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October 25, 2019

To Whom It May Concern

Company Name      **BASE, Inc.**

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(Security Code: 4477 Tokyo Stock Exchange Mothers Market)

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**Financial Information, etc. of the Company in Association with Listing on the Tokyo Stock Exchange Mothers Market**

The Company was listed on the Tokyo Stock Exchange Mothers Market today, on October 25, 2019. We would be grateful for your continued support going forward.

The Group's consolidated business results forecast for the fiscal year ending December 2019 (from January 1, 2019 to December 31, 2019) is as follows, along with the latest financial information, etc.

[Consolidated]				(Million yen, %)				
Item	Fiscal year	Fiscal year ending December 2019 (forecast)		Six months ended June 2019 (actual)		Fiscal year ended December 2018 (actual)		
		Ratio against net sales	Year- on-year change		Ratio against net sales		Ratio against net sales	
Net sales		3,670	100.0	56.0	1,687	100.0	2,352	100.0
Operating loss		(540)	—	—	(135)	—	(791)	—
Ordinary loss		(559)	—	—	(135)	—	(798)	—
Loss attributable to owners of parent		(560)	—	—	(136)	—	(854)	—
Net loss per share		¥(47.60)			¥(18.87)		¥(118.45)	
Dividends per share		¥0.00			¥0.00		¥0.00	

(Notes) 1. Net loss per share for the fiscal year ended December 2018 (actual) and for the six months ended June 2019 (actual) are calculated based on the average number of shares outstanding during the respective periods.

2. Net loss per share for the fiscal year ending December 2019 (forecast) is calculated based on the scheduled average number of shares outstanding during the period, including the number of shares scheduled for public offering (522,600 shares).

3. The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The aforementioned 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 2018.

[Assumptions for the business results forecast for the fiscal year ending December 2019]

## 1. Outlook of the Group as a whole

Under the corporate mission of "Payment to the People, Power to the People," the Group is engaged mainly in the BASE business, which provides the "BASE" e-commerce platform, and the PAY business, which provides "PAY.JP" online payment service and the "PAY ID" ID-based payment service. The Group focuses on empowering SMBs (Small and Medium Business) and supporting startups through these services.

In the electronic commercial transaction market (hereinafter, the "EC market"), which provides the basis for the Group's businesses, the BtoC-EC market in product sales is continuing to grow thanks to a favorable external environment, such as the spread of smartphones and tablet devices and logistic reforms, while the transformation into EC is progressing in service domains other than product sales. In addition, the EC market is expanding its business domain, as seen in the transformation of BtoB into BtoB-EC and the significant growth of CtoC-EC. Meanwhile, a variety of new services are emerging in the electronic payment market, driven by various policy measures based on the "Policy for Creating a Cashless Society" announced by the government, along with the creation of new financial and payment services adopting Fintech by major financial institutions, and expansion and diversification of the payment service market is continuing to uplift the growth potential of the market.

Under such conditions, the BASE business strives to enhance convenience in store management as well as provide services for new opportunities and taking on challenges, while the PAY business endeavors to provide services tailored to the individual business characteristics of each member store. As the distribution total is increasing, the fiscal year ending December 2019 is expected to register ¥3,670 million in net sales (56.0% increase year-on-year), ¥540 million in operating loss (compared with ¥791 million in operating loss in the previous fiscal year), ¥559 million in ordinary loss (compared with ¥798 million in ordinary loss in the previous fiscal year), and ¥560 million in loss attributable to owners of parent (compared with ¥854 million in loss attributable to owners of parent in the previous fiscal year). These forecasts are calculated by adding the forecast for the period from August 2019 to December 2019, to the actual figures for the period from January 2019 to July 2019.

## 2. Individual assumptions

(Net sales)

Net sales consist mainly of the respective net sales of the BASE business and the PAY business.

### (i) BASE business

The "BASE" service, which is the core service provided under the BASE business, constitutes an e-commerce platform providing 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. The clientele of the online development service includes not only individuals producing handicrafts, but also corporations engaging in businesses and government bodies, including municipalities.

Net sales consist primarily of payment processing fees/service handling fees calculated by multiplying the distribution amount on "BASE" by the fee rates as well as transaction fees payable by the purchaser for each payment, in fixed amounts determined by each type of payment. The forecast for the payment processing fees/service handling fees is calculated by multiplying the fee rates by the estimated distribution amount, as calculated based on the number of active shops (shops registering sales) and the estimated distribution amount per active shop. The forecast for the transaction fees is calculated by multiplying the number of payments derived from the actual average transaction value for each payment, by the unit price of the transaction fee. The number of active shops and the distribution amount per shop for calculating the distribution amount are estimated based on the actual figures during a certain period in the preceding fiscal year, as well as the growth rate. For the fiscal year ending December 2019, the total distribution amount on an orders-received basis and on a payments-made basis are estimated at ¥42,864 million and ¥37,447 million, respectively.

Based on the above, the net sales of the BASE business are estimated at ¥3,085 million (55.6% increase year-on-year).

(ii) PAY business

The “PAY.JP” service, which is the core service of the PAY business, is an online payment service that readily enables Web services and online shops (excluding online shops set up via “BASE”) to start accepting credit card payments.

Net sales consist primarily of payment processing fees calculated by multiplying the fee rates by the distribution amount processed on “PAY.JP.” The forecast for the payment processing fees is calculated by multiplying the fee rates by the total distribution amount, as calculated based on the number of active member shops (member shops registering sales) and the estimated distribution amount per active member shop. The number of active member shops and distribution amount per member shop are estimated based on the actual figures during a certain period in the preceding fiscal year, as well as the growth rate. For the fiscal year ending December 2019, the distribution total is estimated at ¥21,477 million.

Based on the above, the net sales of the PAY business are estimated at ¥582 million (57.6% increase year-on-year).

Based on the abovementioned results and the estimated net sales in other businesses, consolidated net sales are estimated at ¥3,670 million (56.0% increase year-on-year).

(Cost of sales, gross profit)

Cost of sales consists mainly of the payment fees paid to payment agencies. Payment fees are calculated by adding fixed fees to an amount calculated by multiplying the fee rates by the distribution total for each type of payment. The distribution total for each type of payment is estimated by taking into account the composition ratio of the payment types observed during a certain period in the preceding fiscal year, in the distribution total estimated at the time of forecasting sales. In addition, the fee rates are estimated at the same level as the actual level observed during a certain period in the preceding fiscal year.

As a result of the above, cost of sales and gross profit are estimated at ¥1,516 million (58.6% increase year-on-year) and ¥2,154 million (54.2% increase year-on-year), respectively.

(Selling, general and administrative expenses, and operating loss)

Selling, general and administrative expenses consist primarily of personnel expenses and promotional costs (the sum of advertising expenses and promotion expenses).

Personnel expenses are estimated based on the future staffing plan. The number of employees is estimated to increase by roughly 30 persons from the previous fiscal year, while personnel expenses are estimated at ¥974 million. Promotional costs (the sum of advertising expenses and promotion expenses) are estimated at ¥932 million, based mainly on the implementation schedule for Web advertising and broadcasting of TV commercials.

As a result of the above, selling, general and administrative expenses are estimated at ¥2,694 million (23.1% increase year-on-year), while operating loss is estimated at ¥540 million (compared with ¥791 million in operating loss in the previous fiscal year).

(Non-operating income and expenses, ordinary loss)

Non-operating income and expenses are estimated by taking into account the actual results of the preceding fiscal year and the estimation for the coming period. As a result, non-operating income is estimated at ¥2 million, while non-operating expenses are estimated at ¥21 million. Ordinary loss is estimated at ¥559 million (compared with ¥798 million in ordinary loss in the previous fiscal year).

(Extraordinary income or loss, loss attributable to owners of parent)

Neither extraordinary income nor extraordinary loss is expected. As a result of the above, loss attributable to owners of parent is estimated at ¥560 million (compared with ¥ 854 million in loss attributable to owners of parent in the previous fiscal year).

[An important notice regarding business results forecasts]

The business results forecasts and other forward-looking statements in this material are based on the information currently available to the Company, along with certain assumptions that are believed to be reasonable. However, the actual results could prove to be different from the forecasted figures, due to a variety of factors.

# Consolidated Financial Results for the Six Months Ended June 30, 2019 [Japanese GAAP]

October 25, 2019

Company name: BASE, Inc.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4477  
 URL: <https://binc.jp/en>  
 Representative: Yuta Tsuruoka, Representative Director and CEO  
 Contact: Ken Harada, Director and CFO  
 Phone: +81-3-6441-2075  
 Scheduled date of filing quarterly securities report: —  
 Scheduled date of commencing dividend payments: —  
 Availability of supplementary briefing material on quarterly financial results: Not available  
 Schedule of quarterly financial results briefing session: Not scheduled

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

## 1. Financial Results for the Six Months Ended June 30, 2019 (January 1, 2019 to June 30, 2019)

### (1) Consolidated Operating Results (cumulative)

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2019	1,687	—	(135)	—	(135)	—	(136)	—
Six months ended June 30, 2018	—	—	—	—	—	—	—	—

(Note) Comprehensive income: Six months ended June 30, 2019: ¥(136) million (–%)  
 Six months ended June 30, 2018: ¥ – million (–%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended June 30, 2019	(18.87)	—
Six months ended June 30, 2018	—	—

- (Notes) 1. As the Company did not prepare quarterly consolidated financial statements for the second quarter of the fiscal year ended December 2018, we have stated neither figures for the second quarter of the fiscal year ended December 2018, nor the year-on-year changes for the second quarter of the fiscal year ending December 2019.
2. The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The aforementioned calculations of the net income per share are based on the assumption that the said stock split took place at the beginning of the fiscal year ending December 2019.
3. Figures for diluted net income per share are not stated above, due to the fact that despite the existence of dilutive shares, the average share price during the period is not identifiable, as shares in the Company are not listed, and also because the actual results proved to be negative, as a net loss per share.

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2019	8,171	1,581	19.4
As of December 31, 2018	6,951	1,737	25.0

(Reference) Equity: As of June 30, 2019: ¥1,581 million  
As of December 31, 2018: ¥1,737 million

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2018	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2019	—	0.00			
Fiscal year ending December 31, 2019 (Forecast)			—	0.00	0.00

(Note) Changes from the most recent dividend forecast: No

**3. Business Results Forecast for the Fiscal Year Ending December 31, 2019 (January 1, 2019 to December 31, 2019)**

(% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	3,670	56.0	(540)	—	(559)	—	(560)	(47.60)

(Notes) 1. Changes from the most recent business results forecast: No

2. The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The aforementioned calculation of the net income per share is based on the assumption that the said stock split took place at the beginning of the fiscal year ending December 2019.

**Notes:**

- (1) Changes in significant subsidiaries during the period under review (Changes in specified subsidiaries resulting in changes in scope of consolidation): No

New: — ( ), Exclusion: — ( )

- (2) Adoption of special accounting treatment for preparing quarterly consolidated financial statements: No

- (3) Changes in accounting policies, changes in accounting estimates, and restatements

1) Changes in accounting policies due to the revision of accounting standards: No

2) Any changes other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

(4) Total number of issued shares (ordinary shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of June 30, 2019	7,216,400 shares
As of December 31, 2018	7,216,400 shares

2) Total number of treasury shares at the end of the period:

As of June 30, 2019	— shares
As of December 31, 2018	— shares

3) Average number of shares during the period (cumulative total):

Six months ended June 30, 2019	7,216,400 shares
Six months ended June 30, 2018	— shares

(Notes) 1. As the Company did not prepare quarterly consolidated financial statements for the second quarter of the fiscal year ended December 2018, we have not stated the average number of shares during the period (cumulative total) for the six months ended June 30, 2018.

2. The Company conducted a stock split as of August 31, 2019, whereby each ordinary share was split into 400 shares. The aforementioned calculations of the total number of issued shares at the end of the period, total number of treasury shares at the end of the period, and average number of shares during the period are based on the assumption that the said stock split took place at the beginning of the fiscal year ended December 2018.

\* While the quarterly financial summary is outside the scope of quarterly review by the certified public accountant or by the auditing firm, procedures for the review of the quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act had been completed at the time of disclosure of this quarterly financial summary.

\* 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 forecasts and the points to be noted when using these forecasts, please refer to “1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation of business results forecast and other forecast information” on P.4 of the appendix.

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## 1. Qualitative Information on Consolidated Financial Results for the Period under Review

### (1) Explanation of operating results

While the economic environment surrounding Japan during the six months ended June 30, 2019 continued to show a trend toward recovery, in which improving employment and personal income supported an upturn in consumption, uncertainties still remained due to concerns regarding a decline in the global economy resulting from trade disputes and other issues.

In the electronic commercial transaction market (hereinafter, the “EC market”), which provides the basis for the Group’s businesses, the BtoC-EC market in product sales is continuing to grow thanks to a favorable external environment, such as the spread of smartphones and tablet devices and logistic reforms, while the transformation into EC is progressing in service domains other than product sales. In addition, the EC market is expanding its business domain, as seen in the transformation of BtoB into BtoB-EC and the significant growth of CtoC-EC. Meanwhile, a variety of new services are emerging in the electronic payment market, driven by various policy measures based on the “Policy for Creating a Cashless Society” announced by the government, along with the creation of new financial and payment services adopting Fintech by major financial institutions, and expansion and diversification of the payment service market is continuing to uplift the growth potential of the market.

In such a business environment, the Group is primarily engaged in the BASE business, which provides the “BASE” e-commerce platform, and the PAY business, which provides the “PAY.JP” online payment service and the “PAY ID” ID-based payment service.

The BASE business strives to enhance convenience in store management as well as provide services for new opportunities and taking on challenges, while the PAY business endeavors to provide services tailored to the individual business characteristics of each member store, with each contributing to the growth in net sales. Meanwhile, the Company is actively employing staff engaged in development work, while also proactively implementing promotions with a view toward achieving the further growth of the businesses.

As a result of the above, during the six months ended June 30, 2019, the Group registered net sales of ¥1,687,581 thousand, an operating loss of ¥135,673 thousand, an ordinary loss of ¥135,713 thousand, and a loss attributable to owners of parent of ¥136,196 thousand.

The business results by segment are as follows.

#### A) BASE business

In the BASE e-commerce platform, we are striving to continuously enhance convenience in store management as well as provide new business opportunities through measures such as starting to offer popup spaces for the display of merchandise at physical locations. As a result, the distribution total (orders-received basis) during the six months ended June 30, 2019 reached ¥19,488,206 thousand.

As a result of the above, net sales and segment profit amounted to ¥1,396,221 thousand and ¥35,214 thousand, respectively.

**B) PAY business**

“PAY.JP,” which provides an online payment service, adopts a simplified fee structure in which the handling fee is calculated by multiplying a certain fee rate by the amount of payment, while no initial costs are charged at the time of shop setup. Thanks to this attractive structure, the number of registered member stores is steadily increasing. In addition, we remain committed to providing services tailored to the individual business characteristics of each member store. As a result, the distribution total during the six months ended June 30, 2019 reached ¥10,674,636 thousand.

As a result of the above, net sales and segment loss amounted to ¥290,063 thousand and ¥74,745 thousand, respectively.

**C) Other businesses**

The Company is engaged in other businesses, including “YELL BANK,” a service that provides business funds to online shop operators using “BASE.” This service was launched in December 2018, and the number of users is gradually increasing.

As a result of the above, net sales and segment loss amounted to ¥1,296 thousand and ¥28,448 thousand, respectively.

**(2) Explanation of financial position****(Assets)**

Total assets at the end of the second quarter of the consolidated fiscal year ending December 2019 increased by ¥1,219,710 thousand, compared to the end of the previous consolidated fiscal year to ¥8,171,116 thousand, due primarily to an increase of ¥1,222,149 thousand in cash and deposits.

**(Liabilities)**

Liabilities at the end of the second quarter of the consolidated fiscal year ending December 2019 increased by ¥1,375,930 thousand, compared to the end of the previous consolidated fiscal year to ¥6,589,874 thousand, due primarily to an increase of ¥1,329,016 thousand in operating deposits received.

**(Net assets)**

Net assets at the end of the second quarter of the consolidated fiscal year ending December 2019 decreased by ¥156,221 thousand, compared to the end of the previous consolidated fiscal year to ¥1,581,242 thousand, due primarily to a decrease of ¥136,196 thousand in retained earnings resulting from the posting of the loss attributable to owners of parent.

**(Cash flows)**

Cash and cash equivalents at the end of the second quarter of the consolidated fiscal year ending December 2019 stood at ¥5,630,680 thousand.

Cash flows during the six months ended June 30, 2019 were as follows.

1) Net Cash Provided by (Used in) Operating Activities

Net cash provided by operating activities was ¥1,057,487 thousand, due primarily to increases of ¥1,329,016 thousand in operating deposits received and ¥432,584 thousand in accounts receivable – other, resulting from an increase in the distribution amount for “BASE Easy Pay” and an increase in the amount of payments in line with the expansion of the PAY business, despite a posting of ¥135,713 thousand in loss before income taxes.

2) Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was ¥76,105 thousand, due primarily to ¥83,007 thousand of proceeds from refund of leasehold and guarantee deposits.

3) Net Cash Provided by (Used in) Financing Activities

There was no cash provided by or used in financing activities during the six months ended June 30, 2019.

**(3) Explanation of business results forecast and other forecast information**

For the forecast for the fiscal year ending December 2019, please refer to “Financial Information, etc. of the Company in Association with Listing on the Tokyo Stock Exchange Mothers Market” announced today.

The business results forecast was prepared based on information currently available. However, the actual business results could prove to be different from the forecasted figures, due to a variety of factors arising in the future.

**2. Consolidated Financial Statements and Principal Notes****(1) Consolidated balance sheets**

(Thousand yen)

	As of December 31, 2018	As of June 30, 2019
<b>Assets</b>		
Current assets		
Cash and deposits	4,408,530	5,630,680
Accounts receivable - other	1,914,010	2,257,680
Other	282,455	70,167
Allowance for doubtful accounts	(16,848)	(39,440)
Total current assets	6,588,148	7,919,087
Non-current assets		
Property, plant and equipment	117,739	109,390
Intangible assets	2,999	2,599
Investments and other assets	242,520	140,039
Total non-current assets	363,258	252,028
Total assets	6,951,406	8,171,116
<b>Liabilities</b>		
Current liabilities		
Operating deposits received	4,954,817	6,283,834
Other	213,924	261,740
Total current liabilities	5,168,742	6,545,575
Non-current liabilities		
Other	45,200	44,298
Total non-current liabilities	45,200	44,298
Total liabilities	5,213,943	6,589,874
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,325,682	1,325,682
Capital surplus	1,266,564	1,266,564
Retained earnings	(854,783)	(1,011,004)
Total shareholders' equity	1,737,463	1,581,242
Total net assets	1,737,463	1,581,242
Total liabilities and net assets	6,951,406	8,171,116

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

(Consolidated statement of income)

(Six months ended June 30, 2019)

	(Thousand yen)
	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Net sales	1,687,581
Cost of sales	710,012
Gross profit	977,569
Selling, general and administrative expenses	1,113,242
Operating loss	(135,673)
Non-operating income	
Interest income	18
Lecture's fee income	559
Late charges income	1,075
Other	306
Total non-operating income	1,960
Non-operating expenses	
Listing-related expense	2,000
Total non-operating expenses	2,000
Ordinary loss	(135,713)
Loss before income taxes	(135,713)
Income taxes	483
Net loss	(136,196)
Loss attributable to owners of parent	(136,196)

## (Consolidated statement of comprehensive income)

(Six months ended June 30, 2019)

	(Thousand yen)
	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Net loss	(136,196)
Comprehensive income	(136,196)
Comprehensive income attributable to	
Comprehensive income attributable to owners of parent	(136,196)

**(3) Consolidated statement of cash flows**

	(Thousand yen)
	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Cash flows from operating activities	
Loss before income taxes	(135,713)
Depreciation	14,650
Increase (decrease) in allowance for doubtful accounts	22,592
Interest income	(18)
Listing expenses	2,000
Decrease (increase) in accounts receivable – other	(432,584)
Increase (decrease) in operating deposits received	1,329,016
Other, net	259,160
Subtotal	1,059,103
Interest income received	18
Income taxes paid	(1,634)
Net cash provided by operating activities	1,057,487
Cash flows from investing activities	
Purchase of property, plant and equipment	(5,901)
Payments of leasehold and guarantee deposits	(1,000)
Proceeds from refund of leasehold and guarantee deposits	83,007
Net cash provided by investing activities	76,105
Net increase (decrease) in cash and cash equivalents	1,133,593
Cash and cash equivalents at beginning of period	4,408,530
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	88,556
Cash and cash equivalents at end of period	5,630,680

**(4) Notes to consolidated financial statements**

(Notes to going concern assumptions)

Not applicable

(Notes to material changes in shareholders' equity)

Not applicable

(Additional information)

(Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan, Statement No. 28, February 16, 2018)" have been applied from the beginning of the first quarter of the consolidated fiscal year ending December 2019. Accordingly, deferred tax assets are presented under investments and other assets and deferred tax liabilities are presented under non-current liabilities.

(Segment information, etc.)

[Segment information]

The six months ended June 30, 2019 (January 1, 2019 to June 30, 2019)

## 1. Information about net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	1,396,221	290,063	1,296	1,687,581	—	1,687,581
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	1,396,221	290,063	1,296	1,687,581	—	1,687,581
Segment profit (loss)	35,214	(74,745)	(28,448)	(67,979)	(67,693)	(135,673)

(Notes) 1. The ¥(67,693) thousand of reconciliations in segment profit (loss) includes unallocated corporate expenses. Corporate expenses mainly consist of general and administrative expenses not attributable to any reportable segment.

2. Segment profit (loss) is reconciled with operating loss recorded in the consolidated statement of income.

## 2. Changes in reportable segments, etc.

A new segment, "Other businesses" has been added, following the inclusion of BASE BANK, Inc. in the scope of consolidation in the first quarter of the consolidated fiscal year ending December 2019.



(Significant subsequent events)

(Acquisition and retirement of preferred shares)

As of August 14, 2019, the Company acquired as treasury shares all of its Class A preferred shares, Class B preferred shares, Class C preferred shares, Class D preferred shares, and Class E preferred shares, as a result of shareholders' exercise of their rights to demand the purchase of these shares by the Company, and delivered ordinary shares as consideration thereof to the shareholders. At the same time, the Company retired all of the Class A preferred shares, Class B preferred shares, Class C preferred shares, Class D preferred shares, and Class E preferred shares acquired in the aforementioned exercise, based on a resolution at the meeting of the Board of Directors held on August 15, 2019, pursuant to the provisions of Article 178 of the Companies Act.

(1) Number of shares acquired and retired

Class A preferred shares: 4,510 shares

Class B preferred shares: 3,980 shares

Class C preferred shares: 3,106 shares

Class D preferred shares: 9,299 shares

Class E preferred shares: 8,119 shares

(2) Number of ordinary shares delivered in exchange

Number of ordinary shares: 29,014 shares

(3) Number of ordinary shares that have been issued after the delivery: 47,055 shares

(Stock split, adoption of the share unit system)

At the meeting of the Board of Directors held on August 15, 2019, the Company resolved to implement a stock split, as well as to partially amend the Articles of Incorporation for the purpose of adopting the share unit system.

#### 1. Objective

The Company has implemented a stock split, with the aim of enhancing the liquidity of shares in the Company and expanding the shareholder base. The Company has also adopted a share unit system whereby one share-trading unit of stock is 100 shares, in view of the "Action Plan to Consolidate Trading Units," which was declared by the stock exchanges across Japan with the intention of consolidating trading units into 100 shares.

#### 2. Ratio and implementation schedule of the stock split

The Company has implemented a stock split, whereby each share owned by the shareholders registered or recorded in the final shareholder registry on August 31, 2019 was split into 400 shares.

## 3. Increase in the number of shares resulting from the stock split

(i) Total number of shares outstanding before the stock split:	47,055 shares
(ii) Increase in the number of shares resulting from the stock split:	18,774,945 shares
(iii) Total number of shares outstanding after the stock split:	18,822,000 shares
(iv) Total number of shares authorized to be issued after the stock split:	75,288,000 shares

## 4. Impact on the per share information

The per share information, based on the assumption that the said stock split was conducted at the beginning of the consolidated fiscal year ending December 2019, is as follows.

	Six Months Ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Net loss per share	¥(18.87)