

Translation

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**Summary of Consolidated Financial Results
for the Year Ended December 31, 2023
(Based on Japanese GAAP)**

February 14, 2024

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 28, 2024
 Scheduled date to file Securities Report: March 29, 2024
 Scheduled date to commence dividend payments: March 11, 2024
 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, 2023 (from January 1, 2023 to December 31, 2023)

(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, 2023	18,708	9.8	4,702	20.2	4,692	19.3	3,433	25.9
Year ended December 31, 2022	17,045	28.2	3,910	30.3	3,931	30.8	2,726	28.2

	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, 2023	187.61	181.29	30.5	30.4	25.1
Year ended December 31, 2022	150.90	143.88	29.2	30.2	22.9

(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, 2023	16,323	12,457	74.4	647.22
As of December 31, 2022	14,559	10,598	71.0	568.46

(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, 2023	3,281	(1,200)	(1,745)	10,553
Year ended December 31, 2022	3,667	(38)	(948)	10,191

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, 2022	–	40.00	–	56.00	–	1,380	50.4	14.7
Year ended December 31, 2023	–	40.00	–	52.00	92.00	1,708	49.0	15.1
Year ending December 31, 2024 (Forecast)	–	50.00	–	52.00	102.00		49.4	

3. Forecast of consolidated financial results for the year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

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, 2024	10,705	16.8	2,626	19.1	2,626	18.2	1,805	18.6	96.16
Full year	22,359	19.5	5,642	20.0	5,642	20.2	3,877	12.9	206.57

4. Notes

(1) Changes in significant subsidiaries during the year ended December 31, 2023

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

Yes

(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, 2023	18,770,400 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 December 31, 2023	482 shares	As of December 31, 2022	482 shares
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Average number of shares during the period

Year ended December 31, 2023	18,300,119 shares	Year ended December 31, 2022	18,065,687 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	10,189,830	10,551,014
Accounts receivable - trade, and contract assets	2,502,414	2,680,325
Work in process	176,018	135,354
Short-term loans receivable	400	1,165,789
Other	93,791	112,778
Total current assets	12,962,455	14,645,262
Non-current assets		
Property, plant and equipment		
Buildings and structures	92,731	111,877
Accumulated depreciation	(45,964)	(57,560)
Buildings and structures, net	46,767	54,317
Tools, furniture and fixtures	99,604	115,007
Accumulated depreciation	(85,862)	(86,475)
Tools, furniture and fixtures, net	13,742	28,532
Total property, plant and equipment	60,510	82,849
Intangible assets		
Software	4,183	3,284
Other	289	289
Total intangible assets	4,473	3,574
Investments and other assets		
Investment securities	937,758	970,396
Deferred tax assets	370,688	399,323
Other	223,621	221,931
Total investments and other assets	1,532,068	1,591,651
Total non-current assets	1,597,052	1,678,076
Total assets	14,559,507	16,323,338

(Thousands of yen)

	As of December 31, 2022	As of December 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	1,047,100	926,726
Current portion of long-term borrowings	80,940	11,936
Income taxes payable	990,049	669,735
Accrued expenses	1,403,809	1,550,477
Other	412,464	692,874
Total current liabilities	3,934,364	3,851,749
Non-current liabilities		
Long-term borrowings	11,936	–
Long-term accounts payable - other	14,380	14,380
Total non-current liabilities	26,316	14,380
Total liabilities	3,960,680	3,866,129
Net assets		
Shareholders' equity		
Share capital	1,069,134	1,119,178
Capital surplus	1,009,134	1,059,993
Retained earnings	8,019,533	9,702,366
Treasury shares	(1,310)	(1,310)
Total shareholders' equity	10,096,492	11,880,228
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	161,490	172,201
Foreign currency translation adjustment	74,310	95,770
Total accumulated other comprehensive income	235,800	267,971
Share acquisition rights	1,962	477
Non-controlling interests	264,572	308,531
Total net assets	10,598,827	12,457,208
Total liabilities and net assets	14,559,507	16,323,338

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

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Net sales	17,045,851	18,708,863
Cost of sales	12,133,863	12,883,447
Gross profit	4,911,987	5,825,415
Selling, general and administrative expenses	1,001,512	1,123,356
Operating profit	3,910,475	4,702,059
Non-operating income		
Interest income	6,576	7,556
Dividend income	1,612	1,605
Gain on sale of investment securities	3,440	5,566
Foreign exchange gains	6,290	8,218
Insurance claim income	3,644	–
Other	1,412	2,149
Total non-operating income	22,976	25,096
Non-operating expenses		
Interest expenses	942	266
Share issuance costs	204	502
Non-deductible consumption taxes	619	–
Unpaid additional tax, etc.	–	27,441
Stock offering related expenses	–	4,540
Loss on reversal of foreign currency translation adjustment account	–	1,004
Other	1	1,024
Total non-operating expenses	1,767	34,779
Ordinary profit	3,931,684	4,692,376
Profit before income taxes	3,931,684	4,692,376
Income taxes - current	1,311,384	1,246,161
Income taxes - deferred	(142,048)	(33,095)
Total income taxes	1,169,336	1,213,066
Profit	2,762,348	3,479,309
Profit attributable to non-controlling interests	36,320	46,021
Profit attributable to owners of parent	2,726,027	3,433,288

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Profit	2,762,348	3,479,309
Other comprehensive income		
Valuation difference on available-for-sale securities	(287)	10,710
Foreign currency translation adjustment	27,405	35,513
Total other comprehensive income	27,118	46,224
Comprehensive income	2,789,466	3,525,534
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,742,130	3,465,459
Comprehensive income attributable to non-controlling interests	47,336	60,074

Consolidated statements of changes in equity

Fiscal year ended December 31, 2022

(Thousands of yen)

	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)
Change in ownership interest of parent due to transactions with non-controlling interests					
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)
Change in ownership interest of parent due to transactions with non-controlling interests						
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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,069,134	1,009,134	8,019,533	(1,310)	10,096,492
Changes during period					
Issuance of new shares	50,044	50,044			100,089
Dividends of surplus			(1,750,456)		(1,750,456)
Profit attributable to owners of parent			3,433,288		3,433,288
Purchase of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests		814			814
Net changes in items other than shareholders' equity					
Total changes during period	50,044	50,859	1,682,832		1,783,736
Balance at end of period	1,119,178	1,059,993	9,702,366	(1,310)	11,880,228

	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	161,490	74,310	235,800	1,962	264,572	10,598,827
Changes during period						
Issuance of new shares						100,089
Dividends of surplus						(1,750,456)
Profit attributable to owners of parent						3,433,288
Purchase of treasury shares						
Change in ownership interest of parent due to transactions with non-controlling interests						814
Net changes in items other than shareholders' equity	10,710	21,460	32,170	(1,485)	43,959	74,644
Total changes during period	10,710	21,460	32,170	(1,485)	43,959	1,858,381
Balance at end of period	172,201	95,770	267,971	477	308,531	12,457,208

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended December 31, 2022	Fiscal year ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,931,684	4,692,376
Depreciation	29,544	24,938
Amortization of goodwill	4,564	–
Interest and dividend income	(8,188)	(9,161)
Interest expenses	942	266
Loss (gain) on sale of investment securities	(3,440)	(5,566)
Share issuance costs	204	502
Decrease (increase) in trade receivables	(186,024)	(174,219)
Decrease (increase) in inventories	(60,287)	47,223
Increase (decrease) in trade payables	328,286	(121,527)
Increase (decrease) in accrued expenses	363,138	142,502
Increase (decrease) in accrued consumption taxes	76,121	60,501
Other, net	8,542	188,156
Subtotal	4,485,088	4,845,990
Interest and dividends received	3,936	4,458
Interest paid	(930)	(260)
Income taxes paid	(820,812)	(1,568,768)
Net cash provided by (used in) operating activities	3,667,281	3,281,419
Cash flows from investing activities		
Purchase of property, plant and equipment	(24,530)	(37,644)
Purchase of intangible assets	–	(712)
Purchase of investment securities	(56,461)	(10,417)
Proceeds from sale and redemption of investment securities	57,566	13,956
Loan advances	(700)	(1,166,456)
Proceeds from collection of loans receivable	400	1,067
Purchase of insurance funds	(8)	(0)
Payments of leasehold and guarantee deposits	(7,131)	(8,002)
Proceeds from refund of leasehold and guarantee deposits	1,441	7,505
Purchase of golf club membership	(8,780)	–
Proceeds from divestments	–	10
Net cash provided by (used in) investing activities	(38,202)	(1,200,694)
Cash flows from financing activities		
Repayments of long-term borrowings	(173,276)	(80,940)
Proceeds from issuance of shares	36,249	98,101
Purchase of treasury shares	(317)	–
Dividends paid	(811,645)	(1,750,539)
Purchase of affiliated company investment not resulting in change in scope of consolidation	–	(11,689)
Net cash provided by (used in) financing activities	(948,990)	(1,745,067)
Effect of exchange rate change on cash and cash equivalents	21,731	26,507
Net increase (decrease) in cash and cash equivalents	2,701,820	362,165
Cash and cash equivalents at beginning of period	7,489,332	10,191,152
Cash and cash equivalents at end of period	10,191,152	10,553,317