

Translation

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Summary of Non-Consolidated Financial Results for the First Two Quarters (Interim Period) of the Fiscal Year Ending February 2025 (Based on Japanese GAAP)

October 15, 2024

Company name: BASE FOOD, Inc.

Listing exchange: Tokyo Stock Exchange

Securities code: 2936

URL: <https://basefood.co.jp/corporate>

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Scheduled date for filing interim securities report: October 15, 2024

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on financial results: Yes

Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen, unless otherwise noted)

1. Financial Results for the First Two Quarters (Interim Period) of the Fiscal Year Ending February 28, 2025

(March 1, 2024 to August 31, 2024)

(1) Operating Results (Cumulative)

(Percentage figures represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First two quarters ended August 31, 2024	7,579	(6.5)	(477)	—	(483)	—	(506)	—
First two quarters ended August 31, 2023	8,110	76.9	(126)	—	(126)	—	(130)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First two quarters ended August 31, 2024	(9.68)	—
First two quarters ended August 31, 2023	(2.59)	—

(Note) Diluted earnings per share is not indicated as the Company generated net loss for the period, although there are diluted shares.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2024	3,916	393	10.0
As of February 29, 2024 (end of previous fiscal year)	3,276	842	25.7

(Reference) Total shareholders' equity

As of August 31, 2024: 392 million yen

As of February 29, 2024: 842 million yen

2. Cash Dividends

	Annual dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2024	—	0.00	—	0.00	0.00
Fiscal year ending February 2025	—	0.00			
Fiscal year ending February 2025 (Forecast)			—	0.00	0.00

(Note) Revisions to the most recently announced dividend forecast: No

3. Forecast of Financial Results for the Fiscal Year Ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(Percentage figures indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	15,728	5.7	51	—	31	—	0	—	0.01

(Note) Revisions to the most recently announced earnings forecast: Yes

* Notes

(1) Application of accounting treatments specific to the preparation of interim consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than those in 1) above: No

3) Changes in accounting estimates: No

4) Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of August 31, 2024	53,914,400 shares	As of February 29, 2024	53,292,900 shares
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2) Number of treasury shares at the end of the period

As of August 31, 2024	1,358,000 shares	As of February 29, 2024	1,358,000 shares
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3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First two quarters ended August 31, 2024	52,315,808 shares	First two quarters ended August 31, 2023	50,246,740 shares
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* This summary of financial results is not subject to review procedures by a public accountant or audit corporation.

* Explanation regarding appropriate use of earnings forecasts, and other notes

(Notes on forward-looking statements)

The earnings outlook and other forward-looking statements contained in this document are based on information currently available to and certain assumptions that are thought to be reasonable by the Company. Accordingly, such statements should not be construed as a guarantee of achieving the results by the Company. Actual financial results and the like may differ materially due to various factors.

(How to obtain supplementary materials on financial results)

The Company plans to hold a company briefing session for institutional investors and analysts on October 15, 2024. The materials to be used in the session will be disclosed on TDnet and also posted on the Company's website.

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1. Interim Financial Statements and Significant Notes Thereto

(1) Interim Balance Sheets

	(Thousands of yen)	
	Previous fiscal year (As of February 29, 2024)	Second quarter of current fiscal year (As of August 31, 2024)
Assets		
Current assets		
Cash and deposits	1,430,928	1,819,503
Accounts receivable - trade	781,849	865,046
Merchandise	175,050	139,587
Raw materials and supplies	20,102	33,372
Accounts receivable - other	175,859	185,368
Prepaid expenses	68,746	145,394
Other	18,835	31,790
Total current assets	2,671,371	3,220,063
Non-current assets		
Property, plant and equipment	122,252	191,559
Intangible assets	4,414	4,592
Investments and other assets	478,726	500,279
Total non-current assets	605,392	696,431
Total assets	3,276,764	3,916,495

(Thousands of yen)

	Previous fiscal year (As of February 29, 2024)	Second quarter of current fiscal year (As of August 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	556,857	581,532
Short-term borrowings	500,000	900,000
Current portion of long-term borrowings	-	166,656
Accounts payable - other	829,413	945,519
Lease liabilities	1,349	1,367
Accrued expenses	121,437	153,979
Income taxes payable	16,694	15,770
Deposits received	50,589	65,512
Provision for point card certificates	13,519	13,743
Contract liabilities	284,474	318,915
Other	29,170	-
Total current liabilities	2,403,506	3,162,997
Non-current liabilities		
Long-term borrowings	-	319,456
Lease liabilities	6,905	6,217
Asset retirement obligations	23,890	34,654
Total non-current liabilities	30,795	360,328
Total liabilities	2,434,302	3,523,326
Net assets		
Shareholders' equity		
Share capital	1,132,046	1,160,706
Capital surplus	2,070,122	2,098,735
Retained earnings	(2,332,522)	(2,839,053)
Treasury shares	(27,567)	(27,567)
Total shareholders' equity	842,079	392,820
Share acquisition rights	382	348
Total net assets	842,462	393,168
Total liabilities and net assets	3,276,764	3,916,495

(2) Interim Statements of Income

(Thousands of yen)

	First two quarters of previous fiscal year (March 1, 2023 - August 31, 2023)	First two quarters of current fiscal year (March 1, 2024 - August 31, 2024)
Net sales	8,110,720	7,579,531
Cost of sales	4,015,686	3,538,307
Gross profit	4,095,034	4,041,224
Selling, general and administrative expenses	4,221,349	4,518,540
Operating profit (loss)	(126,315)	(477,316)
Non-operating income		
Interest income	12	216
Compensation income	1,825	1,736
Foreign exchange gains	-	1,185
Other	749	1,704
Total non-operating income	2,587	4,843
Non-operating expenses		
Interest expenses	2,101	10,130
Guarantee commission	428	420
Other	426	476
Total non-operating expenses	2,957	11,027
Ordinary profit (loss)	(126,684)	(483,500)
Extraordinary income		
Gain on sale of non-current assets	-	171
Total extraordinary income	-	171
Profit (loss) before income taxes	(126,684)	(483,329)
Income taxes - current	3,322	3,281
Income taxes - deferred	-	19,920
Total income taxes	3,322	23,201
Profit (loss)	(130,006)	(506,531)

(3) Interim Statement of Cash Flows

(Thousands of yen)

	First two quarters of previous fiscal year (March 1, 2023 - August 31, 2023)	First two quarters of current fiscal year (March 1, 2024 - August 31, 2024)
Cash flows from operating activities		
Loss before income taxes	(126,684)	(483,329)
Depreciation	14,506	29,057
Increase (decrease) in provision for point card certificates	(521)	224
Interest income	(12)	(216)
Interest expenses	2,101	10,130
Gain (Loss) on sale of non-current assets	—	(171)
Decrease (increase) in trade receivables	(422,540)	(83,197)
Decrease (increase) in inventories	31,691	22,193
Increase (decrease) in trade payables	168,392	24,675
Increase (decrease) in accounts payable - other	141,237	116,127
Increase (decrease) in accrued expenses	(5,938)	32,542
Increase (decrease) in contract liabilities	77,052	34,441
Other, net	21,774	(143,793)
Subtotal	(98,941)	(441,316)
Interest received	12	216
Interest paid	(2,122)	(12,099)
Income taxes paid	(2,239)	(2,283)
Net cash provided by (used in) operating activities	(103,290)	(455,482)
Cash flows from investing activities		
Purchase of property, plant and equipment	(26,100)	(68,041)
Proceeds from sale of property, plant and equipment	-	171
Purchase of intangible assets	(478)	(538)
Payments of guarantee deposits	(32,983)	(94,680)
Proceeds from refund of guarantee deposits	11,503	69,968
Payments for asset retirement obligations	-	(5,500)
Net cash provided by (used in) investing activities	(48,058)	(98,621)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	-	400,000
Proceeds from long-term borrowings	-	500,000
Repayments of long-term borrowings	-	(13,888)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	40,320	57,237
Repayments of lease liabilities	-	(670)
Net cash provided by (used in) financing activities	40,320	942,679
Net increase (decrease) in cash and cash equivalents	(111,028)	388,575
Cash and cash equivalents at beginning of period	2,296,608	1,430,928
Cash and cash equivalents at end of period	2,185,579	1,819,503

(4) Notes to Interim Financial Statements

(Notes on Segment Information, etc.)

I. First two quarters of the previous fiscal year (March 1, 2023 - August 31, 2023)

The information is omitted as the Company has a single operating segment engaged in the nutritionally complete food business.

II. First two quarters of the current fiscal year (March 1, 2024 - August 31, 2024)

(Thousands of yen)

	Reportable segment	Others (Note 1)	Total	Adjustments (Note 3)	Amount recorded in interim statement of income (Note 2)
	Nutritionally complete food business				
Net sales					
Revenues from external customers	7,579,438	93	7,579,531	-	7,579,531
Transactions with other segments	-	-	-	-	-
Total	7,579,438	93	7,579,531	-	7,579,531
Segment profit (loss)	(419,491)	(11)	(419,502)	(57,813)	(477,316)

(Notes) 1. The "Others" category represents business segments not included in the reportable segments.

2. Segment profit (loss) is consistent with operating profit (loss) as reported in the interim statements of income.

3. Adjustments are corporate expenses that are not allocated to any reportable segment. Corporate expenses are mainly general and administrative expenses that do not belong to any reportable segment.

(Notes When There Are Significant Changes in Amounts of Equity)

Not applicable.

(Notes on Going Concern Assumption)

Not applicable.