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Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2020 (Based on Japanese GAAP)

February 10, 2021

Company name: BASE, Inc.
 Stock exchange listing: Tokyo
 Stock code: 4477 URL <https://binc.jp/en>
 Representative: Representative Director and CEO Yuta Tsuruoka
 Inquiries: Director and CFO Ken Harada TEL 03(6441)2075
 Scheduled date to hold General Meeting of Shareholders: March 25, 2021
 Scheduled date to file Securities Report: March 26, 2021
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Consolidated operating results (% indicates changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2020	8,288	115.3	803	—	747	—	584	—
Fiscal year ended December 31, 2019	3,849	63.7	(441)	—	(455)	—	(459)	—

(Note) Comprehensive Income (millions of yen)

Fiscal year ended December 31, 2020: 583 (-%) Fiscal year ended December 31, 2019: (459) (-%)

	Earnings per share	Diluted earnings per share	Return on equity ratio	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2020	28.18	26.04	6.0	3.8	9.7
Fiscal year ended December 31, 2019	(38.73)	—	(18.8)	(5.2)	(11.5)

(Reference) Equity income of affiliates (millions of yen)

Fiscal year ended December 31, 2020: - Fiscal year ended December 31, 2019: -

(Notes) 1. The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The afore-mentioned calculation of earnings per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2019.

2. Despite the existence of diluted shares in the fiscal year ended December 31, 2019, diluted earnings per share were not indicated in the consolidated financial statements of the fiscal year ended December 31, 2019 because net loss per share was recorded.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended December 31, 2020	28,505	16,217	56.9	739.22
Fiscal year ended December 31, 2019	10,458	3,158	30.2	154.71

(Reference) Equity (millions of yen) As of December 31, 2020: 16,217 As of December 31, 2019: 3,158

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2020	3,128	(471)	12,419	22,271
Fiscal year ended December 31, 2019	870	(51)	1,879	7,195

2. Cash dividends

	Annual dividends per share					Total amount of dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2019	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended December 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2021 (Forecast)	—	0.00	—	0.00	0.00		—	

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2021 (from January 1, 2021 to December 31, 2021) (% indicates changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	9,750	17.6	(1,433)	—	(1,433)	—	(1,437)	—	(13.10)
	~10,536	~27.1	~(929)		~(929)		~(933)		~(8.51)

(Note) 1. Forecast of consolidated financial results for the fiscal year ending December 31, 2021 is disclosed in a range of possible amounts. For details, please refer to “1. Summary of Operating Results, (4) Future outlook” on page 3 of the Appendix.

2. Earnings per share for the fiscal year ending December 31, 2021 takes into account the impact of 5-for-1 stock split that will become effective on April 1, 2021.

*** Notes**

(1) Changes in significant subsidiaries during the fiscal year ended December 31, 2020 : No
(changes in specified subsidiaries resulting in the change in scope of consolidation)

New: - (), Exclusion - ()

(2) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to the revisions of accounting Standards: No

2) Any changes other than 1) above: No

3) Changes in accounting estimates: Yes

4) Restatements: No

(3) Number of issued shares (ordinary shares)

Total number of issued shares at the fiscal year end (including treasury shares)

As of December 31, 2020	21,939,400 shares	As of December 31, 2019	20,413,800 shares
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Number of treasury shares at the fiscal year end

As of December 31, 2020	— shares	As of December 31, 2019	— shares
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Average number of shares during the fiscal year

Fiscal year ended December 31, 2020	20,741,559 shares	Fiscal year ended December 31, 2019	11,868,327 shares
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(Note) The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. “the average number of shares during the fiscal year” are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2019.

(Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(1) Non-consolidated operating results (% indicates changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2020	7,321	128.9	942	—	887	—	380	—
Fiscal year ended December 31, 2019	3,198	61.3	(258)	—	(272)	—	(276)	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended December 31, 2020	18.36	12.97
Fiscal year ended December 31, 2019	(23.26)	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended December 31, 2020	25,945	16,217	62.5	739.22
Fiscal year ended December 31, 2019	7,670	3,361	43.8	164.69

(Reference) Equity (millions of yen) As of December 31, 2020: 16,217 As of December 31, 2019: 3,361

(Note) 1. The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The afore-mentioned calculation of earnings per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2019.

2. Despite the existence of diluted shares in the fiscal year ended December 31, 2019, diluted earnings per share were not indicated in the consolidated financial statements of the fiscal year ended December 31, 2019, because net loss per share was recorded.

*Financial summary is outside of the scope of audit by the certified public accountant or by the auditing firm.

*Explanations and other remarks regarding the appropriate use of the business results forecast
(Notice regarding forward-looking statements, etc.)

The business results forecasts and other forward-looking statements contained in this material are based on information currently available to the Company and certain assumptions that are believed to be reasonable, and are not intended as a promise by the Company to fulfill such statements. In addition, the actual business results, etc. could prove to differ substantially from such statements due to a variety of factors. For the assumptions that served as the basis for the business results forecast and the points to be noted when using these forecasts, please refer to “1. Summary of Operating Results, (4) Future outlook” on page 3 of the Appendix.

(Access to supplementary information on the financial results and explanation on a financial result briefing)

The Company is scheduled to hold a financial result briefing for institutional investors and analysts on Wednesday, February 10, 2021. Relevant briefing information is scheduled to be disclosed on our website.

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1. Summary of Operating Results

(1) Summary of operating results for the current fiscal year

Advocating "Payment to the People, Power to the People." as its mission, the Group of the Company (hereinafter, "the Group") actively operates the BASE business providing e-commerce platforms BASE, and the PAY business providing PAY.JP, online payment services and PAY ID, payment services and through these services, the Group focuses on empowering SMB (Small and Medium Businesses) and supporting start-up businesses.

In the end of the consolidated fiscal year ended December 31, 2020, demand in the EC market significantly surged due to the acceleration of nesting consumption, shop support consumption, and an online shift of brick-and-mortar stores in line with the spread of infections of the novel coronavirus. In this business environment, the BASE business is continuously striving to conduct active marketing targeting Micro, Small and Medium Businesses and expanding services to improve convenience of shop management. In the PAY business, we are promoting marketing activities targeting startups and venture companies, strengthening products with the aim of providing an online payment function that is simpler and easier to install and operate, and striving to expand the number of member stores.

As a result of the above, during the fiscal year ended December 31, 2020, the Group registered net sales of ¥8,288,148 thousand (115.3% increase year-on-year), an operating profit of ¥803,226 thousand (operating loss of ¥441,719 thousand in the previous fiscal year), an ordinary profit of ¥747,950 thousand (ordinary loss of ¥455,921 thousand in the previous fiscal year), and a profit attributable to owners of parent of ¥584,501 thousand (a loss of ¥459,675 thousand to owners of parent in the previous fiscal year).

The business results by segment are as follows.

A) BASE Business

In the BASE business, the number of shops opened exceeded 1,300,000 in December 2020 thanks to active promotion toward continued growth of the business via TVCM and online advertising for the purpose of raising awareness of services and promoting the new shop opened, as well as continuously strived to expand functions and services that make shop management easier and more efficient such as shop design function that enables easy shop editing without coding knowledge, strengthen cooperation with Instagram and Next Engine App that enables centralized management of multiple shops.

In addition, we opened new permanent store such as BASE Lab in Laforet HARAJUKU and strengthened our unique support that is creating opportunities to meet new customers who could not meet online by enabling the opening of brick-and-mortar stores without initial costs and fixed costs.

As a result, the gross merchandise volume during the fiscal year ended December 31, 2020 reached ¥95,296,632 thousand (order base), ¥87,717,192 thousand (settlement base), and was 121.8% increase (order base) and 130.5% increase (settlement base) from the previous fiscal year.

As a result of the above, net sales were ¥7,321,202 thousand (128.9% increase year-on-year) and segment profit was ¥1,112,129 thousand (segment loss of ¥117,692 thousand in the previous fiscal year).

B) PAY Business

In the PAY business, the Group provides online settlement service "PAY.JP" and identity settlement service "PAY ID". During the fiscal year ended December 31, 2020, the number of registered member stores remained strong, with the gross merchandise volume reaching ¥36,069,991 thousand (50.8% increase year-on-year).

As a result, net sales were ¥939,589 thousand (45.9% increase year-on-year) and segment loss was ¥92,057 thousand (segment loss of ¥127,651 thousand in the previous fiscal year).

C) Other Businesses

In other businesses, the Group provides services such as YELL BANK, which provides business funds to Internet shop operators using BASE. The number of its users has been steady since the service was launched in December 2018.

As a result, net sales were ¥27,356 thousand (286.5% increase year-on-year) and segment loss was ¥45,867 thousand (segment loss of ¥54,212 thousand in the previous fiscal year).

(2) Summary of financial position for the current fiscal year

(Assets)

Total assets at the end of the consolidated fiscal year ended December 31, 2020 increased by ¥18,046,767 thousand compared to the end of the previous consolidated fiscal year, to ¥28,505,568 thousand, due primarily to an increase of ¥15,076,420 thousand in cash and deposits resulting from issuing new ordinary shares by way of international offering, an increase of ¥435,569 thousand in investment securities resulting from capital and business alliance and an increase of ¥2,166,870 thousand in accounts receivable-other.

(Liabilities)

Liabilities at the end of the consolidated fiscal year ended December 31, 2020 increased by ¥4,987,083 thousand compared to the end of the previous consolidated fiscal year, to ¥12,287,572 thousand, due primarily to an increase of ¥5,070,800 thousand in operating accounts payable, offsetting a decrease of ¥412,497 thousand in operating deposits received.

(Net assets)

Net assets at the end of consolidated fiscal year ended December 31, 2020 increased by ¥13,059,683 thousand compared to the previous consolidated fiscal year, to ¥16,217,996 thousand, due primarily to an increase of ¥6,226,560 thousand in each capital stock and capital surplus respectively resulting from issuing new ordinary shares by way of international offering and an increase of ¥584,501 thousand in retained earnings resulting from the posting of the profit attributable to owners of parent. Based on the Board of Directors' meeting held on February 20, 2020, the Company reduced capital surplus by ¥1,130,856 thousand and transferred the amount to retained earnings in order to eliminate accumulated loss at an early date and enable realization of a flexible and expeditious capital policy for the future.

(3) Summary of cash flows for the current fiscal year

Cash and cash equivalents (hereinafter, "Cash flows") at the end of consolidated fiscal year ended December 31, 2020 increased by ¥15,076,420 thousand compared to the previous consolidated fiscal year, to ¥22,271,835 thousand. Cash flows during the fiscal year ended December 31, 2020 and their factors were as follows:

(Cash flows from operating activities)

Cash flows provided by operating activities amounted to ¥3,128,639 thousand (¥870,017 thousand provided in the previous fiscal year). The main factors for the increase were posting of profit before income tax of ¥747,950 thousand and an increase in operating accounts payable of ¥5,070,800 thousand. The main factors for the decrease were an increase in accounts receivable-other of ¥2,166,870 thousand and a decrease in operating deposits received of ¥412,497 thousand.

(Cash flows from investing activities)

Cash flow used in investing activities was ¥471,702 thousand (¥51,524 thousand used in the previous fiscal year). The main factors for the decrease were purchases of investment securities of ¥436,298 thousand resulting from capital and business alliance and purchases of property, plant and equipment of ¥32,689 thousand.

(Cash flows from financing activities)

Cash flows provided by financing activities amounted to ¥12,419,483 thousand (¥1,879,834 thousand provided in the previous fiscal year). These were proceeds of ¥12,396,691 thousand resulting from issuing new ordinary shares by way of international offering.

(4) Future outlook

With "Payment to the people, Power to the people" as our mission, the Group develops BASE business providing the e-commerce platform "BASE" and PAY business providing online payment service "PAY.JP" as well as ID based payment service "PAY ID" through which the Group strives to empower SMBs (Small and Medium Businesses) and support start-ups.

Continuing from the previous fiscal year ended December 31, 2020, in the BASE business for this fiscal year, the Group will enhance its shop owners' convenience and provide them with new business opportunities and services for new businesses, and in the PAY business, the Groups will provide member shops with services according to their business characteristics, so that the Group will aim to increase medium to long-term corporate value.

Given the situation that the Group is in the process of enhancing its services, and taking into consideration continuous advertising activities for increasing customers' awareness of our services and acquiring new customers toward enhancing corporate value, as well as aggressive upfront investments in hiring product human resources for the expansion of its services, we have determined to disclose a full-year earnings forecast in a range of possible amounts for the fiscal year ending December 31, 2021.

The Group's net sales comprise primarily of sales of the BASE business and the PAY business.

Sales of the BASE business comprise primarily of payment and service commissions that are calculated by multiply the distribution total in "BASE" by the commission rate, and flat-rate fees received from purchasers for each payment in a specified payment method. The distribution total based on order-received for the fiscal year ending December 31, 2021 is expected to be the lowest of ¥115,000 million at a conservative estimate of service growth, and the highest of ¥125,000 million

at an estimate of steady growth of services. At the same time in the same manner, the distribution total based on payment basis is expected to be the lowest of ¥103,500 million and the highest of ¥112,500 million. As a result, net sales of the BASE business is expected to be between ¥8,350 million and ¥9,100 million for the fiscal year ending December 31, 2021.

Sales of the PAY business are primarily payment commissions in “PAY.JP” that are calculated by multiplying the distribution total by the commission rate. The distribution total for the fiscal year ending December 31, 2021 is expected to be the lowest of ¥52,600 million at a conservative estimate of service growth, and the highest of ¥54,000 million at an estimate of steady growth of services. As a result, net sales of the PAY business are expected to be ¥1,370 million and ¥1,406 million for the fiscal year ending December 31, 2021.

As a result of the above, full-year forecast of net sales for the fiscal year ending December 31, 2021 is expected to be the lowest of ¥9,750 million at a conservative estimate of service growth, and the highest of ¥10,536 million at an estimate of steady growth of services.

In addition, the Group expects an increase in sales, general and administrative expenses for advertising activities to raise awareness of its services and acquire new customers, and for upfront investments to hire product human resources to expand its services. Operating profit or loss will be disclosed in the range of operating loss of ¥1,433 million at the lowest to operating loss of ¥929 million at the highest.

Net sales	¥9,750 million to ¥10,536 million
Operating loss	(¥1,433 million) to (¥929 million)
Ordinary loss	(¥1,433 million) to (¥929 million)
Net loss attributable to owners of parent	(¥1,437 million) to (¥933 million)

[Notes to business results forecast]

The business results forecasts and other forward-looking statements contained in this material are based on information currently available to the Company and certain assumptions that are believed to be reasonable, and the actual business results, etc. could prove to differ from such statements due to a variety of factors.

Since the Group uses the range of possible amounts for the forecast, please be aware of the high possibility that revision of business results forecast will be disclosed in the event the Company calculates a new forecast during the fiscal year.

2. Basic Concept Regarding the Selection of Accounting Standards

The Group plans to prepare its consolidated financial statements in accordance with Japanese GAAP (generally accepted accounting principles) for the time being, taking into consideration comparability from period to period of consolidated financial statements and between Japanese companies.

With regard to the adoption of IFRS (International Financial Reporting Standards), we will take action in an appropriate and timely manner in consideration of various circumstances at home and abroad.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated balance sheets

(Thousand yen)

	As of December 31, 2019	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	7,195,414	22,271,835
Accounts receivable - other	2,804,308	4,971,178
Other	112,584	512,753
Allowance for doubtful accounts	(47,448)	(62,032)
Total current assets	10,064,859	27,693,735
Non-current assets		
Property, plant, and equipment		
Buildings	115,528	138,339
Accumulated depreciation	(23,475)	(49,055)
Buildings, net	92,052	89,284
Other	70,692	86,662
Accumulated depreciation	(40,250)	(55,848)
Other, net	30,441	30,813
Total property, plant, and equipment	122,494	120,097
Intangible assets		
Other	2,209	3,295
Total Intangible assets	2,209	3,295
Investments and other assets		
Investment securities	—	435,569
Other	269,238	252,870
Total investments and other assets	269,238	688,440
Total non-current assets	393,942	811,833
Total assets	10,458,801	28,505,568

	As of December 31, 2019	As of December 31, 2020
Liabilities		
Current liabilities		
Operating accounts payable	3,918,629	8,989,430
Operating deposits received	3,002,191	2,589,694
Provision for charge back	—	10,338
Other	323,382	634,746
Total current liabilities	7,244,203	12,224,208
Non-current liabilities		
Other	56,284	63,363
Total non-current liabilities	56,284	63,363
Total liabilities	7,300,488	12,287,572
Net assets		
Shareholders' equity		
Capital stock	2,275,957	8,513,913
Capital surplus	2,216,838	7,323,938
Retained earnings	(1,334,482)	380,874
Total shareholders' equity	3,158,313	16,218,726
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	—	(729)
Total accumulated other comprehensive income	—	(729)
Total net assets	3,158,313	16,217,996
Total liabilities and net assets	10,458,801	28,505,568

(2) Consolidated statement of income and comprehensive income
Consolidated statement of income

(Thousand yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net sales	3,849,821	8,288,148
Cost of sales	1,618,766	3,295,911
Gross profit	2,231,054	4,992,237
Selling, general, and administrative expenses	2,672,773	4,189,010
Operating profit (loss)	(441,719)	803,226
Non-operating income		
Interest income	39	65
Lecturer's fee income	2,767	1,677
Late charges income	1,085	—
Sponsorship (money) income	2,167	510
Other	452	604
Total non-operating income	6,512	2,858
Non-operating expenses		
Interest expenses	—	64
Share issuance cost	12,773	56,603
Listing-related expenses	7,940	—
Commitment fee	—	1,467
Total non-operating expenses	20,714	58,134
Ordinary profit (loss)	(455,921)	747,950
Profit (loss) before income taxes	(455,921)	747,950
Income taxes -current	2,760	164,074
Income taxes - deferred	993	(624)
Total income taxes	3,753	163,449
Net profit (loss)	(459,675)	584,501
Profit (loss) attributable to owners of parent	(459,675)	584,501

Consolidated statement of comprehensive income

(Thousand yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net profit (loss)	(459,675)	584,501
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(729)
Total other comprehensive income	—	(729)
Comprehensive income	(459,675)	583,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(459,675)	583,771

(3) Consolidated statement of changes in equity

Fiscal year ended December 31, 2019

(Thousand yen)

	Shareholders' equity				Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	
Balance at beginning of current period	1,325,682	1,266,564	(854,783)	1,737,463	1,737,463
Changes in items during period					
Issuance of new shares	950,274	950,274		1,900,549	1,900,549
Net loss attributable to owners of parent			(459,675)	(459,675)	(459,675)
Changes resulting from new consolidation			(20,024)	(20,024)	(20,024)
Total changes in items during period	950,274	950,274	(479,699)	1,420,850	1,420,850
Balance at end of current period	2,275,957	2,216,838	(1,334,482)	3,158,313	3,158,313

Fiscal year ended December 31, 2020

(Thousand yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	2,275,957	2,216,838	(1,334,482)	3,158,313	—	—	3,158,313
Changes in items during period							
Issuance of new shares	6,237,956	6,237,956		12,475,912			12,475,912
Deficit disposition		(1,130,856)	1,130,856	—			—
Net profit attributable to owners of parent			584,501	584,501			584,501
Net changes in items other than shareholders' equity					(729)	(729)	(729)
Total changes in items during period	6,237,956	5,107,099	1,715,357	13,060,413	(729)	(729)	13,059,683
Balance at end of current period	8,513,913	7,323,938	380,874	16,218,726	(729)	(729)	16,217,996

(4) Consolidated statement of cash flows

(Thousand yen)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	(455,921)	747,950
Depreciation	33,442	42,505
Increase (decrease) in allowance for doubtful accounts	30,599	14,583
Increase (decrease) in provision for charge back	—	10,338
Interest income	(39)	(65)
Interest expenses	—	64
Share issuance cost	12,773	56,428
Listing-related expenses	7,940	—
Increase (decrease) in accounts receivable -other	(979,212)	(2,166,870)
Increase (decrease) in operating accounts payable	3,918,629	5,070,800
Increase (decrease) in operating deposits received	(1,952,626)	(412,497)
Other, net	256,029	(227,013)
Subtotal	871,615	3,136,223
Interest income received	39	65
Interest paid	—	(64)
Income taxes paid	(1,637)	(7,585)
Net cash provided by (used in) operating activities	870,017	3,128,639
Cash flows from investing activities		
Purchase of property, plant, and equipment	(25,569)	(32,689)
Purchase of intangible assets	(322)	(2,024)
Purchase of investment securities	—	(436,298)
Payments of leasehold and guarantee deposits	(108,640)	(990)
Proceeds from refund of leasehold and guarantee deposits	83,007	300
Net cash provided by (used in) investing activities	(51,524)	(471,702)
Cash flows from financing activities		
Proceeds from issuance of shares	1,886,935	12,396,691
Payments of listing-related expenses	(7,940)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	840	22,792
Net cash provided by (used in) financing activities	1,879,834	12,419,483
Net increase (decrease) in cash and cash equivalents	2,698,327	15,076,420
Cash and cash equivalents at beginning of period	4,408,530	7,195,414
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	88,556	—
Cash and cash equivalents at end of period	7,195,414	22,271,835

(5) Notes to consolidated financial statements

(Notes to going concern assumptions)

Not applicable

(Change in presentation method)

(Provision for charge back)

The credit card company may request a refund from the Company due to unauthorized use of the credit card by a third party.

The amount of loss that is expected to be refused and the price cannot be collected from the member store due to fraudulent sales claims or bankruptcy of the member store.

Is recorded as a provision for charge back because it has become possible to reasonably estimate based on past results.

(Segment information)

1. Summary of reportable segment

The Group's reportable segments are components of the Company for which separate financial information is available that is regularly evaluated by the Board of Directors to determine allocation of management resources and assess business performance.

The Group consists of three reportable segments, "BASE Business," "PAY Business," and "Other Business."

"BASE business" provides an e-commerce platform that offers an online shop development service as well as shopping apps and other outlets that enable the purchase of products from shops that have been set up using the service. "PAY business" develops "PAY.JP" that is an online payment service that readily enables Web services and online shops to start accepting credit card payments, as well as "PAYID" that offers ID-based payment service. With regard to "Other businesses," the Company's consolidated subsidiary "BASE BANK, Inc" develops financial service that enables shop owners who use "BASE" to raise funds by purchasing the BASE shops' future accounts receivable from shop owners.

2. Method of calculation of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Methods of accounting procedures for reported business segments are in accordance with the accounting principles used to prepare consolidated financial statements.

3. Information about net sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended December 31, 2019

(Thousand yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	3,198,687	644,055	7,078	3,849,821	—	3,849,821
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	3,198,687	644,055	7,078	3,849,821	—	3,849,821
Segment loss	(117,692)	(127,651)	(54,212)	(299,556)	(142,163)	(441,719)
Segment assets	7,156,251	3,248,406	75,418	10,480,076	(21,274)	10,458,801
Other items						
Depreciation	33,442	—	—	33,442	—	33,442
Increase in property, plant, and equipment, and intangible assets	37,408	—	—	37,408	—	37,408

(Notes) 1. Reconciliations of segment loss of ¥(142,163) thousand are corporate expenses that are not allocated to each reportable segment.

Corporate expenses consist mainly of general and administrative expenses that do not belong to reportable segments.

2. Segment loss is adjusted with operating loss in the consolidated statement of income.

3. Reconciliations of segment assets of ¥(21,274) thousand are inter-segment elimination.

Fiscal year ended December 31, 2020

(Thousand yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	7,321,202	939,589	27,356	8,288,148	—	8,288,148
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	7,321,202	939,589	27,356	8,288,148	—	8,288,148
Segment profit (loss)	1,112,129	(92,057)	(45,867)	974,204	(170,977)	803,226
Segment assets	25,289,153	2,725,113	79,402	28,093,669	411,899	28,505,568
Other items						
Depreciation	42,505	—	—	42,505	—	42,505
Increase in property, plant, and equipment, and intangible assets	41,228	—	—	41,228	—	41,228

- (Notes) 1. Reconciliations of segment profit (loss) of ¥(170,977) thousand are corporate expenses that are not allocated to each reportable segment. Corporate expenses consist mainly of general and administrative expenses that do not belong to reportable segments.
2. Segment loss is adjusted with operating profit in the consolidated statement of income.
3. Reconciliations of segment assets of ¥411,899 thousand are inter-segment elimination ¥(23,669) thousand and not allocated to individual reportable segments ¥435,569 thousand.

(Per share information)

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net assets per share	¥154.71	¥739.32
Net profit (loss) per share	¥(38.73)	¥28.18
Diluted earnings per share	—	¥26.04

- (Notes) 1. Despite the existence of diluted shares in the fiscal year ended December 31, 2019, diluted earnings per share were not indicated in the consolidated financial statements of the fiscal year ended December 31, 2019 because net loss per share was recorded.
2. The Board of Directors of the Company resolved, at a meeting held on August 15, 2019 and the Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The afore-mentioned calculation of net loss per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2019.
3. Net profit (loss) per share was calculated on the following basis.

Item	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net profit (loss) per share		
Net loss attributable to owners of parent (thousand yen)	(459,675)	584,501
Amount not attributable to ordinary shareholders (thousand yen)	—	—
Net loss attributable to owners of parent regarding ordinary shares (thousand yen)	(459,675)	584,501
Average number of ordinary shares during the period (shares)	11,868,327	20,741,559
Diluted earnings per share		
Adjustment to profit (Thousand yen)	—	—
Increase in number of common stock (Shares)	—	1,702,747
(Number of share subscription rights included in the increase)	—	(1,702,747)
Outline of diluted shares that were not included in calculation of diluted earnings per share because of their anti-dilutive effect	7 types of stock acquisition rights Number of stock acquisition rights: 4,527 Ordinary shares: 1,810,800	

	shares	
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(Significant subsequent events)

At a meeting of the Board of Directors held on February 10, 2021, the Company resolved a stock split and partial amendment to the Articles of Incorporation resulting from the stock split.

1. Purpose
The purpose of stock split is to improve the liquidity of our stock and further broaden the investor base by lowering the investment unit of our stock.
2. Outline of stock split
 - (1) Method of stock split
The stock split will be carried out at a ratio of five shares for one common stock held by shareholders recorded on the latest shareholders registry as of March 31, 2021.

- (2) Number of shares to be increased upon the stock split

1) Total number of shares issued before the stock split	21,941,800 shares
2) Increase in the number of shares resulting from the stock split	87,767,200 shares
3) Total number of shares issued after the stock split	109,709,000 shares
4) Total number of authorized shares after the stock split	376,440,000 shares

(Note) The number of shares from 1) to 3) are listed based on the total number of shares issued as of February 10, 2021 (however the number of shares issued upon the exercise of share acquisition rights from February 1, 2021 to today is not included). The number of shares may increase because of the exercise of share acquisition rights from the day of the resolution adopted at the meeting of the Board of Directors to the record date of the stock split.

- (3) Schedule

1) Publication date for base date	March 16, 2021
2) Base date:	March 31, 2021
3) Effective date	April 1, 2021

3. Impact on per share information
Assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year, each value of the information per share is different. It is as follows.

	Fiscal year ended December 31, 2019	Fiscal year ended December 31, 2020
Net assets per share	¥30.94	¥147.84
Net profit (loss) per share	¥(7.75)	¥5.64
Diluted earnings per share	—	¥5.20

4. Partial amendment to the Articles of Incorporation

- (1) Reason for the amendment
Resulting from the stock split, the total number of authorized shares prescribed in Article 6 in the Articles of Incorporation of the Company will be amended, effective as of April 1, 2021, according to the provisions of Article 184, Paragraph 2 of the Companies Act.

- (2) Details of the amendment
Details of the amendment are as follows.

Before the amendment	After the amendment
Total number of authorized shares: Article 6 The total number of authorized shares of the Company shall be <u>75,288,000</u> shares.	Total number of authorized shares: Article 6 The total number of authorized shares of the Company shall be <u>376,440,000</u> shares.

- (3) Schedule for the amendment
April 1, 2021

5. Adjustments to exercise prices of share acquisition rights

Resulting from the stock split, exercise prices for share acquisition rights to be exercised on or after April 1, 2021 will be adjusted as follows.

Name of share acquisition rights	Exercise price before the adjustment	Exercise price after the adjustment
1st series of share acquisition rights	70 yen	14 yen
2nd series of share acquisition rights	70 yen	14 yen
3rd series of share acquisition rights	70 yen	14 yen
4th series of share acquisition rights	70 yen	14 yen
5th series of share acquisition rights	70 yen	14 yen
6th series of share acquisition rights	70 yen	14 yen
7th series of share acquisition rights	70 yen	14 yen