

Translation

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

February 14, 2023

Company name: BASE CO.,LTD.
 Stock exchange listing: Tokyo
 Stock code: 4481 URL <https://www.basenet.co.jp>
 Representative: President Katsunari Nakayama
 Inquiries: Senior Vice President Director, Noriyuki Takano TEL 03(5207)5112
 General Manager of Finance Department
 Scheduled date of ordinary general meeting of shareholders: March 30, 2023
 Scheduled date to file Securities Report: March 31, 2023
 Scheduled date to commence dividend payments: March 13, 2023
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended December 31, 2022 (from January 1, 2022 to December 31, 2022)

(1) Consolidated operating results

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	%
Year ended December 31, 2022	17,045	28.2	3,910	30.3	3,931	30.8	2,726	28.2
Year ended December 31, 2021	13,293	7.2	3,001	23.1	3,004	24.0	2,126	22.0

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended December 31, 2022	150.90	143.88	29.2	30.2	22.9
Year ended December 31, 2021	118.72	112.52	28.2	27.7	22.6

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2022	14,559	10,598	71.0	568.46
As of December 31, 2021	11,440	8,584	73.1	465.86

(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
Year ended December 31, 2022	3,667	(38)	(948)	10,191
Year ended December 31, 2021	1,437	(116)	(1,063)	7,489

2. Cash dividends

	Annual dividends per share					Total cash 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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended December 31, 2021	–	30.00	–	50.00	80.00	717	33.7	9.5
Year ended December 31, 2022	–	40.00	–	56.00	–	1,380	50.4	14.7
Year ending December 31, 2023 (Forecast)	–	40.00	–	48.00	88.00		49.8	

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

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
Six months ending June 30, 2023	9,434	17.2	2,199	18.3	2,199	17.6	1,505	17.6	82.81
Full year	19,640	15.2	4,692	20.0	4,692	19.4	3,213	17.9	176.79

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(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 (common shares)

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

As of December 31, 2022	18,176,400 shares	As of December 31, 2021	17,956,800 shares
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Number of treasury shares at the end of the period

As of December 31, 2022	482 shares	As of December 31, 2021	382 shares
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Average number of shares during the period

Year ended December 31, 2022	18,065,687 shares	Year ended December 31, 2021	17,908,277 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	7,486,646	10,189,830
Accounts receivable - trade	2,309,321	–
Accounts receivable - trade, and contract assets	–	2,502,414
Work in process	112,352	176,018
Other	82,100	94,191
Total current assets	9,990,421	12,962,455
Non-current assets		
Property, plant and equipment		
Buildings and structures	84,369	92,731
Accumulated depreciation	(35,165)	(45,964)
Buildings and structures, net	49,204	46,767
Tools, furniture and fixtures	89,468	99,604
Accumulated depreciation	(69,354)	(85,862)
Tools, furniture and fixtures, net	20,114	13,742
Total property, plant and equipment	69,318	60,510
Intangible assets		
Software	5,664	4,183
Goodwill	4,564	–
Other	289	289
Total intangible assets	10,518	4,473
Investments and other assets		
Investment securities	922,383	937,758
Deferred tax assets	228,278	370,688
Other	219,950	223,621
Total investments and other assets	1,370,612	1,532,068
Total non-current assets	1,450,450	1,597,052
Total assets	11,440,871	14,559,507

(Thousands of yen)

	As of December 31, 2021	As of December 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	718,084	1,047,100
Current portion of long-term borrowings	173,276	80,940
Income taxes payable	476,745	990,049
Accrued expenses	1,037,179	1,403,809
Other	342,847	412,464
Total current liabilities	2,748,132	3,934,364
Non-current liabilities		
Long-term borrowings	92,876	11,936
Other	14,930	14,380
Total non-current liabilities	107,806	26,316
Total liabilities	2,855,938	3,960,680
Net assets		
Shareholders' equity		
Share capital	1,050,633	1,069,134
Capital surplus	990,633	1,009,134
Retained earnings	6,105,214	8,019,533
Treasury shares	(994)	(1,310)
Total shareholders' equity	8,145,486	10,096,492
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,777	161,490
Foreign currency translation adjustment	57,920	74,310
Total accumulated other comprehensive income	219,698	235,800
Share acquisition rights	2,511	1,962
Non-controlling interests	217,235	264,572
Total net assets	8,584,932	10,598,827
Total liabilities and net assets	11,440,871	14,559,507

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Thousands of yen)	
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Net sales	13,293,952	17,045,851
Cost of sales	9,398,196	12,133,863
Gross profit	3,895,756	4,911,987
Selling, general and administrative expenses	893,814	1,001,512
Operating profit	3,001,942	3,910,475
Non-operating income		
Interest income	5,371	6,576
Dividend income	1,610	1,612
Gain on sale of investment securities	7,177	3,440
Foreign exchange gains	–	6,290
Subsidy income	2,800	–
Insurance claim income	255	3,644
Other	2,168	1,412
Total non-operating income	19,383	22,976
Non-operating expenses		
Interest expenses	2,249	942
Share issuance costs	166	204
Foreign exchange losses	13,785	–
Non-deductible consumption taxes	252	619
Other	14	1
Total non-operating expenses	16,468	1,767
Ordinary profit	3,004,857	3,931,684
Profit before income taxes	3,004,857	3,931,684
Income taxes - current	795,198	1,311,384
Income taxes - deferred	57,807	(142,048)
Total income taxes	853,005	1,169,336
Profit	2,151,851	2,762,348
Profit attributable to non-controlling interests	25,839	36,320
Profit attributable to owners of parent	2,126,012	2,726,027

Consolidated statements of comprehensive income

	(Thousands of yen)	
	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Profit	2,151,851	2,762,348
Other comprehensive income		
Valuation difference on available-for-sale securities	86,553	(287)
Foreign currency translation adjustment	55,314	27,405
Total other comprehensive income	141,868	27,118
Comprehensive income	2,293,719	2,789,466
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,245,645	2,742,130
Comprehensive income attributable to non-controlling interests	48,073	47,336

Consolidated statements of changes in equity

Fiscal year ended December 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,042,342	982,342	4,605,423	(666)	6,629,442
Changes during period					
Issuance of new shares	8,290	8,290			16,580
Dividends of surplus			(626,220)		(626,220)
Profit attributable to owners of parent			2,126,012		2,126,012
Purchase of treasury shares				(327)	(327)
Net changes in items other than shareholders' equity					
Total changes during period	8,290	8,290	1,499,791	(327)	1,516,044
Balance at end of period	1,050,633	990,633	6,105,214	(994)	8,145,486

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	75,224	24,840	100,065	2,757	169,162	6,901,427
Changes during period						
Issuance of new shares						16,580
Dividends of surplus						(626,220)
Profit attributable to owners of parent						2,126,012
Purchase of treasury shares						(327)
Net changes in items other than shareholders' equity	86,553	33,080	119,633	(246)	48,073	167,461
Total changes during period	86,553	33,080	119,633	(246)	48,073	1,683,505
Balance at end of period	161,777	57,920	219,698	2,511	217,235	8,584,932

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,050,633	990,633	6,105,214	(994)	8,145,486
Changes during period					
Issuance of new shares	18,501	18,501			37,002
Dividends of surplus			(811,709)		(811,709)
Profit attributable to owners of parent			2,726,027		2,726,027
Purchase of treasury shares				(316)	(316)
Net changes in items other than shareholders' equity					
Total changes during period	18,501	18,501	1,914,318	(316)	1,951,005
Balance at end of period	1,069,134	1,009,134	8,019,533	(1,310)	10,096,492

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	161,777	57,920	219,698	2,511	217,235	8,584,932
Changes during period						
Issuance of new shares						37,002
Dividends of surplus						(811,709)
Profit attributable to owners of parent						2,726,027
Purchase of treasury shares						(316)
Net changes in items other than shareholders' equity	(287)	16,389	16,102	(549)	47,336	62,889
Total changes during period	(287)	16,389	16,102	(549)	47,336	2,013,894
Balance at end of period	161,490	74,310	235,800	1,962	264,572	10,598,827

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	3,004,857	3,931,684
Depreciation	18,728	29,544
Amortization of goodwill	54,771	4,564
Interest and dividend income	(6,981)	(8,188)
Interest expenses	2,249	942
Loss (gain) on sale of investment securities	(7,177)	(3,440)
Subsidy income	(2,800)	–
Share issuance costs	166	204
Decrease (increase) in trade receivables	(686,679)	(186,024)
Decrease (increase) in inventories	(32,806)	(60,287)
Increase (decrease) in trade payables	231,705	328,286
Increase (decrease) in accrued expenses	(90,904)	363,138
Increase (decrease) in accrued consumption taxes	(153,056)	76,121
Other, net	(12,213)	8,542
Subtotal	2,319,858	4,485,088
Interest and dividends received	3,582	3,936
Interest paid	(2,227)	(930)
Subsidies received	2,800	–
Income taxes paid	(886,055)	(820,812)
Net cash provided by (used in) operating activities	1,437,959	3,667,281
Cash flows from investing activities		
Purchase of property, plant and equipment	(50,356)	(24,530)
Purchase of intangible assets	(4,464)	–
Purchase of investment securities	(20,829)	(56,461)
Proceeds from sale and redemption of investment securities	23,455	57,566
Loan advances	(400)	(700)
Proceeds from collection of loans receivable	750	400
Purchase of insurance funds	(262)	(8)
Payments of leasehold and guarantee deposits	(42,627)	(7,131)
Proceeds from refund of leasehold and guarantee deposits	8,416	1,441
Purchase of golf club membership	(30,480)	(8,780)
Net cash provided by (used in) investing activities	(116,799)	(38,202)
Cash flows from financing activities		
Repayments of long-term borrowings	(398,882)	(173,276)
Redemption of bonds	(50,000)	–
Proceeds from issuance of shares	16,167	36,249
Listing expenses payments	(5,000)	–
Purchase of treasury shares	(329)	(317)
Dividends paid	(625,941)	(811,645)
Net cash provided by (used in) financing activities	(1,063,985)	(948,990)
Effect of exchange rate change on cash and cash equivalents	49,352	21,731
Net increase (decrease) in cash and cash equivalents	306,527	2,701,820
Cash and cash equivalents at beginning of period	7,182,805	7,489,332
Cash and cash equivalents at end of period	7,489,332	10,191,152