

Translation

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Summary of Consolidated Financial Results for the Six Months Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

Company name: BASE CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 4481 URL <https://www.basenet.co.jp>
 Representative: President Katsunari Nakayama
 Senior Vice President Director,
 Inquiries: General Manager of Finance Department Noriyuki Takano TEL 03(5207)5112
 Scheduled date to file Quarterly Securities Report: August 12, 2022
 Scheduled date to commence dividend payments: September 9, 2022
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2022	8,051	28.3	1,859	29.4	1,869	29.4	1,280	29.8
Six months ended June 30, 2021	6,276	2.2	1,437	8.4	1,444	9.5	986	9.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	142.45	135.48
Six months ended June 30, 2021	110.47	104.43

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	12,217	9,552	76.0
As of December 31, 2021	11,440	8,584	73.1

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, 2021	—	30.00	—	50.00	80.00
Year ending December 31, 2022	—	40.00			
Year ending December 31, 2022 (Forecast)			—	45.00	85.00

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

Percentages indicate year-on-year changes

	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	15,000	12.8	3,602	20.0	3,602	19.9	2,468	16.1	274.94

4. Notes

- (1) Changes in significant subsidiaries during the six months ended June 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (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: Yes
- 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 June 30, 2022	9,070,200 shares	As of December 31, 2021	8,978,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	231 shares	As of December 31, 2021	191 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended June 30, 2022	8,988,232 shares	Six months ended June 30, 2021	8,931,626 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	7,486,646	8,262,376
Accounts receivable - trade	2,309,321	–
Accounts receivable - trade and contract assets	–	2,376,172
Work in process	112,352	120,835
Other	82,100	49,972
Total current assets	9,990,421	10,809,357
Non-current assets		
Property, plant and equipment	69,318	62,193
Intangible assets		
Goodwill	4,564	–
Other	5,954	5,214
Total intangible assets	10,518	5,214
Investments and other assets		
Investment securities	922,383	967,730
Other	448,228	372,825
Total investments and other assets	1,370,612	1,340,555
Total non-current assets	1,450,450	1,407,963
Total assets	11,440,871	12,217,320
Liabilities		
Current liabilities		
Accounts payable - trade	718,084	951,524
Current portion of long-term borrowings	173,276	104,750
Income taxes payable	476,745	545,105
Accrued expenses	1,037,179	184,938
Provision for bonuses	–	491,924
Other	342,847	330,078
Total current liabilities	2,748,132	2,608,322
Non-current liabilities		
Long-term borrowings	92,876	41,696
Other	14,930	14,930
Total non-current liabilities	107,806	56,626
Total liabilities	2,855,938	2,664,948

	(Thousands of yen)	
	As of December 31, 2021	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,050,633	1,066,101
Capital surplus	990,633	1,006,101
Retained earnings	6,105,214	6,936,645
Treasury shares	(994)	(1,240)
Total shareholders' equity	8,145,486	9,007,608
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,777	182,435
Foreign currency translation adjustment	57,920	97,945
Total accumulated other comprehensive income	219,698	280,380
Share acquisition rights	2,511	2,052
Non-controlling interests	217,235	262,331
Total net assets	8,584,932	9,552,372
Total liabilities and net assets	11,440,871	12,217,320

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Net sales	6,276,009	8,051,110
Cost of sales	4,404,445	5,706,327
Gross profit	1,871,564	2,344,783
Selling, general and administrative expenses	434,285	485,530
Operating profit	1,437,278	1,859,252
Non-operating income		
Interest income	2,625	3,201
Dividend income	522	522
Gain on sale of investment securities	6,017	3,440
Subsidy income	2,800	-
Foreign exchange gains	-	3,394
Other	652	713
Total non-operating income	12,618	11,272
Non-operating expenses		
Interest expenses	1,321	578
Foreign exchange losses	3,392	-
Other	223	158
Total non-operating expenses	4,937	737
Ordinary profit	1,444,959	1,869,787
Profit before income taxes	1,444,959	1,869,787
Income taxes - current	248,499	492,733
Income taxes - deferred	197,067	78,519
Total income taxes	445,567	571,252
Profit	999,391	1,298,535
Profit attributable to non-controlling interests	12,698	18,193
Profit attributable to owners of parent	986,692	1,280,341

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended June 30, 2021	Six months ended June 30, 2022
Profit	999,391	1,298,535
Other comprehensive income		
Valuation difference on available-for-sale securities	57,964	20,657
Foreign currency translation adjustment	31,209	66,926
Total other comprehensive income	89,174	87,583
Comprehensive income	1,088,565	1,386,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,063,321	1,341,023
Comprehensive income attributable to non-controlling interests	25,244	45,095

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,444,959	1,869,787
Depreciation	7,496	14,519
Amortization of goodwill	27,385	4,564
Increase (decrease) in provision for bonuses	321,274	491,924
Interest and dividend income	(3,148)	(3,724)
Interest expenses	1,321	578
Loss (gain) on sale of investment securities	(6,017)	(3,440)
Subsidy income	(2,800)	–
Decrease (increase) in trade receivables	(241,405)	(49,590)
Decrease (increase) in inventories	(41,460)	(233)
Increase (decrease) in trade payables	96,857	231,659
Increase (decrease) in accrued expenses	(958,855)	(860,767)
Increase (decrease) in accrued consumption taxes	(220,336)	(11,943)
Other, net	(12,318)	28,284
Subtotal	412,952	1,711,619
Interest and dividends received	1,493	1,711
Interest paid	(1,474)	(638)
Subsidies received	2,800	–
Income taxes paid	(518,468)	(429,138)
Net cash provided by (used in) operating activities	(102,696)	1,283,553
Cash flows from investing activities		
Purchase of property, plant and equipment	(14,129)	(12,229)
Purchase of intangible assets	(2,534)	–
Purchase of investment securities	(18,788)	(5,952)
Proceeds from sale of investment securities	20,389	7,566
Loan advances	(400)	(200)
Proceeds from collection of loans receivable	570	300
Payments of leasehold and guarantee deposits	(2,619)	(3,405)
Proceeds from refund of leasehold and guarantee deposits	–	242
Purchase of golf club membership	(30,480)	(8,780)
Other, net	47	(3)
Net cash provided by (used in) investing activities	(47,944)	(22,462)
Cash flows from financing activities		
Repayments of long-term borrowings	(256,952)	(119,706)
Redemption of bonds	(50,000)	–
Proceeds from issuance of shares	13,147	30,447
Purchase of treasury shares	(329)	(246)
Listing expenses payments	(5,000)	–
Dividends paid	(356,989)	(448,750)
Net cash provided by (used in) financing activities	(656,123)	(538,255)
Effect of exchange rate change on cash and cash equivalents	27,845	53,071
Net increase (decrease) in cash and cash equivalents	(778,919)	775,906
Cash and cash equivalents at beginning of period	7,182,805	7,489,332
Cash and cash equivalents at end of period	6,403,885	8,265,239