



Financial Results Briefing Material
Second Quarter of the Fiscal Year Ending February 2025
TSE Growth Market (Securities Code: 2936)
Oct 15, 2024

Reinvent staple foods to make a healthy and sustainable lifestyle accessible to all

Our Goal is to Become “Nutrition Infrastructure”





Part 1

Financial Results for the Second Quarter (Q2) of the Fiscal Year Ending February 2025 (FY2025)

Executive Summary

Net Sales	¥3.91 Bn	+6.8% QoQ	Sales grew solidly, as in Q1, due to reinforced sales promotions and enhanced product strengths. The negative impact of the product price hike was less than anticipated , demonstrating the strength of our brand.
In-house e-commerce (EC)	¥2.48 Bn	+8.1% QoQ	Despite adjusting advertising expenses to achieve profitability, the number of subscribers rose to 224k (+7k QoQ) . With the impact of the price hike remaining minimal, both the purchase price and churn rate improved steadily.
Retail*1	¥1.15 Bn	+7.3% QoQ	The store network decreased slightly QoQ, but it is planned to expand in Q3 onwards. Sales per store improved to ¥7,630 (+9.8% QoQ) , bolstered by new products and a price hike we conducted.
External EC	¥0.22 Bn	-0.6% QoQ	Sales remained flat as in Q1 due to limiting shipments during major sales events as priority was given to the relocation of in-house warehouses.
Global	¥0.04 Bn	-23.8% QoQ	Overseas sales fell QoQ as a result of adjusting advertising expenses to achieve profitability. However, steady progress was made, such as 7-Eleven in Hong Kong decided to sell our products.
Operating Profit Profit Margin(%)	-¥0.03 Bn (-1.0%)	-	The loss amount was reduced as planned. Raised the product prices in August, the last month of Q2, to improve financial performance. This allowed to record profit for the month of August , further strengthening the chances of full-year profitability.

Notes: In this material, amounts less than ¥1 million are rounded down. Ratios are calculated using actual values in one-yen increments and rounded to the first decimal place. QoQ refers to quarter-on-quarter, and YoY refers to year-on-year.

1. Combined sales of "Retail" and "Others" as classified under the nutritionally complete food business segment indicated in the Notes - Revenue Recognition in the quarterly securities report.

Financial Highlights

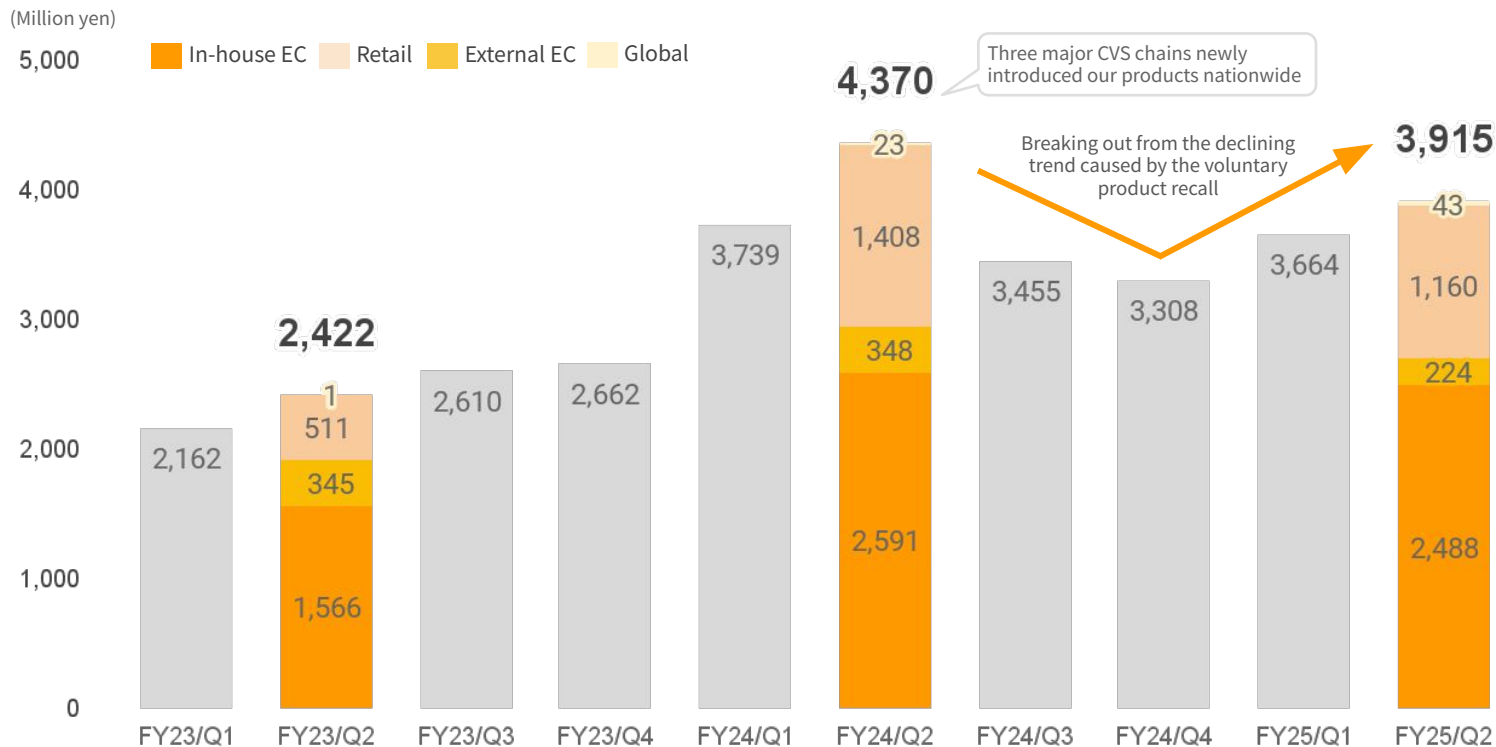
Net sales continued to grow QoQ, mainly through the in-house EC and retail channels. Operating loss decreased significantly due to systematic cost reductions and the product price hike we conducted in August. **Moreover, we achieved profitability for the month of August.** Note that Q2 FY2024 saw a notable increase in sales and profits as convenience stores (CVS) introduced our products one after another, leading to an acceleration in demand.

	Q2 FY2024	Q1 FY2024	Q2 FY2025	QoQ
Net Sales	¥4.37 Bn	¥3.36 Bn	¥3.91 Bn	+6.8%
In-house EC	¥2.59 Bn	¥2.30 Bn	¥2.48 Bn	+8.1%
Retail	¥1.40 Bn	¥1.08 Bn	¥1.16 Bn	+7.3%
External EC	¥0.34 Bn	¥0.22 Bn	¥0.22 Bn	-0.6%
Global	¥0.02 Bn	¥0.05 Bn	¥0.04 Bn	-23.8%
Gross Profit	¥2.25 Bn	¥1.92 Bn	¥2.12 Bn	+10.4%
Profit Margin (%)	51.6%	52.4%	54.2%	+180bps* ¹
Operating Profit	¥0.25 Bn	-¥0.43 Bn	-¥0.03 Bn	+¥0.40 Bn
Profit Margin (%)	5.8%	-11.9%	-1.0%	+1,090bps* ¹

Notes:
1. 100bps = 1%; The same applies to subsequent slides.

Sales Highlight

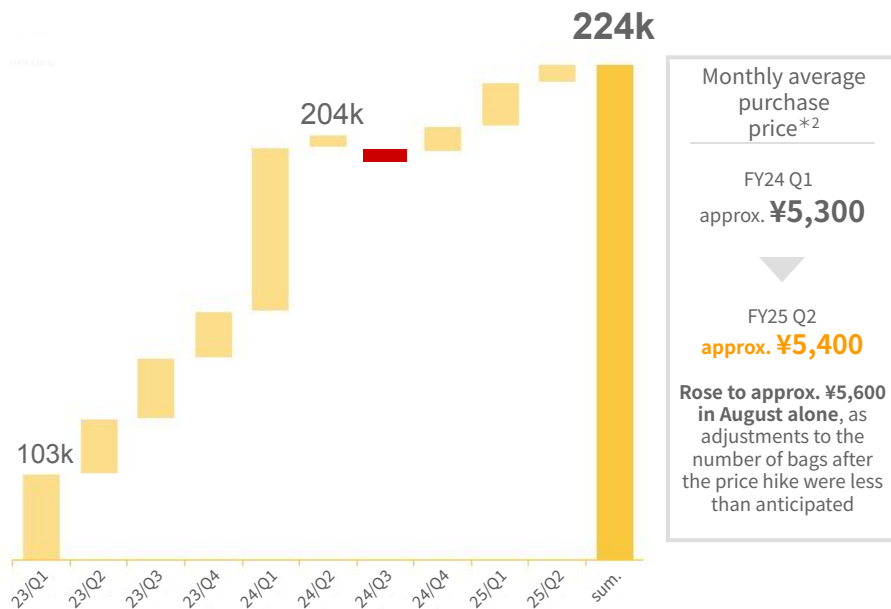
With the negative impact of the product price hike limited, sales grew solidly QoQ through both in-house EC and retail channels. The retail channel maintained the distribution rate at the same level as Q2 FY2024 when rapid growth had been achieved. Sales per store continue to rise every month, indicating a favorable situation underway



Sales by Channel (In-house EC & External EC Platforms)

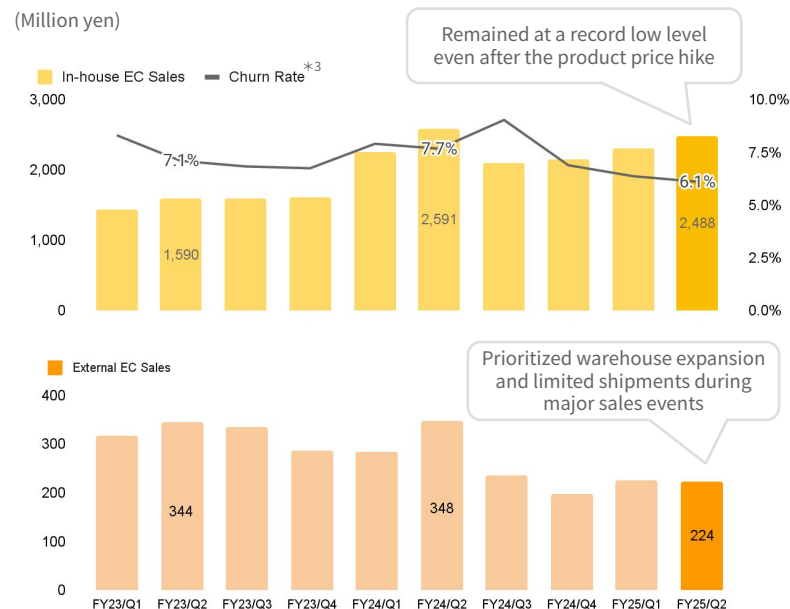
The negative impact of the price hike was minimal, and the in-house EC channel even saw an improvement in the churn rate. This resulted in the record-high LTV (lifetime value), demonstrating the strength of our brand. New customer acquisitions grew, bolstered by new products, despite a gradual reduction in advertising expenses. As a result, **Q2 sales were ¥2.48 billion (+8.1% QoQ)**.

Increase in In-house EC Subscribers * 1



- Notes:
- Actual monthly increases in subscribers (cancellations taken into account).
 - Average figure for each fiscal quarter (Q2: Mar. to May), (Q3: Jun. to Aug.), (Q4: Sep. to Nov.), (Q1: Dec. to Feb. next year). Monthly average purchase price = Monthly subscription sales / Monthly subscribers
 - The 3-month average of monthly cancellations / previous month's subscribers.

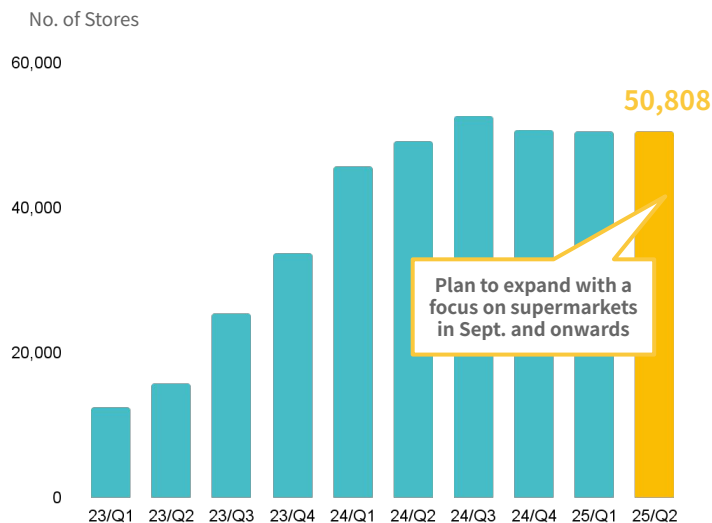
EC Sales by Channel



Sales by Channel (Retail Channel)

The retail channel was also less affected than anticipated by the product price hike. The number of stores, which varies each month based on when the products are introduced, is planned to grow in September and onwards, mainly with supermarkets. Sales per store remained solid, improving to approx. ¥8,300 for the month of August. As a result, **Q2 sales were ¥1.16 billion (+7.3% QoQ)**.

Store Network*1



Expansion Opportunities

Total Stores in Japan	Distribution Rate*5
CVS 55,810 *2	81.1% -0.4pts QoQ
Drugstores 22,621 *3	19.2% +0.2pts QoQ
Supermarkets 23,028 *4	4.1% +1.4pts QoQ

Monthly Sales per Store*6

Q1 FY2024 approx. **¥6,950**

Q2 FY2025 approx. **¥7,630**

Change factors:

- Launch of new products (Mazesoba)
- Renewal of packaging and store fixtures
- Product price hike
- Introduction to mass merchandisers (Costco) with high sales per customer

Notes:

1. The number of stores which stocks our products.
2. The total number of stores on an all-store basis from the "Convenience Store Statistical Survey Monthly Report August 2023" by the Japan Franchise Chain Association.
3. The store count summary of regular members as of June 2023 from the Japan Chain Drug Store Association.

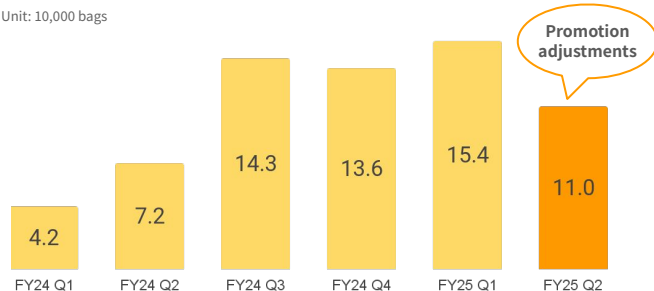
4. The number of supermarket stores as of December 31, 2022, from the National Supermarket Association.
5. As of the end of May 2024.
6. Quarterly average. Monthly sales per store = Monthly sales of the entire retail channel / Number of stores.

Overseas Sales

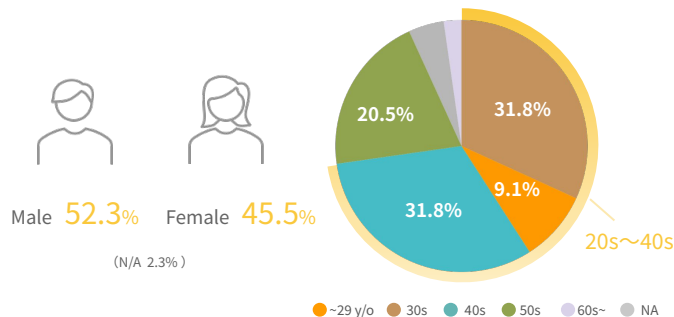
For the current fiscal year, we prioritize achieving profitability and are controlling investments in overseas business in consideration of our overall profit situation. **In Hong Kong, sales will start at local 7-Eleven stores in October, we aim for expansion through omni-channel operations.** Preparations are also well underway for other target countries.

Trends in Quarterly Volume of Bags Sold

Unit: 10,000 bags



Popular Among the Working-Age Demographics*1



Notes:

1. Based on the questionnaire results for users after subscription purchases on the Hong Kong in-house EC.

Q2 Summary

Hong Kong

Expansion Stage

- EC promotions were limited as we prioritized ad spend adjustments for company-wide profitability and preparations for local 7-Eleven sales
 - The CVR from organic (non-paid) improved, and we have no particular concerns regarding the acquisition
- **Sales will begin in Oct. at 7-Eleven stores, which boast an overwhelming share of the local CVS market**
 - Test sales will initially begin at 100 stores
- **Aim to expand brand recognition efficiently through omni-channel operations**

China

Validation Stage

- Specific preparations are underway for a manufacturing and sales partnership with local companies

Taiwan & Singapore

Validation Stage

- Undergoing cost-effective verification while balancing with the current customer acquisition efficiency

U.S.

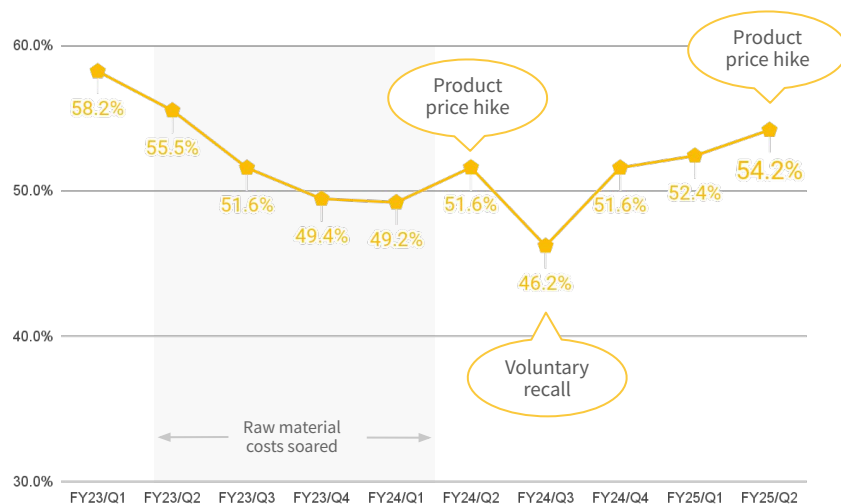
Preparation Stage

- **Selected for the Foodtech Business Demonstration Project subsidy** with plans to use the grant for U.S. expansion
- Working on preparations to start business there by the end of FY2025

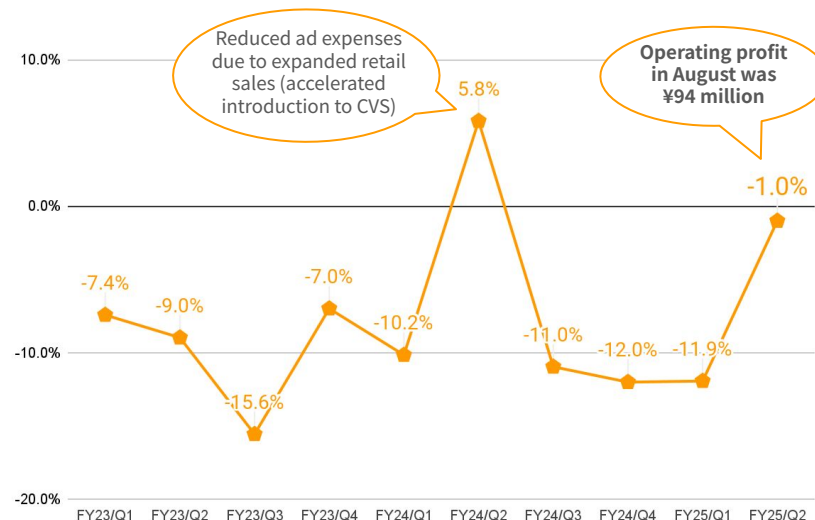
Profit Highlights

Gross margin improved to 54.2% due to reduced cost of sales and the product price hike in August. Operating margin also improved significantly to -1.0% through reduced ad spend and SG&A cuts. Moreover, as a result of the product price hike conducted in August, the last month of the quarter, **we achieved profitability for the month of August, making steady progress toward achieving a full-year profit.**

Gross Margin



Operating Margin



Factors of Profit Changes (QoQ)

	Q1 FY2024 (Actual)		Q2 FY2025 (Actual)		Change Factors
	Amount	% of net sales	Amount	% of net sales	
Cost of Sales	¥1.74 Bn	47.6%	¥1.79 Bn	45.8%	Improved due to reduced cost of sales and the product price hike in August
Packing and Transportation Cost*1	¥0.42 Bn	11.5%	¥0.42 Bn	10.9%	Improved due to the impact of the product price hike and reduced personnel expenses at warehouses resulting from operational improvements
Transaction Fee	¥0.12 Bn	3.4%	¥0.12 Bn	3.1%	-
Marketing Expenses	¥1.00 Bn	27.3%	¥0.85 Bn	21.9%	Improved as a result of following the quarterly customer acquisition strategy as planned
Personnel Expenses	¥0.42 Bn	11.7%	¥0.40 Bn	10.2%	Improved as a result of reducing new hires since Q1, as planned
Other Expenses*2	¥0.38 Bn	10.5%	¥0.35 Bn	9.1%	Improved as a result of flexibly adjusting fixed costs in line with business progress
Operating Profit	-¥0.43 Bn	-11.9%	-¥0.03 Bn	-1.0%	

Notes: Accounts are based on managerial accounting.

1. Includes warehouse and personnel expenses.

2. Research and development expenses, outsourcing and commission expenses, etc.

New Product Launches and Renewal Achievements

Launching 4 types of new products in Q2, we continued to strengthen our product offerings to attract new customers and boost LTV of existing users, as we did in Q1. In 2H, we'll drive growth by promoting new and renewed products, focusing on the top-selling BREAD series.

New Products Launched: 4 products in total



BASE BREAD Koshian

- **Ranked high** within 2 months of its launch, **only after the top 3 most popular regular products**
- **Seeing strong support, with the number of subscription bags per customer ranked second highest among all SKUs**
- Drives new customer acquisition, brings back non-purchasers, and raises average purchase price.
- **Available in retail stores since October, showings strong in initial sales**
- Especially popular among users in their 40s and 50s, expanding the user base



BASE PASTA Umakara Mazesoba

- Popular among male users in their 20s through 40s
- **Contributing to the expansion of a user base that is different to that of bread**
- Trial sales have also begun at retail stores, **achieving strong results in urban areas**
- Plan to continue product renewals and taste enhancements



BASE Cookies Cheese & Pepper

- Expanding salty flavor options against many sweet-tasting products
- “Cheese” ranks high in the cookie category by subscriber count

New Product Launches and Renewal Achievements

In addition to product renewal, the packaging design of the entire BASE FOOD series was refreshed for the first time since the Company was established. With this, we aim to promote in-store purchases and enhance the brand's value.

Product Renewals: 2 products in total



- Renewed the package design of all BASE FOOD series since the end of July

Customer feedbacks on new design



Easy to understand what is in the product

The natural feel of the ingredient is conveyed, and it is easier to reach for



Earlier design



New design



- When the product's contents are visible, it reduces the psychological barrier to purchase and **enhances purchase intent**
- Contribute to **improving brand favorability and credibility** by visualizing our commitment to using ingredients of natural origin

BASE BREAD Mini Toast/Raisin

- Improved the taste, making it more delicious and easier to eat by reducing bitterness and roughness
- Plain dough renewal provides leverage to improve the taste of other types of dough



BASE Cookies Cocoa

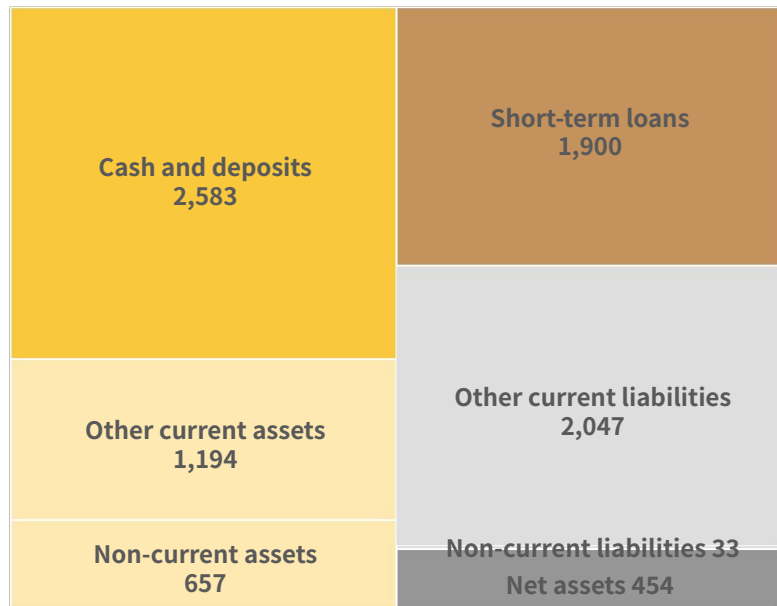
- Made improvements so that it melts smoothly in the mouth with an increased flavor of cocoa



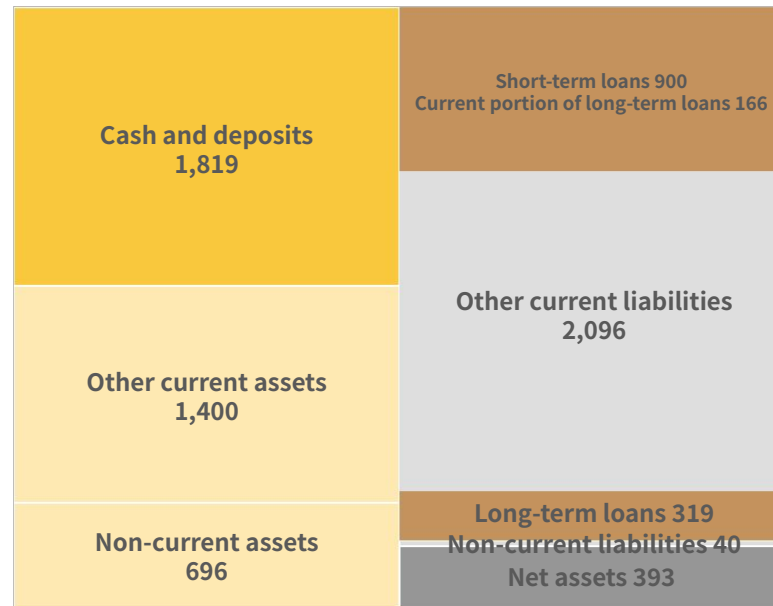
Balance Sheet

Repaid a portion of short-term borrowings as we executed long-term borrowings*1 of ¥500 million from MUFG Bank, Ltd. at the end of July. **Our cash position is stable due to strong relationships with several financial institutions. From Q3 onward, we will seek to build up net assets by achieving profitability and improving the equity ratio.**

(Million Yen)



As of the end of Q1 FY2025



As of the end of Q2 FY2025

Notes:

1. Details of the long-term borrowings are described in the "Notice Concerning Debt Financing through Long-Term Borrowings" disclosed on July 16, 2024 (in Japanese)

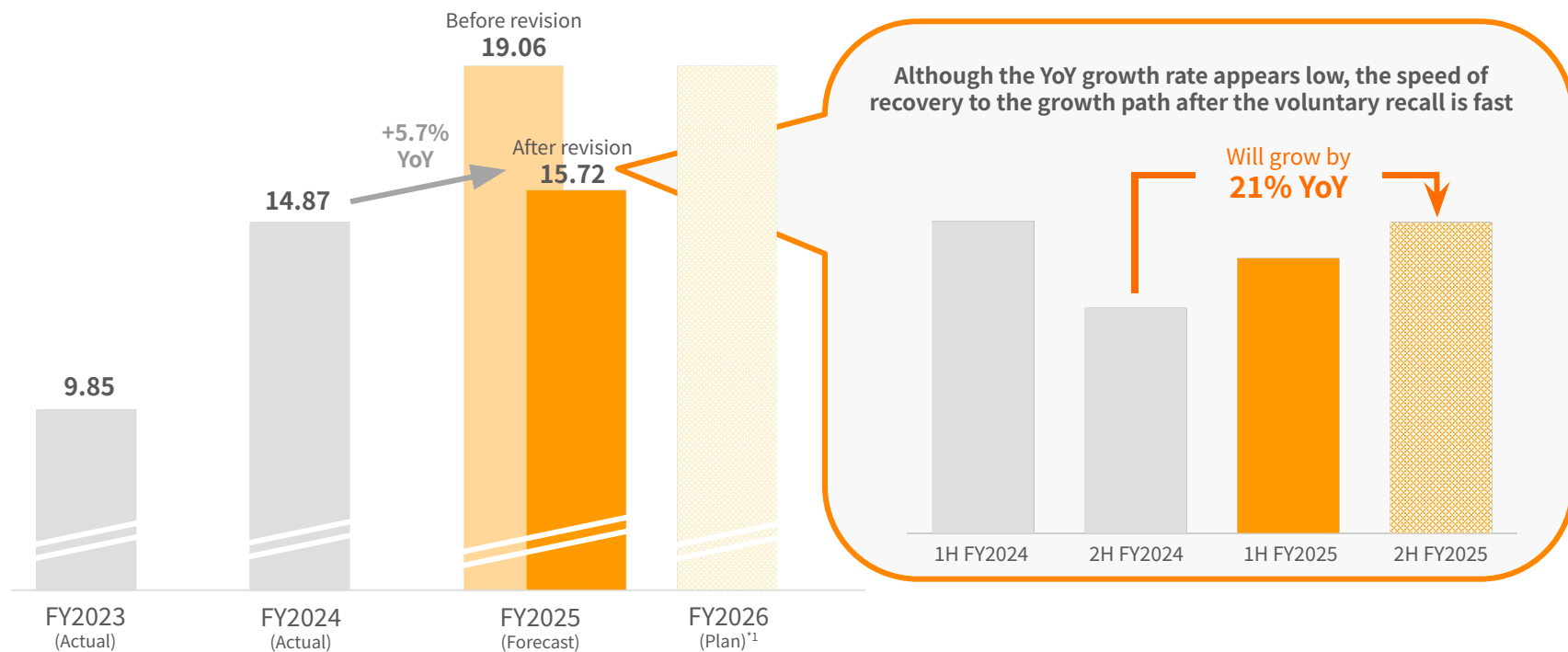


Part 2

Earnings Forecast for FY2025

Background of Earnings Forecast Revision

Our business has been solid with ample growth potential. However, the sales of our new products for retail stores—difficult to forecast accurately—have fallen short of our initial projections. As such, we have revised our earnings forecast in line with sales progress in 1H of FY2025.



Revised Earnings Forecast for the Fiscal Year Ending February 28, 2025

Despite the significant downward revision of net sales, **we remain firm with our forecast of full-year profitability.**

	FY2025 Previous Forecast* ¹	FY2025 Latest forecast	vs. Previous Forecast* ¹	FY2024 Full Year Results	vs. FY2024 Results
Net Sales	¥19.06 Bn	¥15.72 Bn	-¥3.34 Bn	¥14.87 Bn	+5.7%
Gross Profit	¥10.28 Bn	¥8.74 Bn	-¥1.54 Bn	¥7.39 Bn	+18.4%
Profit Margin (%)	53.9%	55.6%	+1.7pts	49.7%	+6.0pts
Operating Profit	¥0.16 Bn	¥0.05 Bn	-¥0.11 Bn	-¥0.90 Bn	-
Profit Margin (%)	0.8%	0.4%	-0.4pts	-6%	+6.4pts

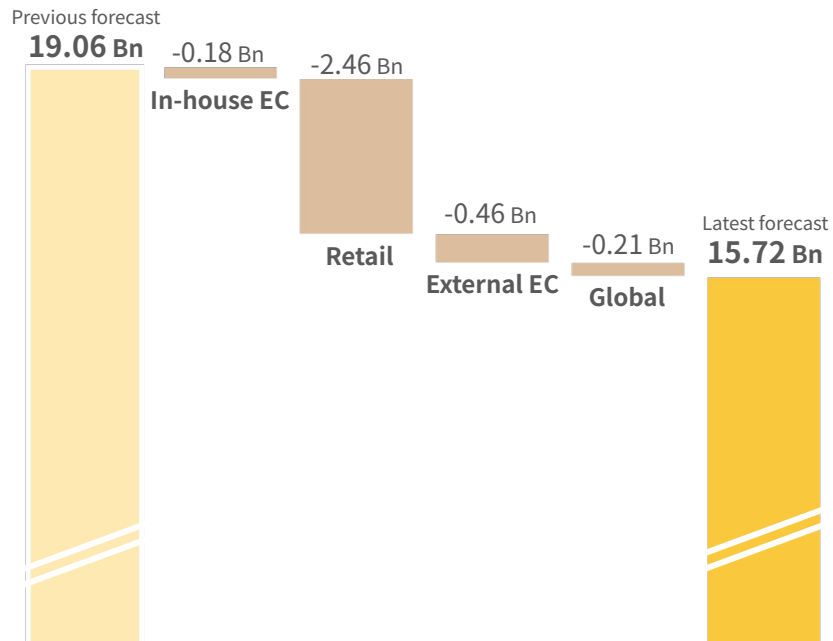
Notes:

1. Earnings forecast announced on April 15, 2024

Revision to Net Sales Forecast for FY2025

Although the business is growing, sales of new product—which were a key factor in projected revenue growth— have not reached our initial assumptions. Therefore, we have revised our forecast.

<Revised Forecast: Breakdown by Channel in Yen>



Notes:

1. "BASE BREAD Sausage" / Rich and Creamy "BASE BREAD Tuna" launched on May 14, 2024

Reasons for Revision and Gap Fill

In-house EC

- While new acquisitions will fall short of the plan, both purchase price and churn rate exceed expectations. As a result, sales will be mostly on target.

Retail

- **Will largely fall short of the plan due to fluctuations in sales and sales schedules of new products (daily foods and other new categories that differ from existing products), which are hard to predict accurately**
 - Existing BASE BREAD series ⇒ Steadily introduced as long-life products
 - Bread with ready-made food¹ newly launched in May ⇒ Newly introduced as daily foods (different shelves from above)
 - Pricing and in-store recognition remain a challenge for continuous introduction on the shelves of daily foods, where competition is fierce
- **Meanwhile, sales of existing products have been strong**
- **Increase in-store exposure and make up for lost sales by changing packaging aimed at expanding the trial-purchase customers and delivering new products centered on the existing BASE BREAD series**

External EC

- Expected to fall short of the plan as a result of prioritizing reinforced sales promotions through in-house EC and retail channels

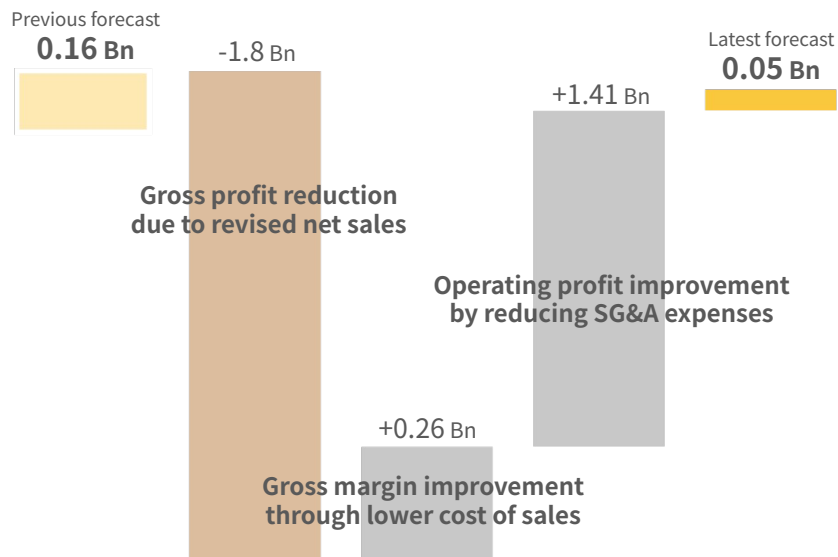
Global

- Expected to slightly fall short of the plan as due to reduced upfront investments prioritized for achieving profitability. However, full-scale preparations are on track, and the business progressing well.

Revision to Operating Profit Forecast for FY2025

Although gross profit has declined significantly due to lower net sales, we remain positive that we will achieve full-year profitability by reducing cost of sales, etc. to improve gross profit and by reviewing fixed costs.

<Forecast Revision: Breakdown by Factor in Yen>



Reasons for Revision and Gap Fill

Gross profit reduction	<ul style="list-style-type: none"> Significantly falls short of the plan resulting from revised net sales
Gross margin improvement	<ul style="list-style-type: none"> Gross margin is expected to improve to 55.6% (+1.7pts vs. initial forecast) due to an increase in the sales composition of in-house EC and lower cost of sales
Operating profit improvement	Packing and transportation cost <ul style="list-style-type: none"> Will improve from the plan as a result of cost reductions by optimizing warehouse operation expenses and delivery partners
	Advertising expenses <ul style="list-style-type: none"> Will end up largely as planned, with the basic strategy of increasing the expenses in 1H and reducing them in 2H remaining unchanged
	Personnel Expenses <ul style="list-style-type: none"> To be significantly reduced from the plan by reviewing all expenditures in detail, from personnel expenses including welfare and expenses for new hires
	Other fixed costs <ul style="list-style-type: none"> Achieve a lean management system by flexibly controlling expenses in line with sales progress

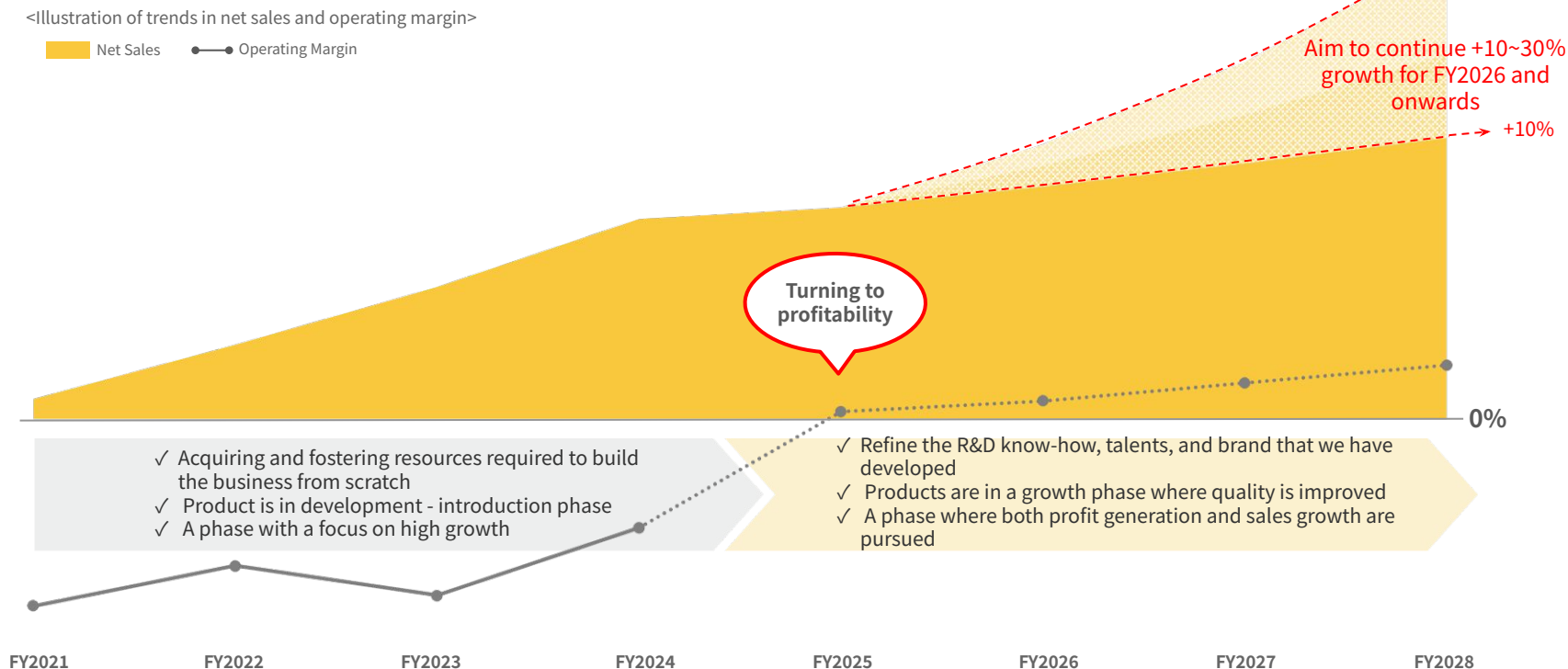


Part 3

Future growth strategy

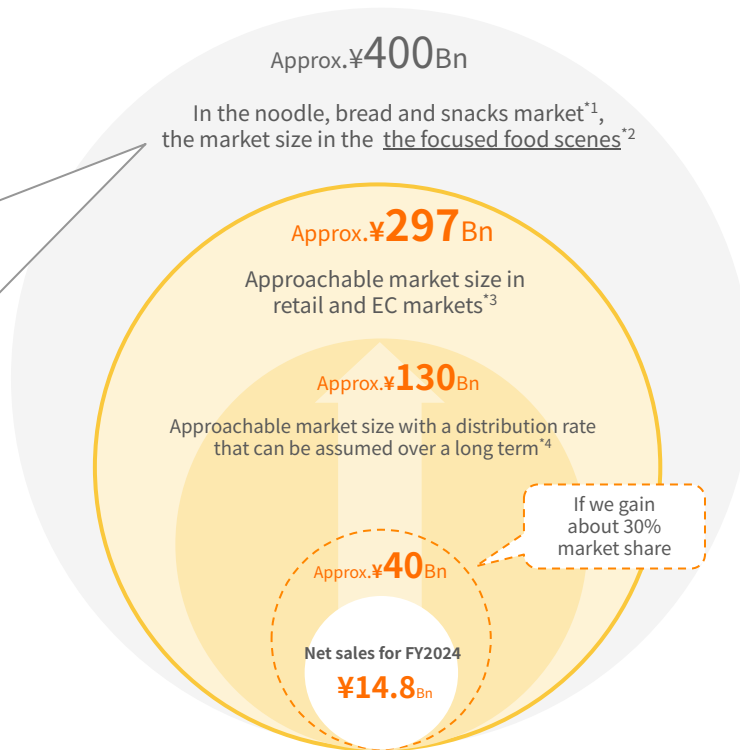
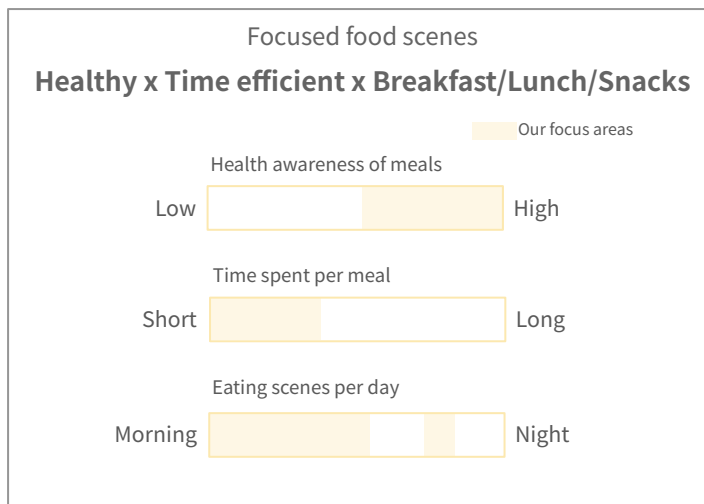
Basic Policy

Aim to continue +10~30% growth while moderately improving profit margins by reinforcing such assets as R&D know-how, talents, and brands we have fostered through previous strategic investments, and enhancing product quality



Domestic Target Market

In the vast food market, work to expand our share in food scenes where our strengths of “healthy x time efficient x breakfast/lunch/snacks” overlaps



Notes:

1. Figures for “noodles,” “snacks” and “bread” are the value for “noodles,” the combined value for “biscuits and cookies” and “crackers” in the “confectionery and snacks” segment, and the value for “total bread market,” respectively, provided by Fuji Keizai Co., Ltd.
2. Calculated by using the rate in the “axis of time x unit price” in the food scenes in which we excel (based on our research) and the rate of health-conscious consumers (based on the Survey of Consumer Trends (January 2024) by Japan Finance Corporation) as coefficients
3. Retail stores refer to mass merchandisers, CVS, and drugstores, and excludes restaurants, bakeries, etc. Calculated by using the composition ratio of sales trends by channel for each category (based on Fuji Keizai Co., Ltd.) as coefficients
4. Calculated by multiplying the distribution rate by channel for each category that we can assume in the future

Growth Strategy (1)

Expand sales channels and Acquisition of Trial Users

Expand sales channels

- The expansion opportunity of at drugstores and supermarkets is approx. 80%*¹
 - Aim for continuous distribution with **product and package tailored to each channel's user base**

Example at Costco:
12-pack to cater to bulk purchase demand



- Diversify the customer inflow channels to our in-house EC by **cultivating sales channels that are different from retailers**

Example:



Introduction to corporate offices that pursue health management



Coordination with health checkups and specific health guidance programs

Expand product categories

- Increase in-store exposure by expanding the categories and realizing **display on shelves other than for bread**
- Work to capture customers of different attributes and needs by offering variations in tastes and categories

Example:



Chocolate bread
×
Users on a diet



Pancake mix
×
Family customers



Cup noodle
×
Business persons



Koshian
×
Senior generation

Inflow to our in-house EC

Foster users after their inflow (next page)

Notes:

1. Calculated by using the number of stores to which our products are distributed as of the end of August 2024, based on the total number of drugstores and supermarkets in Japan (drugstores: using the number of stores by Japan Association of Chain Drug Stores; supermarkets: using the number of stores by National Supermarket Association of Japan)

Growth Strategy (2)

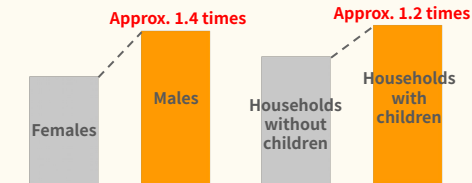
Inflow from Retail Stores and Other Sales Channels

Enhance LTV of Our In-House EC Users

Optimize Customer Composition

- Increase user segments with relatively high LTV
 - High-spending segments:
 - **Male users**
 - **Household users with children**

Sales per customer*¹ over a 3 months period:



- Segment with relatively low churn rates :
 - **Users who have purchased our products at retail stores**

Increase Purchase Price

- Drive **cross-selling by expanding categories beyond** core products (BREAD series)



- Strengthen measures aimed at increasing purchase price in terms of services as well

Further Improve Churn Rate

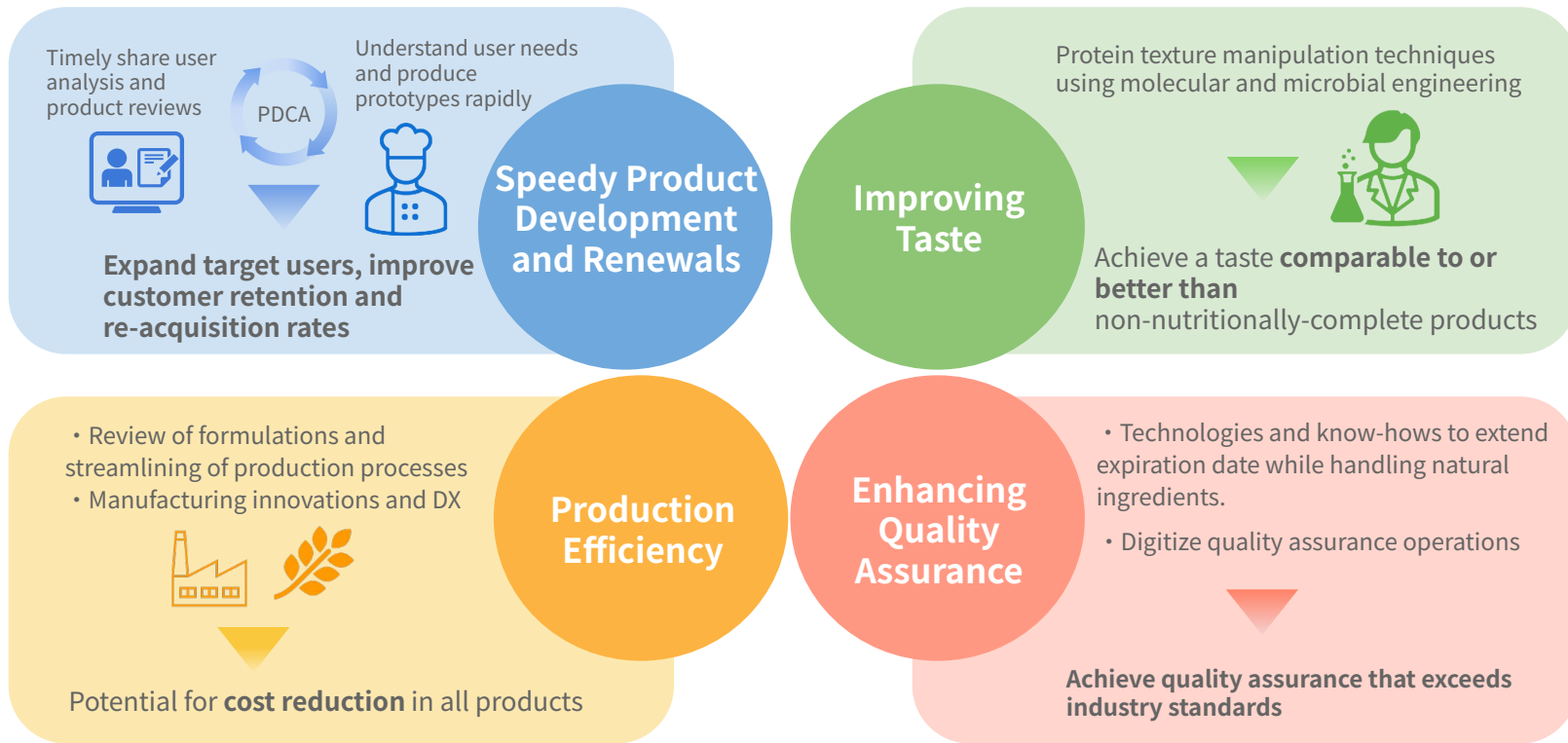
- Continuously introduce new products
 - The main reason for cancellation is “getting tired of the taste and unable to finish all”
 - Based on past results, **the churn rate tends to decrease when new products are introduced**

Churn rate trends by month for FY2025:



R&D Strategy

Our R&D group is working on "speedy product development and renewals", "improving taste", "product efficiency" and "enhancing quality assurance". We are strengthening deep and digital technology as a driver to accelerate business growth and propel mission accomplishment.



BASE FOOD Wins Japanese Government Small Business Innovation Research (SBIR) Grant

We have been selected for the Small/Startup Business Innovation Research Program (SBIR)*¹ by the Japanese government. We are now eligible to receive grant funds for up to ¥1.87 billion for our research activities.



農林水産省 The Ministry of Agriculture, Forestry and Fisheries

中小企業イノベーション創出推進事業
Small/Startup Business Innovation Research Program

What is the SBIR*¹

A government-funded program that provides consistent support from innovative R&D to social implementation of the results.

We made a proposal for “Demonstration of Manufacturing Technologies to Create New Demand for Grains,” one of the themes opened for application by the Ministry of Agriculture, Forestry and Fisheries (MAFF), and were selected as a business eligible for funding.

Implementation period: From the grant approval date*² through the end of the year ending March 2029

Maximum grant amount: ¥1.87 billion

Project Details and Expected Benefits

Further enhance the flavor, texture, and production efficiency of our products through microbiological engineering, molecular engineering, and digital technology, etc.

1. Develop fundamental technologies for nutritionally complete bread with a high content of whole grains
2. Develop applied technologies for nutritionally complete bread with a high content of brown rice

Additional Notes

- The grant or the project will pose no impact on our earnings forecast for FY2025.
- When we will receive and record the grant will be determined through future discussions.

Notes

1. Refer to [“Selection Results for the Second Open Call of the Small/Startup Business Innovation Research Program by the Ministry of Agriculture, Forestry and Fisheries”](#) (Japanese only)
2. The grant approval date will be finalized following our prompt procedures for grant application.

Global Strategy

Enter into overseas markets while controlling large-scale investments during the start-up phase by taking such measures as efficiently enhancing brand recognition through omni-channel development and alliances with local partners that have manufacturing bases and sales channels

Export Strategy

Expand brand recognition efficiently via omni-channel strategies through cross-border EC and retail stores

- ✓ Directly collect feedback of local users through cross-border EC to **efficiently conduct verification**
- ✓ Leverage domestic sales track record and retail networks to **enter local stores and enhance product recognition.**
 - Started sales in 7-Eleven Hong Kong at its 100 stores in October

Local manufacturing strategy

Alliance with local partners

- ✓ **Minimize initial investment** by partnering with those who have local manufacturing and sales networks
- ✓ **Accelerate market entry** by collaborating with partners knowledgeable about local regulations and practices

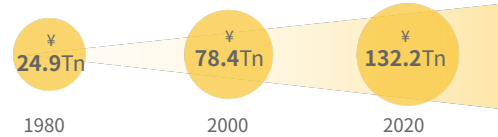
Mission & Business Model

Social Issues in Japan

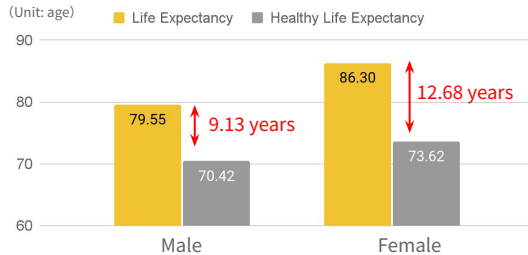
Extension of Healthy Life Expectancy

Increase in Social Security Expenses*1

We aim to reduce social security benefit expenses by extending healthy lifespans

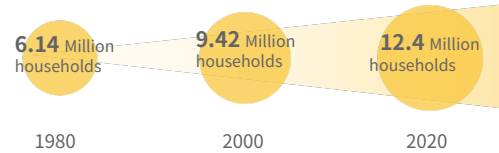


Gap between life expectancy and healthy life expectancy*2

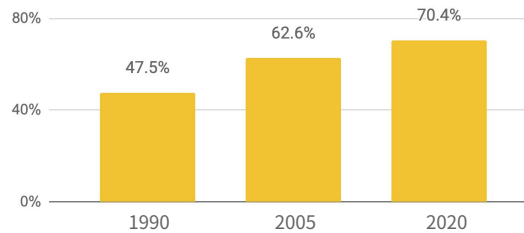


Less Time Spent for Meal Preparation

Increase of Dual-Income Households*3*4

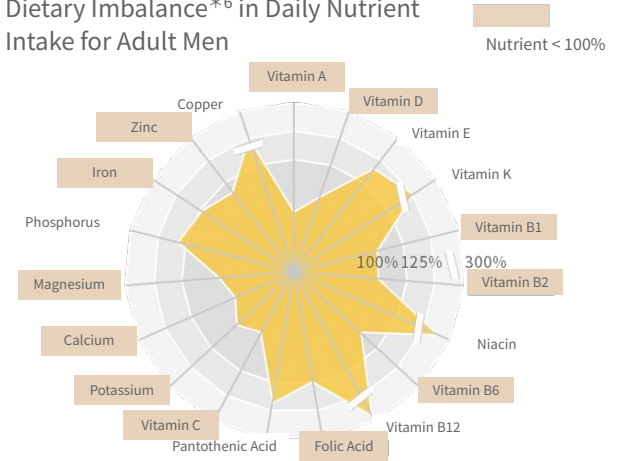


Increase in people who don't want to spend much time on cooking*5



Improvement in Nutritional Balance

Dietary Imbalance*6 in Daily Nutrient Intake for Adult Men



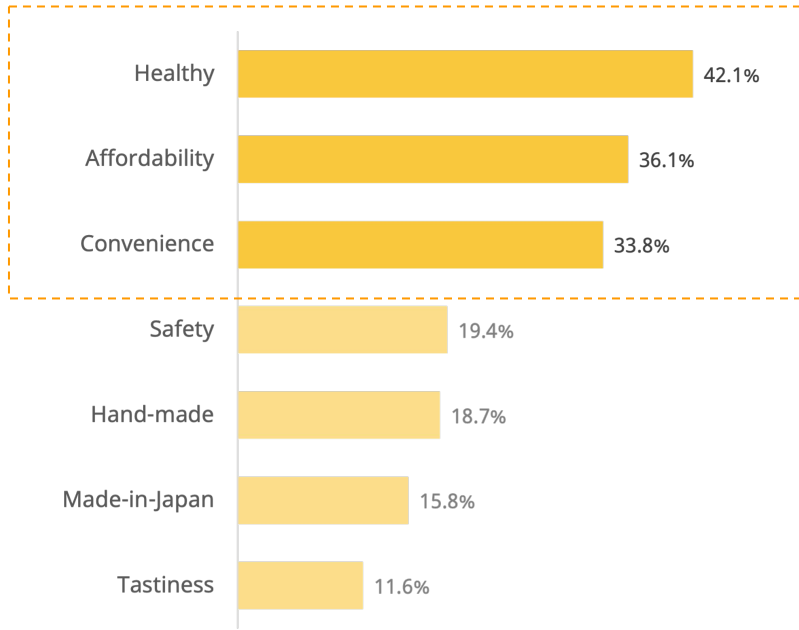
Notes:

- "The Financial Statistics of Social Security in Japan Fiscal Year 2021." by the National Institute of Population and Social Security Research.
- Average life expectancy (2010) based on "The 22nd Life Tables" by the Ministry of Health, Labour and Welfare of Japan. Healthy life expectancy (2010) is based on the "Future Projection of Healthy Life Expectancy and Cost-Effectiveness of Lifestyle Disease Prevention," a research funded by the Health Labour Sciences Research Grant.
- Figures for 1980 and 2000 are from the "Special Survey of the Labor Force Survey" by the Statistics Bureau of Japan, and figures for 2020 are from the "Labor Force Survey (Detailed Tabulation) (Annual average)" by the Statistics Bureau of Japan.
- Households in which both the husband and wife are employees in sectors other than agriculture and forestry.
- In the "Lifestyle Stationary Measurement Report 2020" by Tokyo Gas Urban Life Research, the percentage of people who answered either A or likely A in a question regarding cooking of: "A. Not taking time for cooking" or "B. Taking time for cooking." The survey covered 3,991 members of the Tokyo Gas Urban Life Inquiring Points (TULIP), who are over the age of 20 and live in Tokyo, Kanagawa, Chiba, and Saitama Prefectures.
- The % of nutrient intake for each nutrient = the average nutrient intake for males of 20-29 years old males in 2019 (based on the "National Health and Nutrition Survey, Nutrient Intake Status Survey" conducted by the National Institute of Health and Nutrition) / the recommended or reference nutrient intake levels for males aged 18-29 (based on the "Dietary Reference Intakes for Japanese (2020 Edition)" by the Ministry of Health, Labour and Welfare)

Why BASE FOOD?

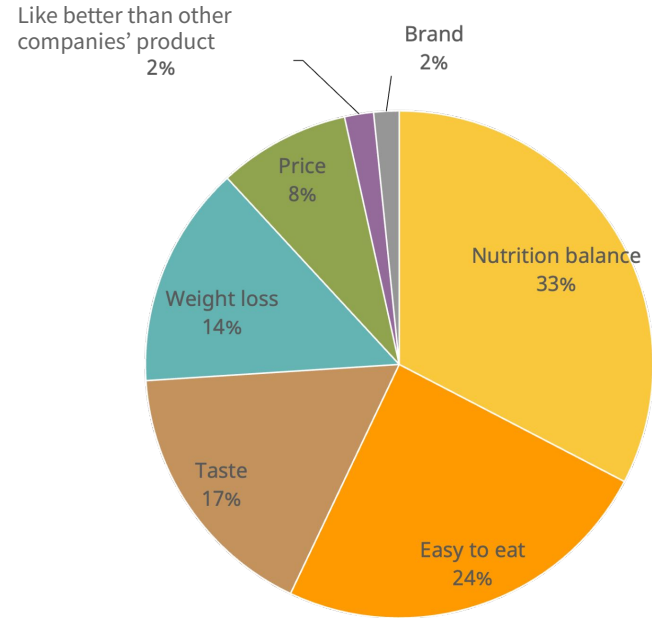
BASE FOOD accurately meets the high demand for convenient and affordable balanced meals

Top 3 Preferences for Meals*¹



Why Users Continue to Choose BASE FOOD

n = 459 (multiple answers allowed), 1,059*² answers received



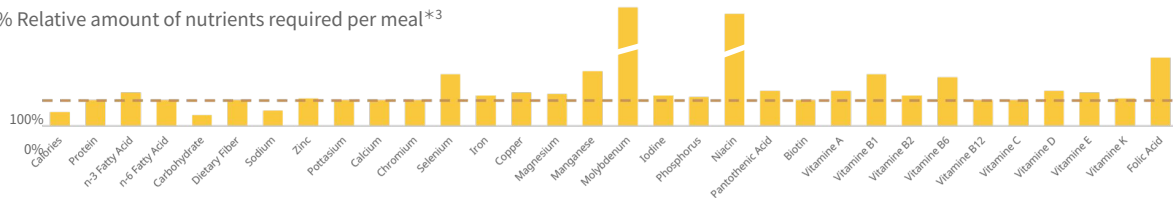
Notes:

1. Page 3 of the "Consumer Survey (July 2022)" by the Japan Finance Corporation (The survey covered 1,000 males and 1,000 females on their 20s through 70s in Japan. Up to two responses were permitted for the question of "Choose the answers that best represent your current food preferences.")
2. Covered 459 subscribers as of September 21, 2022, with the question of "Why do you subscribe to BASE FOOD?"

Healthier Lives with Nutritionally Complete*1 Staple Food

BASE BREAD Nutrients *2

% Relative amount of nutrients required per meal*3



Made of Plant-Based Ingredients



Whole Wheat



Soy



Glutinous rice



Whole Grain Rye



Chia seed



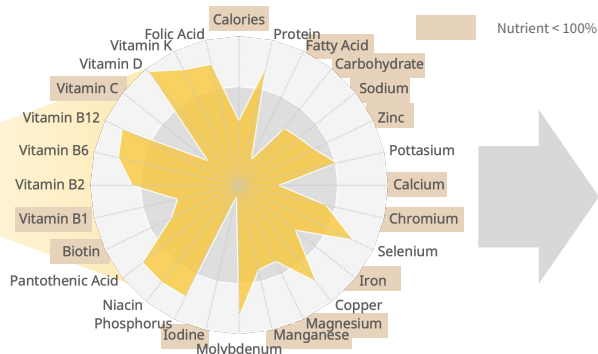
Kelp

Swap out Lunch, Swap in BASE BREAD for a “Well-Balanced” Meal with Essential Nutrients Anywhere*4

- ✓ Low Fat
- ▲ Low Carb
- ▲ Low salt
- ▲ Nutritious



Example of a meal deemed “well-balanced”



- ✓ Low Fat
- ✓ Low Carb
- ✓ Low Salt
- ✓ Nutritious



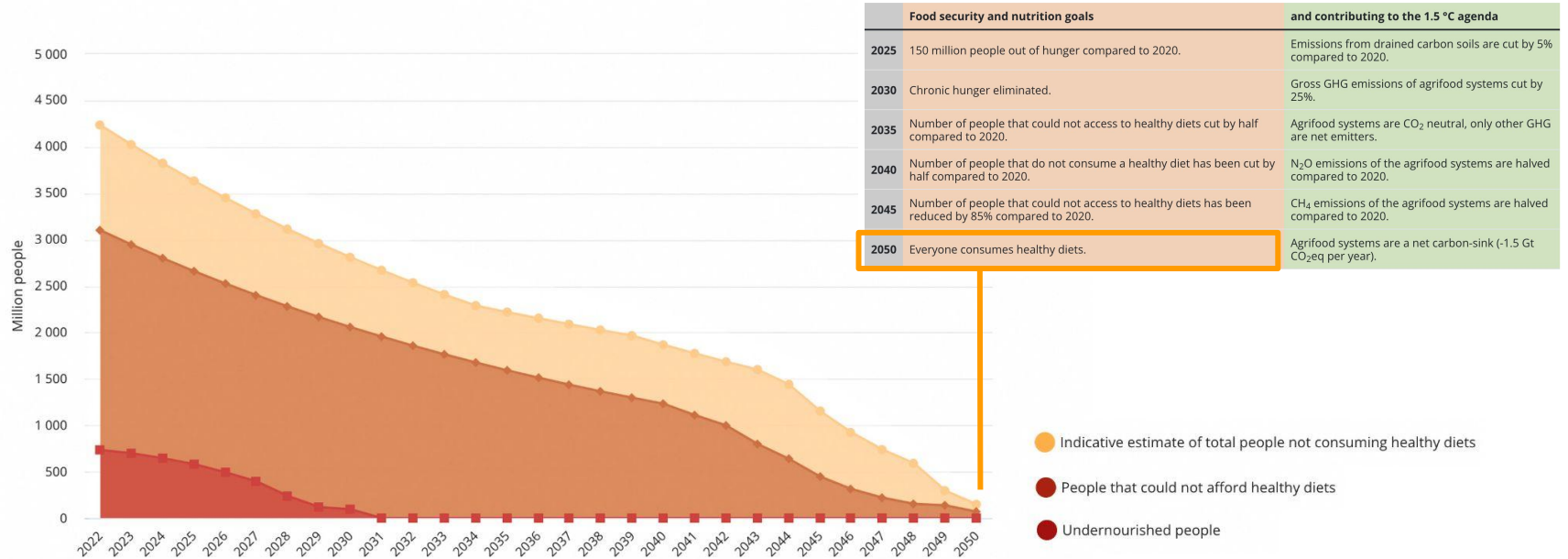
BASE BREAD *1

Notes:

- One meal (1 package for BASE PASTA, 2 packages for BASE BREAD, 4 packages for BASE cookies, and 1 package for BASE FOOD Deli) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, and sodium, which may be overused with other meals
- Nutrients assuming intake of two packages of BASE BREAD Plain for one meal
- Nutritional value of BASE BREAD Plain, assuming to eat 2 packages of per meal. One-third of the criterion value of nutrients for a day (aged 18 or older, criterion calories of 2,200kcal; Consumer Affairs Agency)
- Relative amount of nutrients required per meal, based on the criterion value indicated in Note 2 (Aged 18 or older, criterion calories of 2,200kcal; Consumer Affairs Agency)
- Total nutrients of cereals, rice, [wet rice], polished rice, and non-glutinous rice of 200g; fish and shellfish/<fish>/ (salmon and trout), grilled chum salmon of 80g; vegetables/eggplant/boiled eggplant of 70g; vegetables/spinach, annual average of boiled spinach of 70g; seasoning and spices/<seasoning>/ (miso)/instant miso/powder of 8g; according to Standard Tables of Food Composition in Japan, 2020 (Eighth Revised Version) by Resources Research Committee, Council for Science and Technology, Ministry of Education, Culture, Sports, Science and Technology

Addressing Health Inequalities is a Significant Global Agenda

FAO (Food and Agriculture Organization of the United Nations) has set a goal that by 2050, all humans will not only be able to consume the "minimum nutritional requirements" for daily living, but also have a "nutritionally balanced diet" in line with national dietary guidelines.

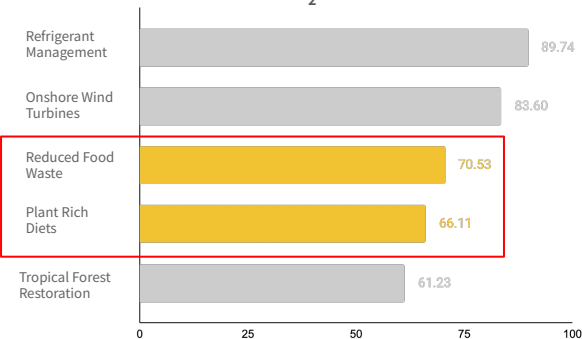


Social Impact

Contributions to Sustainability

By incorporating waste bran and plant-rich protein ingredients, we can contribute to the reduction of CO₂ emissions

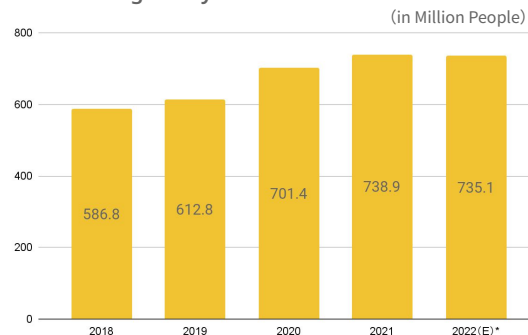
TOP5 solutions to reduce CO₂ emissions^{*1}



Reducing Health Inequalities

By reinforcing R&D innovation, we can provide better products to households and regions in poor nutrition balance, creating a healthy and sustainable lifestyle accessible to all.

The undernourished population exceeds 700 million globally^{*1}



Providing Emergency Rations

The distinctive social value proposition we offer as a “Nutrition Infrastructure” company

Bread

Long-life

Nutritionally Complete

Disaster Resilience

- Storable
- No need of electricity, gas, or water
- Easily secure nutrition even in emergent situations where nutrition tends to be inadequate

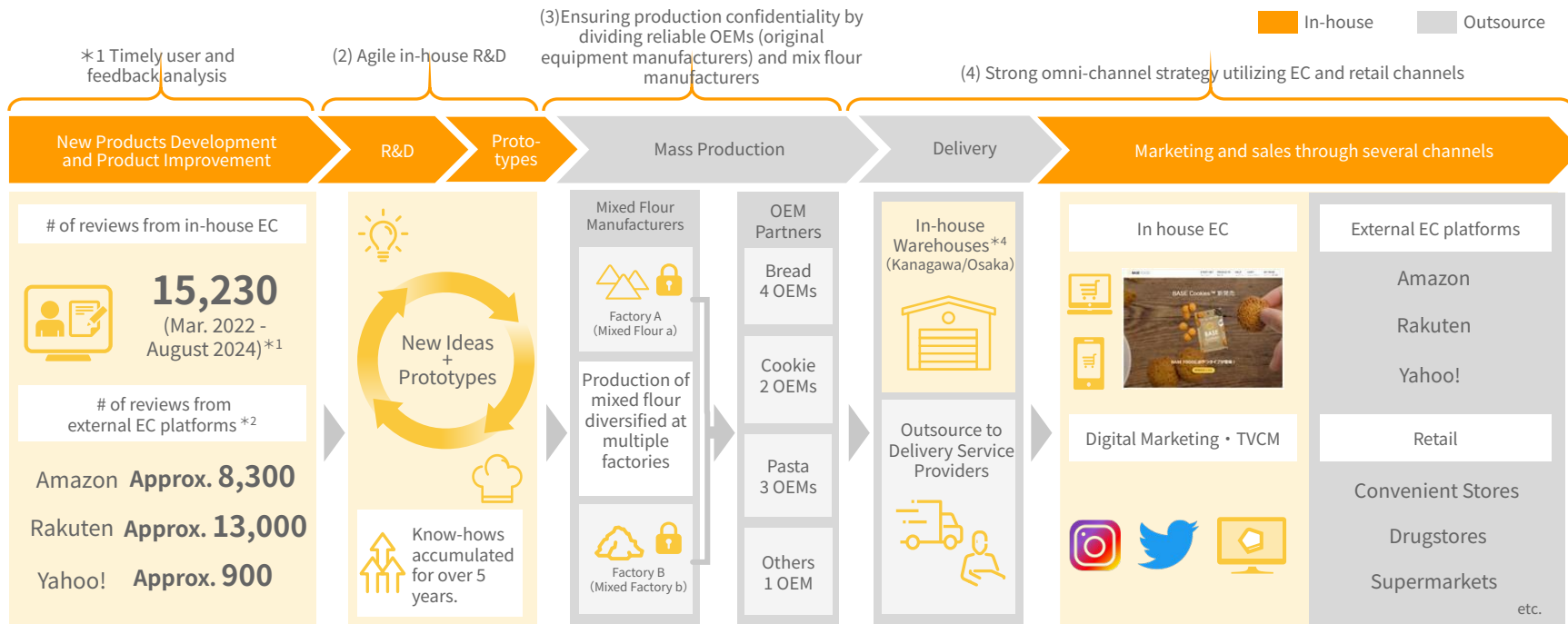
Notes:

1. Paul Hawken. Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming. 2017. The term CO₂ (carbon dioxide) refers not only to carbon dioxide itself but also encompasses all greenhouse gases converted to carbon dioxide equivalents based on their global warming potential (GWP), including methane, nitrous oxide, CFC-12, HCFC-22, and other gases with minor impacts.

2. Food and Agriculture Organization of the United Nations (FAO). FAOSTAT : Suite of Food Security Indicators. Last Updated: 2023/08/23. <https://www.fao.org/faostat/en/#data/FS>

Business Model

(1) Timely user and feedback analysis, (2) Agile in-house R&D, (3) Confidential mass production by manufacturing mixed flour and products at separate business partners, and (4) Strong omni-channel strategy utilizing EC and retail channels

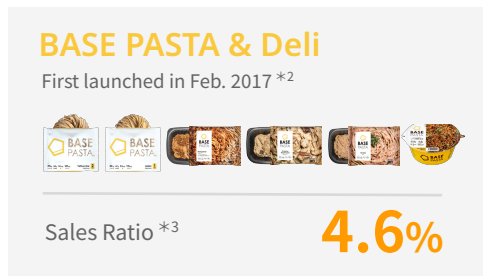
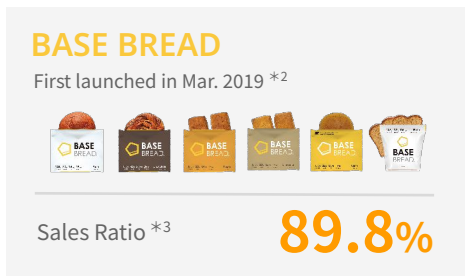


Notes:

1. After the recall of certain products, the review aggregation was temporarily suspended between Nov. 5, 2023 and Jan. 17, 2024.
2. The cumulative reviews for BASE BREAD 4 Flavor 16 Bag Set, BASE BREAD 4 Flavor 20 Bag Set, and Chocolate 16 Bag Set as of the end of Feb. 2024.
3. One meal (1 package for BASE PASTA, 2 packages for BASE BREAD, 4 packages for BASE cookies, and 1 package for BASE FOOD Deli) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, and sodium, which may be overdosed with other meals.
4. As of the end of Feb. 2024.

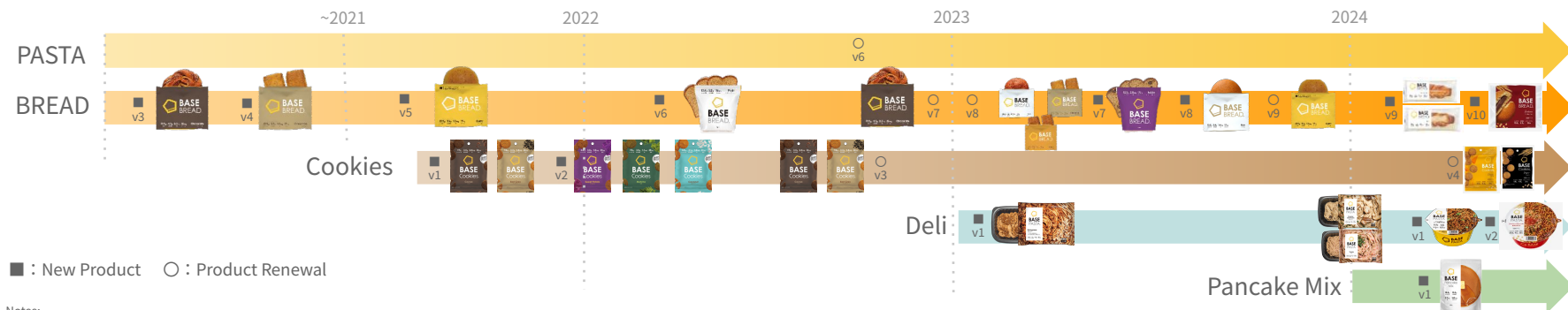
Developing New Market by Expanding Product Lineups*1

Broadening our product portfolio through stronger R&D team and releasing new products to drive growth.



Product Roadmap since FY2022

There are no products that sell only temporarily due to temporary factors, and sales steadily increase each time a new product is introduced or renewed.



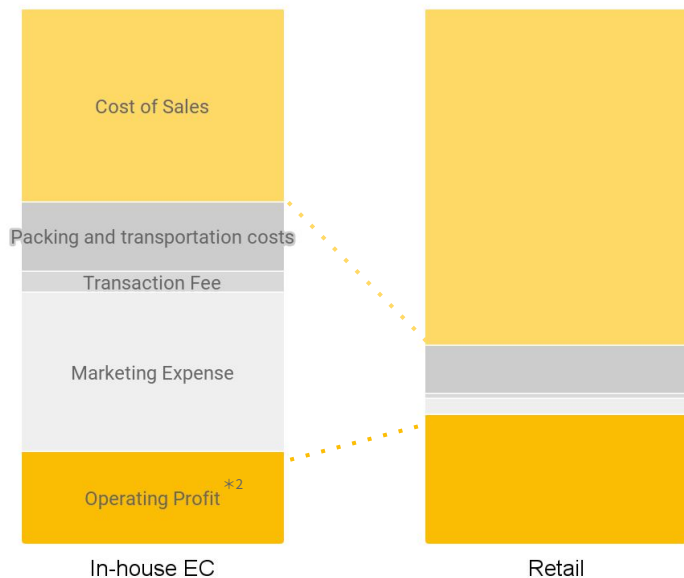
Notes:

1. One meal (1 package for BASE PASTA, 2 packages for BASE BREAD, 4 packages for BASE cookies, and 1 package for BASE FOOD Deli) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, and sodium, which may be overdosed with other meals.
2. The months BASE BREAD, BASE PASTA and BASE Cookies were first launched as a product.
3. Sales ratio of BASE FOOD series (except sales of source) in in-house EC in FY2/2024.

(Reference) Comparison of In-House EC and Retail Channel

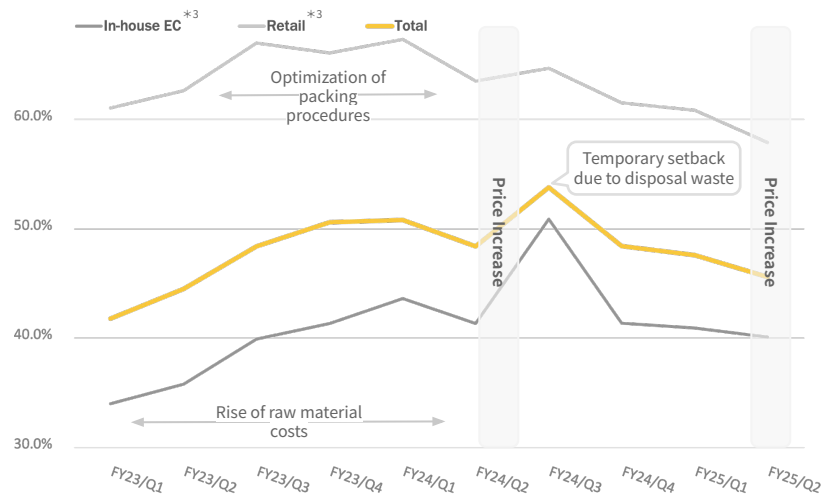
In-house EC keeps the cost of sales (COS) ratio in the late 30s, allowing for a high gross margin. However, it incurs a relatively higher SG&A ratio due to user acquisition and product delivery on our own. Conversely, the retail channel has a higher COS ratio but a significantly lower SG&A ratio, resulting in higher operating margin.

Cost Structure Comparison by Channel* 1



COS Ratio Trends by Channel

Despite a recent rise in retail sales, which might appear to have negatively affected the COS ratio, ongoing enhancements in both retail and in-house EC are driven by ingredient reduction through a review of formulations and improved manufacturing efficiency.



Notes:

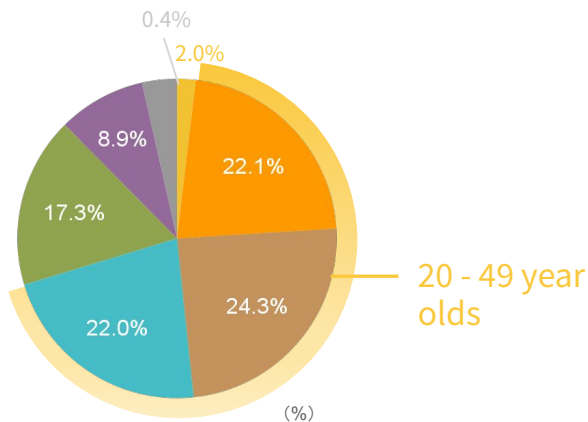
1. Represents the sales ratio for each category, based on management accounting, with both in-house EC and retail sales set at 100 as a reference.
2. Excludes fixed expenses (personnel expenses, research and development expenses, and others).
3. Average values for each accounting period.

Customer Insights

Customer Base #1

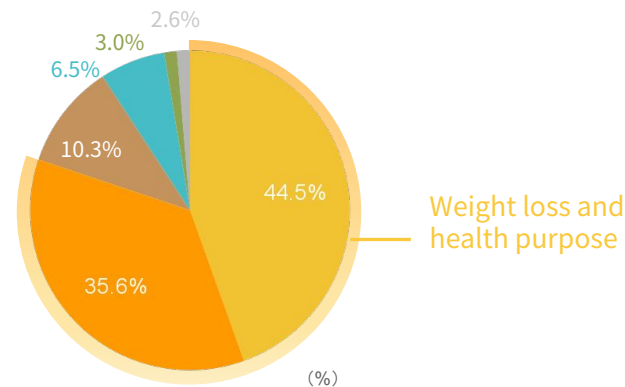
Popular Among the Working-Age Demographics * 1

Male 32.6% Female 61.5% (N/A 5.9%)



- 10 and below
- 20 - 29
- 30 - 39
- 40 - 49
- 50 - 59
- 60 and above
- N/A

Over 75% Purchase for Weight-Loss and Health * 1



- Weight loss
- Diet improvement
- Saving time
- Training
- Better diet for children
- N/A

Notes:

1. Based on 163,346 responses from the user survey conducted in Jul. 2020 through May. 2024

Customer Base #2

We are reaching a broad range of customers, primarily those who lead busy lives but aspire to maintain a healthy diet.

Real User Profile *¹

Profile		
Name: A Age: 20s/Female Occupation: Office Worker Purpose: Diet/Training	Name: B Age: 30~40s/Female Occupation: Office Worker Purpose: Training/Kids healthy meal	Name: C Age: 40s/Male Occupation: Office worker Purpose: Metabolic Syndrome Prevention
How they spend the day		
Wakes up at 7 AM, heads to the gym first thing, then gets ready for work. Drinks protein at noon, eats a ham sandwich between 2-3 PM. If working overtime, eats BASE FOOD.	Either works or does chores from 9AM to 5PM. Her son has BASE BREAD as after-school snacks. In the evening, she goes for a run 2-3 times a week. After her daughter comes home from school, heads to cram school after a quick dinner.	Starts working from 7AM to 7-8 PM. After work, makes dinner and exercise for about 1 hr on weekends. On weekends, wakes up around 9 AM and exercises for about 2 hrs.
The timing they consume BASE FOOD during the day		
Eats twice a week when working overtime. Her husband also buys BASE BREAD from 4 to 5 times a week.	No fixed time. Either morning or noon, as there's no free time in the evening.	Usually eats for breakfasts, along with two cups of coffee and 100 calories of peanut butter.
How long they have purchased BASE FOOD		
Started purchasing 24 meals around March 2020, intended for consuming on workdays at the office.	Started purchasing for herself around March 2021 but soon found it convenient as a light meal for her 15 y.o. daughter.	Started purchasing around 2019, when the BASE BREAD was still frozen.
The motivation to start BASE FOOD		
Noticed her colleague eating BASE BREAD for lunch which attracted her at first. After visiting the website to learn more, decided to try as she prefers high-protein-low-carb food to stay active. Also the offer for first-time buyers also led to an immediate purchase.	Found it on Instagram ads. She used to buy meals from the convenience stores during work but was concerned about food additives. While contemplating these issues, she learned about this protein-rich bread on Instagram and decided to buy it online.	Initially, started eating when diagnosed with metabolic syndrome. He decided to replace staple food with BASE FOOD hoping it would improve his diet. He continued this diet and was able to lose 12.3 kg in 1.5 yrs.

Notes:

1. Excerpts from interview data of A (Jul. 15, 2020), B (May 31, 2021), and C (May 31, 2021).

Disclaimer

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