



雪国まいたけ

Yukiguni Maitake Co., Ltd.

**Financial Results for 3rd Quarter of
Fiscal Year Ending March 2021**

February 4, 2021

Tokyo Stock Exchange, First Section: 1375



- 1 Summary of Consolidated Financial Results for 3Q of FYE March 2021**
- 2 Forecast of Consolidated Financial Results for FYE March 2021**
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1 Summary of Consolidated Financial Results for 3Q of FYE March 2021



Summary of Financial Results for 3rd Quarter of Fiscal Year Ending March 2021

Revenue

YoY

+JPY 482M
(+1.9%)

- In the 3Q, the vegetable market was weak due to the oversupply trend caused by favorable growth under the stable weather
- As a result, the mushroom business also continued to face severe headwinds. However, due to the rising health demand, the sales volume of the mushroom business increased, mainly maitake, and the total revenue increased year-on-year in the 3Q (cumulative)
- Despite a decrease in sales of cut vegetables and natto businesses, which were closed in February 2020, revenue from button mushrooms of Mitsukura Norin, which became a subsidiary in October 2019, remained strong, and contributed to an increase in the total revenue

Adjusted Operating Profit

YoY

+JPY 961M
(+15.0%)

- Profit increased due to increased revenue from mushroom business, decrease of utility cost, improvement of production quality and reduction of labor cost by improvement of production efficiency
- Regarding selling, general and administrative expenses, while sales costs fell due to refraining from face-to-face business meetings to prevent the spread of the COVID-19 infection and the suspension of sales promotion activities at supermarkets, variable costs such as freight charges and sales commissions due to sales expansion have increased



Financial Highlights for 3Q of FYE March 2021: Consolidated Statements of Income (Cumulative)

(JPY million)	3Q FYE Mar 2020	vs Total Income (%)	vs Revenue (%)	3Q FYE Mar 2021	vs Total Income (%)	vs Revenue (%)	Increase (Decrease)	Change YoY (%)
Total Income ¹	38,726	—	—	39,712	—	—	+986	+2.5%
Revenue	25,473	—	—	25,956	—	—	+482	+1.9%
Gains Arising from Changes in Fair Value	13,252	—	—	13,755	—	—	+503	+3.8%
Operating Profit	6,253	16.1%	24.6%	7,098	17.9%	27.3%	+844	+13.5%
Profit before Tax	5,897	15.2%	23.1%	6,503	16.4%	25.1%	+606	+10.3%
Profit	3,779	9.8%	14.8%	4,259	10.7%	16.4%	+480	+12.7%
[Reference]								
Adjusted Operating Profit ²	6,404	16.5%	25.1%	7,365	18.5%	28.4%	+961	+15.0%
Adjusted EBITDA ²	7,706	19.9%	30.3%	8,838	22.3%	34.1%	+1,131	+14.7%
Adjusted Profit ²	3,952	10.2%	15.5%	4,703	11.8%	18.1%	+751	+19.0%

¹ Total Income = Revenue + Gains Arising from Changes in Fair Value

² Operating Profit, EBITDA, and Profit are adjusted by excluding one-time expenses. Adjusted Operating Profit = Operating Profit + Management Fees ³ + Listing-Related Expenses ⁴;
Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization;

Adjusted Profit = Profit + Management Fees + Listing-Related Expenses + Refinance-Related Gains/Losses ⁵ + Tax Adjustments;

³ Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.

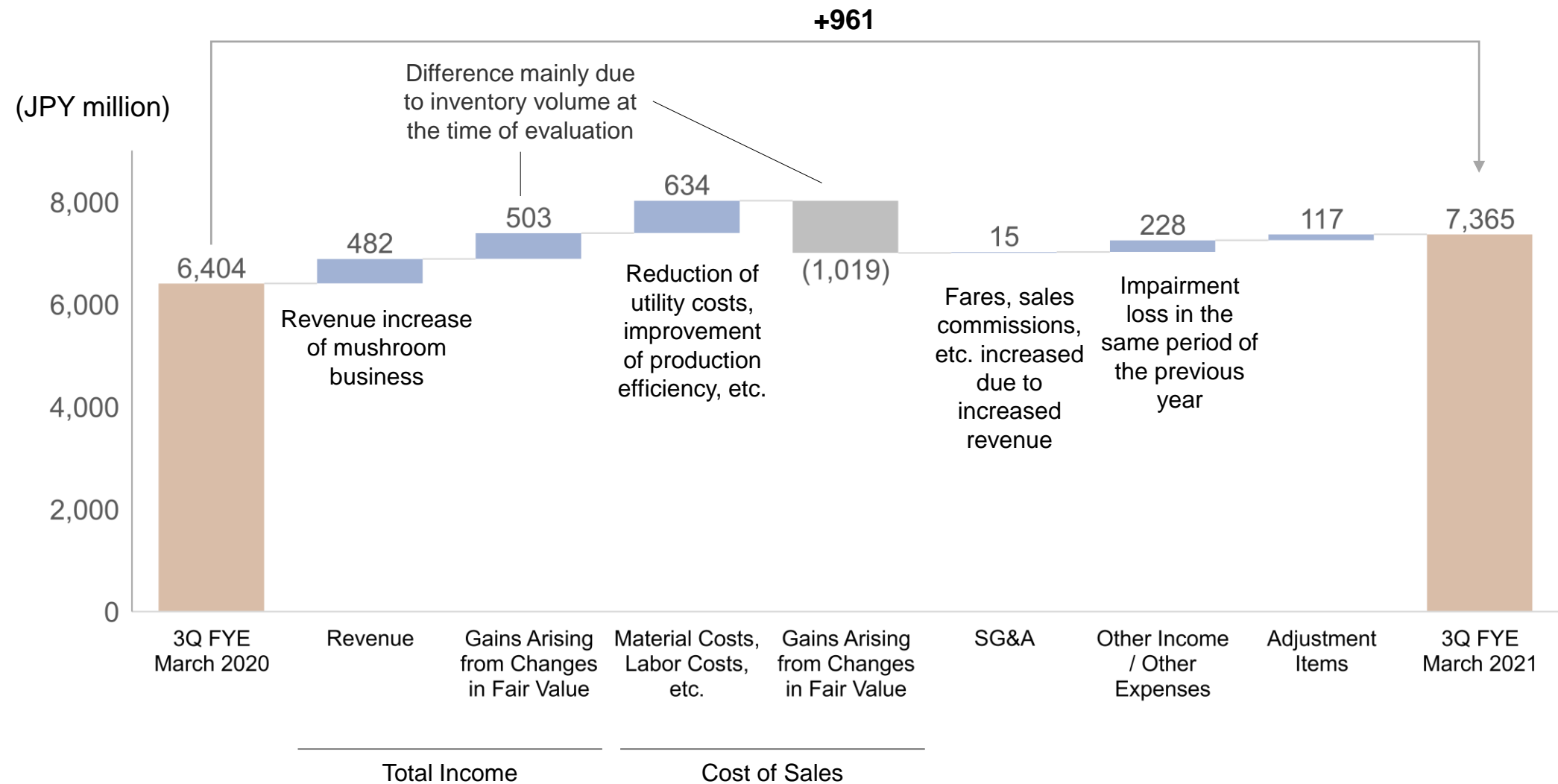
⁴ Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger, etc.

⁵ Refinancing-Related Gains/Losses are advisory expenses that were temporarily incurred in connection with refinancing carried out after the Company was closed to the public. These expenses are offset by temporary gains that were incurred due to the decline in contract interest rates associated with the refinancing and the increase in interest expense during the remaining contract period that occurs in conjunction with the refinancing.



Analysis of Increase & Decrease in Adjusted Operating Profit (Cumulative)

- Adjusted operating profit increased by JPY 961 million year-on-year



Adjusted Operating Profit = Operating Profit + Management Fees ¹ + Listing-Related Expenses ²

¹ Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.

² Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger, etc.



Revenue by Business Segment (Cumulative)

- While revenue from the mushroom business segment increased, mainly our mainstay maitake, revenue from the other business segment decreased due to withdrawal from unprofitable businesses, but the total revenue increased

(JPY million)	3Q FYE March 2020	Composition Ratio (%)	3Q FYE March 2021	Composition Ratio (%)	Increase (Decrease)	Change YoY (%)
Total Revenue	25,473	100.0%	25,956	100.0%	+482	+1.9%
Mushroom Business	23,918	93.9%	25,564	98.5%	+1,646	+6.9%
Maitake	14,624	57.4%	15,020	57.9%	+395	+2.7%
Eringi	2,583	10.1%	2,630	10.1%	+46	+1.8%
Buna-Shimeji	4,856	19.1%	5,027	19.4%	+171	+3.5%
Other Mushrooms	1,854	7.3%	2,886	11.1%	+1,032	+55.7%
Other	1,555	6.1%	392	1.5%	(1,163)	-74.8%

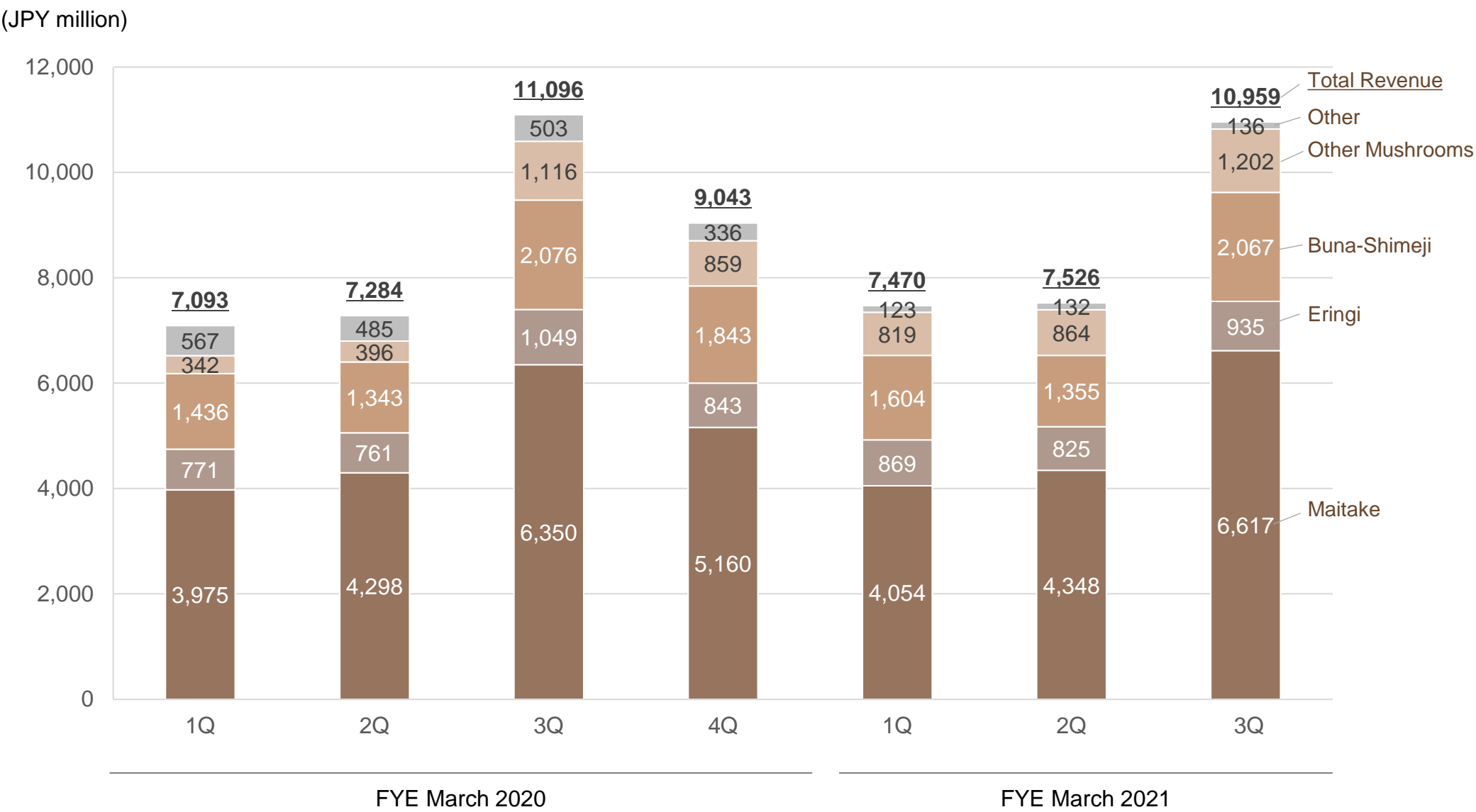
[Reference figures] Revenue excluding special factors such as cut vegetables & natto (closed in February 2020) and Mitsukura Norin (acquired in October 2019)

(JPY million)	3Q FYE March 2020	Composition Ratio (%)	3Q FYE March 2021	Composition Ratio (%)	Increase (Decrease)	Change YoY (%)
Total Revenue	23,861	100.0%	24,249	100.0%	+388	+1.6%
Mushroom Business	23,384	93.9%	23,857	98.5%	+473	+2.0%
Other	477	6.1%	392	1.5%	(84)	-17.8%



Revenue Trends by Business Segment (Quarterly)

- The mushroom business, mainly maitake, remained strong, but revenue from the other business segment decreased due to the closure of the cut vegetables and natto businesses





Status of Mushroom Business in 3Q of FYE March 2021 (Cumulative)

- Since the 2Q, the frequency of consumer visits to supermarkets has decreased, but the health consciousness has continued to increase, and sales volume of maitake has increased YoY
- On the other hand, the unit price of maitake decreased YoY due to the effects of the slump in the vegetable market that continued from the beginning of autumn
- Sales volume of eringi and buna-shimeji decreased slightly YoY, but the unit prices remained firm

	Sales Volume Comparison ¹		Unit Price Comparison ¹		[Reference] Production Volume Comparison	
	Change YoY	vs. Forecast ³	Change YoY	vs. Forecast ³	Change YoY	vs. Forecast ³
(%)						
Maitake	106.3%	97.0%	96.7%	97.8%	97.5%	99.8%
Eringi	99.4%	97.8%	104.0%	101.7%	93.6%	100.6%
Buna-Shimeji	95.6%	99.6%	108.5%	99.9%	94.6%	101.1%
Other Mushrooms ²	—	140.2%	—	108.5%	—	98.3%

¹ Comparison excluding processed products

² Comparison by the total value of hon-shimeji, hatake-shimeji and button mushrooms

³ Comparison with the Group's consolidated financial results forecast in the "Notice of Our Financial Results, etc. Accompanying Listing on the First Section of the Tokyo Stock Exchange" announced on September 17, 2020



Financial Highlights for 3Q of FYE March 2021: Consolidated Statements of Financial Position

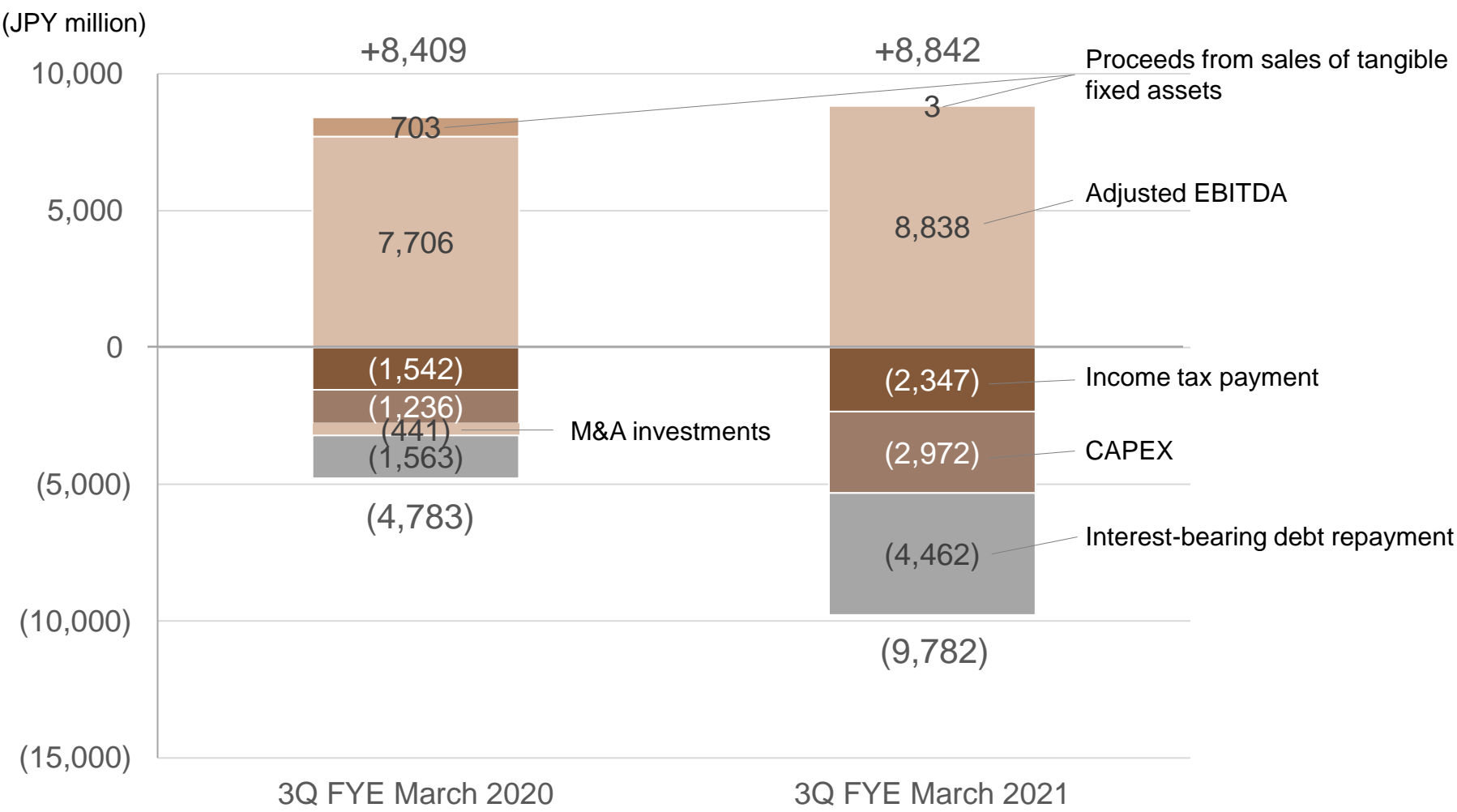
- Borrowings significantly reduced due to prepayments and contract repayments
- While liabilities are declining, equity is growing, and the financial stability is maintained

(JPY million)	As of Mar 31, 2020	As of Dec 31, 2020	Increase (Decrease)	Change (%)	Main reasons for increase & decrease
Current Assets	11,045	11,160	+114	+1.0%	
Inventories	1,292	1,385	+92	+7.2%	Increase in gains arising from changes in fair value
Biological Assets	3,019	4,012	+992	+32.9%	
Non-current Assets	24,153	25,352	+1,198	+5.0%	Increase in tangible fixed assets
Total Assets	35,199	36,512	+1,313	+3.7%	
Current Liabilities	7,280	9,140	+1,859	+25.5%	Accounts payable, facility notes payable, accrued income taxes, etc.
Current Portion of Long-Term Borrowings	942	1,132	+190	+20.2%	
Non-current Liabilities	23,017	18,756	(4,260)	-18.5%	
Borrowings	22,438	18,273	(4,164)	-18.6%	Prepayment Contract repayment
Total Liabilities	30,297	27,896	(2,400)	-7.9%	JPY 3.5 billion JPY 0.9 billion
Total Equity	4,901	8,615	+3,714	+75.8%	
Total Liabilities and Equity	35,199	36,512	+1,313	+3.7%	



Cash Allocation Results (Cumulative)

- Expanding capital investments to increase production for expanding sales channels and to promote factory automation for improving productivity
- On the other hand, also implementing prepayment of the interest-bearing debt to improve our financial position





Key Financial Indicators

- Implemented prepayments and improved financial indicators for the interest-bearing debt in light of our strong business performance

Changes of Financial Indicator Regarding Goodwill

Goodwill to Net Assets Ratio ¹



Changes in Financial Indicator Regarding Net Debt

Net Debt to Equity Ratio ¹



Net Debt to EBITDA Ratio ²



- Regardless of the sign of impairment, **implement an impairment test once a year**
- Check signs of impairment quarterly and **implement an impairment test if there are any signs of impairment**

¹ IFRS based financial figures

² EBITDA are adjusted by excluding one-time expenses. Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization

³ Estimated by cumulative adjusted EBITDA for the last 12 months (January 2020–December 2020)



COVID-19: Impact on Business Performance and Initiatives to Prevent Spread of Infection

Impact on business performance

- The demand for nesting in the wake of the state of emergency declared in April was a considerable tailwind for us
- Since the end of the state of emergency in May, changes in consumer behavior have led to a decrease in the frequency of consumer visits to supermarkets. However, due to growing health consciousness, the sales volume of maitake increased

Initiatives to prevent the spread of infection

Company-wide Initiatives

- Thorough measurement of body temperatures and wearing of masks
- Enforcement of hand washing and disinfection / regular ventilation
- Meetings in a closed space are prohibited in principle
- Shift lunch time, record time and seats, and refrain from conversation
- During meals, set one meter interval between seats and refrain from face-to-face seating
- Recommend use of contact tracing apps
- Suppress traffic to areas declared a state of emergency

Initiatives at sales offices, etc.

- In areas where COVID-19 infection has spread, the rate of attendance at sales offices is kept to the minimum, and in principle, work-from-home is implemented



Improving Productivity through Pursuit of AgriTech

- Actively utilizing robotics and Artificial Intelligence (AI) to improve the productivity of each process and to reduce manual labor



X

AgriTech



Maitake
Cutting
Process



Maitake
Inoculation
Process



Eringi
Harvest
Process





Effects in Maitake Cutting Process

- Succeeded in developing an automatic cutting robot equipped with AI algorithms that can cut at the same level as our most excellent skilled staff
- In the future, aim to reduce manual labor by developing a next-generation cutting and packaging line that implements AI and robotics

Before Introduction



- Cut maitake by hand to the size appropriate for each package
- Different work efficiency between skilled staff and inexperienced staff
- Need to secure the number of staff to cut and pack maitake

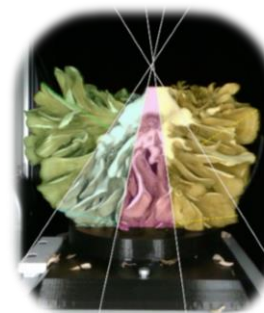
After Introduction (Planned)



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ROBIT



Cut Instruction by AI Algorithm

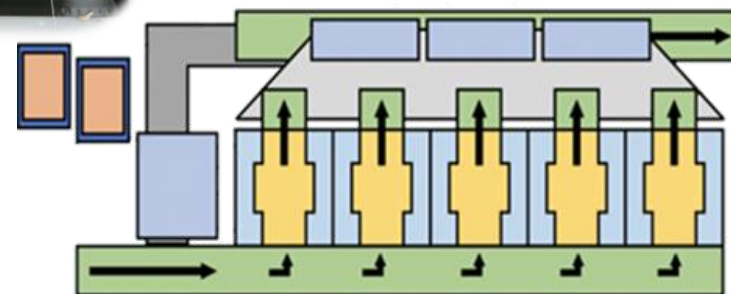


Image of Next-Generation Cutting & Packaging Line

- Installation of the automatic cutting robots that implement AI algorithms
- The robots can cut at the same level as our most excellent skilled staff



**Introduction
of Automatic
Maitake
Inoculation
Machines**

- Established an automated line in the maitake inoculation process to reduce manual labor and the burden on employees

Before Introduction



After Introduction



**Increased Yield
by Automatic
Eringi
Harvesters**

- Increased the efficiency of harvesting by increasing the one time yield using the automatic eringi harvesters





Joint Promotion Strategy with Other Companies

- Actively collaborating with other companies to appeal to consumers about high nutritional values, rich nutritional components, health functionalities, etc.
- Creating new demand by expanding touch points with consumers



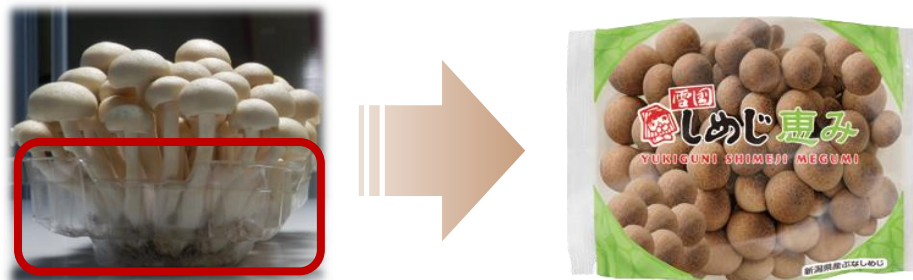


Efforts to Reduce Plastic Waste

- Reduced plastic usage by switching to bag packaging and non-tray products

Promotion of Non-tray Products

- With “Yukiguni Shimeji Megumi,” the plastic trays for fixing the mushrooms are eliminated and the packaging is done only with bags



Removing the plastic trays

Plastic Reduction Effect
(Weight Ratio)

approx. **60%**

Promotion of Bag Packaging

- Sell not only products in plastic trays, but also products packaged in bags



Plastic Reduction Effect
(Weight Ratio)

approx. **18%**



Efforts Toward Forest Management

- **Launched “Yukiguni Maitake Forest Creation Activity”** to develop a forest park where people and forests can coexist in order to realize a sustainable future with the local community

Activity Image

Thinning down devastated forests to create an environment where trees can grow easily, and creating a space for people to visit



Thinning down artificial cedar forests to lead them to healthy forests, and planting broad-leaved trees to create a mixed forest with high soil fertility and a beautiful landscape



Expected Impact of This Activity on SDGs



Efforts for “Yukiguni Maitake Forest Creation Activity”

Signing Ceremony (September 2, 2020)

- Signed an agreement with the representatives of Minamiuonuma City, Minamiuonuma Forestry Association, and the Minamiuonuma Regional Promotion Bureau of Niigata Prefectural Government to develop a forest park
- The felled trees generated during the maintenance process will be used as sawdust for our cultivation



Opening Ceremony (October 19, 2020)

- The opening ceremony was held in the area around Ohara Sports Park in Maiko, Minamiuonuma City, Niigata Prefecture
- The forest maintenance was carried out by the people involved and our employees





Business Synergies with Shinmei Holdings Co., Ltd.



- Shinmei Holdings, Co., Ltd. is the largest rice wholesaler in Japan, and by utilizing Shinmei Holdings' network and business know-how, our business expansion to the western Japan and overseas is accelerated

Development and Reinforcement of Business Partners Mainly in Western Japan



Collaboration label

Expansion to Ready-Made Meals and Restaurants to Further Permeate Food Culture



Jointly developed products with Shinmei Delica

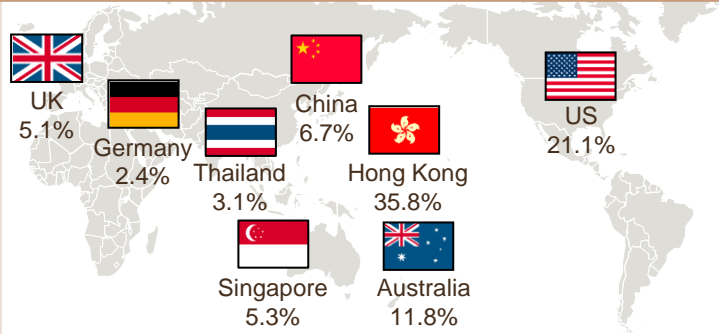
Collaboration products with Genki Sushi


株式会社 神明ホールディングス
SHINMEI HOLDINGS CO., LTD.




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Leveraging Overseas Sales Channel of Major Rice Exporter Shinmei Holdings



Country	Percentage
UK	5.1%
Germany	2.4%
Thailand	3.1%
Singapore	5.3%
China	6.7%
Hong Kong	35.8%
Australia	11.8%
US	21.1%

Strategic Mergers & Acquisitions to Expand Our Business Domain



Expanded our product lineup through M&A of Mizuho Norin, Kinoko Center Kin, and Mitsukura Norin



Consolidated Statements of Income (Cumulative)

(JPY million)	3Q FYE March 2020	3Q FYE March 2021	Increase (Decrease)	Change YoY (%)
Revenue	25,473	25,956	+482	+1.9%
Gains Arising from Changes in Fair Value	13,252	13,755	+503	+3.8%
Total Income	38,726	39,712	+986	+2.5%
Material Costs, Labor Costs, etc.	14,056	13,421	(634)	-4.5%
Gains Arising from Changes in Fair Value	11,822	12,841	+1,019	+8.6%
Cost of Sales	25,878	26,263	+385	+1.5%
Gross Profit	12,847	13,448	+600	+4.7%
SG&A Expenses	6,207	6,191	(15)	-0.2%
Other Income	238	37	(201)	-84.4%
Other Expenses	625	195	(429)	-68.7%
Operating Profit	6,253	7,098	+844	+13.5%
Profit before Tax	5,897	6,503	+606	+10.3%
Profit	3,779	4,259	+480	+12.7%
[Reference]				
Adjusted Operating Profit	6,404	7,365	+961	+15.0%
Adjusted EBITDA	7,706	8,838	+1,131	+14.7%
Adjusted Profit	3,952	4,703	+751	+19.0%



Consolidated Statements of Income (Quarterly)

(JPY million)	FYE March 2020				FYE March 2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue	7,093	7,284	11,096	9,043	7,470	7,526	10,959
Gains Arising from Changes in Fair Value	2,579	4,402	6,269	2,990	3,153	4,504	6,097
Total Income	9,672	11,687	17,365	12,033	10,624	12,031	17,056
Material Costs, Labor Costs, etc.	4,341	4,321	5,392	5,140	4,122	4,302	4,995
Gains Arising from Changes in Fair Value	3,071	3,032	5,717	4,274	3,605	3,241	5,995
Cost of Sales	7,412	7,354	11,110	9,415	7,728	7,544	10,990
Gross Profit	2,260	4,332	6,255	2,618	2,895	4,487	6,065
SG&A Expenses	1,990	1,899	2,316	2,162	1,909	2,048	2,234
Other Income	209	10	18	52	16	10	9
Other Expenses	49	119	456	71	94	77	23
Operating Profit	429	2,324	3,500	437	909	2,371	3,817
Profit before Tax	269	2,193	3,435	748	775	2,243	3,484
Profit	149	1,449	2,180	565	482	1,477	2,299
[Reference]							
Adjusted Operating Profit	474	2,381	3,547	495	1,007	2,537	3,821
Adjusted EBITDA	893	2,809	4,003	965	1,473	3,035	4,329
Adjusted Profit	218	1,502	2,231	330	591	1,629	2,482



Consolidated Statements of Cash Flows (Cumulative)

(JPY million)	3Q FYE March 2020	3Q FYE March 2021	Increase (Decrease)
Cash Flows from Operating Activities	2,443	5,844	+3,400
Profit before Tax	5,897	6,503	+606
Decrease (Increase) in Trade and Other Receivables	(676)	(1,391)	(715)
Decrease (Increase) in Inventories	(432)	(92)	+339
Increase (Decrease) in Trade and Other Payables	(482)	1,431	+1,913
Increase (Decrease) in Employee Benefit Liabilities	(815)	50	+865
Cash Flows from Investing Activities	(1,044)	(2,981)	(1,936)
Purchase of Property, Plant and Equipment	(1,236)	(2,972)	(1,735)
Proceeds from Sale of Property, Plant and Equipment	703	3	(699)
Cash Flows from Financing Activities	(3,601)	(5,175)	(1,574)
Repayments of Long-Term Borrowings	(1,563)	(4,462)	(2,898)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,201)	(2,312)	(110)
Cash and Cash Equivalents at the End of the Period	4,415	2,148	(2,267)



Consolidated Statements of Financial Position

(JPY million)	As of Mar 31, 2020	As of Dec 31, 2020	Increase (Decrease)	Change YoY (%)
Current Assets	11,045	11,160	+114	+1.0%
Cash and Cash Equivalents	4,461	2,148	(2,312)	-51.8%
Trade and Other Receivables	2,141	3,532	+1,391	+65.0%
Inventories	1,292	1,385	+92	+7.2%
Biological Assets	3,019	4,012	+992	+32.9%
Non-current Assets	24,153	25,352	+1,198	+5.0%
Property, Plant and Equipment	16,710	18,073	+1,363	+8.2%
Goodwill and Intangible Assets	5,320	5,308	(12)	-0.2%
Total Assets	35,199	36,512	+1,313	+3.7%
Current Liabilities	7,280	9,140	+1,859	+25.5%
Trade and Other Payables	2,390	3,875	+1,485	+62.1%
Accrued Income Taxes	1,539	1,581	+41	+2.7%
Current Portion of Long-Term Borrowings	942	1,132	+190	+20.2%
Non-current Liabilities	23,017	18,756	(4,260)	-18.5%
Borrowings	22,438	18,273	(4,164)	-18.6%
Lease Liabilities	483	387	(95)	-19.8%
Total Liabilities	30,297	27,896	(2,400)	-7.9%
Total Equity	4,901	8,615	+3,714	+75.8%
Total Equity Attributable to Owners of Parent	4,899	8,620	+3,720	+75.9%
Total Liabilities and Equity	35,199	36,512	+1,313	+3.7%



Key Performance Indicators (Cumulative)

	3Q FYE March 2020	3Q FYE March 2021
Adjusted Operating Margin	16.5%	18.5%
Adjusted EBITDA Margin	19.9%	22.3%
Adjusted Profit Margin	10.2%	11.8%
Basic Earnings per Share ¹	¥94.86	¥107.04
Adjusted Basic Earnings per Share ¹	¥99.18	¥118.03
Return on Equity ²	112.7%	63.1%
Return on Assets	9.8%	11.7%
Return on Invested Capital	13.9%	16.7%

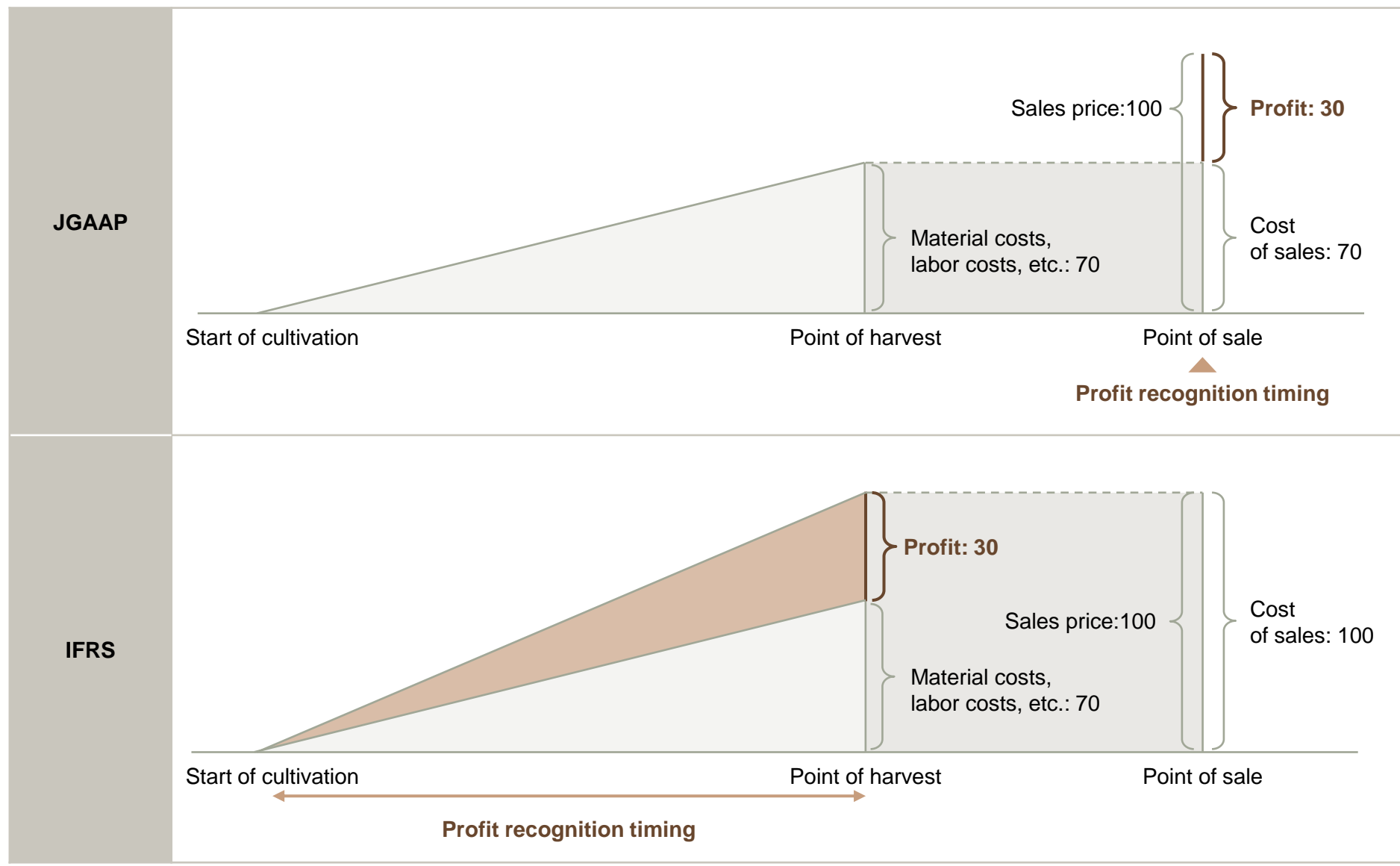
¹ Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic Earnings per Share and Adjusted Basic Earnings per Share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year

² Return on Equity = Profit Attributable to Owners of Parent Divided by Average Total Equity during the Period



Overview of Accounting Treatment—IAS 41 “Agriculture”

- While profit is recognized at the point of sale under JGAAP, profit is recognized in advance during the period between the start of cultivation and the point of harvest under IFRS





Net Impact of Applying Accounting Treatment —IAS 41 “Agriculture” (Cumulative)

- As for the gains arising from changes in fair value included in work-in-process, the impact was JPY +835 million because both the volume and the unit price of work-in-process increased at the end of 3Q in December compared to the beginning of the fiscal year in April
- On the other hand, the impact of gains arising from changes in fair value included in finished/semifinished goods was minor because the volume of finished/semifinished goods decreased at the end of 3Q in December compared to the beginning of the fiscal year in April

(JPY million)

	Breakdown	3Q FYE March 2021	
Gains Arising from Changes in Fair Value (Income)	Gains in Work-in-Progress (Beg. Bal.)	(1,478)	Difference between beginning and ending balance of gains in work-in-process: Positive impact of JPY 835 million
	Gains in Work-in-Progress (End. Bal.)	2,314	
	Harvest for the Current Period	12,705	
	Other	214	
	Total	13,755	
Gains Arising from Changes in Fair Value (Cost of Sales)	Gains in Finished/Semifinished Goods (Beg. Bal.)	(436)	Difference between beginning and ending balance of gains in finished/semifinished goods: Positive impact of JPY 44 million
	Gains in Finished/Semifinished Goods (End. Bal.)	481	
	Harvest for the Current Period	(12,705)	
	Other	(180)	
	Total	(12,841)	
Net Impact Total		+913	



Net Impact of Applying Accounting Treatment —IAS 41 “Agriculture” (Quarterly)

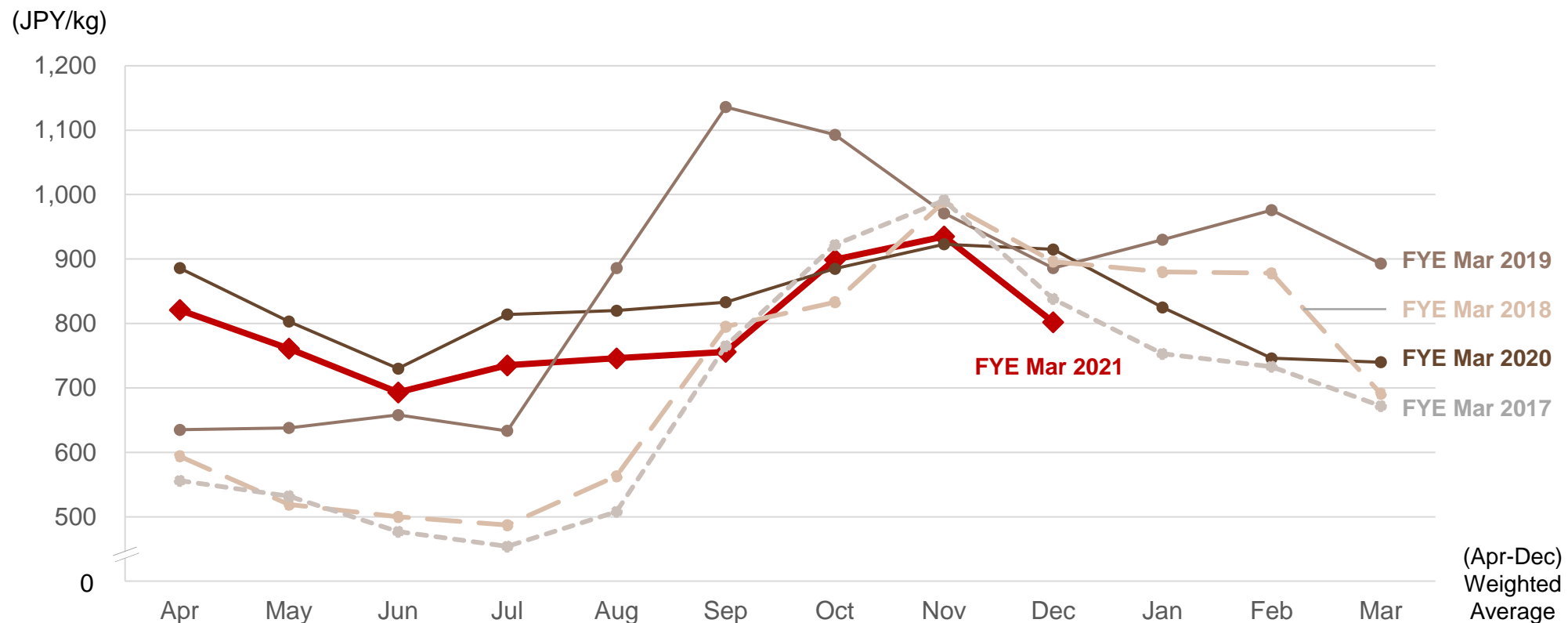
- The net impact of gains arising from changes in fair value fluctuates significantly from quarter to quarter, but the net impact for the full-year is minor

	(JPY million)		1Q	2Q	3Q	4Q	Total
FYE March 2021	Income	Gains in Work-in-Progress (Beg. Bal.)	(1,478)	(1,086)	(2,177)		(1,478)
		Gains in Work-in-Progress (End. Bal.)	1,086	2,177	2,314		2,314
	Cost of Sales	Gains in Finished/Semifinished Goods (Beg. Bal.)	(436)	(352)	(513)		(436)
		Gains in Finished/Semifinished Goods (End. Bal.)	352	513	481		481
	Harvest for the Current Period		±0	±0	±0		±0
	Other		25	11	(3)		33
	Net Impact Total		(451)	+1,263	+102		+913
FYE March 2020	Income	Gains in Work-in-Progress (Beg. Bal.)	(1,503)	(986)	(2,045)	(2,601)	(1,503)
		Gains in Work-in-Progress (End. Bal.)	986	2,045	2,601	1,478	1,478
	Cost of Sales	Gains in Finished/Semifinished Goods (Beg. Bal.)	(255)	(257)	(559)	(557)	(255)
		Gains in Finished/Semifinished Goods (End. Bal.)	257	559	557	436	436
	Harvest for the Current Period		±0	±0	±0	±0	±0
	Other		22	10	(2)	(40)	(10)
	Net Impact Total		(491)	+1,370	+551	(1,284)	+146



Maitake Market Transaction Trends

Changes in Market Transaction Unit Price

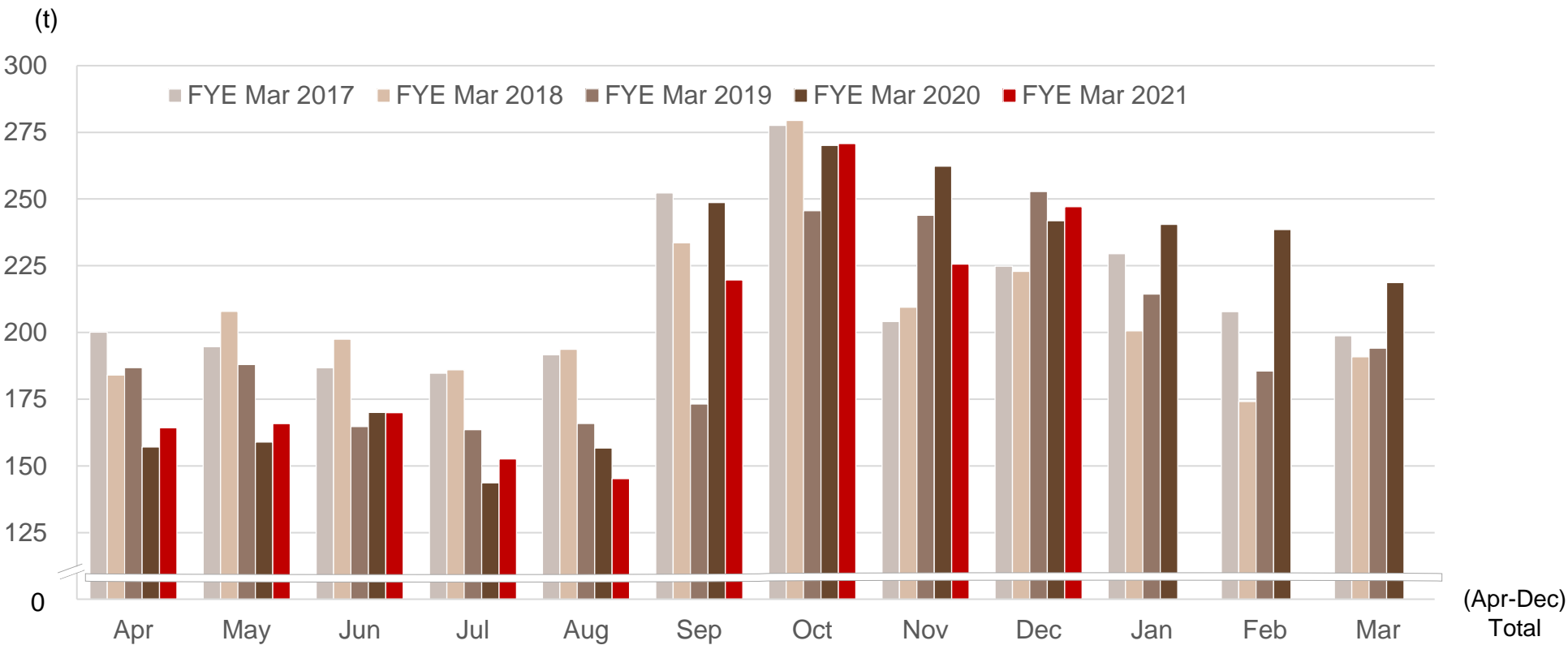


Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market



Maitake Market Transaction Trends

Changes in Market Sales Volume

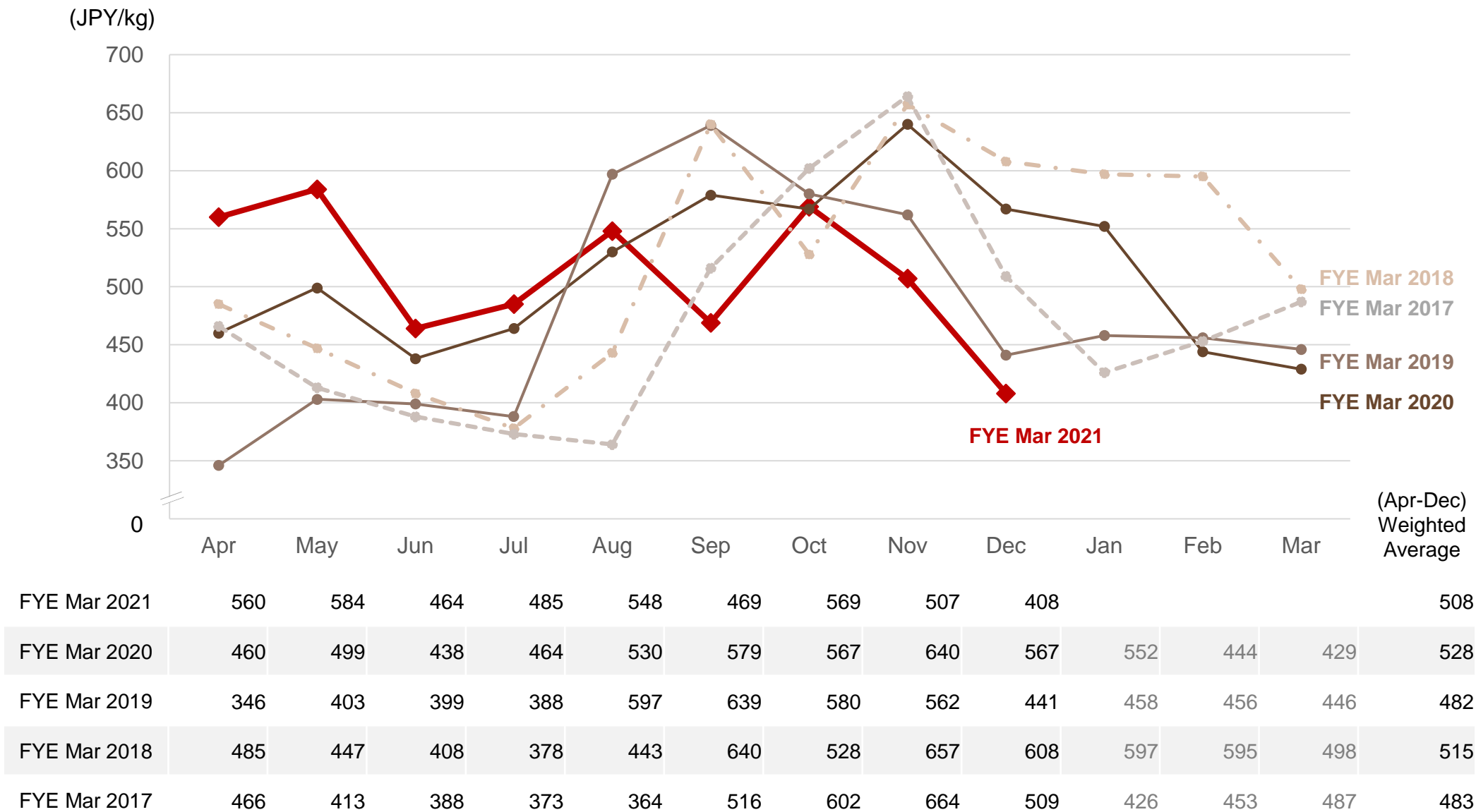


FYE Mar 2021	164	166	170	153	145	220	271	226	247				1,761
FYE Mar 2020	157	159	170	144	157	249	270	262	242	240	239	219	1,809
FYE Mar 2019	187	188	165	164	166	173	246	244	253	214	185	194	1,784
FYE Mar 2018	184	208	198	186	194	234	279	209	223	201	174	191	1,915
FYE Mar 2017	200	195	187	185	192	252	278	204	225	230	208	199	1,917

Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market



Changes in Market Transaction Unit Price

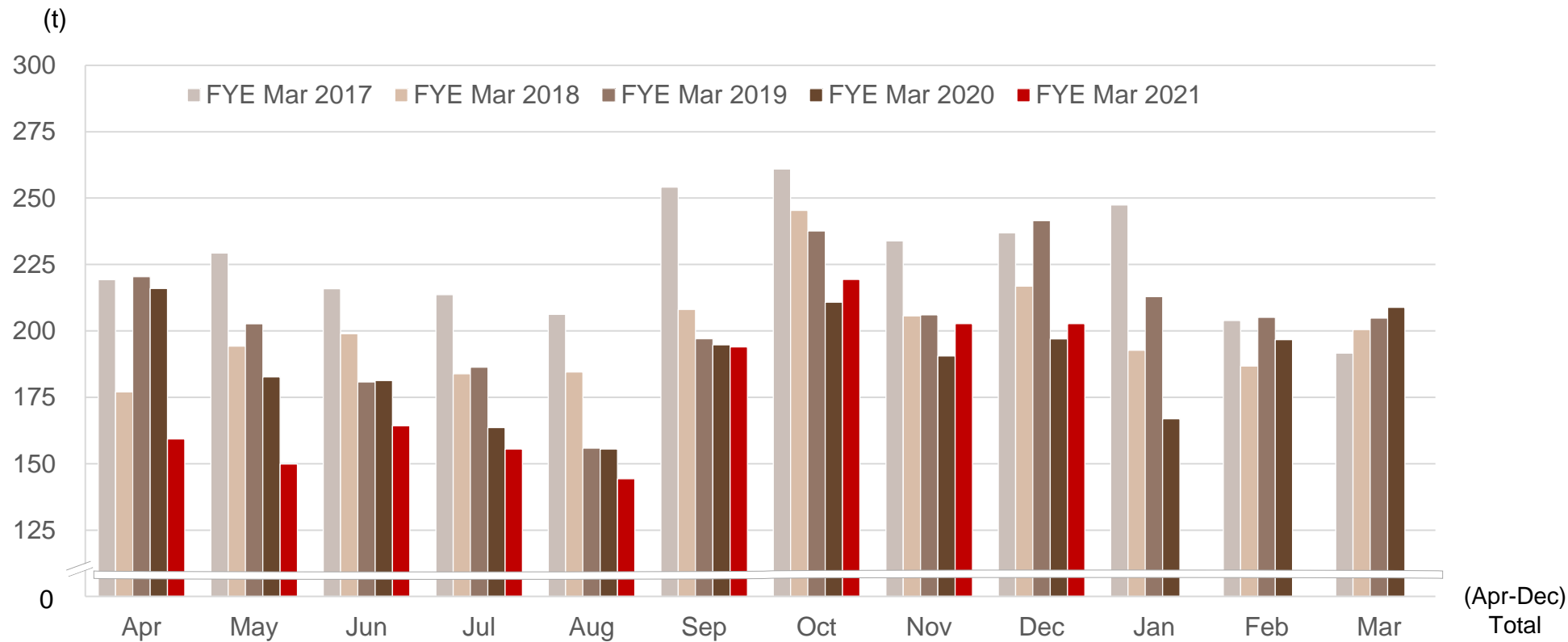


Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market



Eringi Market Transaction Trends

Changes in Market Sales Volume



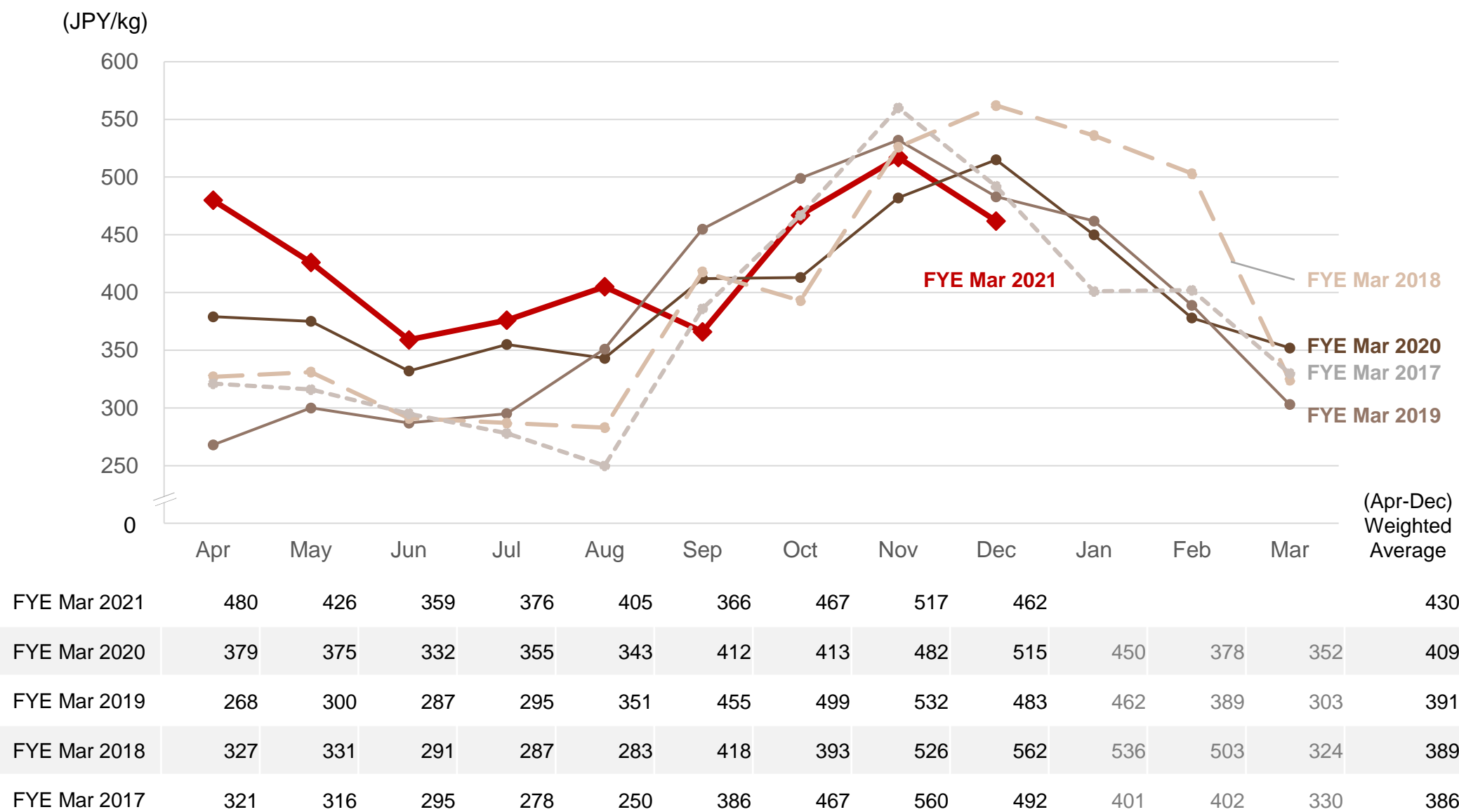
FYE Mar 2021	159	150	164	156	144	194	219	203	203				1,592
FYE Mar 2020	216	183	181	164	156	195	211	191	197	167	197	209	1,692
FYE Mar 2019	220	203	181	186	156	197	238	206	241	213	205	205	1,828
FYE Mar 2018	177	194	199	184	185	208	245	206	217	193	187	200	1,815
FYE Mar 2017	219	229	216	214	206	254	261	234	237	247	204	192	2,070

Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market



Buna-Shimeji Market Transaction Trends

Changes in Market Transaction Unit Price

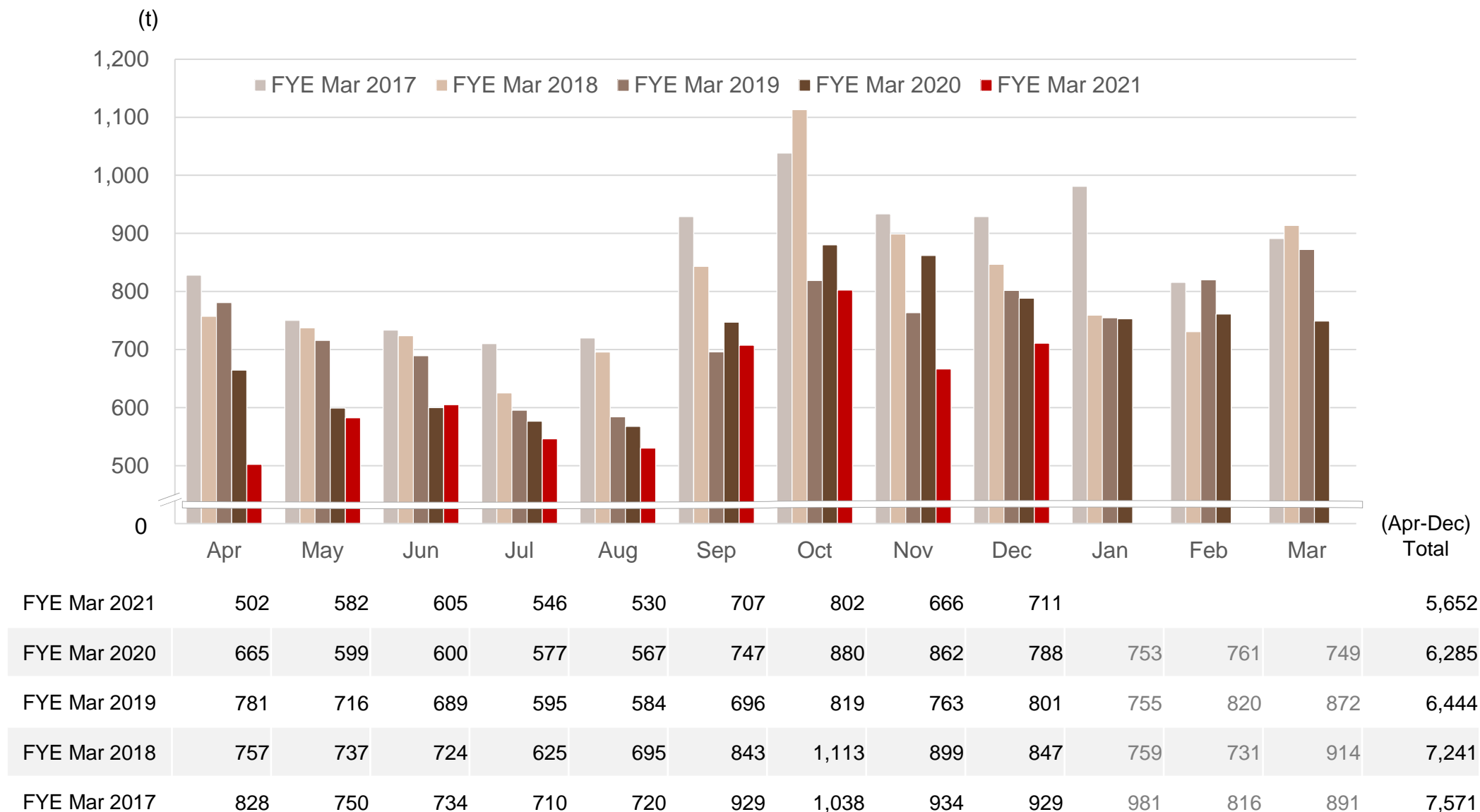


Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market



Buna-Shimeji Market Transaction Trends

Changes in Market Sales Volume



Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market



2

Forecast of Consolidated Financial Results for FYE March 2021



Forecast of Consolidated Financial Results for FYE March 2021

- The Group's consolidated financial results forecast for FYE March 2021 (April 1, 2020 to March 31, 2021) is expected to increase revenue and profits compared to FYE March 2020

(JPY million)	FYE Mar 2020	vs Total Income (%)	vs Revenue (%)	FYE Mar 2021	vs Total Income (%)	vs Revenue (%)	Increase (Decrease)	Change YoY (%)
Total Income ¹	50,759	—	—	52,678	—	—	+1,918	+3.8%
Revenue	34,517	—	—	35,632	—	—	+1,114	+3.2%
Operating Profit	6,691	13.2%	19.4%	8,324	15.8%	23.4%	+1,633	+24.4%
Profit before Tax	6,646	13.1%	19.3%	7,783	14.8%	21.8%	+1,137	+17.1%
Profit	4,344	8.6%	12.6%	5,099	9.7%	14.3%	+754	+17.4%
Profit Attributable to Owners of Parent	4,346	8.6%	12.6%	5,099	9.7%	14.3%	+752	+17.3%
[Reference]								
Adjusted Operating Profit ²	6,899	13.6%	20.0%	8,618	16.4%	24.2%	+1,718	+24.9%
Adjusted EBITDA ²	8,672	17.1%	25.1%	10,453	19.8%	29.3%	+1,781	+20.5%
Adjusted Profit ²	4,282	8.4%	12.4%	5,466	10.4%	15.3%	+1,183	+27.6%

¹ Total Income = Revenue + Gains Arising from Changes in Fair Value

² Operating Profit, EBITDA, and Profit are adjusted by excluding one-time expenses. Adjusted Operating Profit = Operating Profit + Management Fees ³ + Listing-Related Expenses ⁴;
Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization;

Adjusted Profit = Profit + Management Fees + Listing-Related Expenses + Refinance-Related Gains/Losses ⁵ + Tax Adjustments;

³ Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.

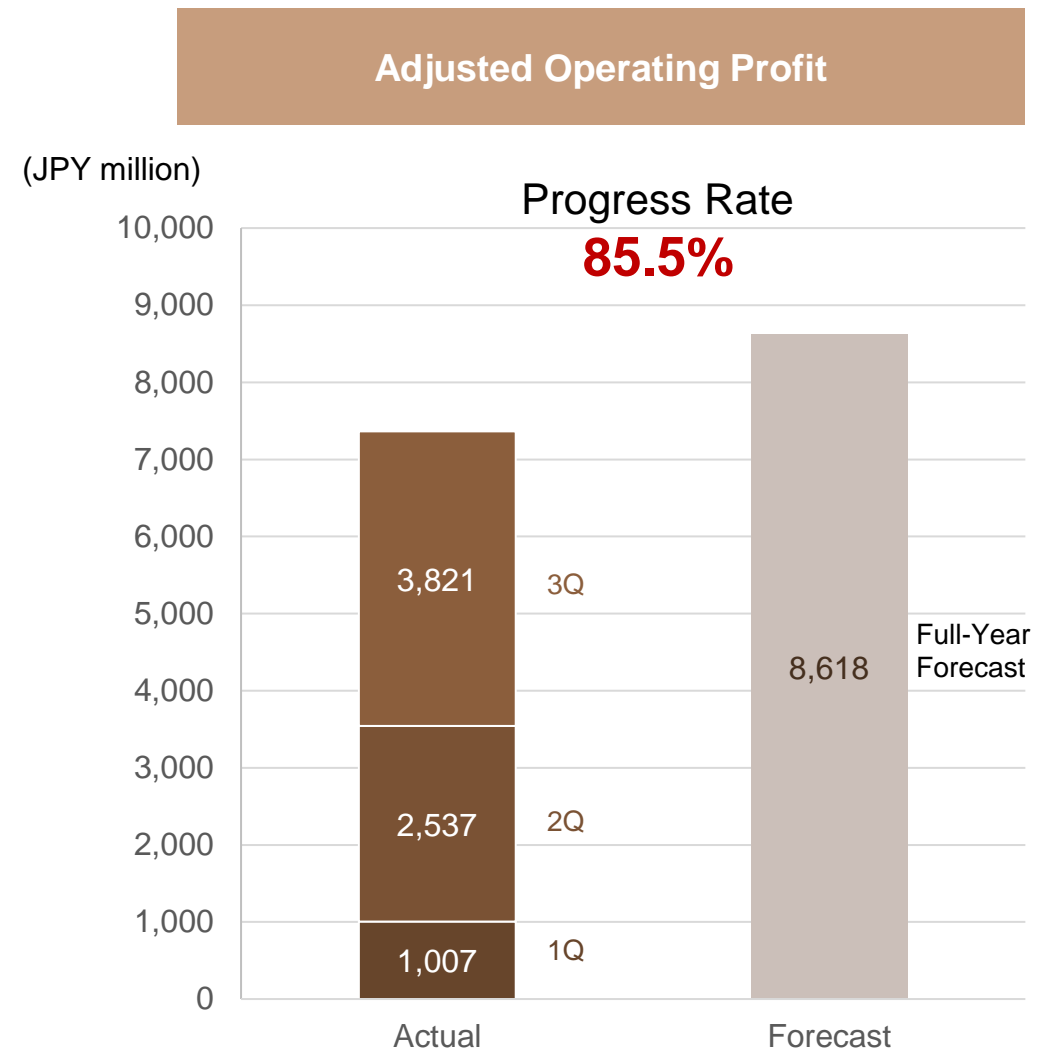
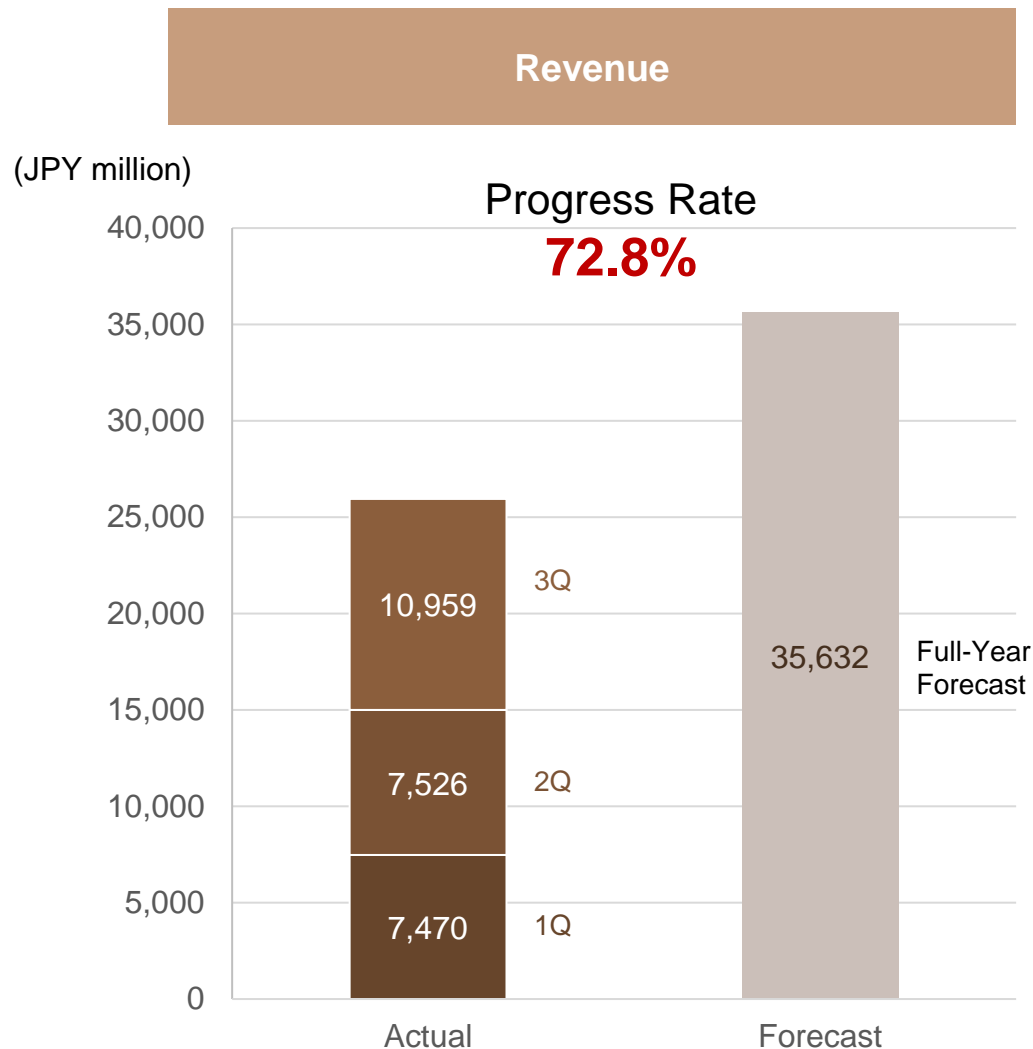
⁴ Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger, etc.

⁵ Refinancing-Related Gains/Losses are advisory expenses that were temporarily incurred in connection with refinancing carried out after the Company was closed to the public. These expenses are offset by temporary gains that were incurred due to the decline in contract interest rates associated with the refinancing and the increase in interest expense during the remaining contract period that occurs in conjunction with the refinancing.



Forecast of Consolidated Financial Results for FYE March 2021 Progress (Quarterly)

- Actual results are progressing mostly as planned against the forecast



Note: Operating Profit is adjusted by excluding one-time expenses

Adjusted Operating Profit = Operating Profit + Management Fees¹ + Listing-Related Expenses²

¹ Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.

² Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger, etc.



Financial Policies for Future

- With sufficient cash flow, plan to keep balance among investment for growth, strengthening financial structure, and shareholder return policy

Enhancing Investment for Growth

- Continuously strengthen production and supply capacities
- In the medium to long term, consider expanding overseas business and constructing new plants
- Further strengthening the business portfolio through M&A is also under consideration



雪国まいたけ

Yukiguni Maitake Co., Ltd.

The Company's Financial Policy

Strengthening Financial Stability

- Continue to strengthen the balance sheet by reducing interest-bearing debt
- Improve financial indicators such as Net Debt to Equity Ratio and Net Debt to EBITDA Ratio

Shareholder Return Policy

- Implement a flexible profit return policy in line with free cash flow each year
- Target a consolidated payout ratio of around 30%
- Implement an annual shareholder benefit program



Shareholder Return Policy

- The Company's policy is to return profits to shareholders through a target of a consolidated dividend payout ratio of approximately 30% and the annual shareholder benefit program

Dividends

Dividend per Share (DPS)	Annual DPS (Forecast)	JPY 42.00
	Interim DPS (Actual)	JPY 14.00
	Year-End DPS (Forecast)	JPY 28.00

Shareholder Benefit Program

Eligible Shareholders

The shareholder benefit program is available to shareholders whose names are recorded in the shareholders' register on the record date (March 31 of each year) and who have held one unit (100 shares) or more of the Company's shares for six months or longer. (Shareholders are deemed to "have continuously held the Company's shares for 6 months or longer" if they are kept registered in the Company's shareholder registry with the same shareholder identification numbers consecutively as of the applicable record date of March 31, and September 30 of the previous year.)

Benefit Details

The Company's products worth JPY 3,000



Note: The photographs above are samples

Delivery Schedule and Method

Products are scheduled to be delivered from June to July every year to eligible shareholders as of the end of previous March.

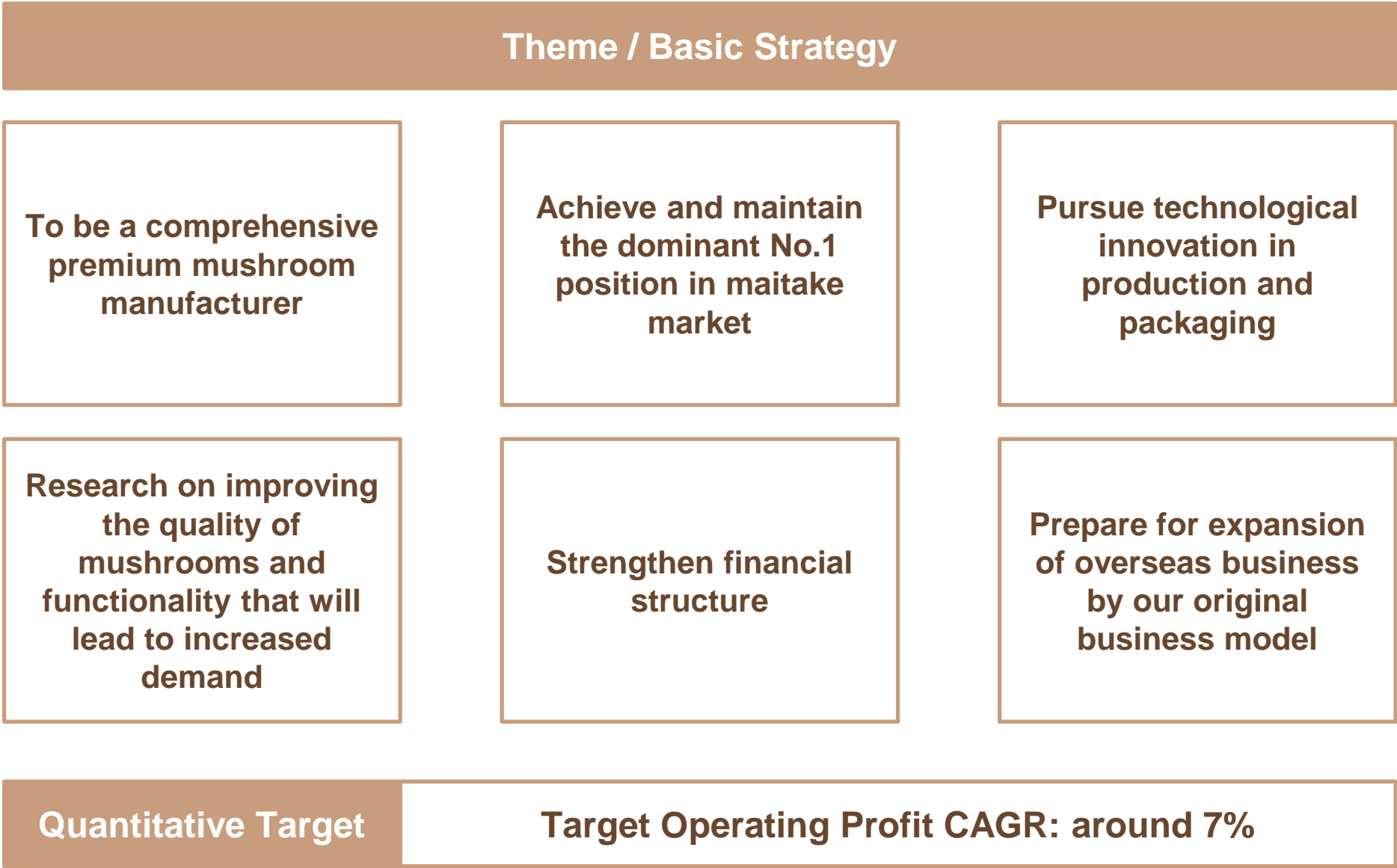


3

Medium-Term Business Plan (FYE March 2020 – FYE March 2023)



Medium-Term Business Plan: Theme, Basic Strategy, and Quantitative Target



Note1: IFRS based financial figures

Note2: Target Operating Profit CAGR period is the 3-year period from FYE March 2020 to FYE March 2023

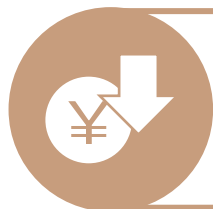
Note3: Operating Profit is adjusted by excluding one-time expenses. Adjusted Operating Profit = Operating Profit + Management Fees + Listing-Related Expenses



Specific Strategic Approach



Top line growth focusing on the maitake business that captures the expansion of health demand



Improving productivity through the pursuit of Agritech



Expansion of health food business focusing on E-commerce

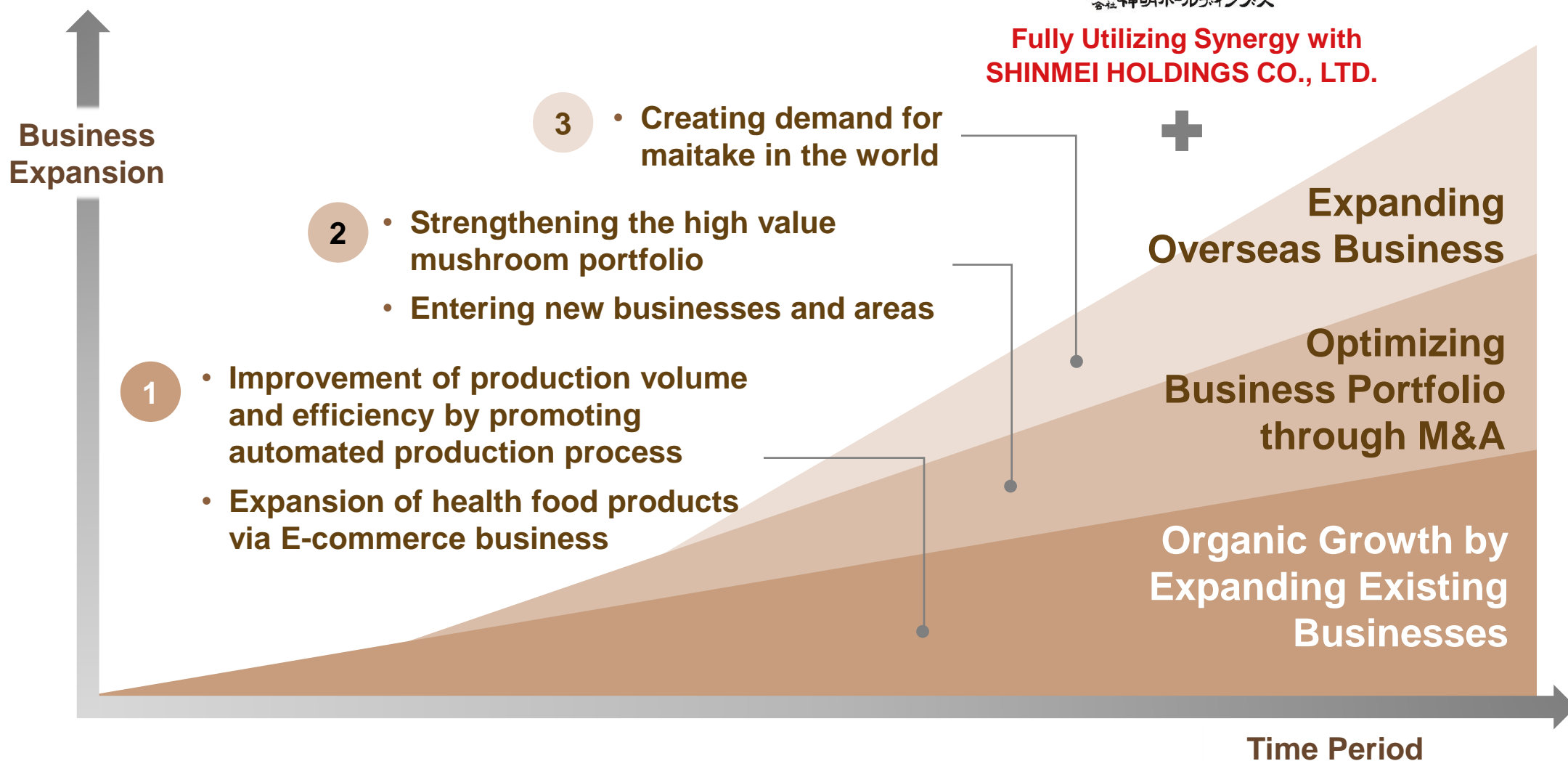


Further strengthening the business portfolio through M&A



Image of Medium to Long Term Growth

- In the medium to long term, drive organic growth through cost reduction achieved by innovative technology, expansion of production capability, and marketing of health food products using E-commerce (EC) by taking advantage of synergies with SHINMEI HOLDINGS
- In addition, also seek optimum M&A opportunities and overseas expansion for further growth





4

Reference Materials



Overview of Yukiguni Maitake Group

YUKIGUNI MAITAKE CO., LTD.



Representative

Iwao Ashikaga, President and CEO

Established

July 1983

Head Office

Minamiuonuma-shi, Niigata, Japan

Code Number

1375

Stock Exchange Listing

Tokyo Stock Exchange, 1st Section

Number of Shares Issued

39,850,000

Number of Employees¹

Full-time: 1,121, Part-time: 1,287
(as of December 31, 2020)

Business Description

Production and sales of maitake, eringi, and buna-shimeji, and manufacture and sales of processed mushroom products



Mizuho Norin Co., Ltd.



Production and sales of
hon-shimeji and hatake-shimeji in
Kyotamba-cho, Kyoto, Japan



Kinoko Center Kin Co., Ltd.



Production and sales of
buna-shimeji in Kin-cho,
Okinawa, Japan



Mitsukura Norin Co., Ltd.



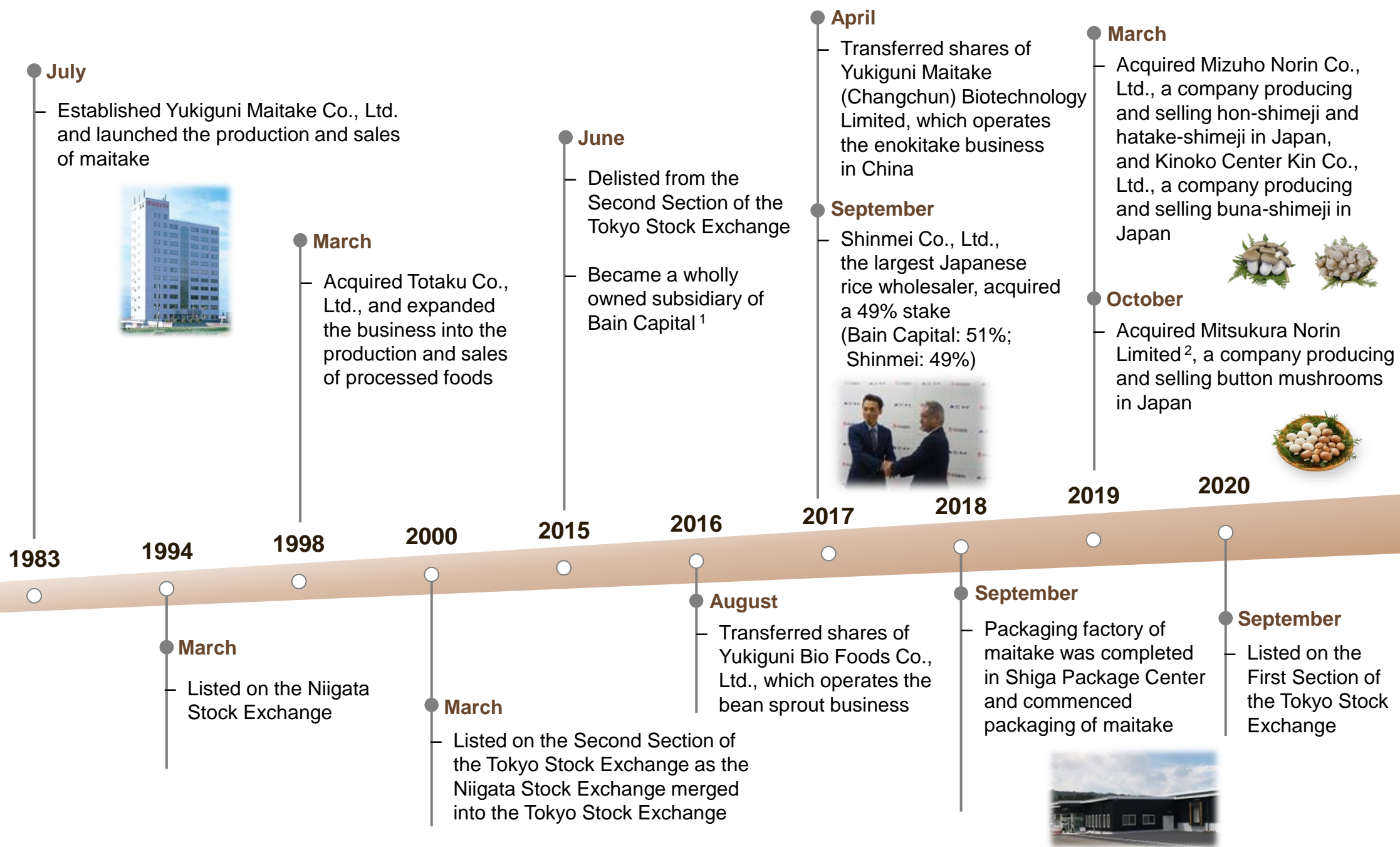
Production and sales of button
mushrooms in Ushimado-cho,
Okayama, Japan



¹ The number of employees consists of the number of full-time employees (excluding those seconded from the Company to outside, including those seconded from outside to the Company) and the average number of part-time employees over the previous one year (part-timers, temporary staff from human resources companies, and seasonal workers)



Corporate History



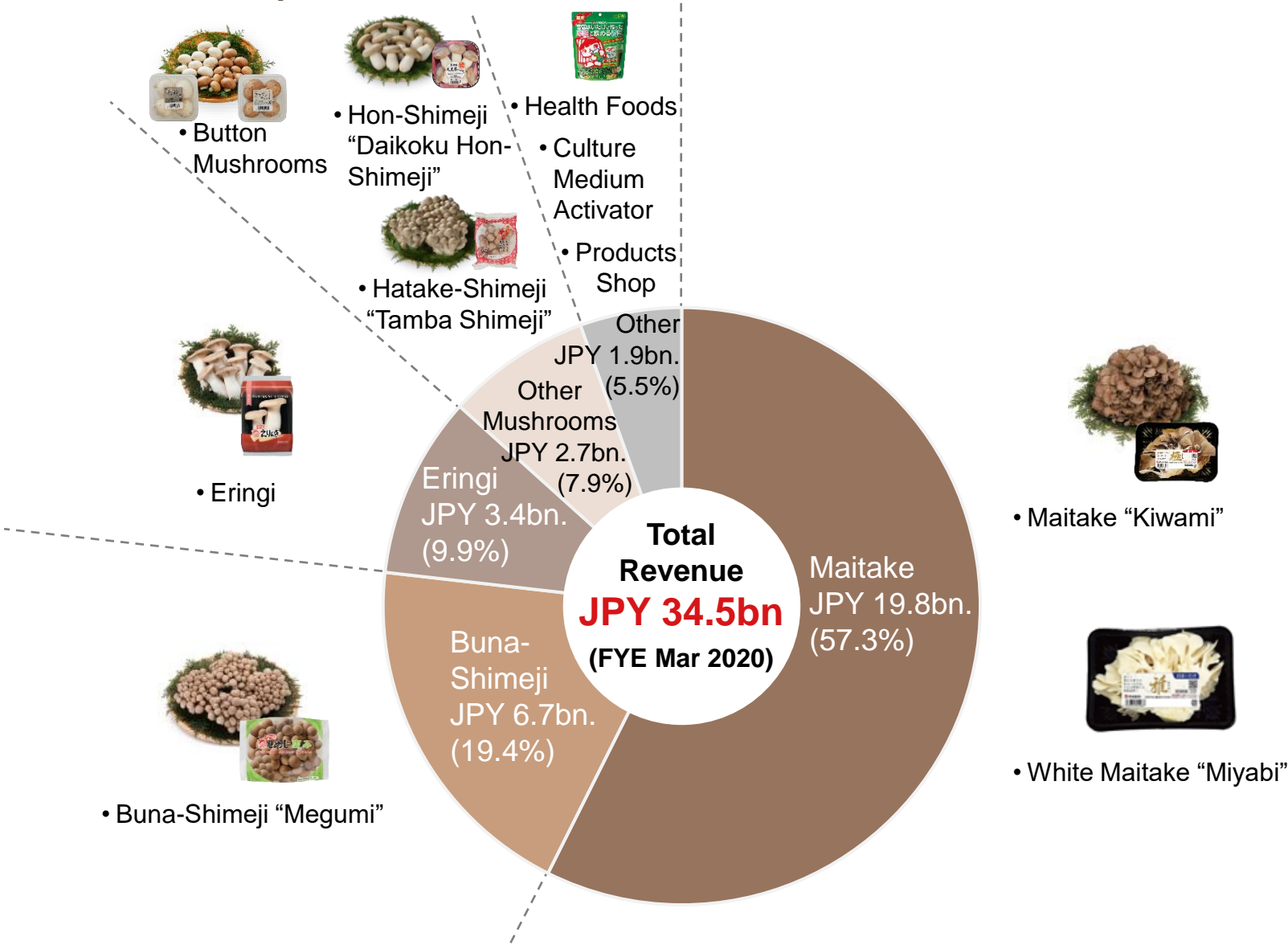
¹ "Bain Capital" mentioned above is the generic term of the fund which Bain Capital Private Equity, LP provides investment advice

² Changed the trade name from Mitsukura Norin Limited to Mitsukura Norin Co., Ltd. on March 2, 2020



Main Products and Composition Ratio of Each Product to Sales Revenue

- The world's first successful mass producer of maitake, and the top share producer of “premium mushrooms” that achieved factory based mass production of mushrooms
- In addition to mushrooms such as maitake, develop health foods, processed foods, etc. that utilize our mushroom portfolio





Product Portfolio

- A pioneer in artificial cultivation and mass production of maitake, and a leading company engaged in factory based mass production of mushrooms

Maitake
“Kiwami”, “Miyabi”



Eringi



Buna-Shimeji
“Megumi”



Mitsukura Norin
Button Mushrooms ¹



Hon-Shimeji ¹
“Daikoku Hon-Shimeji”



Hatake-Shimeji ¹
“Tamba Shimeji”



Processed Foods ²



Health Foods ³



¹ Classified as “other mushrooms” business segment

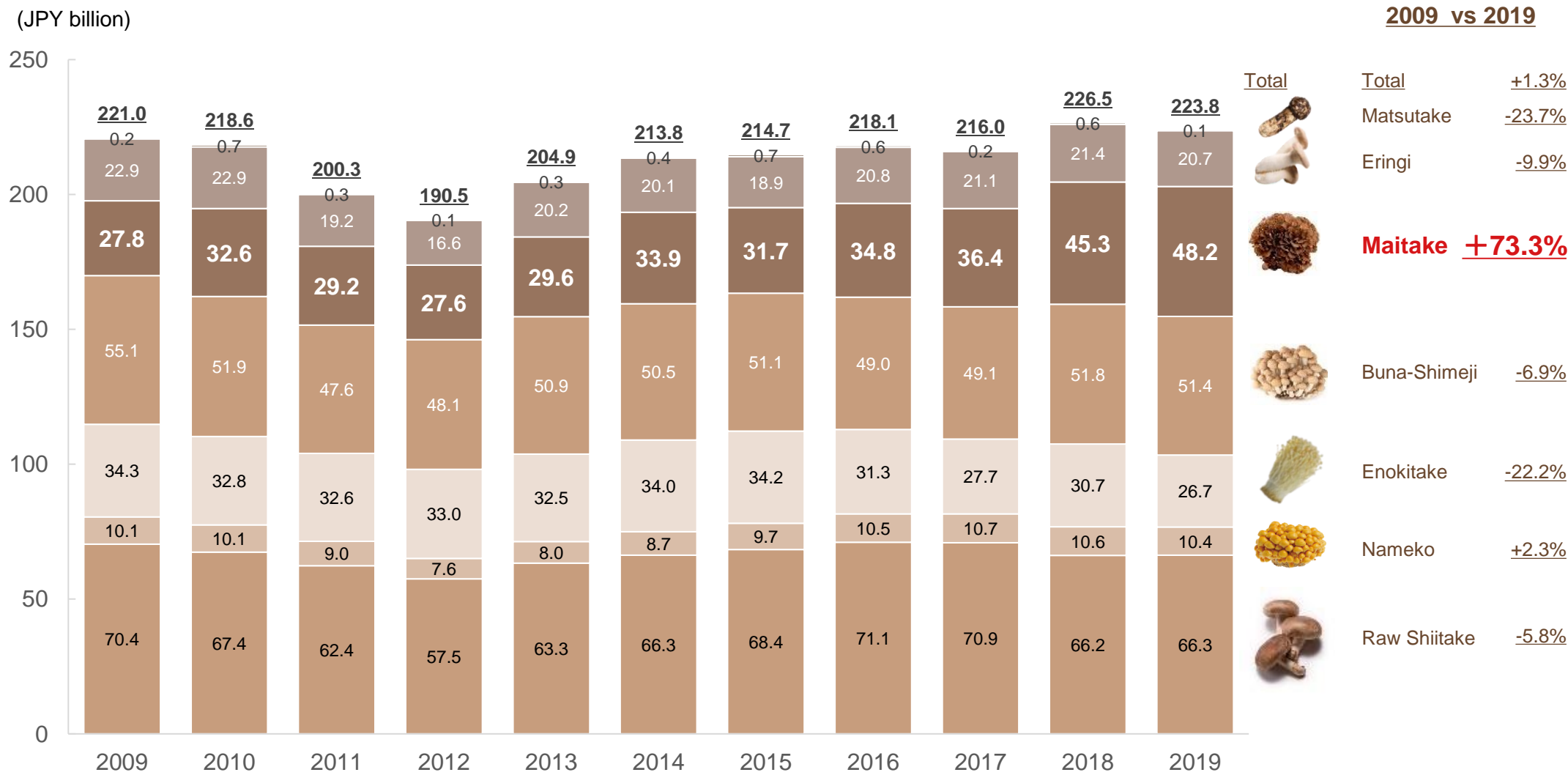
² Each processed food is classified into its original mushroom business segment

³ Health foods, etc. are classified into “other” business segment



Breakdown of Major Mushroom Markets (by Market Size)

- The overall market for mushrooms shrank temporarily due to the effects of rumors associated with the Great East Japan Earthquake, but has been expanding since 2013
- Maitake achieves higher growth compared to other mushrooms



Note 1: The mushroom market is the total market size of raw shiitake, nameko, enokitake, buna-shimeji, maitake, eringi, and matsutake

Note 2: Market size is calculated as "annual average wholesale unit price at Tokyo Central Wholesale Market (Jan.-Dec.) x domestic production volume"

Note 3: Average unit price of "buna-shimeji" is calculated using average unit price of "shimeji"

Sources: Statistics Data by Ministry of Agriculture, Forestry and Fisheries, and by Tokyo Central Wholesale Market

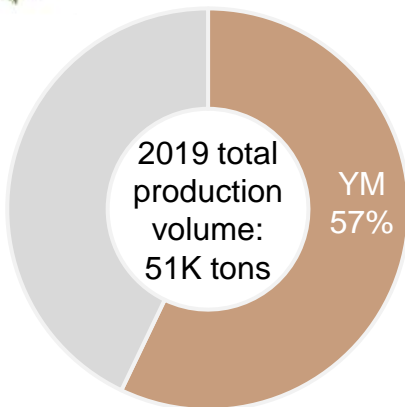


Mushroom Production Share of Yukiguni Maitake Group (YM)

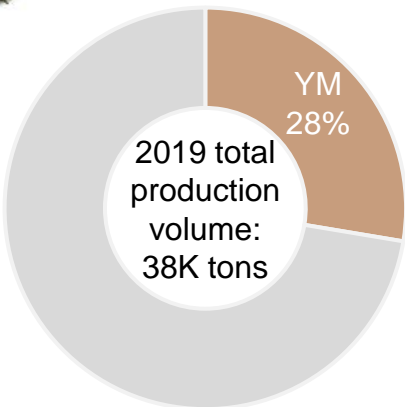
- Our mushroom products including maitake have high shares in respective market



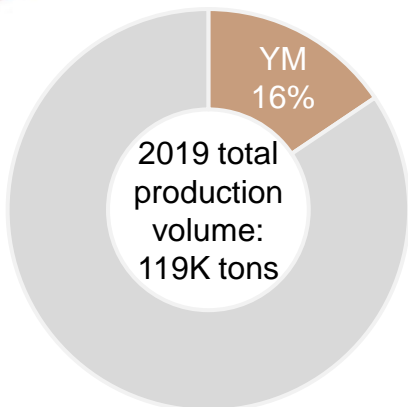
Maitake



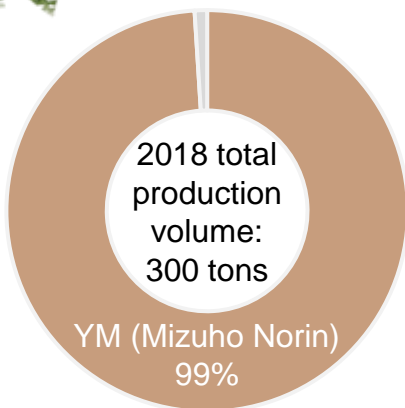
Eringi



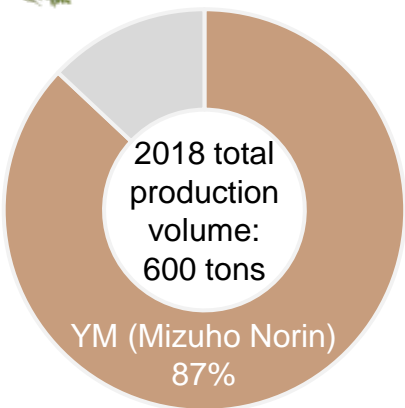
Buna-Shimeji



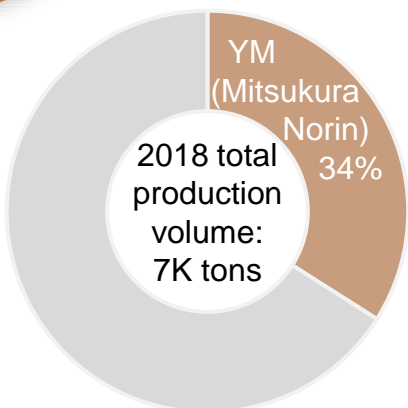
Hon-Shimeji



Hatake-Shimeji



Button Mushrooms



Note: Market share of each mushroom is calculated using domestic production volume (Each company's production ÷ Total domestic production)

Sources: Forestry Agency "Statistical Survey on Production of Minor Forest Products", Ministry of Agriculture, Forestry and Fisheries "Local Vegetable Production Survey"



Value Chain

- Establish a business model that creates high barriers to entry and cash flows through our unique value chain focusing on maitake

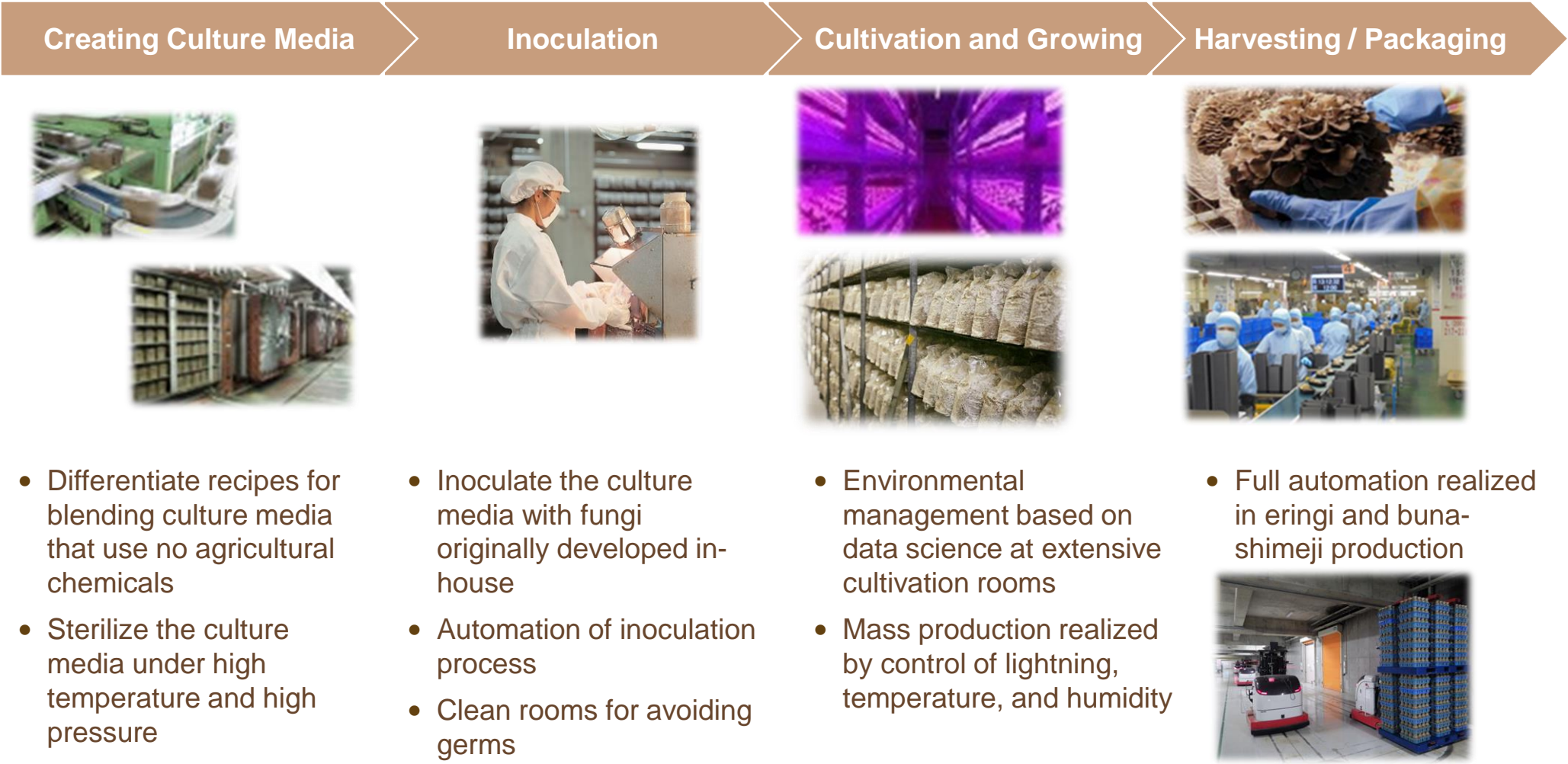




Production / Packaging Process

- World's first manufacturer to achieve factory based production of maitake which is difficult to cultivate, and establish a stable production and supply system for maitake
- Actively pursue AgriTech to improve productivity and reduce manual labor

Stable production capacity / harvest / quality



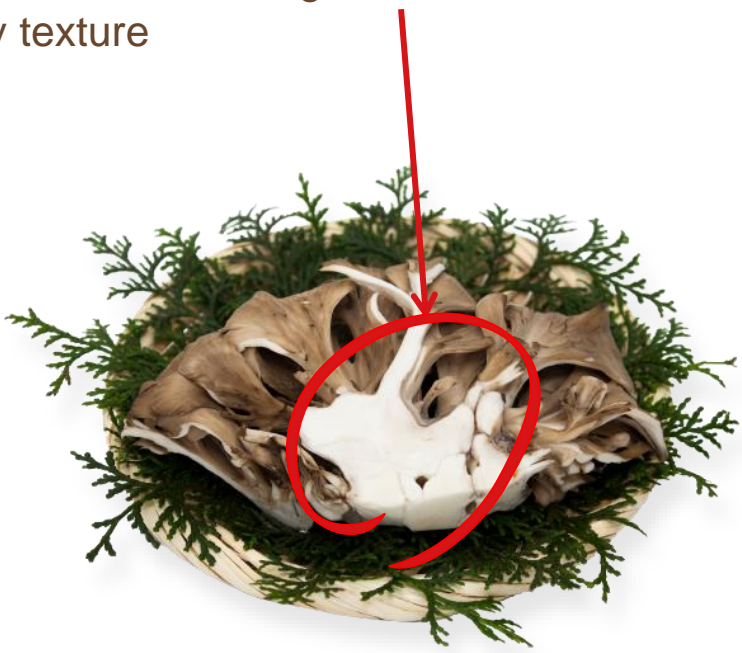


Features of Our Maitake

- Apply package cultivation to be able to grow maitake as large as those grown naturally, and still have rich texture, which is successfully achieved in factory based production by large-scale cultivation

Product Features

- Offer products with large roots in various volumes to meet customer demands
- High-quality maitake with well-balanced *umami* and flavor
- Our maitake has a large “**stem**” which has rich and meaty texture



Cultivation System

- Apply **package cultivation**
- **Approximately 900 grams** per root





E-commerce Channels for Health Food Products in Japanese Local Market

- Develop original health food products using the rich nutrients of maitake, and market them through E-commerce in Japanese local market

YUKIGUNI MAITAKE ONLINE

Our Products

城島食品株式会社は、健康食品の分野で、雪国まいたけのふしぎシリーズを展開しています。

サイトマップ | お問い合わせ | コーポレートサイト

雪国まいたけ ONLINE
—雪国まいたけ公式通販サイト—

ご注文・商品に関するお問い合わせ
0120-990-533
受付時間 9:00-17:00(土日・祝除く)

マイページ
カートを見る

HOME | まいたけのふしぎシリーズ | 商品一覧 | 定期コースの案内 | はじめての方 | よくある質問

MXフラクション含有!
雪国まいたけを乾燥・粉碎し、凝縮して粒にした高濃度まいたけサプリ
雪国まいたけの粒

- ・まいたけ由来MXフラクション含有
- ・まいたけ由来の食物繊維
- ・持ち運びしやすい個包装

3つの嬉しい特典

- 特典1 特別割引価格で購入できる!
- 特典2 回数縛りなく、解約・休止可能!
- 特典3 数やお届け日などの変更も調整可能!

定期コース詳細を見る

会員の方

- ▶ 会員情報の確認・変更
- ▶ お届け内容の確認・変更
- ▶ 定期コース内容の確認・変更

はじめての方

- ▶ はじめての方

お知らせ

2020/08/03 2020年夏季休業のご案内

2020/05/01 ゴールデンウィーク休業のお知らせ

2020/01/22 「さいふファースト」販売終了のお知らせ

雪国まいたけの健康商品



Yukiguni Maitake-no-Tsubu
Condensed Maitake Components



MD-Fraction Plus
Immunity Enhancement



Maita Care
Skin Conditioner



Aojiru Plus
Green Juice Plus



Aojiru
Green Juice



Health Functionalities of Maitake

- Focusing our efforts on the research to reveal the nutrients of Maitake that are expected to have high health functionalities

A type of polysaccharides “glucans”

Alpha-Glucans

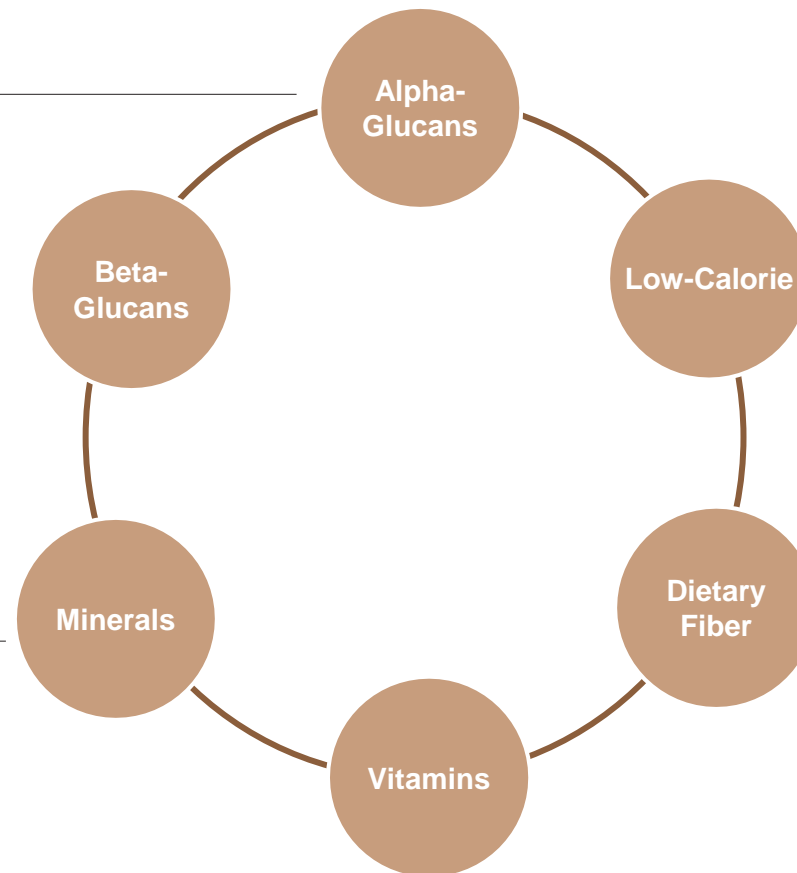
Various studies have been conducted on the polysaccharides contained in maitake to explore their functionality. Alpha-glucan, one of the major polysaccharides, is being studied for influenza and immunity¹.

¹ Evaluation and Therapeutic Effect of α-Glucan Derived from Grifola Frondosa for Influenza Virus Infections (2013, Journal of the Brewing Society of Japan 108, 401-412)

Essential nutrients for the body

Minerals

Minerals are essential nutrients for the body, but they cannot be produced by the body. Therefore, it should be taken from food. Maitake contains potassium, which works to get excess salt out of the body, and magnesium, which regulates the body.



Expected to have various effects

Maitake Dietary Fiber

Dietary fiber is expected to have the effect of suppressing the rise in postprandial blood glucose level. In addition, Maitake has been confirmed to have a **“second meal effect”** that moderates the rise in blood sugar level after the first meal is eaten². In addition, dietary fiber is said to have the function of adsorbing lipids and sugars and discharging them to the outside of the body. Dietary fiber contained in maitake **increases the amount of stool** and shortens the transit time of the digestive tract.

² The Effects of Maitake on the Elevation of Blood Sugar Levels and the Second Meal Effects of Maitake (2010, 64th Annual Meeting of Japanese Society of Nutrition and Food Science)



Suggestions on How to Eat Maitake

- Providing information on how to eat maitake that you can easily take the nutrition every day by proposing the “*maitashi*” menu

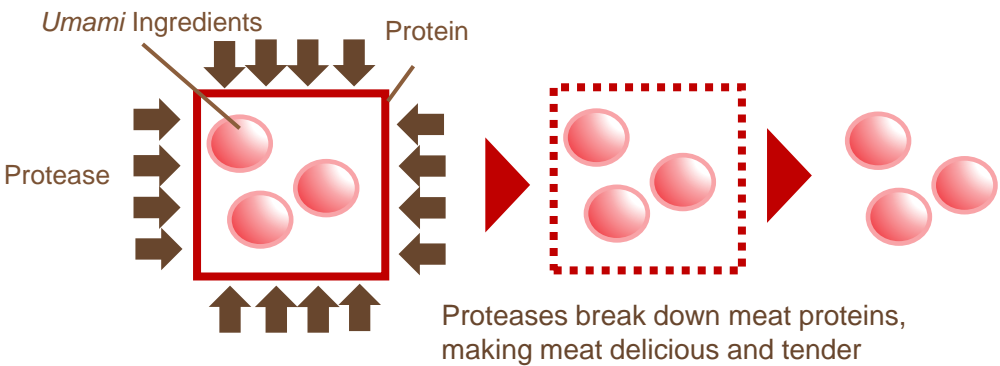
Proposal of “*Maitashi*” menu

<div>Spring</div> <div></div> <div>Cooked Rice with Yukiguni Mushrooms, Spring Cabbage, and Sakura Shrimp</div>	<div>Summer</div> <div></div> <div>Tomato Keema Curry with Yukiguni Maitake Kiwami</div>
<div>Winter</div> <div></div> <div>Millefeuille Sukiyaki with Yukiguni Maitake Kiwami</div>	<div>Autumn</div> <div></div> <div>Miso Cooked Rice with Yukiguni Mushrooms and Salmon</div>

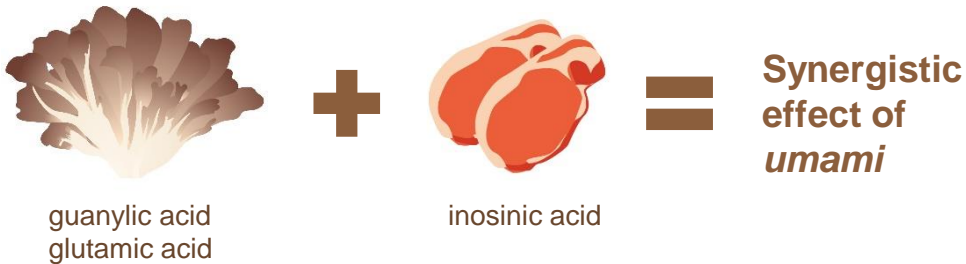
“*Maitashi*” is a “delicious” and “healthy” lifestyle that is realized by adding maitake to the usual menu

Maitake as Ingredient to Make Meat Delicious

- An enzyme called protease contained in maitake breaks down protein in meat to soften the meat and make amino acids, increasing the *umami*



- Maitake contains guanylic acid and glutamic acid among the three major *umami* ingredients, and is combined with the inosinic acid of meat to improve the *umami* of food by synergistic effect





Our Sustainability Initiatives

- Strengthen our efforts toward environmental conservation, including the most effective use of resources and shift to eco-friendly energy sources

Less Waste



Very low food loss

- Mushroom waste is reused as useful materials

Reuse of Resources



Promoting reuse of culture media

- Reuse all of the sawdust used for culture media as fuel for biomass boilers

Positively Impacting Climate Change



Use of power producers and suppliers (PPS) and liquefied natural gas (LNG) with high energy conversion efficiency

- Use geothermal and other natural energy sources
- Utilize used culture media as fuel



Social Contribution Activities

- Engaged in social contribution activities that enhance the sustainability of society through support for environmental conservation activities and support for the revitalization and development of local communities

Participation in Team Eco

Take part in the environmental conservation efforts hosted by UX Niigata TV 21, and have been a sponsoring member since 2019



Sponsoring Local Events

In addition to sponsoring local sporting events, actively participate in festivals and other events to help contribute to the revitalization of local communities



Sponsoring Minamiuonuma and Kin, Okinawa Exchange Program

Since Kinoko Center Kin Co., Ltd., based in the town of Kin, Okinawa, joined the Group in 2019, specially sponsor the exchange program for elementary school students hosted by the city of Minamiuonuma, Niigata and the town of Kin

Children from Niigata visit the factory in the town of Kin, while children from Okinawa visit the factory in the city of Minamiuonuma

Tours for Local Elementary School Students

The mushroom production and packaging center operates tours as part of social studies field trips for local elementary school students





Disclaimer

The forward-looking statements, such as forecasts of financial results, included in this document are based on the information available to the management as of the date of this document and certain assumptions that the management considers reasonable. The Company does not promise that forecasts will be achieved. Actual results may differ significantly due to a range of factors.

Please also note that this document contains managerial accounting figures that have not been audited by independent certified public accountants or audit firms and are not based on historical financial statements.



Securities Code: 1375