



Q1 of Fiscal Year Ended December 2020
Materials for Financial Results Presentation

BASE, Inc.
(Tokyo Stock Exchange Mothers: 4477)
May 15, 2020

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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.

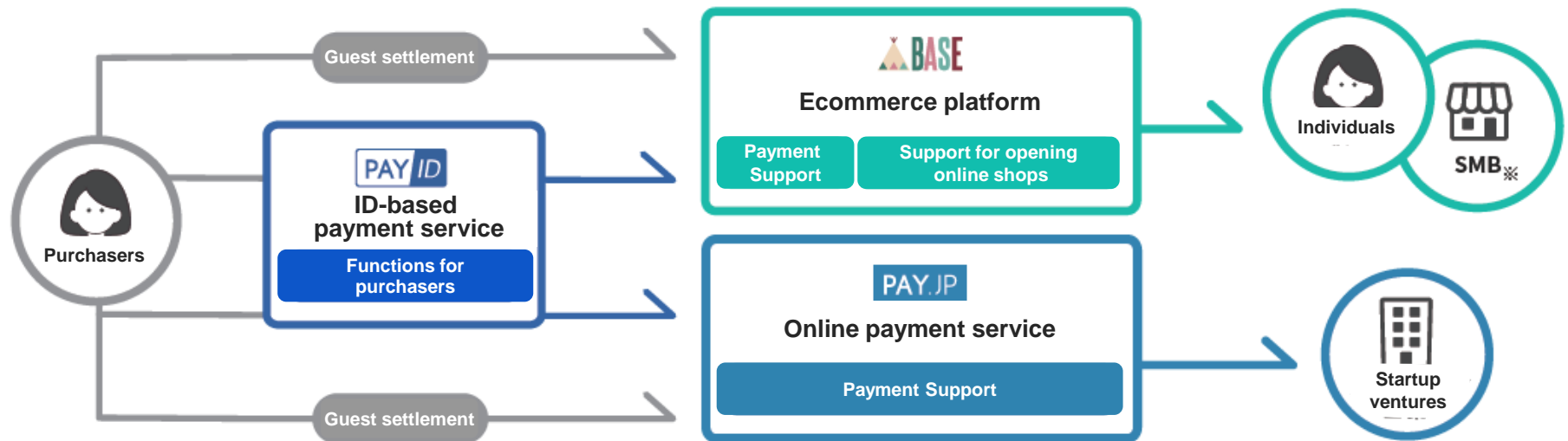
Making payment available to everyone around the globe.

To give everyone a chance to transform his/her power into value.

To create new economy through a new payment platform.

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

Topic

- **The number of BASE shops has exceeded 1 million.**

Impact from the COVID-19

- Telecommuting had been recommended for all members of the Group from February 20, and it has been implemented as a principle since April 1.
- In the BASE business, Since late March, the number of newly opened shops has increased sharply, and gross merchandise value (GMV) has increased significantly since April.
(GMV has increased significantly since April, growing **190.0%** compared to the same month of the previous year, and growing **103.9%** compared to the previous month.)
- In the PAY business, GMV of some existing member stores that operate an offline business has decreased significantly since February

Results for Q1 Ending December 2020

- Net sales increased by **47.1%** compared to the same quarter of the previous fiscal year and gross profit increased by **44.1%** ditto, both continuing high growth.
- Selling and administrative expenses continued a slight increase because no TVCM was performed, and **operating loss decreased**.

Forecast for Fiscal Year Ending December 2020

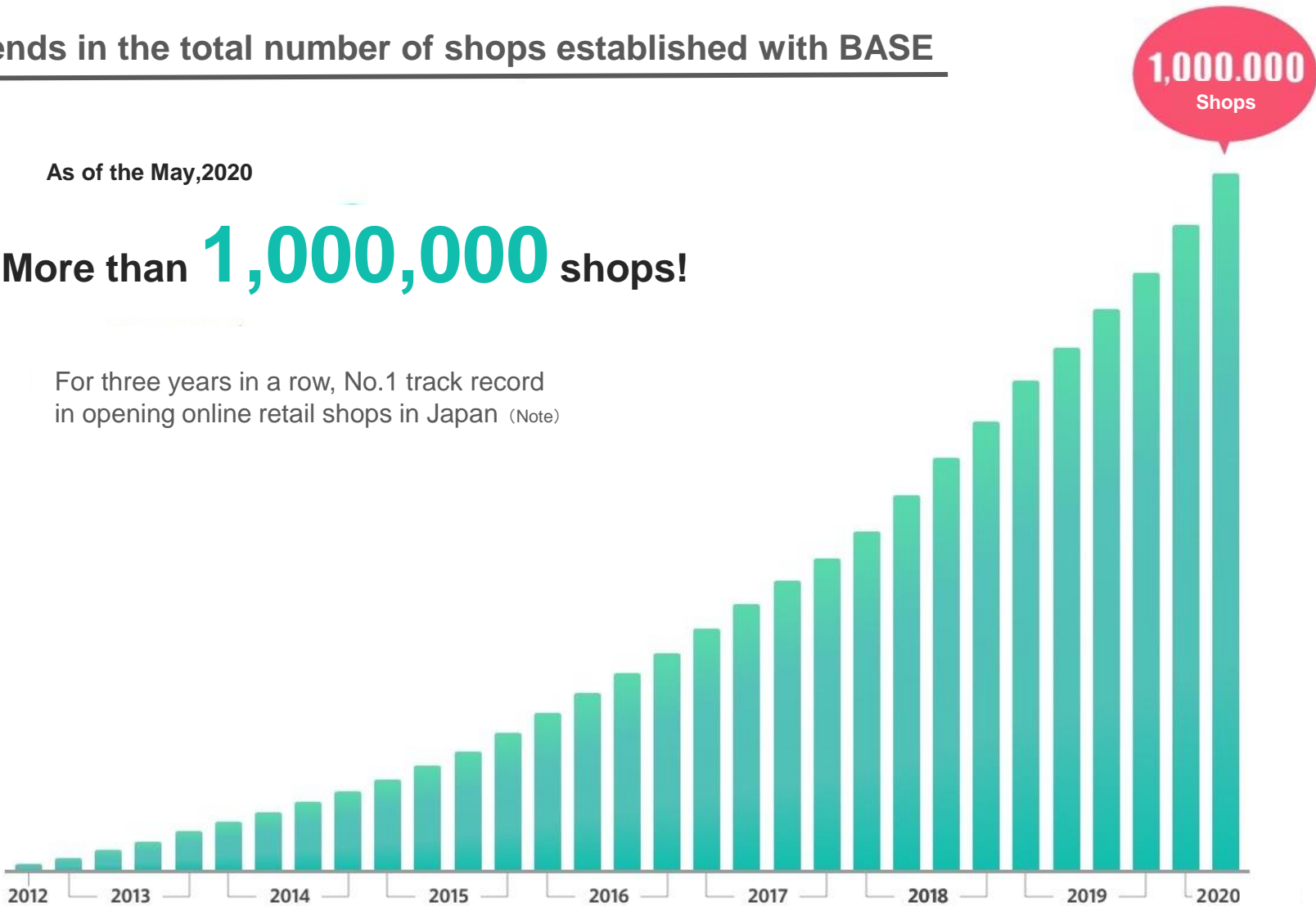
- Because the situation makes it difficult to reasonably predict the impact on the business performance at this time, the Company leaves the business performance forecasts unchanged and will make public any revisions to our business performance forecasts as soon as required, while assessing future business conditions and trends.

Trends in the total number of shops established with BASE

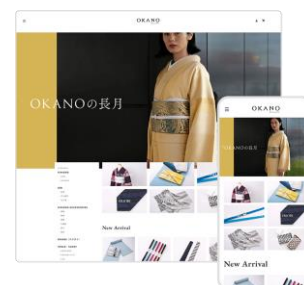
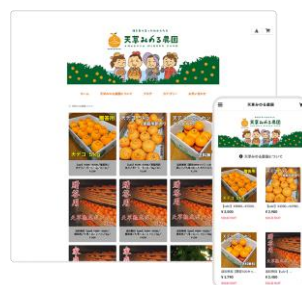
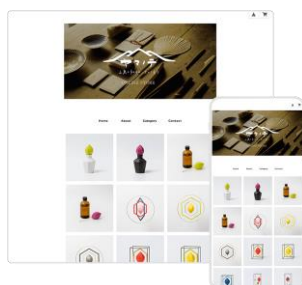
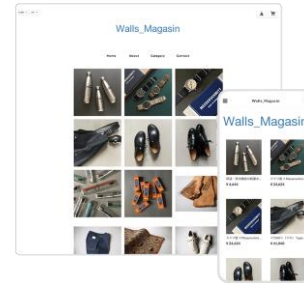
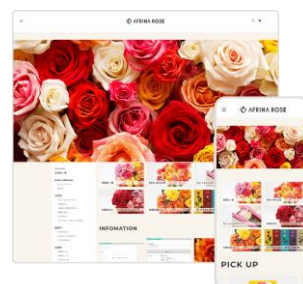
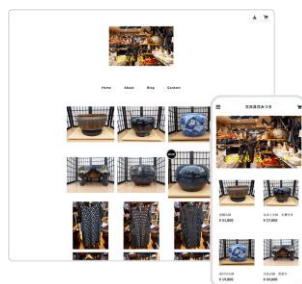
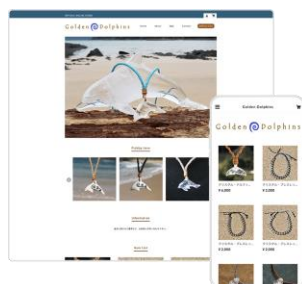
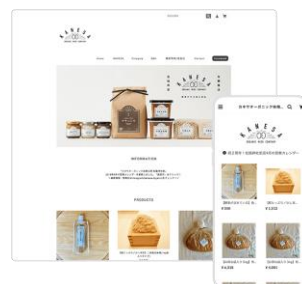
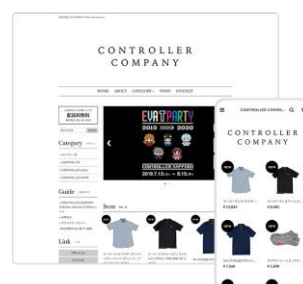
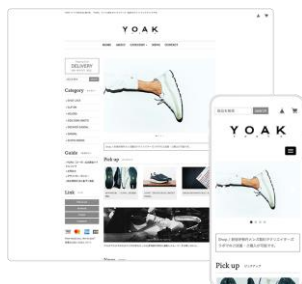
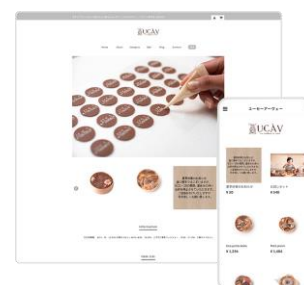
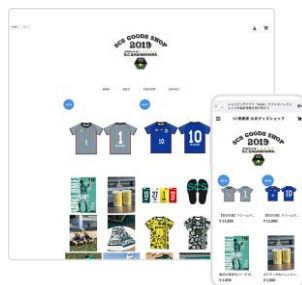
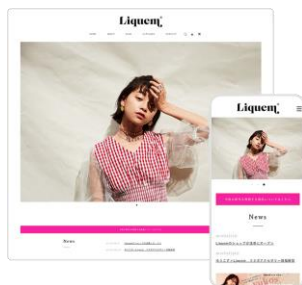
As of the May,2020

More than **1,000,000** shops!

For three years in a row, No.1 track record
in opening online retail shops in Japan (Note)



(Note) The online shop opening track record is taken from a survey by Macromill, Inc. (February 2020)



3. Impact from COVID-19 Infection

Reaction status of the Group

- Considering the safety of employees and all stakeholders, telecommuting has been implemented.
- Telecommuting had been recommended for all members of the Group from February 20, and it has been implemented as a principle since April 1.
- No major impact or disruption from telecommuting has occurred, and stable operations have been maintained.
- Closure of real store space or cancellation of pop-up event (in accordance with each Tenant's policy)

Impact on the BASE business

- Since late March, the number of newly opened shops has increased sharply, and gross merchandise value (GMV) has increased significantly since April. Specifically, the following changes have been taking place.
- GMV increased significantly for both newly opened and previously opened shops. Meanwhile, the future is uncertain.
- The newly opened shops are generating sales in a short period after opening.
- Increased sales of hygiene products (face masks, alcohol disinfectant, etc.) Increased sales of handmade face masks by apparel shops, etc.
- The number of new shops opened by food wholesalers affected by the cancellation of events such as product exhibitions and restaurants that voluntarily suspended operations and their GMVs increased.
- GMV in the category of food and beverage is increasing. GMV in April increased by 1,032% YoY.
- Consumers' moving to EC and brick-and-mortar stores' shifting to online are accelerating.
- Increased server load, access trouble, and increased number of inquiries, owing to increased transactions.
- With an increase in the number of shops opened, the number of screenings of shops and products increased.
- The priority of product development was changed to meet new needs arising from the change in circumstances, such as an increase in the number of shops opened by restaurants.

Impact on the PAY business

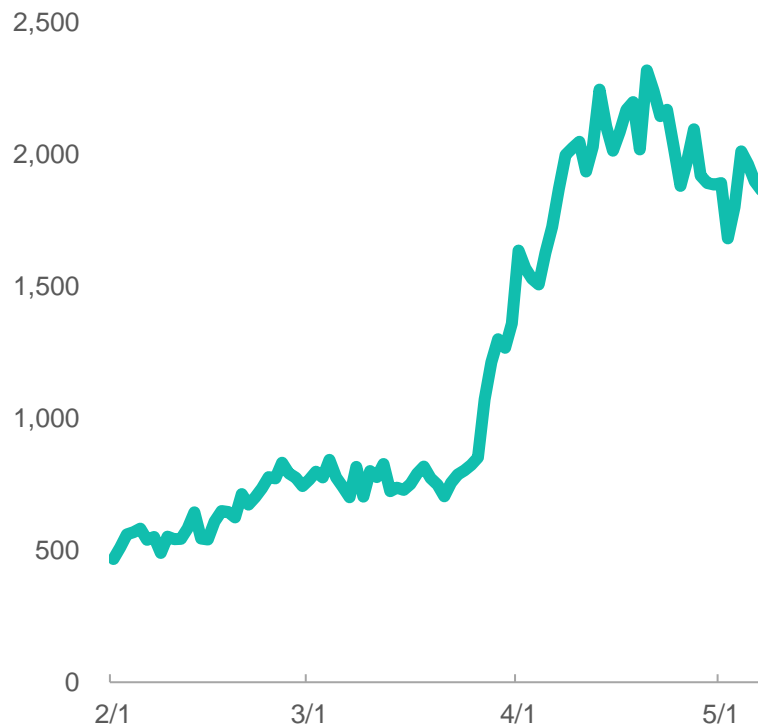
- GMV of some member stores that manage offline business (sports, inbound-related, etc.) has decreased significantly since February (decrease by approx. 450 million yen in 1Q and by approx. 450 million yen in April).
- The number of applications has been increasing, but there has been a delay in the screening of member stores by credit card companies.

Providing assistance to support the business continuity of all businessperson

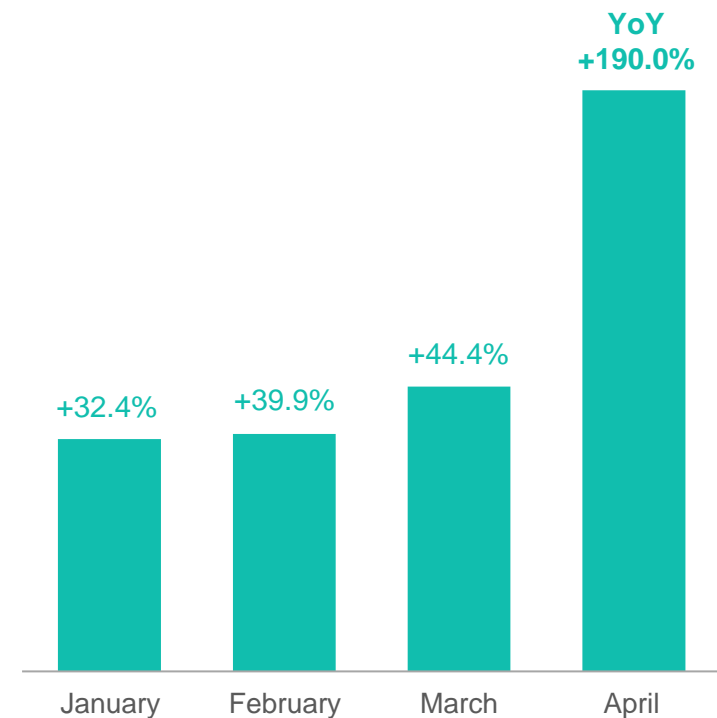
Support for opening online shops	A team specializing in the Company provides support for the opening and operation of online shops for businesses that have inventory of goods due to a decline in the number of shoppers at physical shops and the cancellation of promotions and events.
No charge for “quick transfer” service	Providing no-charge (April 1 to May 31) 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)
Withdrawal service of sales proceeds in advance of products' shipment	Starting a service that allows customers to withdraw an order amount prior to shipping Also, continuing to provide future factoring services YELL BANK
Holding online seminars	Holding free online seminars once a week for business operators who have problems related to managing and using online shops
Support for introduction of product manufacturers	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)
Support for attracting customers	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
Providing online counseling services	Providing free online counseling services of "cotree" for business operators with concerns about future business operations with the aim of providing mental health support

- The number of newly opened shops has increased sharply since late March.
- GMV has increased significantly since April, growing 190.0% compared to the same month of the previous year, and growing 103.9% compared to the previous month.
- In addition to newly opened shops, GMV of the shops opened in the past has increased greatly.
- Prospects for GMV are uncertain

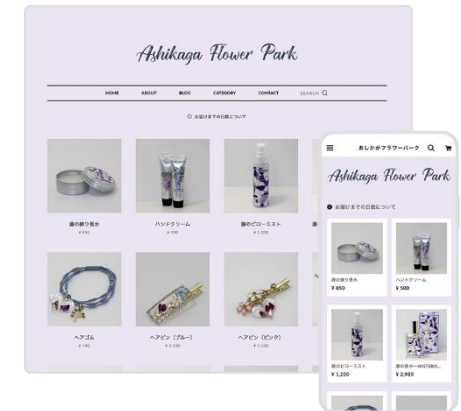
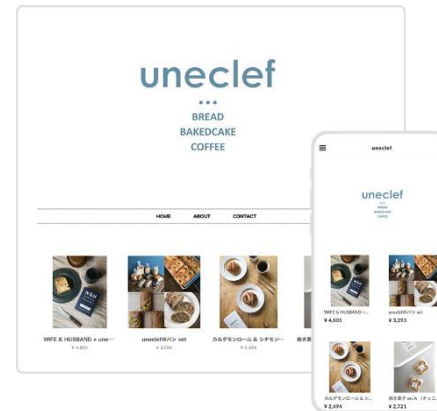
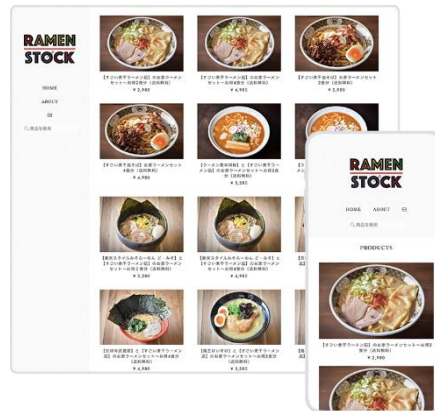
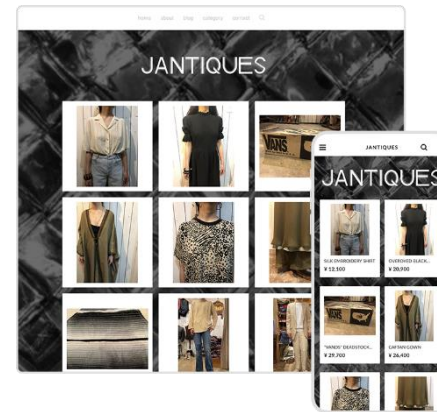
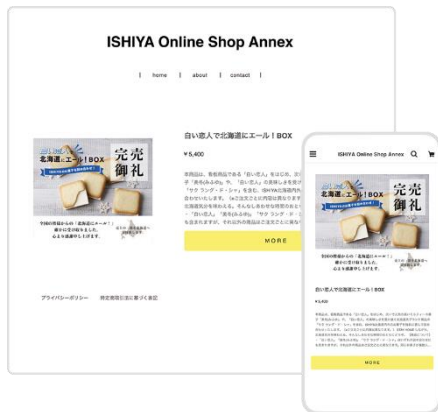
Trend of Number of New Shops Opened



GMV Trend (Monthly)



- Many businesses affected by the COVID-19 have opened an online shop at BASE because they needed to do it right away at no cost.
- More and more brick-and-mortar stores selling apparel and groceries are shifting to online trading.
- An increasing number of food wholesalers affected by the suspension of events such as product exhibitions and restaurants that voluntarily refrained from conducting business have been opening online shops.



- We decided to start TV commercial because we think the awareness of our service needs to be expanded further among people who are suffering from the Corona disaster so that they can use the Internet shop as a sales channel.
- Following on from 2018, we appointed Mr. Shingo Katori under consideration to support everyone together with Mr. Katori, who embodies the message "I make and sell what I like", that BASE has been sending out until today.
- BASE will be along with all the challengers and will conduct a campaign of exceeding one million shops to support them with all its strength.

Start of TV commercial



Broadcast start: Saturday, May 16, 2020
Broadcasting regions: Kanto, Kansai, Tokai, Fukuoka, Hokkaido

In order to prevent the spread of the COVID-19 infection, we refrain from shooting a new commercial this time. We will re-air a TV commercial featuring Mr. Katori, which started to be broadcast in 2018.

Implementation of an online shop support campaign



- **10% discount coupons that can be distributed from the shop to their fans**

Target persons: The shop owners who will have posted on Twitter from the twitter button of the special site
 Coupon usage period: May 18 - May 21

- **30% off coupon for paid design theme**

Target persons: The shop owners who will have posted on Twitter from the twitter button of the special site
 Coupon usage period: June 1 - June 30

4.Results for Q1 Ending December 2020

Consolidated

Net sales increased by **47.1%** compared to the same quarter of the previous fiscal year and gross profit increased by **44.1%** ditto, both continuing high growth.

Selling and administrative expenses continued a slight increase because no TVCM was performed, and **operating loss decreased**.

BASE Business

GMV_(Note) increased by **39.1%** compared to the same quarter of the previous fiscal year, making progress as planned.

During 1Q, the impact of the new coronavirus was negligible.

Net sales increased by **45.0%** ditto and gross profit increased by **42.7%** ditto, both continuing high growth.

PAY Business

GMV_(Note) increased **58.4%** compared to the same quarter of the previous fiscal year, continuing high growth and making progress as planned.

During 1Q, GMV of some member stores decreased remarkably due to the impact of the new coronavirus.

Net sales increased by **53.9%** ditto, gross profit increased **48.2%**, both continuing high growth.

Sales increased by **47.1%** compared to the same quarter of the previous fiscal year and gross profit increased by **44.1%** ditto, continuing high growth.

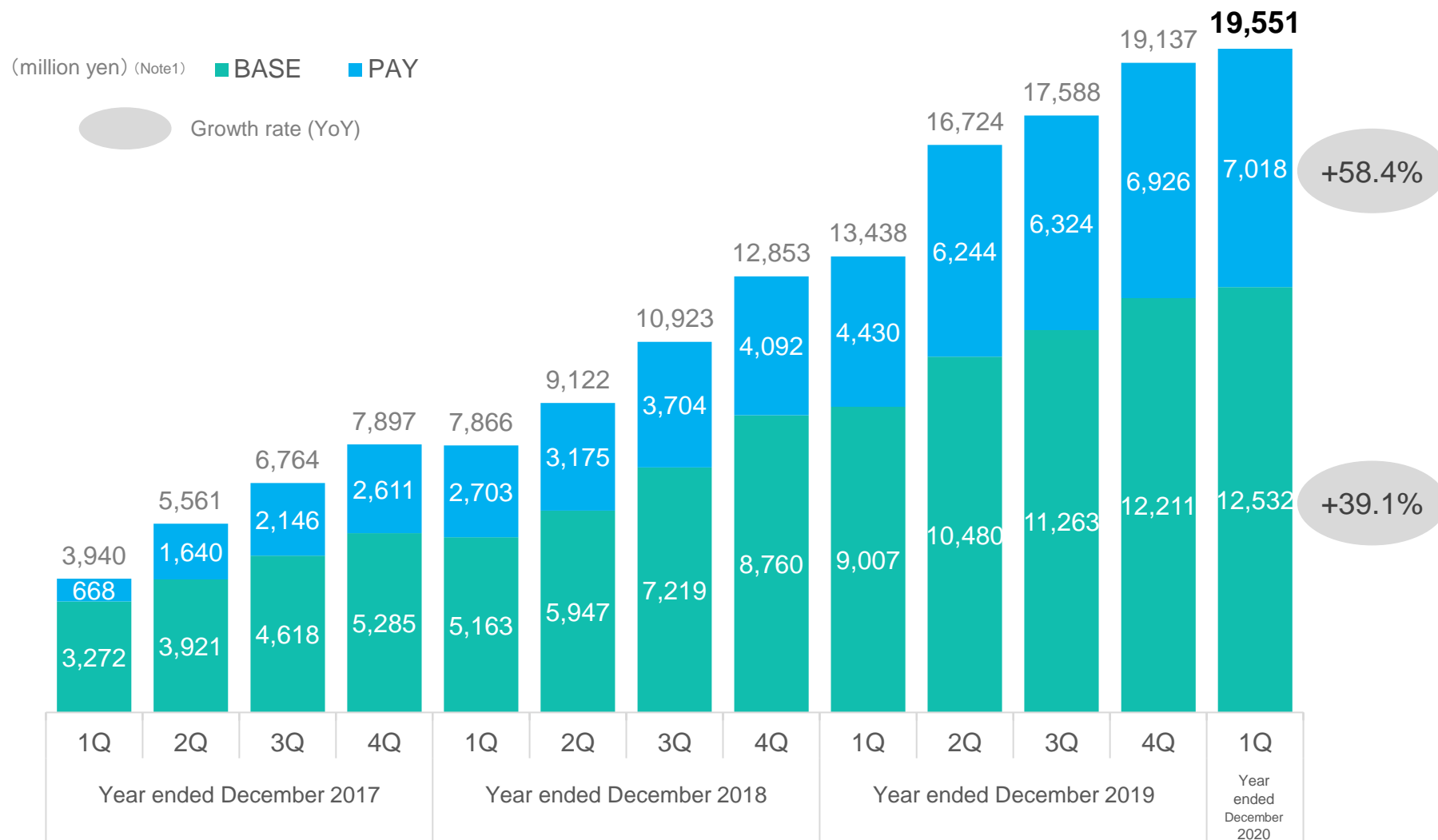
Selling and administrative expenses continued a slight increase compared to the same quarter of the previous fiscal year , and operating loss decreased.

The impact of the new coronavirus was negligible during this first quarter.

(Million yen)	FY2020 1Q (January-March 2020)				
	Results	Same period last year		Previous quarter	
		Results	YonY	Results	QonQ
Sales	1,124	764	47.1%	1,119	+0.5%
Gross profit on sales	648	449	44.1%	644	+0.6%
Gross profit rate	57.6%	58.9%	-1.2pt	57.6%	+0.1pt
Selling and administrative expenses	676	653	+3.5%	805	-16.1%
Operating profit	-28	-203	—	-161	—
Ordinary profit	-26	-201	—	-176	—
Profit	-29	-202	—	-176	—

Trends in GMV (distribution total)

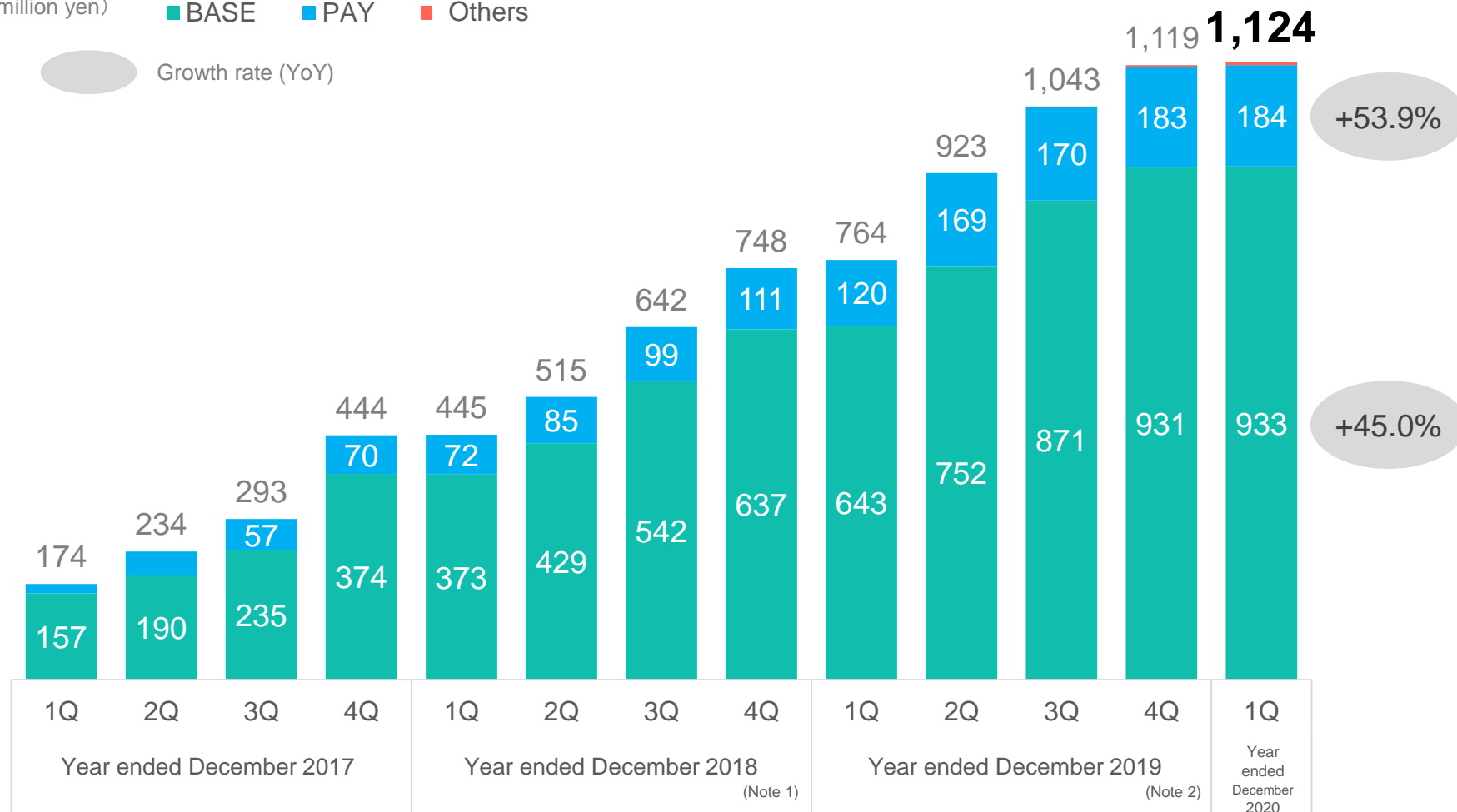
BASE business increased by **39.1%** YoY and PAY business increased by **58.4%**, both continuing high growth.



BASE business increase by **45.0%** compared to the same quarter of the previous fiscal year and PAY business increased by **53.9%**, both continuing high growth. Consolidated net sales: **1,124** million yen (**+47.1%** YoY)

(million yen) ■ BASE ■ PAY ■ Others

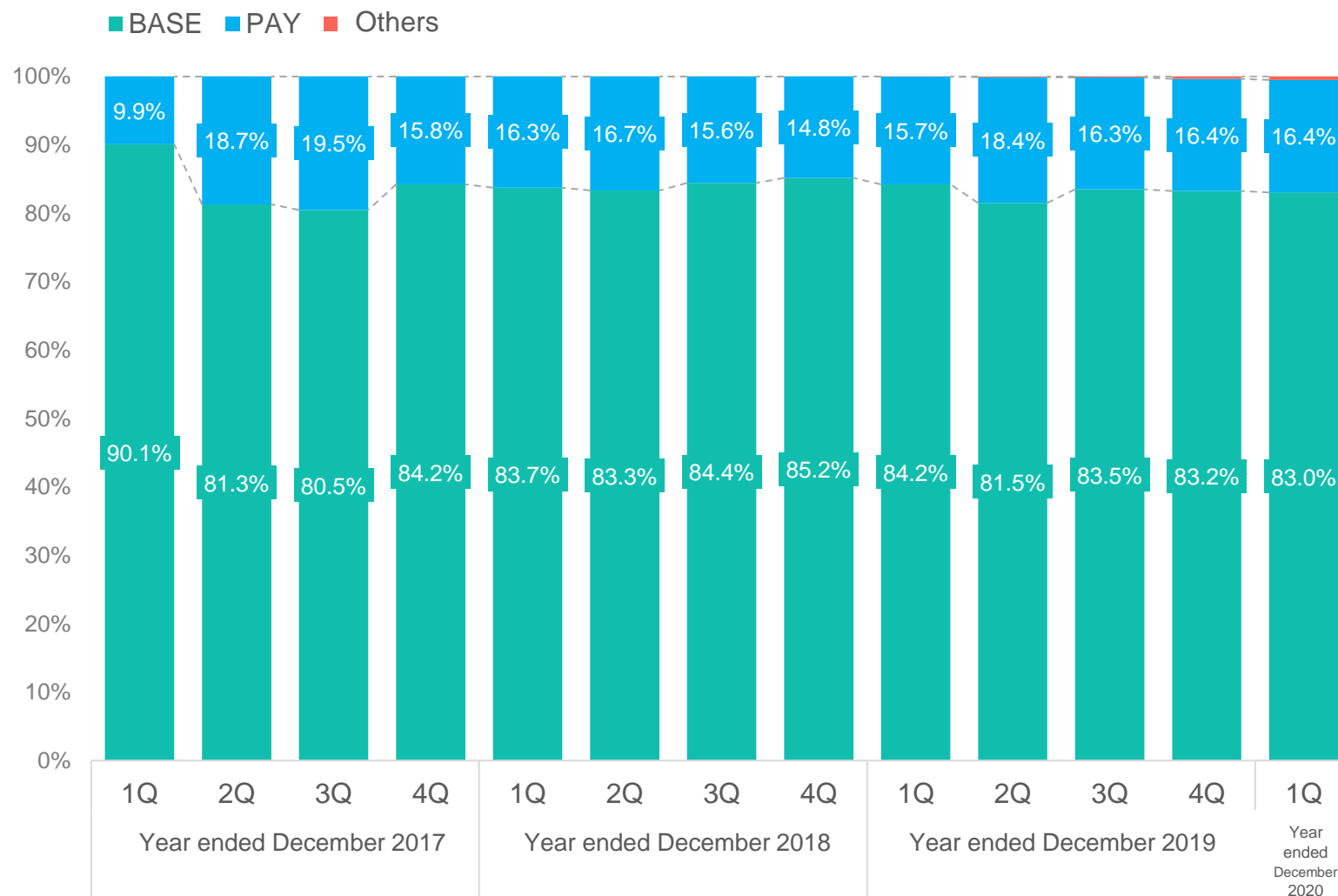
Growth rate (YoY)



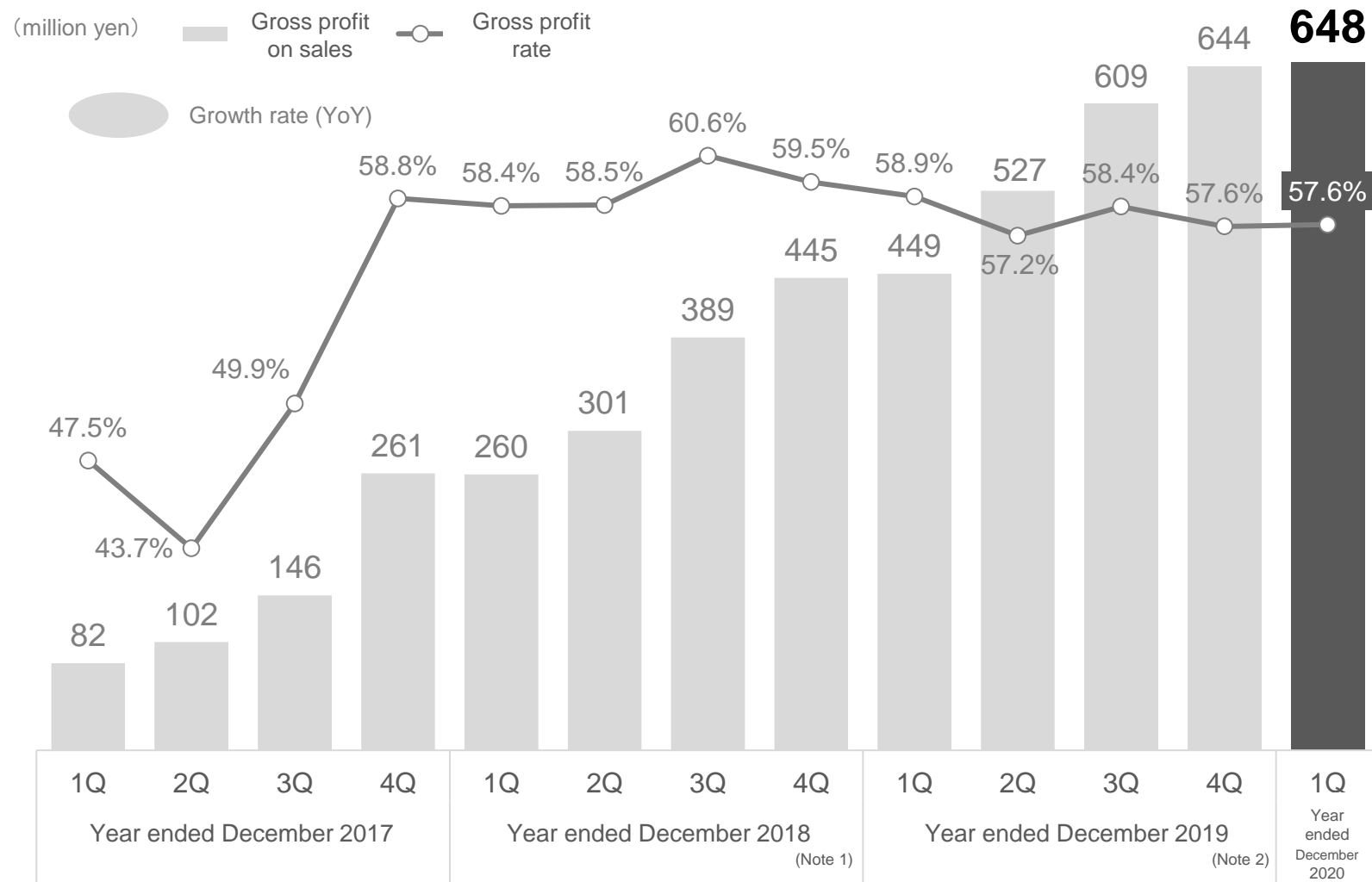
(Note 1) Because PAY business was consolidated through the incorporation-type company split in the fiscal year ended December 2018, only figures for PAY, Inc. are consolidated in the fiscal year ended December 2018 while non-consolidated figures are shown in the fiscal year ended December 2017 and before.
 (Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

Trends in Ratio of Net Sales by Business

The ratio of net sales by business has not changed significantly



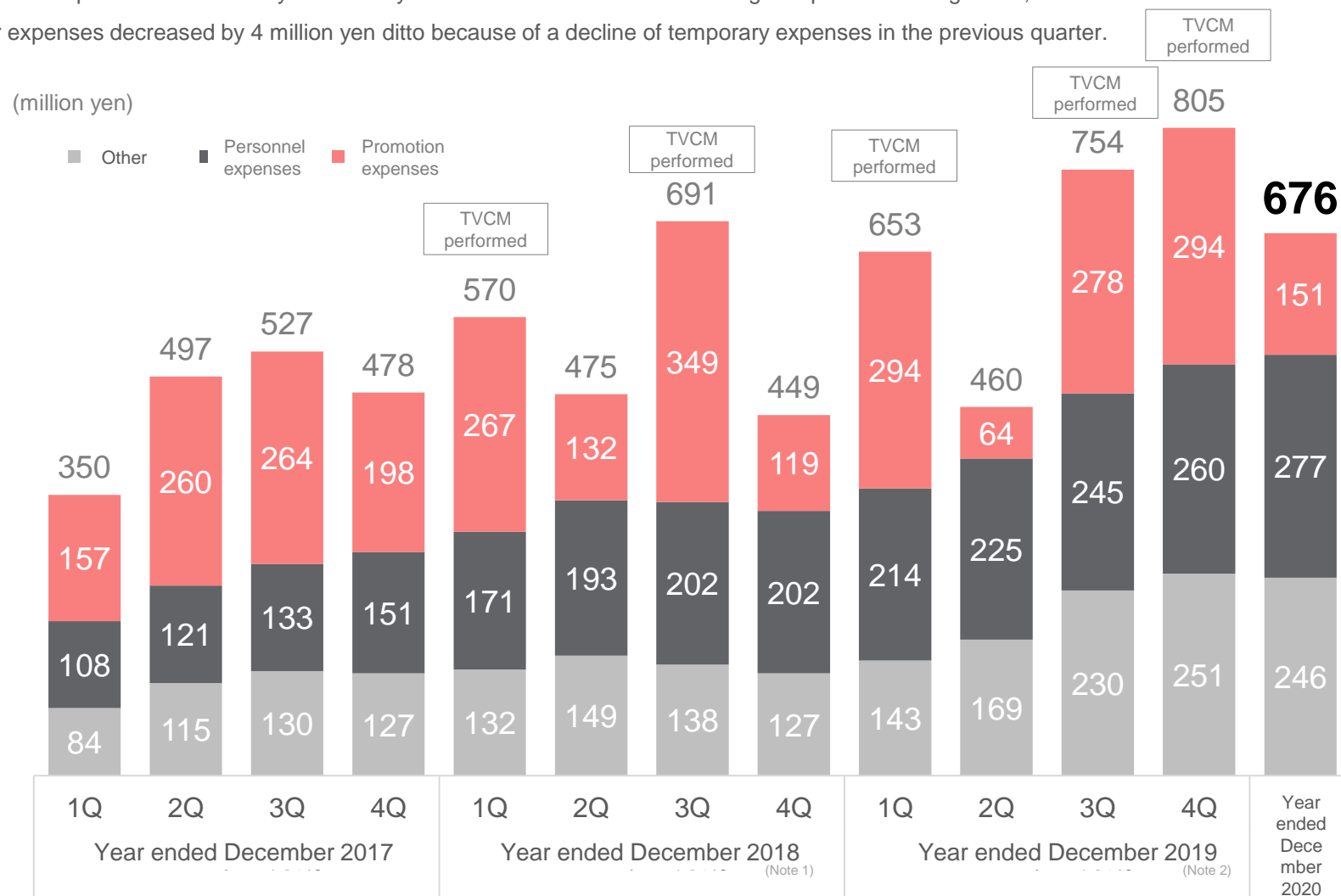
Gross profit continues to grow at a high rate of **+44.1%** compared to the same quarter of the previous year.
Gross profit margin has not changed.



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Trends in Selling and Administrative Expenses

- Selling and administrative expenses decreased by 129 million yen owing to a significant decrease in promotion expenses compared to the previous quarter.
- Promotion expense decreased by 142 million compared to the previous quarter owing to no TVCM being performed.
- Personnel expenses increased by 17 million yen ditto with staff increase to strengthen product management, etc.
- Other expenses decreased by 4 million yen ditto because of a decline of temporary expenses in the previous quarter.



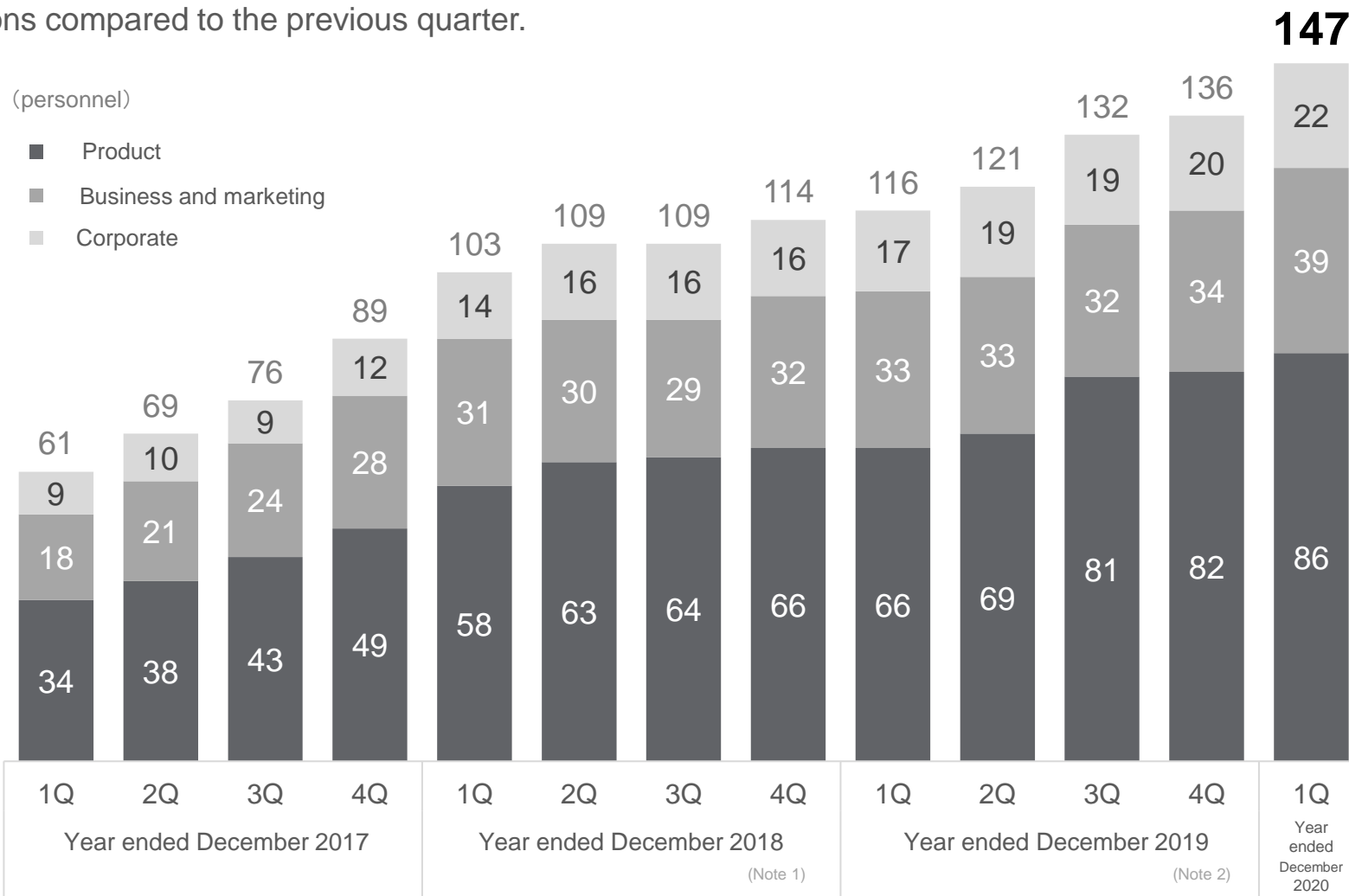
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 (Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.
 (Note 3) Other expenses consist mainly of office expenses, system expenses, remuneration and outsourcing expenses, and taxes.

Trends in the number of employees

Increased employees mainly due to increased hiring for product enhancements

+31 persons compared to the end of the previous fiscal year,

+11 persons compared to the previous quarter.



(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.

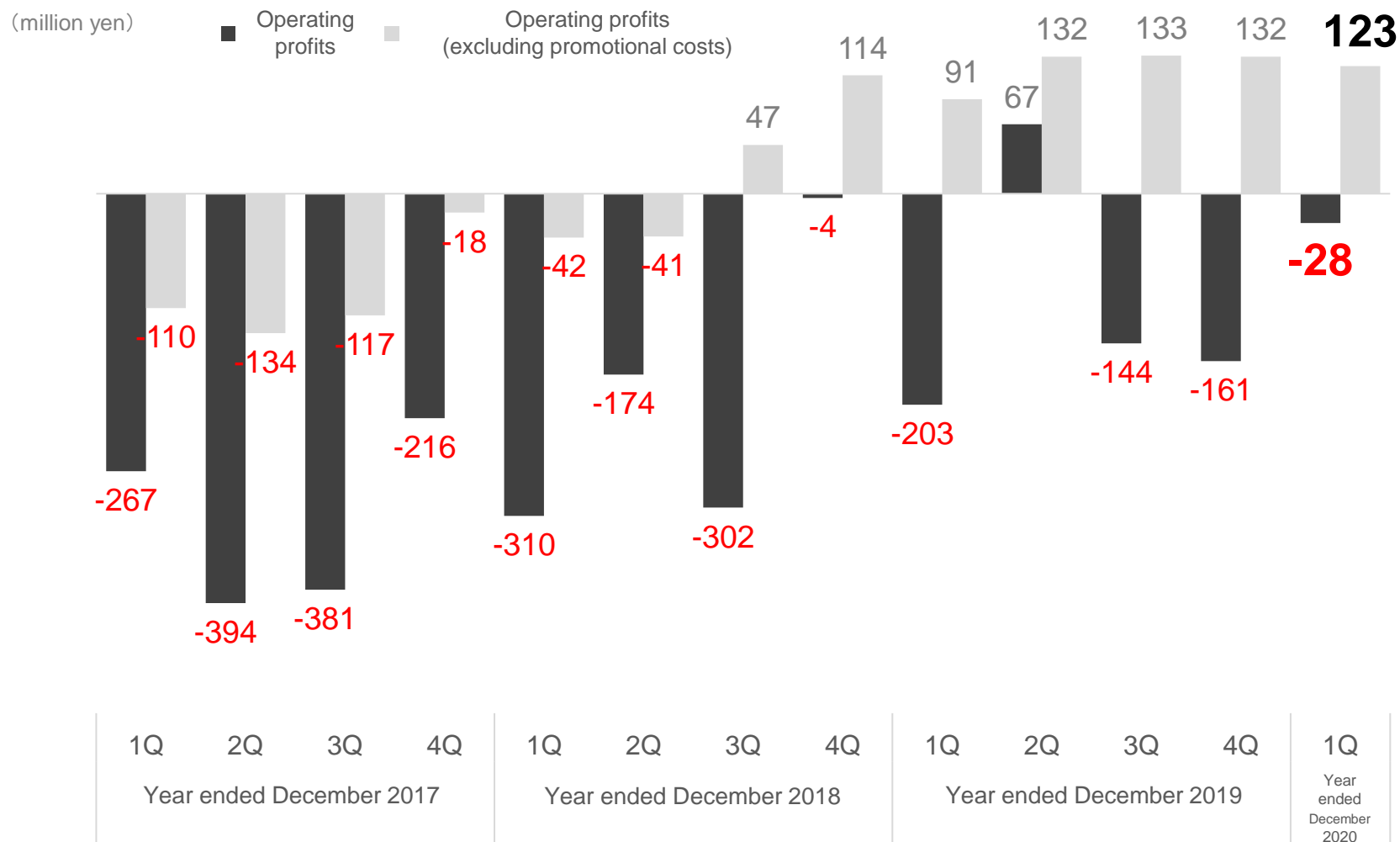
(Note 2) BASE BANK, Inc. was established in the fiscal year ended December 2018 and became a consolidated subsidiary in the fiscal year ended December 2019. As a result, figures for the fiscal year ended December 2019 are consolidated.

(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.

Trends in Operating Profit or Loss

Although gross profit increased, operating profit or loss (excluding promotion expense) decreased because selling and administrative expenses (excluding promotion expense) increased owing to increased personnel expenses.

Operating loss was reduced owing to a decrease in promotion expense with no TVCM performed.



(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 became a consolidated subsidiary in the fiscal year ending December 2019. As a result, figures for the fiscal year ending December 2019 are consolidated.

As of March 31, 2020, the Company had 5,710 million yen in cash on hand and in banks and had no financial problems.

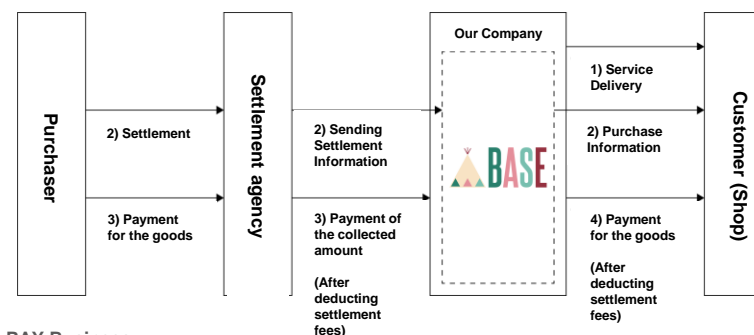
(Million yen)	As of March 31, 2020	As of December 31, 2019	Change from end of previous term
Current assets	8,438	10,064	-16.2%
(Cash on hand and in banks) ^{*1}	5,710	7,195	-20.6%
(Accounts receivable)	2,640	2,804	-5.8%
Non-current assets	410	393	+4.2%
Total assets	8,848	10,458	-15.4%
Current liabilities	5,653	7,244	-22.0%
(Accounts payable)	4,004	3,918	+2.2%
(Deposits payable) ^{*2}	1,444	3,002	-51.9%
Non-current liabilities ^{*3}	65	56	16.6%
Total liabilities	5,719	7,300	-21.7%
Capital Stock	2,276	2,275	+0.0%
Capital surplus	1,086	2,216	-51.0%
Earned surplus ^{*4}	-232	-1,334	-
Total net assets ^{*4}	3,129	3,158	-0.9%

Cash Cycles

Most of the payments by the payment agency to the Group are made before or at the same time as payments from the Group to BASE shops and member stores of PAY.JP. There are no problems with the cash flow cycle.

BASE Business

When a purchaser places an order with a BASE shop, a payment is made to the Company through the payment agency. We will deduct the commission and make a payment to the BASE shop. The payment cycle from the payment agency to the Company depends on the payment method, but generally a payment is made within one month from the day a purchaser places an order. A payment from the Company to the shop is normally made at any time after 10 business days from the day products are shipped, based on the shop's request for payment.



PAY Business

When a purchaser orders and pays for products or services at a member store of PAY.JP, the payment is made to the Company through the payment agency. The Company will deduct the commission and make a payment to the member store of PAY.JP. A payment from the payment agency to the Company is made after half a month from the settlement. The payment cycle from the Company to the store depends on the adoption plan of the store, but a payment is made after half a month or one month from the settlement.
(The same flow applies to the PAY business as with the BASE business above.)

*1: Accounts receivable: The amount of settlement to be paid by the payment agency to the Company.

*2: Accounts payable: The amount of settlement to be paid by the Company to shops in the BASE business.

*3: Deposits payable: The amount of settlement to be paid by the Company to member stores in the PAY business.

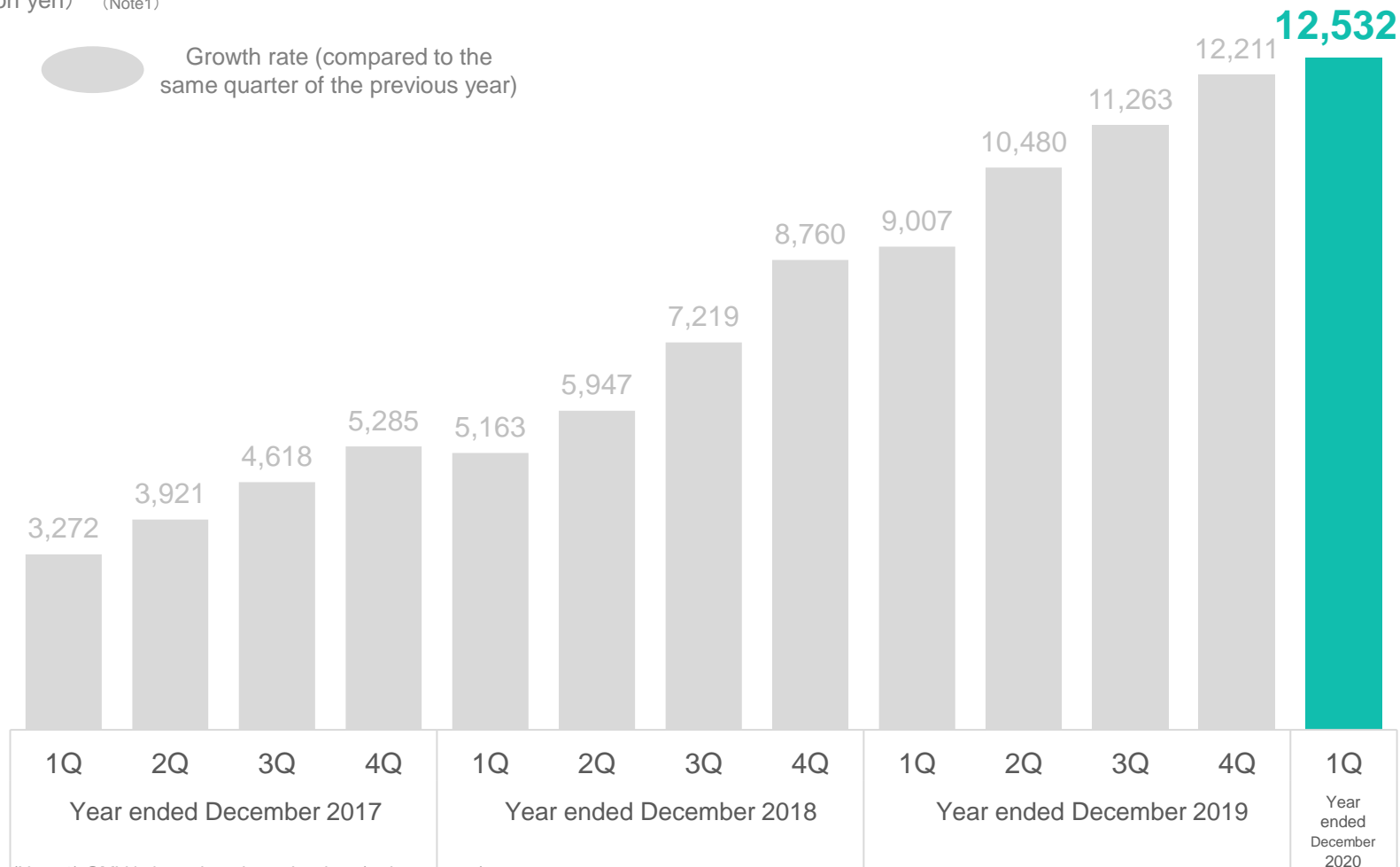
*4: Based on a resolution of the Board of Directors of BASE Inc., effective as of February 20, 2020, those amounts are changed owing to compensation for accumulated loss carried forward through a reduction of 1,130,856,384 yen in capital surplus whose prior balance was 2,216,838,750 yen.

GMV increased by **39.1%** compared to the same quarter of the previous fiscal year to **12,532** million yen for this quarter, making progress as planned. With seasonality, it increased slightly in 1Q (January, February) compared to 4Q (November, December). The impact of the new coronavirus is negligible.

+39.1%

(Million yen) (Note1)

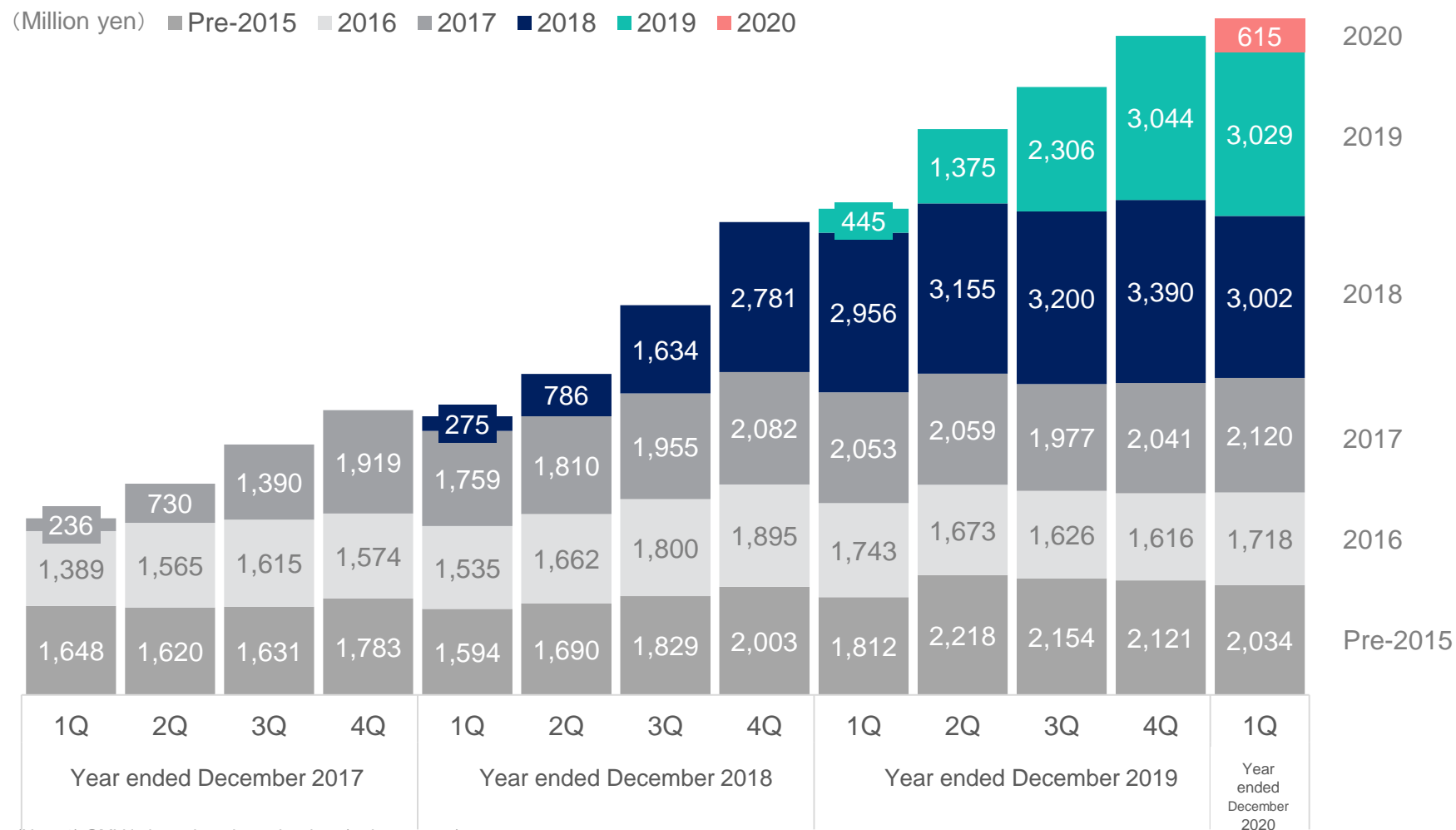
Growth rate (compared to the same quarter of the previous year)



(Note 1) GMV is based on the order date (order amount)

An accumulative business model in which GMV^(Note1) is also continuously accumulated through the continued use of existing shops

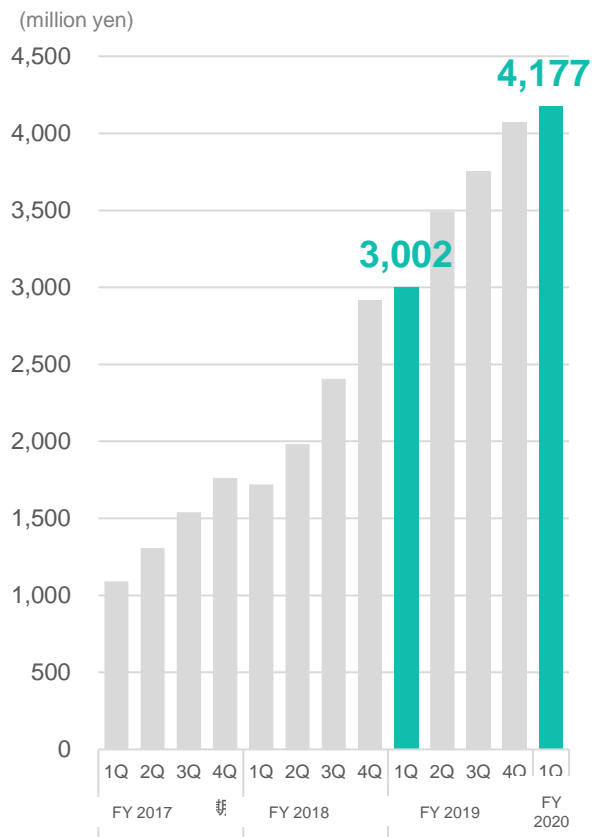
Trends in GMV (by year established)



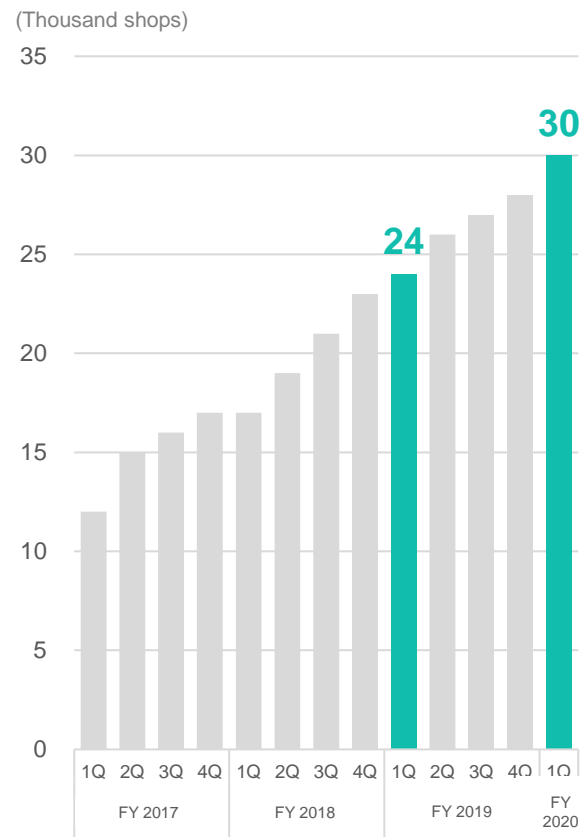
Monthly GMV increased by **39.1%** compared to the same quarter of the previous fiscal year.

The number of stores per month increased by **23.8%** compared to the same quarter of the previous fiscal year, and also monthly average GMV per shop increased by **12.4%** compared to the same quarter of the previous fiscal year.

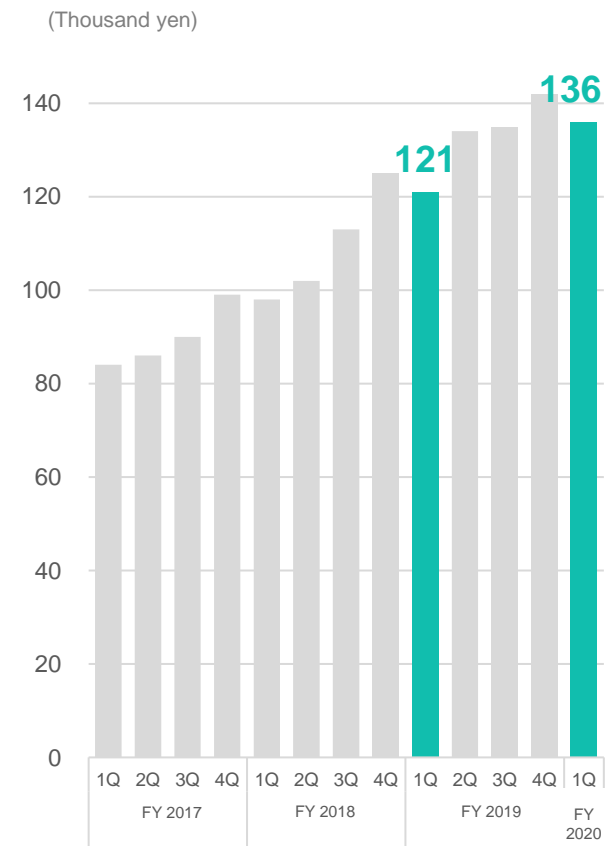
Monthly GMV (Note1,2)



Number of stores per month (Note2)



Monthly average GMV per shop

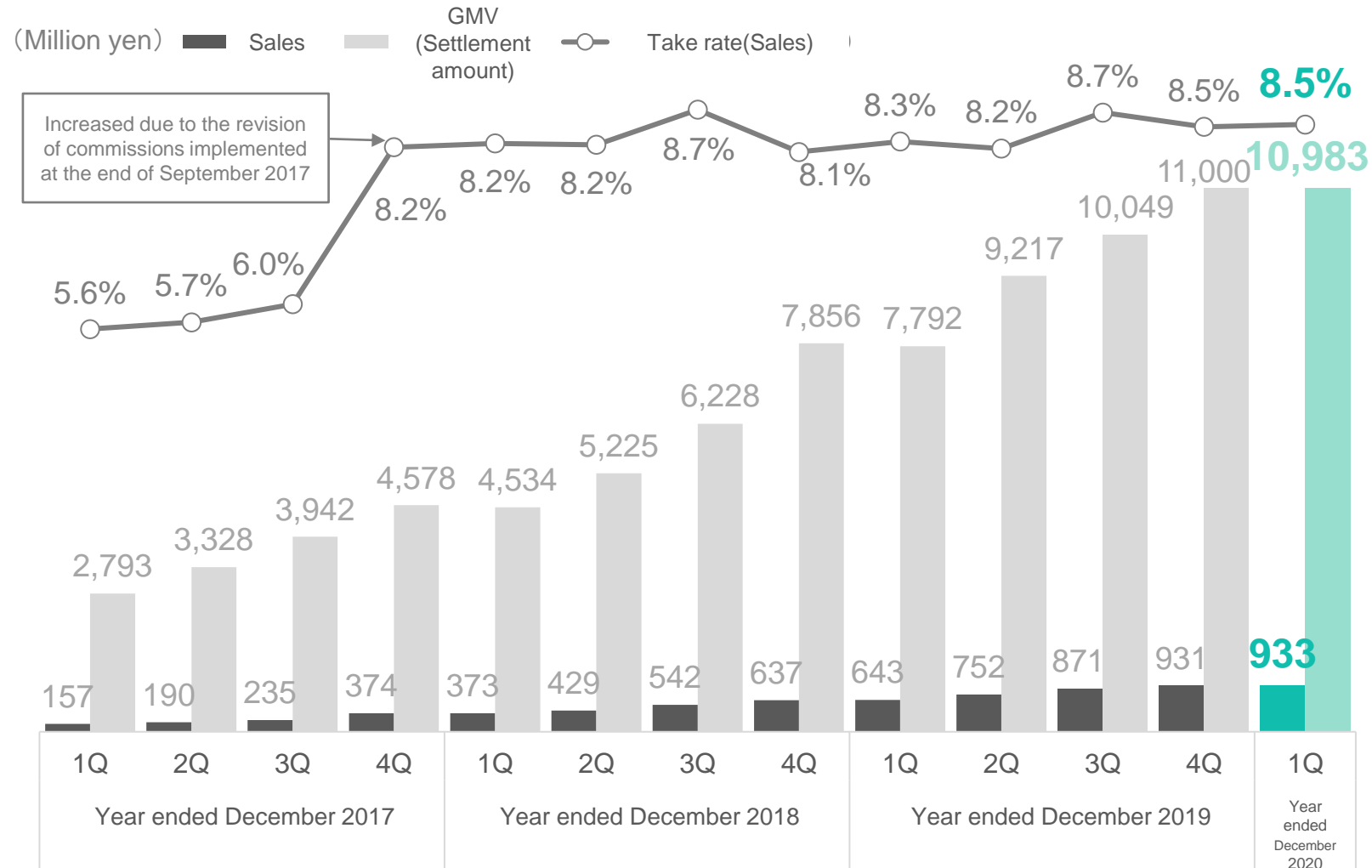


(Note 1) GMV is based on the order date (order amount)

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

GMV (Settlement amount) (Note) was **10,983** million yen (**+41.0%** YoY)

Take rate is almost flat compared to the previous quarter.

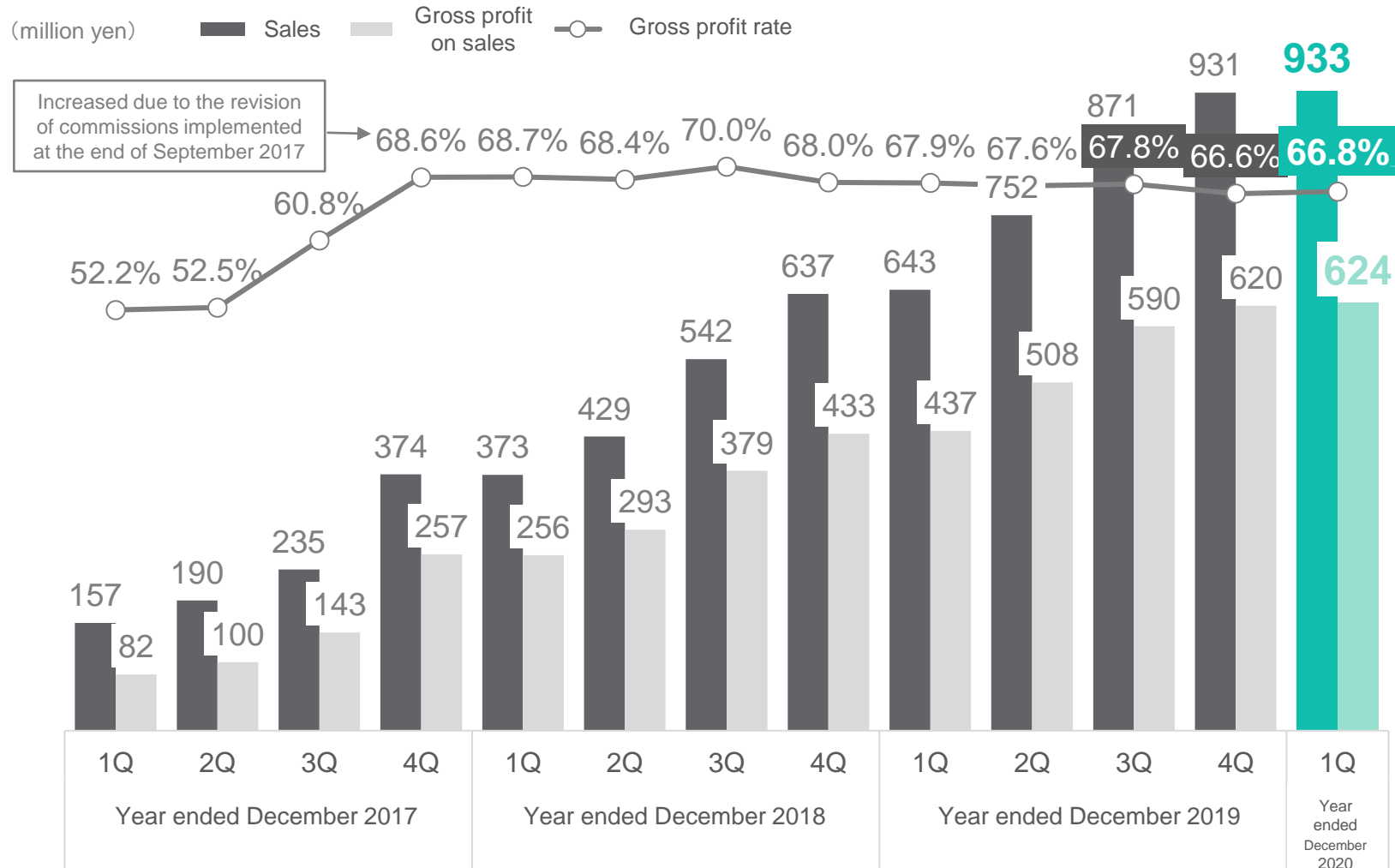


(Note) Of the total amount of orders (GMV based on the order date), GMV (payment amount) is the amount that has been paid, and is recorded in the month of payment date. There is monthly time lag from order to settlement because the order date and settlement date are different. Also, the amount of GMV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

Net Sales and Gross Profit by Business Segment



Net sales increased by **45.0%** compared to the same quarter of the previous fiscal year and gross profit increased by **42.7%**. The rate of gross profit is almost flat compared to the previous quarter.



Expanding services to support the growth of shops continuing use of the service, including seamless linkage with logistics warehouses and delivery systems, the enhancement of expansion functions such as a function to sell products to more fans, and facilitation of cash flows.

Strengthening 3PL Logistics Support

Collaboration with external services LogiMoPro enables easy outsourcing of shipping operations to external warehouses

Provision of Lottery Selling Functions

Creating opportunities for more fans, including new buyers, to purchase products by preventing the sell-out and hoarding of popular products

Accelerating the Cash Receipt Cycle

Release of "quick transfer" to advance the receipt date of sales proceeds to the next business day
Usage fee: 1.5% of the amount transferred (Free until the end of May)

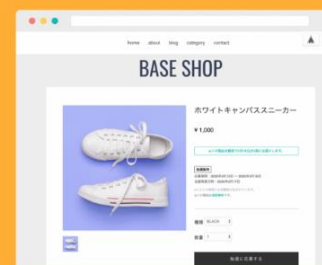
商品の受注から
出荷までを全自動！
物流もプロにおまかせ

ビジネスを成長させるカギ
それは、クラウド物流アウトソーシング



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



お急ぎ振込が
できるようになりました

通常10営業日 ▶▶ 翌営業日振込



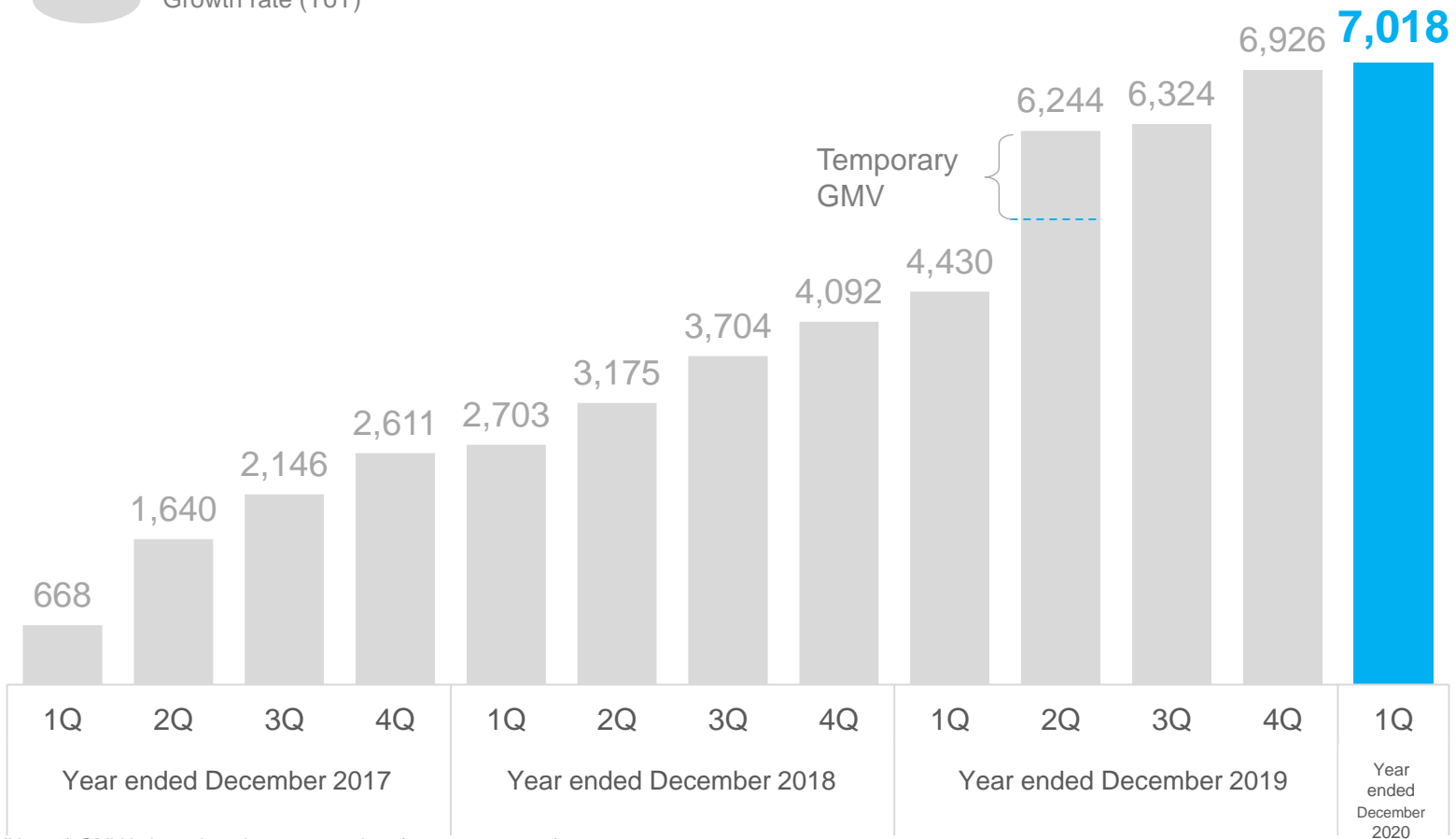
GMV increased by **58.4%** compared to the same quarter of the previous fiscal year, continuing high growth and making progress as planned.

With seasonality, it increased slightly in 1Q (January, February) compared to 4Q (November, December).

GMV of some member stores remarkably decreased due to the impact of the new coronavirus.

(million yen) (Note1)

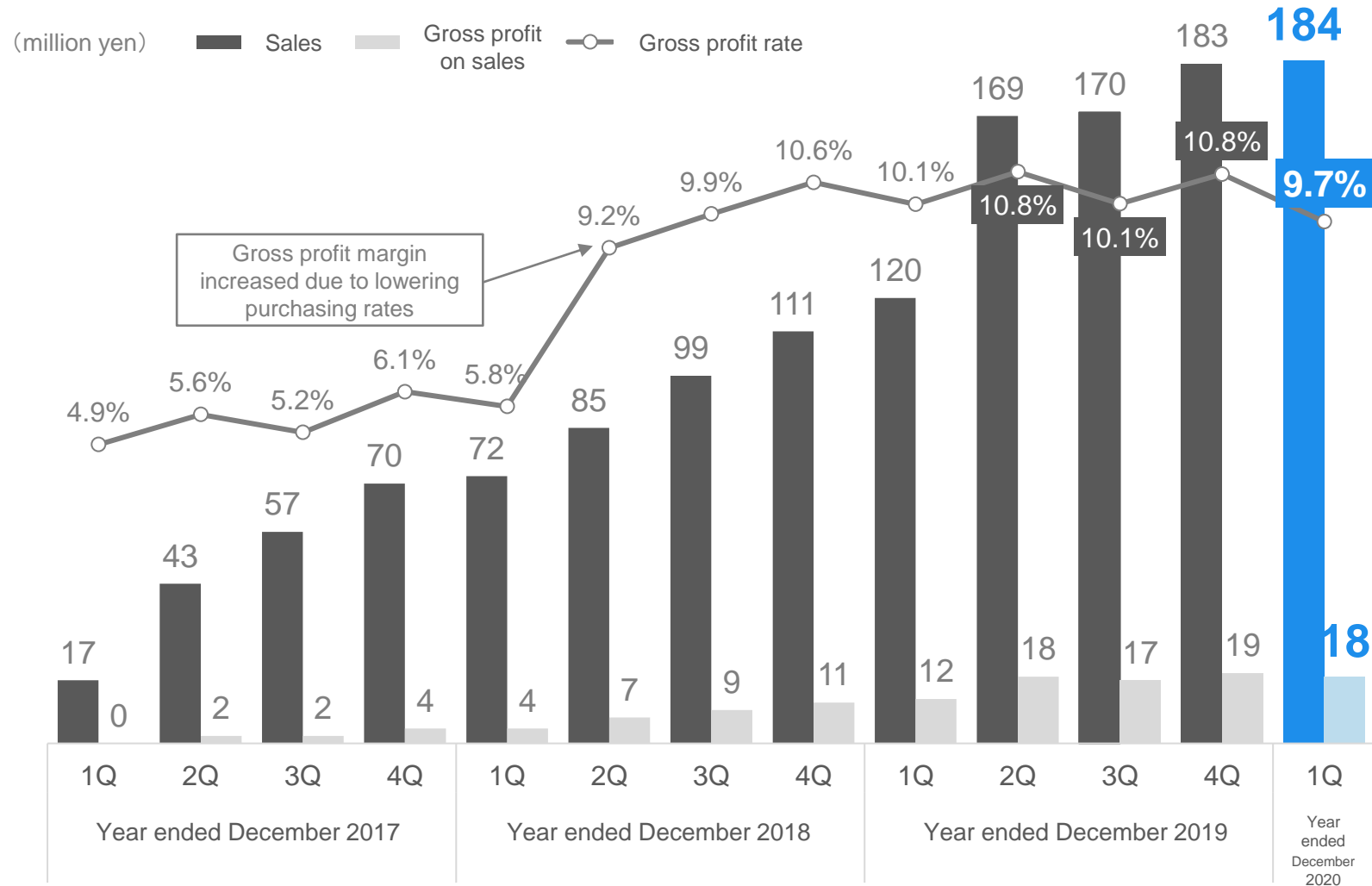
 Growth rate (YoY)



Net Sales and Gross Profit by Business Segment

Net sales increased by **53.9%** compared to the same quarter of the previous fiscal year and gross profit increased by **48.2%**.

Gross profit rate decreased **1 point** to the previous quarter.



5. Forecast for Fiscal Year Ending December 2020

Forecast for Fiscal Year Ending December 2020

Future Policies

- As the outlook for future GMV is uncertain, unnecessary and non-urgent expenses will be restrained for the time being and spending will be implemented flexibly while monitoring performance trends.
- SG & A expenses may exceed the original plan due to an increase in expenses such as server expenses resulting from the implementation of load countermeasures such as server reinforcement to cope with the rapid increase in transactions, and an increase in outsourcing expenses resulting from an increase in the number of inquiries due to an increase in the number of newly opened shops.
- Promotional spending will be implemented based on the policy to carefully observe the external environment and competitive conditions. (Predicting same level of investment as in the previous fiscal year)

Financial Forecasts

- The following financial results forecasts for the year ending December 31, 2020, which were announced on February 13, 2020, do not include the impact from the COVID-19 infection on the results.
- Because the situation makes it difficult to reasonably predict the impact on the business performance at this time, the Company leaves the business performance forecasts unchanged and will make public any revisions to our business performance forecasts as soon as required, while assessing future business conditions and trends.

(Million yen)	FY2020 Forecast	FY 2019 results	YoY	FY2020 1Q January-March 2020	Progress rate (Note)
Sales	5,292 - 5,546	3,849	+37.5% - 44.1%	1,124	21.2%
Gross profit on sales	3,009 - 3,115	2,231	+34.9% - 39.6%	648	21.5%
Selling and administrative expenses	3,000 - 3,460	2,672	+12.2% - 29.5%	676	22.5%
Operating profit	-391 - 55	-441	-	-28	-
Ordinary profit	-391 - 55	-455	-	-26	-
Profit	-393 - 15	-459	-	-29	-

(Note) Progress rate against the lower limit of full-year earnings forecast for the fiscal year ending December 31, 2020

6. 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)	147, 86 of whom are product engineering personnel (as of the end of March, 2020)
Subsidiaries	PAY, Inc., BASE BANK, Inc.

Our History

BASE

December 2012
Established BASE,
Inc. in Roppongi

March 2014
Relocated H/O to
Shibuya

December 2014
Acquired Pureca Co., Ltd.

January 2018
Established PAY, Inc. and
BASE BANK, Inc.

September 2018
Relocated H/O to
Roppongi

October 2019
Listed on the Tokyo Stock
Exchange Mothers Market

2012

2013

2014

2015

2016

2017

2018

2019

2020

March 2014
Added credit card payment
in BASE Easy Pay

March 2015
Added bank transfer
option in BASE Easy Pay

June 2018
Opened SHIBUYA BASE, a
permanent BASE market place in
Shibuya Marui 1F

Ecommerce Platform, BASE

June 2014
Added convenience store payment,
Pay-easy in BASE Easy Pay

December 2015
Added Pay Later service
in BASE Easy Pay

September 2017
Added carrier settlement
in BASE Easy Pay

November 2019
Added Paypal transfer
option in BASE Easy Pay

September 2015

Online payment service, PAY.JP

BASE Project

PAY Project

Other Project

June 2016

ID-based payment service, PAY ID

December 2018

**Funding service
YELL BANK**



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)

Joined Mitsui Bank, Ltd. (presently Sumitomo Mitsui Banking Corporation) in April 1982. Served as executive officer; general manager, Asia Pacific; and senior corporate executive officer prior to being appointed senior managing executive officer at Sumitomo Mitsui Card Company, Limited in May 2017 and representative director, senior managing executive officer in June 2018. Assumed the role of Director and CSO (chief strategy officer) at Ubicom Holdings, Inc. in June 2019. Took on the role of External Director in August 2019.

Free of online shop initial and monthly fees

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

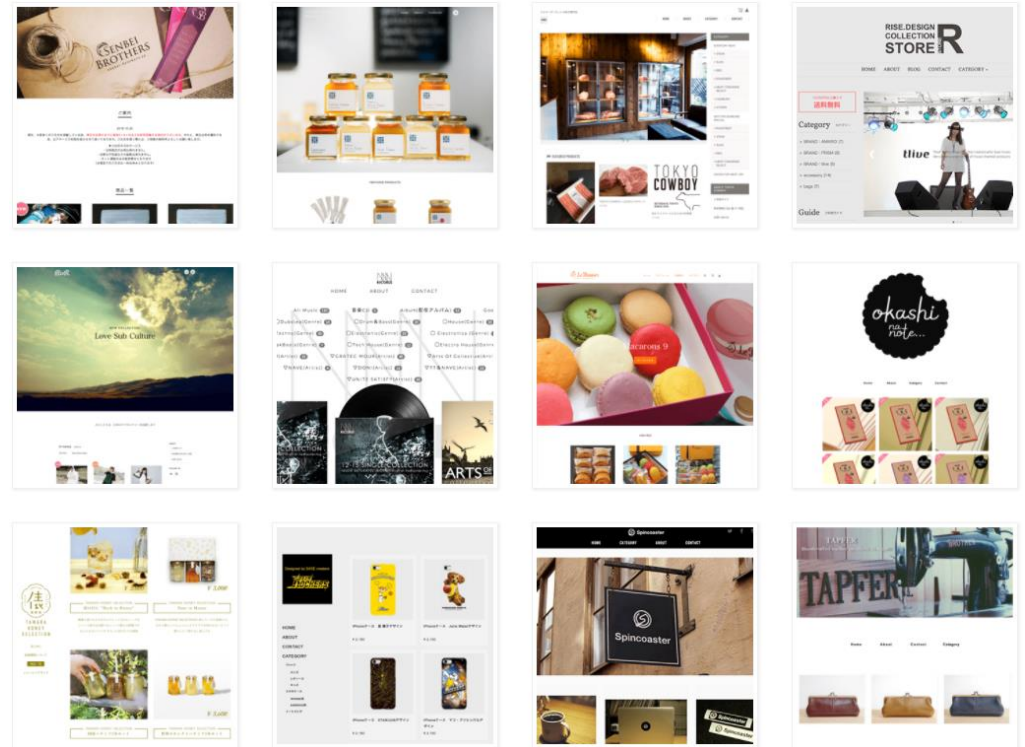
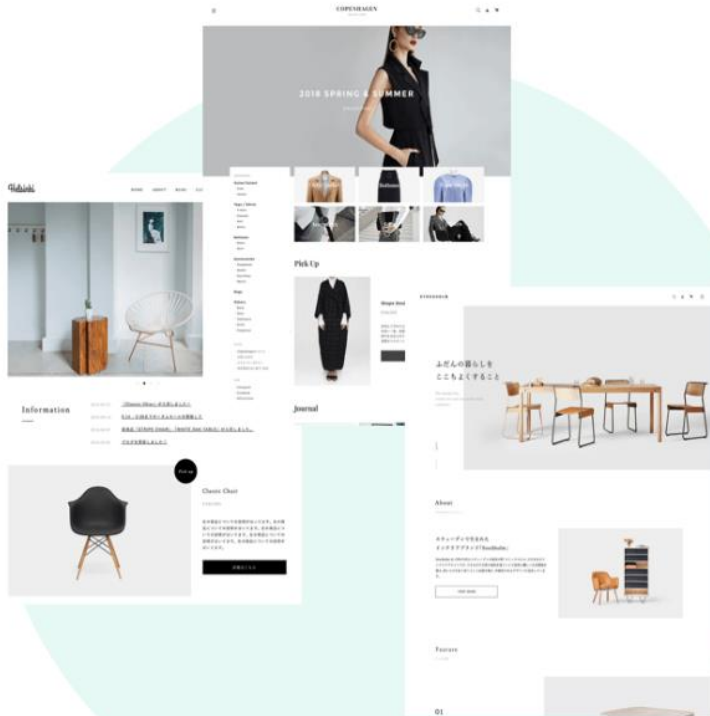


Deferred payment



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

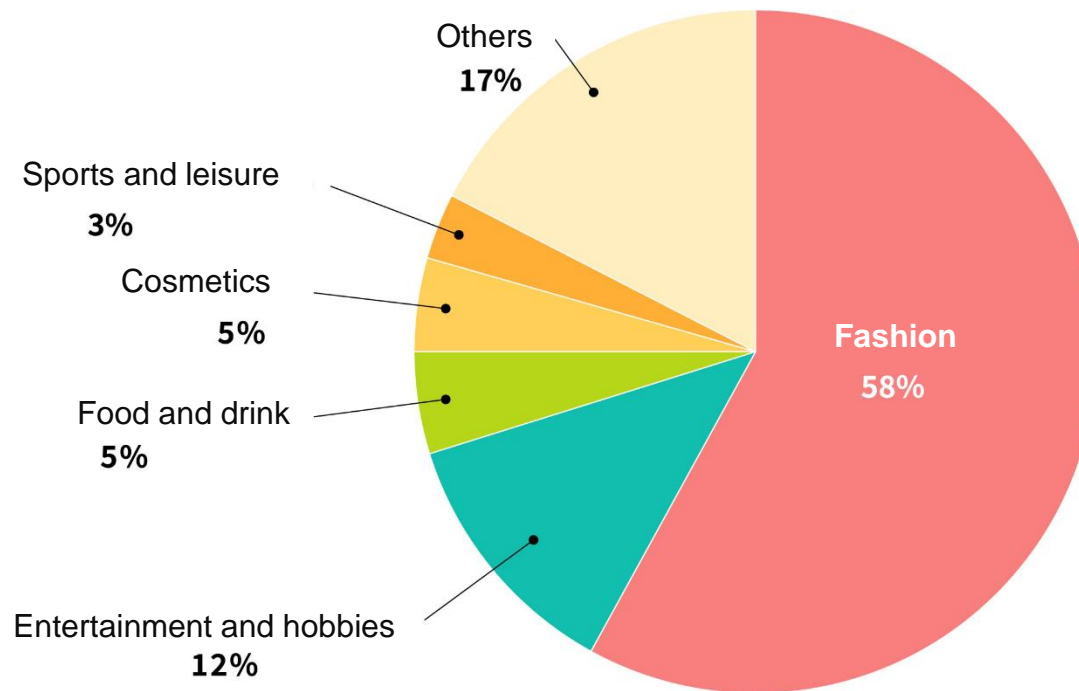
A wide range of templates are provided free of charge. Shops of all kinds of genres have opened online shops using BASE.



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)



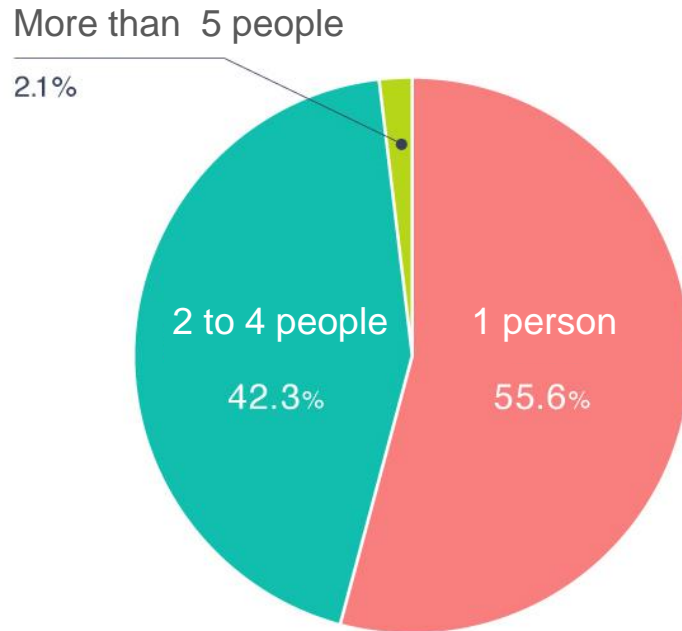
(Note) FY2019 results

Shop owners use SNS to acquire customers themselves.

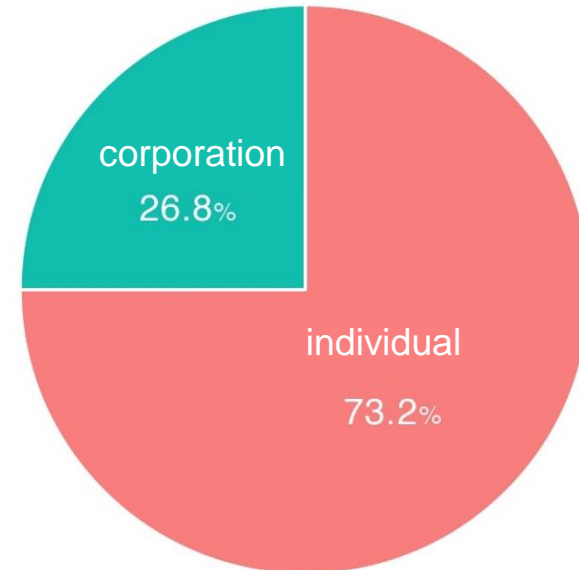


The fact that BASE's main users are individuals and SMBs, is a major differentiator from similar services. More than half of the shop owners are run by one person.

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



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

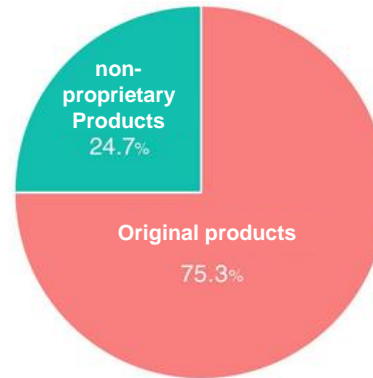


Most BASE shop owners are SMBs who develop their business mainly through online shops, use SNSs to attract customers, and sell original products.

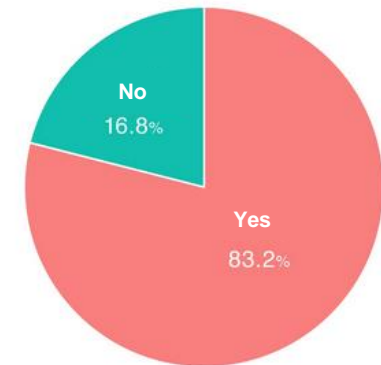
Brick-and mortar stores



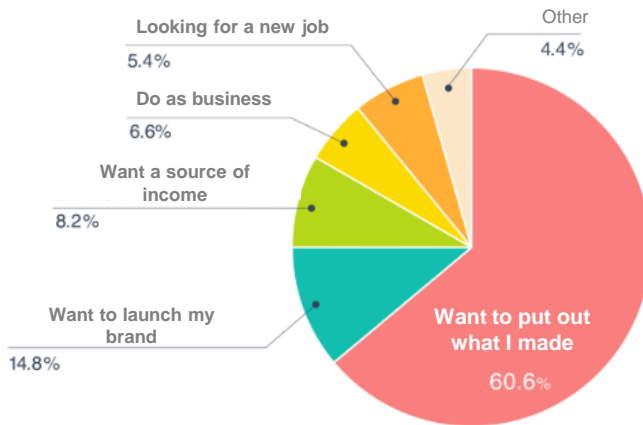
Distinction between original and non-proprietary products for sale



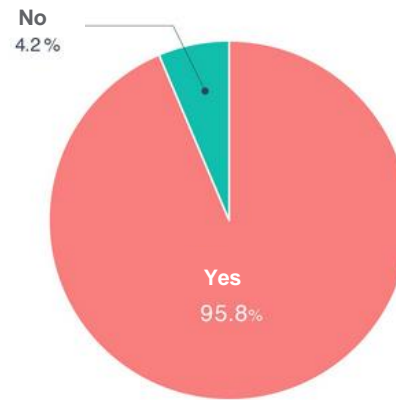
Brand recognition of own online shop



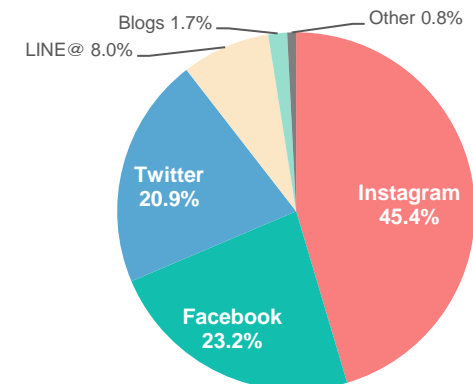
Most relevant reason to launch own brand



Use of SNSs for winning new customers



SNS marketing channels

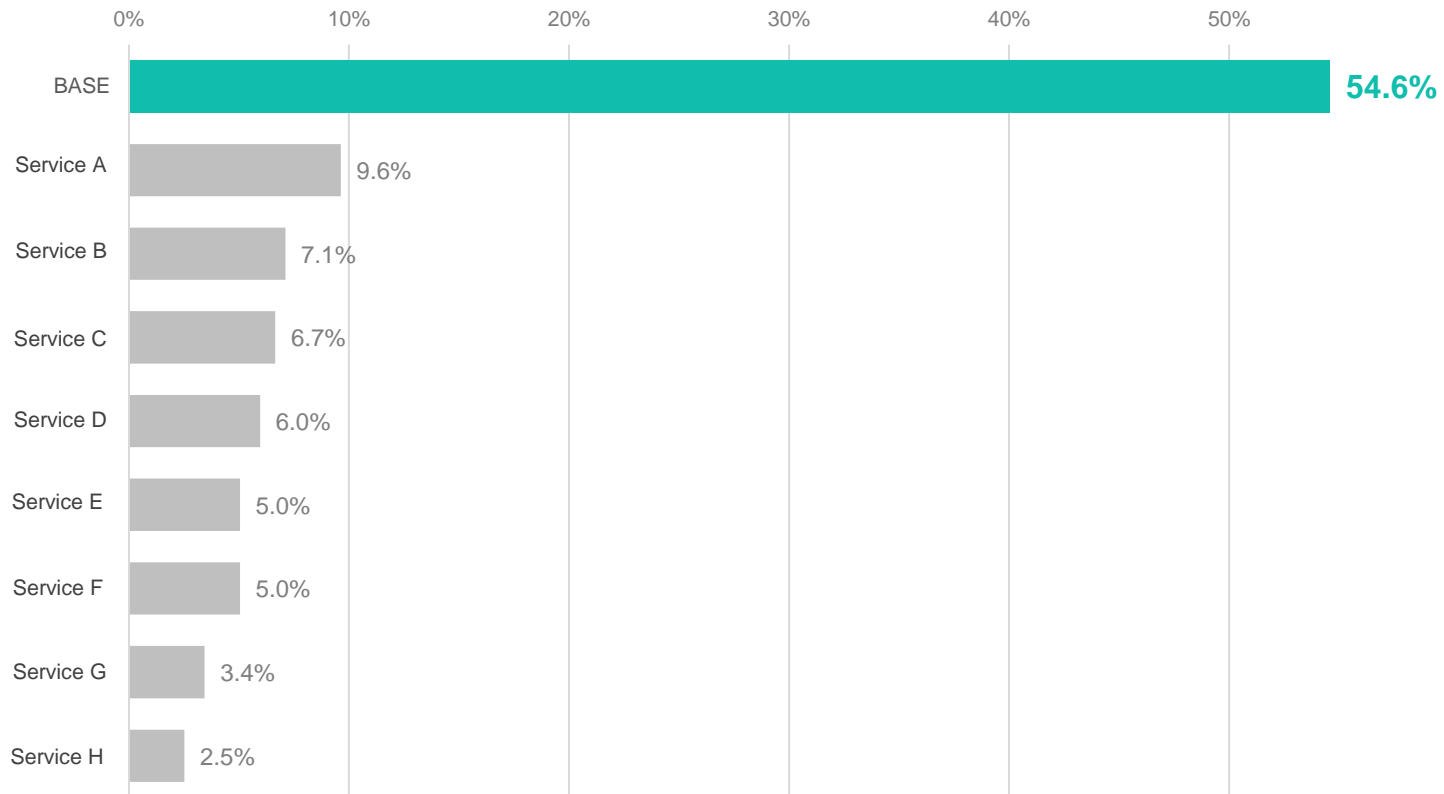


Incurring cost from the initial stage when products don't sell is a risk for SMBs.

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.



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




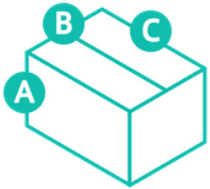
Provide shop spaces in contracted shopping complexes to BASE shop owners.
BASE shop owners can open a physical shop to sell their products with no fixed costs and no risks.
Provide BASE shop owners with opportunities to promote their original brands.


SHIBUYA BASE (from June 2018)




Uniform Delivery Fees Realized through Alliance with Yamato Transport Co., Ltd.
Backup SMB EC operations with cheap and easy delivery

 ×  ヤマト運輸


	“Nekopos”	“TA-Q-BIN Compact”	“TA-Q-BIN”
			
Uniform delivery charges across the country	¥280	¥500	¥890 - 2,090 (By Size)




Nationwide
overnight delivery
*Excluding some
regions



No need to
address

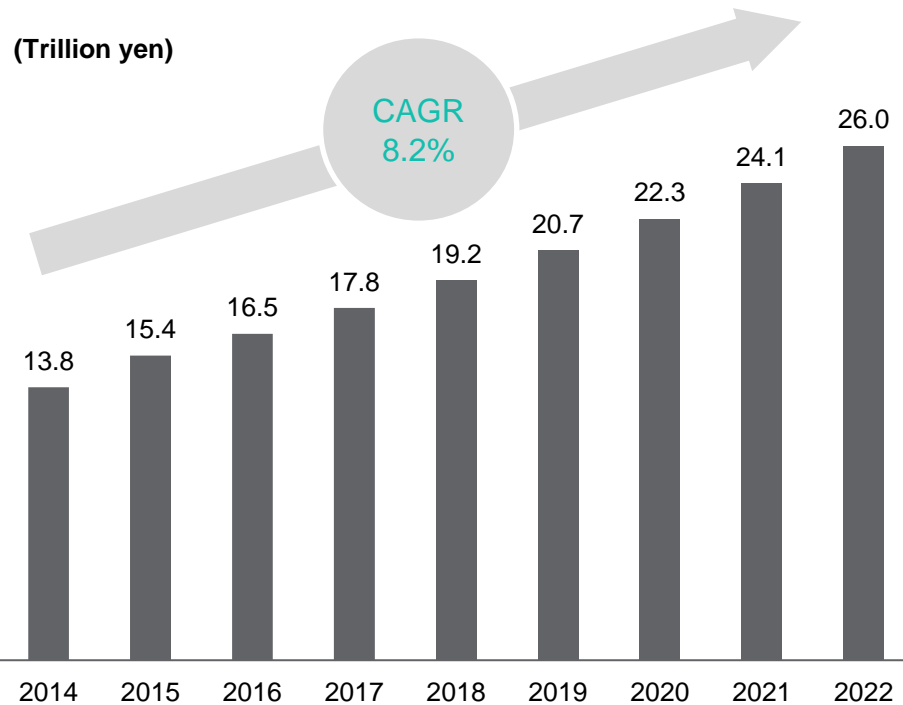


Tracking and
warranty

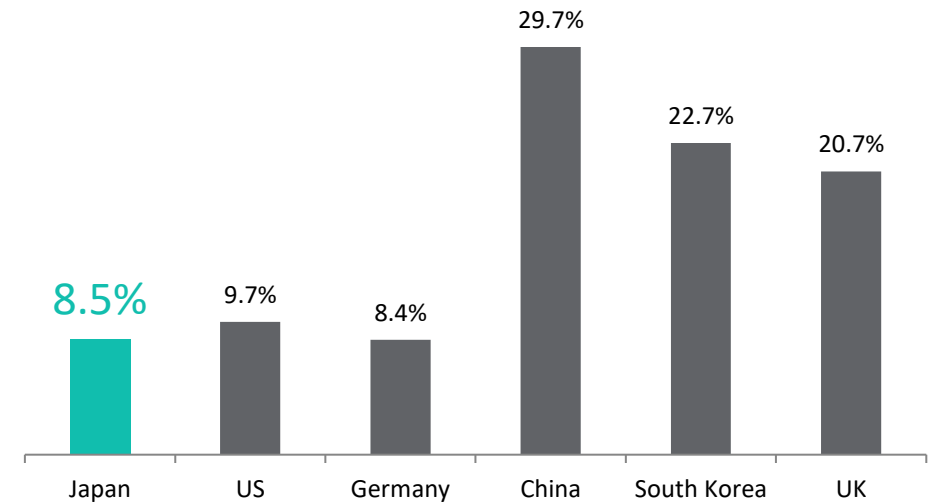


Although the domestic BtoC-EC market is growing steadily, the rate of EC penetration in the domestic retail market is still low.

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



EC penetration by country



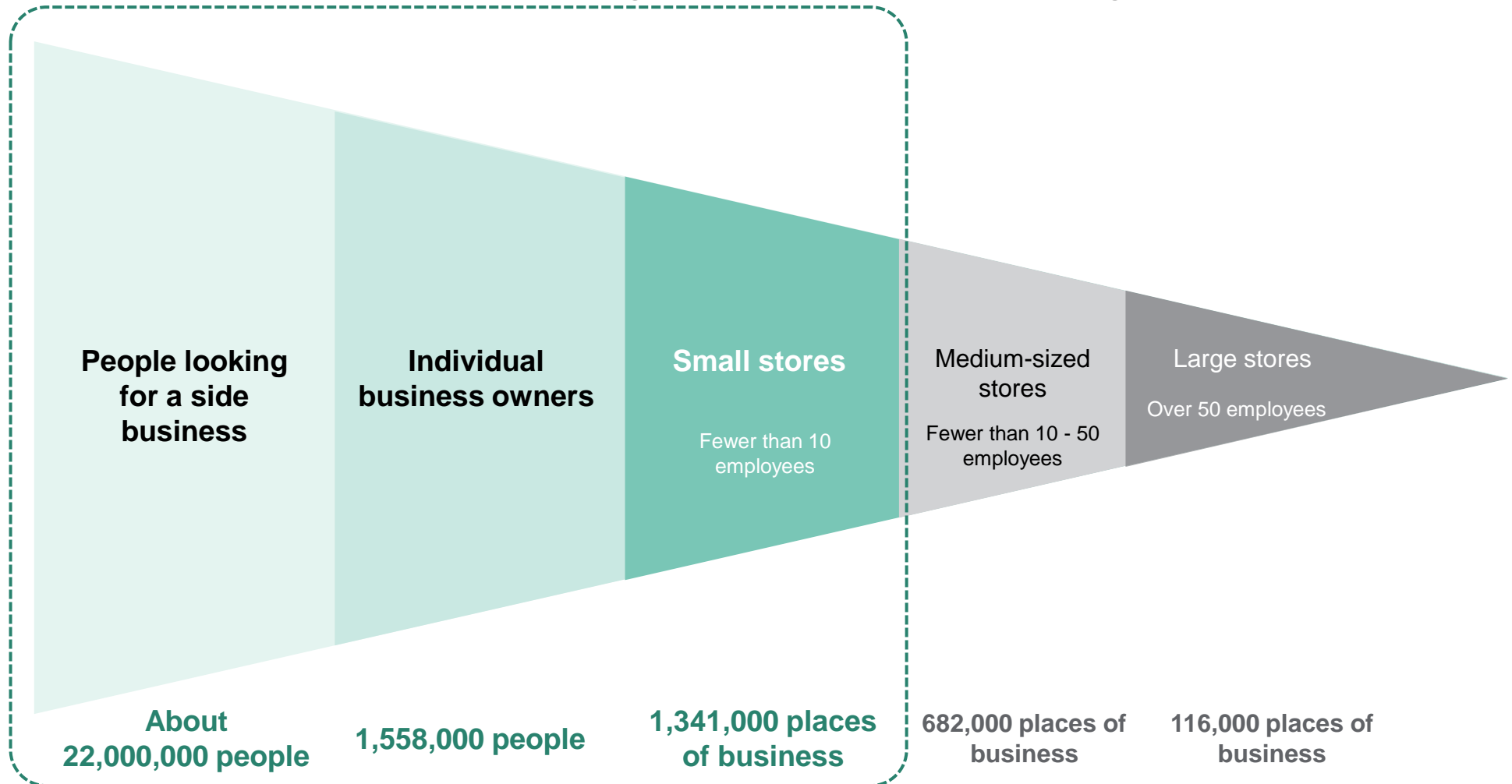
Source: Outlook for ICT and Media Market Scale and Trends through 2022: The Road to Becoming a Truly Advanced ICT Country Runs through Mastery of AI and IoT, Nomura Research Institute, Ltd.

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

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)

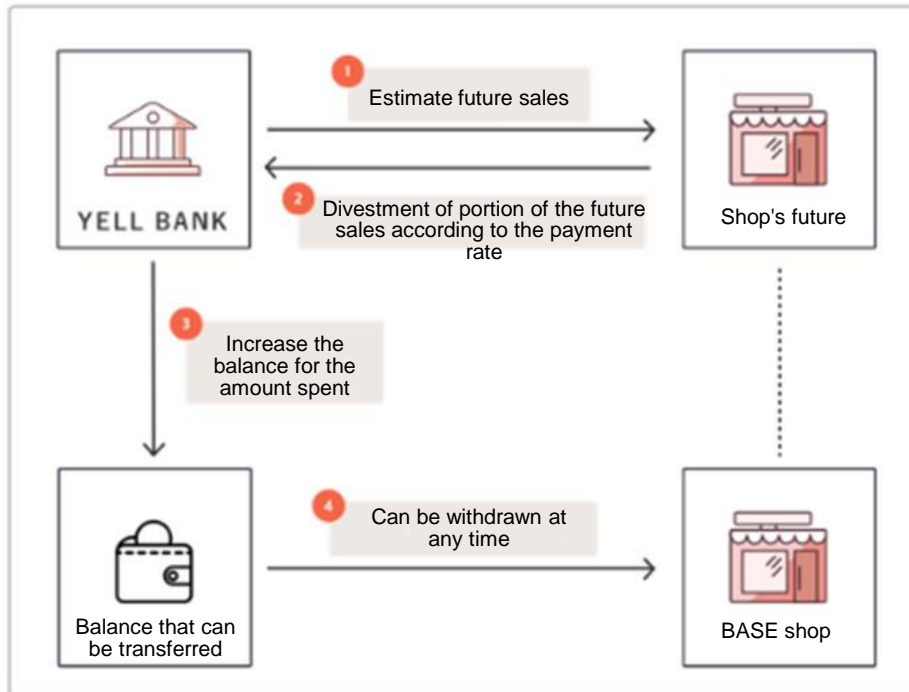
(Note) The numbers of enterprises were extracted from the areas of "retailing", "service industry", "agriculture, forestry and fisheries" and "manufacturing"

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

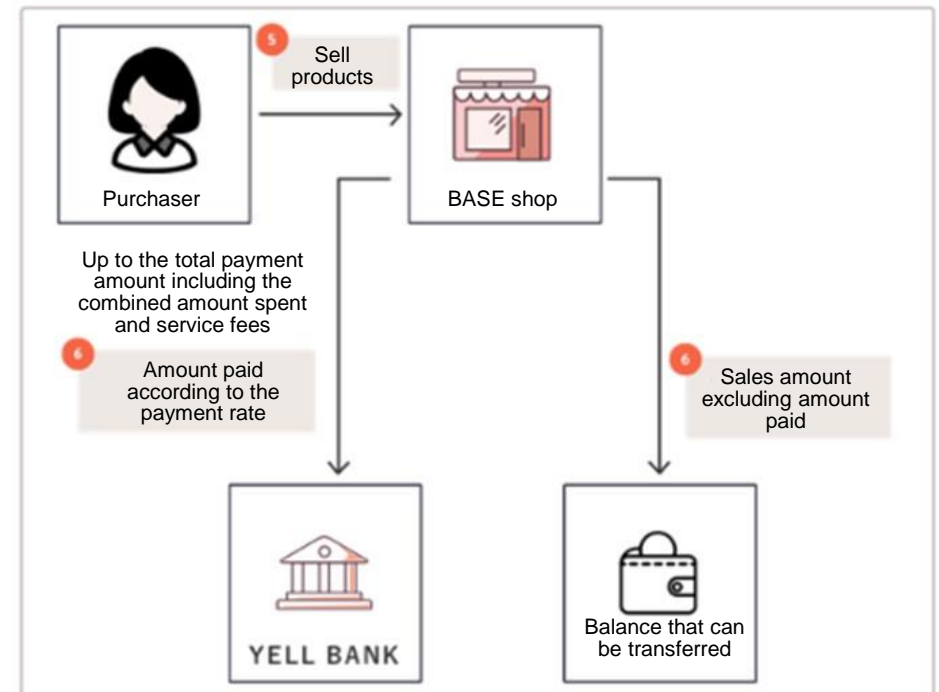
Shop owners are able to raise funds without these risks because "YELL BANK" bears the risk of no receivables being generated in the future and uncollected receivables.

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

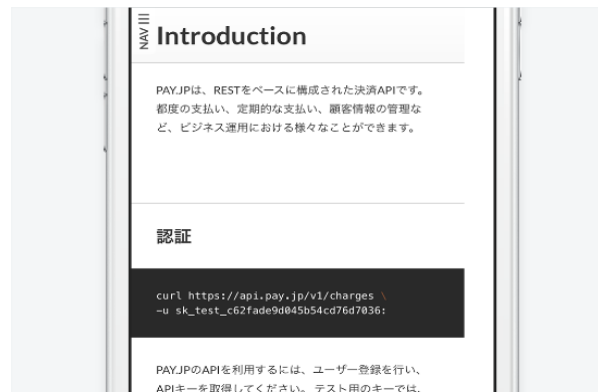
- ✓ Absolutely no costs other than the payment processing fees(Note)

	Basic plan	Pro plan	PAY.JP Seed	PAY.JP NPO	PAY.JP Travel
Monthly fee	¥0	¥10,000	¥0	¥0	¥0
 	3.0%	2.59%	2.59%	1.5%	1.5%
 	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



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



Number of users

**More than
3,500,000 people**

(Note 1)



Where available

**over
1,000,000 stores**

(Note 1)

(Note 1) As of May 2, 2020



Payment scenario



Online payment

Just enter your ID and password.



Offline payment

Just read the QR code with the PAY ID app.

- 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.

Profit and Loss Statement (By Segment)

(Million yen)		Year ended December 2017				Year ended December 2018				Year ended December 2019				Year ended December 2020
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Sales	BASE	157	190	235	374	373	429	542	637	643	752	871	931	933
	PAY	17	43	57	70	72	85	99	111	120	169	170	183	184
	Others	-	-	-	-	-	-	-	-	0	0	1	3	6
Gross profit on sales	BASE	82	100	143	257	256	293	379	433	437	508	590	620	624
	PAY	0	2	2	4	4	7	9	11	12	18	17	19	18
	Others	-	-	-	-	-	-	-	-	0	0	1	3	6
Segment profit	BASE	-	-	-	-	-234	-96	-229	64	-108	144	-71	-81	56
	PAY	-	-	-	-	-51	-50	-43	-37	-43	-31	-28	-24	-25
	Others	-	-	-	-	-	-	-	-	-15	-12	-11	-14	-10
	Corporate expenses	-	-	-	-	-23	-26	-29	-30	-34	-32	-33	-41	-47
Operating profits	Entire company	-267	-394	-381	-218	-310	-174	-302	-4	-203	67	-144	-161	-28

KPI trends in the BASE business

year	month	Quarterly GMV (thousand yen) (Note1)	Monthly GMV (thousand yen) (Note1)	Number of shops	Monthly GMV per shops (yen) (Note1)	Quarterly GMV (Settlement amount) (thousand yen) (Note2)
2017	March	3,272,155	1,090,718	12,899	84,561	2,793,065
	June	3,921,445	1,307,148	15,126	86,419	3,328,846
	September	4,618,344	1,539,448	16,958	90,778	3,942,284
	December	5,285,722	1,761,907	17,669	99,717	4,578,896
2018	March	5,163,085	1,721,028	17,532	98,167	4,534,178
	June	5,947,895	1,982,631	19,326	102,589	5,225,666
	September	7,219,439	2,406,479	21,216	113,426	6,228,820
	December	8,760,804	2,920,268	23,183	125,968	7,856,254
2019	March	9,007,707	3,002,569	24,770	121,218	7,792,138
	June	10,480,498	3,493,499	26,071	134,001	9,217,657
	September	11,263,341	3,754,447	27,811	135,000	10,049,325
	December	12,211,506	4,070,502	28,537	142,638	11,000,522
2020	March	12,532,548	4,177,516	30,658	136,262	10,983,715

(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).

year	month	Quarterly GMV (thousand yen)
2017	March	668,407
	June	1,640,213
	September	2,146,126
	December	2,611,836
2018	March	2,703,729
	June	3,175,074
	September	3,704,478
	December	4,092,477
2019	March	4,430,399
	June	6,244,236
	September	6,324,704
	December	6,926,078
2020	March	7,018,841

Full-Year Forecast (BASE Business)

BASE

(Million yen)	FY2020 Forecast	FY 2019 results	YoY	FY2020 1Q January-March 2020	Progress rate (Note)
GMV (orders)	59,000~61,000	42,963	37.3%~42.0%	12,532	21.2%
GMV (payment)	51,920~53,680	38,055	36.4%~41.0%	10,983	21.2%
Sales	4,360~4,506	3,198	36.3%~40.9%	933	21.4%
Take rate	8.4%	8.4%	-	8.6%	-
Gross profit on sales	2,905~3,000	2,156	34.7%~39.1%	624	21.5%
GMV ratio	5.6%	5.7%	-	5.7%	-
Gross profit rate	66.6%	67.4%	-	66.8%	-

(Note) Progress rate against the lower limit of full-year earnings forecast for the fiscal year ending December 31, 2020

Full-Year Forecast (PAY Business)

(Million yen)	FY2020 Forecast	FY 2019 results	YoY	FY2020 1Q January-March 2020	Progress rate (Note)
GMV	34,000~38,000	23,925	42.1%~58.8%	7,018	20.6%
Sales	920~1,028	644	42.8%~59.6%	184	20.1%
Take rate	2.7%	2.7%	-	2.6%	-
Gross profit on sales	92~103	67	36.2%~52.4%	18	19.6%
GMV ratio	0.3%	0.3%	-	0.3%	-
Gross profit rate	10.0%	10.5%	-	9.7%	-

(Note) Progress rate against the lower limit of full-year earnings forecast for the fiscal year ending December 31, 2020

Ratio of Dilutive Shares

		FY2020 1Q	FY 2019
SO	Beginning balance	1,810,800	1,776,000
	Granted	0	104,000
	Exercised	-3,600	-12,000
	Renounced	-17,200	-57,200
	Ending balance	1,790,000	1,810,800
Number of shares outstanding		20,417,400	20,413,800
Ratio of dilutive shares		8.8%	8.9%

Handling of these Materials

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