



Fiscal Year 2024
Q3 Financial Results

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

Our Goal is to Become “Nutrition Infrastructure”





Fiscal Year 2024

Q3 Financial Results

Executive Summary

Q3 Financial Results

- Due to the voluntary recall at the end of Oct., sales and profits stagnated.
- As for impact on sales, ¥0.3Bn of refunds were subtracted from sales. The following factors temporarily hindered sales growth.
 - In-house EC: Decrease in subscribers growth due to increase in subscription cancellations, reduced ad expenses, and delays in launching new products.
 - Other EC: Decrease in orders due to postponement of major sales events.
 - Retail: Decrease in sales per store.
- As for impact on profit, a temporary increase in product disposal losses led to higher Cost of Sales (COS) ratio, which in turn reduced the operating profit margin.

Outlook for Our Business

- Due to the impact above, we revised annual sales and profit guidance from previous guidance⁽¹⁾. Yet, we still aim for high sales growth (YoY +53.6%) in FY24 and profitability in FY25.

(Appx.) Impact on annual performance due to the voluntary recall of certain products⁽¹⁾⁽²⁾

(JPY MM)	Direct impact from the recall			In-direct impact from the recall			Total
Sales	Refunds subtracted from sales ⁽³⁾ ▲ 325			Other impacts on sales ▲1,774 ⁽⁴⁾			▲2,099
	In-house EC	Same as above	▲295	In-house EC	• Increase in subscription cancellations • Decrease in new acquisitions due to ad cuts and postponements of new products	▲789 ⁽⁴⁾	▲1,085
	Other EC	Same as above	▲29	Other EC	• Decrease in orders due to postponement of major sales events	▲255 ⁽⁴⁾	▲285
	Retail	—	—	Retail	• Decrease in sales per store	▲728 ⁽⁴⁾	▲728
Gross Margin	Increase in product disposal losses						▲110bps ^{(4)/(5)}
Operating Margin	Increase in SG&A ratio due to the decrease in sales						▲480bps ^{(4)/(5)}

Implementing measures to prevent recurrence of product defects:

- Enhanced inspections and environmental improvements at OEM facilities, particularly at new factories.
- Expanded digitalization of quality assurance operations
- Updates of the dough and the package

Notes: In this material, amounts less than 1 million JPY are truncated. Ratios are calculated using actual values in one-yen increments and rounded to the nearest hundredth.

1. Disclosed on 2023/10/24."Regarding the voluntary recall of certain products" <https://ssl4.eir-parts.net/doc/2936/tdnet/2347688/00.pdf>

2. As other impacts, we recorded approximately 30 million JPY as non-operating expenses for expenses related to the voluntary recall in 3Q and will record approximately 20 million JPY as non-operating income for insurance compensation in 4Q.

3. Disclosed on 2023/11/17."Notice Regarding Loss Incurred due to Voluntary Recall" <https://ssl4.eir-parts.net/doc/2936/tdnet/2365462/00.pdf>

4. Compared to the guidance disclosed on 2023/10/13

5. 100 bps=1%. The same applies to subsequent slides.

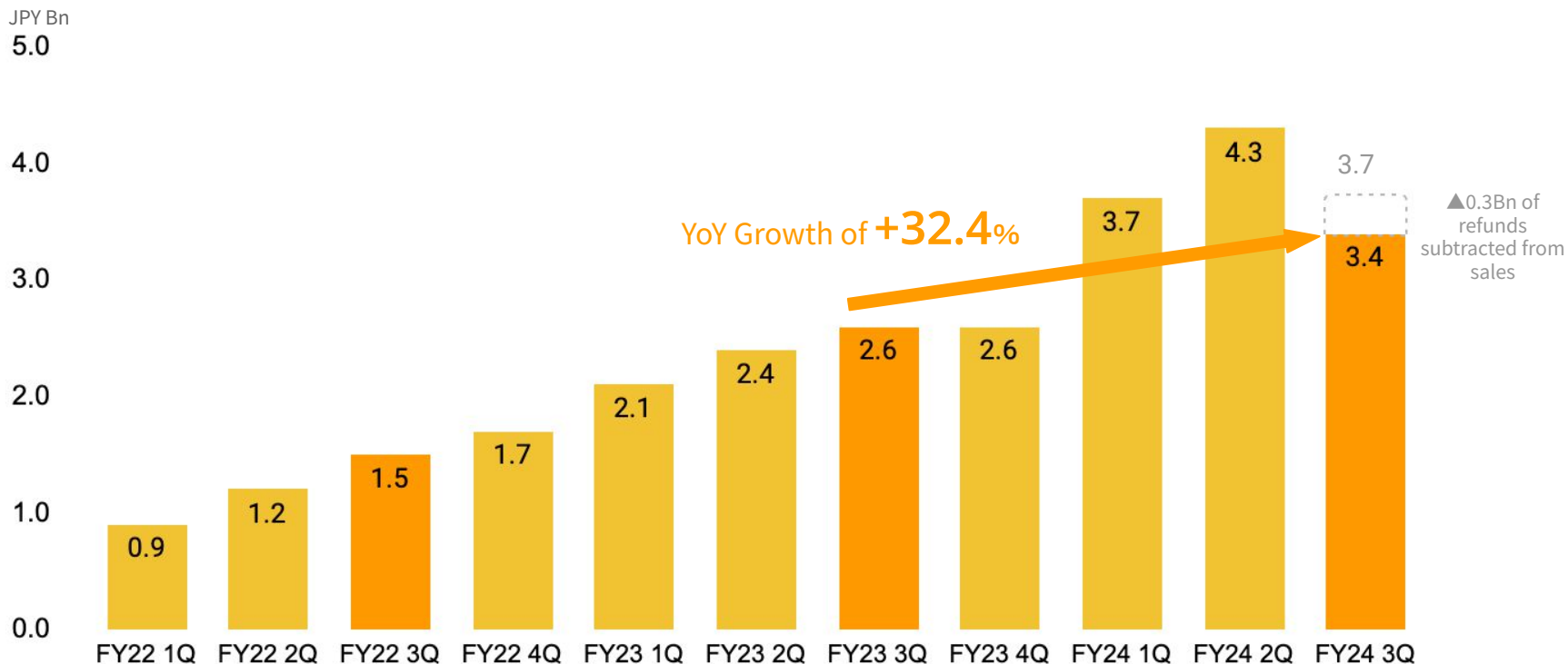
Financial Highlights

After the voluntary recall in Oct., our primary focus has been to reinforce product safety. As a result, although sales didn't excel, we still managed to achieve strong YoY growth. The gross margin dipped briefly due to temporary increase in product disposal losses. However, the operating profit balanced out this margin decline as we reduced ad expenses for about a month.

(JPY MM)	FY23 3Q Act.	FY24 3Q Act.	YoY
Sales	2,610	3,455	+32.4%
	In-house EC1,567	In-house EC2,093	In-house EC+33.5% • First half of 3Q showed strong new acquisitions, but slowed due to the the recall.
	Other EC335	Other EC235	Other EC-29.8%
	Retail704	Retail1,074	Retail+52.7% • Experienced significant growth store networks, but sales slowed due to the recall.
		Global51	
Gross Profit (Gross Margin)	1,346 (51.6%)	1,596 (46.2%)	+18.6% (-540bps) • Deteriorated due to the temporary increase in product disposal losses following the recall.
Operating Profit (Operating Margin)	▲406 (-15.6%)	▲379 (-11.0%)	+27 (+460bps) • The deficit remained limited due to the temporary reduction in ad expenses.

Sales Highlights

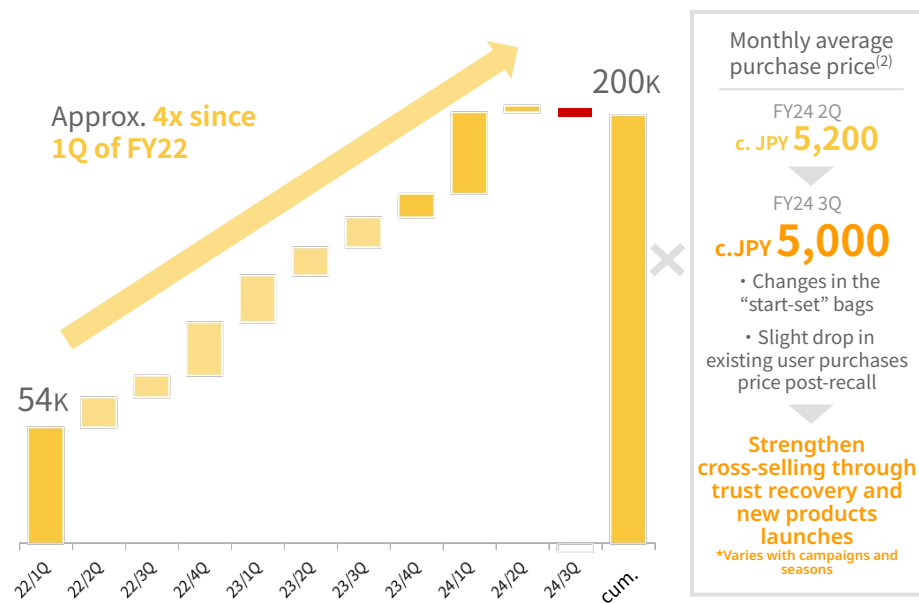
In celebration of reaching a cumulative sales milestone of 150 million bags and a product renewal, we intensified marketing from the end of Sep. Sales were steadily rising, but after the voluntary recall in Oct., growth briefly slowed down. As a result, sales declined compared to 2Q, but we still managed to achieve a YoY growth of +32.4%.



Sales by Channel (In-House EC & Other EC platforms)

In-house EC showed strong new acquisitions through 3Q's first half. However, after the recall in Oct., 3Q results slightly declined due to an increase in subscription cancellations and a decline in new acquisitions due to the temporary ad cuts. The churn rate improved to the mid-7% in Sep. but briefly worsened to the 10% range following the recall. Currently it stands at mid-to-late 7%. Sales from other EC platforms declined compared to 2Q, mainly due to the postponements of major sales events.

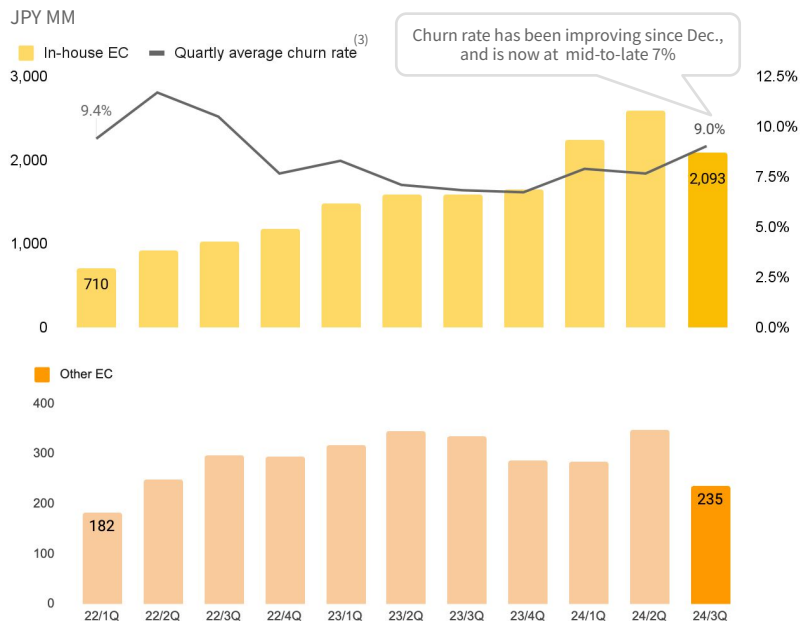
Increase in In-house EC subscribers⁽¹⁾



Notes

1. The actual increase in subscribers each month (accounting for cancellations).
2. The average for each fiscal quarter (1Q: Mar. 2023 to May 2023), (2Q: Jun. 2023 to Aug. 2023), (3Q: Sep. 2023 to Nov. 2023). Monthly average purchase price = Monthly subscription sales / Monthly subscribers
3. The 3 month average of monthly cancellations / previous month's subscribers

Sales by Channel



Sales by Channel (Retail Channel)

The number of stores expanded primarily in convenience stores and drugstores, reaching 53,046 stores (YoY +108.4%). This growth has continued even after the recall. However, monthly sales per store declined since the recall.

Rapid Expansion of Store Network⁽¹⁾



Notes

- The number of stores which stocks our products
- As of Nov. 2023. Monthly sales per store = Monthly sales of the entire retail channel / Number of stores.
- 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.
- The store count summary of regular members as of June 2023 from the Japan Chain Drug Store Association.
- The number of supermarket stores as of December 31, 2022, from the National Supermarket Association.
- As of 2023 Nov. 30th

Opportunities for Further Expansion in Retail Channel



Approx. 100,000 stores in total

Distribution Rate ⁽⁶⁾	CVS	86.6%
	Drugstore	19.0%
	Supermarkets	1.7%

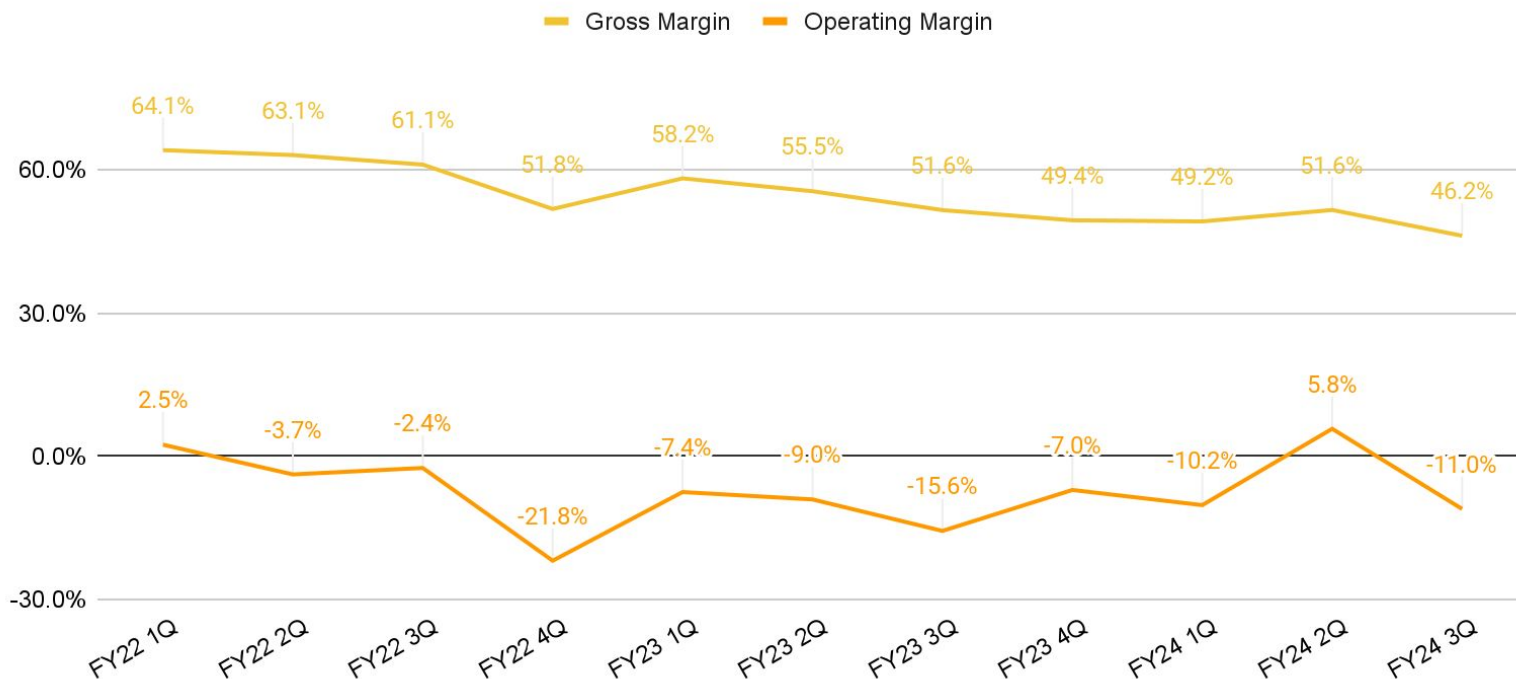
The introduction into drugstores and supermarkets, led by major chains, has been progressing smoothly, with further expansion planned.

On track to slightly surpass the goal of 53,000 stores by the end of FY24.

Significant potential for growth in monthly sales per store and the distribution rate.

Profit Highlights

Gross margin improved to 53.0% in Sep. after implementing formulation changes to the dough. However, due to a temporary increase in product disposal losses resulting from the recall in Oct., it dropped to 46.2% in 3Q. Operating margin, despite a reduction in ad expenses for a month following the recall, stood at -11.0% due to the decrease in gross profit.



QoQ Performance Comparison⁽¹⁾

Cost of Sales (COS) ratio improved to 47.0% in Sep. due to consistent cost reduction but ended at 53.8% for the quarter due to a temporary increase in product disposal losses from the recall. Despite temporary reductions in SG&A expenses through advertising cutbacks, the operating margin landed at -11.0% due to the impact of the deteriorating COS ratio.

(JPY MM)	FY24 2Q Act.	FY24 3Q Act.	Reasons for variance
Sales	4,371	3,455	• Decline in sales due to refunds from the recall and the deterioration of key KPIs ⁽⁵⁾
Cost of Sales / % vs Sales	2,116 / 48.4%	1,858 / 53.8%	• Temporary increase in product disposal losses due to the recalls
SG&A / % vs Sales	2,001 / 45.8%	1,975 / 57.2%	—
Packing and Delivery Cost ⁽²⁾ / % vs Sales	481 / 11.0%	426 / 12.4%	• Successfully achieved cost reduction in the first half of 3Q, but the ratio deteriorated due to sales deductions
Transaction Fee / % vs Sales	142 / 3.2%	121 / 3.5%	• Changes in the sales composition ratio by channel
Marketing Expense ⁽³⁾ / % vs Sales	722 / 16.5%	698 / 20.2%	• Temporary reduction of ad expenses following the recall
Personnel Expense ⁽⁴⁾ / % vs Sales	362 / 8.2%	383 / 11.1%	• Increase in salary allowances as performance rewards for the FY 24 1H achievements
Other Expense ⁽⁵⁾ / % vs Sales	293 / 6.7%	344 / 10.0%	• Increase in R&D equipments for the new lab
Operating Profit / % vs Sales	253 / 5.8%	▲378 / ▲11.0%	

Notes 1. Accounts are based on managerial accounting
2. Includes warehouse personnel expenses
3. Includes advertising and promotion expenses

4. Includes recruitment fees
5. Includes, outsource expenses, R&D expenses, etc
6. The term 'major KPIs' refers to each factors listed on page 15.

Annual Guidance for FY 2024

Annual Guidance

Sales was adjusted to reflect refunds, a temporary increase in subscription cancellations, a decline in new acquisitions due to temporary ad cuts and delays of new product launches, as well as a decrease in per-store sales in the retail channel. Operating profit was revised to reflect the deterioration in gross profit due to a temporary increase in product disposal losses.

(JPY MM)	(Appx.) Initial Guidance ⁽¹⁾	Previous Guidance ⁽²⁾	Current Guidance
Sales	16,078	17,100	15,143 Variance Factors: <ul style="list-style-type: none"> • Subtraction from sales due to refunds • Underperformance of key KPIs
Gross Profit / % vs Sales	8,885 / 55.3%	8,721 / 51.0%	7,562 / 49.9% Variance Factors: <ul style="list-style-type: none"> • Temporary increase in product disposal losses due to the recall
SG&A / % vs Sales	9,690 / 60.3%	9,145 / 53.5%	8,661 / 57.2% Variance Factors: <ul style="list-style-type: none"> • Deterioration of SG&A-to-sales ratio resulting from the decline in sales
Operating Profit / % vs Sales	▲804 / ▲5.0%	▲427 / ▲2.5%	▲1,099 / ▲7.3%

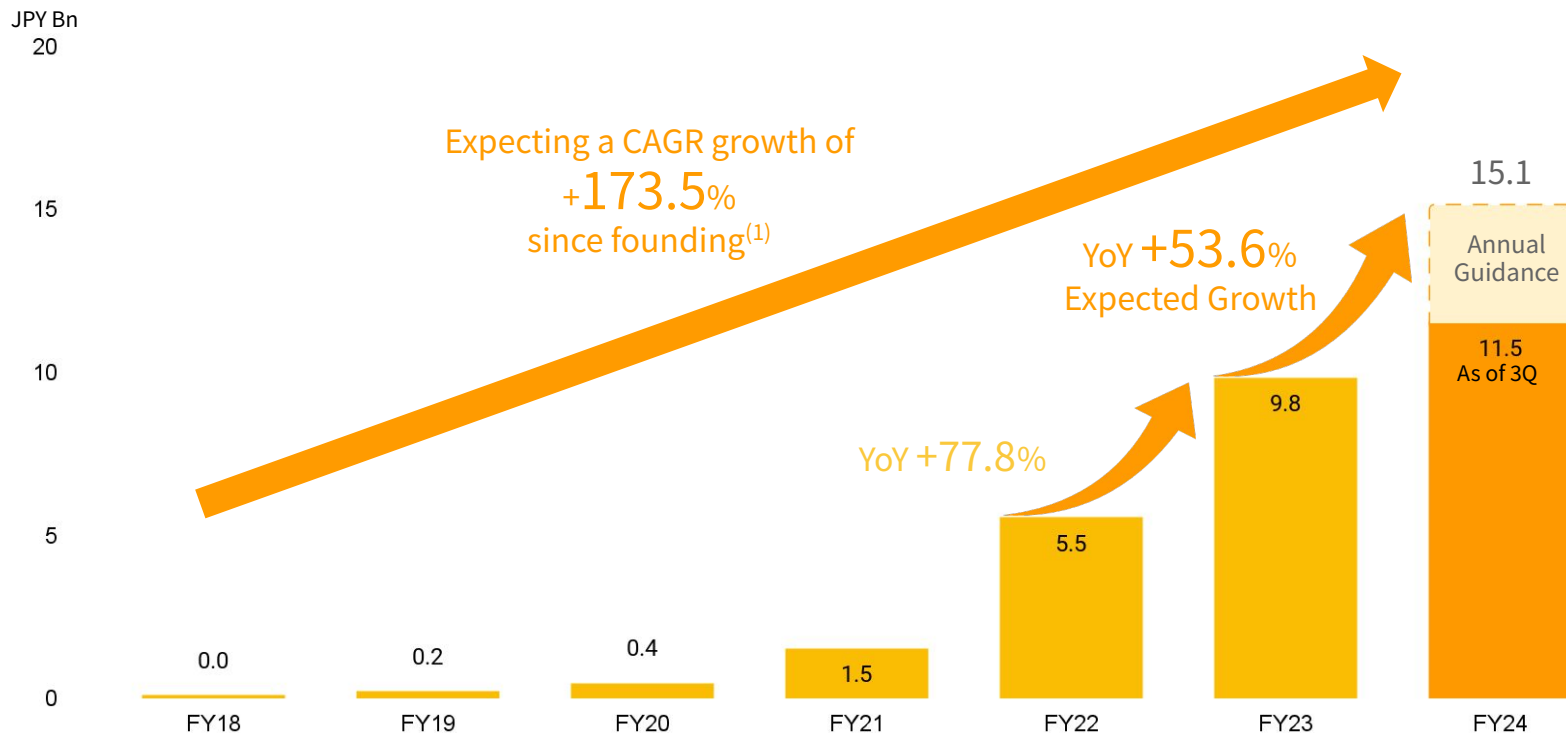
Notes

1. Guidance disclosed on Apr. 14, 2023. The same applies to subsequent slides.

2. Guidance disclosed on Oct. 13, 2023. The same applies to subsequent slides.

Sales Growth Guidance

Regarding the impact of the recall, we revised our annual sales guidance from 17.1 Bn to 15.1 Bn JPY, but we will still aim for a strong YoY growth. In FY25, we aim to return to a growth trajectory by releasing several postponed products, built upon an even stronger quality assurance.



Notes

1. Sales CAGR from FY18(Actual) to FY24 (Guidance based)

Progress of Sales Growth (Changes in KPIs)

Considering the impact on key KPIs and our commitment to product safety as a top priority, we have revised our sales guidance. In FY25, we'll release postponed new products with an even stronger quality assurance to resume high sales growth.

	Previous Guidance	Current Guidance	Progress as of end of 3Q
In-house EC	Sales 10,300MM # of subscribers ⁽¹⁾ (monthly avg.) c. 228K users Annual average order frequency c. 9.1 times Purchase price ⁽²⁾ (monthly avg.) c. ¥5,000	Sales 9,214MM # of subscribers ⁽¹⁾ (monthly avg.) c. 202K users Annual average order frequency c. 9.1 times Purchase price ⁽²⁾ (monthly avg.) c. ¥5,000	<ul style="list-style-type: none"> • In response to temporary ad cuts and an increase in subscription cancellations, we revised the number of subscribers. However, the churn rate is gradually improving, and as ads resume, further growth is expected. • As a result of prioritizing quality assurance enforcement over new product development, 4-5 new products and renewals planned for early winter are postponed to FY25.
Other EC	Sales 1,400MM Annual orders c.270K orders Average price per order c. ¥5,300	Sales 1,114MM Annual orders c.230K orders Average price per order c. ¥4,800	<ul style="list-style-type: none"> • Due to the recall, we refrained from participating in major sales events, therefore revised annual order estimates to 230,000. • In 3Q, the average order price was around ¥4800. We plan to recover by focusing on marketing to repeat customers and restarting advertising.
Retail	Sales 5,400MM # of stores ⁽³⁾ c. 53,000 Monthly sales per store ⁽³⁾ c. ¥8,000	Sales 4,671MM # of stores ⁽³⁾ c. 53,300 Monthly sales per store ⁽³⁾ c. ¥7,000	<ul style="list-style-type: none"> • In 3Q, the store network expanded to 53,046. The introduction into drugstores and supermarkets, led by major chains, has been progressing smoothly, with further expansion planned. • In 3Q, sales per store dropped to ¥6,900, but will recover with stronger TV commercials and in-store promotions.
Global	—	Sales 143MM	In Hong Kong, cumulative sales exceeded 300k bags in Dec. Sales will expand to more countries from Jan. 2024, with further acceleration
Total	17,100MM	15,143MM	

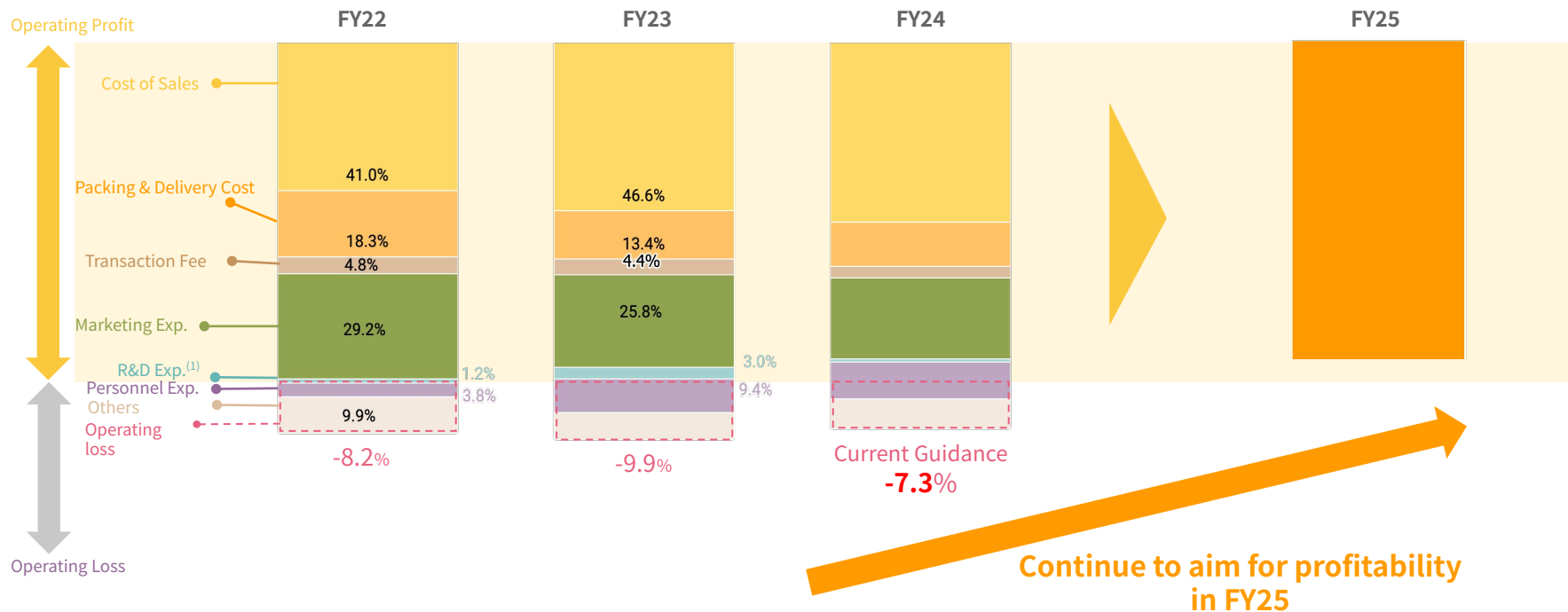
1. The average monthly subscribers count, considering orders placed from March to the following February, including skipped months.

2. Average in each accounting period. Purchase price (monthly avg.) = monthly subscription order sales / monthly subscribers

3. The forecasted figures for the end of FY24

Progress in Profit Improvement #1

Gross margins declined YoY (-350 bps est.) due to a mix of channels and temporary effects from the recall. However, we managed to reduce other SG&A costs as planned. While this year's operating profit was revised down, we aim for profitability next year by improving gross profit margins through manufacturing efficiency and expense optimizations, primarily focusing on personnel expenses.



Notes

1. FY24 is before the transfer of personnel expenses to research and development costs

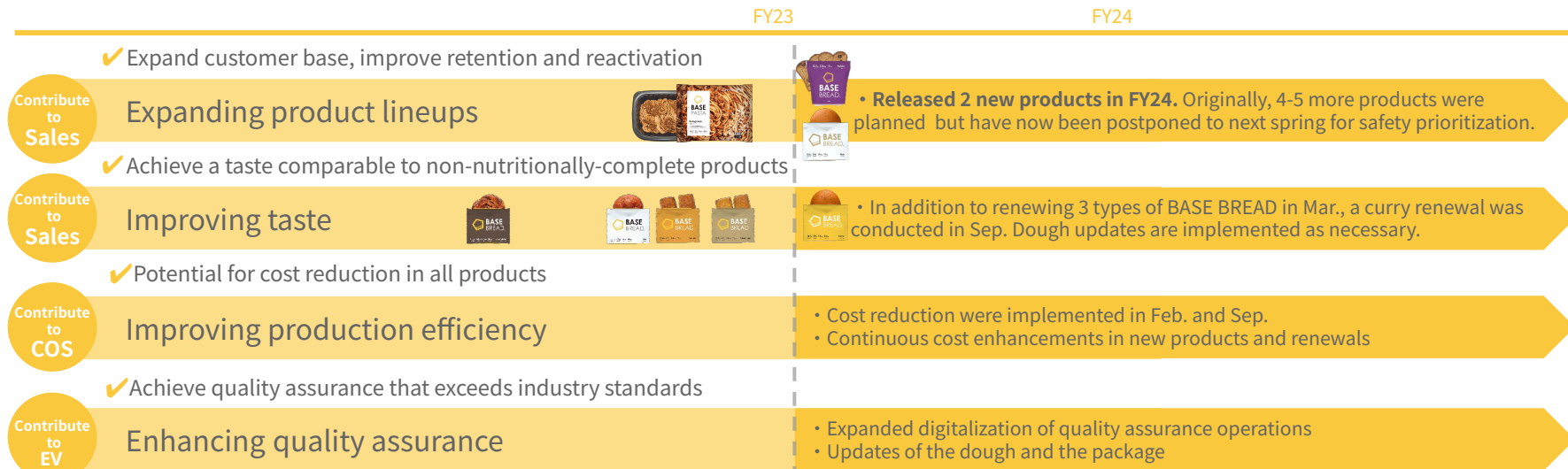
Progress in Profit Improvement #2

Due to the impact of the recall, 3Q gross margins declined more than expected. Consequently, we revised our annual profit guidance. However, the effects from the recall are temporary, and will improve in FY25. Additionally, the package renewal planned in FY24 4Q aimed to prevent recurrence of product defects, will briefly compress profits, but will strengthen the foundation for long-term stable growth.

(% vs Sales)	Previous Guidance	Current Guidance	Progress
Cost of Sales	49.0 %	50.1%	• 3Q results: 53.8%. Increased product disposal losses from the recall and higher costs due to the package renewal for defect prevention will result in a less favorable outlook than previously expected.
Packing and Delivery Cost	10.7 %	11.9%	• 3Q results: 12.4%. Cost reductions were ahead of the plan, but due to the reinforcement of inspection personnel in 3Q, the outlook is expected to be less favorable than previously expected.
Transaction Fee	3.5 %	3.4%	• 3Q results: 3.5%. Due to changes in a mix of channels.
Marketing Expense	20.5 %	22.4%	• 3Q results: 20.2%. Temporary ad cuts after the recalls will result in lower ad expenses in amount than expected. However the ratio is expected to deteriorate due to sales decline.
Personnel Expense	10.0 %	10.3%	• 3Q results: 11.1%. New R&D hires are on track within budget, but the ratio is expected to deteriorate due to sales decline.
Other Expense	8.8 %	8.9%	• 3Q results: 10.0%. The ratio is expected to remain the same even after a decrease in sales due to flexible cost control.
Operating Margin	-2.5%	-7.3%	

R&D Roadmap

The R&D team, consisting over 40% of employees, is working on "new product development," "taste improvement," "cost reduction," and "quality assurance." This has contributed to further reducing churn rates, increasing subscribers, enhancing customer price through cross-selling, and simultaneously improving profit margins and enhancing enterprise value.



R&D Strategy <As of FY24 3Q>

As a digital deep-tech company, we aim to lead the industrialization of cutting-edge food technology and build a health infrastructure.

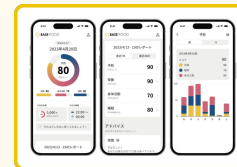
We will actively invest in digital and deep tech to drive faster business growth and achieve our mission.



Deep-Tech Research



Laboratories

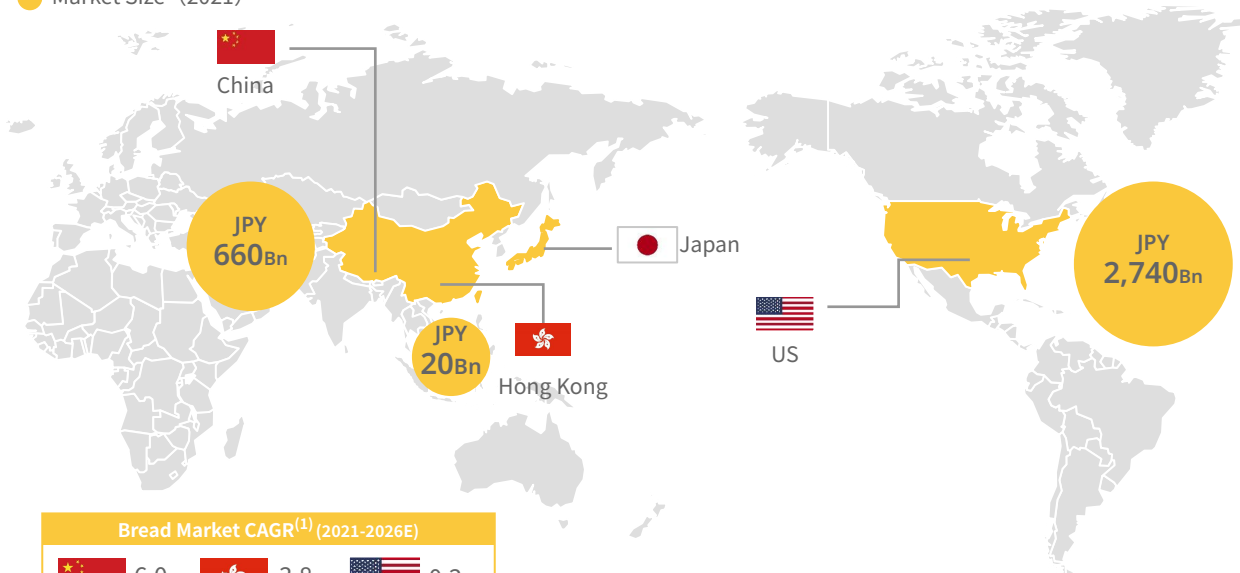


Health Care App

Expansion in Global Markets

Overseas business, primarily centered in Hong Kong, is performing well. Starting from Jan. 2024, we will expand our presence into Singapore and Taiwan.

● Market Size (2021)



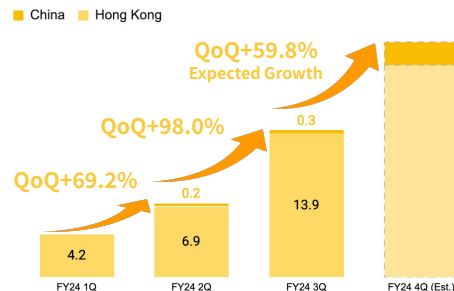
Bread Market CAGR⁽¹⁾ (2021-2026E)



New Topics

- Hong Kong sales thrived with **139k bags** sold in Q3 and a total of **300k bags** by Dec. New customer acquisition on in-house EC, launched in Oct., is growing smoothly.
- China's sales grew gradually due to elaborate preparation, and are planned to accelerate next year.
- From Jan. 2024, we expand to **Taiwan** and **Singapore**, accelerating overseas business growth.

Strong overseas sales performance Unit: 10,000 bags



Appendix

Solving Social Issues

What is **BASE FOOD**

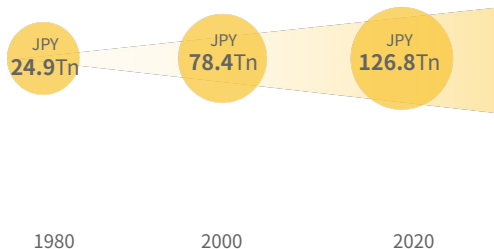
A digital deep tech company that develops and sells nutritionally complete staple foods^{(1) (2)}, addressing social issues.



Extension of Healthy Lifespan

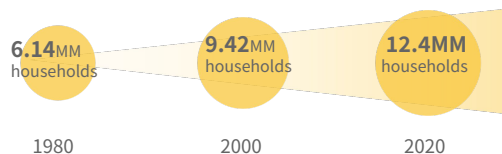
Increase in Social Security Expenses in Japan⁽³⁾

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

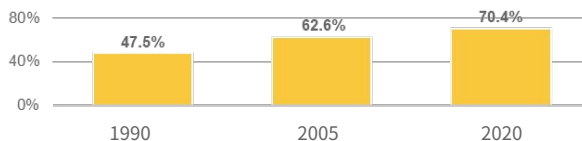


Less time spent for meal preparation

Increase of dual-income households in Japan⁽⁴⁾⁽⁵⁾

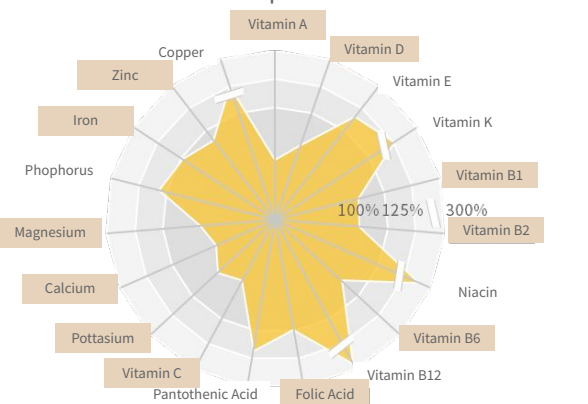


Increase in people who don't want to spend much time on cooking in Japan⁽⁶⁾



Improvement in Nutritional Balance

Dietary Imbalance⁽⁷⁾ in Daily Nutrient Intake for Adult Men in Japan



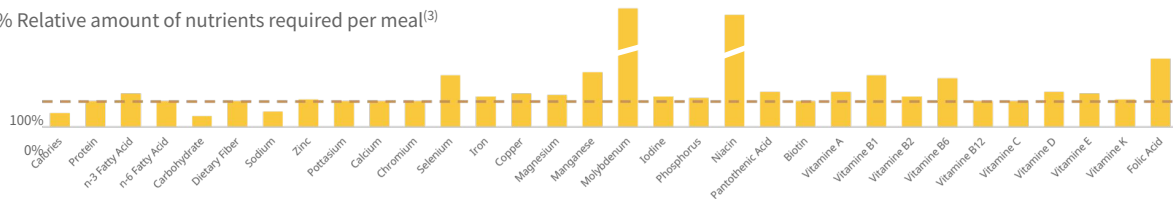
Notes

- 1 meal (BASE PASTA is 1 package, BASE BREAD is 2 packages, and BASE cookies is 4 packages) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, sodium, and n-6 fatty acid, which may be overdosed with other meals
- 2 Japan Productivity Center Comprehensive Research Institute "MBD Digital Search Promising Market Forecast Report (Complete Nutritional Food Market)" (<https://prtimes.jp/main/html/rd/p/000000014.000035568.html>)
- 3 National Institute of Population and Social Security Research "The Financial Statistics of Social Security in Japan (FY3/2018)", Tally of Ministry of Health, Labor and Welfare for FY3/2020; FY3/2020 is budget-based
- 4 Statistics Bureau of Japan "Special Survey of the Labor Force Survey" for 1980 and 2000, and Statistics Bureau of Japan "Labor Force Survey (Detailed Tabulation) (Annual average)" for 2020
- 5 Households in which both the husband and wife are employees in non-agriculture and forestry sectors
- 6 Tokyo Gas Urban Life Research "Lifestyle stationary measurement report 2020" Percentage of people who answered A or likely A in a question: As for cooking "A. Not taking time for cooking" or "B. Taking time for cooking". The survey targets 3,991 members of Tokyo Gas Urban Life Inquiring Points(TULIP), who are above age of 20, living in Tokyo, Kanagawa, Chiba and Saitama
- 7 The % of nutrient intake for each nutrient = the average nutrient intake for 20-29-year-old males in 2019 from 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 from the 'Dietary Reference Intakes for Japanese (2020 Edition)' published by the Ministry of Health, Labour and Welfare.

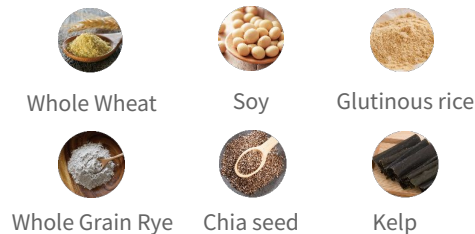
Healthier Lives with Nutritionally Complete⁽¹⁾ Staple Food

BASE BREAD Nutrients⁽²⁾

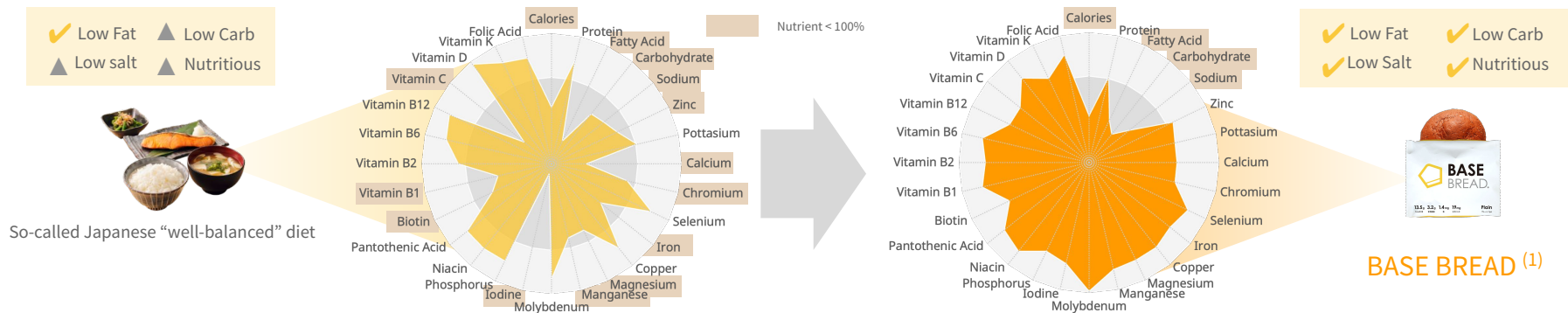
% Relative amount of nutrients required per meal⁽³⁾



Made of plant-based ingredients



Swap out Lunch, Swap in BASE BREAD. Have more “well-balanced” meal with essential nutrients anywhere⁽⁴⁾



Notes

- 1 meal (BASE PASTA is 1 package, BASE BREAD is 2 packages, and BASE cookies is 4 packages) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, sodium, and n-6 fatty acid, which may be overdosed with other meals
2. Nutrients assuming intake of two packs 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 one meal (Aged 18 or older, criterion calories of 2,200kcal; Consumer Affairs Agency)
4. Relative amount of nutrients required per meal which are one-third of the criterion value of nutrients for one meal (Aged 18 or older, criterion calories of 2,200kcal; Consumer Affairs Agency)
5. Total nutrients of Cereals/Rice/(Wet-rice)/Polished rice/Non-glutinous rice of 200g, Fishes and Shellfishes/(Fishes)/(Salmon and trout)/ Grilled chum salmon of 80g, Vegetables/Eggplants/Boiled eggplants 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) from METI

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⁾

92.5%

BASE PASTA

First launched in
Feb.2017⁽²⁾



Sales Ratio⁽³⁾

1.0%

BASE Cookies

First launched in
June.2021⁽²⁾



Sales Ratio⁽³⁾

6.3%

BASE FOOD Deli

First launched in
Feb.2023⁽²⁾



Released a new category of frozen ready-to-eat meals

Product Roadmap since FY20/2

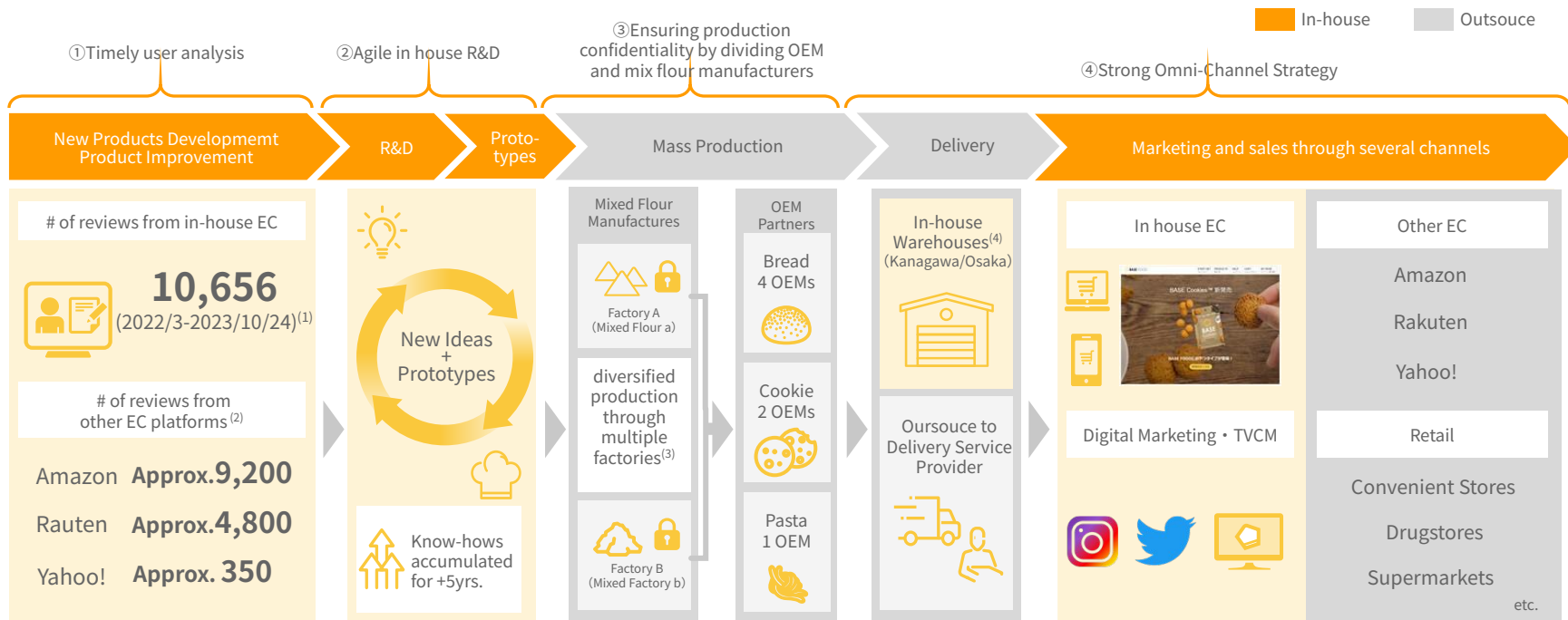


Notes

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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.

Business Model

- ①Timely user analysis, ②Agile in-house R&D, ③Confidential mass production with separate OEMs and mixed flour factories,
④Strong Omni-Channel Strategy





Notes

1. After the recall of certain products, the review aggregation was temporarily suspended
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 August 2023.
3. 1 meal (BASE PASTA is 1 package, BASE BREAD is 2 packages, and BASE cookies is 4 packages) includes 1/3 or more of the daily criterion value of all nutrients except for fatty acid, saturated fatty acid, carbohydrate, sodium, and n-6 fatty acid, which may be overdosed with other meals
4. As of 2023/11

Sustainabilities

Contributions to SDGs/ESG (Greenhouse Gas Reduction)⁽¹⁾

Developed technologies to deliciously incorporate high-waste products like wheat bran, rice bran, and plant-based proteins into our products. This contributes significantly to social impact by reducing food waste and promoting plant rich diets.

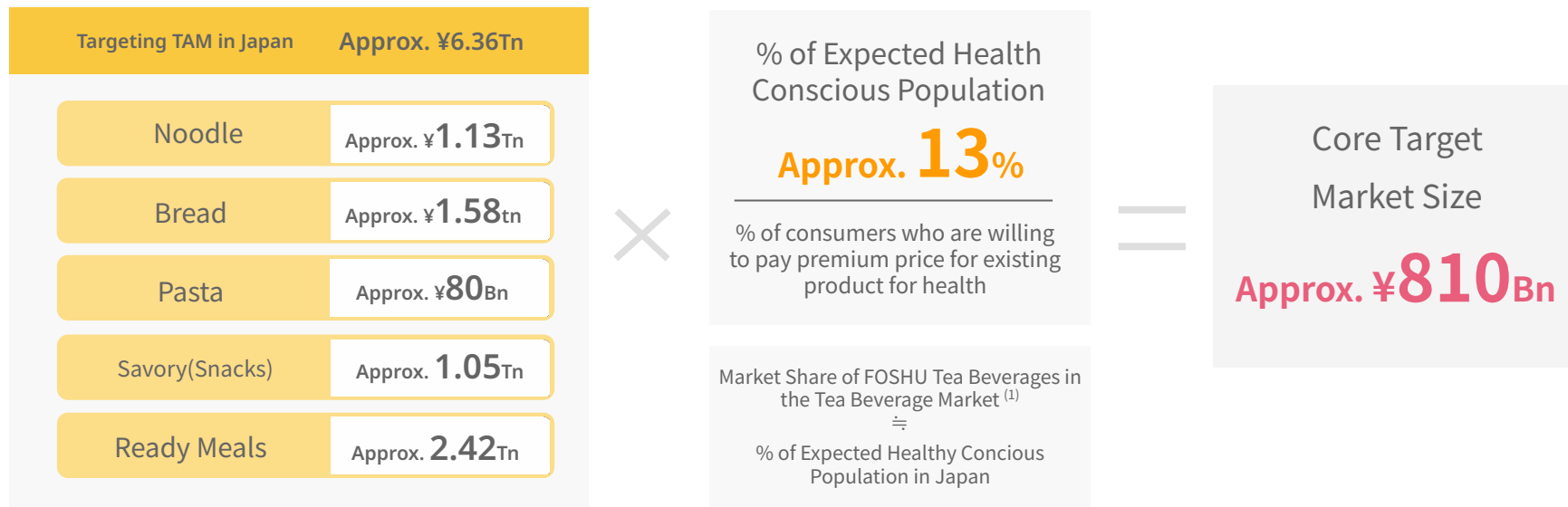
Top 5 Solutions	Gigatons CO ₂ Equivalent Reduced / Sequestered (2020–2050)	
Reduced Food Waste	90.70	
Health and Education	85.42	
Plant Rich Diets	65.01	
Refrigerant Management	57.75	
Tropical Forest Restoration	54.45	

Notes

1. Based on Scenario 1 calculated by Project Drawdown (<https://drawdown.org/solutions/table-of-solutions>), which is roughly in line with 2°C temperature rise by 2100. GigatonsCO₂ Equivalent Reduced / Sequestered was estimated by Project Drawdown

Market Size

Not only is there a huge TAM for nutritious staple food, but also, with the release of the BASE FOOD Deli series, we will gain access to the ready-to-eat meal market.



Source: Eurmonitor, Fuji Keizai

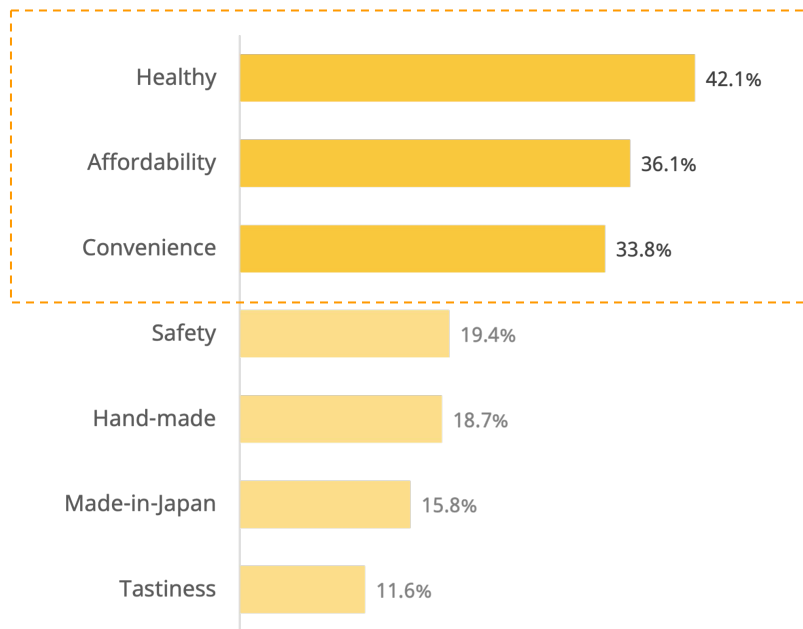
Notes

1. FOSHU stands for "food for specified health use". Share of the teas for Specified Health Uses in the non-sugar tea drink market for 2019, based on "Future of soft drink market and growth analysis" published by Fuji-Keizai

Why BASE FOOD?

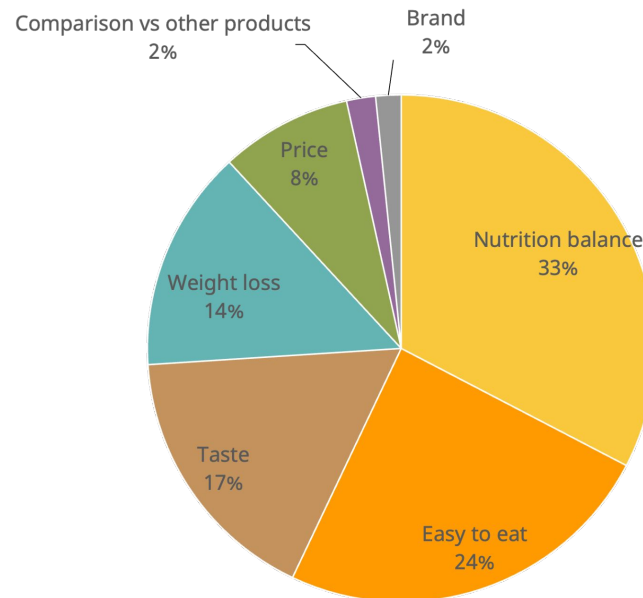
BASE FOOD accurately meets the demand for convenient and affordable balanced meals

Top 3 preferences for meal⁽¹⁾



Why users choose BASE FOOD

n = 459 (multiple answers allowed), # of answers is 1059⁽²⁾



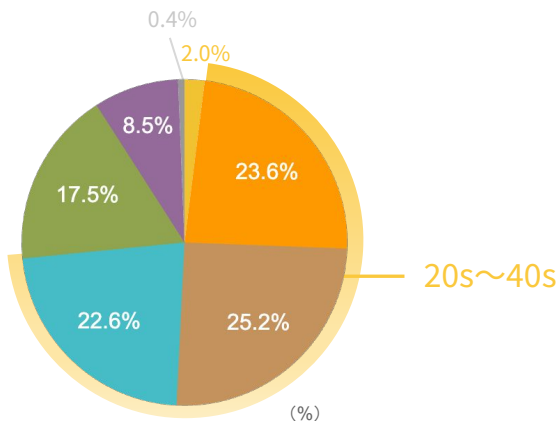
Notes

1. Japan Finance Corporation "Consumer Survey (R4/7)" P3. (The survey included 1,000 participants aged between 20 and 70 in Japan. The question asked was, "Choose the answers that best represent your current food preferences." Up to two responses were permitted.)
2. 459 subscribers as of September 21, 2022. Question "What are your reasons to subscribe BASE FOOD?"

Customer Base #1

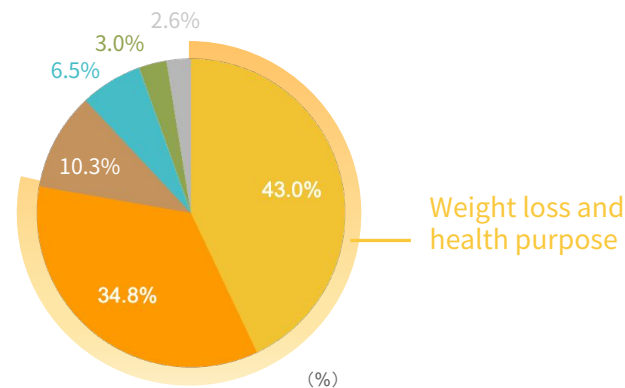
Popular among the working-age demographics ⁽¹⁾

Male 33.6% Female 62.7% (N/A 3.8%)



● ~10s ● 20s ● 30s ● 40s ● 50s ● 60s~
● 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 135,184 responses from the user survey from 2020/7 to 2023/11

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 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 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.

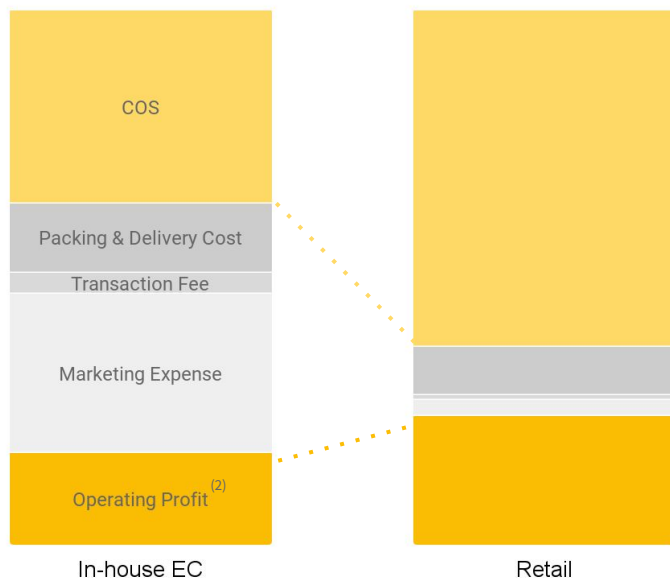
Notes

1. Excerpts from interview data of A-san (2020/7/15), B-san (2021/5/31), C-san (2021/5/31).

(Appx.)Comparison of In-House EC and Retail Channel

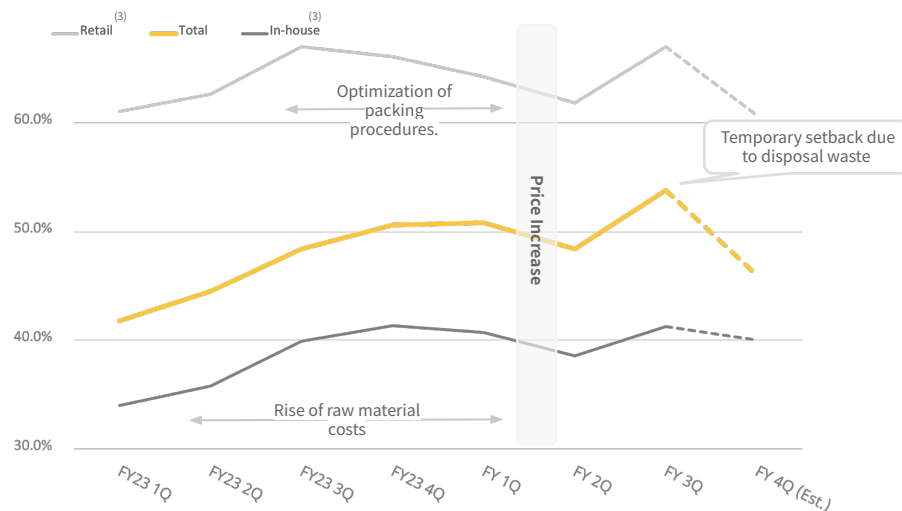
In-house EC maintains a COS ratio in the late 30s, allowing for a high gross margin. However, it incurs relatively higher SG&A ratio due to in-house user acquisition and product delivery. Conversely, retail channel has a higher COS ratio but significantly lower SG&A ratio, resulting in higher operating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

Cost Structure Comparison by Channel⁽¹⁾



COS Ratio Transition 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 and improved manufacturing efficiency.



Notes

1. Represents the sales ratio for each category, based on management accounting, with both in-house EC and wholesale 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.

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