

September 24, 2020

To All Concerned Parties

Company Name: BASE, Inc.
Representative: Yuta Tsuruoka
Representative Director and CEO
(Code number: 4477, TSE Mothers Market)
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Announcement Regarding Issuance of New Shares by way of International Offering

BASE, Inc. (the “Company”) hereby announces that, on September 24, 2020, its Board of Directors resolved to issue new shares by way of an international offering (the “International Offering”) as set forth below.

Purpose of the International Offering

The Company is launching the International Offering in order to accelerate its investment in the rapidly growing E-commerce marketplace for small and medium businesses and scaling the size of its operations, thereby increasing the group’s enterprise value and shareholder value. The Company has chosen the so-called Accelerated Book Building (ABB) approach for the International Offering, through which it expects to improve the liquidity of its shares and further increase shareholding by institutional investors while minimizing the impact on market.

Use of Proceeds

The proceeds from the International Offering will be primarily applied as follows:

- (1) advertising expenses for promoting further growth in the gross merchandise value (“GMV”) handled by the BASE platform;
- (2) personnel and recruiting expenses for strengthening the Company’s product development capabilities;
- (3) providing for the Company’s increasing working capital requirements associated with the growth in GMV and support for shops’ accelerated cash flow; and
- (4) funding future M&A and capital and business alliances.

Issuance of New Shares by way of International Offering

(1) Class and Number of Shares to be Offered	1,200,000 shares of common stock of the Company
(2) Method of Determination	The amount to be paid in will be determined on a day (the “Pricing Date”)

Note: This press release does not constitute an offer of any securities for sale. This press release has been prepared for the sole purpose of making a public announcement regarding the issuance of new shares of the Company, and not for the purpose of soliciting investment, etc. within or outside Japan. This press release does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from the registration requirements under the Securities Act. Any public offering of securities in the United States will be pursuant to a prospectus that may be obtained from the Company that will contain detailed information about the Company and its management, as well as financial statements of the Company. No public offering of the securities will take place in the United States.
As the solicitation relating to the offering of new shares by the Company referred to in this press release is to be conducted outside Japan only to non-residents of Japan, no registration or notification is given under the Financial Instruments and Exchange Act and no prospectus is being prepared.

of Amount to be Paid In	during the period between September 24, 2020 (Thu) and September 25, 2020 (Fri) in accordance with a method which is equivalent to the bookbuilding method set forth in Article 25 of the Rules Concerning Underwriting, Etc. of Securities promulgated by the Japan Securities Dealers Association (the “JSDA”).
(3) Amount of Capital Stock and Legal Capital Surplus to be Increased	Capital stock will increase by the amount which is 50% of the “maximum permitted increase in capital stock”, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, rounding up any fraction of less than one yen resulting from such calculation to the nearest yen. Legal capital surplus will increase by the remainder of the maximum permitted increase in capital stock after deducting the amount of increase in capital stock.
(4) Method of Offering	<p>All of the shares described in (1) above shall be purchased and underwritten by the international underwriters (the “Underwriters”) as the joint lead manager and joint bookrunner, and the offering will be made outside of Japan, mainly in Europe and Asia (and excluding the United States and Canada) by overseas affiliates of the Underwriters.</p> <p>The issue price (the offer price) will be determined on the Pricing Date of the offerings in accordance with a method which is equivalent to the bookbuilding method set forth in Article 25 of the Rules Concerning Underwriting, Etc. of Securities promulgated by the JSDA, based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.</p>
(5) Compensation for the Underwriters	The Company will not pay any underwriting fees to the Underwriters. The aggregate amount of the difference between (a) the issue price (the offer price) in the International Offering and (b) the amount to be paid to the Company by the Underwriters shall constitute the proceeds to the Underwriters.
(6) Payment Date	October 9, 2020 (Fri)
(7) Subscription Unit	100 shares
(8) The issue price (the offer price), the amount to be paid in, the amount of capital stock and legal capital surplus to be increased, and any other matters necessary for the International Offering will be determined at the discretion of Representative Director and CEO of the Company.	

<Reference>

1. Total Number of Issued Shares Before and After the Issuance of New Shares:

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Current total number of issued shares (as of August 31, 2020):	20,447,000 shares
Number of shares to be newly issued by the issuance of new shares:	1,200,000 shares
Total number of issued shares after the issuance of new shares:	21,647,000 shares
(Note) The Company has issued stock options and the above number of shares does not include the number of shares to be newly issued due to stock options being excised since September 1, 2020.	

2. Use of the Proceeds to be Raised through the International Offering

The estimated net proceeds from the issuance of new shares, which are to be approximately ¥11,855 million, are expected to be applied as follows:

1. ¥4,103 million as advertisement expenses to be used by June 2022;
2. ¥2,036 million as personnel and recruiting expenses to be used by December 2022;
3. ¥3,104 million as increased level of working capital to be used by June 2022; and
4. ¥2,612 million as funds for future M&A and capital and business alliances, to be used by December 2021.

In respect of items 1 and 2 above, the Company will first apply funds raised from the initial public offering conducted in October 2019, and will then apply funds raised from the International Offering to cover any shortfall.

In respect of item 4 above, in the event that the Company has not conducted M&A and/or capital and business alliances requiring the above amount of expenditure during the period described above, it plans to apply the remainder towards personnel and recruiting expenses.

The amount of the estimated net proceeds was calculated based on the closing price of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. during regular trading on September 23, 2020 (Wed).

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