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**Summary of Consolidated Financial Results
for the Fiscal Year Ended December 31, 2022
(Based on Japanese GAAP)**

February 8, 2023

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 hold General Meeting of Shareholders: March 24, 2023
 Scheduled date to file Securities Report: March 27, 2023
 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, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	9,739	(1.9)	(1,508)	–	(1,495)	–	(1,732)	–
Fiscal year ended December 31, 2021	9,931	19.8	(977)	–	(960)	–	(1,194)	–

(Note) Comprehensive Income (millions of yen) Fiscal year ended December 31, 2022: (1,729) (–%) Fiscal year ended December 31, 2021: (1,189) (–%)

	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, 2022	(15.46)	–	(12.1)	(4.7)	(15.5)
Fiscal year ended December 31, 2021	(10.80)	–	(7.6)	(3.2)	(9.8)

(Reference) Equity income of affiliates (millions of yen) Fiscal year ended December 31, 2022: – Fiscal year ended December 31, 2021: –

(Notes) 1. Despite the existence of potential shares, 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 above-mentioned calculation of earnings per share is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2021.

(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, 2022	31,278	13,501	43.2	118.81
Fiscal year ended December 31, 2021	31,991	15,105	47.2	135.48

(Reference) Equity (millions of yen) As of December 31, 2022: 15,105 As of December 31, 2021: 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, 2022	(1,706)	(28)	26	22,344
Fiscal year ended December 31, 2021	1,782	(21)	21	24,053

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, 2021	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ended December 31, 2022	–	0.00	–	0.00	0.00	–	–	–
Fiscal year ending December 31, 2023 (Forecast)	–	0.00	–	0.00	–	–	–	–

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(% indicates changes from the previous fiscal year)

	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	10,300	5.8	(1,850)	–	(1,850)	–	(1,900)	–	(16.72)
	~10,800	~10.09	~(1,400)	–	~(1,400)	–	~(1,450)	–	~(12.76)

4. Notes

- (1) Changes in significant subsidiaries during the fiscal year ended December 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
New: – (), Exclusion: – ()
- (2) 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 |

(3) Number of issued shares (ordinary shares)

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

As of December 31, 2022	113,631,964 shares	As of December 31, 2021	111,500,749 shares
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Number of treasury shares at the fiscal year end

As of December 31, 2022	14 shares	As of December 31, 2021	– shares
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Average number of shares during the fiscal year

Fiscal year ended December 31, 2022	112,052,436 shares	Fiscal year ended December 31, 2021	110,587,393 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 average number of shares during the period (cumulative from the beginning of the fiscal year) is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2021.

(Reference) Summary of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(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, 2022	7,635	(9.3)	(1,461)	—	(1,446)	—	(1,779)	—
Fiscal year ended December 31, 2021	8,420	15.0	(879)	—	(860)	—	(1,147)	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended December 31, 2022	(15.88)		—	
Fiscal year ended December 31, 2021	(10.37)		—	

(Notes) 1. Despite the existence of potential shares, 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 is based on the assumption that the stock split was conducted at the beginning of the fiscal year ended December 31, 2021.

(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, 2022	25,819		13,501		52.3		118.81	
Fiscal year ended December 31, 2021	28,390		15,152		53.4		135.90	

(Reference) Equity (millions of yen) As of December 31, 2022: 13,501 As of December 31, 2021: 15,152

*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 business results forecasts and other forward-looking statements contained in this material are based on information currently available to the Company and certain assumptions that are believed to be reasonable, and are not intended as a promise by the Company to fulfill such statements. In addition, the actual business results, etc. could prove to differ substantially from such statements due to a variety of factors. For the assumptions that served as the basis for the business results forecast and the points to be noted when using these forecasts, please refer to “1. Summary of Operating Results, (4) Future outlook” on page 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 8, 2023. Relevant briefing information is scheduled to be disclosed on our website.

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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 individuals and small teams and supporting start-up companies.

During the fiscal year ended December 31, 2022, developments in the social response towards the novel coronavirus disease (COVID-19) led to the recovery of offline consumption associated with reopening. Online consumption has consequently decelerated, and the outlook of the market remains uncertain as a result.

In the midst of this business environment, the BASE Business maintains its position as the overwhelming first choice for a wide range of individuals and small teams, while continuing efforts to strengthen its products to achieve sustainable growth over the medium to long term. In the PAY Business, the Group aims to expand the number of merchants using its services by targeting start-up companies and strengthening its products with the aim of creating online payment functions that are simpler and easier to implement and operate.

As a result of the above, the Group’s consolidated net sales for the fiscal year ended December 31, 2022 were ¥9,739 million (1.9% decrease year on year), operating loss was ¥1,508 million (operating loss of ¥977 million in the same period of the previous fiscal year), ordinary loss was ¥1,495 million (ordinary loss of ¥960 million in the same period of the previous fiscal year), and loss attributable to owners of parent was ¥1,732 million (loss attributable to owners of parent of ¥1,194 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 recovery of offline consumption associated with reopening led to the deceleration of online consumption, and Gross Merchandise Volume (or “GMV”) growth rate for the fiscal year ended December 31, 2022 decreased year on year.

As a result of the above, GMV for the fiscal year ended December 31, 2022 was ¥118,932 million (order amount) and ¥112,446 million (payment amount) (4.5% increase for order amount and 5.5% increase for payment amount year on year).

However, during the three months ended December 31, 2022, the business environment, which previously faced reopening headwinds, began trending towards recovery, and GMV reached a record high.

Additionally, through the April 18th release of the “Monthly-Fee Plan,” which charges a fixed monthly service commission alongside a reduced payment processing commission, take rate(Note) was strategically reduced with the aim of maximizing GMV and gross profit over the medium term. Since its release, the number of merchants using the plan steadily increased mainly among existing merchants, and along with a rise in the number of new merchants with large sales acquired through the outbound sales team (or “Scout Team”), the GMV mix of the Monthly-Fee Plan increased.

As a result of the above, net sales for the fiscal year ended December 31, 2022 were ¥7,494 million (11.0% decrease year on year), and segment loss was ¥1,150 million (segment loss of ¥703 million in the same period of the previous fiscal year).

(Note) Take rate is the ratio of net sales over GMV (payment amount)

B) PAY Business

In the PAY Business, the Group provides the online payment service “PAY.JP.” In the fiscal year ended December 31, 2022, GMV increased significantly year on year due to the continued growth of existing merchants as well as the acquisition of new merchants.

As a result of the above, GMV for the fiscal year ended December 31, 2022 was ¥80,762 million (46.1% increase year on year), net sales were ¥2,103 million (45.2% increase year on year), and segment loss was ¥46 million (segment loss of ¥38 million in the same period of the previous fiscal year).

C) Other Business

In the Other Business, the Group provides services such as “YELL BANK,” which provides business funds to online shop operators using “BASE.” In the fiscal year ended December 31, 2022, the number of users and usage amount both grew significantly year on year.

As a result of the above, net sales for the fiscal year ended December 31, 2022 were ¥141 million (127.4% increase year on year), and segment loss was ¥31 million (segment loss of ¥52 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 ¥31,278 million, a decrease of ¥712 million from the end of the previous fiscal year. This was mainly due to a decrease in cash and deposits of ¥1,708 million, despite an increase in accounts receivable - trade of ¥1,346 million.

(Liabilities)

Liabilities at the end of the fiscal year under review were ¥17,777 million, an increase of ¥891 million from the end of the previous fiscal year. This was mainly due to an increase in deposits received of ¥1,760 million, notwithstanding a decrease in accounts payable - trade of ¥973 million.

(Net assets)

Net assets at the end of the fiscal year under review were ¥13,501 million, a decrease of ¥1,604 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥1,732 million in retained earnings resulting from the recording of loss attributable to owners of parent. In addition, in accordance with the resolution of the Annual General Meeting of Shareholders held on March 23, 2022, with the aim of ensuring the flexibility of financial strategies while allowing for a responsive capital policy in the future, legal capital surplus was reduced by ¥7,362 million in order to transfer the amount to other capital surplus.

(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 ¥22,344 million, a decrease of ¥1,708 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 used in operating activities amounted to ¥1,706 million (¥1,782 million provided in the previous fiscal year). The main reason for the increase was an increase in deposits received of ¥1,760 million. The main reasons for the decrease were an increase in accounts payable - trade of ¥1,357 million and the recording of loss before income taxes of ¥1,735 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥28 million (¥21 million used in the previous fiscal year). The main reason for the decrease was purchase of property, plant and equipment of ¥28 million.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥26 million (¥21 million provided in the previous fiscal year). This was due to proceeds of ¥26 million from the issuance of shares resulting from exercise of share acquisition rights.

(4) Future outlook

The Company group celebrated its tenth anniversary in December 2022. Advocating “Payment to the People, Power to the People.” as its mission since its inception, the Company has focused on the empowerment of individuals and small teams through “BASE,” and the empowerment of start-ups through “PAY.JP.”

During the fiscal year ended December 31, 2022, the Company released the Monthly-Fee Plan for the BASE Business with the aim of supporting merchants with a wider range of sales. In the PAY Business, continued support was provided to a wide range of start-ups, including those in areas other than the sale of goods. As a result, both Businesses were able to expand the scope of merchants they respectively empower. On the other hand, in response to uncertainties stemming from changes in the business environment caused by reopening, as well as factors including global monetary tightening and the prolonged situation in Ukraine, the Company suppressed brand recognition-related marketing measures and hiring activities from the second half of the fiscal year with the aim of reducing SG&A expenses.

Looking ahead to the next decade, the Company group will continue its mission of “Payment to the People, Power to the People.” focusing its efforts on empowering individuals, small teams, and start-ups. In addition, by increasing added value through the finance business centered around “YELL BANK” as well as the consumer-facing “Pay ID” service, the Company aims to maximize value creation across the entire group in the medium to long term.

In the fiscal year ending December 31, 2023, the Company aims to achieve gross profit growth by continuing to strengthen its product to accommodate merchants with a wide range of sales for the BASE Business, while establishing product development and customer support initiatives aimed at achieving both the growth of existing merchants as well as the acquisition of new merchants for the PAY Business. In addition, the Company aims to suppress SG&A expenses, transitioning towards a leaner financial structure.

In order to provide more useful and reasonable information to investors, the Company has decided to disclose its full-year earnings forecast for the fiscal year ending December 31, 2023 in a range of possible amounts with consideration to continued uncertainties pertaining to the business environment.

In the BASE Business, the lower limit for Gross Merchandise Volume (or “GMV”) based on order amount, which factors in the deterioration or stagnation of the external environment such as macroeconomic conditions and the overall EC market while estimating the effects of company initiatives conservatively, is forecasted to be ¥125,000 million. The upper limit, which factors in the recovery of the external environment while estimating the effects of company initiatives as expected, is forecasted to be ¥130,000 million.

In the PAY Business, the lower limit for GMV, which factors in the retention rate of merchants conservatively, is forecasted to be ¥105,000 million. The upper limit, which factors in the retention rate of merchants at a high level similar to past figures, is forecasted to be ¥110,000 million.

As a result of the above, the consolidated net sales for the entire group in the fiscal year ending December 31, 2023 is forecasted to fall between a lower limit of ¥10,300 million and an upper limit of ¥10,800 million.

Additionally, the Company plans to reassess its aggressive investment policy and suppress SG&A expenses. Promotional expenses are forecasted to decrease through the reduction of brand recognition-related marketing such as TV advertisements, transitioning towards a more targeted marketing policy. Furthermore, although personnel expenses are forecasted to increase due to the annualization of expenses associated with personnel hired in the fiscal year ended December 31, 2022, the pace of headcount growth is expected to decline. The lower limit for SG&A expenses, which factors in the additional suppression of measures such as hiring and marketing based on the business environment and progress of business strategies, is forecasted to be ¥6,250 million. The upper limit, which factors in expenses as planned, is forecasted to be ¥6,500 million.

As a result of the above, operating loss is also forecasted based on a range of possible amounts, with a lower limit of ¥1,850 million and an upper limit of ¥1,400 million.

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, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	24,053	22,344
Securities	—	66
Accounts receivable - trade	6,631	7,977
Other	843	687
Allowance for doubtful accounts	(95)	(130)
Total current assets	31,433	30,946
Non-current assets		
Property, plant, and equipment		
Buildings	138	100
Accumulated depreciation	(74)	(100)
Buildings, net	63	—
Other	112	80
Accumulated depreciation	(74)	(80)
Other, net	37	—
Total property, plant, and equipment	101	—
Intangible assets		
Other	3	—
Total Intangible assets	3	—
Investments and other assets		
Investment securities	183	39
Other	270	293
Total investments and other assets	453	332
Total non-current assets	558	332
Total assets	31,991	31,278

(Million yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Account payable - trade	12,745	11,771
Deposits received	3,707	5,468
Provision for chargeback	16	9
Contract liabilities	—	50
Other	353	420
Total current liabilities	16,823	17,720
Non-current liabilities		
Other	61	57
Total non-current liabilities	61	57
Total liabilities	16,885	17,777
Net assets		
Shareholders' equity		
Capital stock	8,552	8,614
Deposits for subscriptions to shares	—	0
Capital surplus	7,362	7,424
Retained earnings	(813)	(2,545)
Treasury shares	—	(0)
Total shareholders' equity	15,102	13,494
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	6
Total accumulated other comprehensive income	3	6
Total net assets	15,105	13,501
Total liabilities and net assets	31,991	31,278

(2) Consolidated statement of income and comprehensive income**Consolidated statement of income**
(Fiscal year ended December 31, 2022)

(Million yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	9,931	9,739
Cost of sales	4,307	5,002
Gross profit	5,623	4,737
Selling, general, and administrative expenses	6,601	6,245
Operating loss	(997)	(1,508)
Non-operating income		
Interest income	0	0
Commission income	20	12
Lecturer's fee income	1	3
Sponsorship (money) income	1	2
Other	1	2
Total non-operating income	24	20
Non-operating expenses		
Interest expenses	—	0
Exchange loss	—	2
Share issuance cost	3	1
Commitment fee	4	3
Other	—	0
Total non-operating expenses	7	7
Ordinary loss	(960)	(1,495)
Extraordinary loss		
Impairment losses	—	157
Loss on valuation of investment securities	258	83
Total extraordinary profit	258	240
Loss before income taxes	(1,218)	(1,735)
Income taxes -current	4	4
Refund of income taxes for prior periods	(25)	—
Income taxes - deferred	(3)	(7)
Total income taxes	(24)	(3)
Net loss	(1,194)	(1,732)
Loss attributable to owners of parent	(1,194)	(1,732)

Consolidated statement of comprehensive income

(Million yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net loss	(1,194)	(1,732)
Other comprehensive income		
Valuation difference on available-for-sale securities	4	3
Total other comprehensive income	4	3
Comprehensive income	(1,189)	(1,729)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,189)	(1,729)

(3) Consolidated statement of changes in equity

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 losses 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

Fiscal year ended December 31, 2022

(Million yen)

	Shareholders' equity						Accumulated other comprehensive income		Total net assets
	Capital stock	Deposits for subscriptions to shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of current period	8,552	—	7,362	(813)	—	15,102	3	3	15,105
Changes in items during period									
Issuance of new shares	62	0	62			124			124
Purchase of treasury shares					(0)	(0)			(0)
Net losses attributable to owners of parent				(1,732)		(1,732)			(1,732)
Net changes in items other than shareholders' equity							3	3	3
Total changes in items during period	62	0	62	(1,732)	(0)	(1,607)	3	3	(1,604)
Balance at end of current period	8,614	0	7,424	(2,545)	(0)	13,494	6	6	13,501

(4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Loss before income taxes	(1,218)	(1,735)
Depreciation	45	49
Impairment losses	—	157
Share-based payment expenses	11	42
Loss on valuation of investment securities	258	83
Increase (decrease) in allowance for doubtful accounts	33	35
Increase (decrease) in provision for charge back	6	(7)
Interest income	(0)	(0)
Commission income	(20)	(12)
Interest expenses	—	0
Share issuance cost	3	1
Increase (decrease) in accounts receivable -other	(1,645)	(1,357)
Increase (decrease) in trade accounts payable	3,756	(973)
Increase (decrease) in deposits received	1,118	1,760
Other, net	(370)	163
Subtotal	1,977	(1,793)
Interest income received	0	0
Commission income received	6	23
Interest paid	—	(0)
Income taxes paid	(201)	63
Net cash provided by (used in) operating activities	1,782	(1,706)
Cash flows from investing activities		
Purchase of property, plant, and equipment	(20)	(28)
Purchase of intangible assets	(1)	—
Net cash provided by (used in) investing activities	(21)	(28)
Cash flows from financing activities		
Proceeds from issuance of shares	21	26
Purchase of treasury shares	—	(0)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	0
Net cash provided by (used in) financing activities	21	26
Net increase (decrease) in cash and cash equivalents	—	(0)
Net increase (decrease) in cash and cash equivalents	1,782	(1,708)
Cash and cash equivalents at beginning of period	22,271	24,053
Cash and cash equivalents at end of period	24,053	22,344

(5) Notes to consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable.

(Change in accounting policy)

(Application of Accounting Standard for Revenue Recognition, etc.)

Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020, hereinafter the “Revenue Recognition Standards”), etc. have been applied effective from the beginning of the fiscal year under review. Consequently, revenue is recognized when control of promised goods or services is transferred to the customer at the amount expected to be received in exchange for those goods or services. The application of this accounting standards has negligible impact on the quarterly consolidated financial statements.

In addition, in accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the line items for the previous fiscal year have not been reclassified using the new presentation method. Furthermore, in accordance with the transitional treatment set forth in paragraph 89-3 of the Accounting Standard for Revenue Recognition, the disaggregation of revenue from contracts with customers has not been provided for the previous fiscal year. Consequently, this change in accounting policies has a minimal effect on the consolidated financial statements.

(Application of Accounting Standard for Fair Value Measurement, etc.)

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Standard”), etc. have been applied effective from the beginning of the fiscal year under review. In accordance with the transitional treatment provided for in paragraph (19) of the Fair Value Measurement Standard and paragraph (44)-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, revised on July 4, 2019), the new accounting policy prescribed by the Fair Value Measurement Standard, etc. is applied prospectively.

There is no impact on the consolidated financial statements.

(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 Group provides financial services such as "YELL BANK", which 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, 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.

Fiscal year ended December 31, 2022

(Million yen)

	Reportable segment				Reconciliations (Note 1)	Consolidated (Note 2)
	BASE Business	PAY Business	Other Business	Total		
Net sales						
Goods or services transferred at a point in time	7,290	2,074	8	9,372	—	9,372
Goods or services transferred over time	167	27	—	195	—	195
Revenue from contracts with customers	7,457	2,102	8	9,567	—	9,567
Other revenue	36	1	133	171	—	171
Net sales to external customers	7,494	2,103	141	9,739	—	9,739
Inter-segment net sales or transfers	—	—	—	—	—	—
Total	7,494	2,103	141	9,739	—	9,739
Segment loss	(1,150)	(46)	(31)	(1,227)	(280)	(1,508)
Segment assets	25,242	5,552	376	31,171	107	31,278
Other items						
Depreciation	49	—	—	49	—	49
Increase in property, plant, and equipment, and intangible assets	26	—	—	26	—	26

(Notes) 1. Reconciliations of segment loss of ¥(280) 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 ¥107 million are inter-segment elimination ¥(46) million and not allocated to individual reportable segments ¥153 million.

4. Information about impairment losses on non-current assets by reportable segment

Fiscal year ended December 31, 2021

Not applicable.

Fiscal year ended December 31, 2022

(Million yen)

	Reportable segment				Reconciliations	Consolidated
	BASE Business	PAY Business	Other Business	Total		
Impairment losses	157	—	—	157	—	157

(Per share information)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net assets per share	¥135.84	¥118.81
Net loss per share	¥ (10.80)	¥ (15.46)
Diluted earnings per share	—	—

(Notes) 1. Despite the existence of potential shares in the fiscal year ended December 31, 2022, 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 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, 2021.

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

Item	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net loss per share		
Net loss attributable to owners of parent (Million yen)	(1,194)	(1,732)
Amount not attributable to ordinary shareholders (Million yen)	—	—
Net loss attributable to owners of parent regarding ordinary shares (Million yen)	(1,194)	(1,732)
Average number of ordinary shares during the period (Shares)	110,587,393	112,052,436
Diluted earnings per share		
Adjustment to profit (Million yen)	—	—
Increase in number of common stock (Shares)	—	—
(Number of share subscription rights included in the increase)	—	—
Outline of diluted shares that were not included in calculation of diluted earnings per share because of their anti-dilutive effect	—	—

(Significant subsequent events)

Not applicable.