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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2021 (Based on Japanese GAAP)

November 4, 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, Senior Executive Officer and CFO Ken Harada TEL 03(6441)2075
 Scheduled date to file Quarterly Securities Report: November 4, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly 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 Nine months ended September 30, 2021 (from January 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2021	7,176	19.7	(490)	—	(494)	—	(467)	—
Nine months ended September 30, 2020	5,996	119.6	1,146	—	1,148	—	949	—

(Note) Comprehensive Income (millions of yen)

Nine months ended September 30, 2021: (464) (–%) Nine months ended September 30, 2020: 949 (–%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended September 30, 2021	(4.24)		—	
Nine months ended September 30, 2020	9.29		8.56	

(Notes) 1. Despite the existence of potential shares in the fiscal year ended September 30, 2021, diluted earnings per share are not indicated because net loss per share was recorded.

2. The Company conducted a stock split as of April 1, 2021, whereby each ordinary share was split into 5 shares. The afore-mentioned calculation of earnings per share and diluted earnings per share are based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	29,034	15,822	54.5
As of December 31, 2020	28,505	16,217	56.9

(Reference) Equity (millions of yen) As of September 30, 2021: 15,822. As of December 31, 2020: 16,217.

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2020	—	0.00	—	0.00	0.00
Year ending December 31, 2021	—	0.00	—		
Year ending December 31, 2021 (Forecast)				0.00	0.00

(Note) Revisions to most recent dividend forecast: None

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

(% indicates changes from the previous corresponding period)

	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)

(Notes) 1. Revisions to most recent consolidated results forecast: None

2. The Company conducted a stock split as of April 1, 2021, whereby each ordinary share was split into 5 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 ending

December 31, 2021.

4. Notes

(1) Changes in significant subsidiaries during the Nine months ended September 30, 2021
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
New: – (), Exclusion: – ()

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
Changes in accounting policies due to revisions to accounting standards and other regulations: No
Changes in accounting policies due to other reasons: No
Changes in accounting estimates: No
Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2021	110,862,749 shares	As of December 31, 2020	109,697,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	– shares	As of December 31, 2020	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2021	110,359,178 shares	Nine months ended September 30, 2020	102,137,664 shares
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(Note) The Company conducted a stock split as of April 1, 2021, whereby each ordinary share was split into 5 shares. The afore-mentioned calculation of total number of issued shares at the end of the period (including treasury shares) and average number of shares during the period (cumulative from the beginning of the fiscal year) are based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2020.

*The summary of quarterly financial results is not subject to a quarterly review by a certified public accountant or an auditing firm.

*Explanation on the appropriate use of business forecasts and other special matters

(Notice regarding forward-looking statements, etc.)

Forward-looking statements or projections contained in this document are based on information that the Company has at the present time and certain premises that the Company deems reasonable. Such forward-looking statements are not intended to represent a commitment on the part of the Company to achieve them. Also, actual results may differ significantly due to various factors. Please see the "1. Qualitative information on results for the nine months ended September 30, 2021 (3) Overview of forecast of operating results including consolidated financial results" on page 3 of the attached document for the conditions that form the basis of earnings forecasts and cautions for using earnings forecasts.

(Access to supplementary information on quarterly financial results and contents of quarterly financial results briefing)

The Company plans to hold a briefing for institutional investors and analysts on Thursday, November 4, 2021. We plan to post on the Company website the materials for results briefing, which will be used on that day.

(Changing units of amount)

The amounts of accounts and other items for our quarterly consolidated financial statements have been previously stated in units of thousands of yen. However, they have been changed to be stated in units of millions of yen from the first quarter of consolidated fiscal year ending December 31, 2021 and the three months ended March 31, 2021. For ease of comparison, figures for the previous consolidated fiscal year and the nine months ended September 30, 2020 are also indicated in units of millions of yen.

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1. Qualitative information on results for the nine months ended September 30, 2021

(1) Overview of operating results

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 online payment services PAY.JP and through these services, the Group focuses on empowering MSMB (Micro, Small and Medium Businesses) and supporting start-up businesses.

In the cumulative 3rd quarter of the fiscal year under review, the future remains uncertain, with several prefectures continuing to declare the State of Emergency and continuing to implement the semi-emergency COVID-19 measures.

In this business environment, in order to achieve sustainable growth over the medium to long term, the BASE business continues to strive for aggressive marketing targeting MSMB, and to expand functions to improve the convenience of shop operations. In the PAY business, we are striving to expand the number of merchants by strengthening our products with the aim of creating online payment functions that are simpler and easier to implement and operate, targeting startups and venture companies.

As a result of the above, our Group's consolidated net sales for the cumulative 3rd quarter of the fiscal year under review were ¥7,176 million (19.7% increase year on year), operating loss was ¥490 million (operating profit of ¥1,146 million in the same period of the previous year), ordinary loss was ¥494 million (ordinary profit of ¥1,148 million in the same period of the previous year), and loss attributable to owners of parent was ¥467 million (profit attributable to owners of parent of ¥949 million in the same period of the previous year).

The results of the segments are as follows.

A) BASE Business

In the BASE business for the cumulative 3rd quarter of the fiscal year under review, we continued to implement TVCM, web marketing, and other activities, with the aim of improving service awareness and promoting the opening of new shops. As a result, in September 2021, the cumulative number of shops opened exceeded 1.6 million, and the number of active shops per month increased significantly.

In terms of product development, we have provided the "Google Product Linkage/Advertising App" that allows users to easily post Google advertisements from the BASE management screen, enabling shop owners to more smoothly attract customers to their online shops and conduct sales promotions, and we have also announced a partnership with "TikTok" for the purpose of product linkage. Also, by providing all shops with the "customer management function" which enables segmented distribution of mail magazines according to the attributes of customers as a standard function, shop owners are now able to build further relationships with customers in addition to sales promotion activities. Furthermore, the "Restock Auto Notification App" automatically sends restock notification e-mails to prospective buyers when replenishing the stock of sold-out products, reducing the burden on shops to respond to inquiries about the restocking of products.

In the cumulative 3rd quarter of the previous fiscal year, the gross merchandise volume grew significantly due to an increase in demand for the opening of online shops and the shift of consumers to e-commerce in response to the spread of COVID-19. In the cumulative 3rd quarter of the fiscal year under review, sales of hygiene products such as masks and disinfectants decreased, which decreased the impact of COVID-19, but gross merchandise volume grew owing to an increase in the number of active shops per month.

As a result, the gross merchandise volume during the cumulative 3rd quarter of the fiscal year under review, was ¥82,048 million (order amount), ¥76,741 million (payment amount), and was 18.9% increase (order amount) and 21.4% increase (payment amount) from the same period of the previous year.

While net sales and gross profit on sales for the cumulative 3rd quarter of the fiscal year under review increased as a result of growth in gross merchandise volume, the take rate decreased mainly due to a decrease in purchasers' commission. The decrease in purchasers' commission was due to a change in the ratio of payment methods and an increase in the unit price of payment. In addition to a decrease in the take rate, an increase in the cost of sales ratio resulted in a decrease in the gross profit margin. The increase in the cost of sales ratio was due to a change in the ratio of payment methods.

Selling, general and administrative expenses (SG&A) increased significantly from the same period of the previous fiscal year due to promotional activities aimed at sustainable growth of the BASE business and forward-looking investment in recruitment.

As a result of the above, net sales were ¥6,114 million (14.6% increase year on year) and segment loss was ¥271 million (segment profit of ¥1,376 million in the same period of the previous year).

B) PAY Business

In the PAY business, the Group provides online payment services PAY.JP. In the cumulative 3rd quarter of the fiscal year under review, the gross merchandise volume grew significantly to ¥38,977 million (60.7% increase year on year).

As a result of the above, net sales were ¥1,024 million (60.1% increase year on year) and segment loss was ¥41 million (segment loss of ¥72 million in the same period of the previous year).

C) Other Businesses

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

As a result of the above, net sales were ¥38 million (97.0% increase year on year) and segment loss was ¥46 million (segment loss of ¥31 million in the same period of the previous year).

(2) Overview of Financial Position

(Assets)

Total assets as of the end of the 3rd quarter of the fiscal year under review were ¥29,034 million, an increase of ¥529 million from the end of the previous fiscal year. This was mainly due to increases of ¥231 million in accounts receivable - trade and ¥221 million in prepaid expenses included in other.

(Liabilities)

Liabilities as of the end of the 3rd quarter of the fiscal year under review were ¥13,212 million, an increase of ¥925 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥253 million in income taxes payable included in other due to the payment of income taxes, while an increases of ¥688 million in accounts payable - trade and ¥559 million in deposits received.

(Net assets)

Net assets at the end of the 3rd quarter of the fiscal year under review were ¥15,822 million, a decrease of ¥395 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥467 million in retained earnings resulting from recording of loss attributable to owners of parent.

(3) Overview of forecast of operating results including consolidated financial results

The consolidated earnings forecast for the fiscal year ending December 2021 remains unchanged from the content announced on February 10, 2021.

2. Quarterly consolidated financial statements and main noted items

(1) Consolidated balance sheets

(Million yen)

	As of December 31, 2020	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	22,271	22,233
Accounts receivable - trade	4,971	5,203
Other	512	888
Allowance for doubtful accounts	(62)	(114)
Total current assets	27,693	28,210
Non-current assets		
Property, plant, and equipment	120	104
Intangible assets	3	3
Investments and other assets	688	715
Total non-current assets	811	823
Total assets	28,505	29,034
Liabilities		
Current liabilities		
Accounts payable - trade	8,989	9,678
Deposits received	2,589	3,148
Provision for Chargeback	10	—
Other	634	323
Total current liabilities	12,224	13,150
Non-current liabilities		
Other	63	62
Total non-current liabilities	63	62
Total liabilities	12,287	13,212
Net assets		
Shareholders' equity		
Capital stock	8,513	8,548
Capital surplus	7,323	7,358
Retained earnings	380	(86)
Total shareholders' equity	16,218	15,819
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	2
Total accumulated other comprehensive income	(0)	2
Total net assets	16,217	15,822
Total liabilities and net assets	28,505	29,034

(2) Consolidated statement of income and comprehensive income

Consolidated statement of income

(Nine months ended September 30, 2021)

	(Million yen)	
	Nine Months Ended September 30, 2020 (from January 1, 2020 to September 30, 2020)	Nine Months Ended September 30, 2021 (from January 1, 2021 to September 30, 2021)
Net sales	5,996	7,176
Cost of sales	2,347	3,096
Gross profit	3,649	4,080
Selling, general, and administrative expenses	2,502	4,570
Operating profit (loss)	1,146	(490)
Non-operating income		
Interest income	0	0
Lecturer's fee income	1	0
Sponsorship money income	0	—
Subsidy income	—	0
Other	0	0
Total non-operating income	2	2
Non-operating expenses		
Share issuance costs	0	3
Commitment fees	0	3
Other	0	—
Total non-operating expenses	0	6
Ordinary profit (loss)	1,148	(494)
Profit (loss) before income taxes	1,148	(494)
Income taxes	199	1
Refund of income taxes for prior periods	—	(27)
Net profit (loss)	949	(467)
Profit (loss) attributable to owners of parent	949	(467)

Consolidated statement of comprehensive income

(Nine months ended September 30, 2021)

(Million yen)

	Nine Months Ended September 30, 2020 (from January 1, 2020 to September 30, 2020)	Nine Months Ended September 30, 2021 (from January 1, 2021 to September 30, 2021)
Net profit (loss)	949	(467)
Other comprehensive income		
Valuation difference on available-for-sale securities	—	3
Total other comprehensive income	—	3
Comprehensive income	949	(464)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	949	(464)

(3) Notes on quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not applicable.

(Segment information etc.)

Segment Information

Consolidated nine months ended September 30, 2020 (From January 1, 2020 to September 30, 2020)

1. Information on the amount of net sales and profit or loss of each reportable segment

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	5,337	639	19	5,996	—	5,996
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	5,337	639	19	5,996	—	5,996
Segment profit (loss)	1,376	(72)	(31)	1,273	(126)	1,146

(Notes) 1. Reconciliations of segment profit (loss) of ¥(126) million are for corporate expenses that are not allocated to any reportable segment.

Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

2. Segment profit (loss) has been adjusted with operating profit stated in the quarterly consolidated statement of income.

Consolidated nine months ended September 30, 2021 (From January 1, 2021 to September 30, 2021)

1. Information on the amount of net sales and profit or loss of each reportable segment

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	6,114	1,024	38	7,176	—	7,176
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	6,114	1,024	38	7,176	—	7,176
Segment loss	(271)	(41)	(46)	(360)	(129)	(490)

(Notes) 1. Reconciliations of segment loss of ¥(129) million are for corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that are not attributable to any reportable segment.

2. Segment loss has been adjusted with operating loss stated in the quarterly consolidated statement of income.