

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Based on Japanese GAAP)

February 9, 2022

Company name:	BASE, Inc.		
Stock exchange listing:	Tokyo		
Stock code:	4477	URL <a href="https://binc.jp/en">https://binc.jp/en</a>	
Representative:	Representative Director and CEO		Yuta Tsuruoka
Inquiries:	Director, Senior Executive Officer and CFO		Ken Harada TEL 03(6441)2075
Scheduled date to hold General Meeting of Shareholders:			March 23, 2022
Scheduled date to file Securities Report:			March 24, 2022
Scheduled date to commence dividend payments:	-		
Preparation of supplementary material on financial results:			Yes
Holding of financial results meeting:			Yes (for institutional investors and analysts)

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

### 1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2021	9,931	19.8	(977)	—	(960)	—	(1,194)	—
Fiscal year ended December 31, 2020	8,288	115.3	803	—	747	—	584	—

(Note) Comprehensive Income (millions of yen)

Fiscal year ended December 31, 2021: (1,189) (-%) Fiscal year ended December 31, 2020: 583 (-%)

	Earnings per share	Diluted earnings per share	Return on equity ratio	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2021	(10.80)	—	(7.6)	(3.2)	(9.8)
Fiscal year ended December 31, 2020	5.64	5.20	6.0	3.8	9.7

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

Fiscal year ended December 31, 2021: - Fiscal year ended December 31, 2020: -

(Notes) 1. Despite the existence of potential shares in the fiscal year ended December 31, 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	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Fiscal year ended December 31, 2021	31,991	15,105	47.2	135.48
Fiscal year ended December 31, 2020	28,505	16,217	56.9	147.84

(Reference) Equity (millions of yen) As of December 31, 2021: 15,105 As of December 31, 2020: 16,217

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2021	1,782	(21)	21	24,053
Fiscal year ended December 31, 2020	3,128	(471)	12,419	22,271

## 2. Cash dividends

	Annual dividends per share					Total amount of dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
Fiscal year ended December 31, 2020	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ended December 31, 2021	—	0.00	—	0.00	0.00	—	—	—
Fiscal year ending December 31, 2022 (Forecast)	—	0.00	—	0.00	0.00	—	—	—

### 3. Forecast of consolidated financial results for the fiscal year ending December 31, 2022 (from January 1, 2022 to December 31, 2022)

The forecast of consolidated financial results for the next fiscal year is not presented as it is difficult to rationally calculate the results forecast. The reasoning, etc. for this is presented in “1. Overview of operating results, etc. (4) Future outlook” on pages 3 of the Appendix.

#### \* Notes

(1) Changes in significant subsidiaries during the fiscal year ended December 31, 2021 : No

(changes in specified subsidiaries resulting in the change in scope of consolidation)

New: - ( ), Exclusion - ( )

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

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

2) Any changes other than 1) above: No

3) Changes in accounting estimates: No

4) Restatements: No

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2021	111,500,749 shares	As of December 31, 2020	109,697,000 shares
-------------------------	--------------------	-------------------------	--------------------

Number of treasury shares at the fiscal year end

As of December 31, 2021	— shares	As of December 31, 2020	— shares
-------------------------	----------	-------------------------	----------

Average number of shares during the fiscal year

Fiscal year ended December 31, 2021	110,587,393 shares	Fiscal year ended December 31, 2020	103,707,797 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

(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 fiscal year end (including treasury shares) and average number of shares during 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.

#### (Reference) Summary of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results

(% indicates changes from the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2021	8,420	15.0	(879)	—	(860)	—	(1,147)	—
Fiscal year ended December 31, 2020	7,321	128.9	942	—	887	—	380	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended December 31, 2021	(10.37)		—	
Fiscal year ended December 31, 2020	3.67		3.39	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
Fiscal year ended December 31, 2021	28,390		15,152		53.4		135.90	
Fiscal year ended December 31, 2020	25,945		16,217		62.5		147.84	

(Reference) Equity (millions of yen) As of December 31, 2021: 15,152 As of December 31, 2020: 16,217

(Notes) 1. Despite the existence of potential shares in the fiscal year ended December 31, 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.

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

\*Explanations and other remarks regarding the appropriate use of the business results forecast

(Notice regarding forward-looking statements, etc.)

The forecast of consolidated financial results for the next fiscal year is not presented as it is difficult to rationally calculate the results forecast. The reasoning, etc. for this is presented in “1. Overview of operating results, etc. (4) Future outlook” on pages 3 of the Appendix.

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

The Company is scheduled to hold a financial result briefing for institutional investors and analysts on Wednesday, February 9, 2022. Relevant briefing information is scheduled to be disclosed on our website.

(Changing units of amount)

The amounts of accounts and other items for our 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 are indicated in units of millions of yen.

## Contents of Appendix

1. Summary of Operating Results.....	2
(1) Summary of operating results for the current fiscal year.....	2
(2) Summary of financial position for the current fiscal year.....	3
(3) Summary of cash flows for the current fiscal year .....	3
(4) Future outlook .....	3
2. Basic Concept Regarding the Selection of Accounting Standards .....	4
3. Consolidated Financial Statements and Principal Notes .....	4
(1) Consolidated balance sheet .....	4
(2) Consolidated statement of income and comprehensive income .....	6
(3) Consolidated statement of changes in equity .....	8
(4) Consolidated statement of cash flows.....	9
(5) Notes to consolidated financial statements.....	10
(Notes to going concern assumptions).....	10
(Segment information) .....	10
(Per share information).....	11
(Significant subsequent events).....	12

## 1. Summary of Operating Results

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

Advocating “Payment to the People, Power to the People.” as its mission, the Company group (the “Group”) actively operates the BASE Business, which provides the online shop creation service “BASE,” and the PAY Business, which provides the online payment service “PAY.JP.” Through these services, the Group focuses on empowering Micro, Small and Medium Businesses (MSMB) and supporting start-up companies.

In the fiscal year ended December 31, 2021, although the number of people vaccinated throughout Japan increased amid the prolongation of the spread of the novel coronavirus disease (COVID-19), the future remains uncertain as it is still not possible to predict when COVID-19 will come under control. 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, the Group is striving to expand the number of member merchants by strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate, targeting start-up companies and venture companies.

As a result of the above, the Group’s consolidated net sales of the fiscal year under review were ¥9,931 million (19.8% increase year on year), operating loss was ¥977 million (operating profit of ¥803 million in the same period of the previous fiscal year), ordinary loss was ¥960 million (ordinary profit of ¥747 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥1,194 million (profit attributable to owners of parent of ¥584 million in the same period of the previous fiscal year).

The results of the segments are as follows.

#### A) BASE Business

In the BASE Business, the Group used television commercials, web marketing and other activities, with the aim of improving service awareness and promoting the opening of new shops. As a result, the number of active shops per month continued to increase. In terms of product development, aiming to support shops’ sales promotion activities, the Group provided a function for setting automatic notifications using “abandoned cart e-mail” to remind users that they still have unpurchased items in their cart, updates for the “E-mail Newsletter App,” which allows for sending e-mail newsletters to people who have not made purchases, and the “Notification Banner App,” where shops can effectively emphasize information they wish to promote at the top of the shop’s page. Furthermore, the Group improved purchasers’ purchasing experience, and aiming to provide an environment that leads to the improvement of shops’ sales, updated the shopping cart.

In 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 fiscal year under review, sales of hygiene products such as masks and disinfectants decreased, which reduced the impact of COVID-19, but the 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 fiscal year under review was ¥113,773 million (order amount) and ¥106,607 million (payment amount), marking a 19.4% increase (order amount) and a 21.5% increase (payment amount) from the same period of the previous fiscal year.

Although net sales and gross profit increased owing to the growth in the gross merchandise volume, the gross profit margin dropped mainly due to a decrease in purchasers’ commissions. The main factors in the decrease in purchasers’ commissions were the changes in the composition ratios of payment methods and an increase in the payment unit price. In addition, selling, general and administrative expenses increased significantly compared to the same period of the previous fiscal year due to forward-looking investments in promotion and recruitment of human resources aimed at the sustainable growth of the BASE Business.

As a result of the above, net sales were ¥8,420 million (15.0% increase year on year) and segment loss was ¥703 million (segment profit of ¥1,112 million in the same period of the previous fiscal year).

#### B) PAY Business

In the PAY Business, the Group provides the online payment service “PAY.JP.” In the fiscal year under review, the gross merchandise volume continued to grow significantly to ¥55,271 million (53.2% increase year on year).

As a result of the above, net sales were ¥1,448 million (54.2% increase year on year) and segment loss was ¥38 million (segment loss of ¥92 million in the same period of the previous fiscal year).

#### C) Other Business

In Other Business, the Group provides services such as “YELL BANK,” which provides business funds to online shop operators using “BASE.” 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 ¥62 million (127.3% increase year on year) and segment loss was ¥52 million (segment loss of ¥45 million in the same period of the previous fiscal year).

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

### **(Assets)**

Total assets at the end of the fiscal year under review were ¥31,991 million, an increase of ¥3,485 million from the end of the previous fiscal year. This was mainly due to increases in cash and deposits and accounts receivable - other of ¥1,782 million and ¥1,660 million, respectively.

### **(Liabilities)**

Liabilities at the end of the fiscal year under review were ¥16,885 million, an increase of ¥4,597 million from the end of the previous fiscal year. This was mainly due to an increase of ¥3,756 million in trade accounts payable, and an increase of ¥1,118 million in deposits received, notwithstanding a decrease of ¥253 million in income taxes payable included in other due to payment of income taxes.

### **(Net assets)**

Net assets at the end of the fiscal year under review were ¥15,105 million, a decrease of ¥1,112 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,194 million in retained earnings resulting from recording loss attributable to owners of parent.

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

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review were ¥24,053 million, an increase of ¥1,782 million from the end of the previous fiscal year. The respective statuses of cash flows during the fiscal year under review and their contributing factors are as follows:

### **(Cash flows from operating activities)**

Net cash provided by operating activities amounted to ¥1,782 million (¥3,128 million provided in the previous fiscal year). The main reasons for the increase were increases in trade accounts payable and deposits received of ¥3,756 million and ¥1,118 million, respectively. The main reasons for the decrease were an increase of ¥1,645 million in accounts receivable - other, the recording of ¥1,218 million in loss before income taxes, and ¥201 million of income taxes paid.

### **(Cash flows from investing activities)**

Net cash used in investing activities amounted to ¥21 million (¥471 million used in the previous fiscal year). This was mainly due to purchase of property, plant and equipment of ¥20 million.

### **(Cash flows from financing activities)**

Net cash provided by financing activities amounted to ¥21 million (¥12,419 million provided in the previous fiscal year). This is due to proceeds from issuance of shares resulting from exercise of share acquisition rights of ¥21 million.

## **(4) Future outlook**

In order to achieve its mission, the Company has been focusing on empowering individuals and SMBs by providing “BASE”, the online shop creation service as its main business. Going forward, with the aim of empowering a wider range of users, the Group has announced the offering of a new price plan, the “Growth Plan” (JPY5,980/month+2.9% of sales proceeds), which incurs a fixed monthly fee, in addition to the conventional price plan, which has no initial or monthly fees and incurs a commission (6.6% of sales proceeds +40Yen) only when sales are made. Going forward, the Company plans to implement strategic investments aimed at maximizing the medium to longer term business growth and future profits by maximizing the number of shops using both the conventional price plan and new price plan.

Large fluctuations in business performance may be expected depending on the status of the introduction of the new price plan, and uncertainties from the impact of the COVID-19 pandemic, as well as the timing and scale of the amount of strategic investments. Under these conditions, it remains difficult to appropriately forecast the financial results, and the company has not disclosed its earnings forecast.

Going forward, the Company will promptly disclose the earnings forecast when the possibility to make a reasonable calculation based on the business environment and trends in business progress can be determined.

## 2. Basic Concept Regarding the Selection of Accounting Standards

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

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

## 3. Consolidated Financial Statements and Principal Notes

### (1) Consolidated balance sheets

(Million yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	22,271	24,053
Accounts receivable - other	4,971	6,631
Other	512	843
Allowance for doubtful accounts	(62)	(95)
Total current assets	27,693	31,433
Non-current assets		
Property, plant, and equipment		
Buildings	138	138
Accumulated depreciation	(49)	(74)
Buildings, net	89	63
Other	86	112
Accumulated depreciation	(55)	(74)
Other, net	30	37
Total property, plant, and equipment	120	101
Intangible assets		
Other	3	3
Total Intangible assets	3	3
Investments and other assets		
Investment securities	435	183
Other	252	270
Total investments and other assets	688	453
Total non-current assets	811	558
Total assets	28,505	31,991

(Million yen)

	As of December 31, 2020	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Trade accounts payable	8,989	12,745
Deposits received	2,589	3,707
Provision for Chargeback	10	16
Other	634	353
Total current liabilities	12,224	16,823
Non-current liabilities		
Other	63	61
Total non-current liabilities	63	61
Total liabilities	12,287	16,885
<b>Net assets</b>		
Shareholders' equity		
Capital stock	8,513	8,552
Capital surplus	7,323	7,362
Retained earnings	380	(813)
Total shareholders' equity	16,218	15,102
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	3
Total accumulated other comprehensive income	(0)	3
Total net assets	16,217	15,105
Total liabilities and net assets	28,505	31,991

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

(Million yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	8,288	9,931
Cost of sales	3,295	4,307
Gross profit	4,992	5,623
Selling, general, and administrative expenses	4,189	6,601
Operating profit (loss)	803	(997)
Non-operating income		
Interest income	0	0
Commission income	—	20
Lecturer's fee income	1	1
Sponsorship (money) income	0	—
Other	0	2
Total non-operating income	2	24
Non-operating expenses		
Interest expenses	0	—
Share issuance cost	56	3
Commitment fee	1	4
Total non-operating expenses	58	7
Ordinary profit (loss)	747	(960)
Extraordinary profit (loss)		
Loss on valuation of investment securities	—	258
Total extraordinary profit (loss)	—	258
Profit (loss) before income taxes	747	(1,218)
Income taxes -current	164	4
Refund of income taxes for prior periods	—	(25)
Income taxes - deferred	(0)	(3)
Total income taxes	163	(24)
Net profit (loss)	584	(1,194)
Profit (loss) attributable to owners of parent	584	(1,194)



## Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net profit (loss)	584	(1,194)
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	4
Total other comprehensive income	(0)	4
Comprehensive income	583	(1,189)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	583	(1,189)

**(3) Consolidated statement of changes in equity**

Fiscal year ended December 31, 2020

(Million yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	2,275	2,216	(1,334)	3,158	—	—	3,158
Changes in items during period							
Issuance of new shares	6,237	6,237		12,475			12,475
Deficit disposition		(1,130)	1,130	—			—
Net profit attributable to owners of parent			584	584			584
Net changes in items other than shareholders' equity					(0)	(0)	(0)
Total changes in items during period	6,237	5,107	1,715	13,060	(0)	(0)	13,059
Balance at end of current period	8,513	7,323	380	16,218	(0)	(0)	16,217

Fiscal year ended December 31, 2021

(Million yen)

	Shareholders' equity				Accumulated other comprehensive income		Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	8,513	7,323	380	16,218	(0)	(0)	16,217
Changes in items during period							
Issuance of new shares	38	38		77			77
Net profit attributable to owners of parent			(1,194)	(1,194)			(1,194)
Net changes in items other than shareholders' equity					4	4	4
Total changes in items during period	38	38	(1,194)	(1,116)	4	4	(1,112)
Balance at end of current period	8,552	7,362	(813)	15,102	3	3	15,105

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

(Million yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	747	(1,218)
Depreciation	42	45
Share-based payment expenses	—	11
Loss (gain) on valuation of investment securities	—	258
Increase (decrease) in allowance for doubtful accounts	14	33
Increase (decrease) in provision for charge back	10	6
Interest income	(0)	(0)
Commission income	—	(20)
Interest expenses	0	—
Share issuance cost	56	3
Increase (decrease) in accounts receivable -other	(2,166)	(1,645)
Increase (decrease) in trade accounts payable	5,070	3,756
Increase (decrease) in deposits received	(412)	1,118
Other, net	(227)	(370)
Subtotal	3,136	1,977
Interest income received	0	0
Commission income received	—	6
Interest paid	(0)	—
Income taxes paid	(7)	(201)
Net cash provided by (used in) operating activities	3,128	1,782
Cash flows from investing activities		
Purchase of property, plant, and equipment	(32)	(20)
Purchase of intangible assets	(2)	(1)
Purchase of investment securities	(436)	—
Payments of leasehold and guarantee deposits	(0)	—
Proceeds from refund of leasehold and guarantee deposits	0	—
Net cash provided by (used in) investing activities	(471)	(21)
Cash flows from financing activities		
Proceeds from issuance of shares	12,396	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	22	21
Net cash provided by (used in) financing activities	12,419	21
Net increase (decrease) in cash and cash equivalents	15,076	1,782
Cash and cash equivalents at beginning of period	7,195	22,271
Cash and cash equivalents at end of period	22,271	24,053

## (5) Notes to consolidated financial statements

### (Notes to going concern assumptions)

Not applicable

### (Segment information)

#### 1. Summary of reportable segment

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

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

"BASE business" provides the online shop creation service "BASE" that allows anyone to easily create well-designed online shop. "PAY business" develops "PAY.JP" that is an online payment service for developers to easily integrate credit card payments to web services and online stores. With regard to "Other businesses," the Company's consolidated subsidiary "BASE BANK, Inc" develops financial service that enables shop owners who use "BASE" to raise funds by purchasing the BASE shops' future accounts receivable from shop owners.

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

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

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

Fiscal year ended December 31, 2020

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	7,321	939	27	8,288	—	8,288
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	7,321	939	27	8,288	—	8,288
Segment profit (loss)	1,112	(92)	(45)	974	(170)	803
Segment assets	25,289	2,725	79	28,093	411	28,505
Other items						
Depreciation	42	—	—	42	—	42
Increase in property, plant, and equipment, and intangible assets	41	—	—	41	—	41

(Notes) 1. Reconciliations of segment profit (loss) of ¥(170) million are corporate expenses that are not allocated to each reportable segment. Corporate expenses consist mainly of general and administrative expenses that do not belong to reportable segments.

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

3. Reconciliations of segment assets of ¥411 million are inter-segment elimination ¥(23) million and not allocated to individual reportable segments ¥435 million.

Fiscal year ended December 31, 2021

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Net sales to external customers	8,420	1,448	62	9,931	—	9,931
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	8,420	1,448	62	9,931	—	9,931
Segment loss	(703)	(38)	(52)	(794)	(182)	(977)
Segment assets	28,039	3,778	155	31,973	17	31,991
Other items						
Depreciation	45	—	—	45	—	45
Increase in property, plant, and equipment, and intangible assets	27	—	—	27	—	27

(Notes) 1. Reconciliations of segment loss of ¥(182) million are corporate expenses that are not allocated to each reportable segment.

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

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

3. Reconciliations of segment assets of ¥17 million are inter-segment elimination ¥(165) million and not allocated to individual reportable segments ¥183 million.

**(Per share information)**

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net assets per share	¥147.84	¥135.84
Net profit (loss) per share	¥5.64	¥ (10.80)
Diluted earnings per share	¥5.20	—

(Notes) 1. Despite the existence of potential shares in the fiscal year ended December 31, 2021, diluted earnings per share are not indicated because net loss per share was recorded.

2. In accordance with the resolution of the Board of Directors held on February 10, 2021, 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 net assets per share, net profit(loss) 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.

3. Net profit (loss) per share was calculated on the following basis.

Item	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net profit (loss) per share		
Net loss attributable to owners of parent (Million yen)	584	(1,194)
Amount not attributable to ordinary shareholders (Million yen)	—	—
Net loss attributable to owners of parent regarding ordinary shares (Million yen)	584	(1,194)
Average number of ordinary shares during the period (Shares)	103,707,797	110,587,393
Diluted earnings per share		
Adjustment to profit (Million yen)	—	—
Increase in number of common stock (Shares)	8,513,708	—
(Number of share subscription rights included in the increase)	(8,513,708)	—

Outline of diluted shares that were not included in calculation of diluted earnings per share because of their anti-dilutive effect	—	—
---	---	---

**(Significant subsequent events)**

(Merger of consolidated subsidiaries)

At a meeting of the Board of Directors held on November 11, 2021, the Company resolved to absorb and merge with its wholly owned subsidiary, BASE BANK, Inc., and conducted the absorption-type merger on January 1, 2022.

1. Outline of the transaction

(1) Name and business description of the combining entity

Name of the acquired entity      BASE BANK Inc.  
Business description              Trading of various receivables and other financial businesses

(2) Date of the business combination

January 1, 2022

(3) Statutory type of the business combination

Absorption-type merger where the Company is the surviving entity and BASE BANK Inc. is the absorbed entity.

(4) Name of the entity after the business combination

BASE, Inc.

(5) Other matters concerning the outline of transactions

The Company has decided to absorb its wholly owned subsidiary BASE BANK Inc. with the aim of consolidating management resources and improving operational efficiency of the Group.

2. Outline of the accounting procedures implemented

For accounting purposes, this merger was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combinations” and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures”.

(Reduction in legal capital surplus)

At a meeting of the Board of Directors held on February 9, 2022, the Company resolved to submit a proposal related to the reduction in legal capital surplus as a matter to be resolved at the Annual General Meeting of Shareholders to be held on March 23, 2022.

1. Purpose of Reduction in Legal Capital Surplus

With the aim of ensuring flexibility of financial strategies while allowing for a responsive capital policy in the future, the Company proposes to reduce the amount of legal capital surplus pursuant to Article 448, paragraph (1) of the Companies Act and transfer the amount of the decrease to other capital surplus.

2. Details of reduction in legal capital surplus

(1) Amount of legal capital surplus reduced  
Legal capital surplus 7,362 million yen

(2) Amount of other capital surplus increased  
Other capital surplus 7,362 million yen

3. Effective date of reduction of legal capital surplus

(1) Date of resolution of the Board of Directors	February 9, 2022
(2) Date of resolution of the Annual General Meeting of Shareholders	March 23, 2022
(3) Initial date of public notice for creditors to make objections	February 22, 2022 (planned)
(4) Final due date for creditors to make objections	March 23, 2022 (planned)
(5) Effective date	March 31, 2022 (planned)