



Q4 of Fiscal Year Ending December 2020  
Materials for Financial Results Presentation

BASE, Inc.  
(Tokyo Stock Exchange Mothers: 4477)  
February 10, 2021

- 1. Corporate Profile**
- 2. Executive Summary**
- 3. Results for Fiscal Year Ending December 2020**
- 4. Mid-term Policy and Forecast for Fiscal Year Ending December 2021**
- 5. References**

## **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.

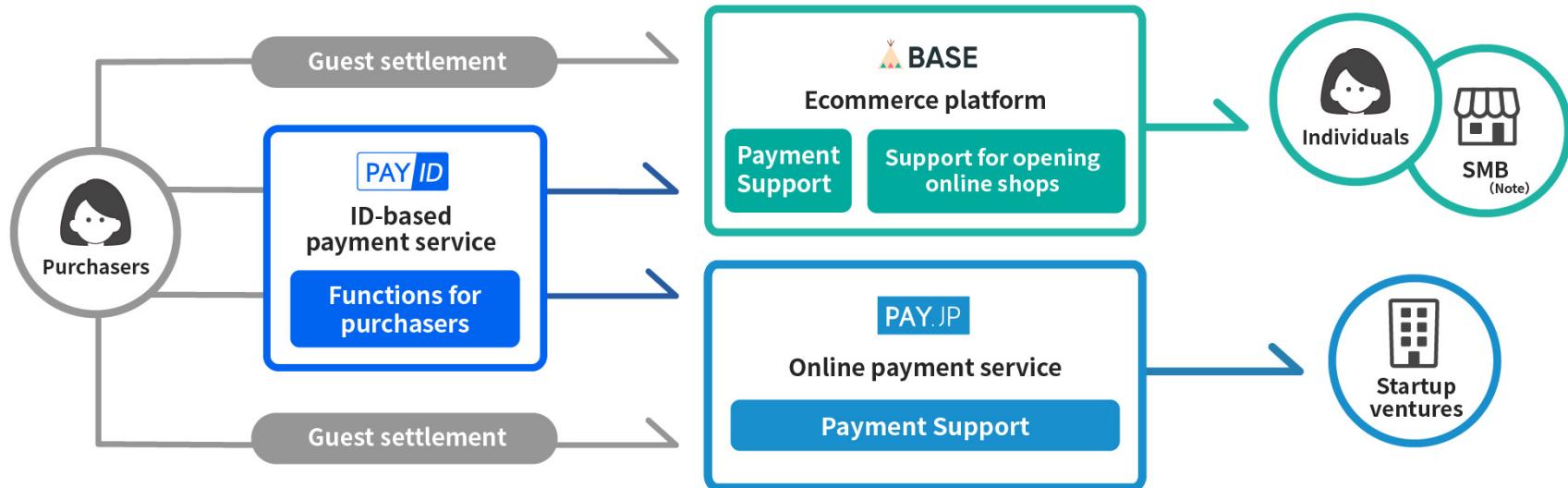
To create new economy through a new payment platform.



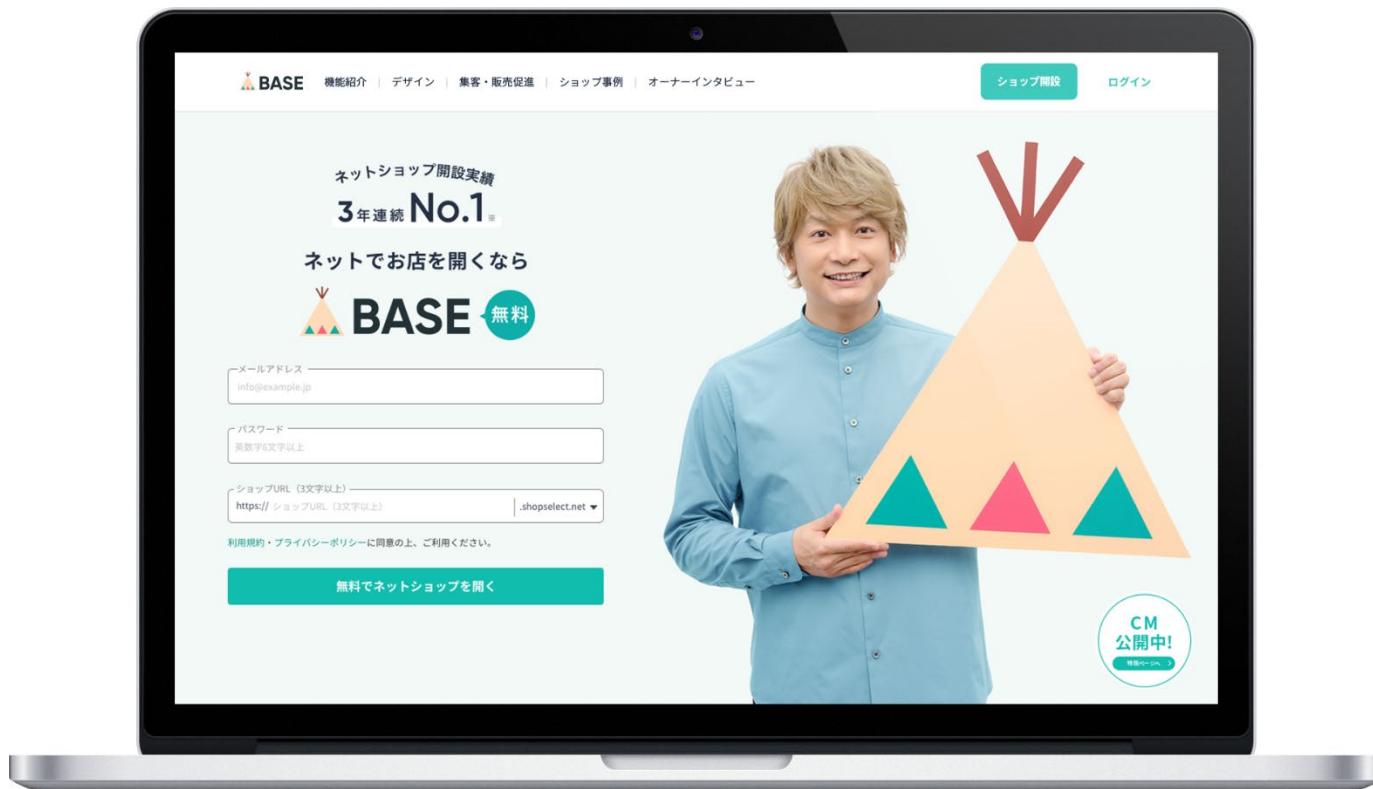
# Outline chart of Business

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

- **Each of net sales, gross profits, and operating profits exceeded the full-year forecast, leading to our first full-year surplus with an operating profit of 803 million yen.**

## Financial results for the term ended in December 2020

### Full-Year

- Consolidated net sales grew significantly **115.3% YoY** due to growth of the BASE business.
- GMV of the BASE business grew significantly **121.8% YoY** following increased demand for online shopping and switching to EC by consumers, such that gross profit increased significantly due to growing demand for opening online shops and shift of consumers to EC caused by the COVID-19 pandemic.
- Strengthening of forward-looking investments in promotions aimed at sustainable growth of the BASE business.

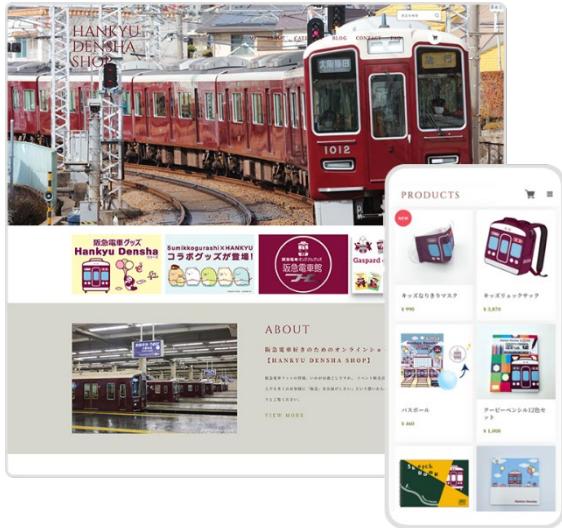
### Quarter term

- Consolidated net sales grew significantly **104.8% YoY** due to growth by the BASE business.
- The GMV of the BASE business maintains a high growth rate of **115.4% YoY** reflecting the growth in the number of active shops each month, and posted a YoY increase.

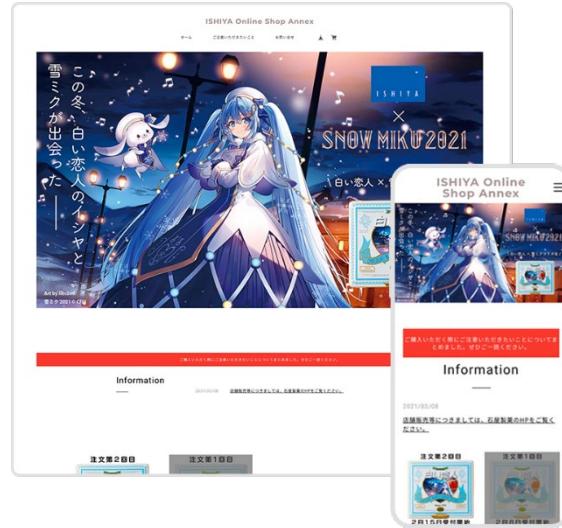
## Mid-term Policy and Forecast for Fiscal Year Ending December 2021

- We shall continue to focus on the BASE business, implement forward-looking investments aimed not at short-term profits but rather at mid- to long-term profits, with goals of **+17.6% - 27.1%** in terms of consolidated net sales, and **+12.5% - 22.6%** in terms of gross profit.
- The GMV for the BASE business is expected to grow by **+20.7% - 31.2% YoY** on the back of interrupted growth as a result of the COVID-19 pandemic in 2020.

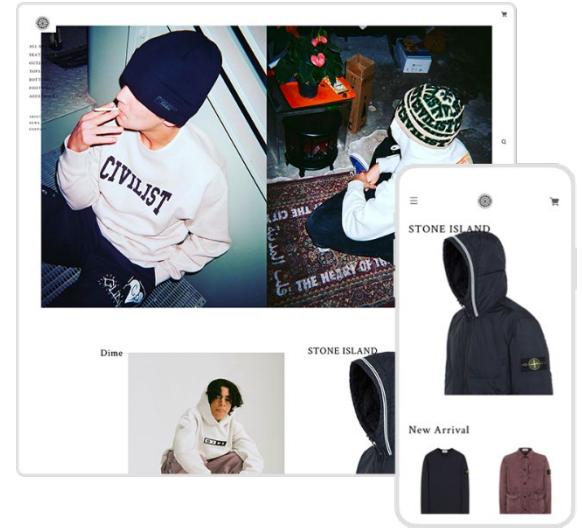
# Birth of various shops on BASE



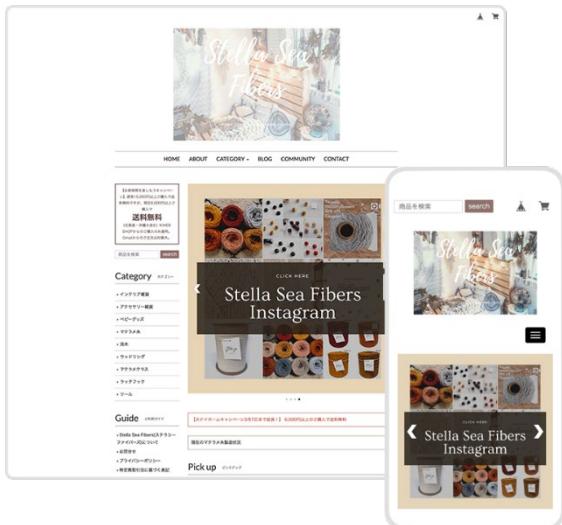
HANKYU DENSHA SHOP



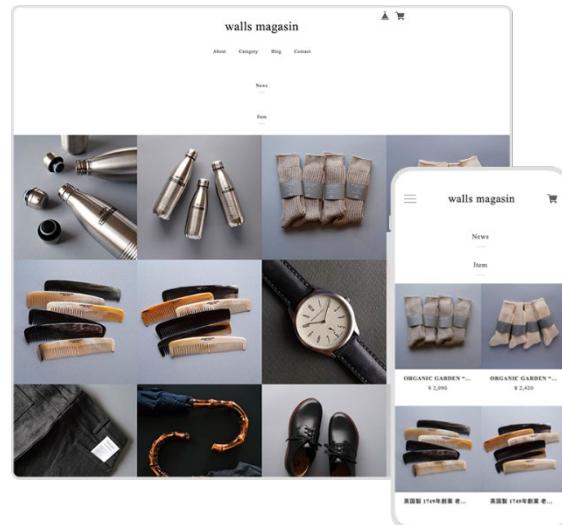
ISHIYA Online Shop Annex



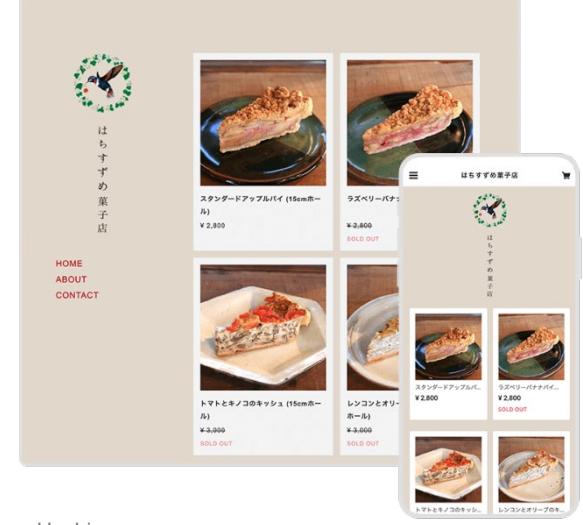
MORTAR TOKYO



Stella Sea Fibers



WALLS\_OSAKA



Hachisuzume

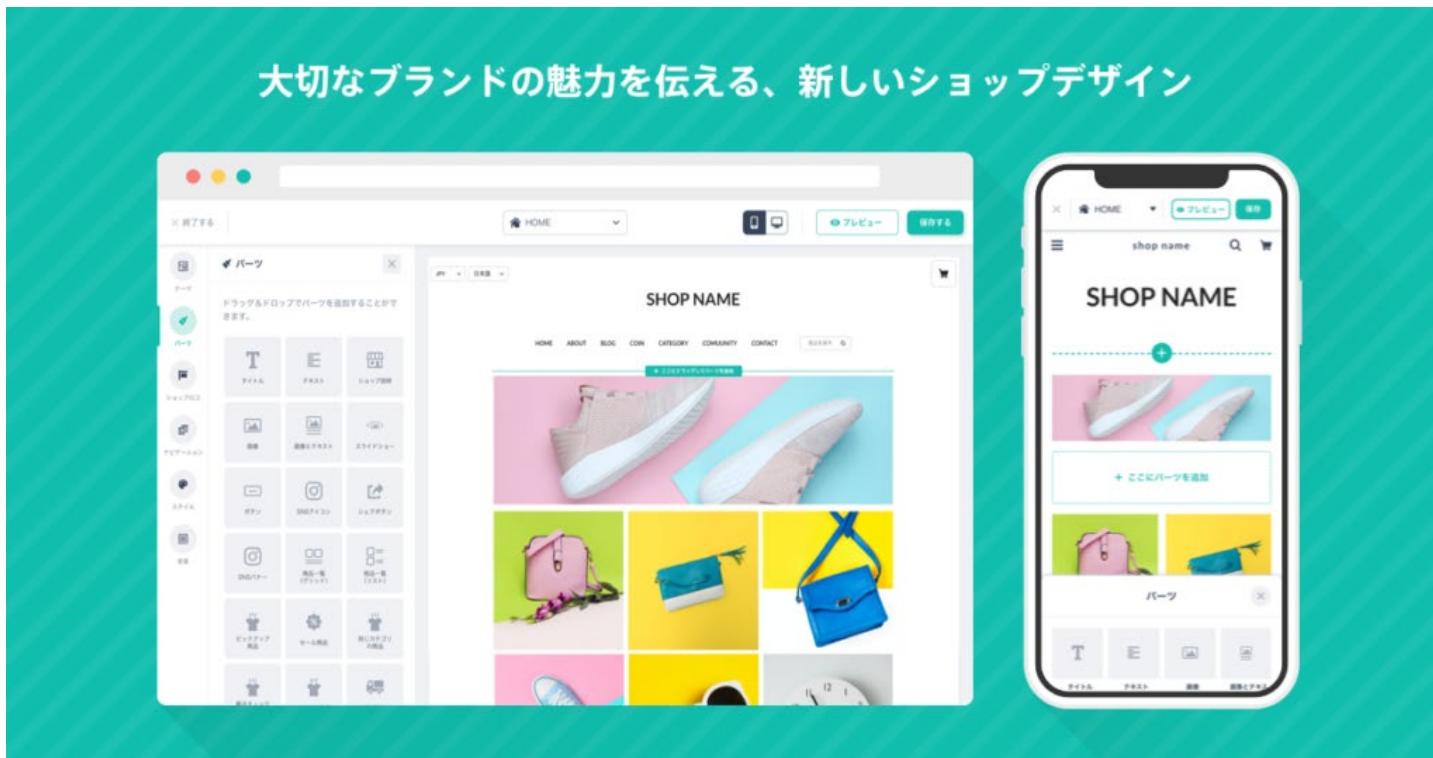
Support for all kinds of businesses was provided in 2020.

<b>Support for opening online shops</b>	A team specializing in the Company provides support for the opening and operation of online shops for businesses that have inventory of goods due to a decline in the number of shoppers at physical shops and the cancellation of promotions and events.
<b>No charge for “quick transfer” service</b>	Providing no-charge service for “quick transfer” which enables customers to advance the cash receipt date to the next business day at the earliest (normal charge: 1.5% of the amount transferred) (finished at the end of May)
<b>Withdrawal service of sales proceeds in advance of products’ shipment</b>	Starting a service that allows customers to withdraw an order amount prior to shipping (finished at the end of May) Also, continuing to provide future factoring services YELL BANK
<b>Holding online seminars</b>	Holding free online seminars once a week for business operators who have problems related to managing and using online shops
<b>Support for introduction of product manufacturers</b>	For apparel brands whose delivery times are delayed due to the suspension of production lines, providing support of the introduction of alternative manufacturers jointly with the Marui Group Co., Ltd. (Applications for referral support closed in February)
<b>Support for attracting customers</b>	Providing support to attract customers by posting information on business operators’ products free of charge in various media and on the Company’s SNS accounts (finished at the end of May)
<b>Providing online counseling services</b>	Providing free online counseling services of "cotree" for business operators with concerns about future business operations with the aim of providing mental health support (finished at the end of April)

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



Enhanced integration with Instagram, which is used by many shop owners.

Instagram Sales App : Seamless transition from Instagram to BASE online shops

Instagram Ads App : Products sold on BASE can be served as Instagram ads.

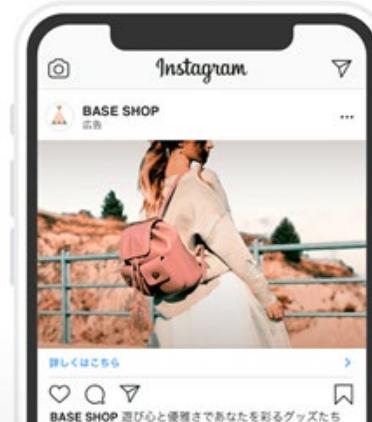
### Instagram販売

- ✓ 商品のカテゴリや詳細情報を設定
- ✓ さらに多くのInstagramユーザーにアプローチ



### Instagram広告

- ✓ 商品を最適なユーザーに配信
- ✓ はじめてでもかんたんに広告を設定
- ✓ わかりやすい効果レポート

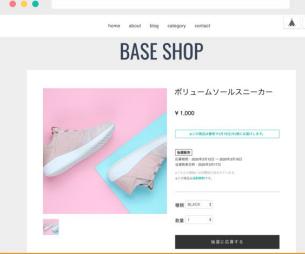


(Note) Release in January 2021

Provide functions that support various sales methods and products of various genres.

### 抽選販売

- 商品の抽選販売が可能に
- 当選者・落選者が選択できます
- 抽選発表メールも編集可能



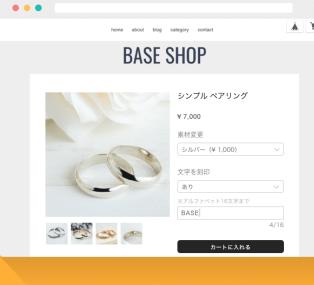
### テイクアウト

- 受取時間を指定した事前注文 / 決済
- 新規注文のリアルタイム画面通知
- 注文の受付 / お渡し状況管理



### 商品オプション

- 商品に選択項目を追加できます
- 有料オプションを設定可能
- 名入れ商品も作れます



### 送料詳細設定

- 商品ごとに配送手段を設定
- 海外の国や地域の設定も可能
- 購入金額に応じて送料無料設定も  
※国内配送限定



### 商品説明カスタム

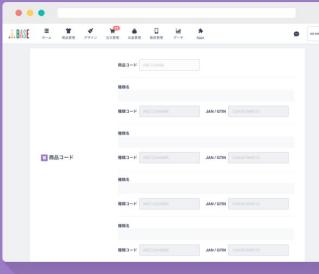
- 動画で商品をより魅力的に紹介
- スライドショー等の多様な画像表現
- ストーリー立てした商品の説明



Expanded functions to improve the operational efficiency of online shops and support the management of large-scale shops

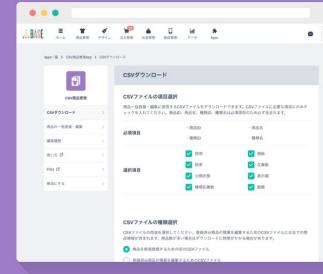
### 商品コード

- ✓ 商品に任意の管理IDを登録
- ✓ 在庫管理や倉庫連携に最適
- ✓ 工夫次第で業務効率も大幅UP



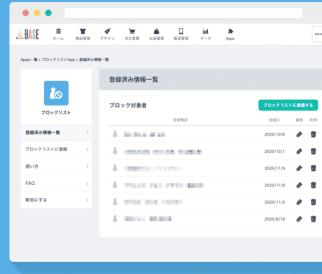
### CSV商品管理

- ✓ 新規商品をCSVで一括登録
- ✓ 既存商品の一括編集にも対応
- ✓ 商品画像も同時にアップロード



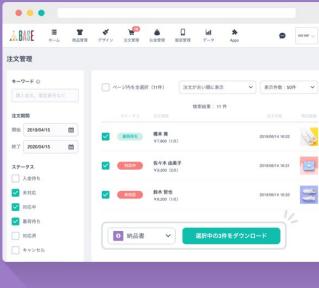
### ブロックリスト

- ✓ 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



### 納品書ダウンロード

- ✓ 納品書をダウンロードできます
- ✓ 印刷して商品と同梱OK



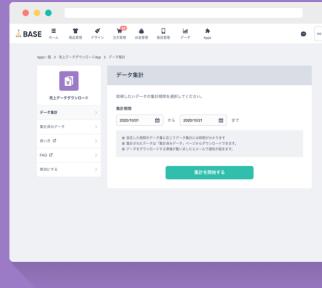
### 送り状データ ダウンロード

- ✓ 各社送り状システムに対応
- ✓ CSV形式でダウンロード
- ✓ 大量の送り状発行業務を効率化

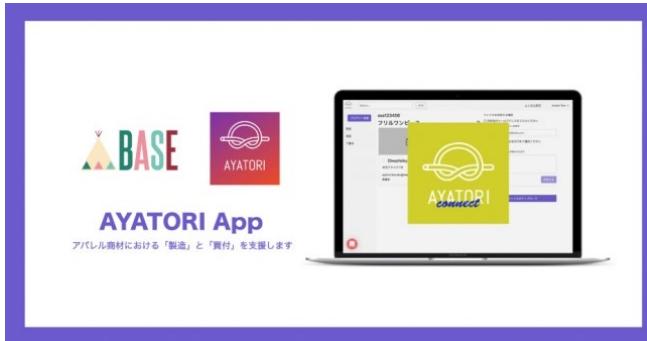


### 売上データ ダウンロード

- ✓ 期間を選択して入出金データを出力
- ✓ CSV形式で連携もかんたん
- ✓ 月次や週次の経理業務を効率化



Provides logistics functions by linking with external services, streamlining the operation of large-scale shops that receive orders from overseas and handle large volumes of shipping.



 受注管理

複数モールの受注を自動化し、一元管理します。メールや決済、マスタ管理などの関連する機能を備えています。



在庫管理

各ネットショップの在庫連携を一括で自動化。納品書や配送情報ダウンロードなど関連する機能を備えています。



商品管理

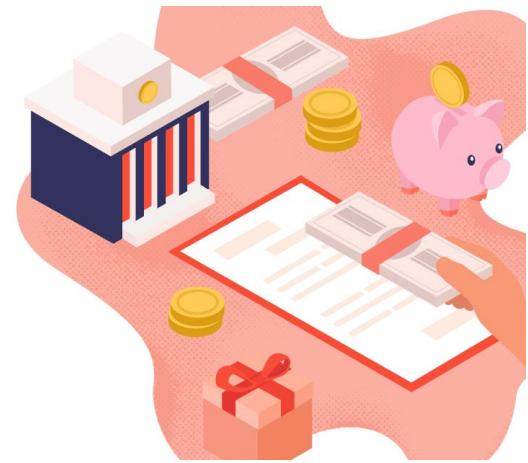
ページ管理、在庫連携を一括自動化。セット商品管理やマスターなど関連する機能を備えています。

Supporting shop owners who are having trouble with COVID-19 disasters or who are aiming for further business growth by providing funds and accelerating cash flow



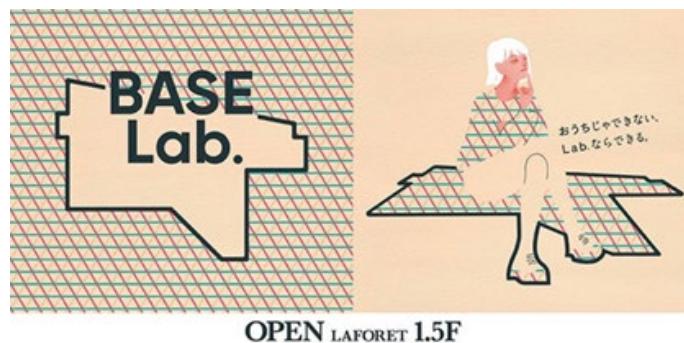
## YELL BANK

資金調達をリスクなく、一瞬で。



## New Functions Offered in FY2020

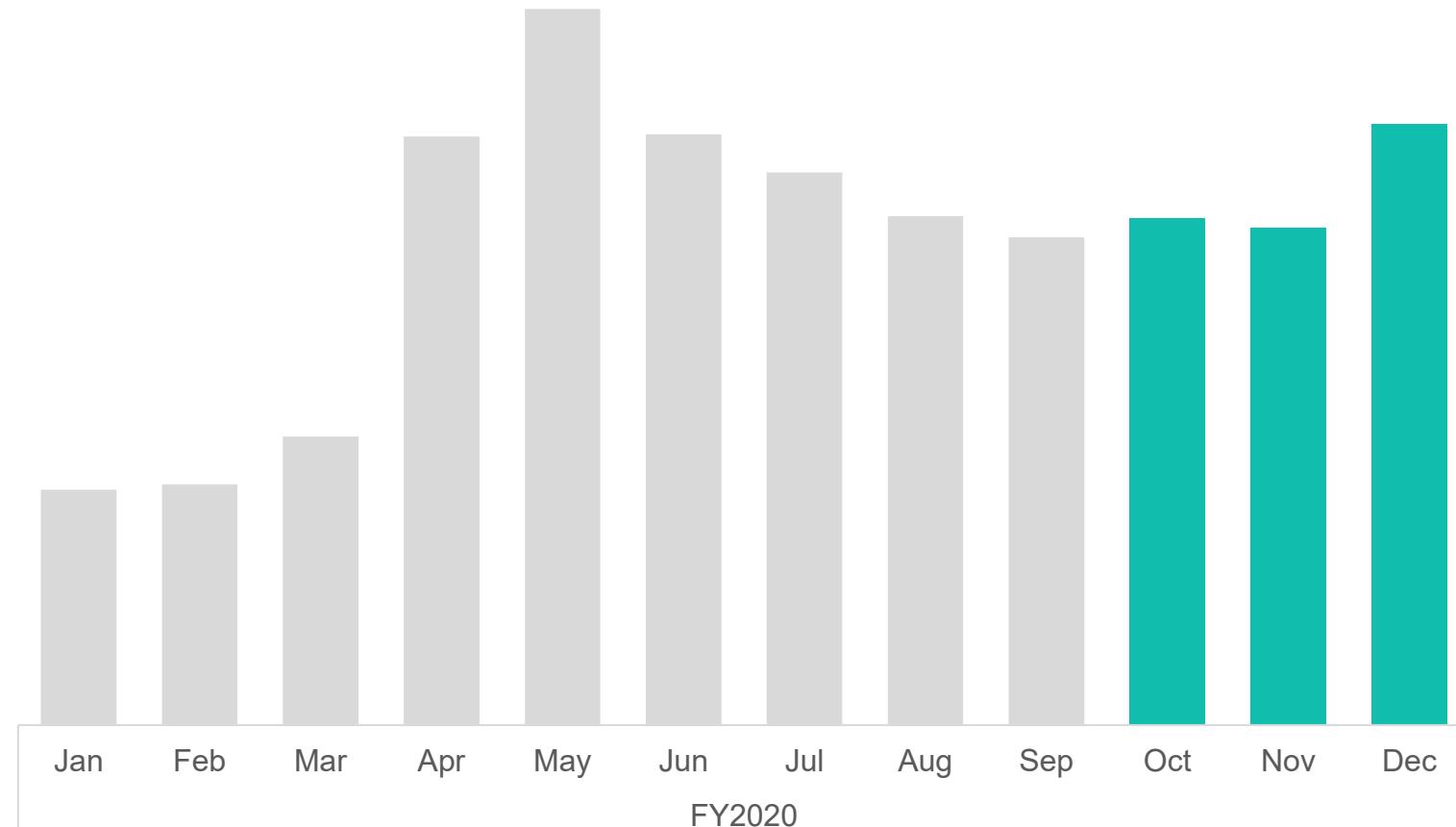
Provides functions and services that create new points of contact with fans, such as communities and pop-up shops.



New shop openings and GMV have increased significantly since April on the occasion of COVID-19.

GMV has been declining since June due to the contraction of COVID-19-related consumption, but has recently stopped declining.

### Monthly transition of GMV



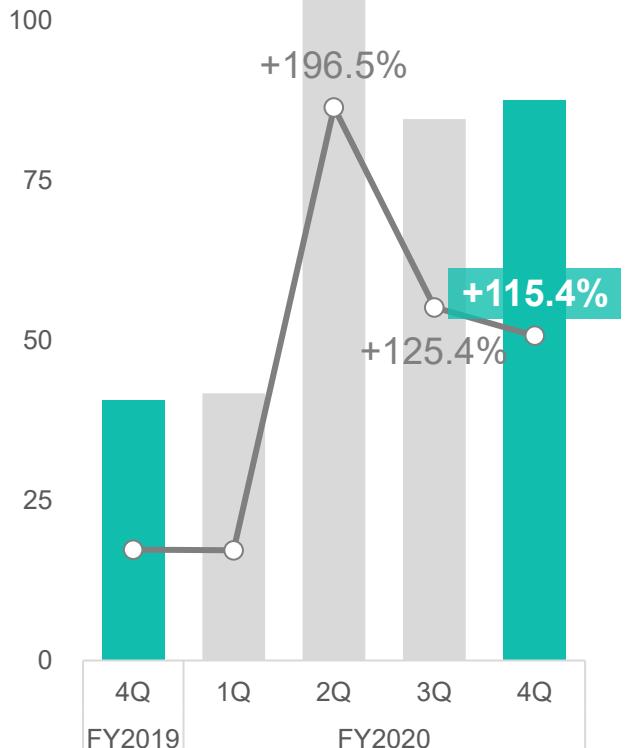
The number of active shops each month remains strong, driving GMV growth.

### Monthly GMV

(Notes 1, 2)

(100 million yen)

- GMV
- GMV growth rate (YoY)

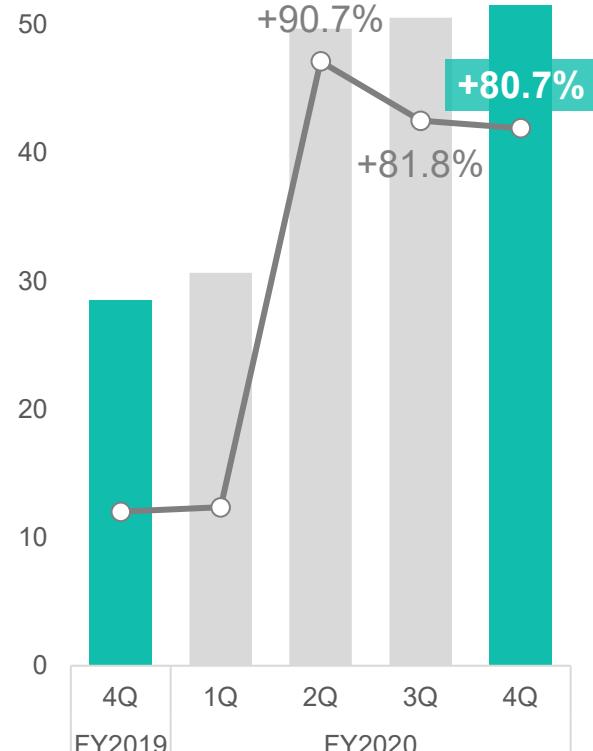


### Number of active shops per month

(Note 2)

(Thousand shops)

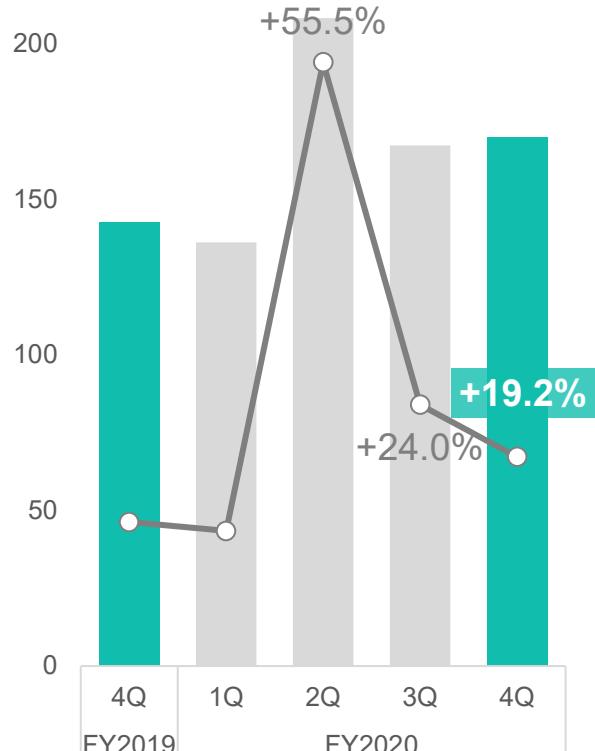
- number of active shops
- active shops growth rate (YoY)



### Monthly average GMV per shop

(Thousand yen)

- average GMV
- average GMV growth rate (YoY)



(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. Results for Fiscal Year Ending December 2020**

---

## Consolidated

Net sales increased **115.3%** YoY to **8,288 million yen**, and gross profit on sales increased **123.8%** YoY to **4,992 million yen**, showing a large increase due to the growth of GMV in the BASE business.

Although SG&A expenses increased by **56.7%** YoY due to an increase in promotional expenses, operating profit attained **803 million yen** in the black (**-441 million yen** in the previous fiscal year) thanks to growth of GMV.

Net sales, gross profit on sales, and operating profit **all landed above the upper limit of the full-year forecast**.

## BASE Business

GMV (Note) increased significantly by **121.8%** YoY due to growing demand for opening online shops and shift of consumers to EC caused by the COVID-19 pandemic.

GMV growth led to a **128.9% YoY increase in net sales** and a **126.0% YoY increase in gross profit on sales**.

## PAY Business

GMV increased by **50.8%** YoY backed by the growth of the number of operating member stores and increase in unit prices of member stores.

GMV growth led to a **45.9% YoY increase in net sales** and a **36.7% YoY increase in gross profit on sales**.

## Consolidated

Net sales increased by **104.8%** over the same quarter of the previous year to **2,291 million yen**, and gross profit on sales increased **108.4%** over the same quarter to **1,342 million yen**, showing a large increase due to the growth of GMV in the BASE business.

SG&A expenses increased by **109.3%** over the same quarter of the previous year, and operating profit posted **-343 million yen** (**-161 million yen** in the same quarter of the previous year) due to an increase in promotional expenses.

## BASE Business

The GMV of the BASE business maintains a high growth rate of **115.4% YoY** reflecting the growth in the number of active shops each month, and posted a YoY increase.

**Net sales grew by 113.0% YoY and gross profit by 110.5% YoY** due to increase in GMV

## PAY Business

**GMV (Note) increased significantly by 70.5% over the same quarter of the previous year** due to a GoTo campaign large deal.

GMV growth led to a **63.2% YoY increase in net sales and a 44.8% YoY increase in gross profit on sales**.

Net sales, gross profit on sales, and operating profit all exceeded the upper limits of the forecast backed by strong growth of GMV in the BASE business, **achieving full-year profit for the first time**. SG&A expenses increased significantly by **56.7%** YoY due to forward-looking investments for promotion of sustainable growth of the BASE business.

(Million yen)	FY 2020 4Q (October - December 2020)					FY 2020 4Q cumulative (January – December 2020)				
	Results	Same period last year		Previous quarter		Results	Same period last year		Forecast for FY2020	
		Results	YoY	Results	QoQ		Results	YoY	Forecast	Progress rate (note)
Net sales	2,291	1,119	+104.8%	2,315	-1.0%	8,288	3,849	+115.3%	7,520 ~8,100	110.2%
Gross profit on sales	1,342	644	+108.4%	1,393	-3.6%	4,992	2,231	+123.8%	4,500 ~4,830	110.9%
Gross profit rate	58.6%	57.6%	+1.0pt	60.2%	-1.6pt	60.2%	58.0%	+2.2pt	-	-
Selling, general and administrative expenses	1,686	805	+109.3%	858	+96.4%	4,189	2,672	+56.7%	4,000 ~4,830	104.7%
Operating profit	-343	-161	n/a	534	n/a	803	-441	n/a	0 ~500	n/a
Ordinary profit	-400	-176	n/a	535	n/a	747	-455	n/a	0 ~500	n/a
Profit	-364	-176	n/a	445	n/a	584	-459	n/a	-50 ~394	n/a

The financial base strengthened further by raising 12,396 million yen by the issuance of new shares through overseas offering.

Moreover, cash and deposits increased by 15,076 million yen YoY with addition of 3,128 million yen cash flow from operating activities.

(Million yen)	As of December 31, 2020	As of December 31, 2019	Change from the end of the previous fiscal year
Current assets	27,693	10,064	+175.2%
(of which, cash and deposits)	22,271	7,195	+209.5%
(of which, trade accounts receivable) *1	4,971	2,804	+77.3%
Non-current assets	811	393	+106.1%
(Investment securities)	435	-	-
<b>Total assets</b>	<b>28,505</b>	<b>10,458</b>	<b>+172.6%</b>
Current liabilities	12,224	7,244	+68.7%
(of which, trade accounts payable) *2	8,989	3,918	+129.4%
(of which, operating deposits) *3	2,589	3,002	-13.7%
Non-current liabilities	63	56	12.6%
<b>Total liabilities</b>	<b>12,287</b>	<b>7,300</b>	<b>+68.3%</b>
Capital Stock *4	8,513	2,275	+274.1%
Capital surplus *4,5	7,323	2,216	+230.4%
Retained earnings	380	-1,334	-
Valuation difference on available-for-sale securities	-0	-	-
<b>Total net assets</b>	<b>16,217</b>	<b>3,158</b>	<b>+413.5%</b>

\*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.

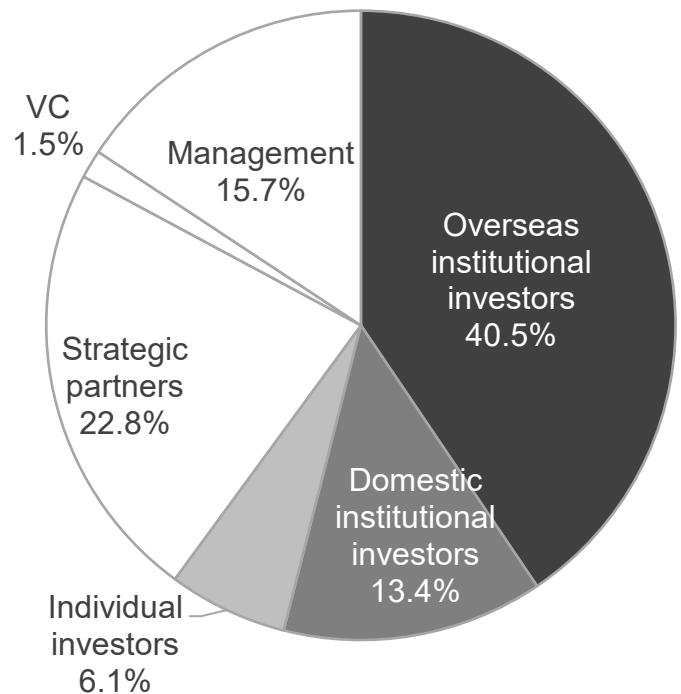
\*4: As a result of the issuance of new shares by overseas offering disclosed on September 24, 2020, share capital and legal capital surplus both increased by 6,226 million yen as of October 9, 2020.

\*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.

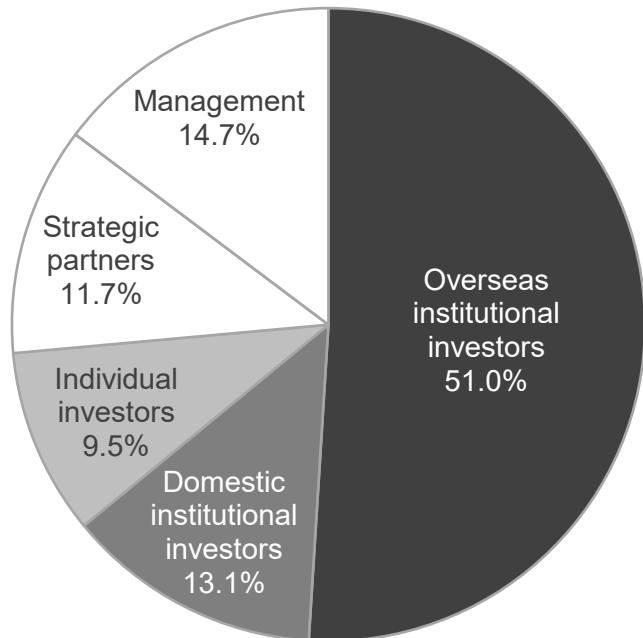
Overseas issuance of new shares brought the ratio of overseas institutional investors to over 50%, and the ratio of institutional investors rose to 64.1%.

The ratio of strategic partners and VC lowered, due to sale by those who were shareholders since before listing.

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



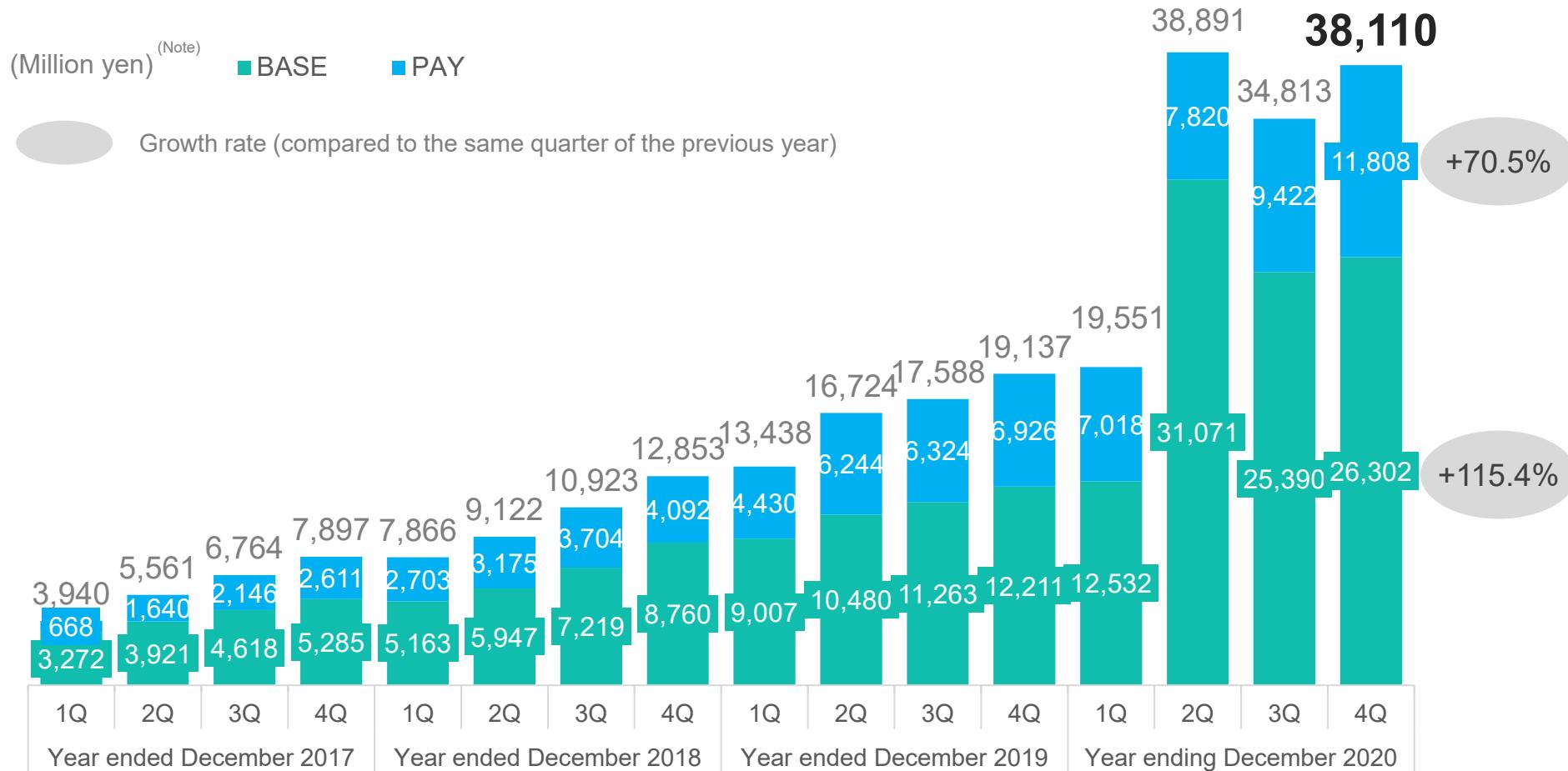
**Shareholder composition**  
(as of December 31, 2020)



The BASE business **increased by 115.4%** over the same quarter of the previous year and the PAY business **increased by 70.5%** over the same quarter, showing high growth.

BASE business increased QoQ, reversing the downward trend from the second quarter.

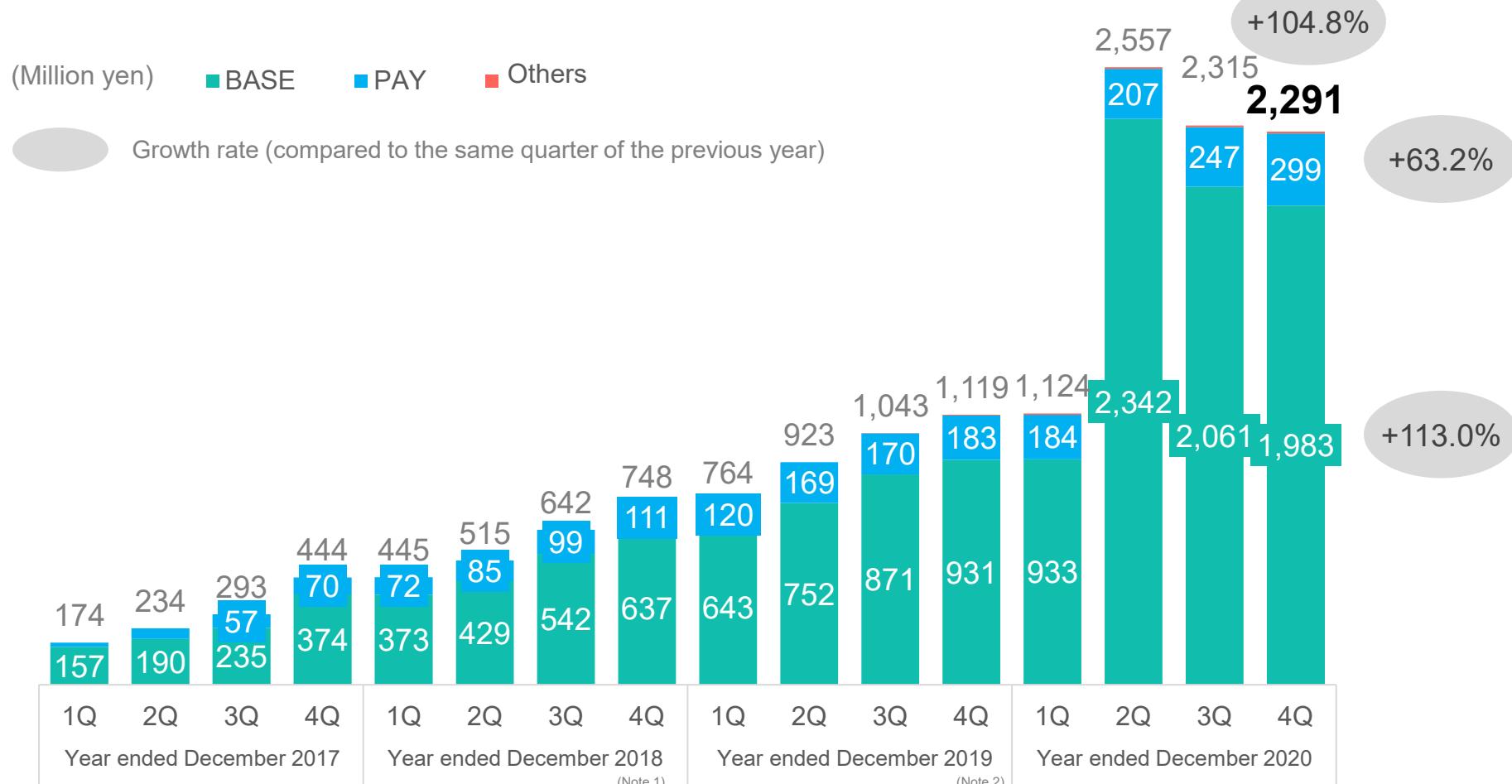
The PAY business also increased significantly over the previous quarter due to a temporary large deal.



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

Increased significantly by **104.8%** over the same quarter of the previous year due to increase in net sales (**+113.0%** over the same quarter) owing to increase in GMV in the BASE business.

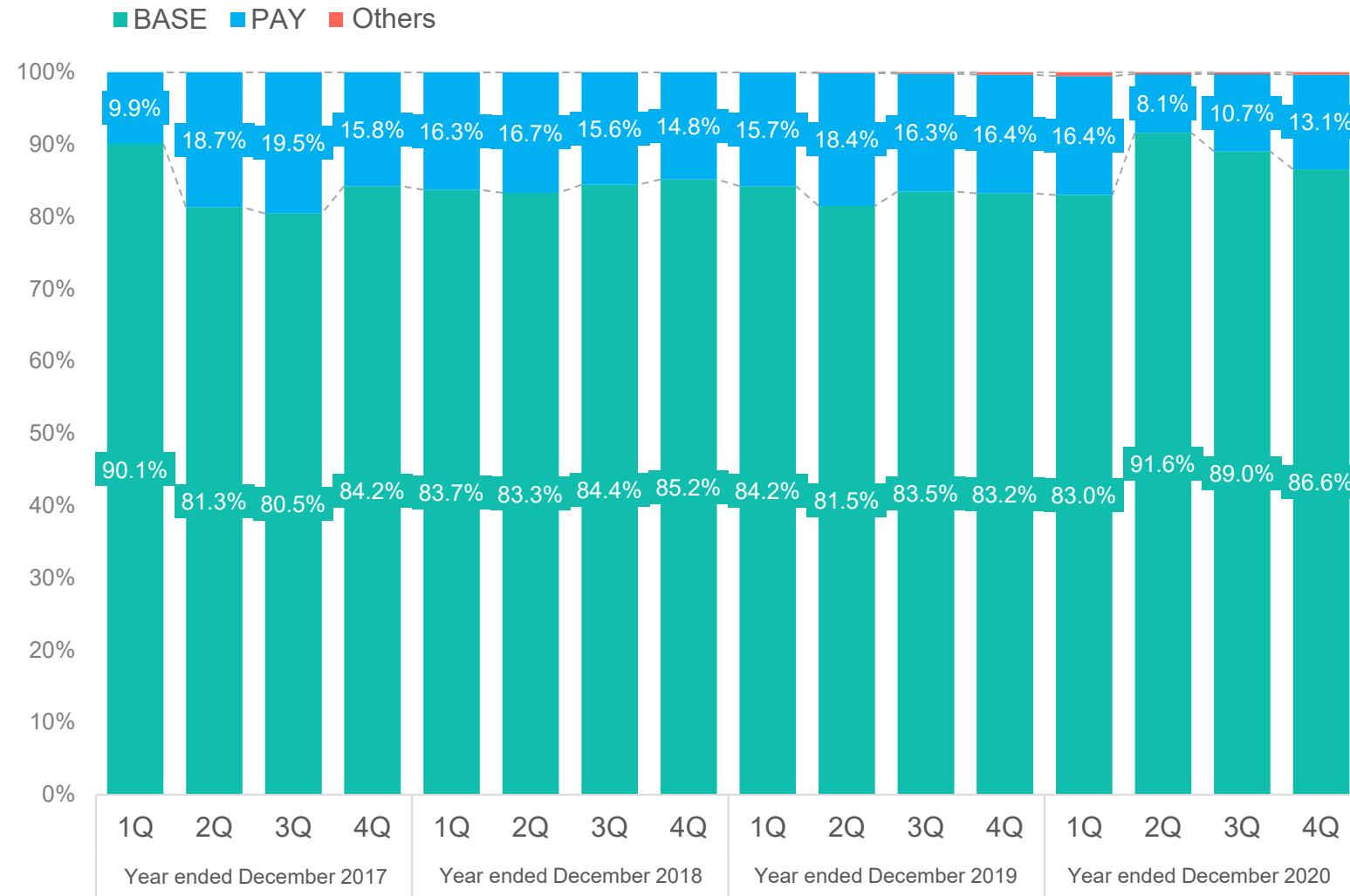
**Declined from the previous quarter, by 1.0%** due to decrease in the BASE business despite significant increase in the PAY business.



(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.

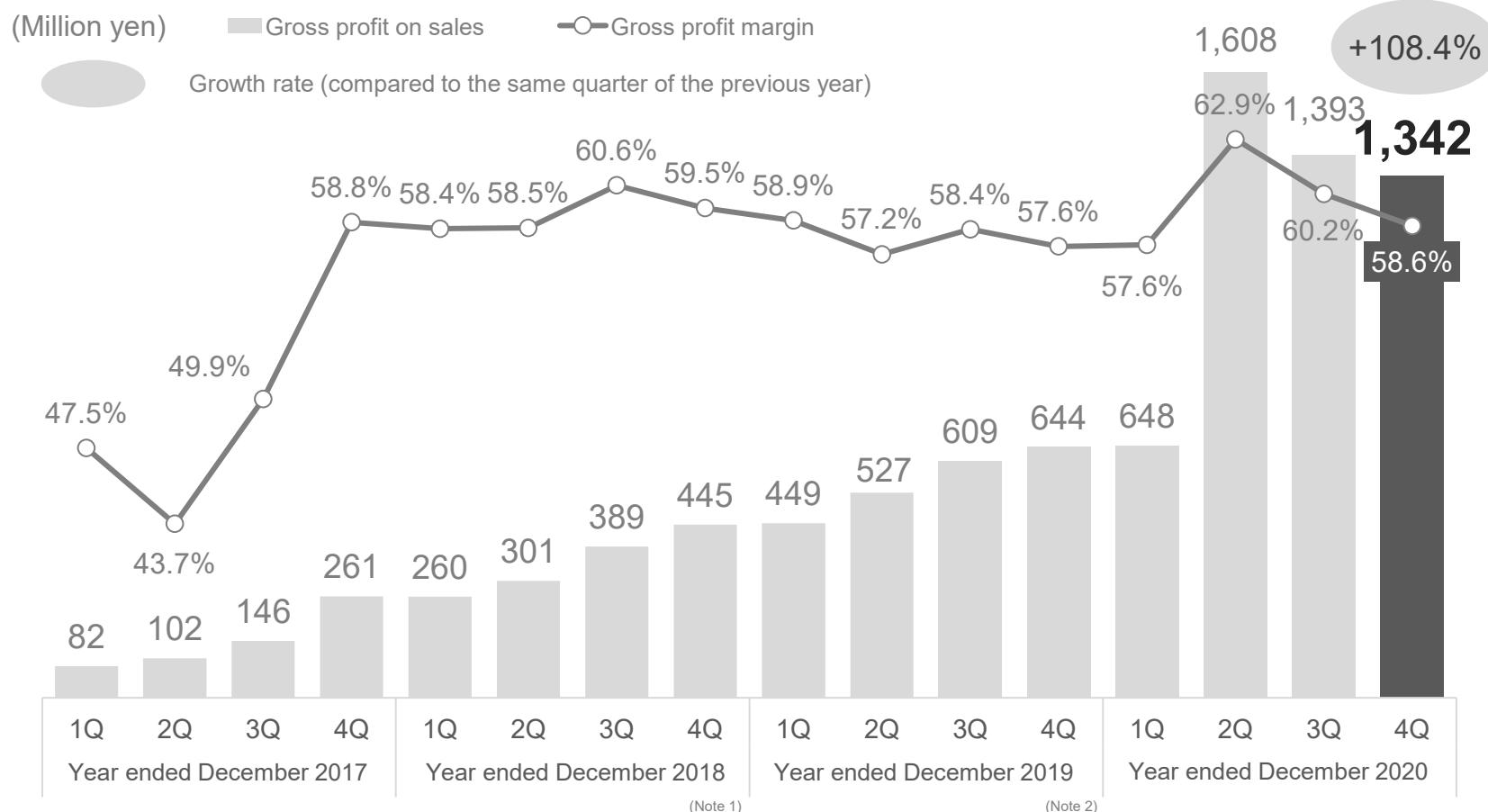
The sales composition ratio of the BASE business declined from the previous quarter due to a sales increase in the PAY business.



Maintained the **high growth at 108.4%** over the same quarter of the previous year due to increase in gross profit on sales in the BASE business.

Decreased from the previous quarter due to decrease in gross profit on sales in the BASE business.

Gross profit margin lowered over the previous quarter as the sales composition ratio of the PAY business rose.



(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.

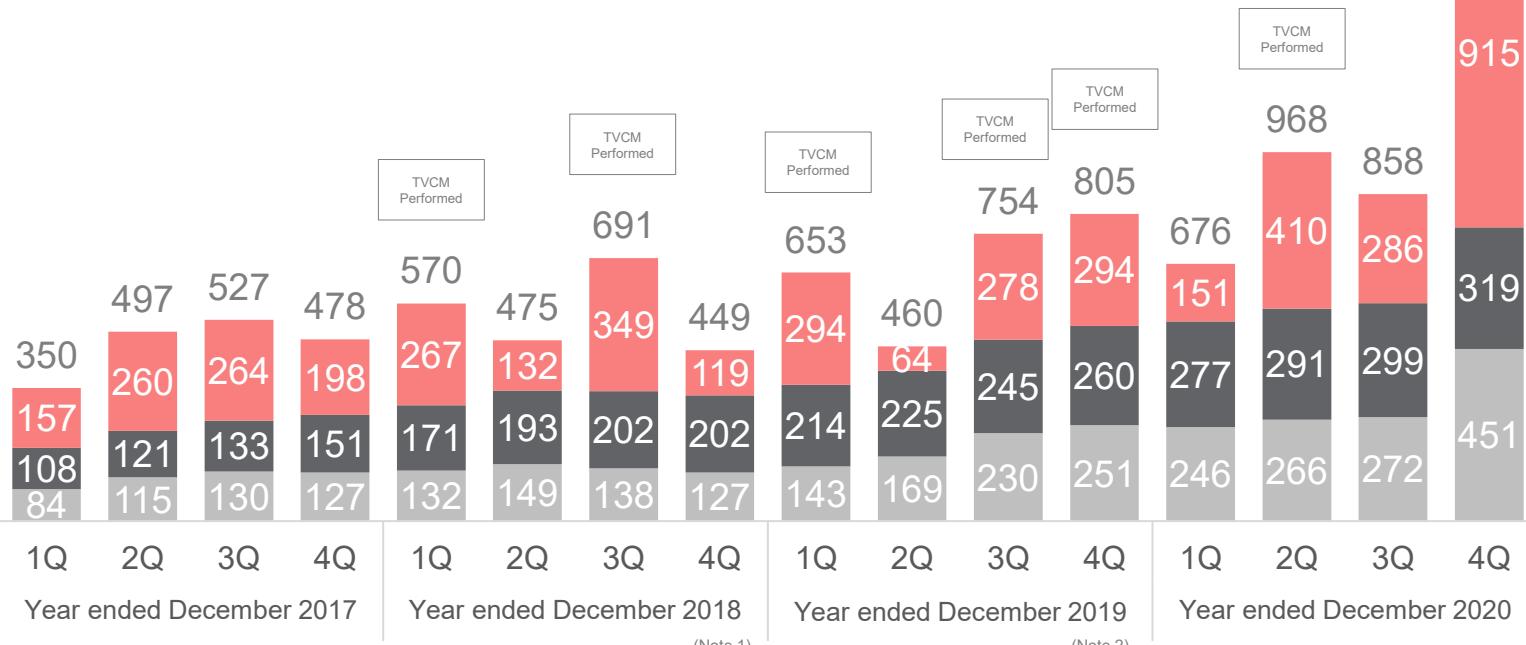
- Due to an increase in promotional expenses, etc. of the BASE business, SG&A expenses increased **827 million yen** over the previous quarter (+96.4% over the same quarter).
- Promotional expenses increased significantly by 628 million yen over the previous quarter (+219.7% over the same quarter) due to forward-looking investments for promotion for sustainable growth of BASE business.
- Other expenses increased significantly by 178 million yen QoQ (+65.6% over the same quarter) due to increase in taxes and dues and increase in provision of allowance for doubtful accounts resulting from fraudulent transactions, etc. in the BASE business.

(Million yen)      ■ Others

■ Personal expenses  
 ■ Promotional costs

TVCM  
Performed

1,686

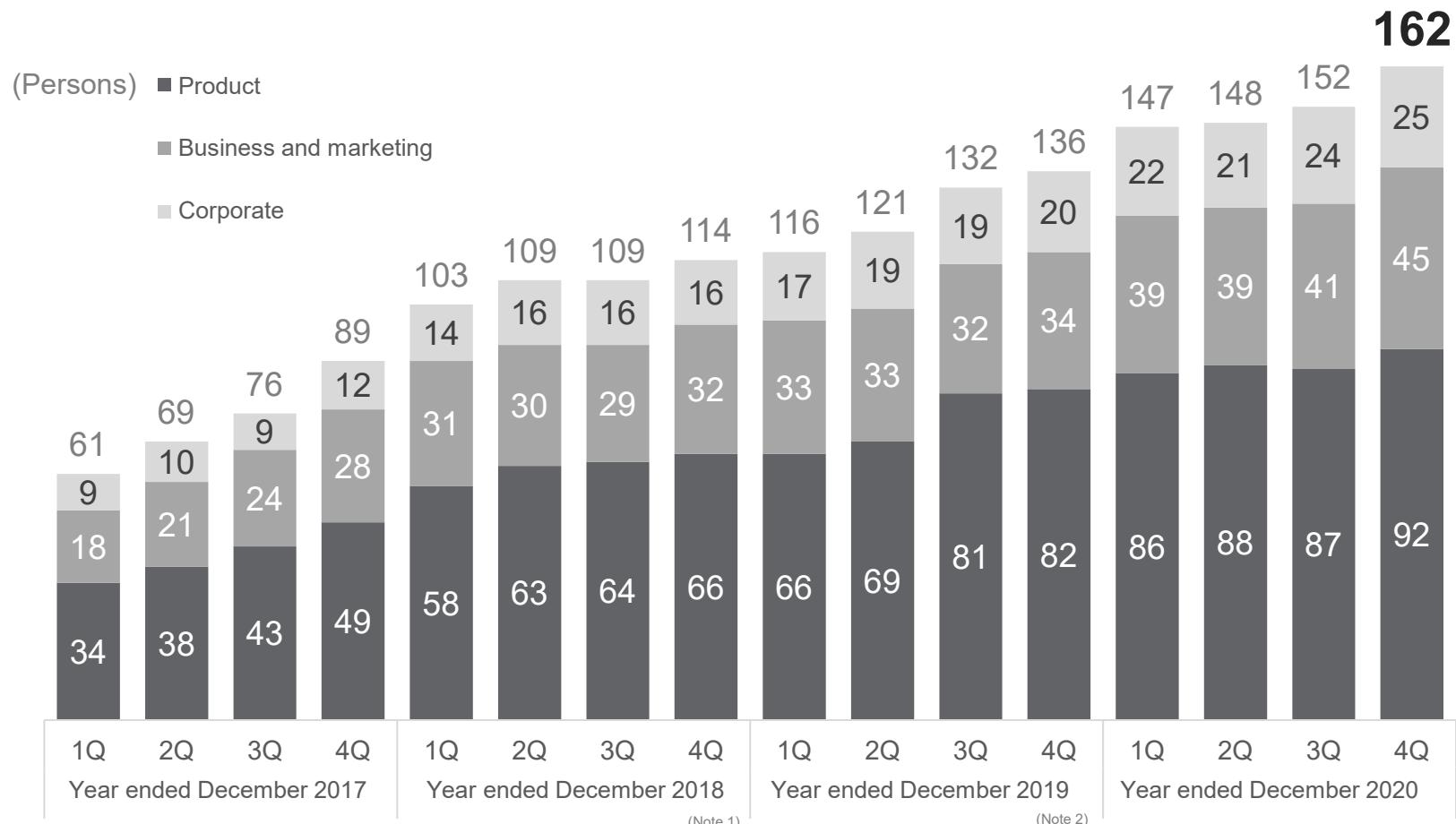


(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

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

Net sales rose significantly by **104.8% YoY**, but the number of employees increased only slightly by **26 persons** (**+19.1% YoY**).



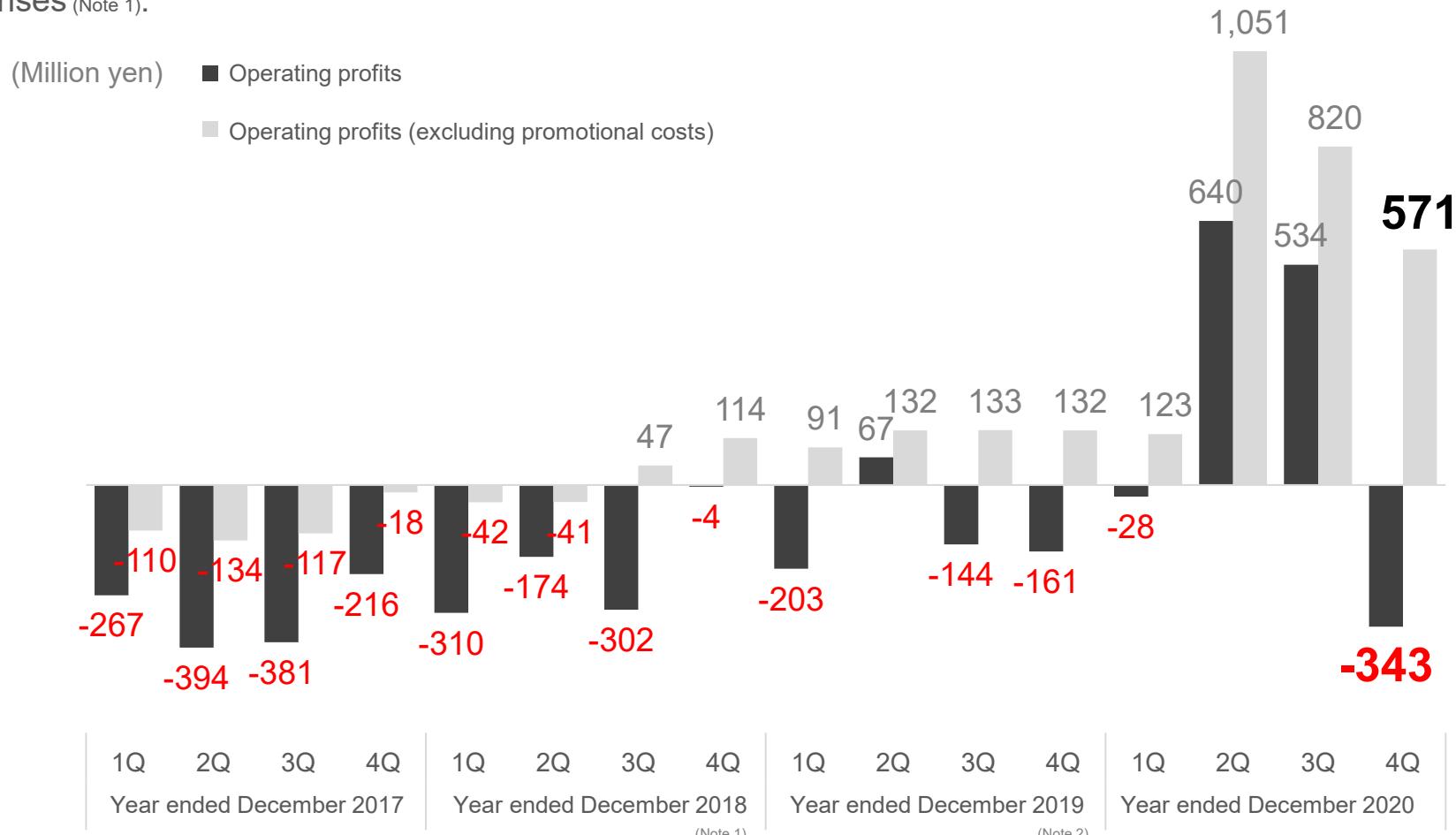
(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(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.

Posted operating **loss of 343 million yen** due to substantial increase in SG&A expenses as promotional expenses increased.

Operating profit (excluding promotion expenses) decreased over the previous quarter due to increase in other expenses (Note 1).

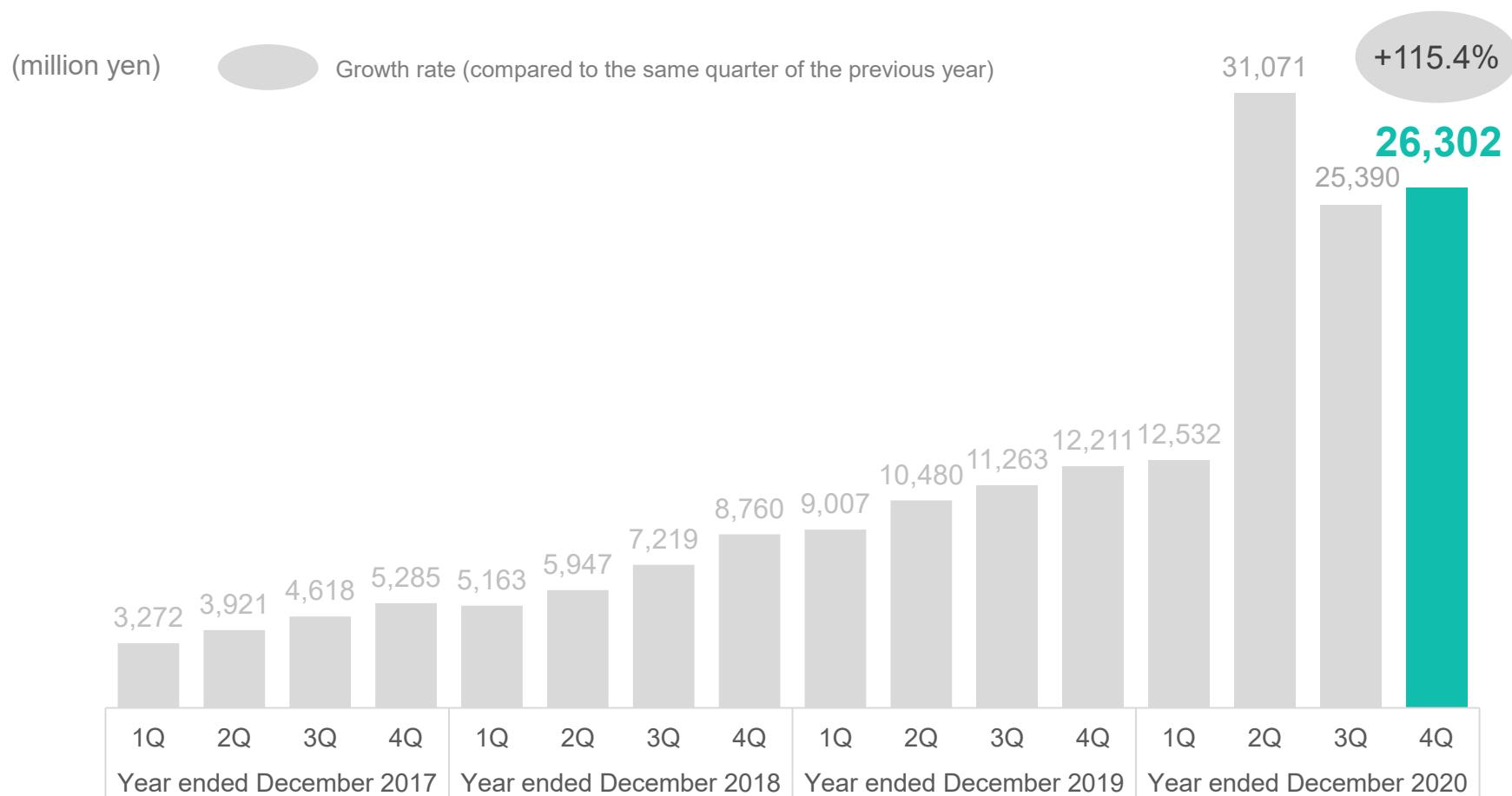


(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(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.

GMV increased significantly to **26.3 billion yen** (+115.4% over the same quarter of the previous year).

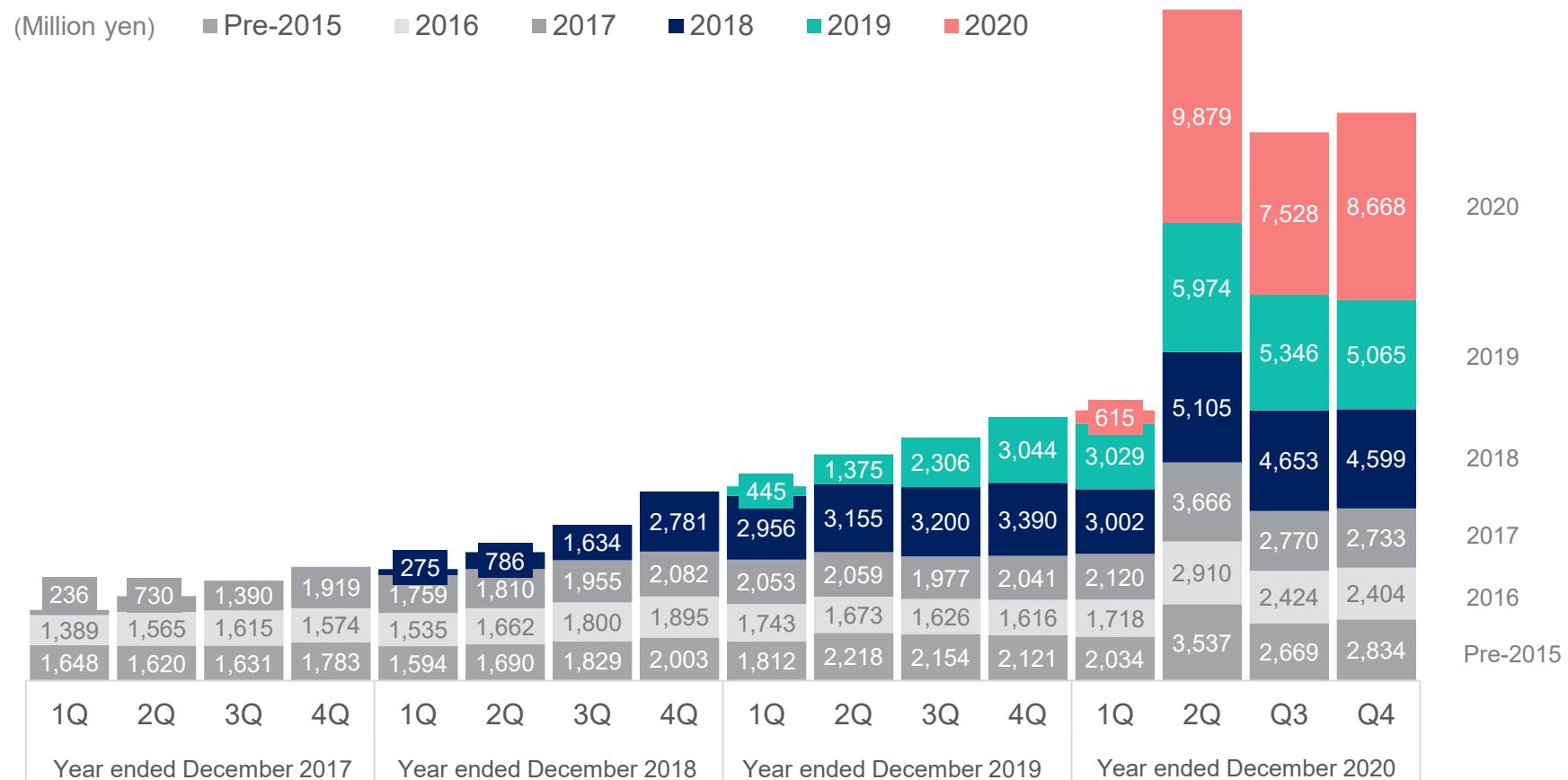
Increased QoQ, reversing the downward trend from the second quarter.



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

In addition to an increase in GMV in 2020 due to opening of new shops, GMV in or before 2019 also stayed at a high level due to continued use by existing shops.

### GMV trend (by year of establishment)

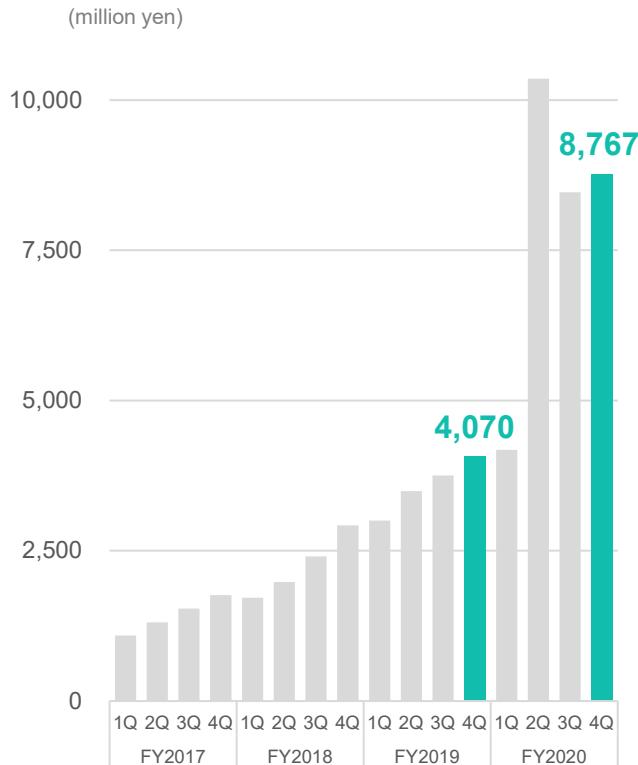


(Note) GMV is based on the order date (order amount)

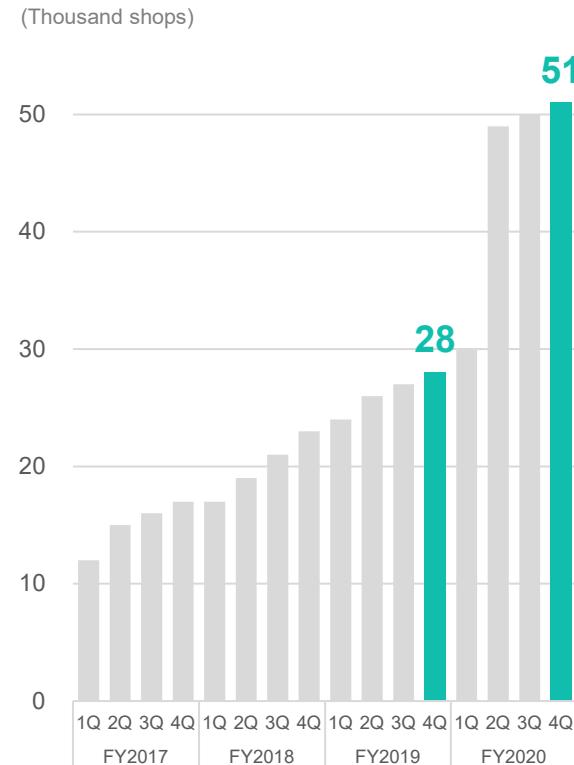
Monthly GMV grew strongly by **115.4%** over the same quarter of the previous year.

Number of active stores per month continued a significant increase by **80.7%** over the same quarter of the previous year, and monthly average GMV per shop also continued growth, by **19.2%** over the same quarter.

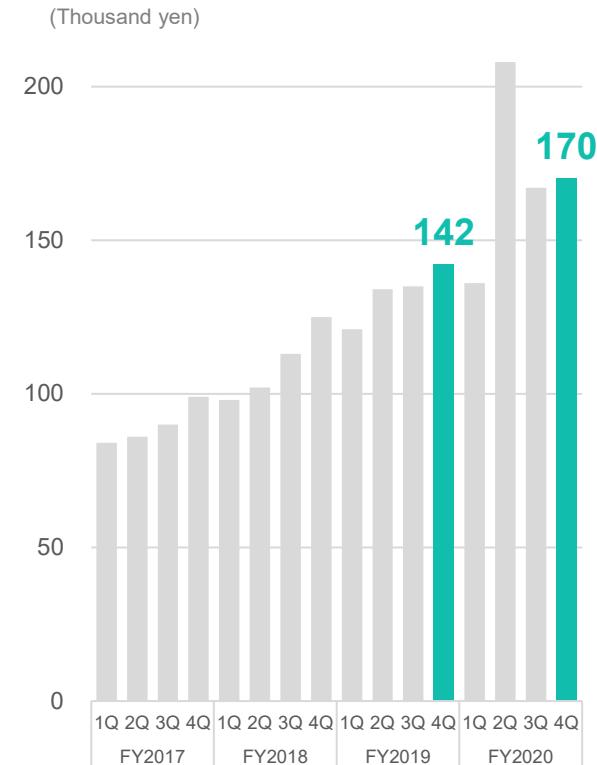
Monthly GMV (Notes 1, 2)



Number of active shops per month



Monthly average GMV per shop

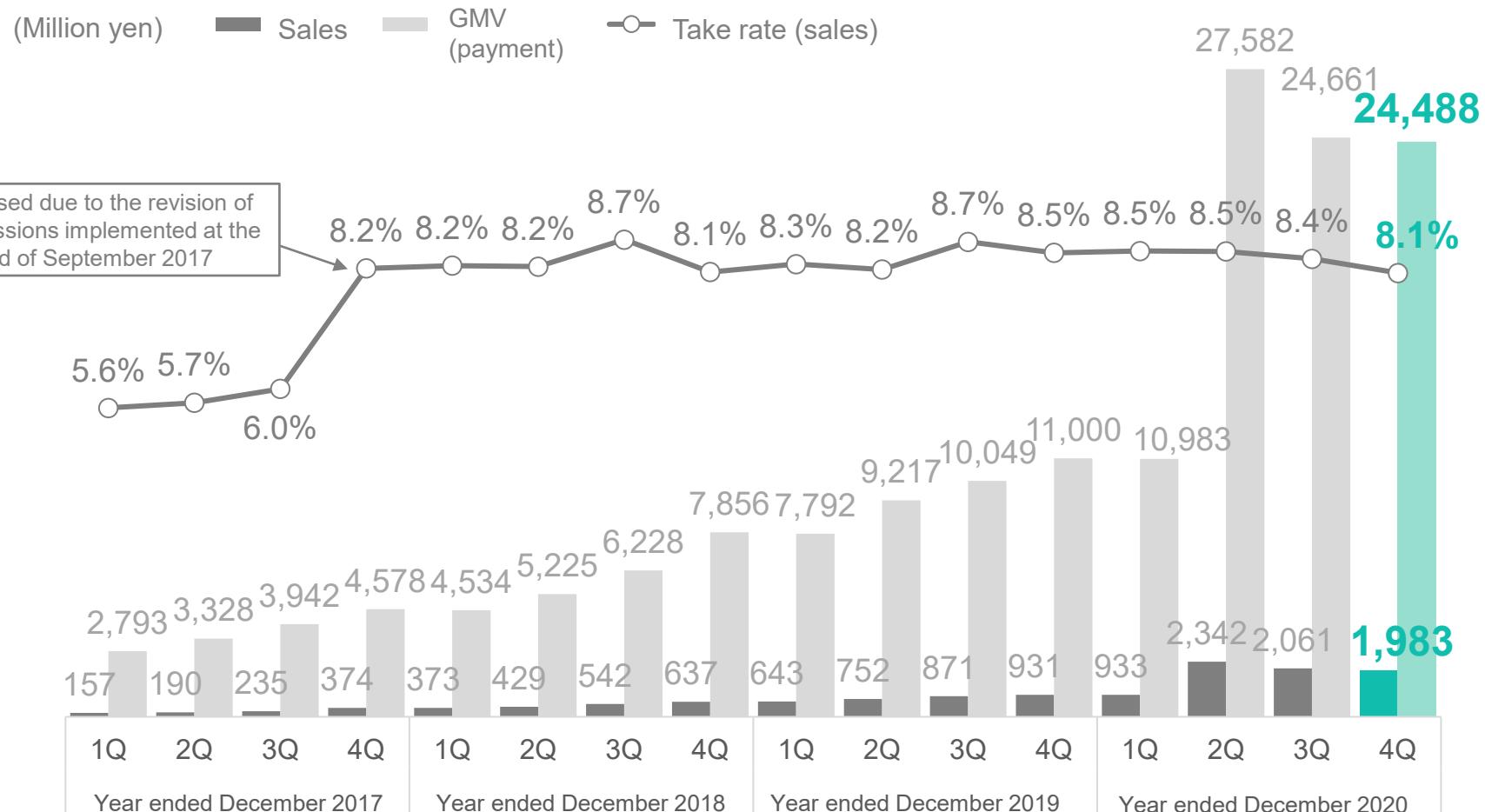


(Note 1) BASE's GMV is based on the order date (order amount).

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

GMV (settlement amount) (Note) increased significantly by **+122.6%** over the same quarter of the previous year.

Take rate decreased over the previous quarter due to decline in purchasers' commissions (Note 2) accounting for GMV due to increase in settlement unit price.



(Note1) 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).

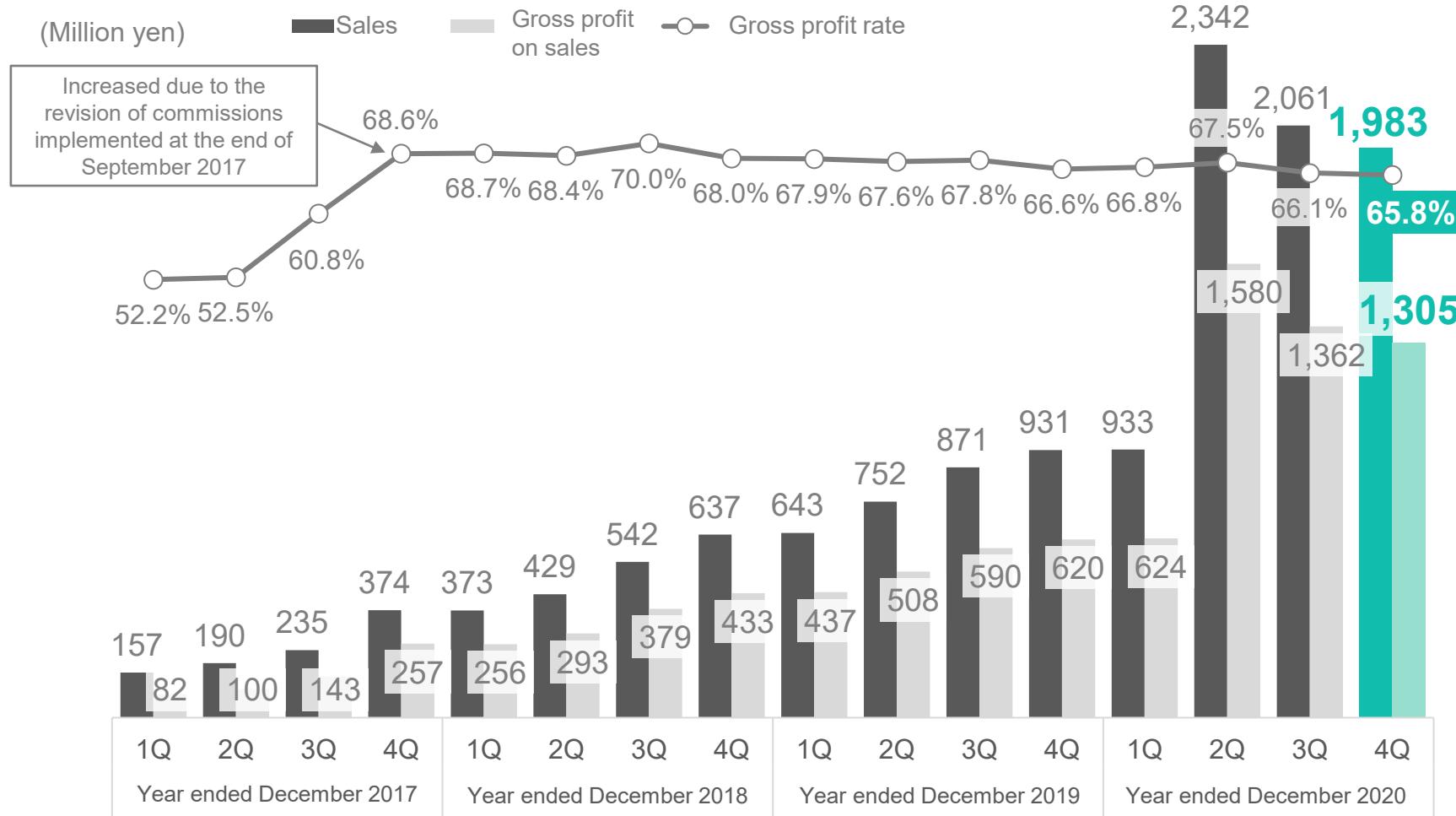
(Note2) No purchasers' commissions are charged for credit card payment, bank transfer, and Paypal, but 300 yen of additional commissions are charged to purchasers for convenience store payment, deferred payment, and carrier payment. Accordingly, the lower the payment ratio of convenience store payment, deferred payment, and carrier payment, the lower the take rate.

# Trends in Net Sales and Gross Profit

The high growth of GMV led to an increase in net sales by **113.0%** over the same quarter of the previous year and gross profit on sales by **110.5%** over the same quarter, showing a significant increase.

Net sales and gross profit on sales decreased over the previous quarter due to a decline in take rate.

Gross profit margin declined due to decrease in take rate.



The new commercial was aired from November 12, 2011, with the aim of becoming a partner in the economic activities of even more people.



- 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

## BASE Reached 1.3 Million Online Shops

The cumulative number of shops opened reached **1.3 million** in December 2020.

The number of new shops opened in the 3rd quarter of 2020 remained at a high level of up **88%** YoY.



Strengthening functional expansion via links to social media, such as Instagram, and external services.

### Instagram Sales App

Enables seamless transition to product page on BASE online shop from product images posted to Instagram.



#### Instagram販売

- ✓ 商品のカテゴリや詳細情報を設定
- ✓ さらに多くのInstagramユーザーにアプローチ

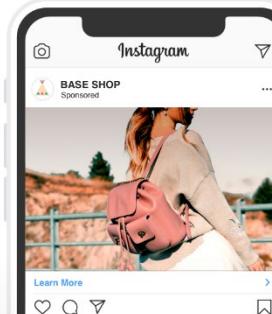
### Instagram Ads App

Enables delivery of products sold via BASE as advertising with minimal setting procedures. Enables simplified marketing via Instagram advertising.

\*Released in January

#### Instagram Ads

- ✓ Distribution to the interested users
- ✓ Minimal setup for beginners
- ✓ Easy reports measuring effectiveness



### Next Engine App

Enables centralized management for order management and inventory management, and product registration, etc. when products are sold on mall-type EC sites, etc. simultaneously with BASE.

#### NEXT ENGINE

ECサイト運営業務を一気通貫で効率化・自動化



#### 受注管理

複数モールの受注を自動化し、一元管理します。メールや決済、マスタ管理などの関連する機能を備えています。



#### 在庫管理

各ネットショップの在庫連携を一括で自動化。納品書や配送情報ダウンロードなど関連する機能を備えています。

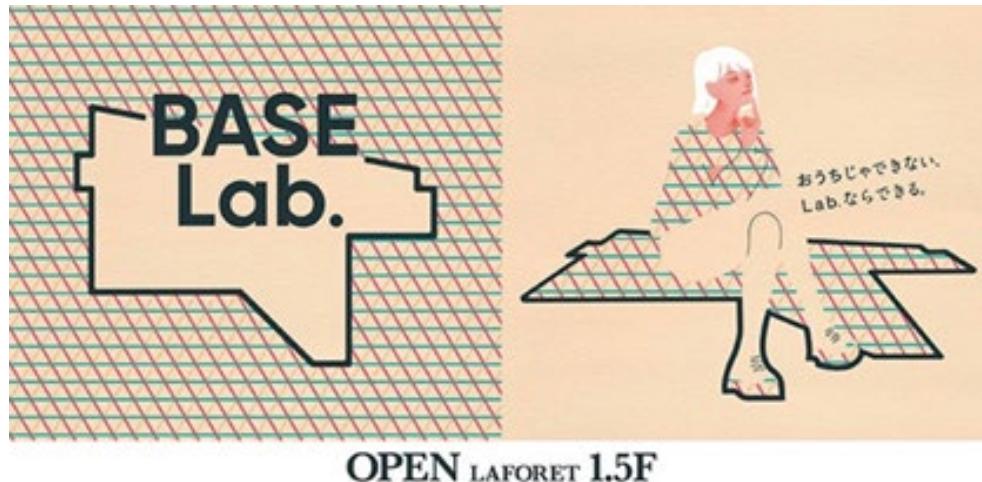


#### 商品管理

ページ管理、在庫連携を一括自動化。セット商品管理やマスクなど関連する機能を備えています。

Opened a bricks and mortar store – “**BASE Lab.**” – in Laforet Harajuku.

**Enables use of all BASE member stores without initial or fixed fees.**



- The fee structure can be tried out risk-free as initial and fixed fees are waived, and a 15% handling charge is levied on sales only once products are sold.
- Fixtures and equipment can be used free of charge.
- Use of our dedicated support staff who handle sales tasks at the cash register can be requested free of charge, so entrepreneurs can focus on community activation, such as communication with fans who visit the shop, and live social media while using the shop.

Supporting establishment of sales channels for a wide range of user businesses by collaborating with many different companies

### Direct Tech



By linking the network that Direct Tech has developed in its influencer marketing business with our know-how in the e-commerce business, we will establish sales channels for influencers who launch their original brands and manufacture products and thereby promote e-commerce business

### Aomori Bank



We will build business sales channels for our customers throughout Japan to promote e-commerce businesses, by combining the regional network and information held by Aomori Bank

# Capital and Business Alliance with note inc.

Concluding capital and business alliance with “note” – who operates a media platform for creators

## About note inc.

Company Name: note inc.

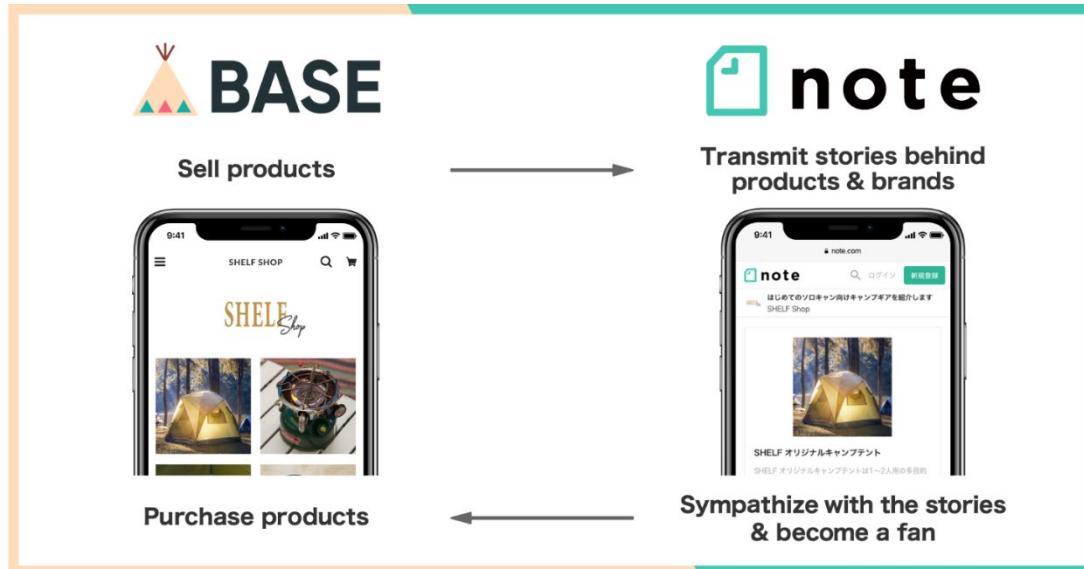
Address: Minato-ku, Tokyo

Representative Director: Sadaaki Kato

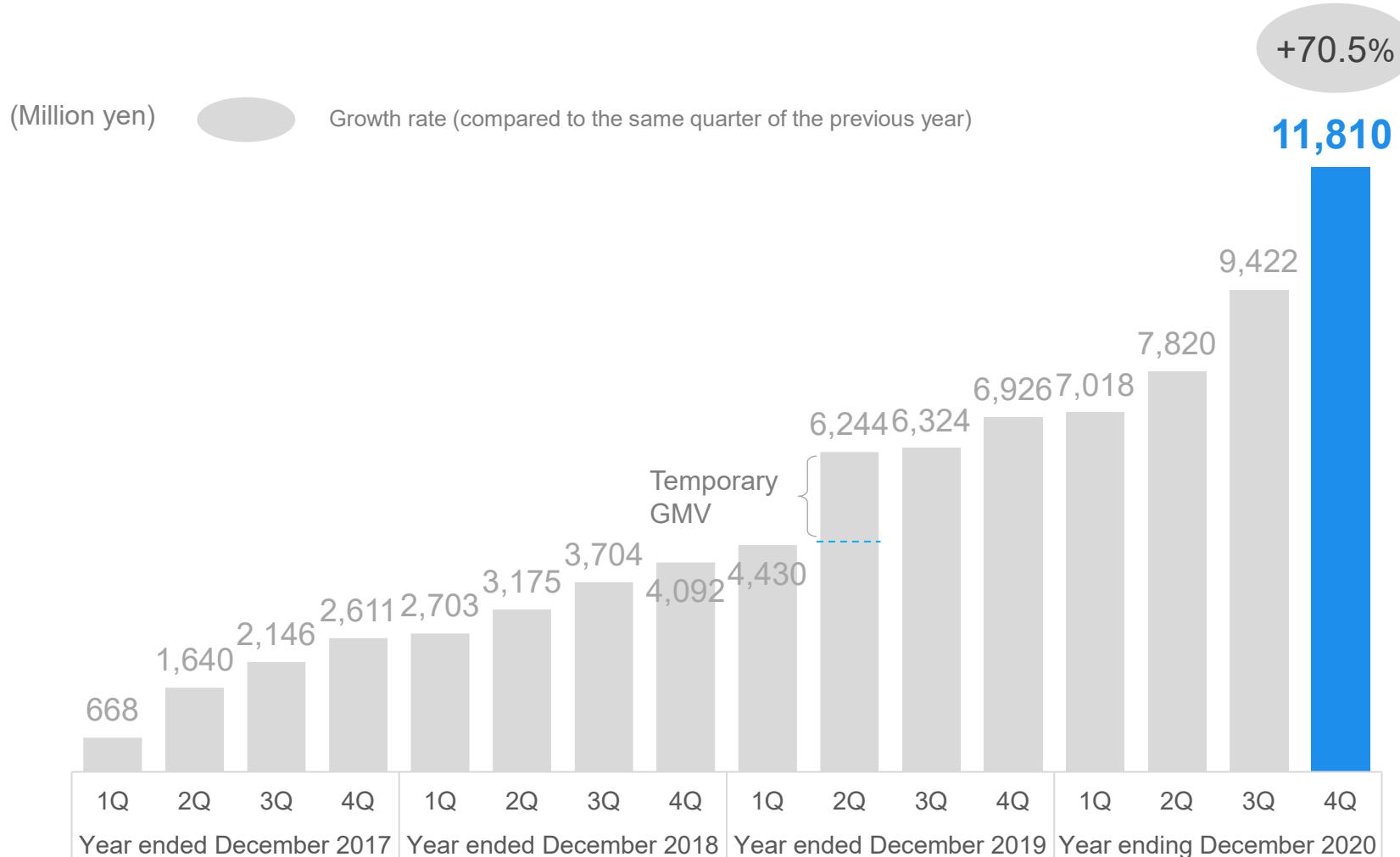
Business: Operates “note pro” and “cakes” in addition to the “note” media platform that supports creativity.

## About the Capital and Business Alliance

Contributing to increased fans, attracting more customers, and expanding sales channels by providing the means to effectively deliver the brand’s worldview by establishing functions so that “BASE” shop owners can post articles to “note” from the management screen.



GMV increased significantly by **70.5%** over the same quarter of the previous year due to the impact of a GoTo campaign large deal.

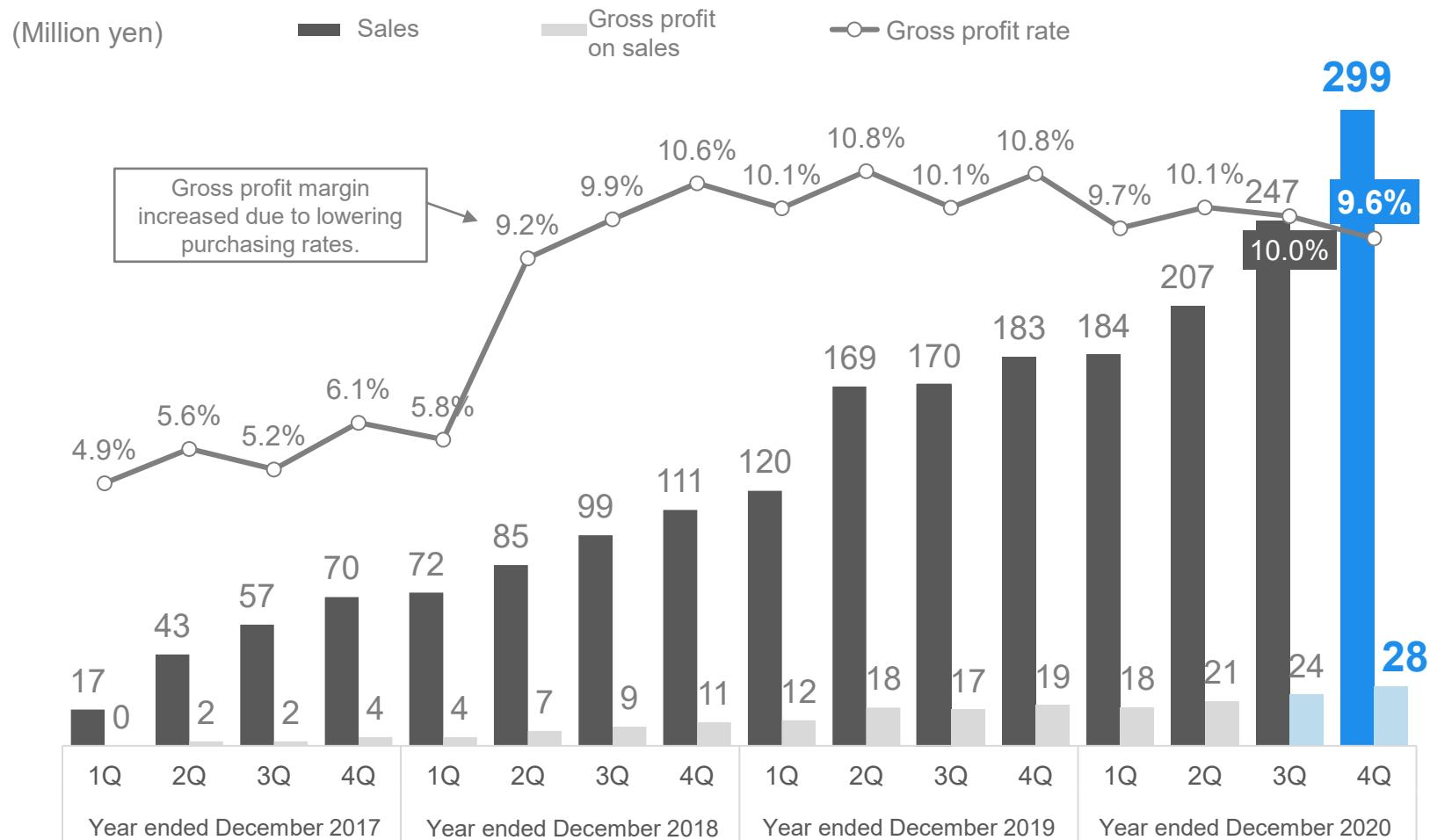


(Note) GMV is based on the payment date (payment amount).

## Trends in Net sales and gross profit

Increase in GMV led to a significant increase in net sales by **63.2%** over the same quarter of the previous year and gross profit on sales by **44.8%** over the same quarter.

Gross profit margin declined over the same quarter of the previous year due to a decrease in take rate.



## **4. Mid-term Policy and Forecast for Fiscal Year Ending December 2021**

---

## Consolidated

- Continuous focus on BASE business
- Implementing forward-looking investments in a disciplined manner to ensure a surplus operating profit (excluding promotion fees).

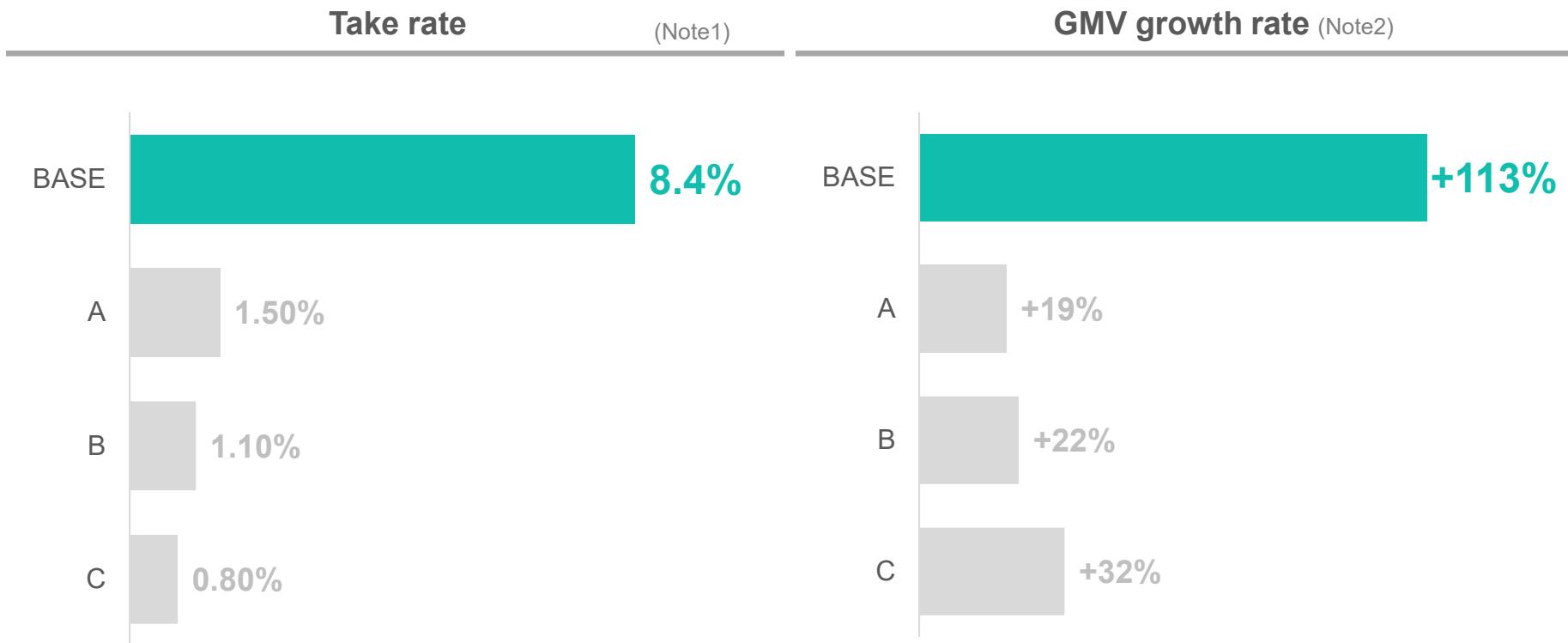
## BASE Business

- Regarding BASE, focus on empowering individuals and SMBs.
- For storefront-type EC markets, the long tail market targeted at individuals and SMBs can expect higher GMV growth rates and take rates than markets targeting large shops.
- BASE has the largest share in Japan of the long tail market.
- Strengthen forward-looking investments to realize sustainable growth by building a solid position for long tail markets.
- Aiming for mid-term gross profit growth by further increasing the added value of products and maintaining the take rate.

## PAY Business

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

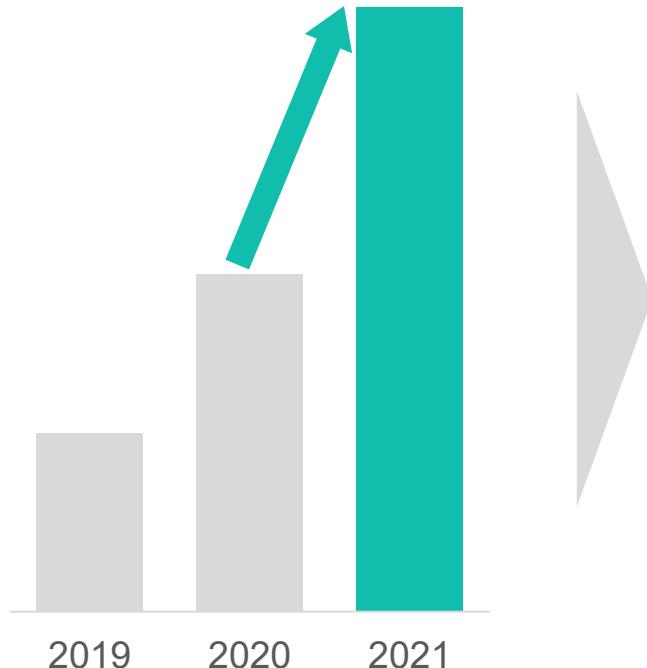
Long-tail markets can be expected to have higher GMV growth rates and take rates compared to markets targeting large shops.



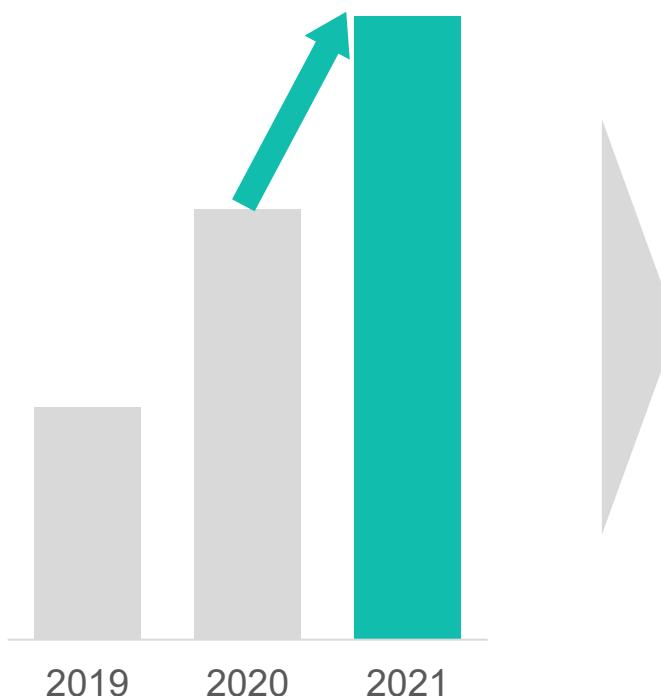
Further strengthen upfront investment in promotions

Aim to build a solid position in the long tail market and achieve sustainable growth by increasing awareness of the BASE service

Changes in  
promotion expenses



Changes in  
Service Awareness

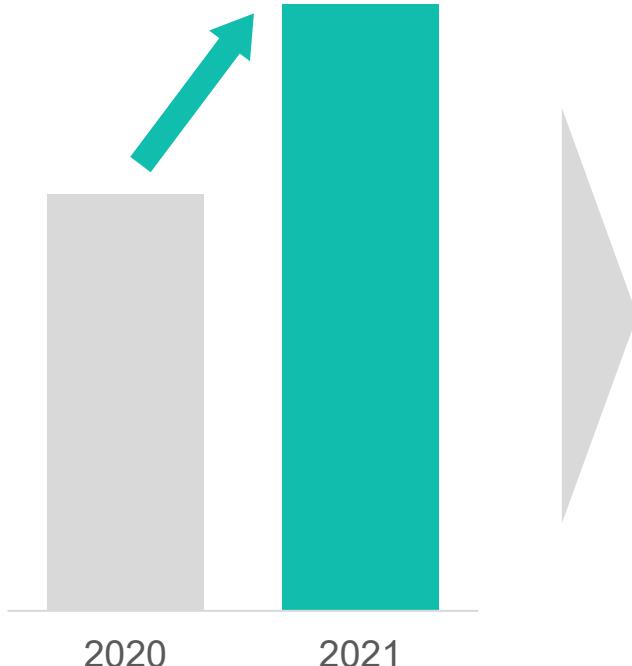


- Increase in the number of new shops opened over the med- to long-term
- Strong position in the long tail market and sustainable growth

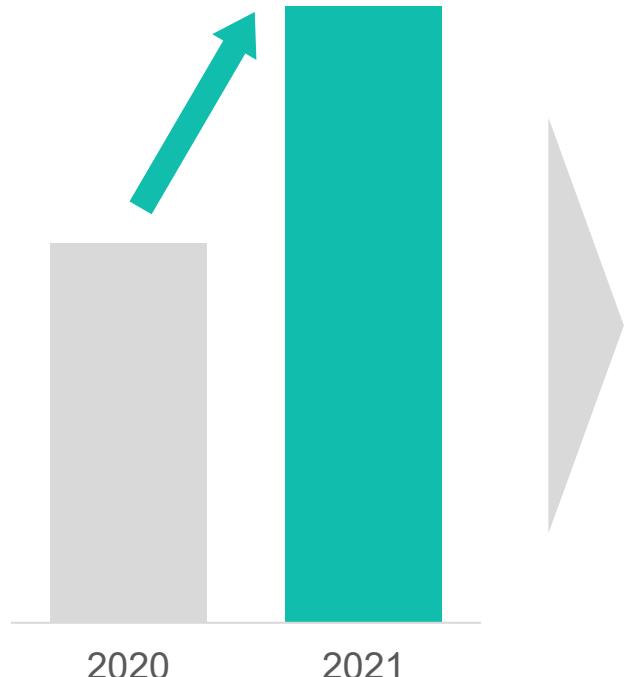
Accelerate investment in product development, etc. by promoting recruitment and utilizing external human resources

Aim to build a solid position in the long tail market and achieve sustainable growth by further increasing the added value of our products.

**Number of employees in  
BASE business**



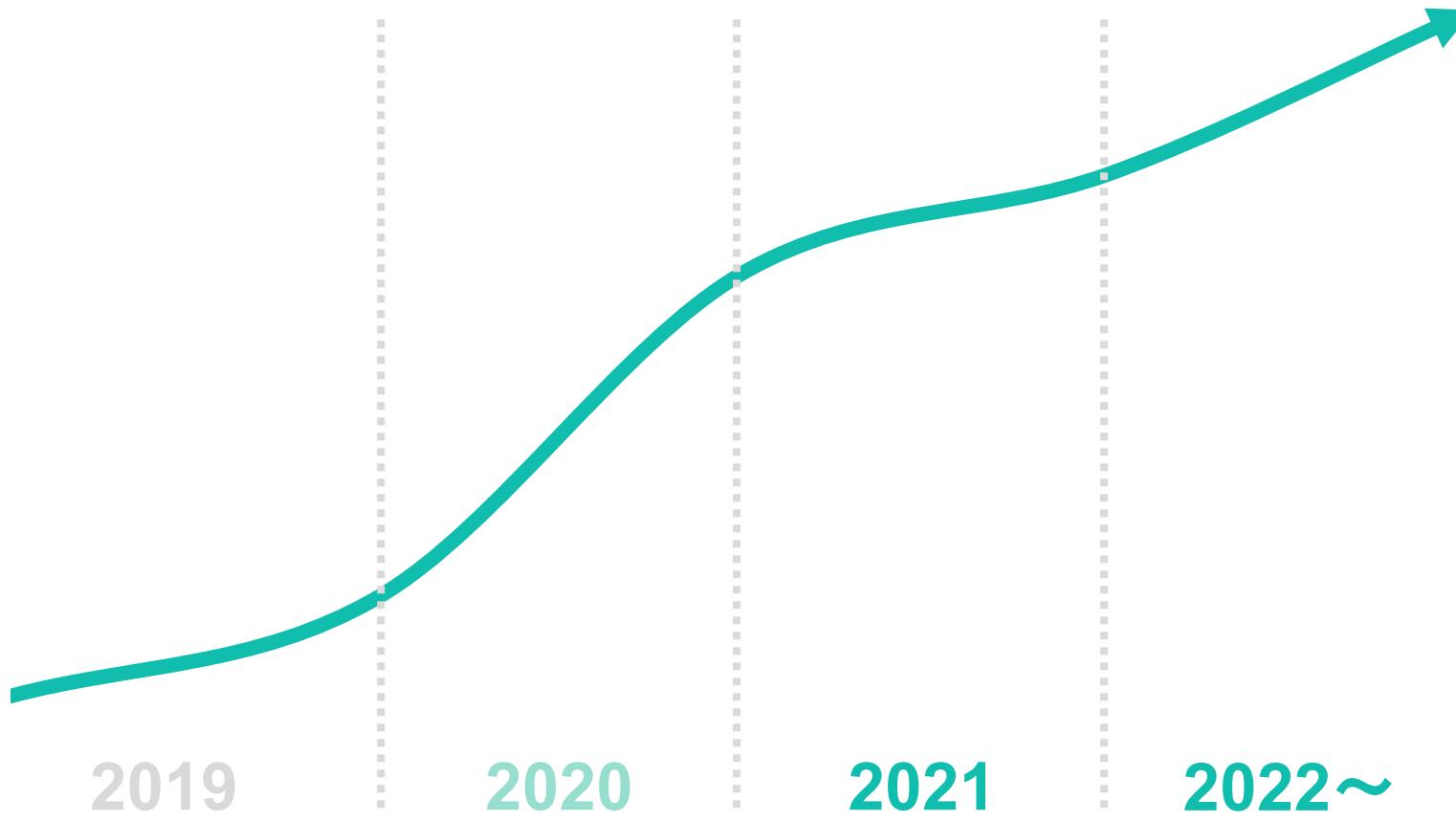
**Personnel expenses and  
outsourcing expenses**



- **Further increase the added value of products**
- **Strong position in the long tail market and sustainable growth**

Continue to focus on empowering individuals and SMBs, not on short-term GMV growth

**Establish a solid position in the long-tail market and aim for med- to long-term growth in gross profit**



# Policy for the term ending December 2021

---

## Consolidated

- Continuing forward-looking investments aimed not at short-term profits, but rather at growth in mid- to long-term profits.
- Implementing forward-looking investments in a disciplined manner to ensure a surplus operating profit (excluding promotion fees)
- Consideration for strategic investment and M&A for mid- to long-term growth
- Strengthening governance to enhance corporate value over the mid- to long-term by introducing the executive officer system, reviewing the composition of the board of directors, and establishing a nomination and compensation committee as measures to strengthen ESG
- Plan to implement a stock split at 1:5 to expand investor categories, and increase stock liquidity by lowering the investment unit

## BASE Business

- Place focus on growth of GMV and gross profits, and actively implement forward-looking investments.
- Strengthening advertising and publicity in order to bolster recognition and acquisition of new stores
- Strengthening sales promotion support for stores utilizing “BASE” shopping app and coupons
- Accelerating forward-looking investments, such as hiring of product personnel to expand services
- In product development, expanding services to support member stores continued use of our services, such as functional developments to promote utilization by a wider range of users, strengthening functional expansion, provision of funds, improved cash flow, and making efforts towards long-term utilization and enhanced LTV
- Ongoing support for business continuity to offset suffering from Corona disaster

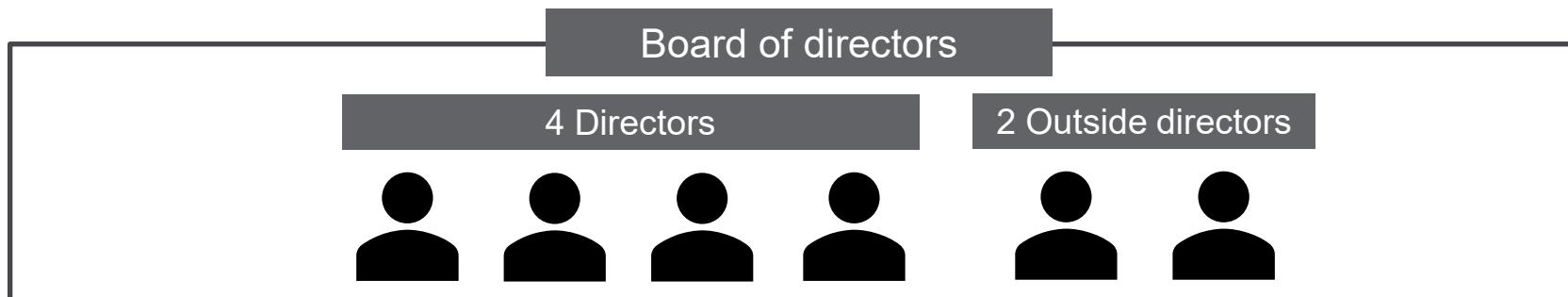
## PAY Business

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

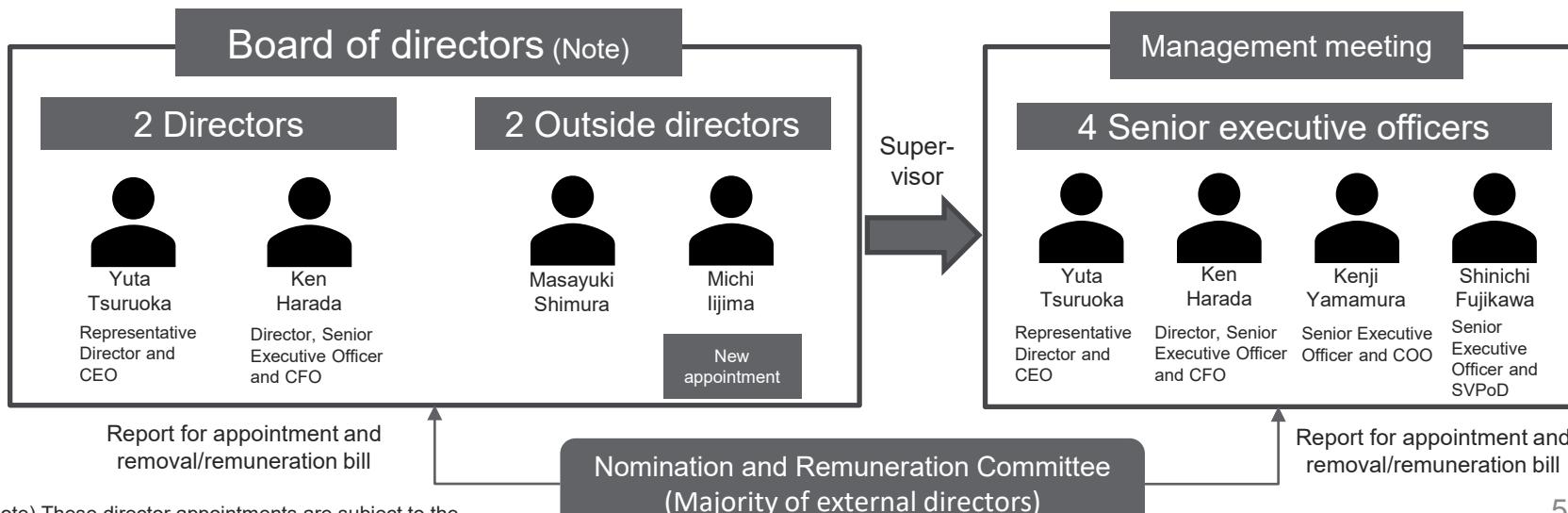
(Million yen)	Forecast for FY2021	FY2020 Results	YoY
Net sales	9,750 ~10,536	8,288	+17.6% ~+27.1%
Gross profit on sales	5,614 ~6,118	4,992	+12.5% ~+22.6%
Selling, general and administrative expenses	7,047	4,189	+68.2%
Operating profit	-1,433 ~-929	803	-
Ordinary profit	-1,433 ~-929	747	-
Net income attributable to shareholders of the parent company	-1,437 ~-933	584	-

- Strengthening the supervisory function of the board of directors by reviewing the constitution of the board, and increasing the ratio of external directors.
- Reinforcing governance by introducing a new executive officer system, and separating the supervisory and operational functions, and also facilitating flexible decision-making by delegating authority for execution of operations to executive officers.
- Establishing arbitrary nomination and compensation committee as advisory organization to the board of directors, and ensuring managerial objectivity and rationale.

Current

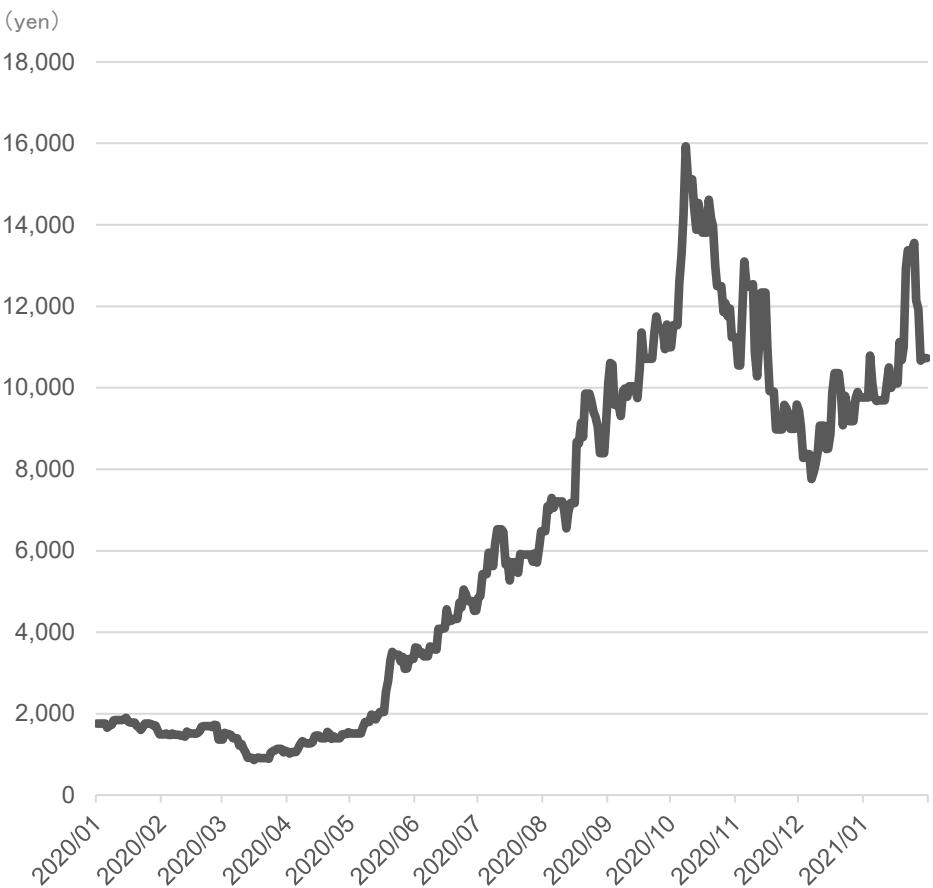


Proposed change



Plan to implement a stock split at 1:5 to expand investor categories, and increase stock liquidity by reducing the investment unit.

### Trends in stock price



### Outline of stock split

Lowering of investment unit to less than 500,000 yen by implementing a five-for-one stock split for common stocks.

	Stock price (Note)	Investment unit
Before	10,730 yen	1,073,000 yen
After	2,146 yen	214,600 yen

(Note) Benchmarked on the closing price on January 29, 2021

### 【Schedule】

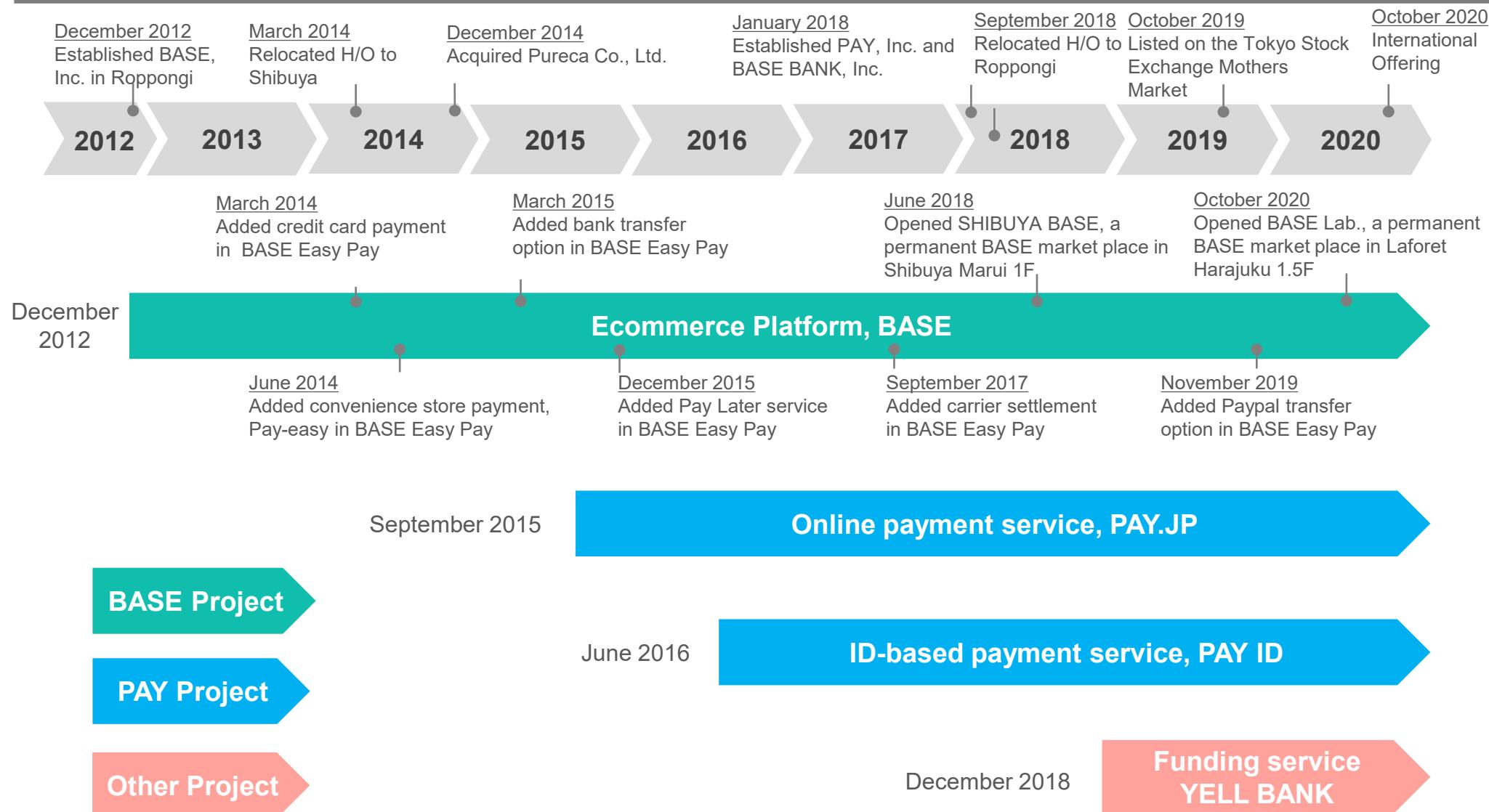
February 10, 2021: Resolution of the Board of Directors  
March 16, 2021: Announcement of reference date  
March 31, 2021: Reference date  
April 1, 2021: Effectuation

## **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)	162, 92 of whom are product engineering personnel (as of the end of December 2020)
Subsidiaries	PAY, Inc., BASE BANK, Inc.

# Our History





## 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.

# Profit and Loss Statement (By Segment)

BASE

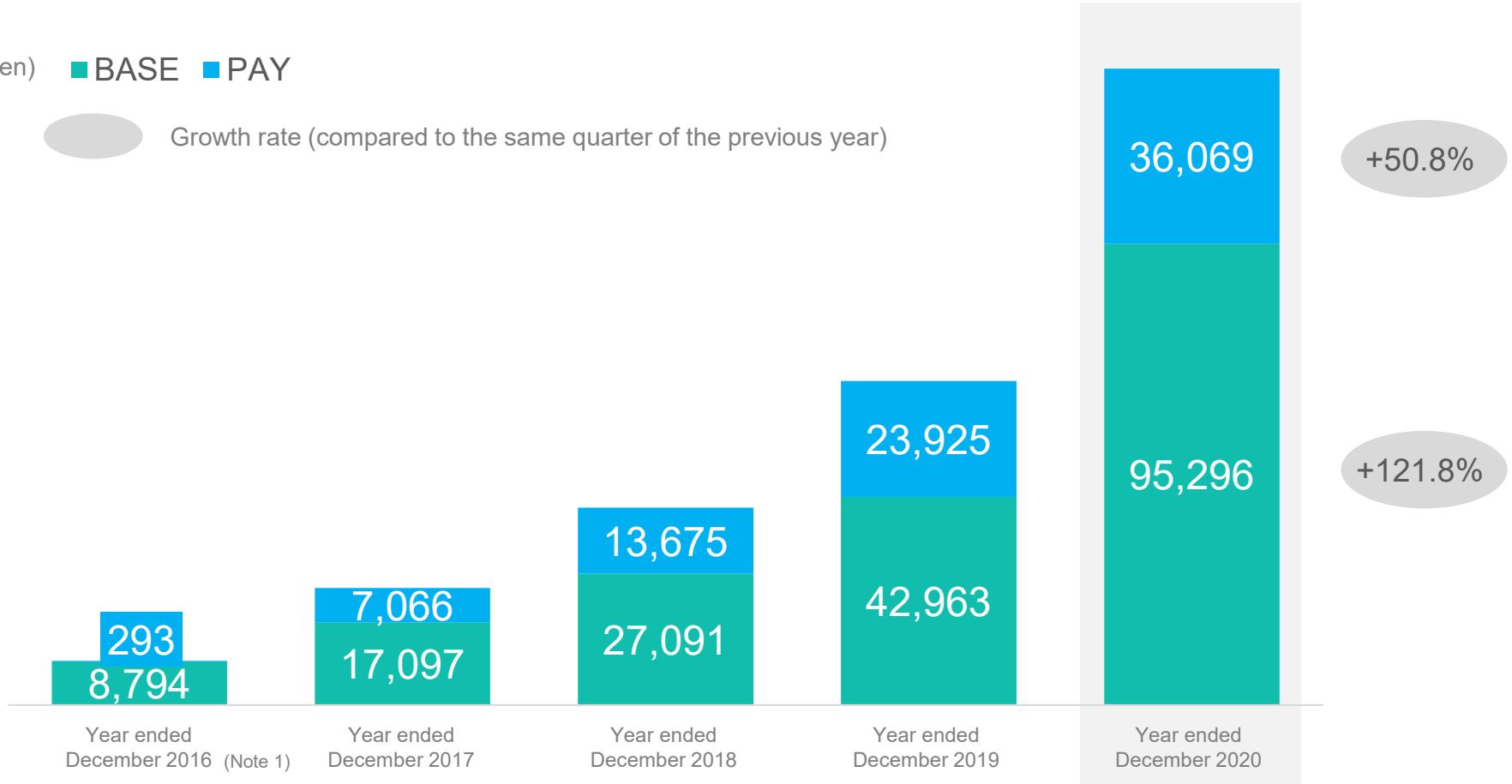
(Million yen)	Year ended December 2018				Year ended December 2019				Year ended December 2020			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
BASE	373	429	542	637	643	752	871	931	933	2,342	2,061	1,983
Sales	PAY	72	85	99	111	120	169	170	183	184	207	247
	Others	-	-	-	-	0	0	1	3	6	7	6
												7
Gross profit on sales	BASE	256	293	379	433	437	508	590	620	624	1,580	1,362
	PAY	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
	Corporate expenses	-23	-26	-29	-30	-34	-32	-33	-41	-47	-38	-40
Operating profits	Entire company	-310	-174	-302	-4	-203	67	-144	-161	-28	640	534
												-343

The BASE business **increased by 121.8%** YoY and the PAY business **by 50.8%** YoY, showing strong growth.

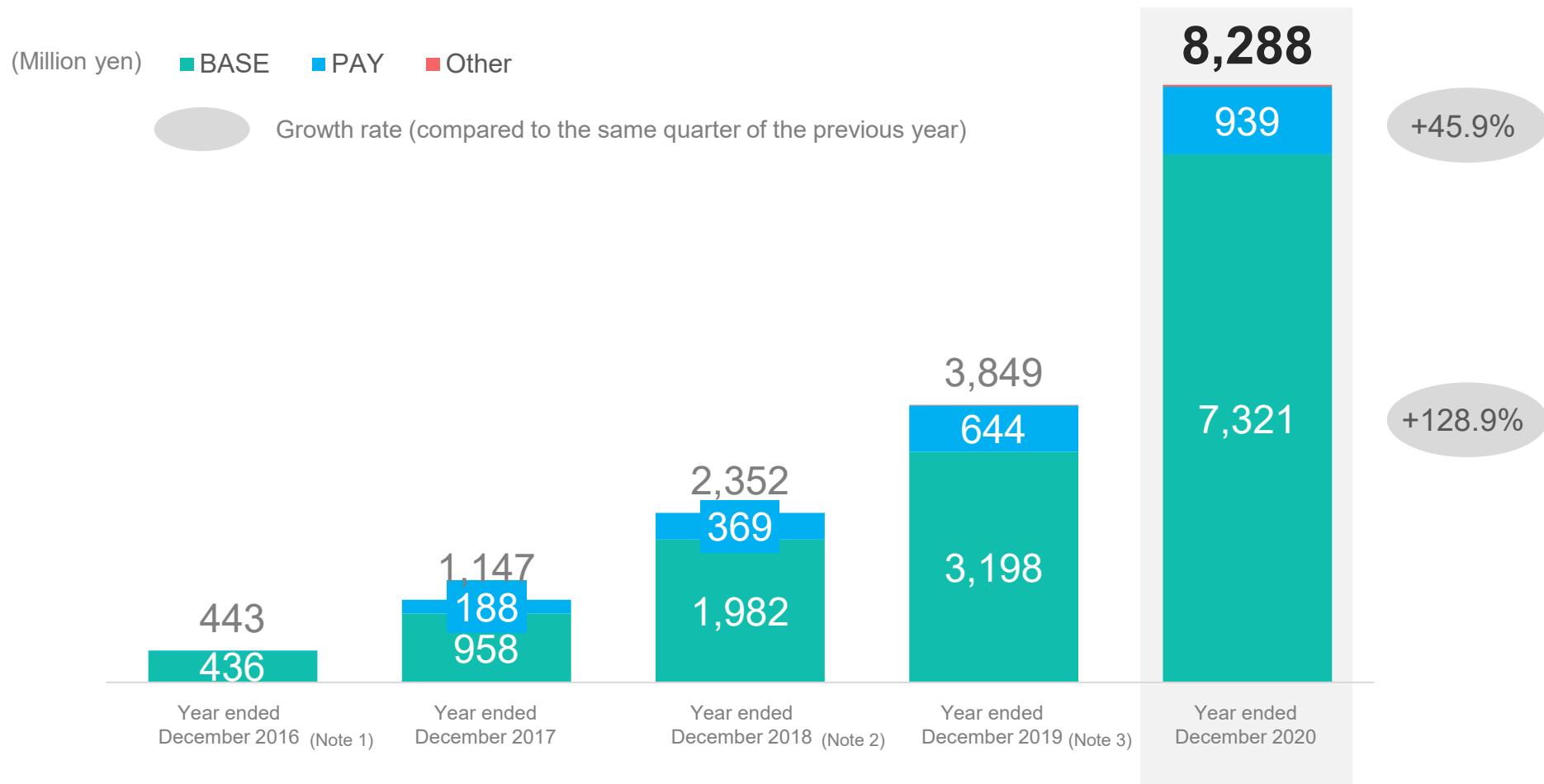
The BASE business increased greatly due to growing demand for opening online shops and shift of consumers to EC caused by the COVID-19 pandemic.

(Million yen) ■ BASE ■ PAY

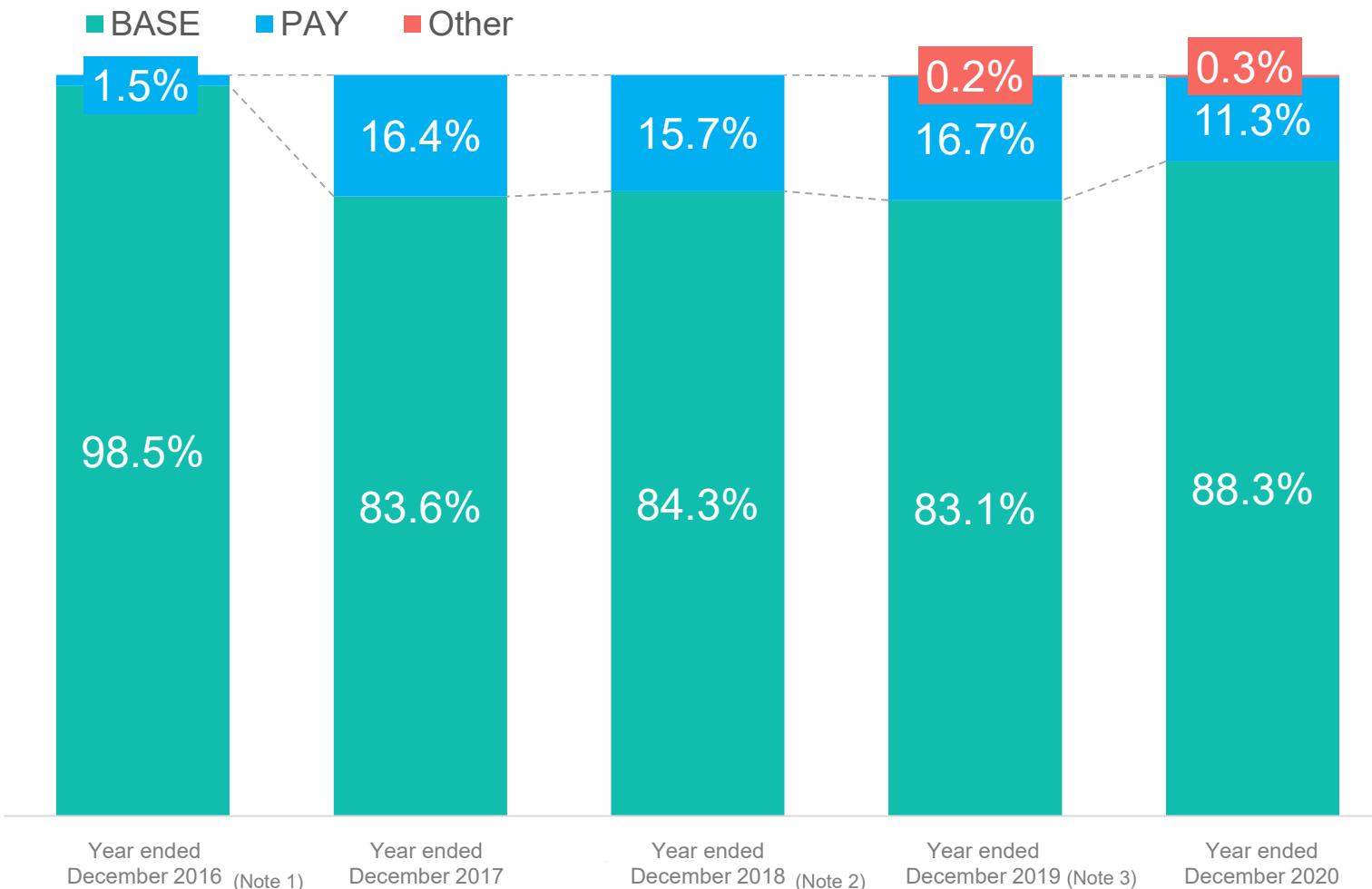
Growth rate (compared to the same quarter of the previous year)



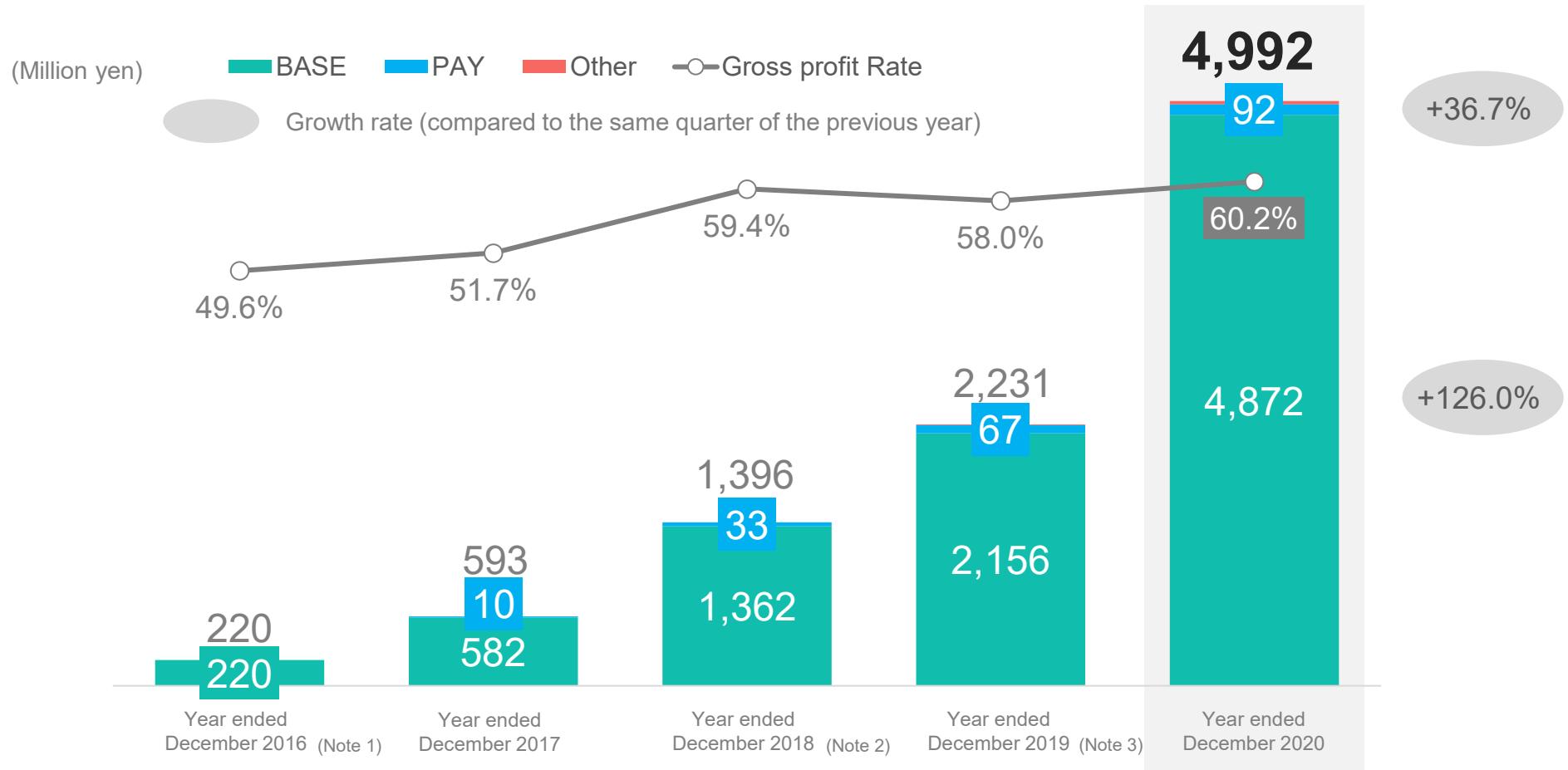
Net sales **increased significantly by 115.3% YoY** due to the growth of GMV in the BASE business.



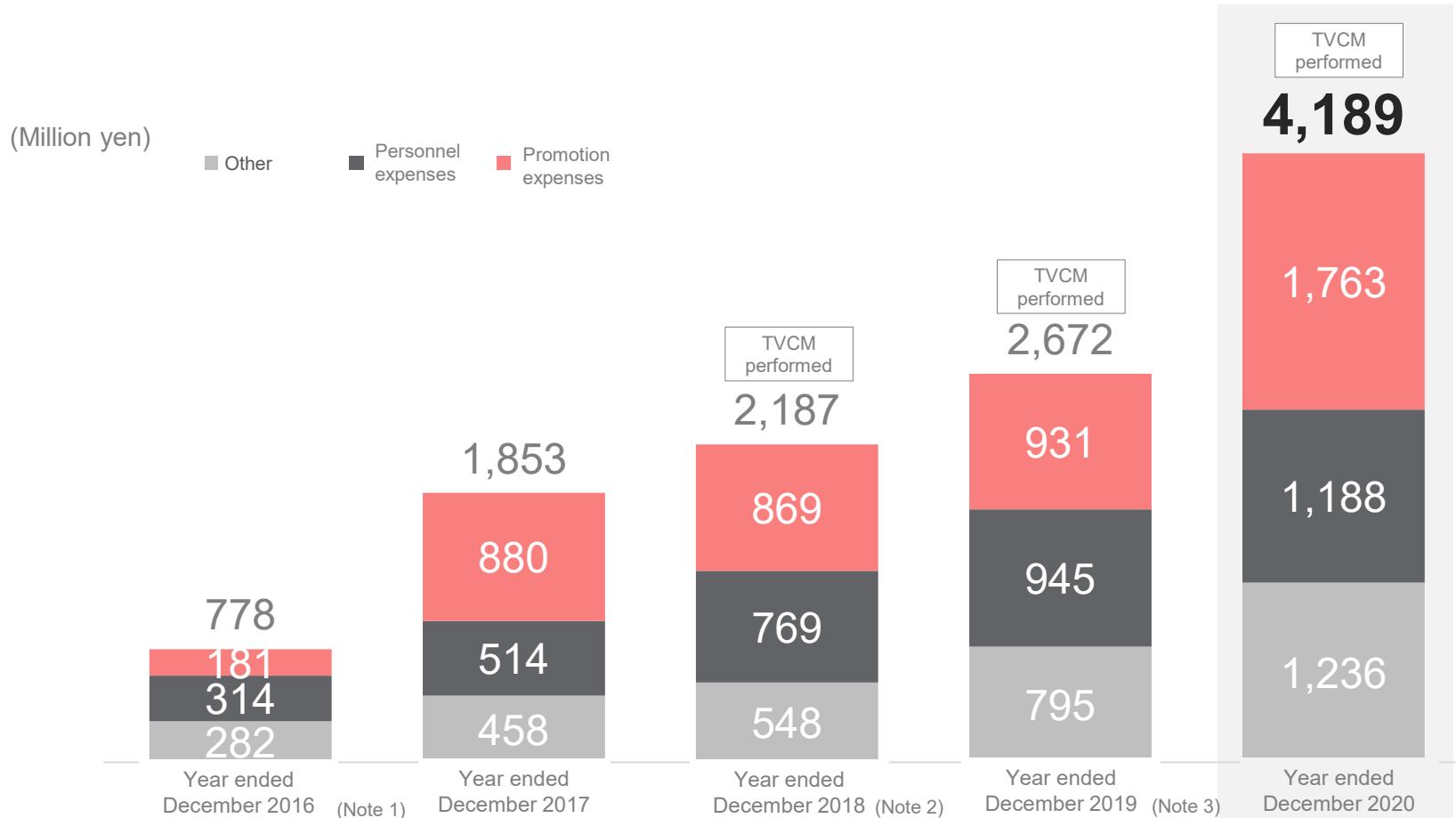
The sales composition ratio of the BASE business increased YoY as net sales of the BASE business grew substantially.



Gross profit on sales **increased by 123.8% YoY** due to a large increase in the BASE business.  
 Gross profit margin increased due to a rise in the sales composition ratio of the BASE business.



- SG&A expenses increased substantially by 1,516 million yen YoY (+56.7% YoY) as promotional expenses increased significantly.
- Promotional expenses increased significantly to 832 million yen YoY (+89.3% YoY) due to forward-looking investments for promotion of sustainable growth of the BASE business.
- Other expenses increased significantly to 441 million yen YoY (+55.5% YoY) due to increase in taxes and dues and increase in outsourcing expenses resulting from expanded customer support operations, etc.



(Note 1) We changed our accounting period starting from the fiscal year ended December 2016, owing to which this fiscal year consists of an irregular accounting period of 13 months.

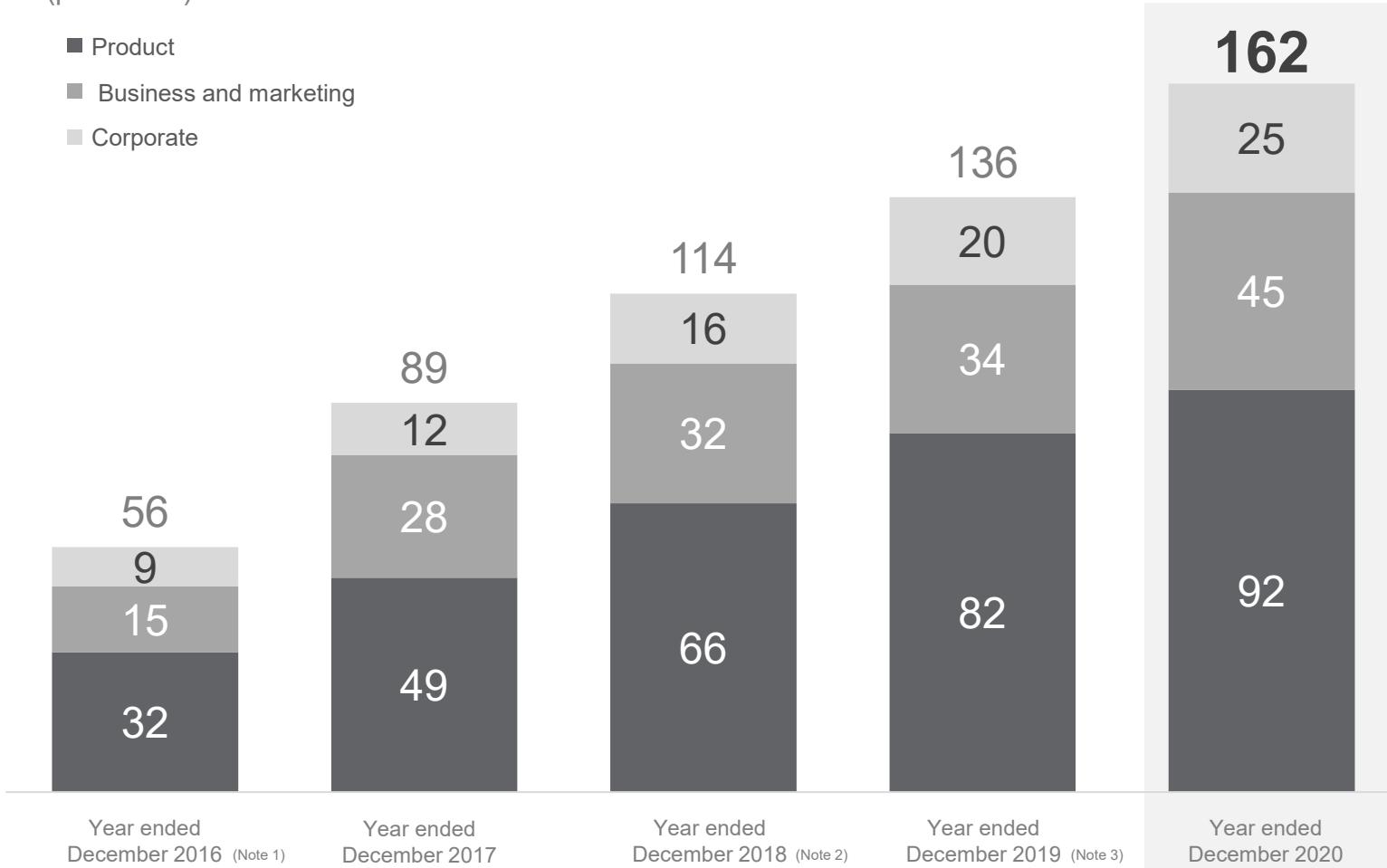
(Note 2) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 3) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

Net sales rose significantly by **115.3%** YoY, but the number of employees increased only slightly by **26** persons (**+19.1%** YoY).

(personnel)

- Product
- Business and marketing
- Corporate



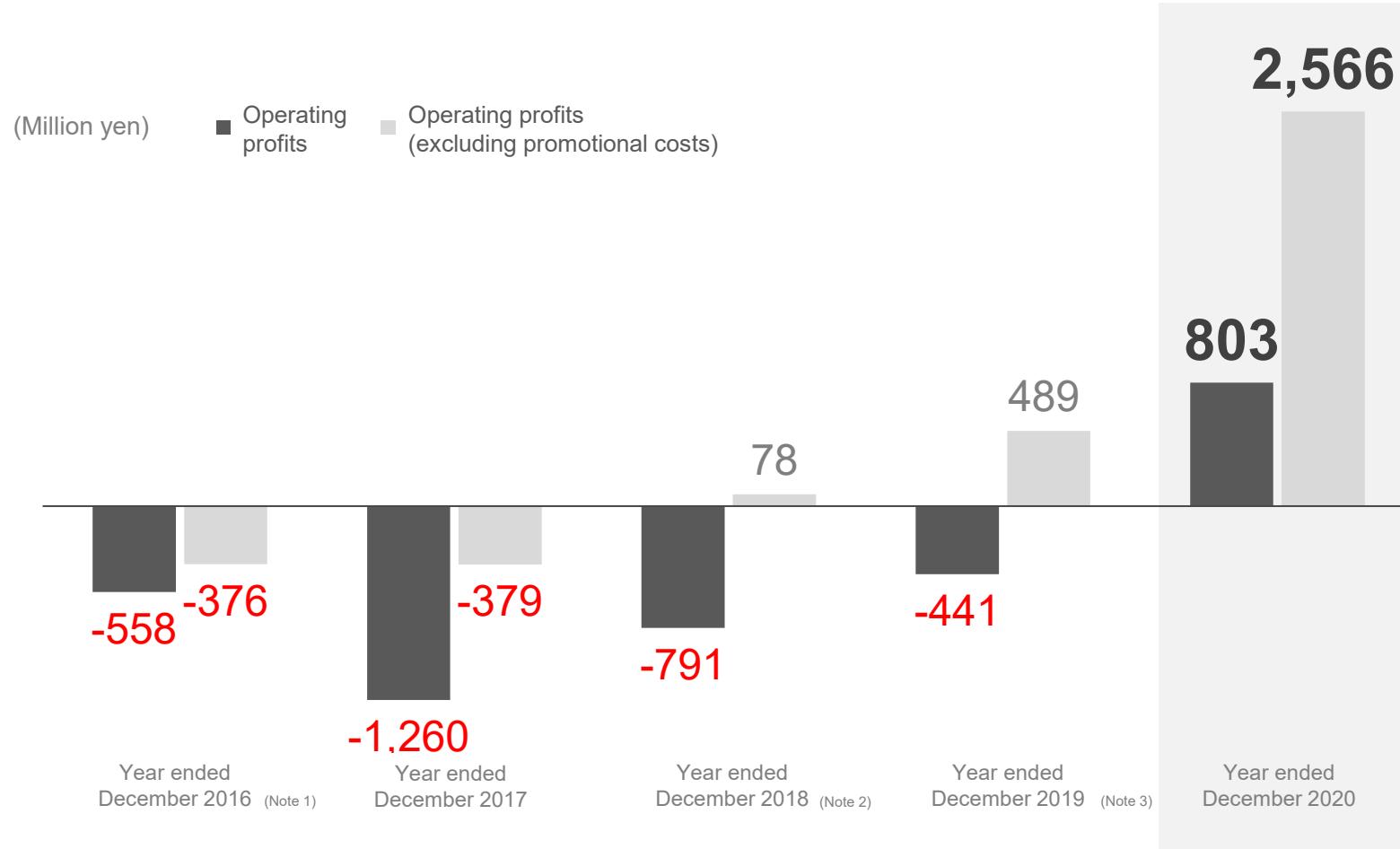
(Note 1) We changed our accounting period starting from the fiscal year ended December 2016, owing to which this fiscal year consists of an irregular accounting period of 13 months.

(Note 2) 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 fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 3) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

Although SG&A expenses increased significantly due to an increase in promotional expenses, gross profit on sales in the BASE business grew sharply, resulting in full-year operating profit of **803 million yen** (**-441 million yen** in the previous fiscal year).

Operating profit (excluding promotional expenses) also increased significantly, by **424.0%** YoY.

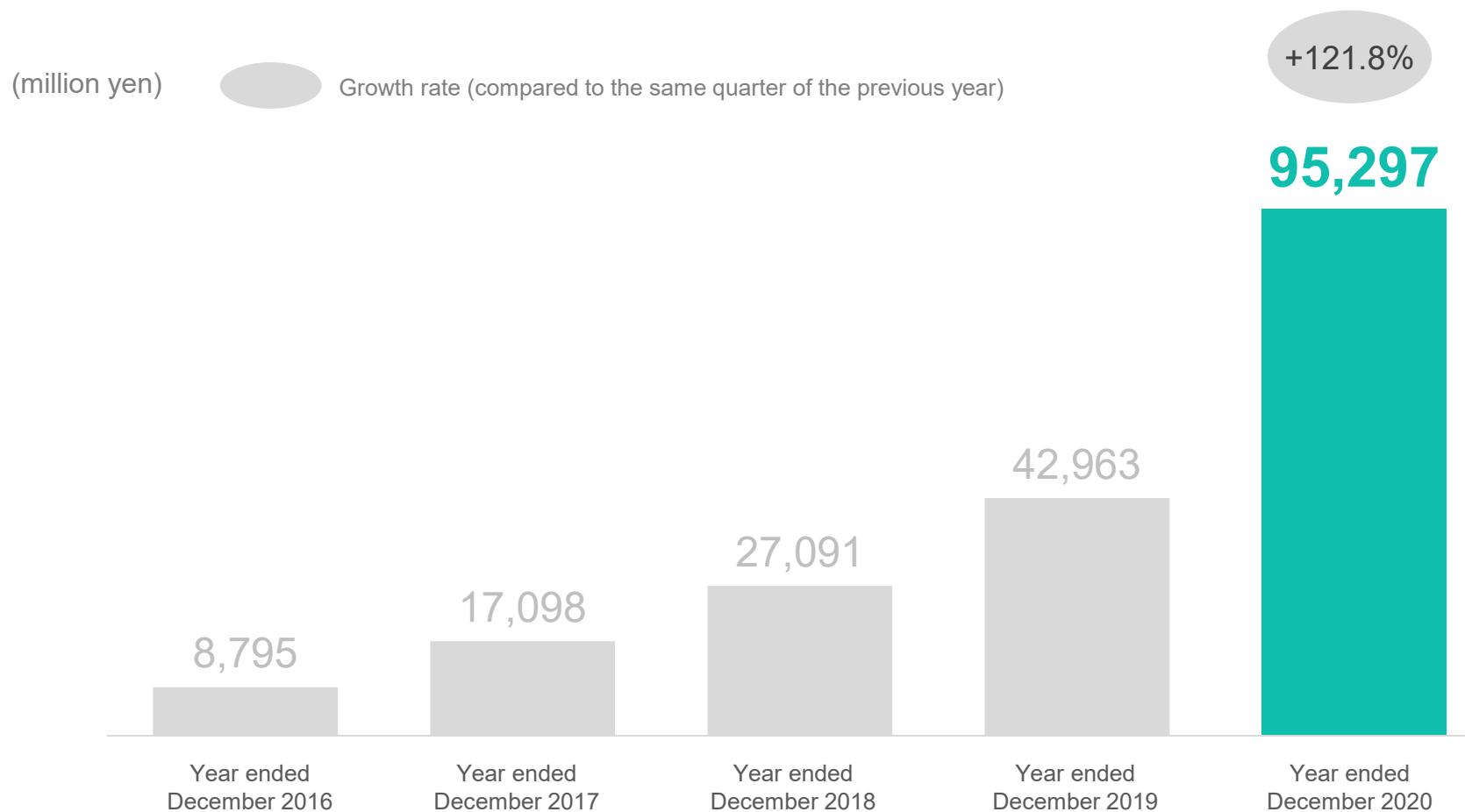


(Note 1) We changed our accounting period starting from the fiscal year ended December 2016, owing to which this fiscal year consists of an irregular accounting period of 13 months.

(Note 2) 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 fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.

(Note 3) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ending December 2019. As a result, figures for the fiscal year ending December 2019 are consolidated.

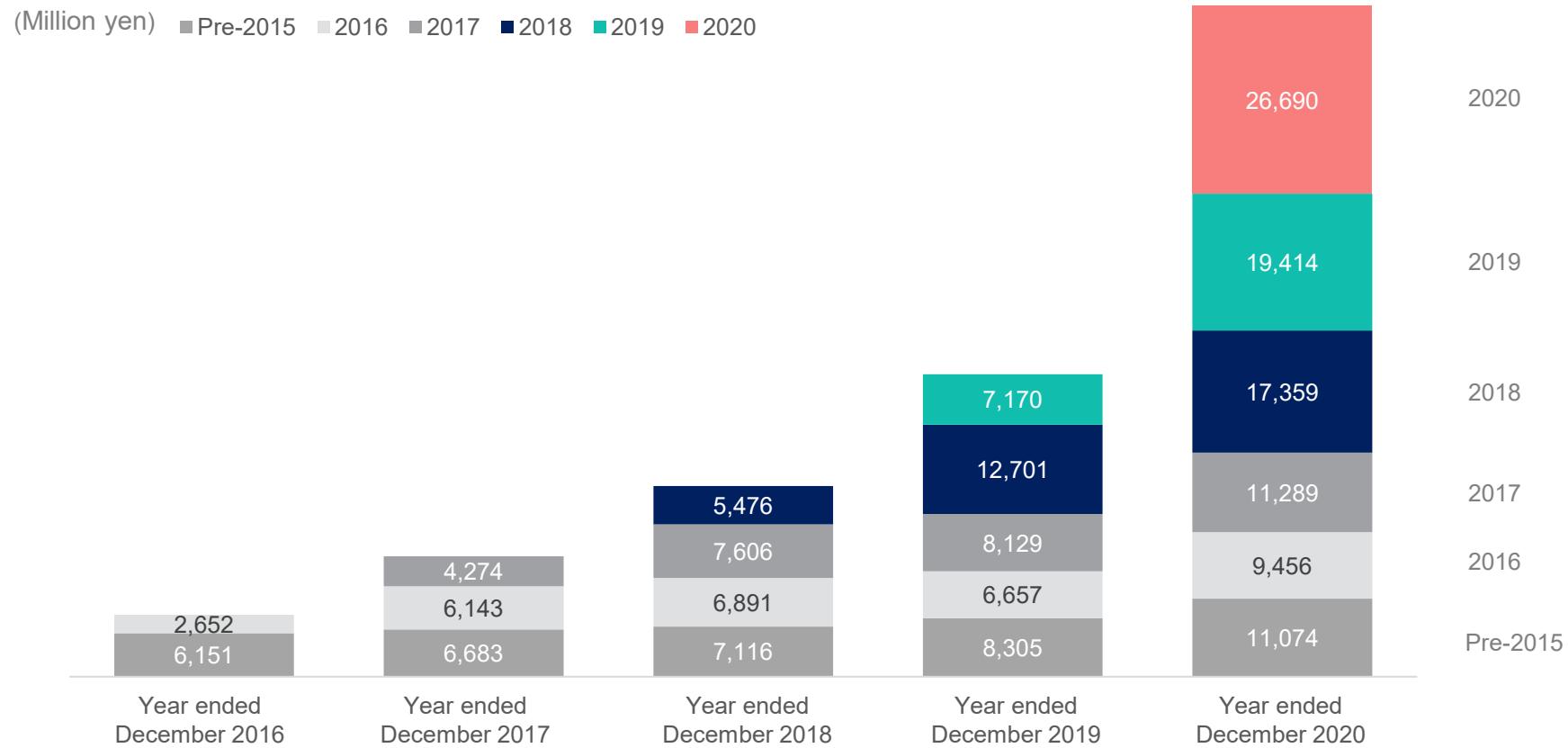
Grew largely by **121.8%** YoY due to growing demand for opening online shops and shift of consumers to EC caused by the COVID-19 pandemic.



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

GMV of shops opened in or before 2019 increased significantly due to activation of existing shops, and GMV of new shops opened in 2020 also increased significantly.

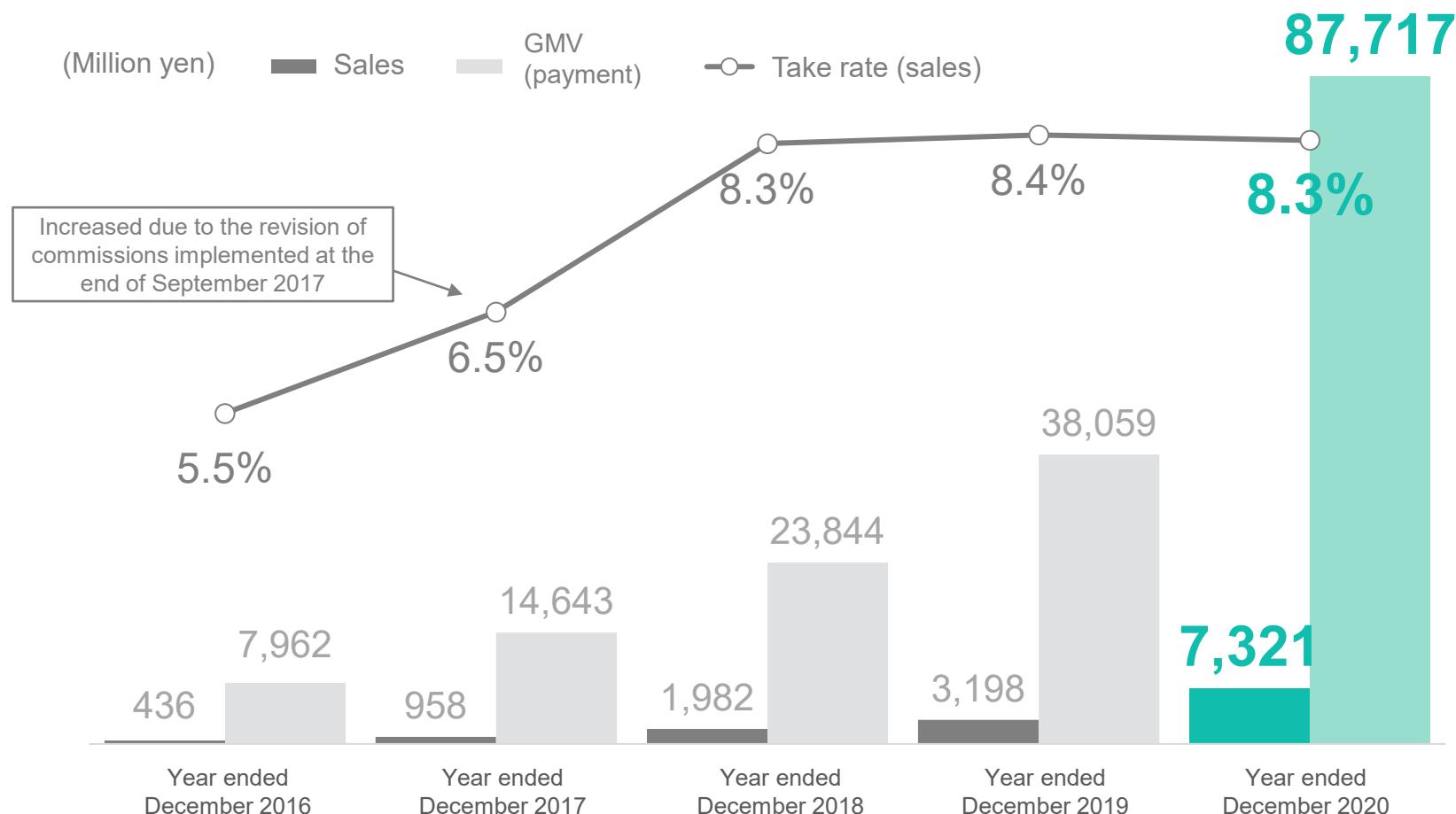
### GMV trend (by year of establishment)



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

GMV (settlement amount) (Note 1) increased significantly to **87,717 million yen (+130.5% YoY)**.

Take rate declined slightly YoY due to decrease in charges borne by purchasers, etc. (Note 2).

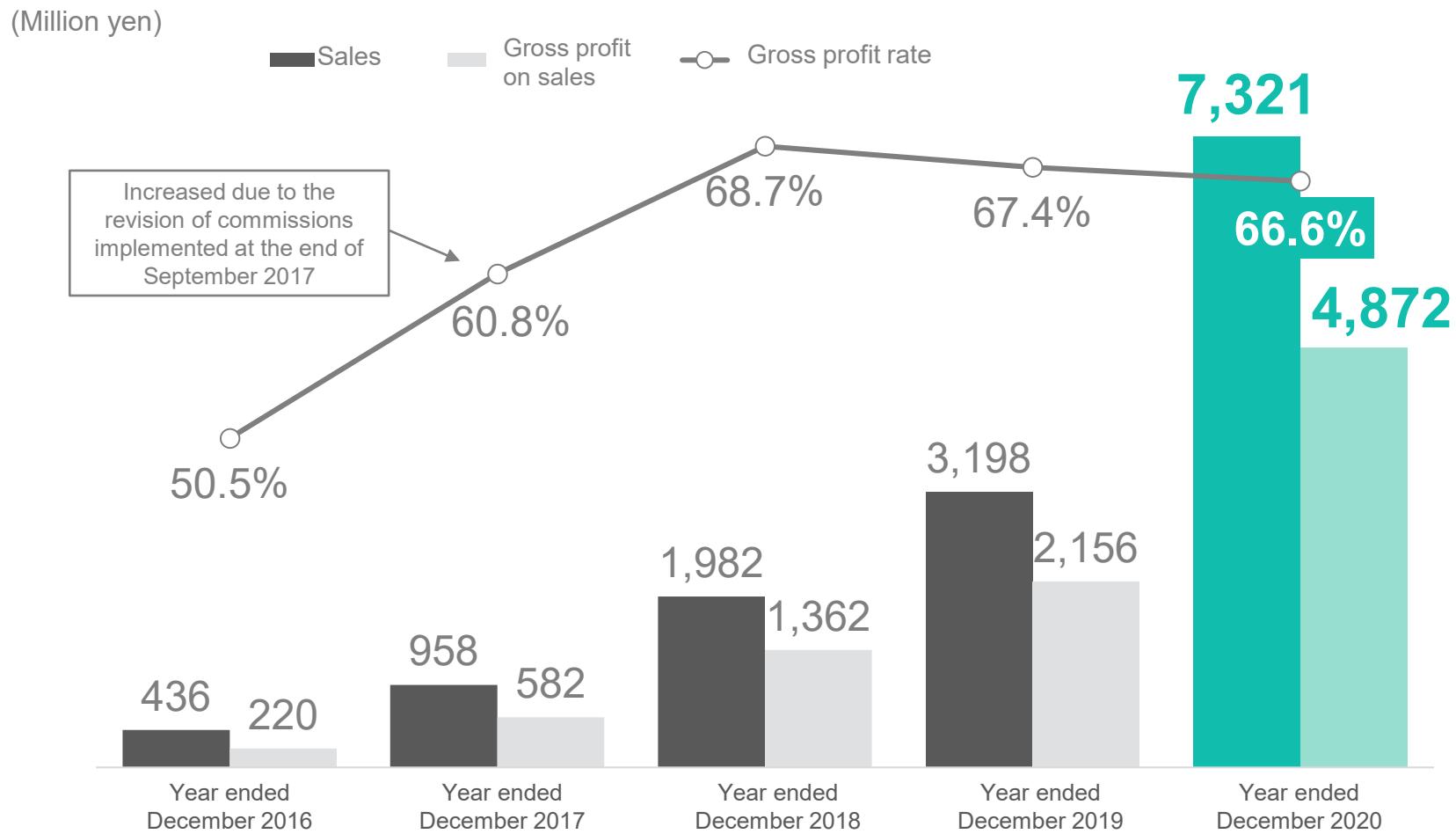


(Note1) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid, and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV 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)

(Note2) No purchasers' commissions are charged for credit card payment, bank transfer, and Paypal, but 300 yen of additional commissions are charged to purchasers for convenience store payment, deferred payment, and carrier payment. Accordingly, the lower the payment ratio of convenience store payment, deferred payment, and carrier payment, the lower the take rate.

GMV growth led to an increase in net sales by **128.9%** YoY and gross profit on sales by **126.0%** YoY, showing a significant increase.

Gross profit margin declined slightly YoY due to decrease in take rate and increase in cost rate.



# KPI trends in the BASE business

BASE

year	month	Quarterly GMV (million yen) <small>(Note1)</small>	Monthly GMV (million yen) <small>(Note1)</small>	Number of shops	Monthly GMV per shops (yen) <small>(Note1)</small>	Quarterly GMV (Settlement amount) (million yen) <small>(Note2)</small>
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
	December	26,302	8,767	51,558	170,051	24,488

(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.

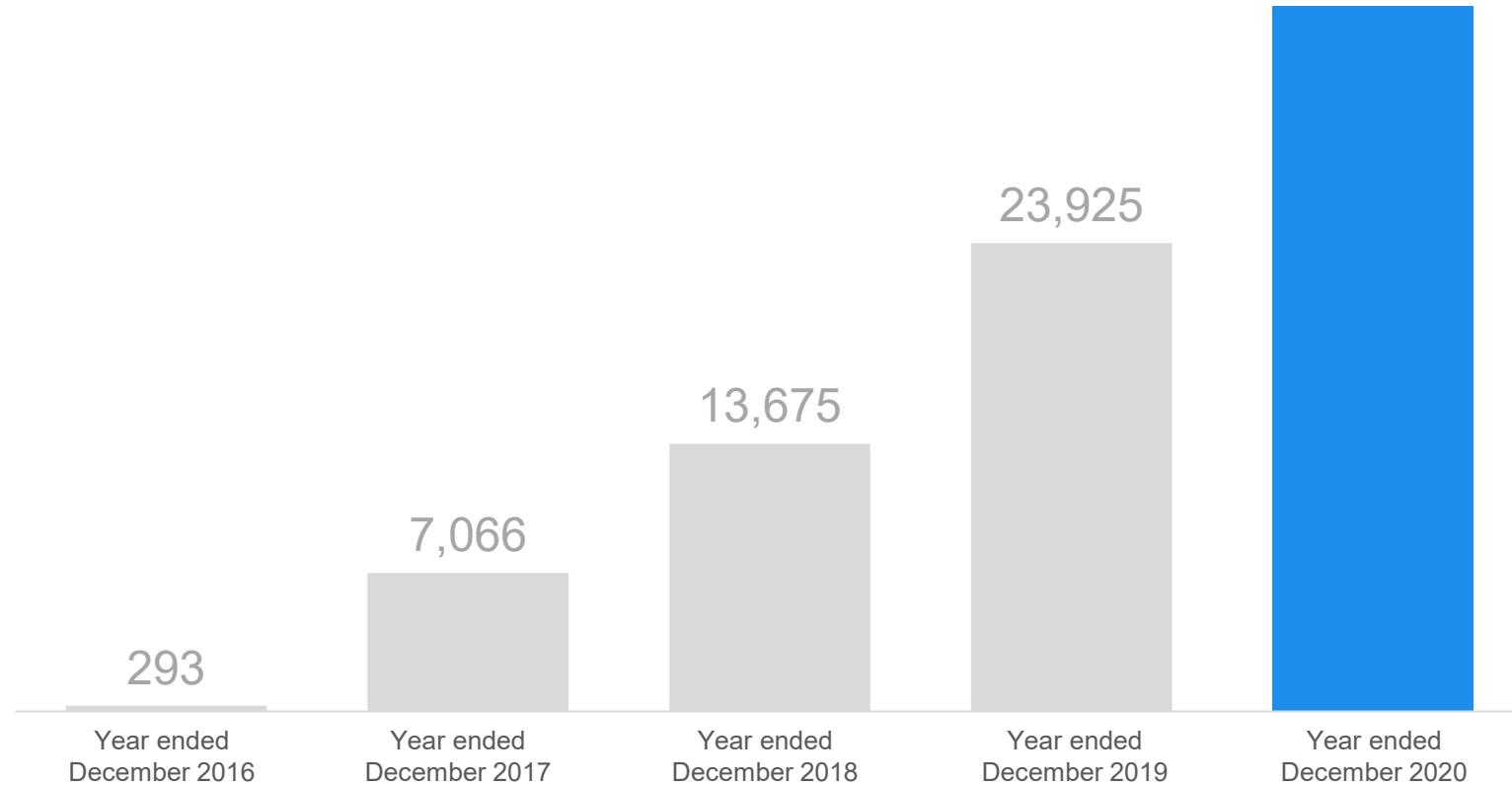
There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV is different from the order amount (GMV based on the order date) because the amount that has not been paid due to cancellation is not included in GMV (payment amount).

GMV grew significantly by **50.8%** YoY, backed by the growth of the number of operating member stores and increase in unit prices of member stores.

(million yen)

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

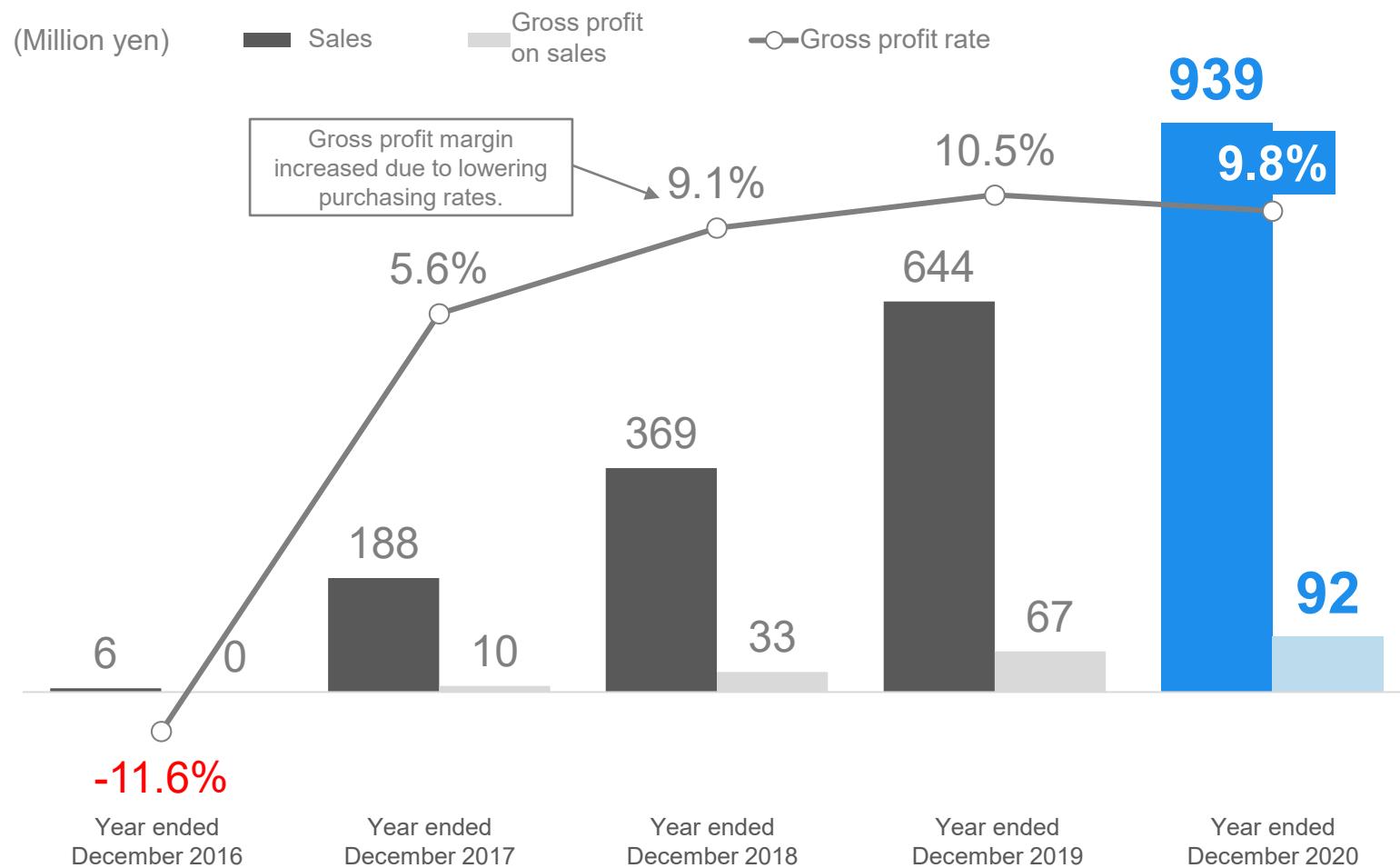
+50.8%

**36,069**

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

Increase in GMV led to a **45.9%** YoY increase in net sales and **36.7%** YoY increase in gross profit on sales.

Gross profit margin declined YoY due to decrease in take rate.



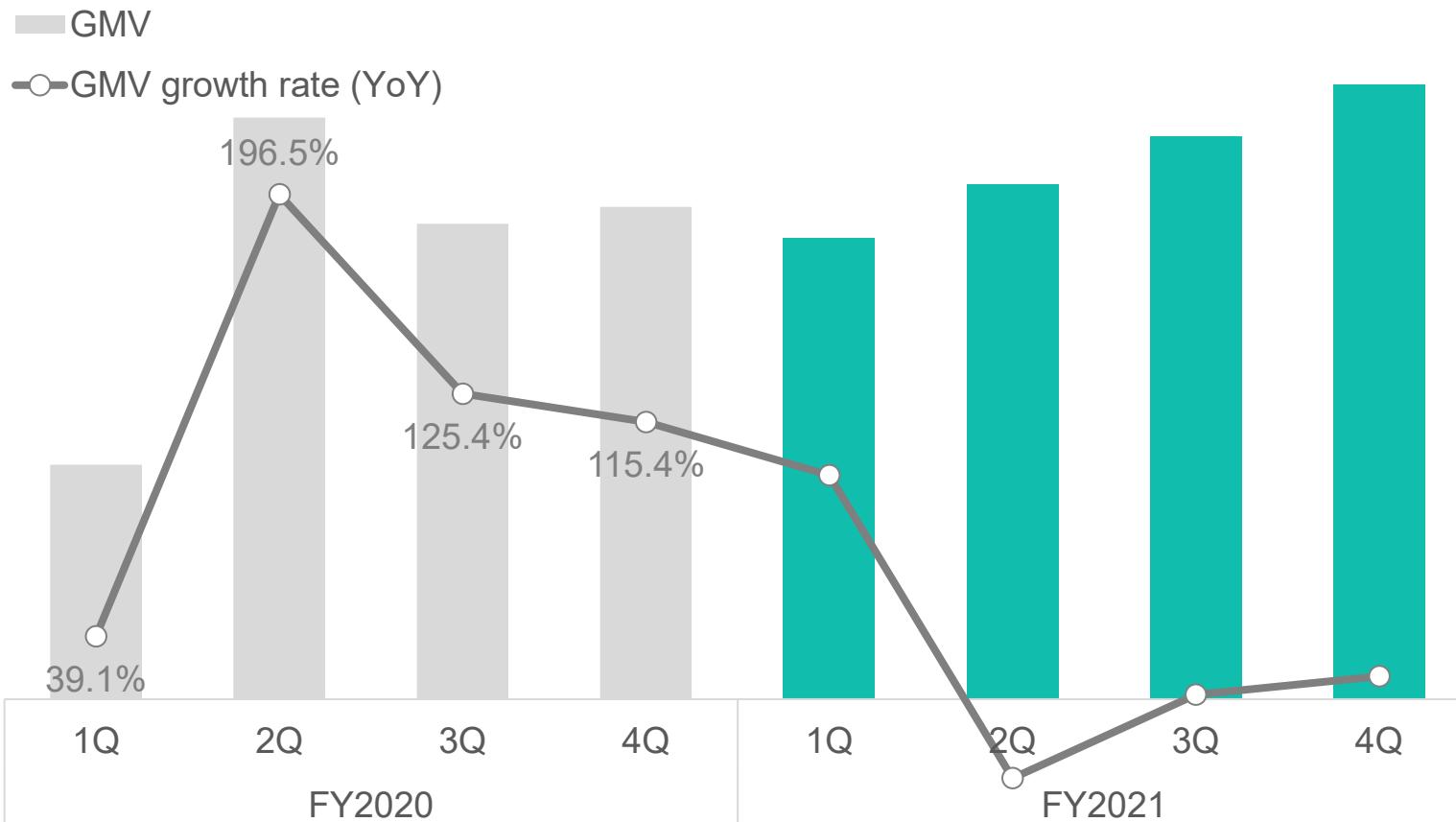
# KPI trends in the PAY business

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
	December	11,808

(Million yen)	Forecast for FY2021	FY2020 Results	YoY
GMV (orders)	115,000 ~125,000	95,296	+20.7% ~+31.2%
GMV (payment)	103,500 ~112,500	87,717	+18.0% ~+28.3%
Net sales	8,350 ~9,100	7,321	+14.1% ~+24.3%
Take rate	8.1%	8.3%	-
Gross profit on sales	5,450 ~5,950	4,872	+11.9% ~+22.1%
GMV (settlement base) rate	5.3%	5.6%	-
Gross profit rate	65.3%	66.6%	-

Q2 GMV growth negative YoY due to rebound from rapid growth in 2020, but expected to grow in Q3 and beyond

### GMVの推移



(Million yen)	Forecast for FY2021	FY2020 Results	YoY
GMV	52,600 ~54,000	36,069	+45.8% ~+49.7%
Net sales	1,370 ~1,406	939	+45.8% ~+49.6%
Take rate	2.6%	2.6%	-
Gross profit on sales	134 ~138	92	+45.1% ~+49.5%
GMV ratio	0.3%	0.3%	-
Gross profit rate	9.8%	9.8%	-

# Ratio of Dilutive Shares

BASE

	FY2020	FY 2019	
SO	Beginning balance	1,810,800	1,776,000
	Granted	0	104,000
	Exercised	-325,600	-12,000
	Renounced	-46,000	-57,200
	Ending balance	1,439,200	1,810,800
	Number of shares outstanding	21,939,400	20,413,800
	Ratio of dilutive shares	6.6%	8.9%

## 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

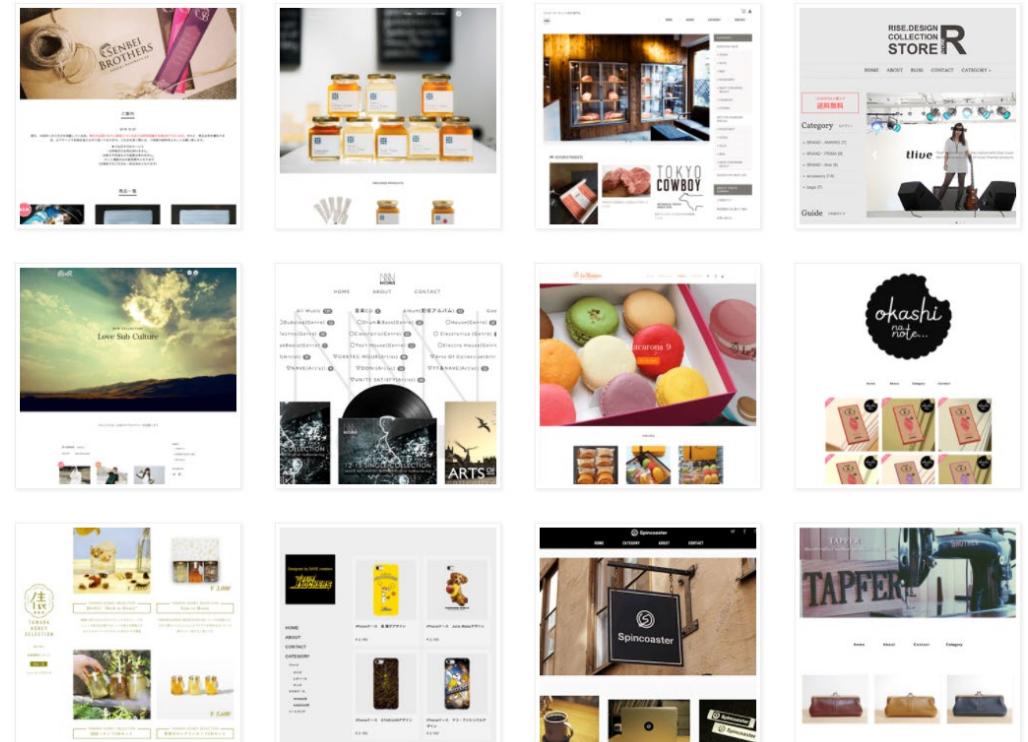
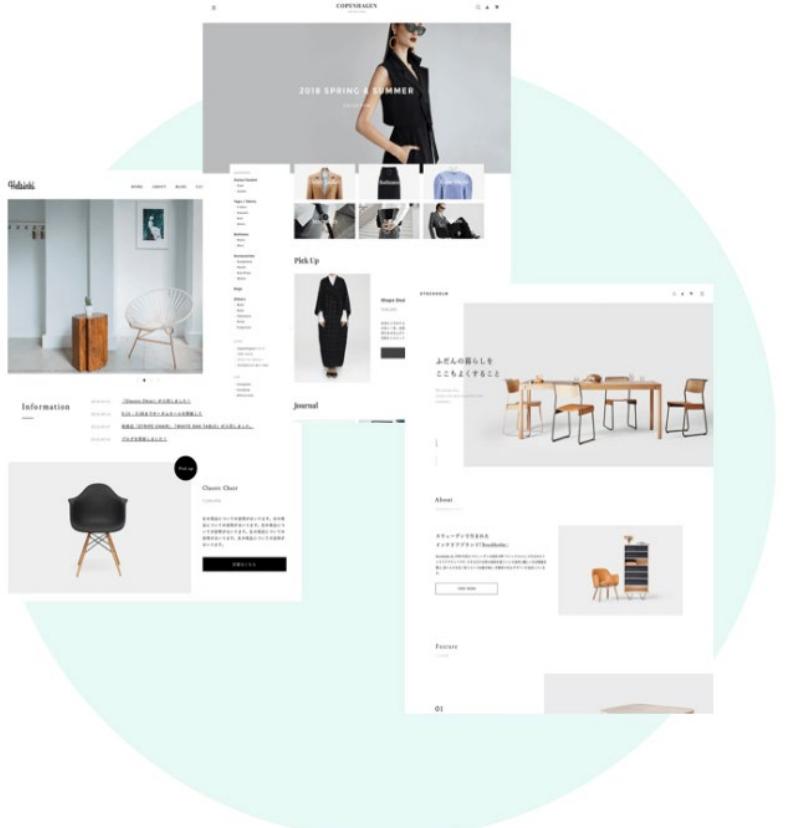


Deferred payment



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

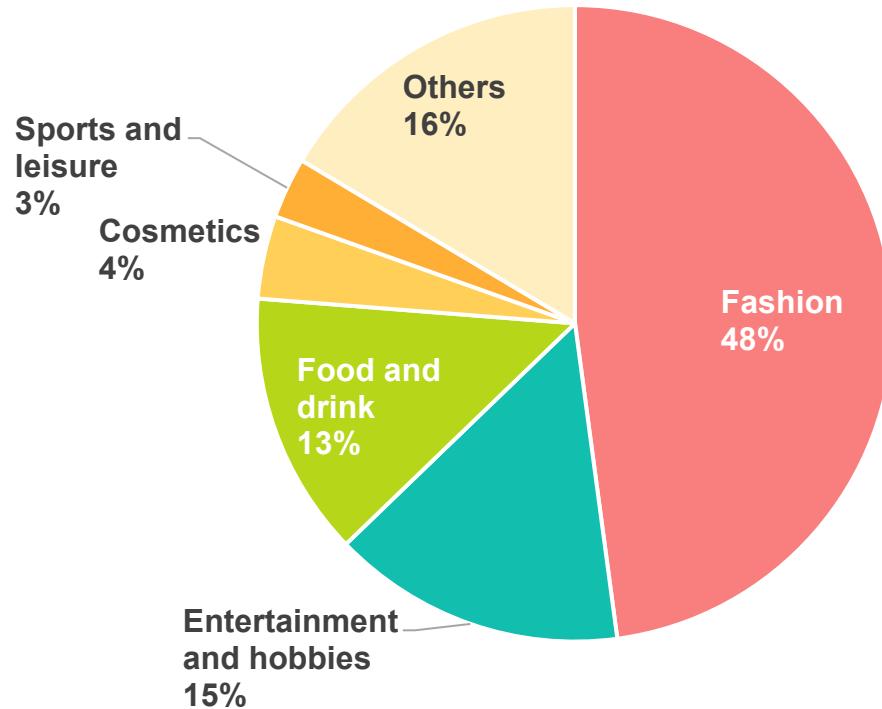
A wide range of templates are provided free of charge. Shops of all kinds of genres have opened online shops using BASE.



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)



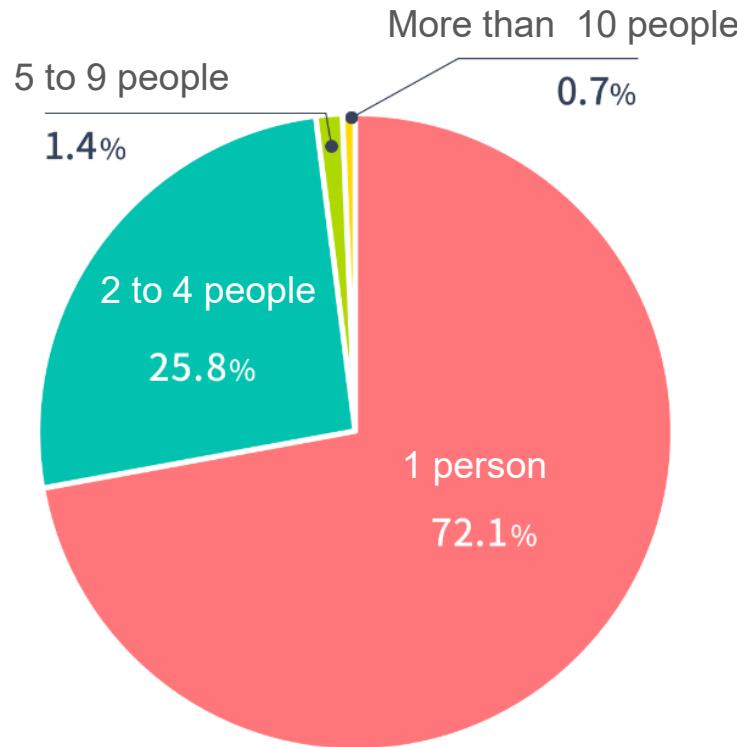
(Note) FY2020 results

Shop owners use SNS to acquire customers themselves.

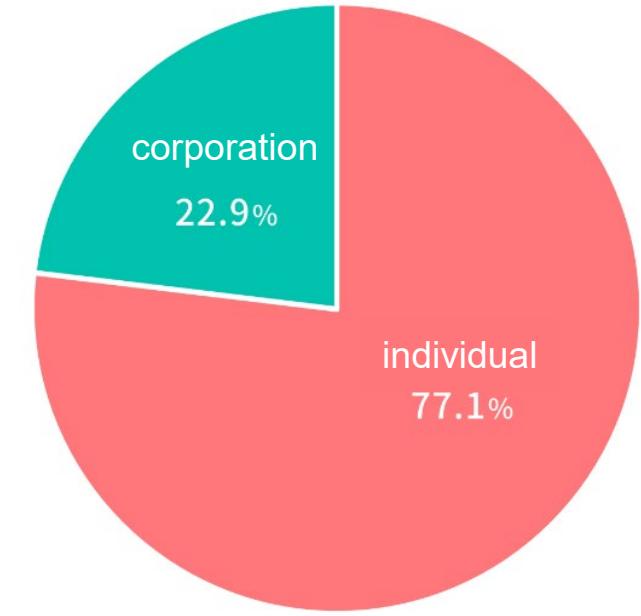


The fact that BASE's main users are individuals and SMBs, is a major differentiator from similar services. More than half of the shop owners are run by one person.

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

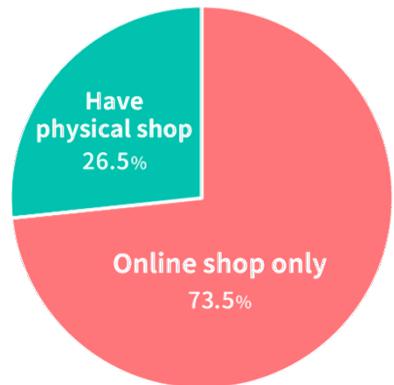


Q: Is the shop owner an individual or a corporation?

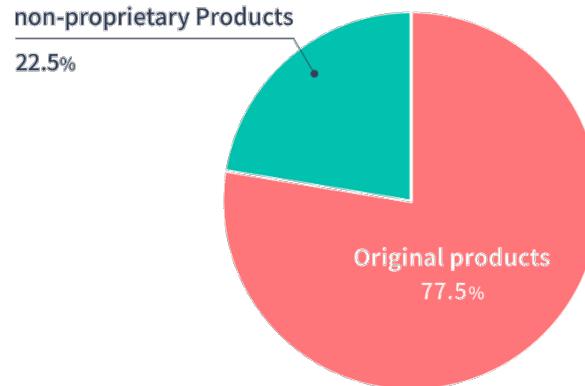


Most BASE shop owners are SMBs who develop their business mainly through online shops, use SNSs to attract customers, and sell original products.

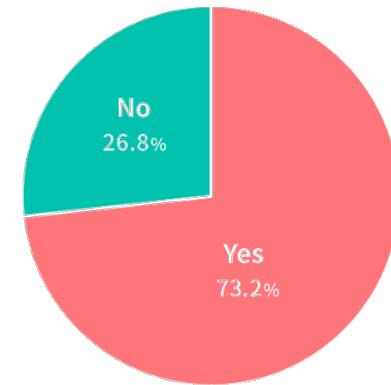
Brick-and mortar stores



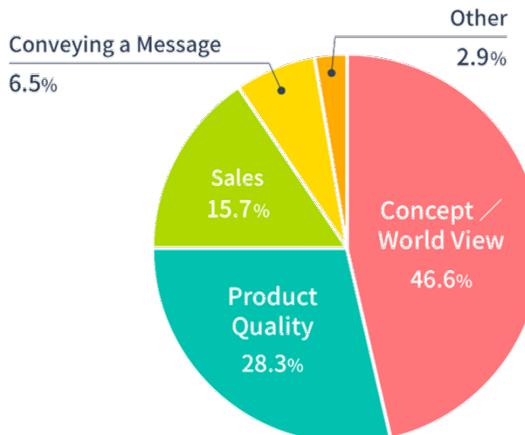
Distinctive between original and non-proprietary products for sale



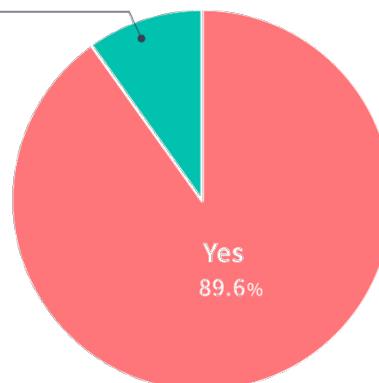
Brand recognition of own online shop



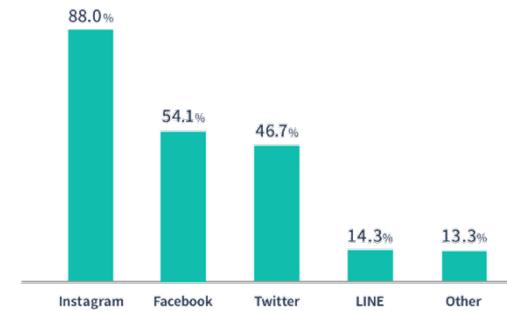
Most relevant reason to launch own brand



Use of SNSs for winning new customers



SNS marketing channels



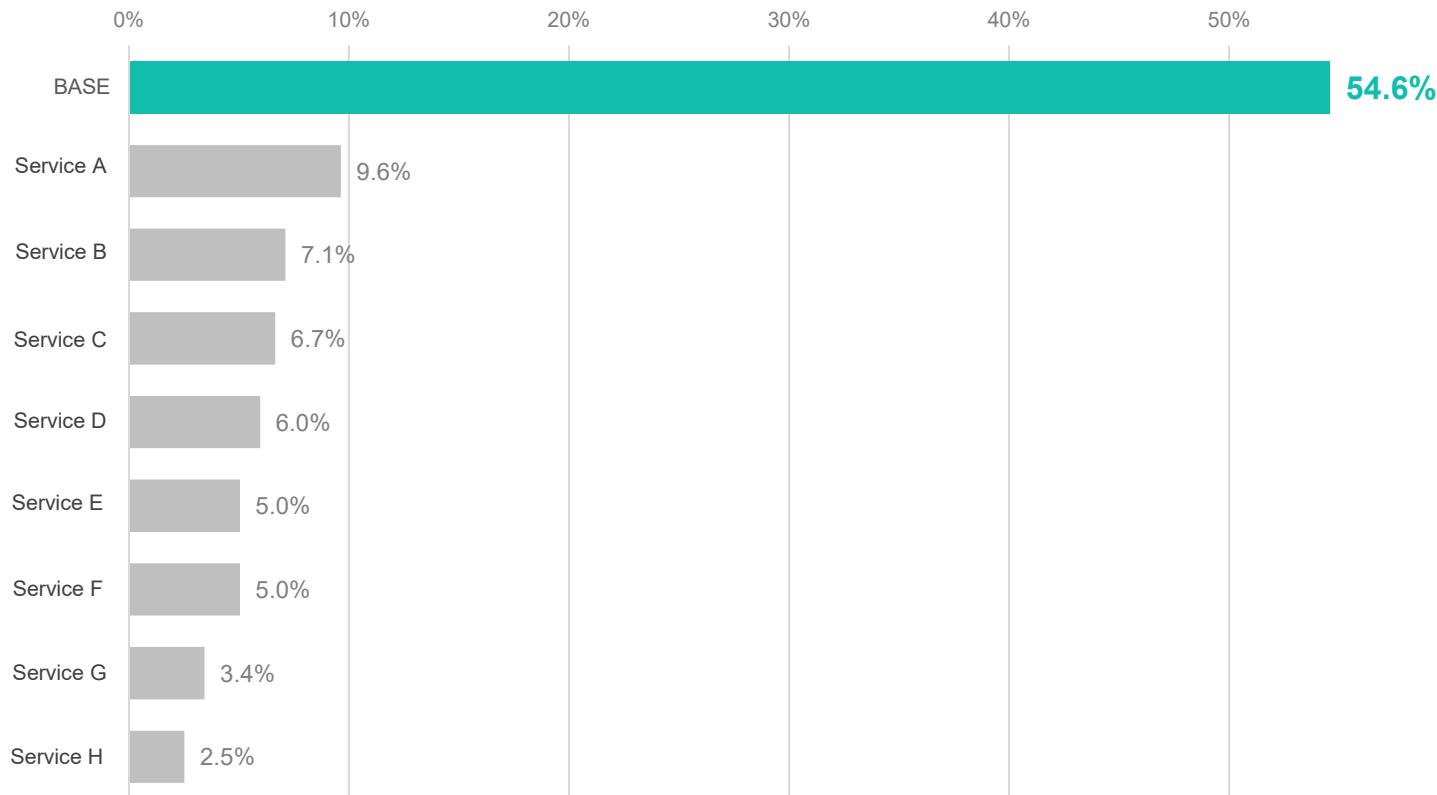
※Multiple answers allowed

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.

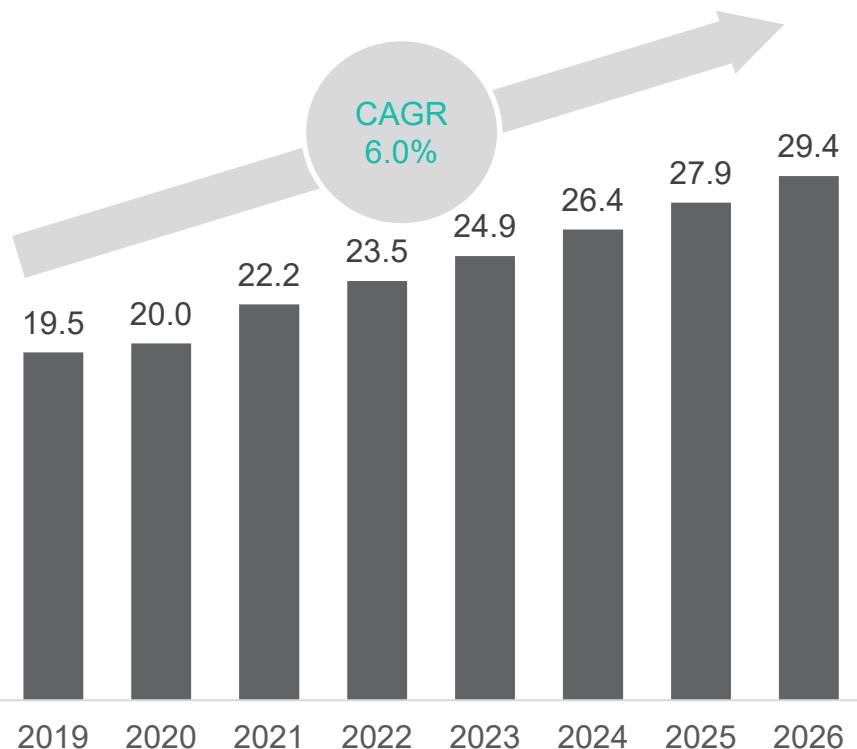
### Survey on actual use of our cart-style online retail shop creation service(February 2020)

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

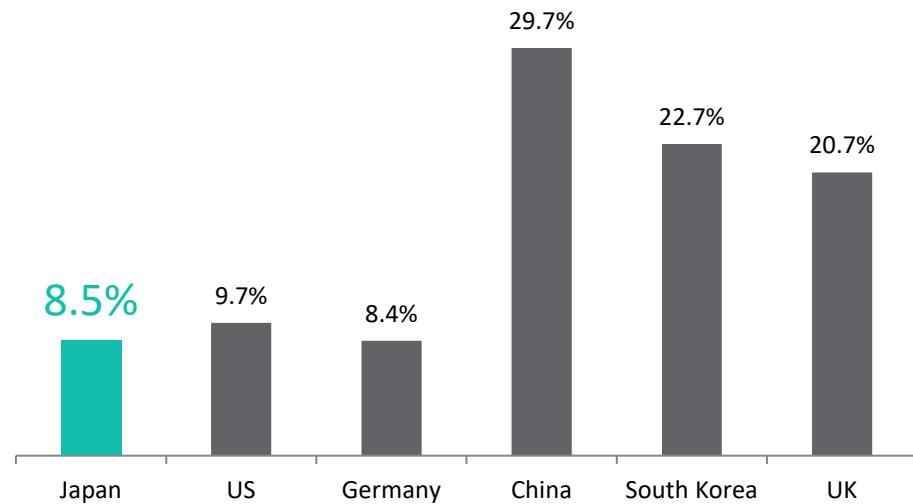


Although the domestic BtoC-EC market is growing steadily, the rate of EC penetration in the domestic retail market is still low.

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



### EC penetration by country



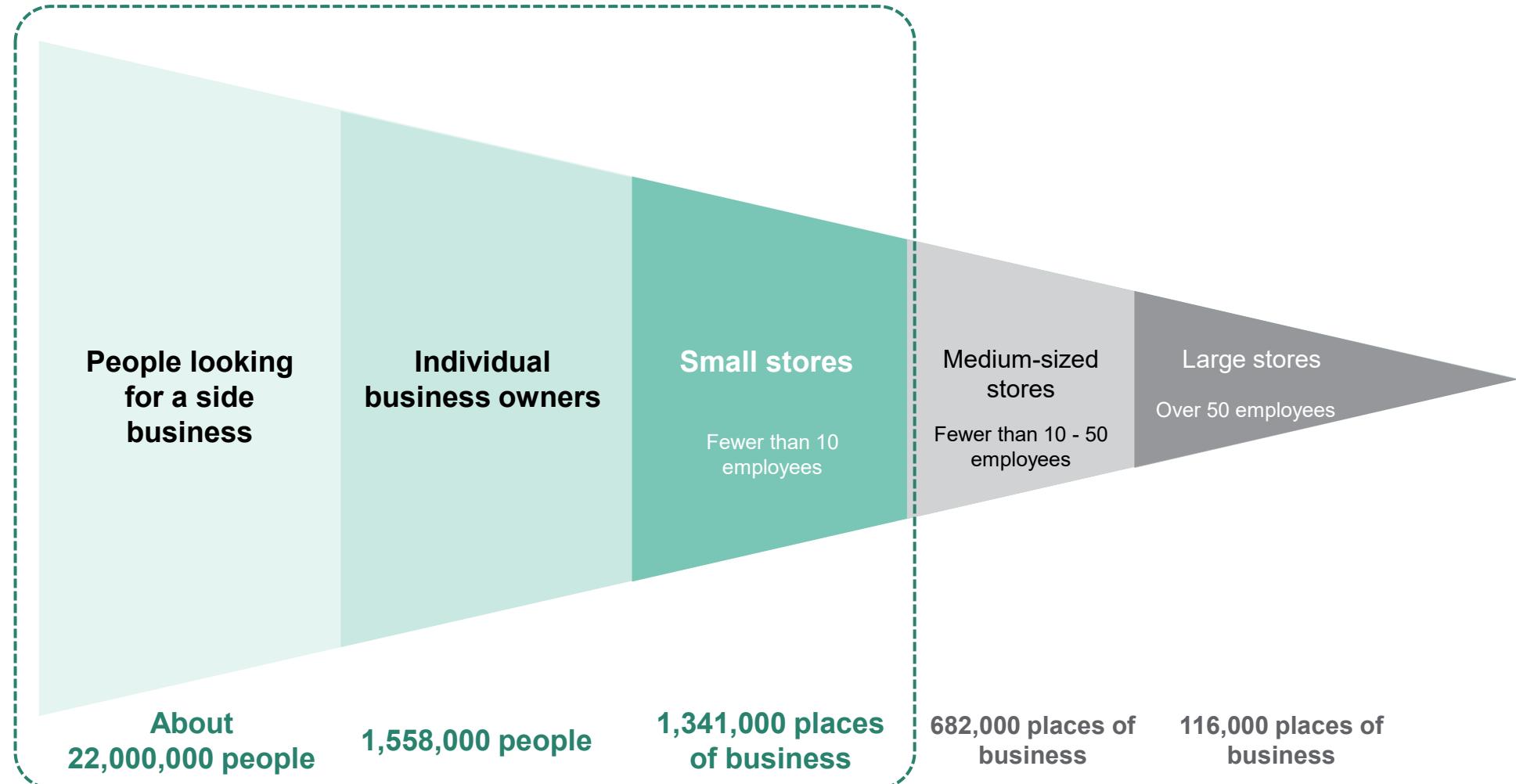
Source: "IT Navigator 2021", Nomura Research Institute, Ltd.

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

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

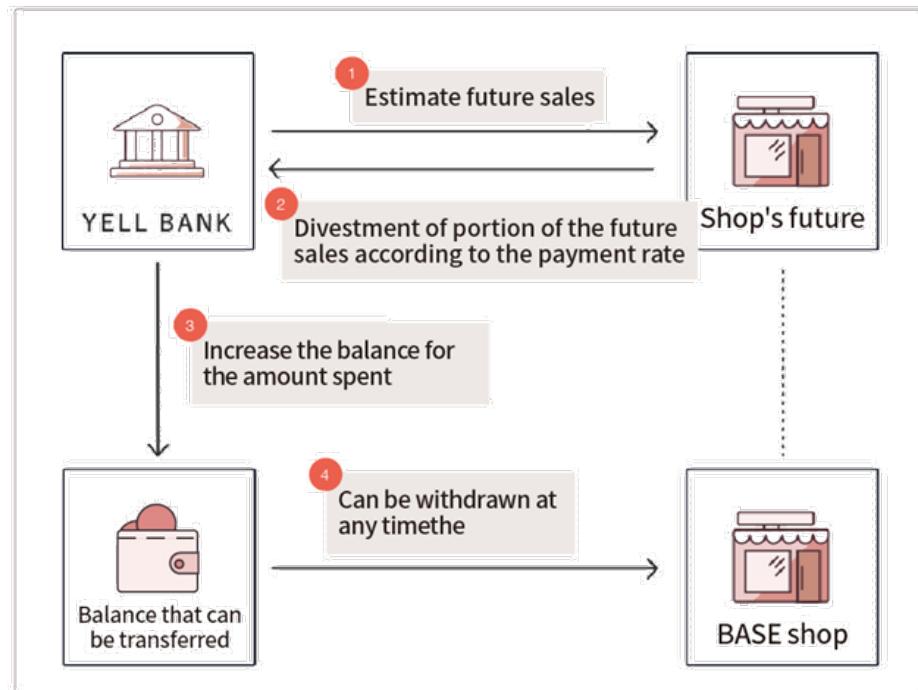
- ◆ Raise profile of our services and acquire new users
- ◆ Product improvement
- ◆ Enhanced data utilization
- ◆ Increase added-value other than settlement functions

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

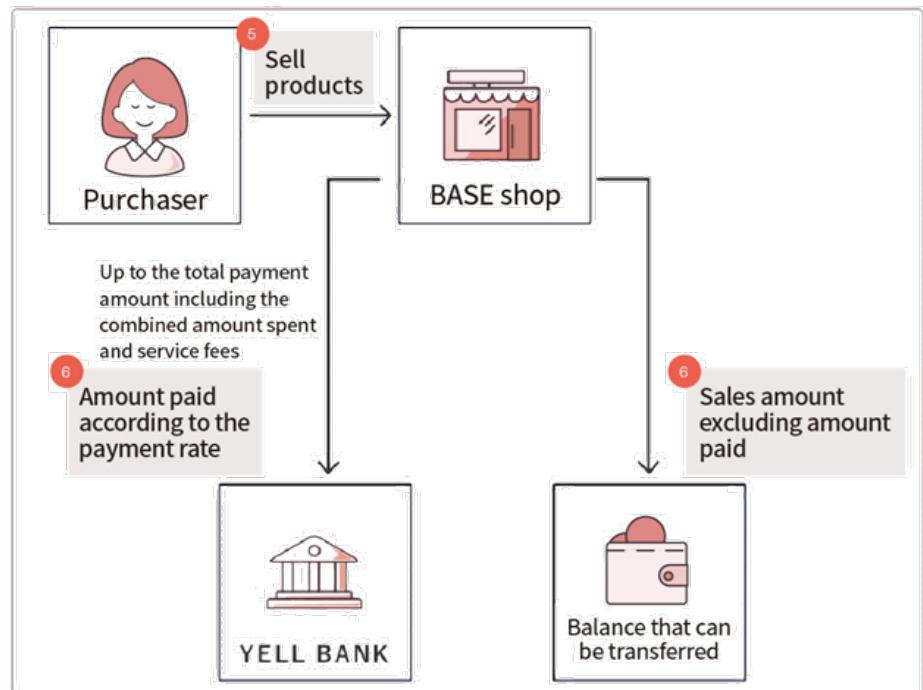
Shop owners are able to raise funds without these risks because "YELL BANK" bears the risk of no receivables being generated in the future and uncollected receivables.

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
VISA	3.0%	2.59%	2.59%	1.5%	1.5%
DISCOVER	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

hairstudy

b-monster  
FITNESS STUDIO

Bizer

div

DMM.make AKIBA

仕事旅行社  
Daijitei Ryokou-sha

gambal

Japan Taxi

TORICO

appleple  
Web System&Design

board

東京カレンダー  
TOKYO CALENDAR

clinal

Samuraism

SELECTTYPE

brick

justInCase

GLAZOS

ValuePress!

PixelGrid.

canvath

UGpet.com

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

 Number of users

**More than  
5,700,000  
people** (Note 1)

 Where available

**Over  
1,300,000  
shops** (Note 1)

 Payment scenario

 **Online payment**

Just enter your ID and  
password

 **Offline payment**

Just read the QR code  
with the PAY ID app

(Note 1) As of December, 2020

- 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.

# Handling of these Materials

This document has been prepared by BASE, Inc. (the "Company") solely for information purpose only. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of the Company in Japan, the United States or any other jurisdictions. The information contained herein is based on current economic, regulatory, market trends and other conditions. The Company makes no representation or guarantee with respect to the credibility, accuracy or completeness of the information herein. The information contained herein may change without prior notice. Furthermore, the information on future business results are forward-looking statements. Forward-looking statements include but not limited to expressions such as "believe", "expect", "plan", "strategic", "expect", "anticipate", "predict" and "possibility", as well as other similar expressions to explain future business activities, achievements, events and future conditions. Forward-looking statements are predictions about the future that reflect management's judgment based on currently available information. As such, these forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those expressed in or suggested by the forward-looking statements. Therefore, you may not rely entirely on forward-looking statements. The Company does not assume any obligation to change or correct any forward-looking statements in light of new information, future events or other findings.

This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. In giving this presentation, the Company does not undertake any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent.

Information on companies other than the Company and information provided from third parties are based on public information or sources. The Company has not independently verified the accuracy and appropriateness of such data and indicators used herein, nor assume any responsibility for the accuracy and appropriateness of such data and indicators presented in this document.

BASE