Translation

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

July 16, 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 quarterly securities report: July 16, 2024

Scheduled date for commencing dividend payments: -

Preparation of supplementary materials on quarterly financial results: Yes

Holding of quarterly financial results briefing session: No (for institutional investors and analysts)

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

1. Financial Results for the First Quarter (March 1, 2024 to May 31, 2024) of the Fiscal Year Ending February 28, 2025

(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 quarter ended May 31, 2024	3,664	(2.0)	(437)	–	(436)	–	(440)	–
First quarter ended May 31, 2023	3,739	–	(380)	–	(381)	–	(382)	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended May 31, 2024	(8.44)	–
First quarter ended May 31, 2023	(7.72)	–

(Notes) 1. No year-on-year change figures are presented for the first quarter ended May 31, 2024, as BASE FOOD, Inc. (the "Company") did not prepare the quarterly financial statements for the first quarter ended May 31, 2023.

2. 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 May 31, 2024	4,435	454	10.2
As of February 29, 2024 (end of previous fiscal year)	3,276	842	25.7

(Reference) Total shareholders' equity

As of May 31, 2024: 454 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	–				
Fiscal year ending February 2025 (Forecast)		0.00	—	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	
	Millions of yen	%	Millions of yen	%
Full year	19,066	28.2	166	―

(Notes) 1. Revisions to the most recently announced earnings forecast: No

2. As to the forecast of financial results for the fiscal year ending February 28, 2025, only net sales and operating profit are disclosed.

* Notes

(1) Application of accounting treatments specific to the preparation of quarterly 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 May 31, 2024	53,709,400 shares	As of February 29, 2024	53,292,900 shares

2) Number of treasury shares at the end of the period

As of May 31, 2024	1,358,000 shares	As of February 29, 2024	1,358,000 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year)

First quarter ended May 31, 2024	52,213,422 shares	First quarter ended May 31, 2023	49,554,994 shares

* This summary of financial results is not subject to quarterly 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.

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1. Quarterly Financial Statements and Significant Notes Thereto
(1) Quarterly Balance Sheets

(Thousands of yen)

	Previous fiscal year (As of February 29, 2024)	First quarter of current fiscal year (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	1,430,928	2,583,583
Accounts receivable - trade	781,849	741,266
Merchandise	175,050	111,525
Raw materials and supplies	20,102	19,280
Accounts receivable - other	175,859	163,807
Prepaid expenses	68,746	109,542
Other	18,835	48,776
Total current assets	2,671,371	3,777,782
Non-current assets		
Property, plant and equipment	122,252	149,387
Intangible assets	4,414	4,284
Investments and other assets	478,726	503,872
Total non-current assets	605,392	657,543
Total assets	3,276,764	4,435,326

(Thousands of yen)

	Previous fiscal year (As of February 29, 2024)	First quarter of current fiscal year (As of May 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	556,857	580,117
Short-term borrowings	500,000	1,900,000
Accounts payable - other	829,413	940,361
Lease liabilities	1,349	1,358
Accrued expenses	121,437	153,772
Income taxes payable	16,694	4,687
Deposits received	50,589	41,860
Provision for point card certificates	13,519	3,056
Contract liabilities	284,474	319,757
Other	29,170	2,164
Total current liabilities	2,403,506	3,947,137
Non-current liabilities		
Lease liabilities	6,905	6,562
Asset retirement obligations	23,890	27,176
Total non-current liabilities	30,795	33,739
Total liabilities	2,434,302	3,980,876
Net assets		
Shareholders' equity		
Share capital	1,132,046	1,158,346
Capital surplus	2,070,122	2,096,375
Retained earnings	(2,332,522)	(2,773,052)
Treasury shares	(27,567)	(27,567)
Total shareholders' equity	842,079	454,101
Share acquisition rights	382	348
Total net assets	842,462	454,449
Total liabilities and net assets	3,276,764	4,435,326

(2) Quarterly Statements of Income

(Cumulative)

(Thousands of yen)

	First quarter of previous fiscal year (March 1, 2023 - May 31, 2023)	First quarter of current fiscal year (March 1, 2024 - May 31, 2024)
Net sales	3,739,082	3,664,282
Cost of sales	1,899,542	1,744,084
Gross profit	1,839,539	1,920,197
Selling, general and administrative expenses	2,219,675	2,357,881
Operating profit (loss)	(380,135)	(437,684)
Non-operating income		
Compensation income	779	1,243
Foreign exchange gains	-	2,615
Other	45	746
Total non-operating income	825	4,606
Non-operating expenses		
Interest expenses	1,132	3,346
Guarantee commission	342	335
Other	217	21
Total non-operating expenses	1,693	3,703
Ordinary profit (loss)	(381,004)	(436,781)
Profit (loss) before income taxes	(381,004)	(436,781)
Income taxes - current	1,681	1,640
Income taxes - deferred	-	2,108
Total income taxes	1,681	3,748
Profit (loss)	(382,685)	(440,530)

(3) Notes to Quarterly Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

Not applicable.

(Segment Information)

I. First quarter of the previous fiscal year (March 1, 2023 - May 31, 2023)

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

II. First quarter of the current fiscal year (March 1, 2024 - May 31, 2024)

(Thousands of yen)

	Reportable segment	Others (Note 1)	Total	Adjustments (Note 3)	Amount recorded in quarterly statements of income (Note 2)
	Nutritionally complete food business				
Net sales					
Revenues from external customers	3,664,234	47	3,664,282	-	3,664,282
Transactions with other segments	-	-	-	-	-
Total	3,664,234	47	3,664,282	-	3,664,282
Segment profit (loss)	(414,661)	(5)	(414,667)	(23,016)	(437,684)

(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 quarterly statement 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.