



Financial Results Briefing Material
First Quarter of the Fiscal Year Ending February 2025
TSE Growth Market (Securities Code: 2936)
July 16, 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 First Quarter (Q1) of the Fiscal Year Ending February 2025 (FY2025)

Executive Summary

Net Sales	¥3.66 Bn	+10.8% QoQ	▶ Overcoming a downward trend caused by the voluntary recall of certain products, net sales have returned to a growth path mainly due to reinforced sales promotions and enhanced product strengths.
In-house e-commerce (EC)	¥2.30 Bn	+7.1% QoQ	▶ The first half of Q1 struggled with customer acquisition efficiency, but the second half saw improvement, increasing subscribers to 217k (+11k QoQ) . Enhanced product strengths also led to a growth in purchase price and customer retention rate.
Retail⁽¹⁾	¥1.08 Bn	+18.6% QoQ	▶ Despite no large changes in the store network, sales per store rose to ¥6,950 (+16.8% QoQ) due to new product launches and product renewals matching the peak demand period for breads.
External EC	¥0.22 Bn	+13.4% QoQ	▶ Revenue increased QoQ due to resumption of advertising.
Global	¥0.05 Bn	+16.4% QoQ	▶ Progress was made steadily, such as the accumulated number of bags sold in Hong Kong exceeding 500,000 .
Operating Profit Profit Margin(%)	-¥0.43 Bn (-11.9%)	-	▶ The results were as assumed since we strategically invested heavily in advertisements during Q1, the time when demand is strong.

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

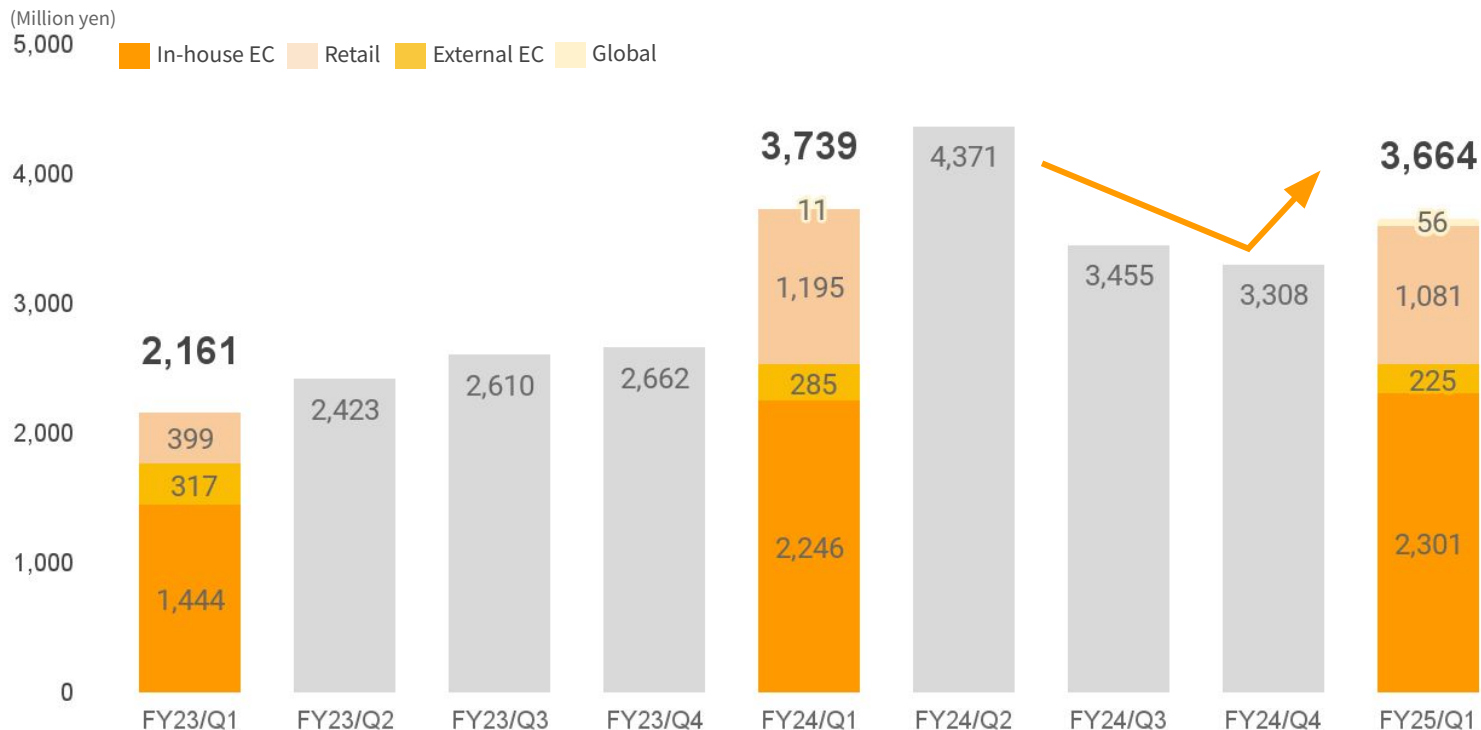
Net sales increased QoQ in all sales channels, showing a steady return to a growth path. The operating loss increased QoQ, but this was caused by enhanced sales promotion as planned, and our policy to achieve profitability in Q2 through 2H remains unchanged.

	Q1 FY2024	Q4 FY2024	Q1 FY2025	QoQ
Net Sales	¥3.73 Bn	¥3.30 Bn	¥3.66 Bn	+10.8%
In-house EC	¥2.24 Bn	¥2.14 Bn	¥2.30 Bn	+7.1%
Retail	¥1.19 Bn	¥0.91 Bn	¥1.08 Bn	+18.6%
External EC	¥0.28 Bn	¥0.19 Bn	¥0.22 Bn	+13.4%
Global	¥0.01 Bn	¥0.04 Bn	¥0.05 Bn	+16.4%
Gross Profit	¥1.83 Bn	¥1.70 Bn	¥1.92 Bn	+12.5%
Profit Margin (%)	49.2%	51.6%	52.4%	+80bps ⁽¹⁾
Operating Profit	-¥0.38 Bn	-¥0.39 Bn	-¥0.43 Bn	-¥0.04 Bn
Profit Margin (%)	-10.2%	-12.0%	-11.9%	+10bps ⁽¹⁾

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

Sales Highlight

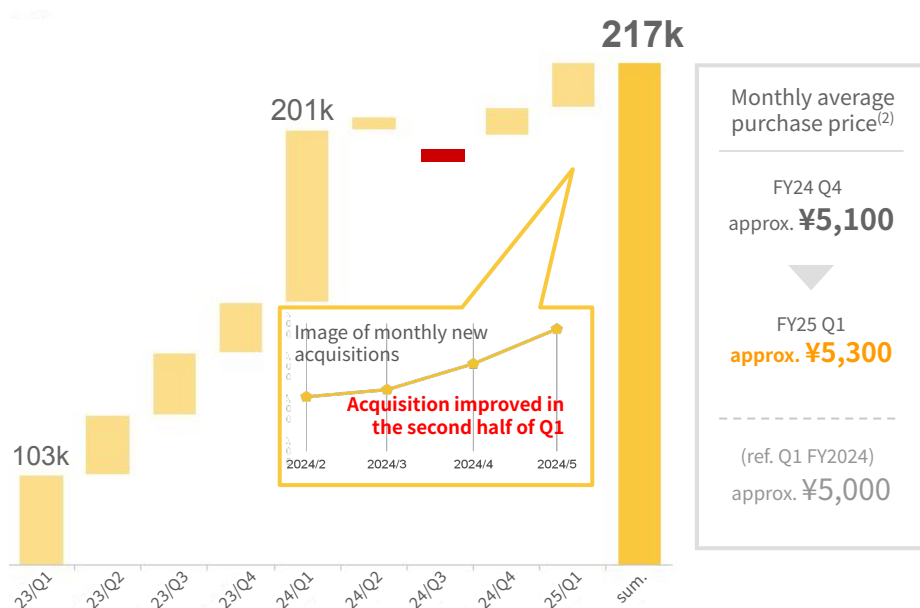
Overcoming a downward trend caused by the voluntary recall of certain products (Q3 FY2024), net sales have returned to a growth path mainly due to reinforced sales promotions and enhanced product strengths. In particular, in-house EC sales rose YoY as well, and retail sales per store increased, confirming a favorable recovery trend.



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

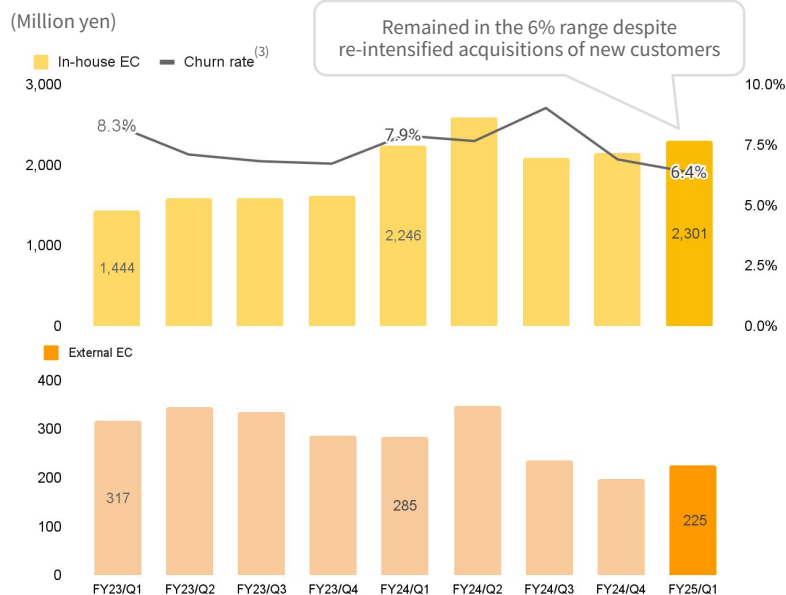
Although in-house EC had difficulties improving customer acquisition efficiency, enhanced product strengths improved the churn rate and purchase price, resulting in **Q1 sales of ¥2.30 billion (+7.1% QoQ)**. External EC sales showed a growth of **+13.4% QoQ** due to the resumption of advertising.

Increase in In-house EC Subscribers⁽¹⁾



- Notes:
- Actual monthly increases in subscribers (cancellations taken into account).
 - Average figure for each fiscal quarter (Q1: Mar. to May), (Q2: Jun. to Aug.), (Q3: Sep. to Nov.), (Q4: 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.

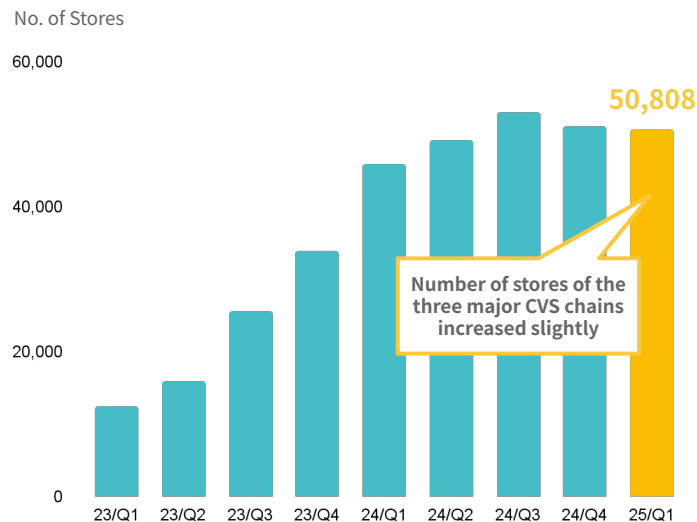
EC Sales by Channel






Sales by Channel (Retail Channel)

As for the store network, the major CVS chains maintained a high distribution rate. Sales per store increased due to new product releases and product renewals matching the peak demand period for breads. As a result, Q1 retail sales were **¥1.08 billion (+18.6% QoQ)**.

Store Network⁽¹⁾



Expansion Opportunities

Total Stores in Japan	Distribution Rate ⁽⁵⁾
CVS  55,810 ⁽²⁾	81.5% -1.3pts QoQ
Drugstores  22,621 ⁽³⁾	18.9% +0.4pts QoQ
Supermarkets  23,028 ⁽⁴⁾	3.7% +1.3pts QoQ

Monthly Sales per Store⁽⁶⁾

Q4 FY2024 approx. **¥5,950**

Q1 FY2025 approx. **¥6,950**

(ref. Q1 FY2024) approx. **¥8,800**

Change factors :

- Arrival of peak demand period (spring season) for breads
- Launch of new products (BASE BREAD Curry, Tuna/Sausage)
- Increased sales volume of renewed products

Notes:

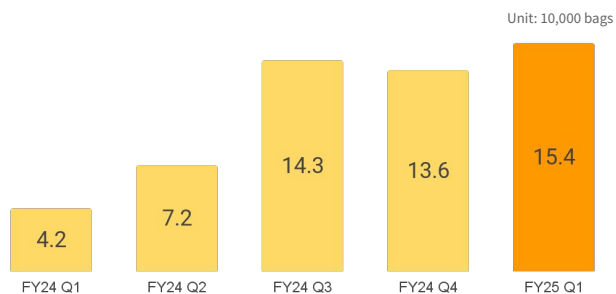
1. The number of stores which stocks our products.
2. The total number of stores on an all-store basis from the "Convenience Store Statistical Survey Monthly Report August 2023" by the Japan Franchise Chain Association.
3. The store count summary of regular members as of June 2023 from the Japan Chain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

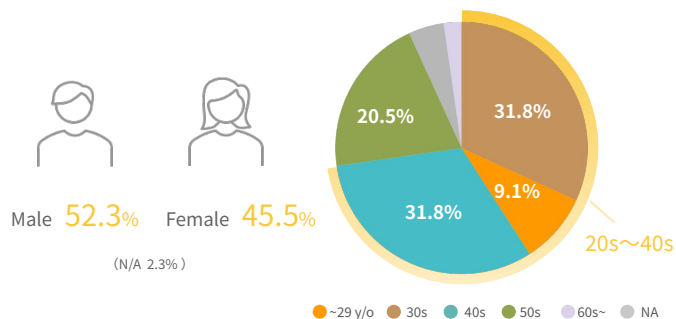
Overseas Sales

While overseas business is performing well, led by Hong Kong, we will place priority on achieving profitability for the current fiscal year and thus conduct investments in overseas business by considering the overall profitability of our operations.

Trends in Quarterly Volume of Bags Sold



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.

Q1 Summary

Hong Kong

Expansion Stage

- Accumulated number of bags sold **exceeded 500,000** at the end of April
- Characteristically, many users buy in bulk**, and the number of bags per purchase is more than double that in Japan
- Sales composition of the in-house EC is stable at over 70%
- Marginal profit ratio improved** due to more efficient delivery operations

China

Validation Stage

- Although new sales platform establishment faced challenges due to regulations, revenue remained steady

Taiwan & Singapore

Validation Stage

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

U.S.

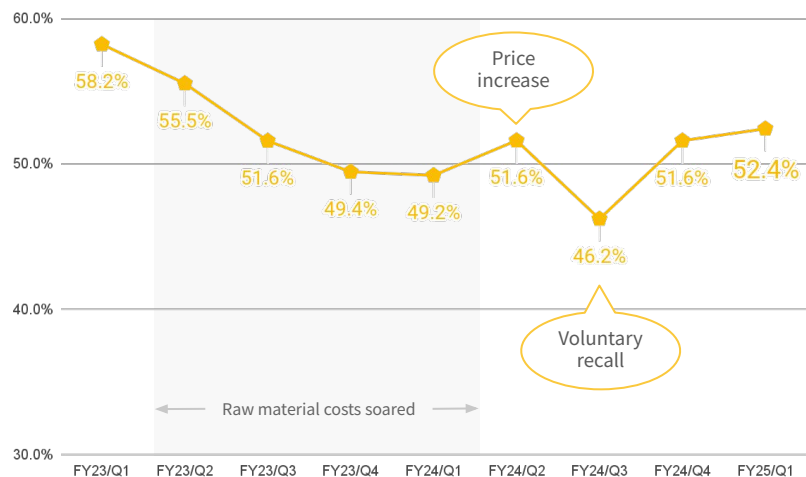
Preparation Stage

- Regulations on raw materials caused slight delays, but launch is targeted within the fiscal year

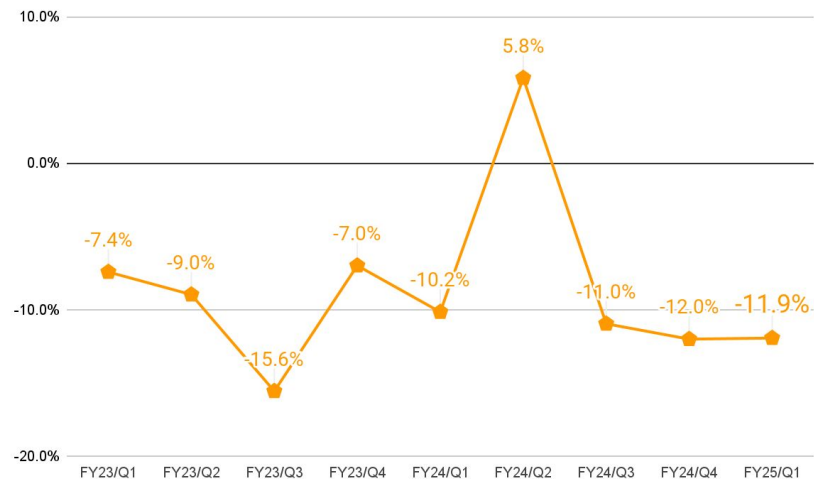
Profit Highlights

Gross margin improved to 52.4% in Q1 as deteriorating factors (such as temporary disposal of products and raw materials) caused by the voluntary product recall were resolved in the previous quarter. Operating margin stood at -11.9% due to strategic advertising investments, as we assumed initially.

Gross Margin



Operating Margin



Factors of Profit Changes (QoQ)

	Q4 FY2024 (Actual)		Q1 FY2025 (Actual)		Change Factors
	Amount	% of net sales	Amount	% of net sales	
Cost of Sales	¥1.60 Bn	48.4%	¥1.74 Bn	47.6%	Improved as a result of deteriorating factors (such as temporary disposal of products and raw materials) caused by the voluntary recall resolved in the previous quarter
Packing and Transportation Cost ⁽¹⁾	¥0.39 Bn	12.0%	¥0.42 Bn	11.5%	Improved with optimized delivery partners
Transaction Fee	¥0.11 Bn	3.4%	¥0.12 Bn	3.4%	-
Marketing Expenses	¥0.86 Bn	26.2%	¥1.00 Bn	27.3%	Deteriorated as a result of intensified sales promotions timed to match the peak demand period, as planned
Personnel Expenses	¥0.39 Bn	11.8%	¥0.42 Bn	11.7%	Increased due to new hires, but the percentage of net sales remained flat
Other Expenses ⁽²⁾	¥0.33 Bn	10.2%	¥0.38 Bn	10.5%	Although expenses related to new products and product renewals increased, the percentage of net sales remained flat
Operating Profit	-¥0.39 Bn	-12.0%	-¥0.43 Bn	-11.9%	

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

Launched 6 new products (previous year: 2 new products) and 2 renewals in Q1. From Q2 onwards, will accelerate growth through new product launches and renewals, with a focus on the BREAD series, which is a top-selling category.

New Products Launched: 6 in total

● BASE FOOD Deli



Tarako



Creamy Mushroom



Sauce "Yakisoba"

Contribute to the expansion of the dining scene and customer base

● BASE BREAD Tuna and Sausage *Only Available at CVS in Tokyo



● BASE Pancake Mix



Preferred by users in their 30s and older, as well as households raising children and those living with a partner

Product Renewals: 2 products in total

● BASE BREAD Mini Toast - Plain/Raisin



After the renewal⁽¹⁾,
Favorable rating for Plain +12.4pts
Favorable rating for Raisin +7.1pts

- "Raisin" gained more subscribers and **increased in popularity, only to follow the top 3 most popular regular products**
- Retail sales of Raisin also increased
- Its high popularity, especially among people in their 40s and 50s, helps expand the user base

Notes:

1. Comparison of the results of the internal customer survey before the renewal (Jan. 2024 - Mar. 2024) and after the renewal (Mar. 2024 - Jun. 2024).

Strengthened Initiatives on Quality Assurance

In Q1, we yielded results in the development of dough aimed at improving its bacteriostatic properties. **Our quality assurance initiatives, which have been strengthened since 2H of FY2024, are steadily proving effective, further enhancing our protective capabilities.**

1. Product Design



Major Update

Although the dough has a certain bacteriostatic effect, it has been updated to make it more resistant to bacteria growth, even if some bacteria adherence or packaging damage should occur. Renewal scheduled from late June 2024 Production⁽¹⁾

2. Manufacturing Process



Monthly bacterial monitoring system was adopted in Feb. 2024 at all BASE BREAD outsourced factories to continuously track their sanitary conditions

3. Product Labeling



In accordance with the Food Labelling Act, etc., each department checks raw materials and product labelling, and the Quality Assurance Department performs final confirmation to prevent omissions and misrepresentations

4. Packaging



Updated the package materials and redesigned the seals of BASE BREAD⁽¹⁾ to prevent defects and damages as well as to improve inspection accuracy



5. Quality Assurance



Started full inspections at our own warehouses in Dec. 2023 to enhance quality assurance, in addition to those already conducted at outsourced factories

6. Transportation



Changed the packaging format in Nov. 2023 to further minimize the risk of breakage during transportation, ensuring greater resistance to vibration and load

Notes:

1. Renewals are planned to start for "BASE BREAD Maple" and "BASE BREAD Plain" (with those produced in late June 2024), "BASE BREAD Chocolate" and "BASE BREAD Cinnamon" (with those produced in early July 2024), and "BASE BREAD Curry" (with those produced in early August 2024), sequentially.

Strengthened Initiatives on Quality Assurance

The renewals in late June will improve the texture and flavor of the dough, as well as its bacteriostatic properties, making it more resistant to the growth of bacteria, even if a certain level of bacteria adherence or packaging damage should occur⁽¹⁾. **Purchase intention results for renewed products are also favorable, allowing expectations for positive effects on new customer acquisitions and retention rates.**



Taste Rating⁽²⁾ *0~10 point rating

Average SKU performance

+0.4 points UP!!

Purchase Intention⁽²⁾ *0~100% rating

Average SKU performance

+12pts UP!!

Especially, the most popular “Chocolate” gained:

- **Taste Rating: +0.8 scores**
- **Purchase intention: +25pts**

and is expected to contribute to earnings with such a high evaluation

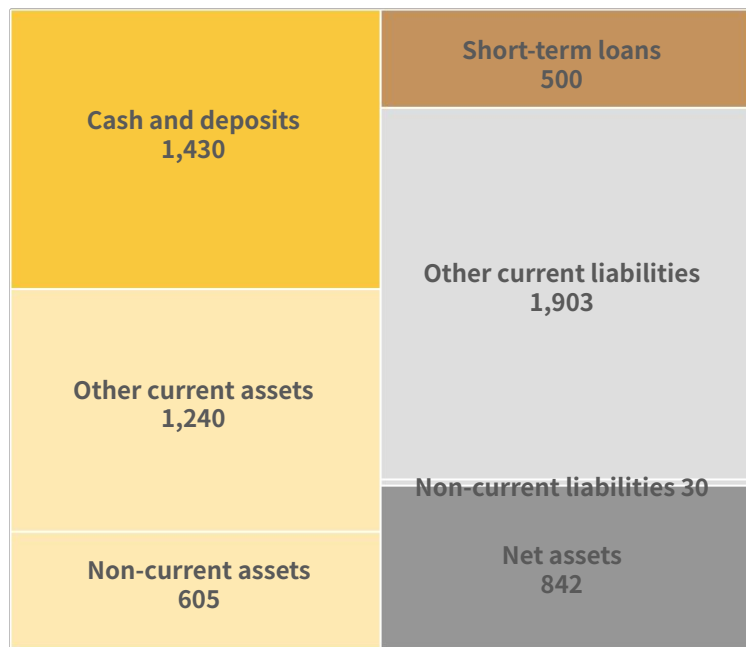
Notes:

1. For more details on the renewals(Japanese only), see <https://basefood.co.jp/news/1798>

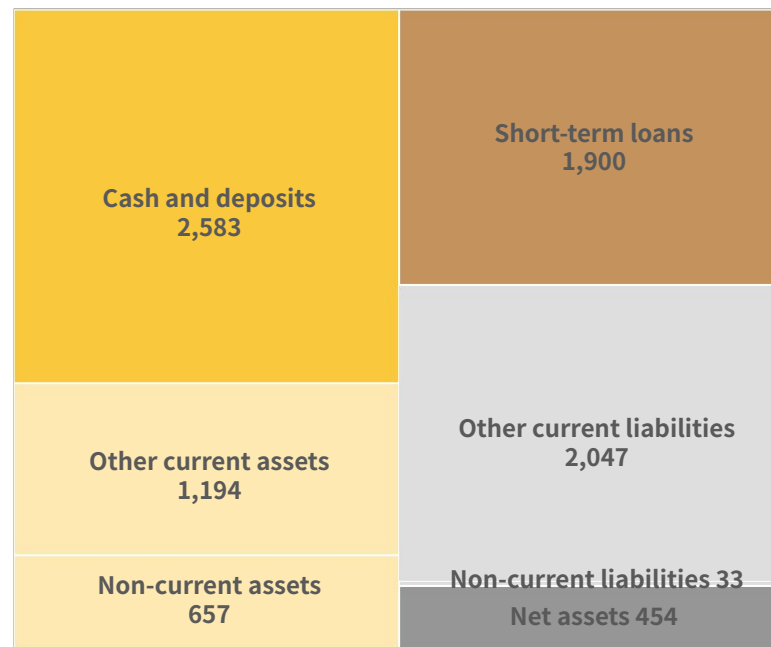
2. Results of a sensory evaluation conducted with Ajinomoto Co., Inc. in a business tie-up.

Balance Sheet

Strategic investments led to a decrease in net assets. On the other hand, we have a stable and flexible funding means for cash as we have concluded overdraft agreements with multiple banks. **In addition, as disclosed on July 16, we will procure ¥500 million in a long-term loan from MUFG Bank, Ltd.⁽¹⁾, to strengthen our financial stability.**



As of the end of Q4 FY2024



As of the end of Q1 FY2025

Notes:

1. Details on the long-term loan are described in "Notice on borrowing of funds through long-term loans" (timely disclosure) dated July 16.






Part 2

Forecast for FY2025

Sales Forecast for FY2025

Although the recovery was slower than expected in the first half of Q1, growth accelerated in the second half. We aim for further growth with new launches in our mainstay BASE BREAD series and major renewals of popular products.







	FY24 Full Year (Actual)	FY25 Full Year (Forecast)	Q1 FY25 (Actual)	Key points for attaining the forecast
Net Sales	¥14.87 Bn	¥19.06 Bn	<p>¥3.66 Bn</p> <p>Image of monthly sales trend</p> <p>March </p> <p>April </p> <p>May </p>	<p>Overall</p> <ul style="list-style-type: none"> Revised product strategy for FY2025. Changed direction to focus resources on the mainstay BREAD series. <p>In-house EC</p> <ul style="list-style-type: none"> Create momentum for new customer acquisition through product promotions. Aim to achieve purchase price growth and limit the impact of churn due to price revisions by strengthening products and services/functions (LTV improvement measures). <ul style="list-style-type: none"> The price revision was announced in June, but churn is currently lower than expected. The impact is expected to reappear in August when prices are revised, but will minimize churn by above measures. <p>Retail</p> <ul style="list-style-type: none"> With upcoming new products and major renewals planned for 2H, we aim to further increase the favorable sales per store. Developing new sales channels other than retail outlets to increase sales.

Notes:

1. For more details on the price revisions(Japanese only), see: <https://basefood.co.jp/news/1770>

Profit Forecast for FY2025

Operating profit in Q1 was as expected, our plan to achieve profitability through 2H remains unchanged. We will improve profit margin by implementing price revisions and cost reduction measures without delay and by flexibly controlling fixed costs.

	FY24 Full Year (Actual)	FY25 Full Year (Forecast)	Q1 FY25 (Actual)	Expected trend of cost ratios from Q1 to FY2025 end
Gross Profit	¥7.39 Bn	¥10.28 Bn	¥1.92 Bn	Cost of sales  Expected to improve from Q1 due to approx. 10% increase in product price scheduled for August and cost reduction measures to be implemented in 2H
Profit Margin (%)	49.7%	53.9%	52.4%	
Operating Profit	-¥0.90 Bn	-¥0.16 Bn	-¥0.43 Bn	Packing and transportation costs ⁽²⁾  Expected to improve from Q1 due to more efficient inspection work
				Transaction fee  -
				Marketing expenses  Expected to improve from Q1 by increasing the retail sale ratio and reducing investment in 2H
				Personnel expenses  Expected to improve from Q1, as new hiring required for business growth has largely been completed and future hiring will be at a slower pace
				Other expenses ⁽³⁾  Expected to remain largely unchanged from Q1, with respective costs flexibly controlled
Profit Margin (%)	-6.1%	0.8%	-11.9%	

Notes:

- For more details on the price revisions (e.g. revision rates, products subject to price revisions, etc.)(Japanese only), see : <https://basefood.co.jp/news/1770>
- Includes warehouse and personnel expenses.
- Research and development expenses, outsourcing and commission expenses, etc.



Part 3

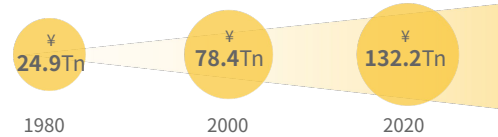
Our Mission & Our Future Growth

Social Issues in Japan

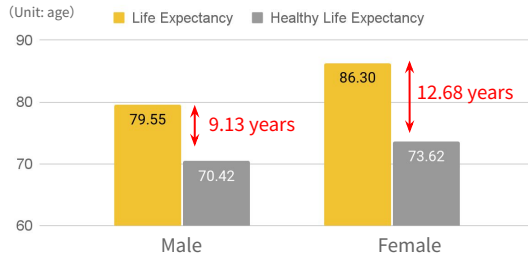
Extension of Healthy Life Expectancy

Increase in Social Security Expenses⁽¹⁾

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

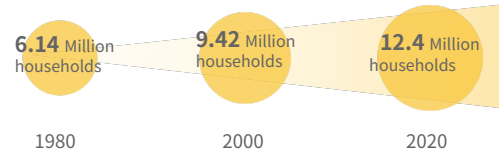


Gap between life expectancy and healthy life expectancy⁽²⁾

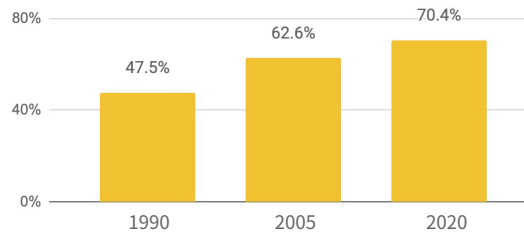


Less Time Spent for Meal Preparation

Increase of Dual-Income Households⁽³⁾⁽⁴⁾

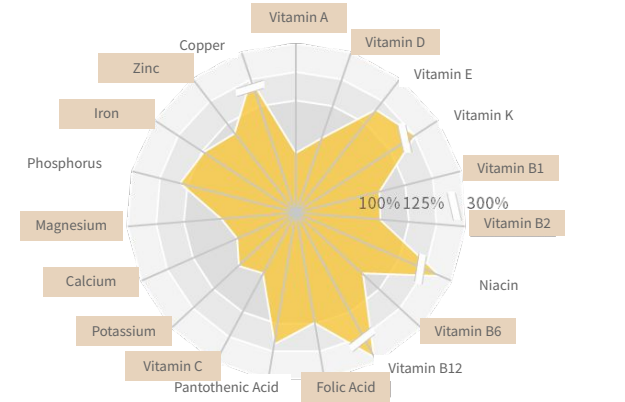


Increase in people who don't want to spend much time on cooking⁽⁵⁾



Improvement in Nutritional Balance

Dietary Imbalance⁽⁶⁾ in Daily Nutrient Intake for Adult Men



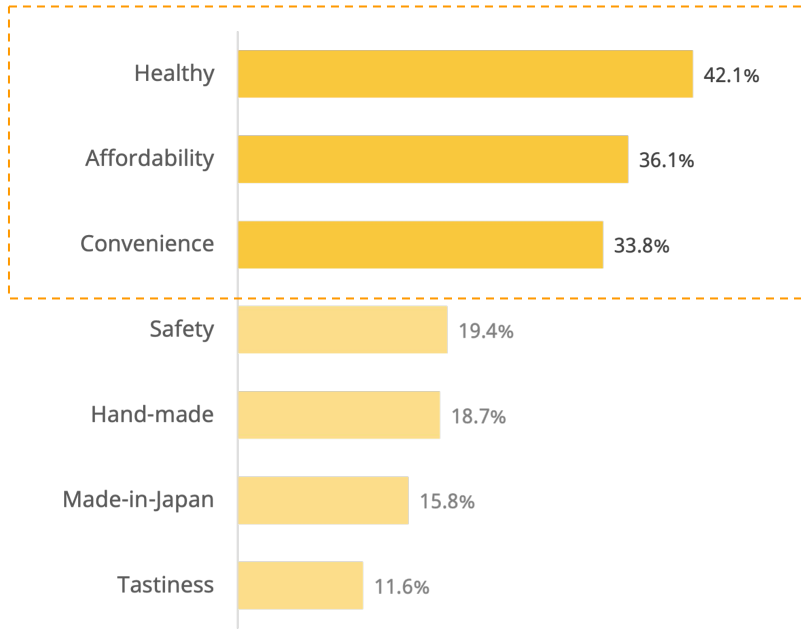
Notes:

- "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?

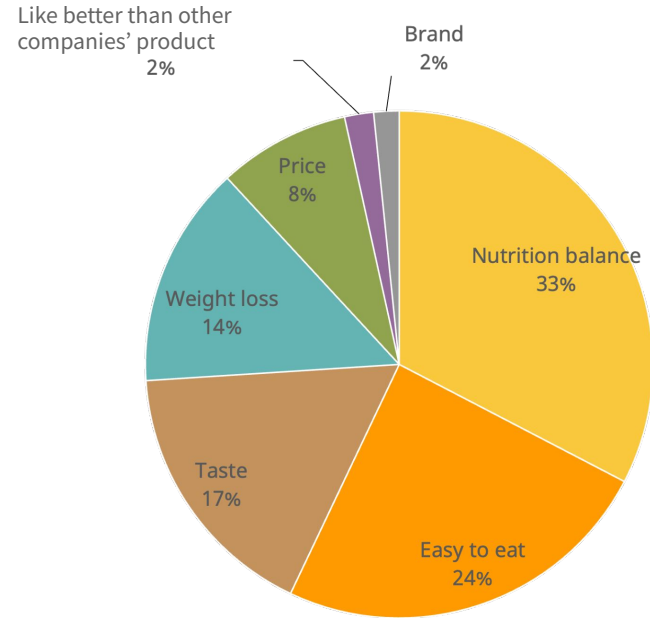
BASE FOOD accurately meets the high demand for convenient and affordable balanced meals

Top 3 Preferences for Meals⁽¹⁾



Why Users Continue to Choose BASE FOOD

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



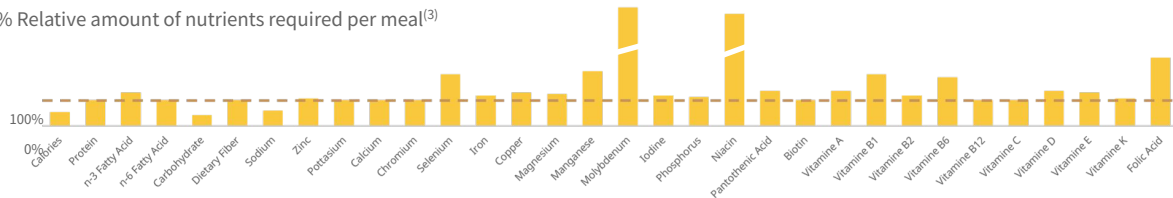
Notes:

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



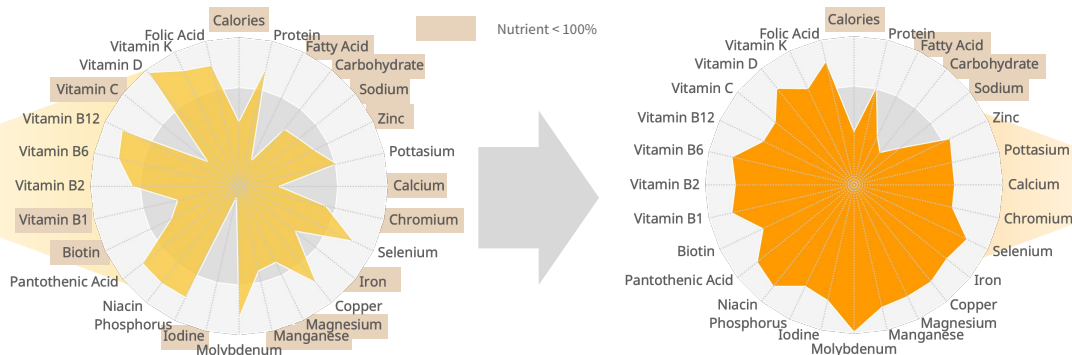
Kelp

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 BASE BREAD Plain 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

Growing Domestic Markets

The top 2 barriers to a healthy diet are "troublesome" and "no time."

With our updates of products and services, our target market will expand.

Domestic staple & Ready-Meals market size	
Approx. ¥6.26trillion	
Noodle	Approx. ¥1.13 Tn
Bread	Approx. ¥1.58 Tn
Pasta	Approx. ¥80 Bn
Snacks	Approx. ¥1.05 Tn
Ready Meals	Approx. ¥2.42 Tn

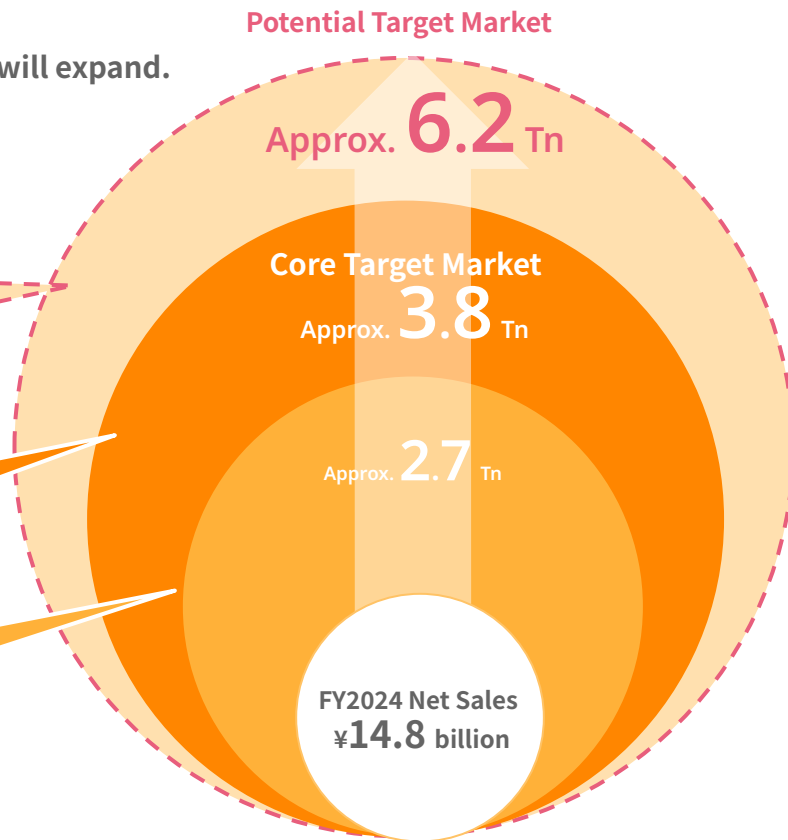


% of Health Conscious Population ⁽¹⁾

% of population not planning to improve dietary habits
Approx. 38%

% of population willing to improve dietary habits
Approx. 18%

% of population already improving dietary habits
Approx. 43%

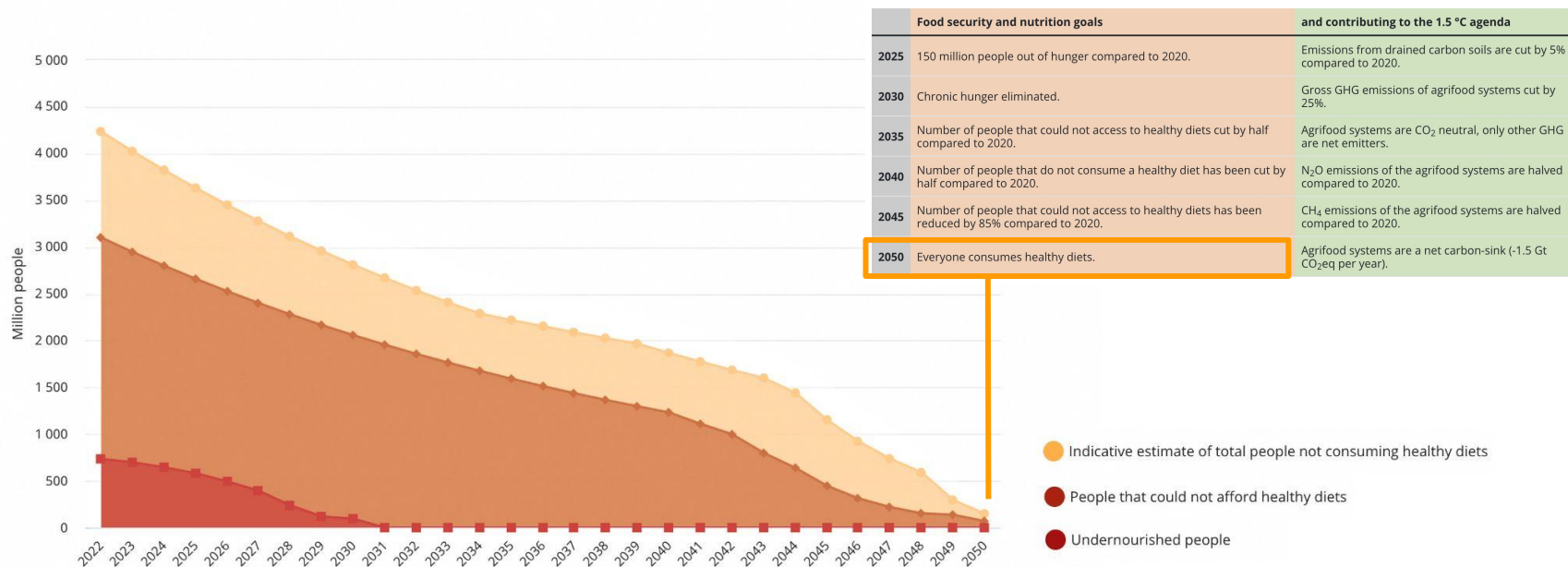


Notes:

1. Compiled by BASE FOOD based on the "Summary of the Results of the National Health and Nutrition Examination Survey (October 2020)" (p. 6) by the Ministry of Health, Labour and Welfare. For the question of "Are you thinking about improving your eating habits?" the following answers were provided for choices; "I am not interested in improving my eating habits," "I am interested but do not intend to improve," "I intend to improve (generally within 6 months)," "I intend to improve in the near future (generally within 1 month)," "I have already been trying to improve (within 6 months)," "I have already been trying to improve (more than 6 months)," and "I have no problem with my eating habits and do not need to improve them." The respondents were 5,674 Japanese nationals in their 20s or older.

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.

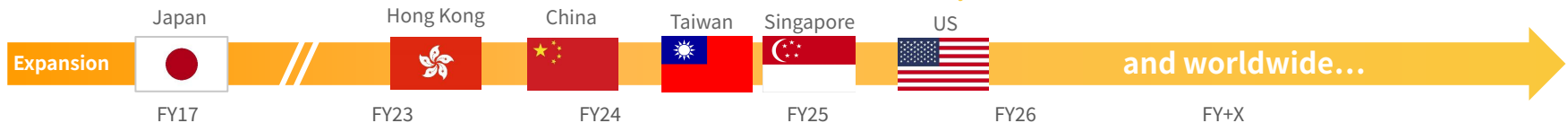
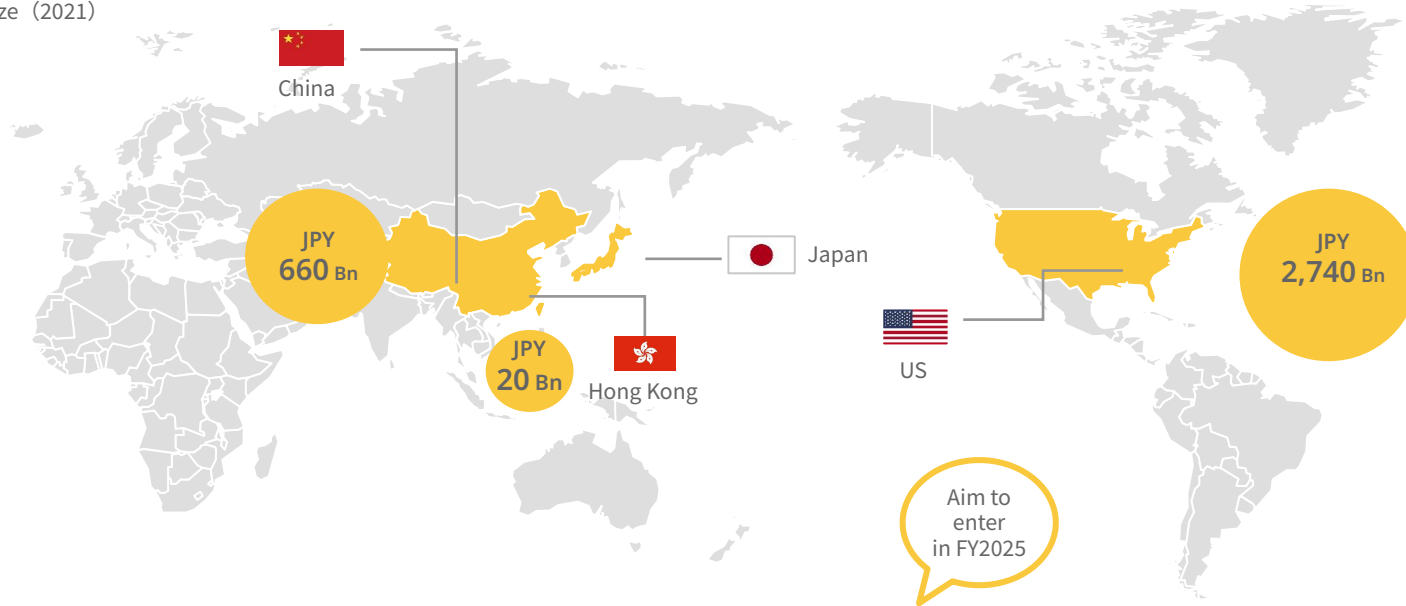


Source : © FAO, 2023. Achieving SDGs 2 without breaching the 1.5 °C threshold: A global roadmap. (<https://www.fao.org/interactive/sdg2-roadmap/en/>)

Expansive Global Markets

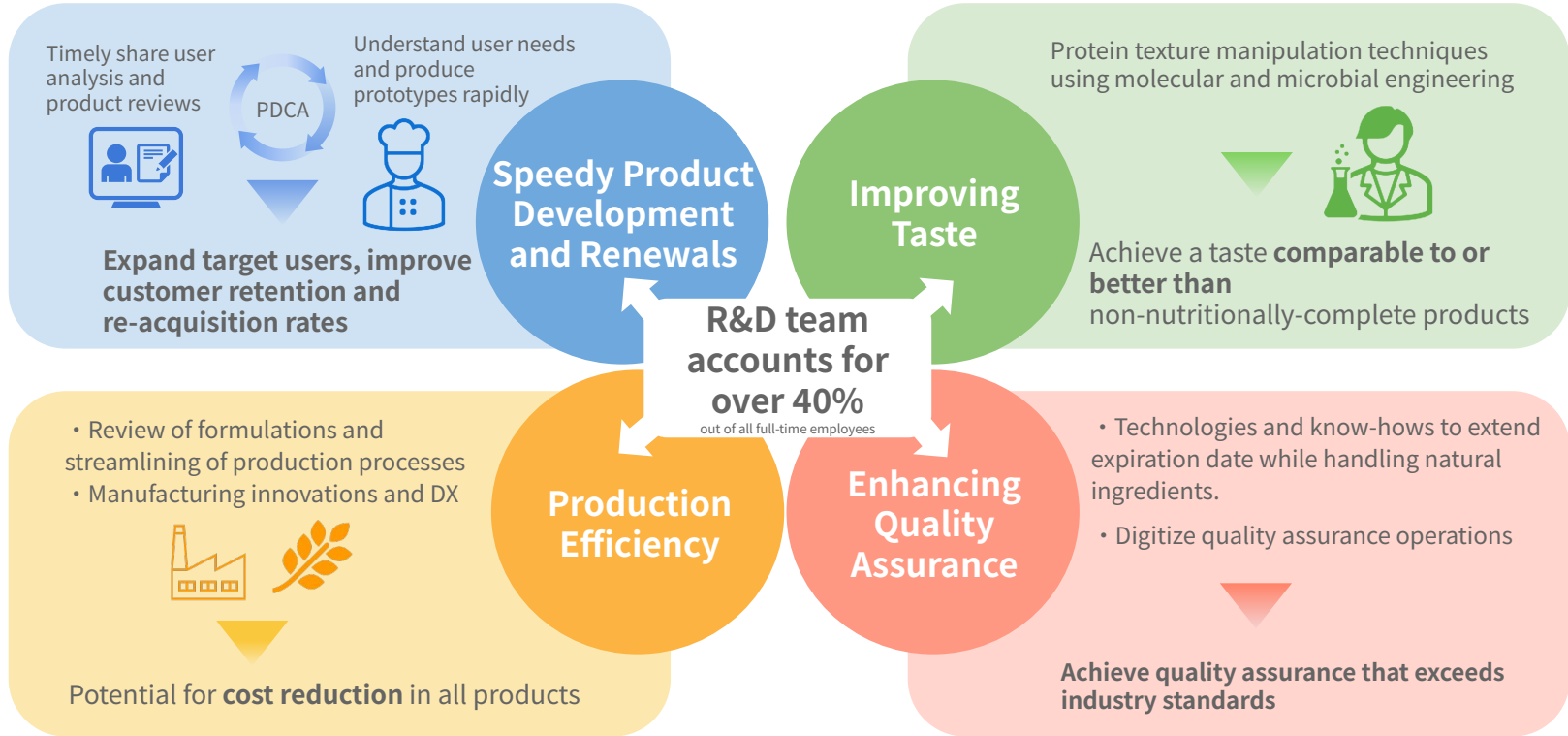
First, we'll expand into countries facing similar social issues as Japan's or those highly receptive to food-tech, aiming for a world where a healthy and sustainable lifestyle is accessible to all.

● Market Size (2021)



R&D Strategy

Our R&D team, **consisting over 40% of full-time employees**, is working on "speedy product development and renewals", "improving taste", "product efficiency" and "enhancing quality assurance". Proactively invest in deep and digital technology as a driver to accelerate business growth and propel mission accomplishment.

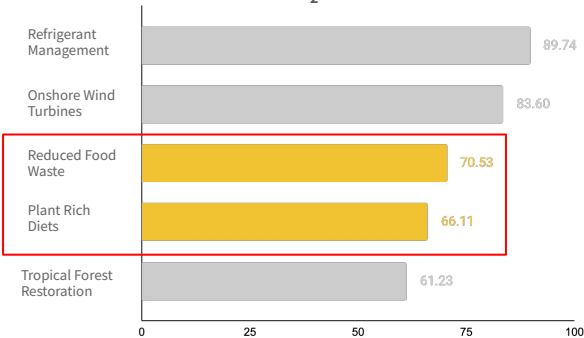


Social Impact

Contributions to Sustainability

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

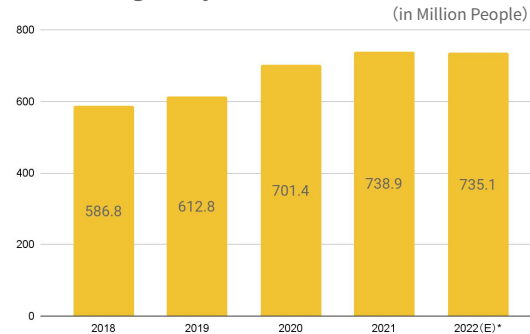
TOP5 solutions to reduce CO₂ emissions ⁽¹⁾



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 ⁽²⁾



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:

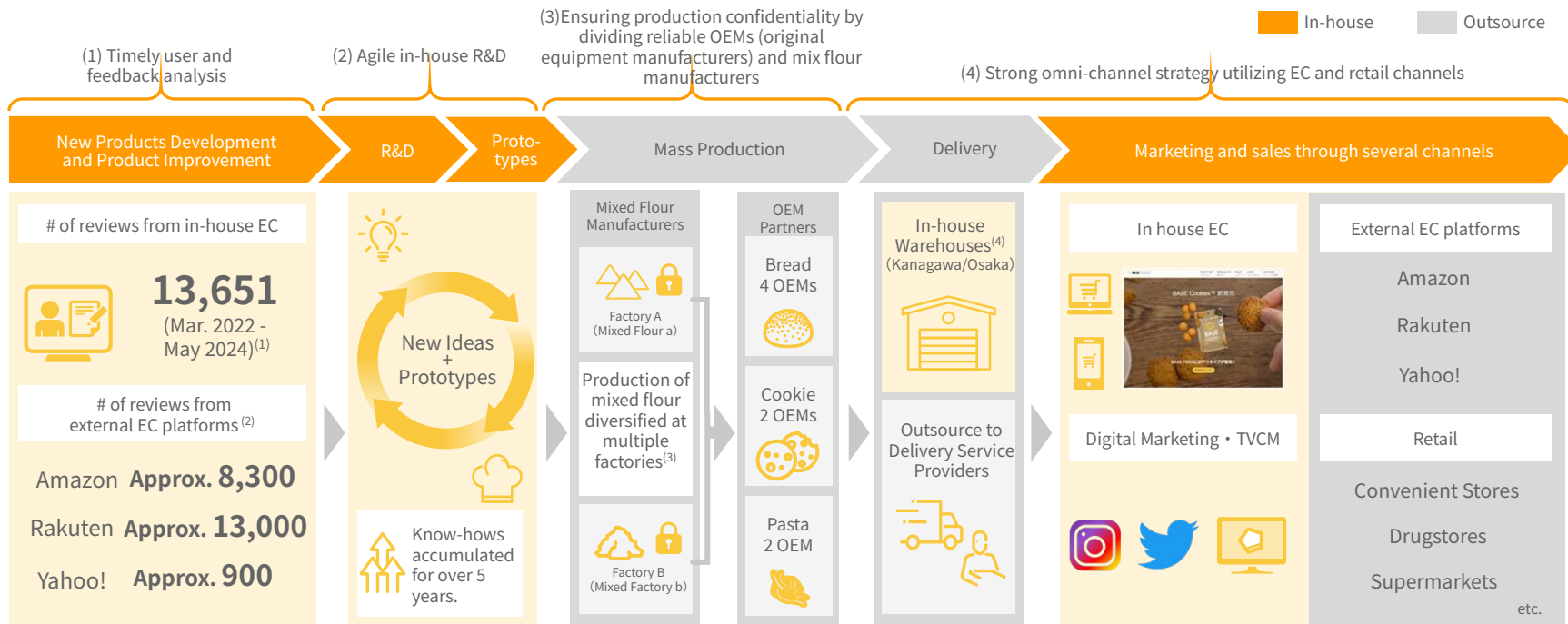
1. Paul Hawken. Drawdown: The Most Comprehensive Plan Ever Proposed to Reverse Global Warming. 2017. The term CO₂ (carbon dioxide) refers not only to carbon dioxide itself but also encompasses all greenhouse gases converted to carbon dioxide equivalents based on their global warming potential (GWP), 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

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

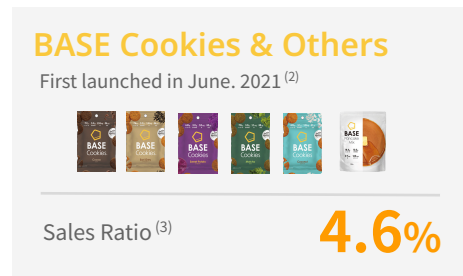
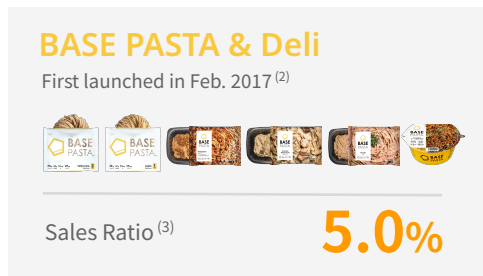
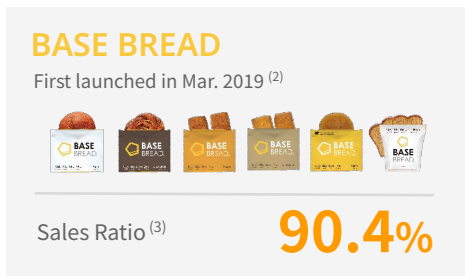


Notes:

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.

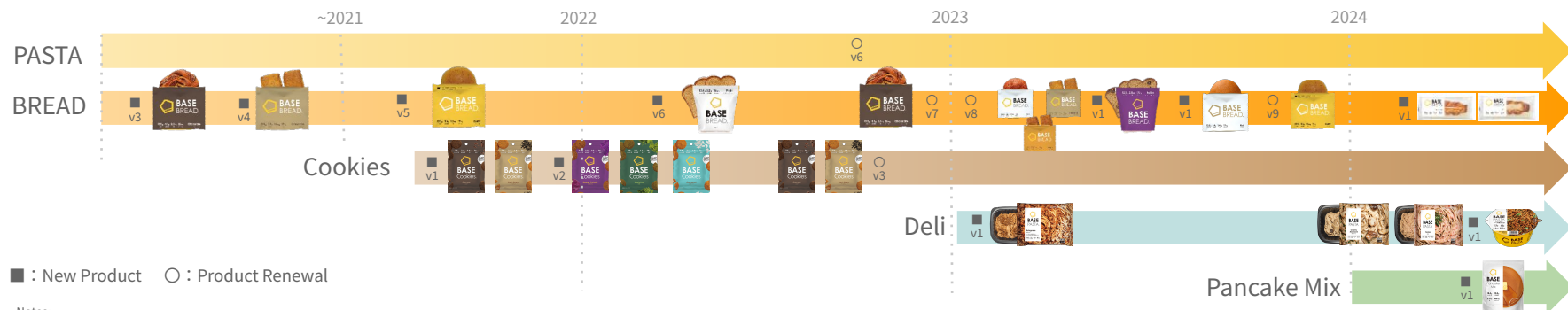
Developing New Market by Expanding Product Lineups⁽¹⁾

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.



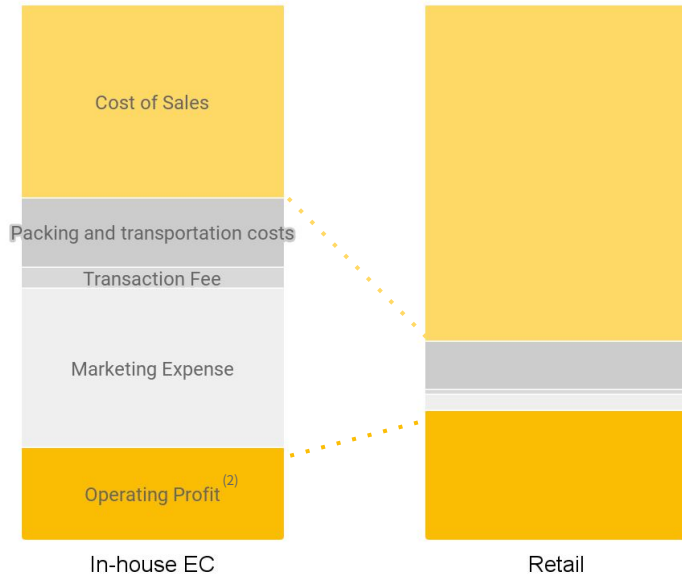
Notes:

- 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.
- The months BASE BREAD, BASE PASTA and BASE Cookies were first launched as a product.
- 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

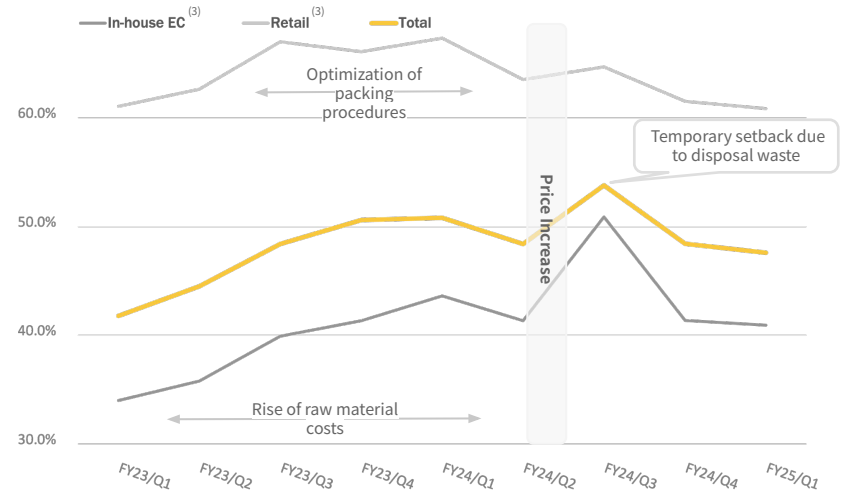
In-house EC keeps the cost of sales (COS) ratio in the late 30s, allowing for a high gross margin. However, it incurs a relatively higher SG&A ratio due to user acquisition and product delivery on our own. Conversely, the retail channel has a higher COS ratio but a significantly lower SG&A ratio, resulting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

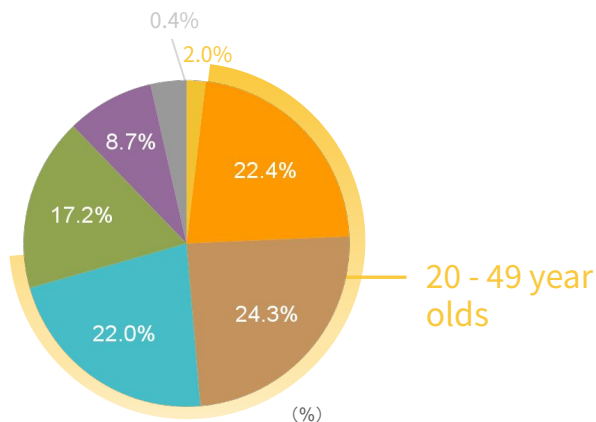
1. Represents the sales ratio for each category, based on management accounting, with both in-house EC and retail sales set at 100 as a reference.
2. Excludes fixed expenses (personnel expenses, research and development expenses, and others).
3. Average values for each accounting period.

Customer Insights

Customer Base #1

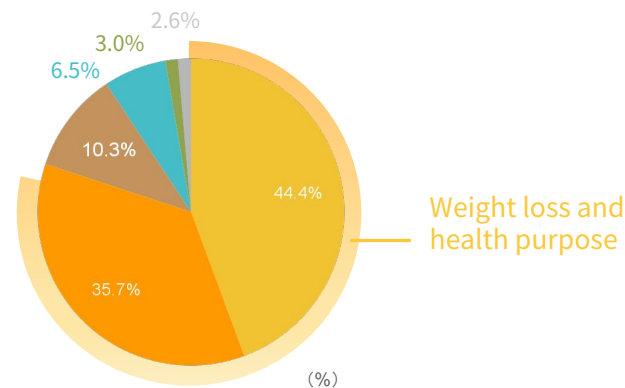
Popular Among the Working-Age Demographics ⁽¹⁾

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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