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August 14, 2020

To Whom It May Concern:

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Notice on Revision of Earnings Forecast

Please be advised that the Company's consolidated earnings forecast for the year ending December 2020 announced on February 13, 2020 was revised at the meeting of the Board of Directors held on August 14, 2020 as follows.

1. Forecast of consolidated earnings for the year ending December 2020 (January 1, 2020 - December 31, 2020)
 (Unit: million yen)

| | Net sales | Operating profit | Ordinary profit | Profit attributable to owners of parent | Earnings per share |
|---|-----------------|------------------|-----------------|---|--------------------------|
| Forecast in the previous announcement (A) | 5,292 ~5,546 | (391) ~55 | (391) ~55 | (393) ~15 | (19.29) yen ~0.75 yen |
| Current revised forecast (B) | 7,520 ~8,100 | 0 ~500 | 0 ~500 | (55) ~394 | (2.72) yen ~19.30 yen |
| Amount of increase or decrease (B-A) | 2,228 ~2,554 | 391 ~445 | 391 ~445 | 338 ~379 | - |
| Rate of increase or decrease (%) | 42.1% ~46.1% | - ~809.1% | - ~809.1% | - ~2,463.5% | - |
| (Reference) Results of the previous fiscal year (Year ended December 2019) | 3,849 | (441) | (455) | (459) | (38.73) yen |

2. The reason for the revision

In our group, the BASE business recorded a significant increase in both the number of new stores opened and the gross merchandise volume during the 2nd quarter of the fiscal year under review, due to factors such as nesting consumption, the shift of consumers to EC, and the accelerated shift of real stores to online, owing to the influence from COVID-19.

As a result, we have revised our full-year earnings forecast for the year ending December 2020, as it is expected to exceed our original forecast.

Because the effects of COVID-19 are highly uncertain, the Company will continue to use the range method to provide useful and reasonable information to investors. In the BASE business, the gross merchandise volume was initially estimated to be between 59,000 million yen and 61,000 million yen (up 37.3%~42.0% year on year) on an order base and between 51,920 million yen and 53,680 million yen (up 36.4%~41.0% year on year) on a settlement base, but is now estimated to be between 88,000 million yen and 96,000 million yen (up 104.8%~123.4% year on year) on an order base, and between 78,320 million yen and 84,480 million yen (up 105.8%~122.0% year on year) on a settlement base, with net sales were initially estimated to be between 4,360 million yen and 4,506 million yen (up 36.3%~40.9% year on year), but are now estimated to be between 6,600 million yen and 7,080 million yen (up 106.3%~121.3% year on year), and gross profit was initially estimated to be between 2,905 million yen and 3,000 million yen (up 34.7%~39.1% year on year), but is now estimated to be between 4,390 million yen and 4,710 million yen (up 103.6%~118.4% year on year).

Also, the gross merchandise volume in the PAY business was initially kept unchanged to be between 34,000 million yen and 38,000 million yen (up 42.1%~58.8% year on year), with net sales were initially estimated to be between 920 million yen and 1,028 million yen (up 42.8%~59.6% year on year), but are now estimated to be between 900 million yen and 1,000 million yen (up 39.7%~55.3% year on year), and gross profit was initially estimated to be between 92 million yen and 103 million yen (up 36.2%~52.4% year on year), but is now estimated to be between 90 million yen and 100 million yen (up 33.2%~48.0% year on year).

As a result of the above, we initially forecast our group's consolidated net sales for the full year ending December 2020 to be between 5,292 million yen and 5,546 million yen (up 37.5%~44.1% year on year), but are now estimated to be between 7,520 million yen and 8,100 million yen (up 95.3%~110.4% year on year), and gross profit was initially estimated to be between 3,009 million yen and 3,115 million yen (up 34.9%~39.6% year on year), but is now estimated to be between 4,500 million yen and 4,830 million yen (up 101.7%~116.5% year on year).

Selling, general and administrative expenses were initially estimated to be between 3,000 million yen and 3,460 million yen (up 12.2%~29.5% year on year), but is now estimated to be between 4,000 million yen and 4,830 million yen (up 49.7%~80.7% year on year), as a result of the implementation of forward-looking investments, including aggressive advertising and publicity aimed at the further increase of customer recognition to acquire customers and hiring of product personnel to expand services. Note that due to the forward-looking investments, it will be at a loss in the second half year.

Operating profit (loss) was initially estimated to be between (391) million yen and 55 million yen (operating loss of 441 million yen in the same period of the previous fiscal year), but is now estimated to be between 0 million yen and 500 million yen, ordinary profit (loss) was initially estimated to be between (391) million yen and 55 million yen (ordinary loss of 455 million yen in the same period of the previous fiscal year), but is now estimated to be between 0 million yen and 500 million yen, and net profit (loss) was initially estimated to be between (393) million yen and 15 million yen (net loss of 459 million yen in the same period of the previous fiscal year), but is now estimated to be between profit (loss) of (55) million yen and 394 million yen.

(Note) The above forecasts are based on information currently available, and actual results may differ from these forecasts due to various factors.

The end.