BASE FOOD

Financial Results Briefing Material

Third Quarter of the Fiscal Year Ending February 2025

TSE Growth Market (Securities Code: 2936)

Jan 14, 2025

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

Our Goal is to Become “Nutrition Infrastructure”



Part 1

Financial Results Briefing Material Third Quarter of the Fiscal Year Ending February 2025 (FY2025)

Executive Summary

Net Sales	**¥4.00 Bn**	+**2.2**% QoQ	Despite the strategic reduction in advertising expenses, sales remained steady **due to the launch of three new BASE BREAD products, which enhanced product strength, and LTV improvement measures, including updates to the loyalty program.**
In-house e-commerce (EC)	**¥2.60 Bn**	+**4.5**% QoQ	As a result of reduced advertising expenses, the number of new acquisitions declined; however, the launch of new products and LTV enhancement initiatives led to **a record-low churn rate of 5.6%.**
Retail[*1]	**¥1.13 Bn**	-**2.2**% QoQ	While the store network increased QoQ (**up 913 stores from Q2**), sales per store decreased as planned, falling to ¥7,190 partly due to the end of sales of some products.
External EC	**¥0.22 Bn**	+**0.5**% QoQ	Despite the strategic reduction in advertising expenses, **achieved strong sales during major sales events,** which led to QoQ growth.
Global	**¥0.03 Bn**	-**8.5**% QoQ	Decreased QoQ as a result of adjusting advertising expenses to achieve profitability. Meanwhile, with sales strong at 7-Eleven in Hong Kong, further progress was made as it **decided to increase its stores carrying our products.**
Operating Profit Profit Margin(%)	**¥0.23 Bn** (+5.8%)	–	Due to improved financial performance from the product price hike conducted at the end of Q2 and **reduced advertising expenses as planned, achieved profitability** in Q3. This further strengthened 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

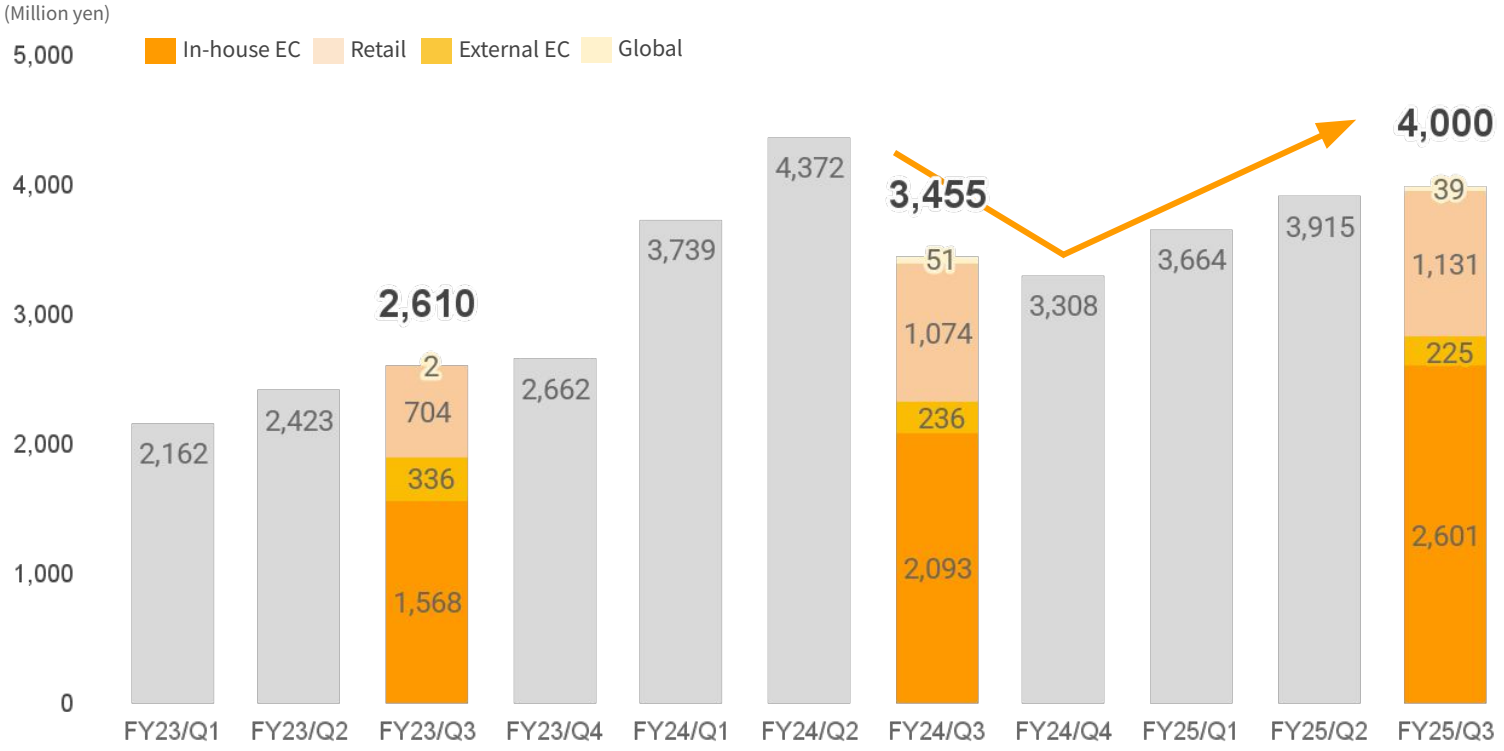
Despite the strategic reduction in advertising expenses, sales remained steady due to the launch of three new BASE BREAD products, which enhanced product strength, and LTV improvement measures, including updates to the loyalty program. **Operating profit achieved profitability** due to the price increase implemented at the end of the Q2 and strategic cost reductions.

	Q3 FY2024	Q2 FY2025	Q3 FY2025	QoQ
Net Sales	¥3.45 Bn	¥3.91 Bn	**¥4.00 Bn**	**+2.2%**
In-house EC	¥2.09 Bn	¥2.48 Bn	**¥2.60 Bn**	**+4.5%**
Retail	¥1.07 Bn	¥1.16 Bn	**¥1.13 Bn**	**-2.3%**
External EC	¥0.23 Bn	¥0.22 Bn	**¥0.22 Bn**	**+0.5%**
Global	¥0.05 Bn	¥0.04 Bn	**¥0.03 Bn**	**-8.5%**
Gross Profit	¥1.59 Bn	¥2.12 Bn	**¥2.26 Bn**	**+6.7%**
Profit Margin (%)	46.2%	54.2%	**56.6%**	**+240bps*1**
Operating Profit	-¥0.37 Bn	-¥0.03 Bn	**¥0.23 Bn**	**+¥0.26 Bn**
Profit Margin (%)	-11.0%	-1.0%	**5.8%**	**+680bps*1**

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

Sales Highlight

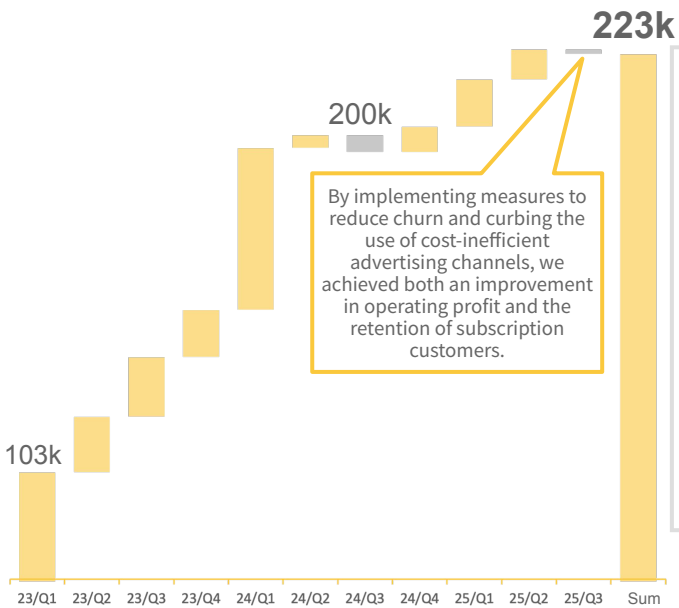
Since the voluntary recall, we have continued to strengthen various risk management measures and enhance product appeal, resulting in a return to a growth trajectory for revenue.



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

In-house EC sales in Q3 reached ¥2.60 billion (+4.5% QoQ) as purchase price and churn rate improved through new products and LTV enhancement measures.External EC sales also remained strong with good performance achieved during major sales events, despite reduced ad expenses.

In-house EC Subscribers *1



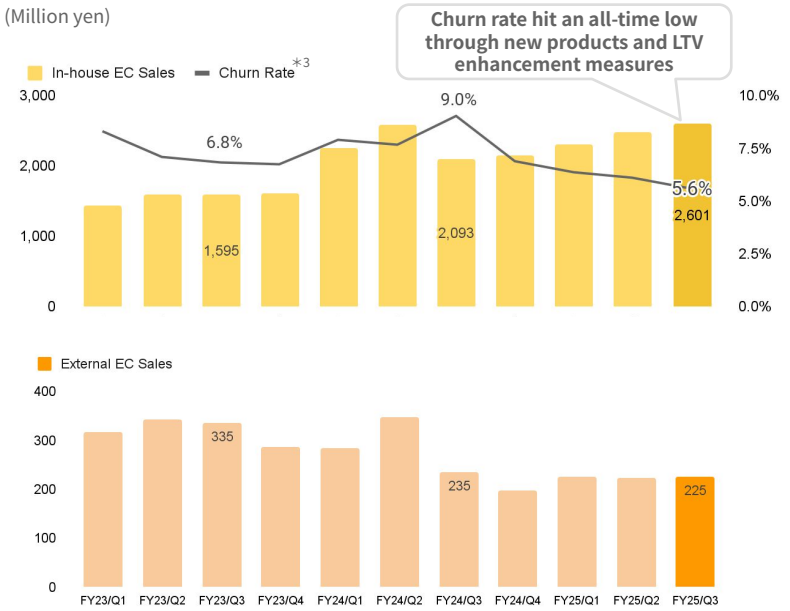
Monthly average purchase price*2

FY24 Q2
approx. **¥5,400**

FY25 Q3
approx. ¥5,600

The product price hike conducted at the end of Q2 has steadily manifested its effects.

EC Sales by Channel

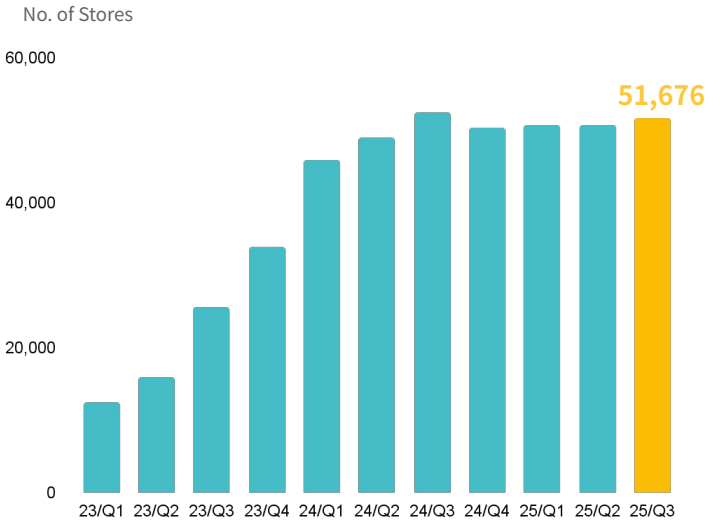


Notes:
1. Actual monthly increases in subscribers (cancellations taken into account).
2. Average figure for each fiscal quarter (Q2: Mar. to May), (Q2: Jun. to Aug.), (Q3: Sep. to Nov.), (Q4: Dec. to Feb. next year). Monthly average purchase price = Monthly subscription sales / Monthly subscribers
3.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

Sales by Channel (Retail Channel)

The number of stores selling our products is expanding as a whole, mainly supermarkets and drugstores, despite monthly fluctuations depending on when the products are introduced. Sales per store decreased as planned, temporarily falling partly due to the end of sales of some products. As a result, Q3 sales were ¥1.13 billion (-2.3% QoQ).

Store Network*1



Expansion Opportunities

	Total Stores in Japan	Distribution Rate*5
CVS	55,810 *2	81.3% +0.2pts QoQ
Drugstores	22,621 *3	20.3% +0.9pts QoQ
Supermarkets	23,028 *4	7.5% +3.4pts QoQ

Monthly Sales per Store*6

Q2 FY2025 approx. ¥7,630

Q3 FY2025 approx. ¥7,190

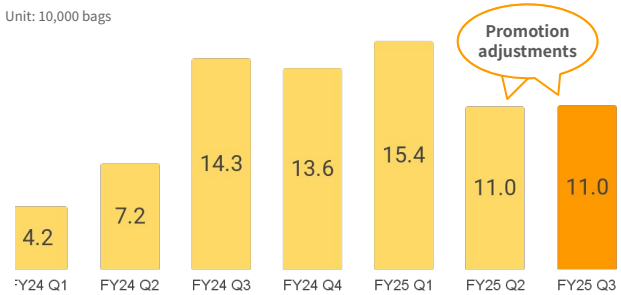
- The QoQ decrease was influenced by factors such as store expansion and the discontinuation of the old version of cup noodles following product renewal.
- The renewed cup noodles are scheduled for reintroduction in February 2025, with improvements anticipated.

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 November 2024.
6. Quarterly average. Monthly sales per store = Monthly sales of the entire retail channel / Number of stores.

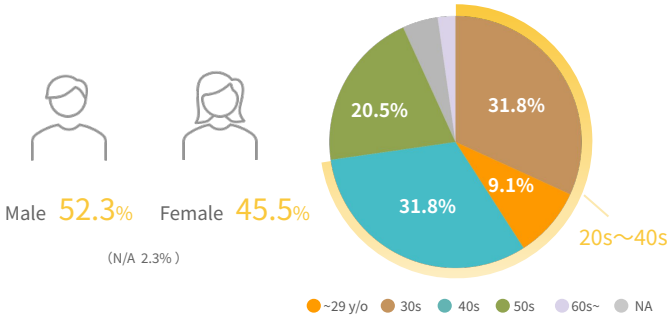
Overseas Sales

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, local 7-Eleven stores started selling our products in October, with positive results. This led to a decision that 100 more of its stores would carry our products, bringing the total to 200.**

Trends in Quarterly Volume of Bags Sold



Popular Among the Working-Age Demographics *1



Q3 Summary

Hong Kong — Expansion Stage

- Sales began in October at 7-Eleven stores, which boast an overwhelming share of the local CVS market
  - ○ Test sales at 100 stores proved favorable
  - ○ **It was decided that 100 more of its stores would newly carry our products, bringing the total to 200**



- For in-house EC, working to revamp the product website to improve the LTV of acquired users

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

- Working on preparations to start business there by the end of FY2025

South Korea (New!) — Validation Stage

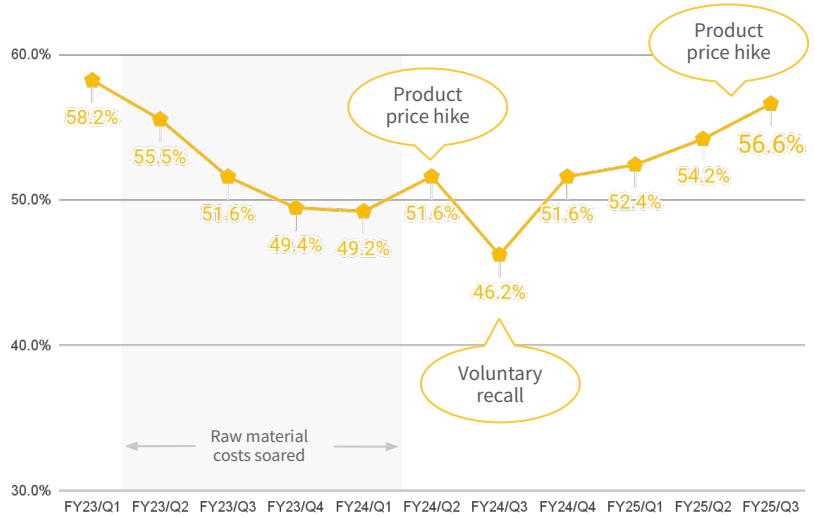
- Test sales will begin in January 2025

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

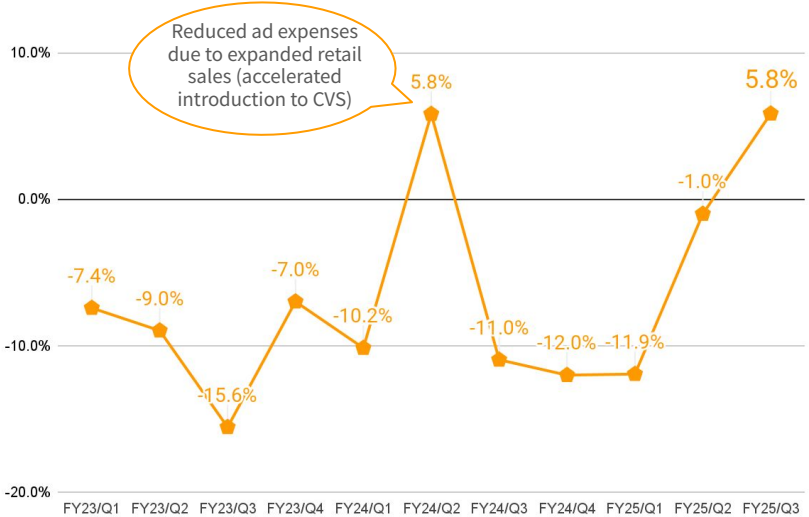
Profit Highlights

The gross margin improved to 56.6%, fully reflecting the effect of the product price hike we conducted at the end of Q2. The operating margin also **improved significantly to 5.8%**, as a result of reducing advertising expenses as planned and curbing other SG&A expenses. **Steady progress is made toward achieving full-year profitability.**

Gross Margin



Operating Margin



Factors of Profit Changes (QoQ)

	Q2 FY2024 (Actual)		Q3 FY2025 (Actual)		Change Factors
	Amount	% of net sales	Amount	% of net sales	
Cost of Sales	¥1.79 Bn	45.8%	¥1.73 Bn	43.4%	Improved due to reduced cost of sales and the product price hike in August
Packing and Transportation Cost*1	¥0.42 Bn	10.9%	¥0.39 Bn	9.8%	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	3.1%	¥0.12 Bn	3.2%	-
Marketing Expenses	¥0.85 Bn	21.9%	¥0.77 Bn	19.3%	Improved as a result of following the quarterly customer acquisition strategy as planned
Personnel Expenses	¥0.40 Bn	10.2%	¥0.39 Bn	9.9%	Improved as a result of continuing to reduce new hires since Q1, as planned
Other Expenses*2	¥0.35 Bn	9.1%	¥0.34 Bn	8.5%	Improved as a result of flexibly adjusting fixed costs in line with business progress
Operating Profit	-¥0.03 Bn	-1.0%	¥0.23 Bn	5.8%	

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

As planned, we launched new products one after another in Q3, with a focus on our top-selling BREAD series. As we intended, they helped prevent users from getting tired of the taste, and the churn rate of the in-house EC channel hit an all-time low.

New Products Launched: 3 products in total

● BASE BREAD Series

- Successively released products with flavors that were popular in preliminary user surveys
  - Released “Coffee” in Oct. and “Milk” and “Strawberry” in Nov.
- The continued release of new products kept users from boredom, **resulting in the lowest-ever churn rate**
- Due to their highly-valued taste, the new products became some of the most popular lines
- Sales have sequentially started at retail stores*1
- As a type of stick bread, they are popular as a snack for both adults and children, and are **well-suited for reaching households with children, our target audience**







Notes
1. BASE BREAD Strawberry was released on December 16, 2024, and BASE BREAD Milk was released on January 13, 2025.

Renewed Products to Be Released on Jan. 16

● BASE PASTA Cup Noodles Series

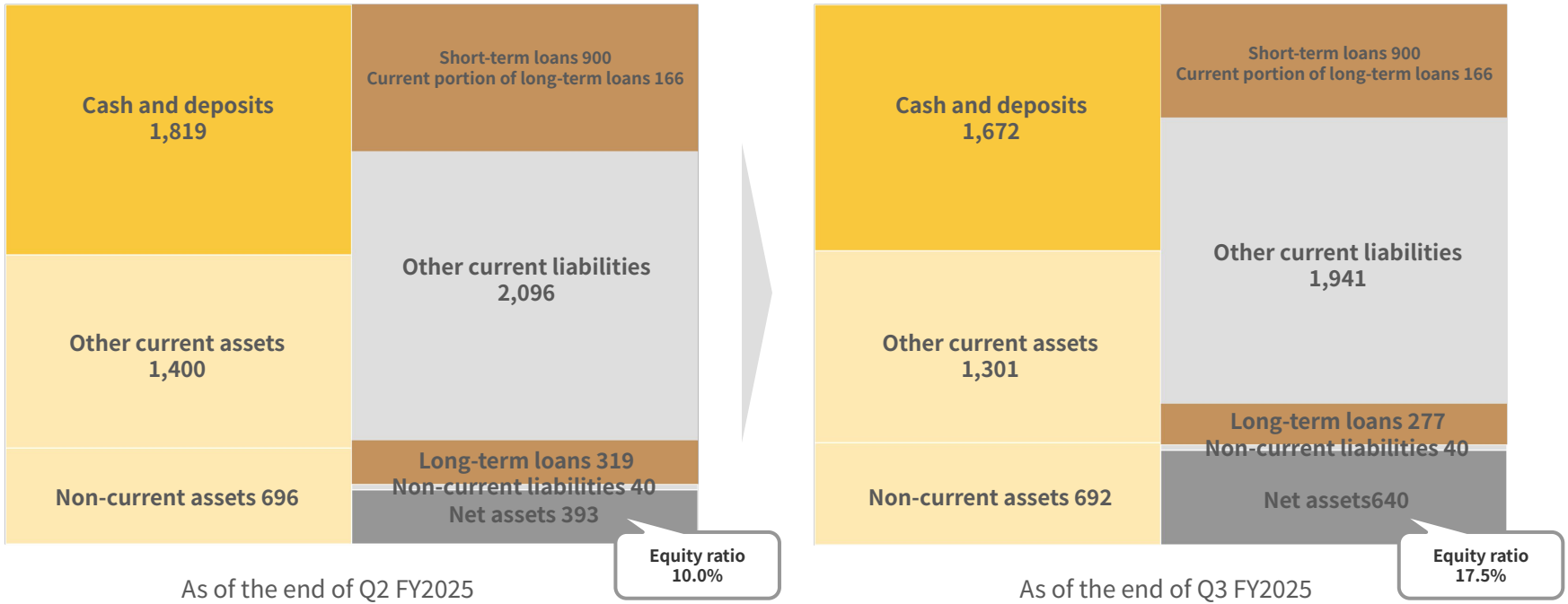
- Sales of existing cup noodle series ended in December
- The improved version is scheduled to go on sale on January 16, 2025
  - **Taste rating of Sauce Yakisoba: 4.0 points → 5.9 points**
  - **Tase rating of Umakara Mazesoba: 4.4 points→ 6.1 points**
- **Drive cross-selling by expanding categories beyond core products (BREAD series)**



Balance Sheet

Due to increased net assets resulting from achieving profitability, and partial repayment of short-term loans as a result of securing long-term loans*1, the equity ratio, which had been declining for some time, recovered to 17.5%. We will further raise the equity ratio and improve financial soundness by achieving full-year profitability.

(Million Yen)



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)

Japanese Government Small Business Innovation Research (SBIR) Grant

As announced in Q2, 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 Nov 2024 to March 2028

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.
- The schedule for grant funds receipt and recognition is detailed on the next page.

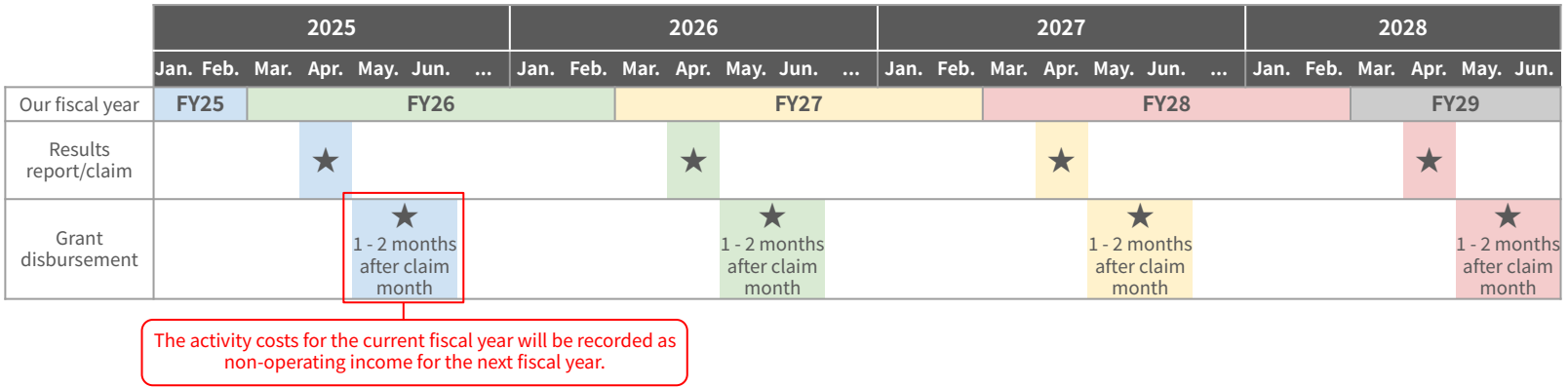
Notes
1. Refer to “Selection Results for the Second Open Call of the Small/Startup Business Innovation Research Program by the Ministry of Agriculture, Forestry, and Fisheries” (Japanese only)

(Supplementary Note) How to Record SBIR Grants

The SBIR grant will be paid out after a review of the performance report to be submitted at the end of each fiscal year. The first payment will be made in May or June 2025[*1] and will cover the activity costs from November 2024 to March 2025.

- **After the end of the fiscal year, we will report the SBIR research activity results and claim the expenses covered by the grant.**
- **Expected to be disbursed in 1 to 2 months after the month when claim is made**[*1]
- **The received grant will be recorded on the Statements of Income as non-operating income.**

(Reference) Approximate schedule for claiming and disbursement under the SBIR program[*1]



Notes
1. As of January 14, 2025. The schedule may be subject to change in the future.

Shareholder Benefit

We are pleased to introduce a new shareholder benefit program to express our gratitude for your continued support and to enhance your understanding of our business by encouraging you to experience our products firsthand.

Outline of Shareholder Benefit

Three 500 yen coupons usable on the BASE FOOD website (totaling 1,500 yen)



- Usable for subscriptions (eligible for both new and recurring users)
- Frequency: issued once per year
- Distribution Timing: Around October 2025[*1]

Eligible Shareholders

- Shareholders must hold at least one unit of shares (100 shares) continuously for at least six months
- Continuous shareholding for at least six months is confirmed if the shareholder is listed on the Company's shareholder registry on the last day of February and August, holding at least one unit (100 shares) on both dates under the same shareholder number throughout, and continuously registered so at least twice.

FAQ

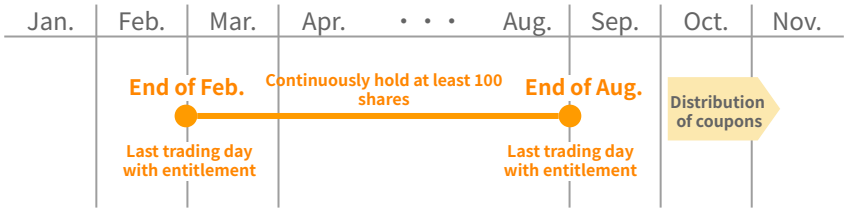
Q: How can I qualify for the first shareholder benefit?

A: You qualify if you hold 100 or more shares of the Company's stock by February 26, 2025 (Wed), and continue to hold at least 100 shares on August 27, 2025 (Wed).

Q: When will the benefit coupons be sent out?

A: We plan to send them around October 2025[*1]

Benefits-related Schedule



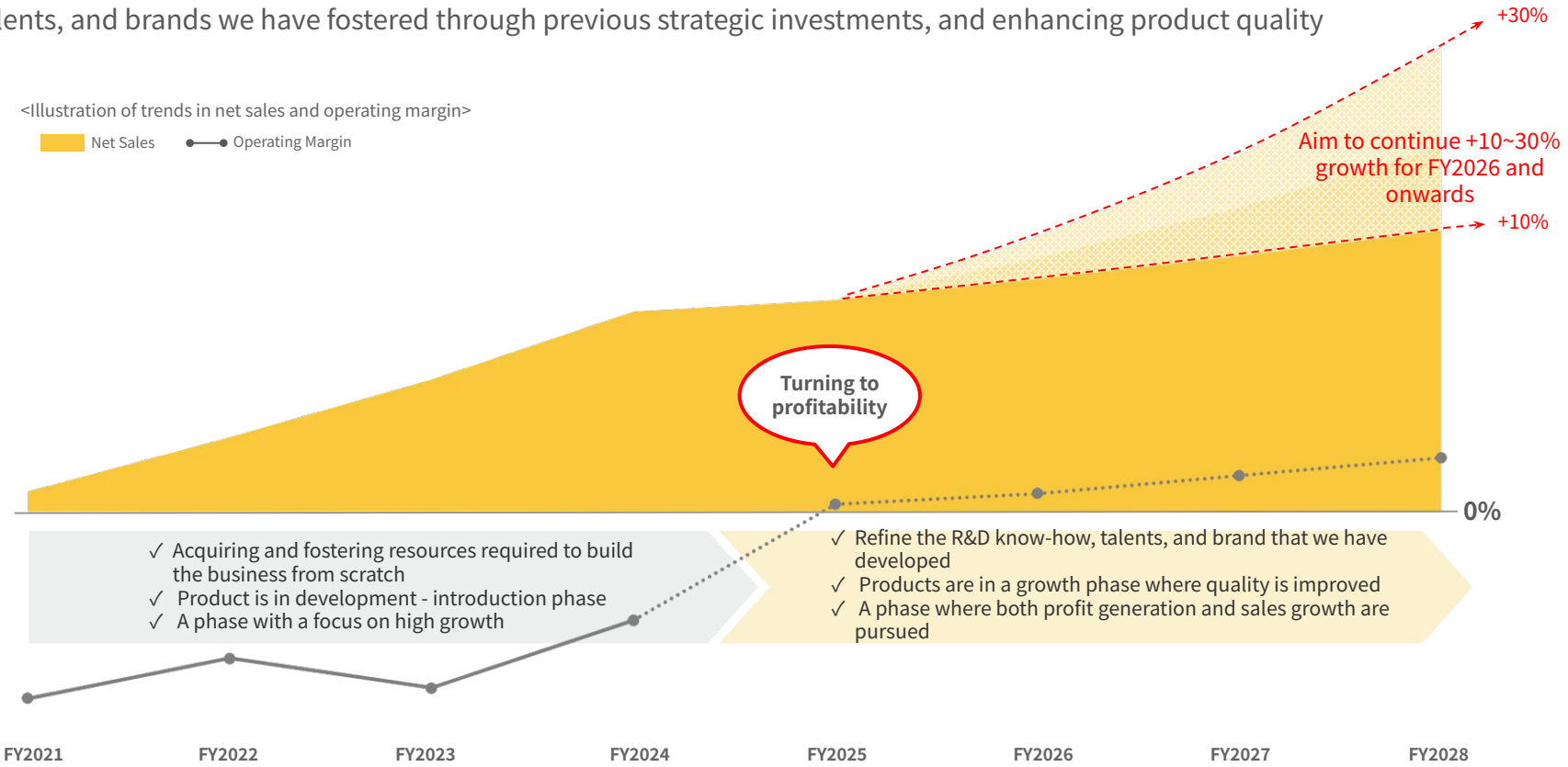
Notes
1. The distribution timing may be subject to change. We will inform you of the specific distribution method and coupon details as soon as they are finalized.

Part 2

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

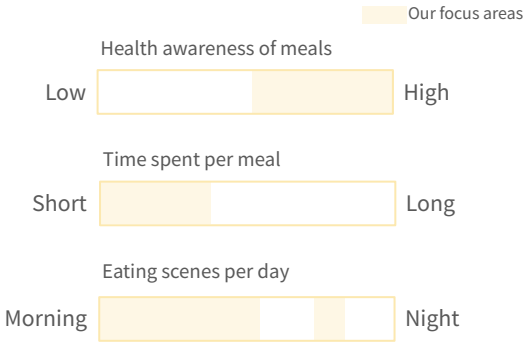


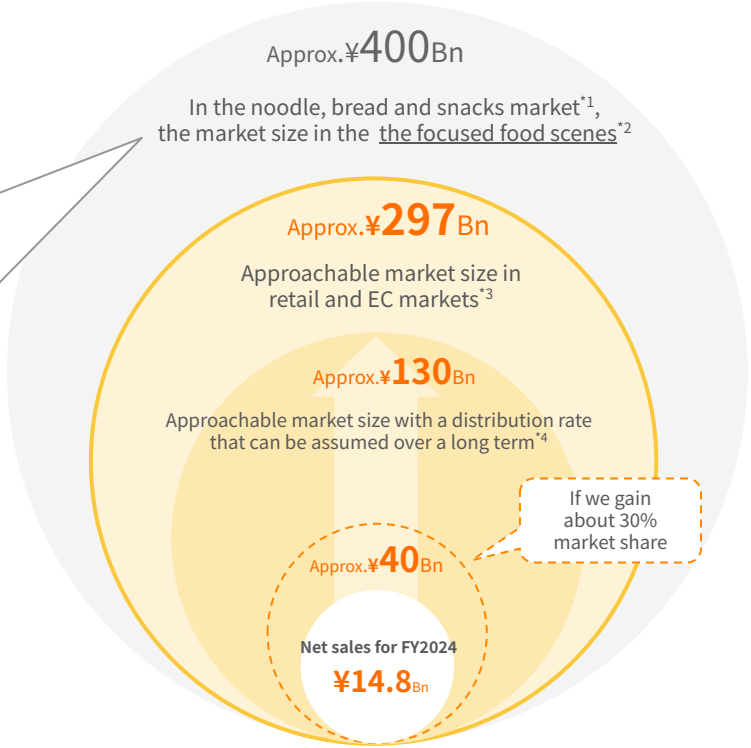
Domestic Target Market

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

Focused food scenes

Healthy x Time efficient x Breakfast/Lunch/Snacks





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)

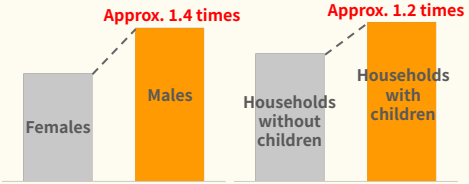
Inflow from Retail Stores and Other Sales Channels

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)

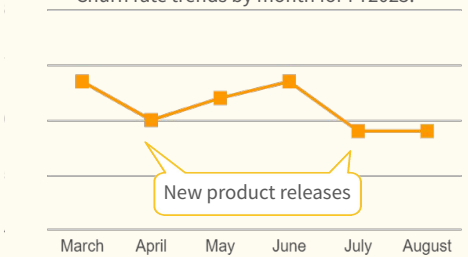


- Strengthen measures aimed at increasing purchase price in terms of services as well

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.

Speedy Product Development and Renewals

Timely share user analysis and product reviews

PDCA

Understand user needs and produce prototypes rapidly



Expand target users, improve customer retention and re-acquisition rates

Improving Taste

Protein texture manipulation techniques using molecular and microbial engineering



Achieve a taste **comparable to or better than** non-nutritionally-complete products

Production Efficiency

- Review of formulations and streamlining of production processes
- Manufacturing innovations and DX



Potential for **cost reduction** in all products

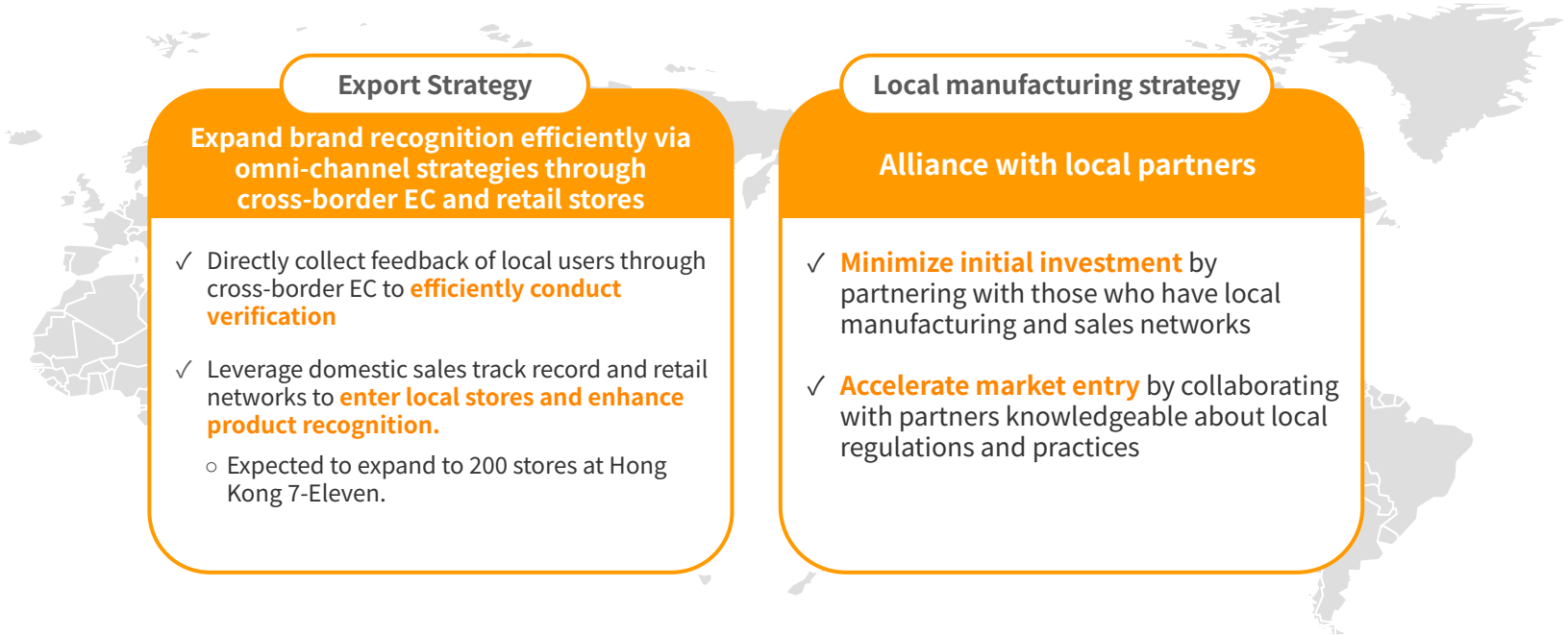
Enhancing Quality Assurance

- Technologies and know-hows to extend expiration date while handling natural ingredients.
- Digitize quality assurance operations

Achieve quality assurance that exceeds industry standards

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.**
  - ○ Expected to expand to 200 stores at Hong Kong 7-Eleven.

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

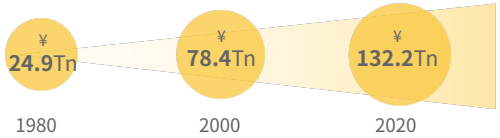
Mission & Business Model

Social Issues in Japan

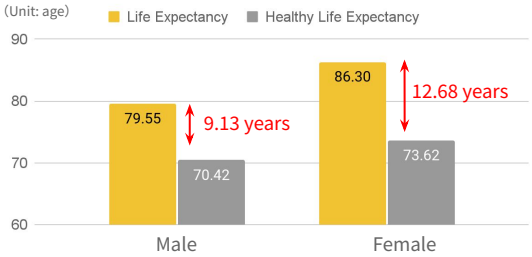
Extension of Healthy Life Expectancy

Increase in Social Security Expenses*1

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

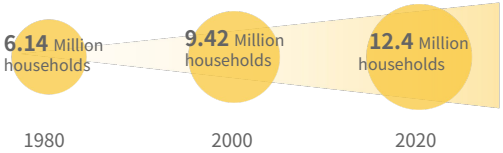


Gap between life expectancy and healthy life expectancy *2

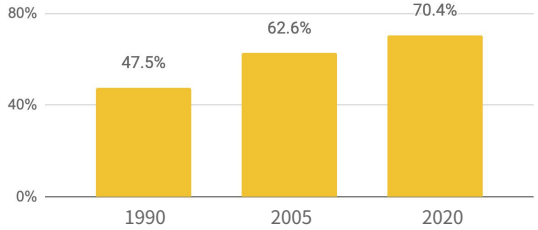


Less Time Spent for Meal Prepration

Increase of Dual-Income Households*3*4

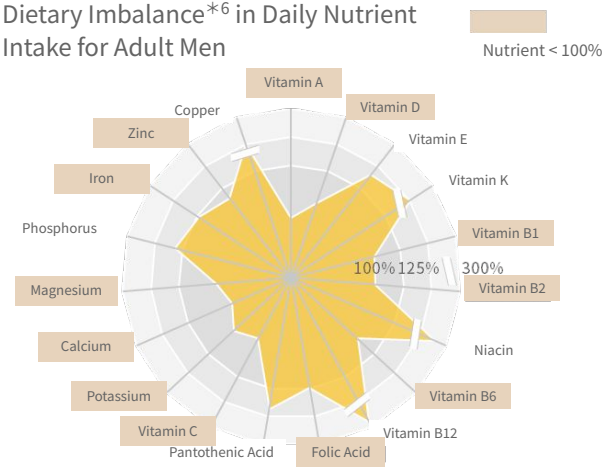


Increase in people who don't want to spend much time on cooking*5



Improvement in Nutritional Balance

Dietary Imbalance*6 in Daily Nutrient Intake for Adult Men



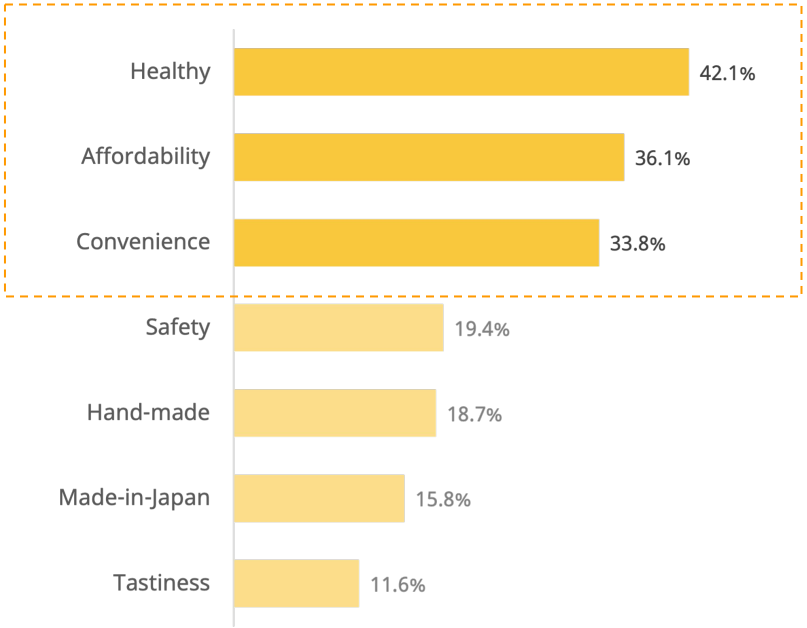
Notes:

1. "The Financial Statistics of Social Security in Japan Fiscal Year 2021." by the National Institute of Population and Social Security Research.
2. 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.
3. 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.
4. Households in which both the husband and wife are employees in sectors other than agriculture and forestry.
5. 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 3,991members 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.
6. 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?

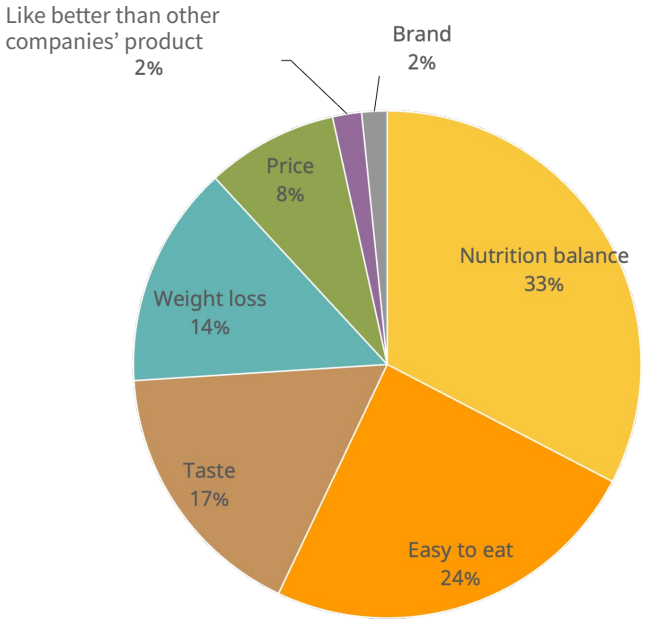
BASE FOOD accurately meets the high demand for convenient and affordable balanced meals

Top 3 Preferences for Meals *1



Why Users Continue to Choose BASE FOOD

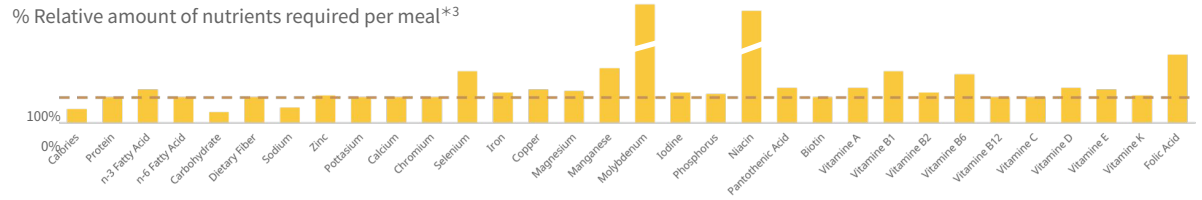
n = 459 (multiple answers allowed), 1,059*2 answers received



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



Made of Plant-Based Ingredients


Whole Wheat


Soy


Glutinous rice


Whole Grain Rye

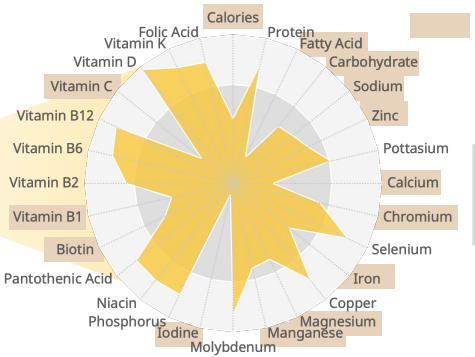

Chia seed

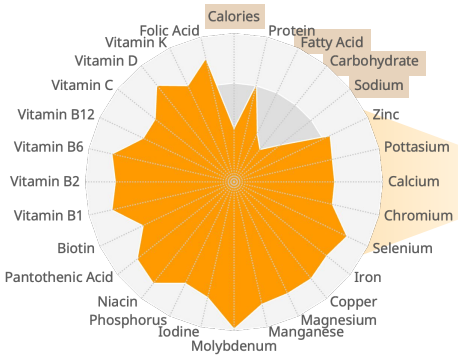

Kelp

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

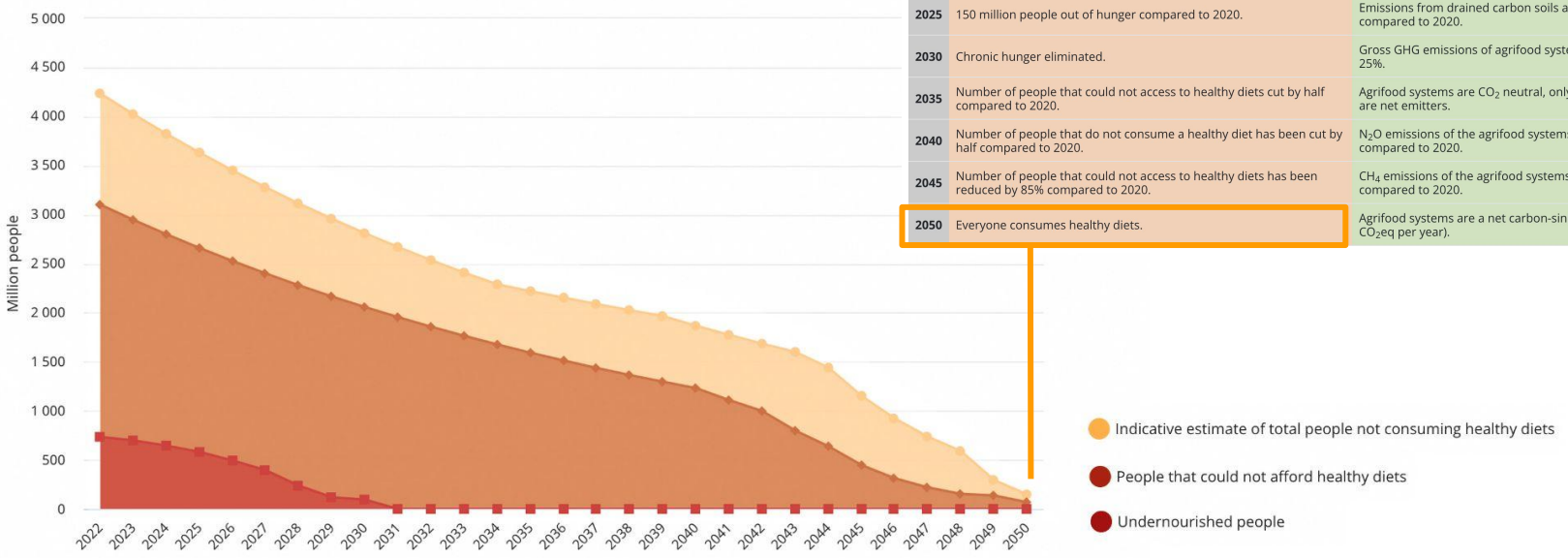


BASE BREAD *1

Notes:
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. Nutrients assuming intake of two packages of BASE BREAD Plain for one meal
3. Nutritional value of BASE BREAD Plain, assuming to eat 2 packages 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)
4. 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)
5. 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.



	Food security and nutrition goals	and contributing to the 1.5 °C agenda
2025	150 million people out of hunger compared to 2020.	Emissions from drained carbon soils are cut by 5% compared to 2020.
2030	Chronic hunger eliminated.	Gross GHG emissions of agrifood systems cut by 25%.
2035	Number of people that could not access to healthy diets cut by half compared to 2020.	Agrifood systems are CO_2 neutral, only other GHG are net emitters.
2040	Number of people that do not consume a healthy diet has been cut by half compared to 2020.	N_2O emissions of the agrifood systems are halved compared to 2020.
2045	Number of people that could not access to healthy diets has been reduced by 85% compared to 2020.	CH_4 emissions of the agrifood systems are halved compared to 2020.
2050	Everyone consumes healthy diets.	Agrifood systems are a net carbon-sink (-1.5 Gt CO_2eq per year).

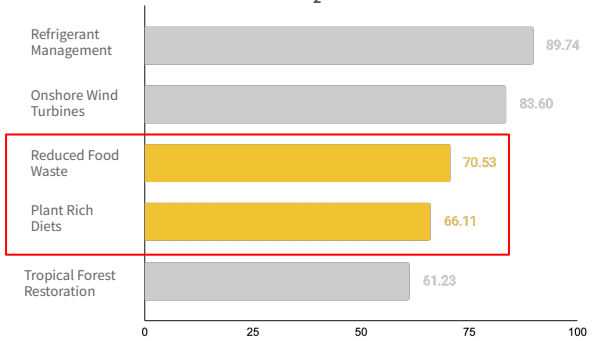
Source：© FAO. 2023. *Achieving SDGs 2 without breaching the 1.5 °C threshold: A global roadmap.* (https://www.fao.org/interactive/sdg2-roadmap/en/)

Social Impact

Contributions to Sustainability

By incorporating waste bran and plant-rich protein ingredients, we can contribute to the reduction of CO_2 emissions

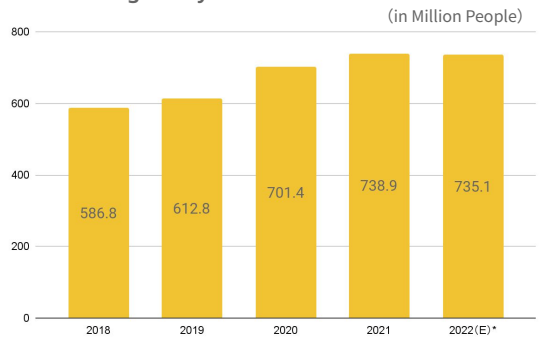
TOP5 solutions to reduce CO_2 emissions*1



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

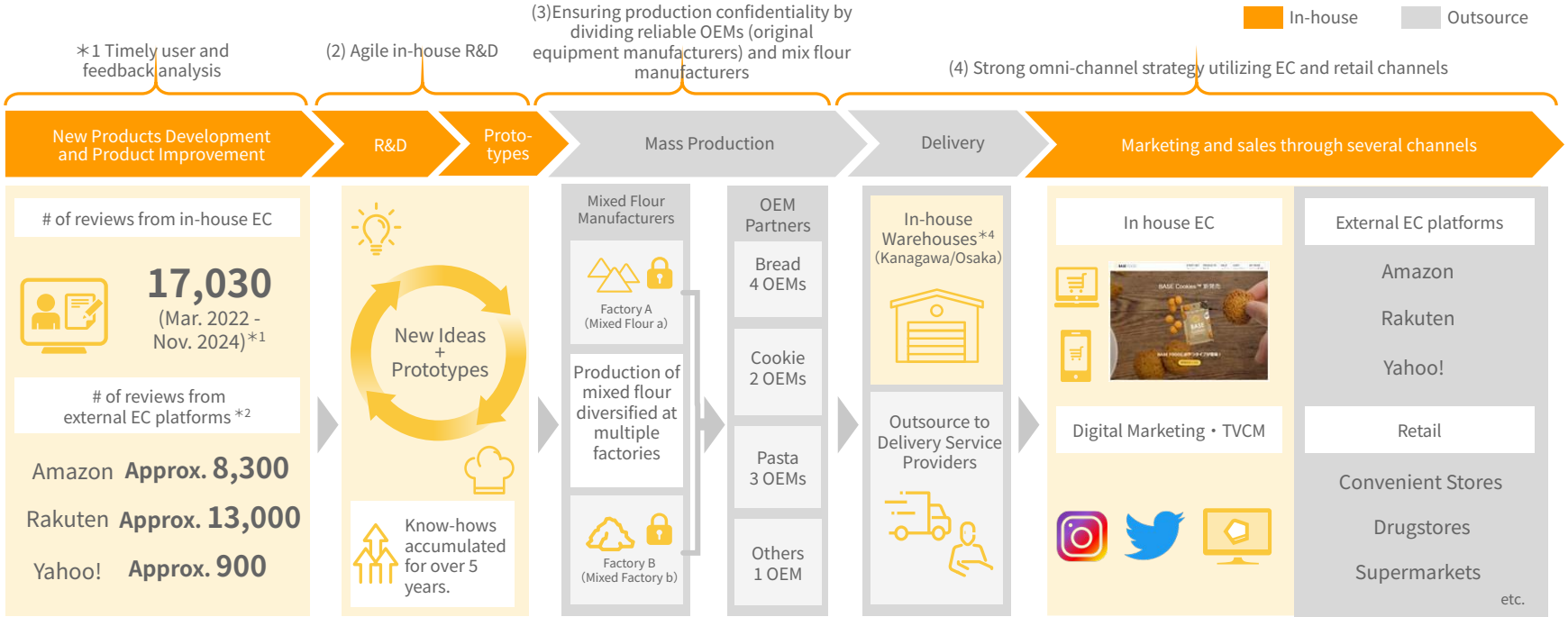
Disaster Resilience

・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 CO_2 (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.

BASE BREAD

First launched in Mar. 2019 *2



Sales Ratio *3 **89.8%**

BASE PASTA & Deli

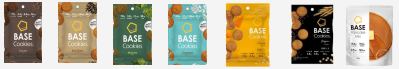
First launched in Feb. 2017 *2



Sales Ratio *3 **4.6%**

BASE Cookies & Others

First launched in June. 2021 *2



Sales Ratio *3 **5.6%**

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.

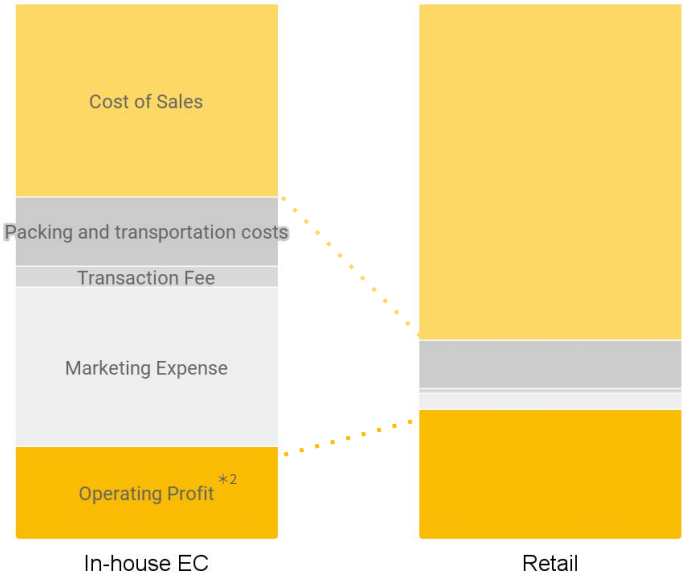


Notes:
1. One meal (1 package for BASE PASTA, 2 packages for BASE BREAD, 4 packages for BASE cookies, and 1 package for BASE FOOD Deli) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, and sodium, which may be overdosed with 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

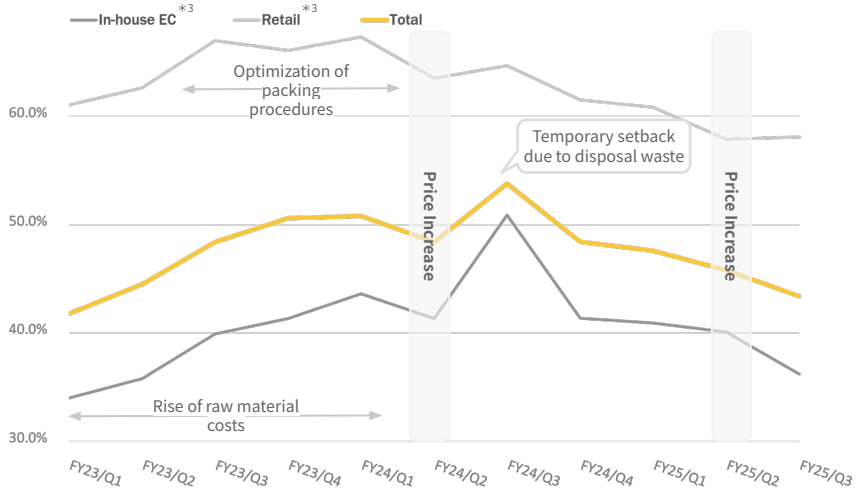
In-house EC keeps the cost of sales (COS) ratio in the late 30s, allowing for a high gross margin. However, it incurs a relatively higher SG&A ratio due to user acquisition and product delivery on our own. Conversely, the retail channel has a higher COS ratio but a significantly lower SG&A ratio, resulting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



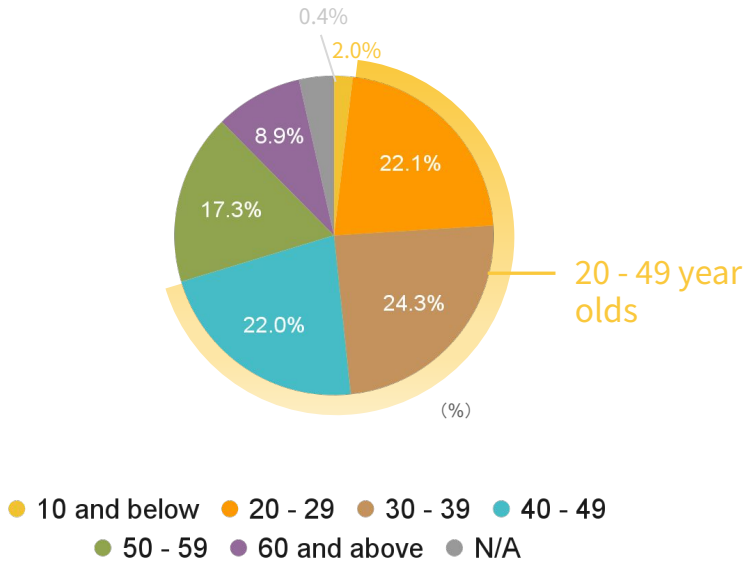
Notes:
1. Represents the sales ratio for each category, based on management accounting, with both in-house EC and retail sales set at 100 as a reference.
2. Excludes fixed expenses (personnel expenses, research and development expenses, and others).
3. Average values for each accounting period.

Customer Insights

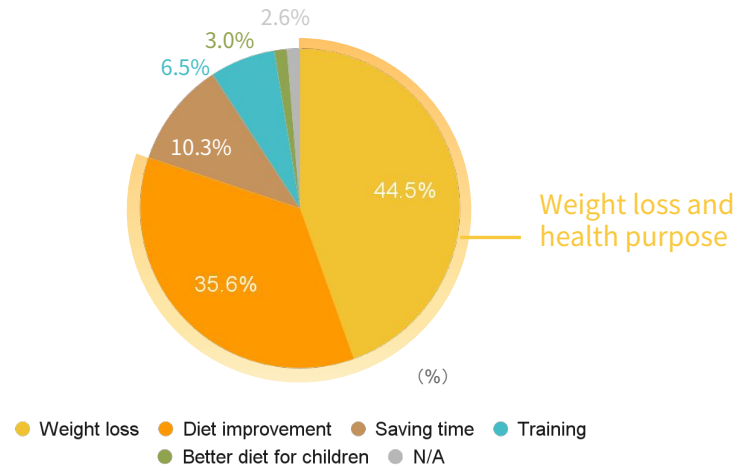
Customer Base #1

Popular Among the Working-Age Demographics *1

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



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



Notes:
1. Based on 163,346responses 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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