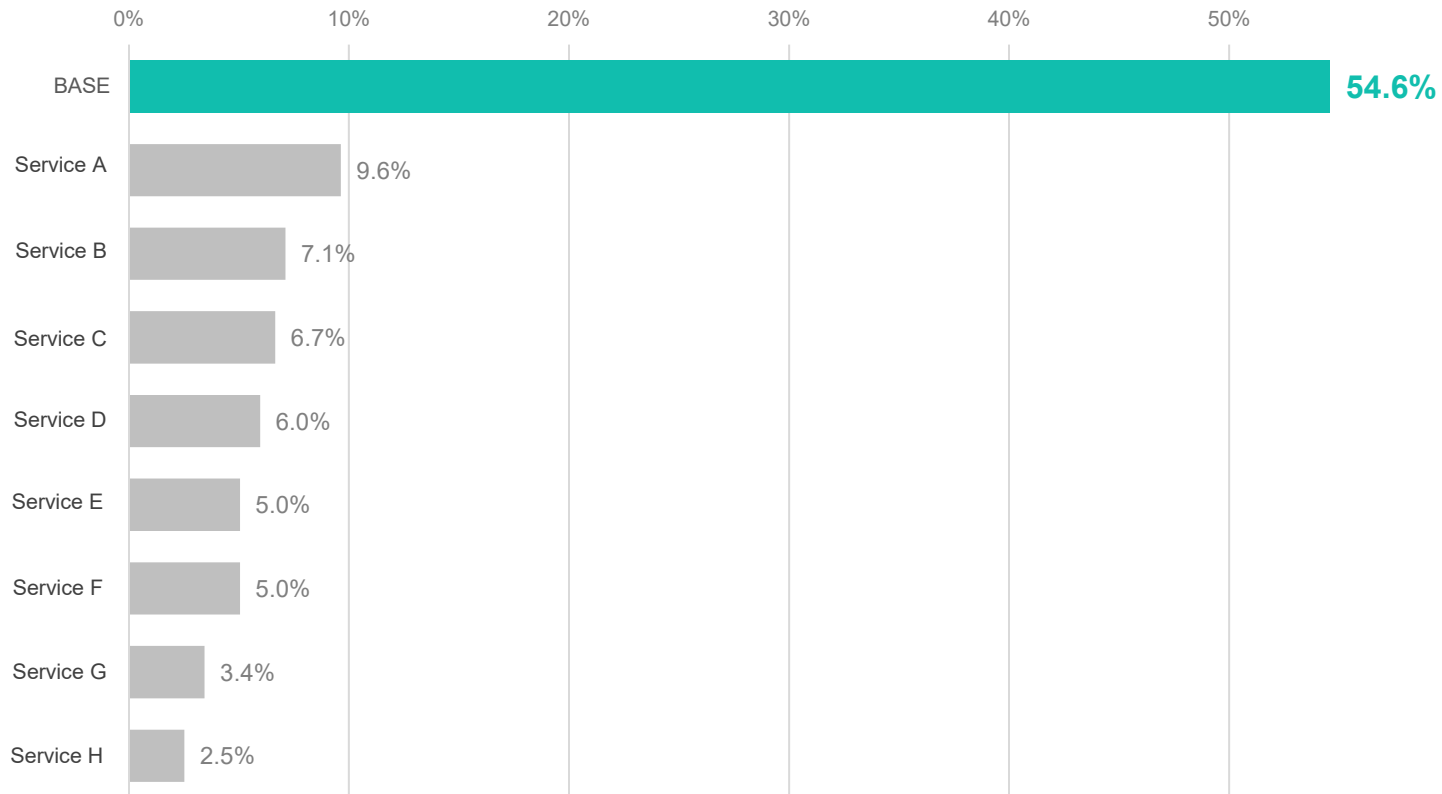


Incurring cost from the initial stage when products don't sell is a risk for SMBs.

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.

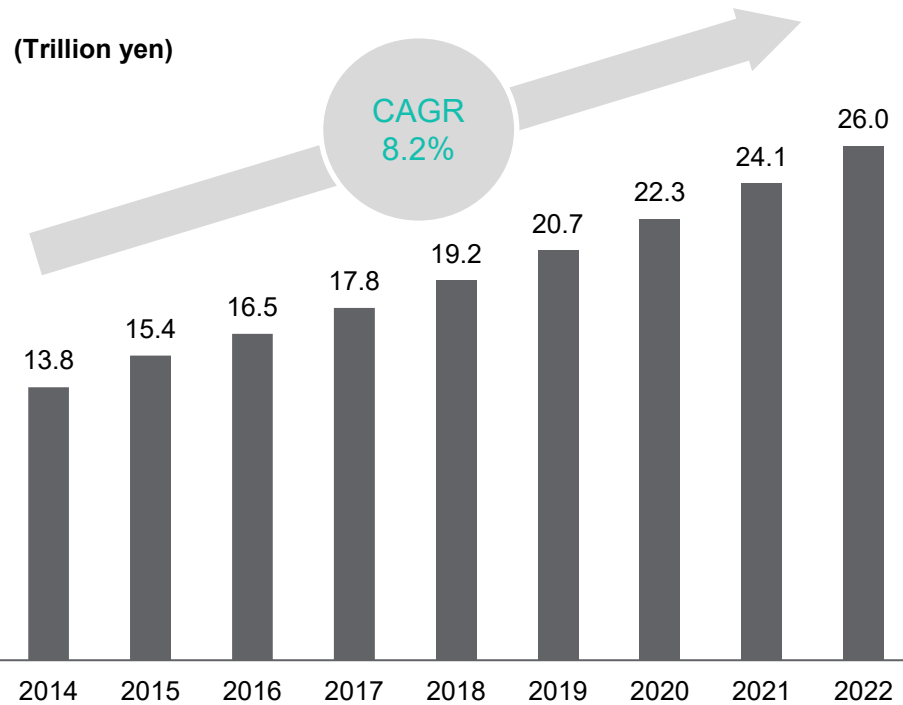
Survey on actual use of our cart-style online retail shop creation service(February 2020)

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

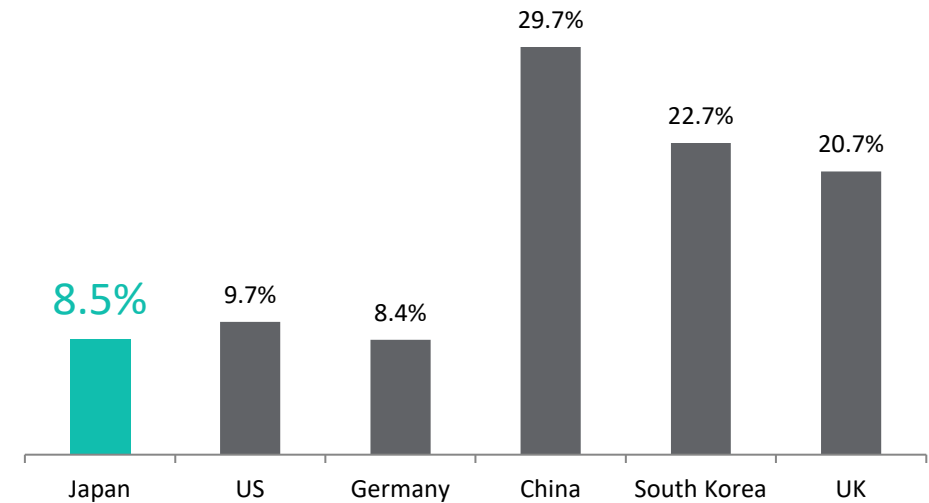


Although the domestic BtoC-EC market is growing steadily, the rate of EC penetration in the domestic retail market is still low.

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



EC penetration by country



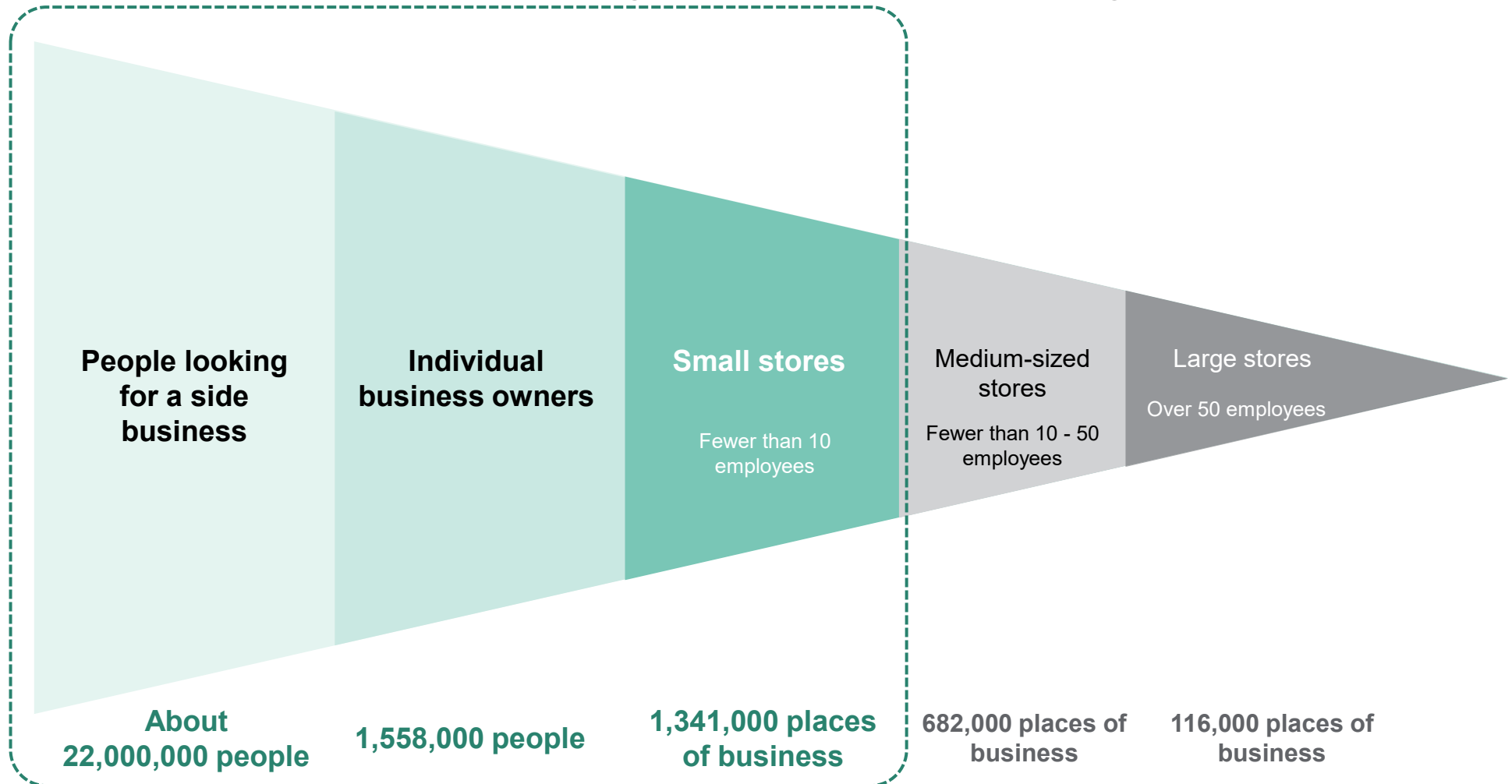
Source: Outlook for ICT and Media Market Scale and Trends through 2022: The Road to Becoming a Truly Advanced ICT Country Runs through Mastery of AI and IoT, Nomura Research Institute, Ltd.

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

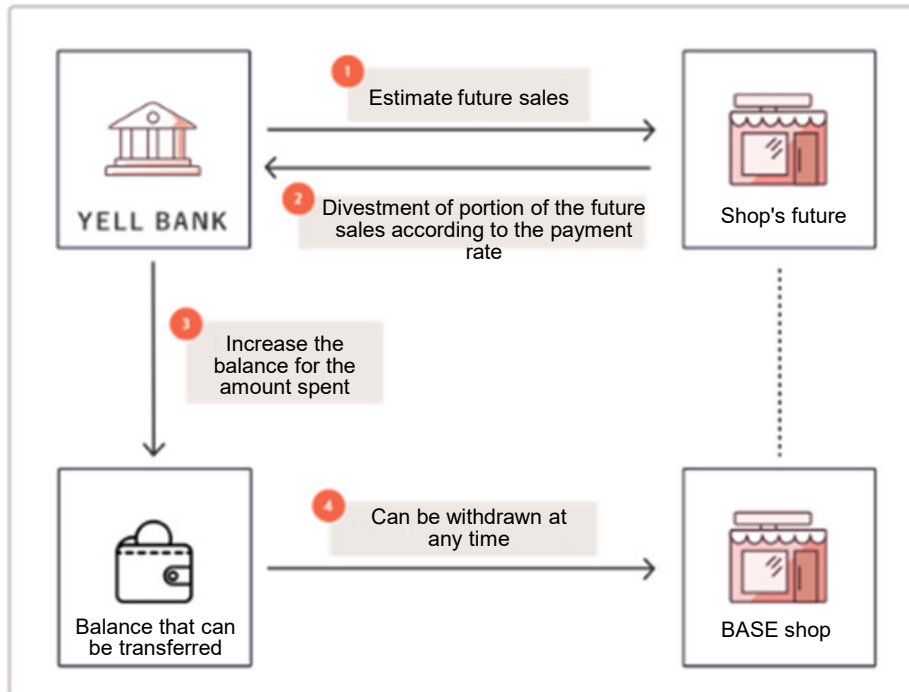
- ◆ Raise profile of our services and acquire new users
- ◆ Product improvement
- ◆ Enhanced data utilization
- ◆ Increase added-value other than settlement functions

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

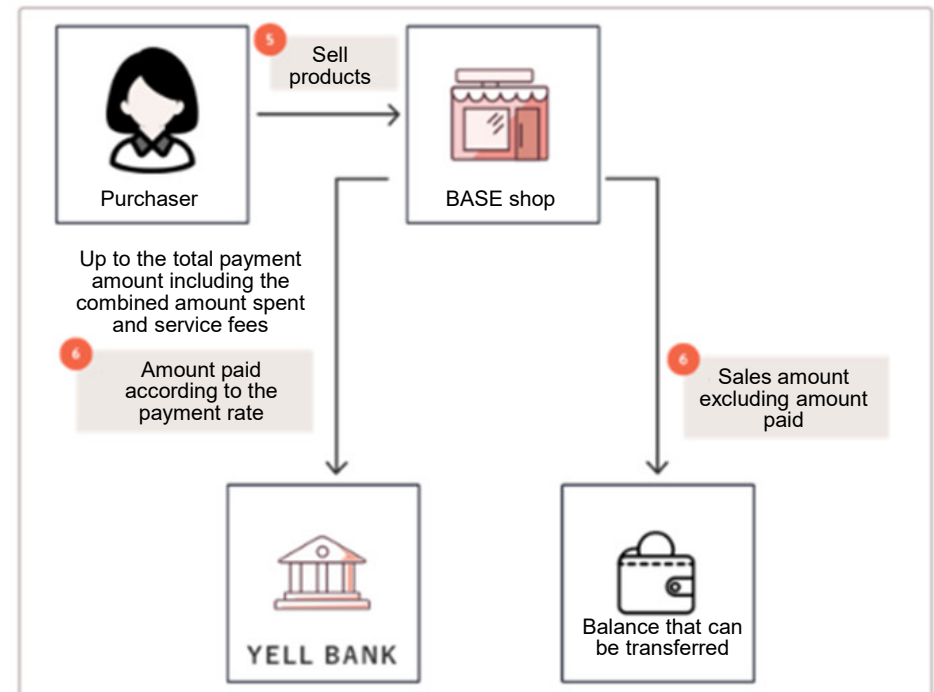
Shop owners are able to raise funds without these risks because "YELL BANK" bears the risk of no receivables being generated in the future and uncollected receivables.

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

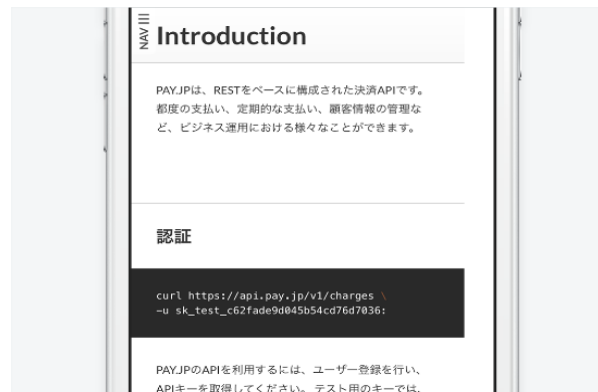
- ✓ Absolutely no costs other than the payment processing fees(Note)

	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
5,000,000 people**

(Note 1)



Where available

**over
1,200,000 stores**

(Note 1)

(Note 1) As of October, 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	3Q
Sales	BASE	157	190	235	374	373	429	542	637	643	752	871	931	933	2,342	2,061
	PAY	17	43	57	70	72	85	99	111	120	169	170	183	184	207	247
	Others	-	-	-	-	-	-	-	-	0	0	1	3	6	7	6
Gross profit on sales	BASE	82	100	143	257	256	293	379	433	437	508	590	620	624	1,580	1,362
	PAY	0	2	2	4	4	7	9	11	12	18	17	19	18	21	24
	Others	-	-	-	-	-	-	-	-	0	0	1	3	6	7	6
Segment profit	BASE	-	-	-	-	-234	-96	-229	64	-108	144	-71	-81	56	718	601
	PAY	-	-	-	-	-51	-50	-43	-37	-43	-31	-28	-24	-25	-26	-19
	Others	-	-	-	-	-	-	-	-	-15	-12	-11	-14	-10	-13	-6
	Corporate expenses	-	-	-	-	-23	-26	-29	-30	-34	-32	-33	-41	-47	-38	-40
Operating profits	Entire company	-267	-394	-381	-218	-310	-174	-302	-4	-203	67	-144	-161	-28	640	534

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
	September	25,390	8,463	50,553	167,417	24,661

(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
	September	9,422

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	FY2019 results	YoY	FY 2020 (Jan. - Sep.)	Progress rate (note)
GMV (orders)	88,000 ~96,000	42,963	+104.8% ~+123.4%	68,994	78.4%
GMV (payment)	78,320 ~84,480	38,059	+105.8% ~+122.0%	63,228	80.7%
Sales	6,600 ~7,080	3,198	+106.3% ~+121.3%	5,337	80.9%
Take rate	8.4%	8.4%	-	8.4%	-
Gross profit on sales	4,390 ~4,710	2,156	+103.6% ~+118.4%	3,566	81.2%
GMV (settlement base) rate	5.6%	5.7%	-	5.6%	-
Gross profit rate	66.5%	67.4%	-	66.8%	-

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

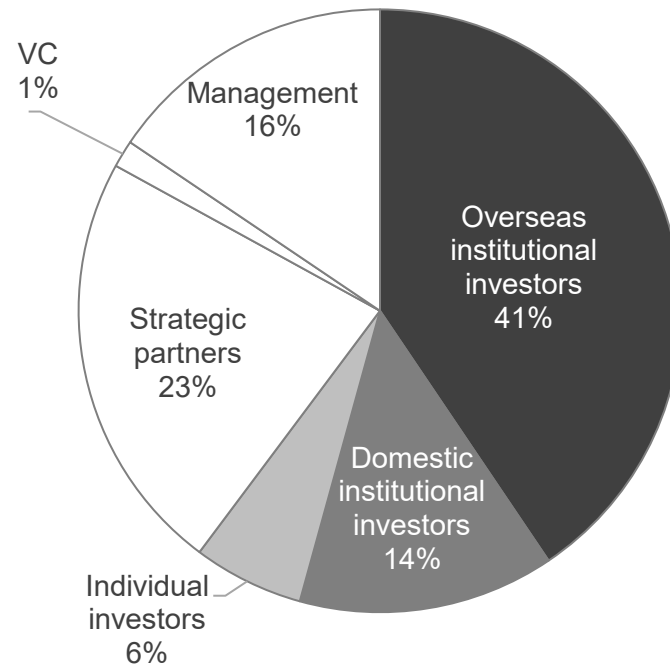
Earnings Forecast for FY December 2020 (PAY business)

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	FY2019 results	YoY	FY 2020 (Jan. - Sep.)	Progress rate (note)
GMV	34,000 ~38,000	23,925	+42.1% ~+58.8%	24,261	71.4%
Sales	900 ~1,000	644	+39.7% ~+55.3%	639	71.1%
Take rate	2.6% ~2.7%	2.7%	-	2.6%	-
Gross profit on sales	90 ~100	67	33.2% ~48.0%	63	70.8%
GMV ratio	0.3%	0.3%	-	0.3%	-
Gross profit rate	10.0%	10.5%	-	9.9%	-

Shareholder composition (as of June 30, 2020)



Ratio of Dilutive Shares

		FY2020 3Q	FY 2019
SO	Beginning balance	1,766,000	1,776,000
	Granted	0	104,000
	Exercised	-16,000	-12,000
	Renounced	-15,600	-57,200
	Ending balance	1,734,400	1,810,800
Number of shares outstanding		20,449,400	20,413,800
Ratio of dilutive shares		8.5%	8.9%

Handling of these Materials

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BASE