

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended June 30, 2023
(Based on Japanese GAAP)**

August 14, 2023

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, General
 Inquiries: Manager of Finance Department Noriyuki Takano TEL 03(5207)5112
 Scheduled date to file Quarterly Securities Report: August 14, 2023
 Scheduled date to commence dividend payments: September 8, 2023
 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, 2023 (from January 1, 2023 to June 30, 2023)

(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, 2023	9,165	13.8	2,206	18.7	2,221	18.8	1,521	18.8
Six months ended June 30, 2022	8,051	28.3	1,859	29.4	1,869	29.4	1,280	29.8

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2023	83.62	80.35
Six months ended June 30, 2022	71.22	67.74

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2023	14,849	11,197	73.5
As of December 31, 2022	14,559	10,598	71.0

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, 2022	—	40.00	—	56.00	—
Year ending December 31, 2023	—	40.00			
Year ending December 31, 2023 (Forecast)			—	48.00	88.00

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
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 six months ended June 30, 2023
 (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, 2023	18,315,600 shares	As of December 31, 2022	18,176,400 shares
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Number of treasury shares at the end of the period

As of June 30, 2023	482 shares	As of December 31, 2022	482 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, 2023	18,194,607 shares	Six months ended June 30, 2022	17,976,464 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	10,189,830	9,836,083
Accounts receivable - trade and contract assets	2,502,414	2,543,321
Work in process	176,018	194,912
Other	94,191	797,303
Total current assets	<u>12,962,455</u>	<u>13,371,621</u>
Non-current assets		
Property, plant and equipment	60,510	60,107
Intangible assets		
Software	4,183	4,096
Other	289	289
Total intangible assets	<u>4,473</u>	<u>4,386</u>
Investments and other assets		
Investment securities	937,758	993,297
Other	594,310	419,841
Total investments and other assets	<u>1,532,068</u>	<u>1,413,138</u>
Total non-current assets	<u>1,597,052</u>	<u>1,477,632</u>
Total assets	<u>14,559,507</u>	<u>14,849,254</u>
Liabilities		
Current liabilities		
Accounts payable - trade	1,047,100	986,153
Current portion of long-term borrowings	80,940	41,696
Income taxes payable	990,049	574,740
Accrued expenses	1,403,809	231,656
Provision for bonuses	–	654,061
Other	412,464	1,149,360
Total current liabilities	<u>3,934,364</u>	<u>3,637,668</u>
Non-current liabilities		
Long-term borrowings	11,936	–
Long-term accounts payable - other	14,380	14,380
Total non-current liabilities	<u>26,316</u>	<u>14,380</u>
Total liabilities	<u>3,960,680</u>	<u>3,652,048</u>

	(Thousands of yen)	
	As of December 31, 2022	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,069,134	1,080,861
Capital surplus	1,009,134	1,021,676
Retained earnings	8,019,533	8,523,180
Treasury shares	(1,310)	(1,310)
Total shareholders' equity	10,096,492	10,624,409
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,490	189,907
Foreign currency translation adjustment	74,310	93,122
Total accumulated other comprehensive income	235,800	283,029
Share acquisition rights	1,962	1,614
Non-controlling interests	264,572	288,152
Total net assets	10,598,827	11,197,205
Total liabilities and net assets	14,559,507	14,849,254

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, 2022	Six months ended June 30, 2023
Net sales	8,051,110	9,165,195
Cost of sales	5,706,327	6,397,142
Gross profit	2,344,783	2,768,053
Selling, general and administrative expenses	485,530	561,929
Operating profit	1,859,252	2,206,123
Non-operating income		
Interest income	3,201	3,684
Dividend income	522	508
Gain on sale of investment securities	3,440	1,353
Foreign exchange gains	3,394	9,960
Other	713	471
Total non-operating income	11,272	15,979
Non-operating expenses		
Interest expenses	578	186
Share issuance costs	30	120
Other	128	-
Total non-operating expenses	737	306
Ordinary profit	1,869,787	2,221,796
Profit before income taxes	1,869,787	2,221,796
Income taxes - current	492,733	515,131
Income taxes - deferred	78,519	161,479
Total income taxes	571,252	676,610
Profit	1,298,535	1,545,186
Profit attributable to non-controlling interests	18,193	23,687
Profit attributable to owners of parent	1,280,341	1,521,498

Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	1,298,535	1,545,186
Other comprehensive income		
Valuation difference on available-for-sale securities	20,657	28,416
Foreign currency translation adjustment	66,926	31,209
Total other comprehensive income	87,583	59,625
Comprehensive income	1,386,119	1,604,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,341,023	1,568,727
Comprehensive income attributable to non-controlling interests	45,095	36,084

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	1,869,787	2,221,796
Depreciation	14,519	12,919
Amortization of goodwill	4,564	–
Increase (decrease) in provision for bonuses	491,924	654,061
Interest and dividend income	(3,724)	(4,193)
Interest expenses	578	186
Loss (gain) on sale of investment securities	(3,440)	(1,353)
Decrease (increase) in trade receivables	(49,590)	(37,175)
Decrease (increase) in inventories	(233)	(12,264)
Increase (decrease) in trade payables	231,659	(62,112)
Increase (decrease) in accrued expenses	(860,767)	(1,176,363)
Increase (decrease) in accrued consumption taxes	(11,943)	(50,167)
Other, net	28,284	53,124
Subtotal	1,711,619	1,598,457
Interest and dividends received	1,711	1,991
Interest paid	(638)	(201)
Income taxes paid	(429,138)	(919,791)
Net cash provided by (used in) operating activities	1,283,553	680,457
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,229)	(3,476)
Purchase of intangible assets	–	(712)
Purchase of investment securities	(5,952)	(2,685)
Proceeds from sale of investment securities	7,566	4,869
Loan advances	(200)	(800)
Proceeds from collection of loans receivable	300	600
Payments of leasehold and guarantee deposits	(3,405)	(2,580)
Proceeds from refund of leasehold and guarantee deposits	242	2,219
Purchase of golf club membership	(8,780)	–
Other, net	(3)	–
Net cash provided by (used in) investing activities	(22,462)	(2,566)
Cash flows from financing activities		
Repayments of long-term borrowings	(119,706)	(51,180)
Proceeds from issuance of shares	30,447	22,987
Purchase of treasury shares	(246)	–
Dividends paid	(448,750)	(1,017,850)
Purchase of investments in capital of subsidiaries and associates not resulting in change in scope of consolidation	–	(11,689)
Net cash provided by (used in) financing activities	(538,255)	(1,057,732)
Effect of exchange rate change on cash and cash equivalents	53,071	26,795
Net increase (decrease) in cash and cash equivalents	775,906	(353,046)
Cash and cash equivalents at beginning of period	7,489,332	10,191,152
Cash and cash equivalents at end of period	8,265,239	9,838,106