



Yukiguni Maitake Co., Ltd.

**Financial Results for 3rd Quarter of
Fiscal Year Ending March 2023**

February 9, 2023

Tokyo Stock Exchange,
Prime Market: 1375



AGENDA

- 1. Summary of Consolidated Financial Results for 3Q of FYE March 2023**
- 2. Medium- Term Business Plan for FYE March 31, 2022 to FYE March 31, 2026**
- 3. Reference Materials**

(Caution concerning forward-looking statements)

The forward-looking statements, such as forecasts of financial results, included in this document are based on information available to the management as of the date of the 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.



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Summary of Consolidated Financial Results for 3Q of FYE March 2023



Summary of Financial Results for 3rd Quarter of Fiscal Year Ending March 2023

Although revenue and Core EBITDA declined year-on-year in the cumulative third quarter, in the next fiscal year, we will gradually resume in-store tasting sales, strengthen the provision of multifaced eating opportunities including eating-out and ready-to-made meals, and promote strategic development that utilizes the comprehensive strengths of premium mushrooms.

External Environment

- Inflation has risen consumers' awareness of the need to protect their household budgets, leading to an increased preference for commodities with an emphasis on quantity.
- Demand remained unstable due to severe temperature fluctuations during the peak fall season.
- Continued restrictions on promotions such as in-store tasting due to COVID-19.
- The supply-demand balance in the market remained distorted due to oversupply caused by increased production by other companies.
- Cost increase factors such as high crude oil prices and yen's depreciation.

Our Response

- Various promotions including TV commercials in the Kanto and Kansai areas; month to date shipment weights in October and December reached record highs.
- Strengthened the sales for food service and home meal, leading to increased sales and opportunities for food consumption.
- Succeeded in mass production of the world's first white maitake "Kiwami White". Introduced it to the market to strengthen the Kiwami brand and to promote the Company's PR activities which were well received. Since sales started in September, the effect in the quarter was limited.
- Curbed rising costs by optimizing procurement of materials, fuel, etc., and thoroughly managing manufacturing activities.

Summary

Revenue JPY 23.0 billion

- YoY
JPY -1.1 billion
(-4.8%)

- vs Forecast 

Core EBITDA JPY 3.8 billion

- YoY
JPY -2.1 billion
(-35.9%)

- vs Forecast 



Consolidated Statements of Income (3rd Quarter)

In the nine months of the current fiscal year, both total income and profits decreased compared to the same period of the previous fiscal year.

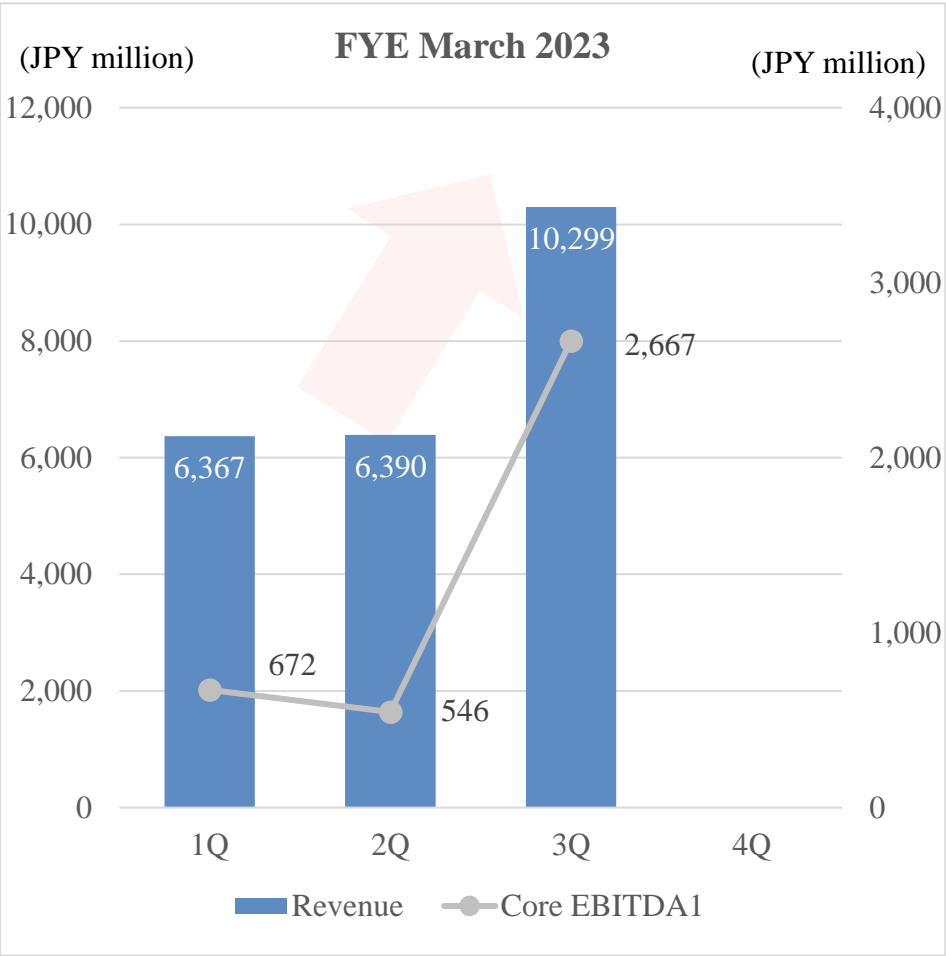
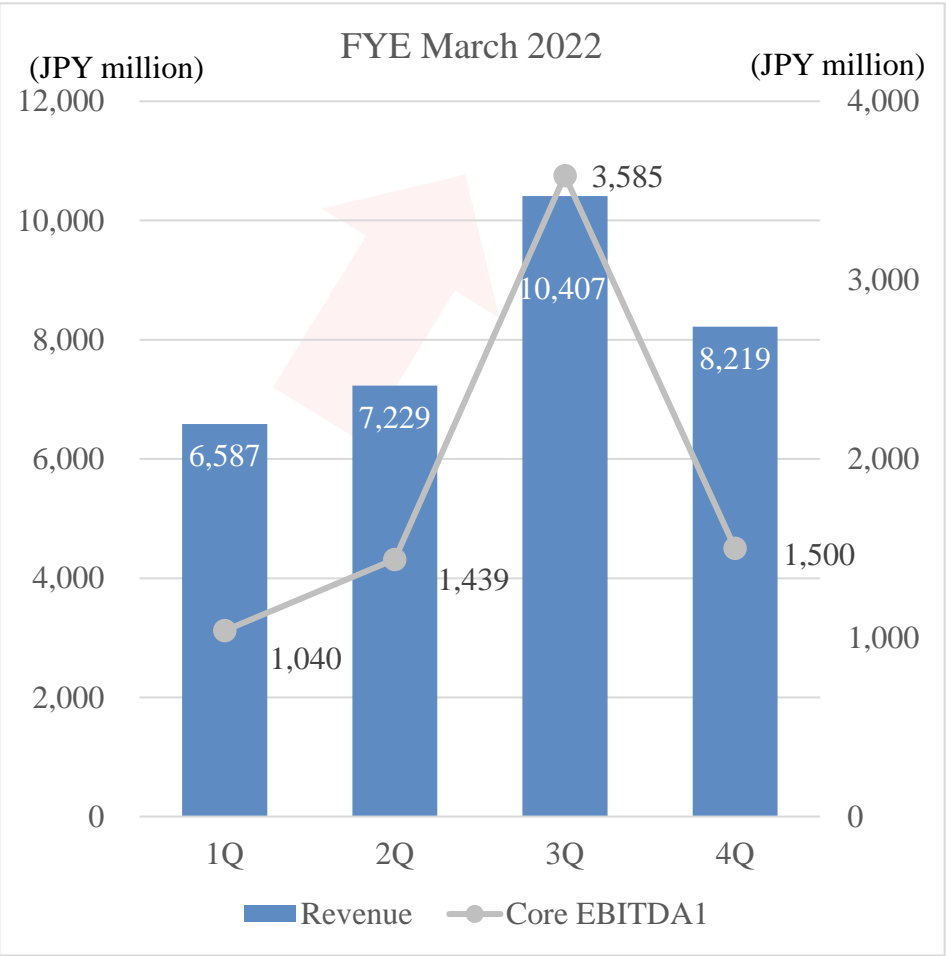
(JPY million)	3Q FYE March 2023	3Q FYE March 2022		
	Actual	Actual	Change Amount	%
Revenue	23,057	24,224	(1,166)	(4.8%)
Gains Arising from Changes in Fair Value	9,398	12,234	(2,836)	(23.2%)
Total Income	32,455	36,458	(4,002)	(11.0%)
Material Costs, Labor Costs, etc.	14,782	13,705	+1,076	+7.9%
Gains Arising from Changes in Fair Value	8,707	11,253	(2,546)	(22.6%)
Cost of Sales	23,489	24,959	(1,469)	(5.9%)
Gross Profit	8,966	11,499	(2,532)	(22.0%)
SG&A Expenses	6,036	6,024	11	+0.2%
Other Income	56	34	21	+62.1%
Other Expenses	94	58	36	+62.1%
Operating Profit	2,892	5,451	(2,558)	(46.9%)
vs Revenue	12.5%	22.5%		
vs Total Income	8.9%	15.0%		
Profit before Tax	2,597	5,139	(2,541)	(49.5%)
Profit Attributable to Owners of Parent	1,732	3,386	(1,654)	(48.9%)
[Reference]				
Core Operating Profit ¹	2,322	4,595	(2,272)	(49.5%)
Core EBITDA ¹	3,885	6,064	(2,179)	(35.9%)
Core EBITDA margin ¹	16.9%	25.0%		

¹ Core Operating Profit = Operating Profit — the effect of applying IAS 41 “Agriculture” — Other income and expenses — One-time income and expenses
Core EBITDA = Core Operating Profit + Depreciation and Amortization Core EBITDA margin = Core EBITDA / Revenue



Consolidated Operating Results (Quarterly Trends)

In the third quarter, both revenue and Core EBITDA were lower than those in the same quarter of the previous year.

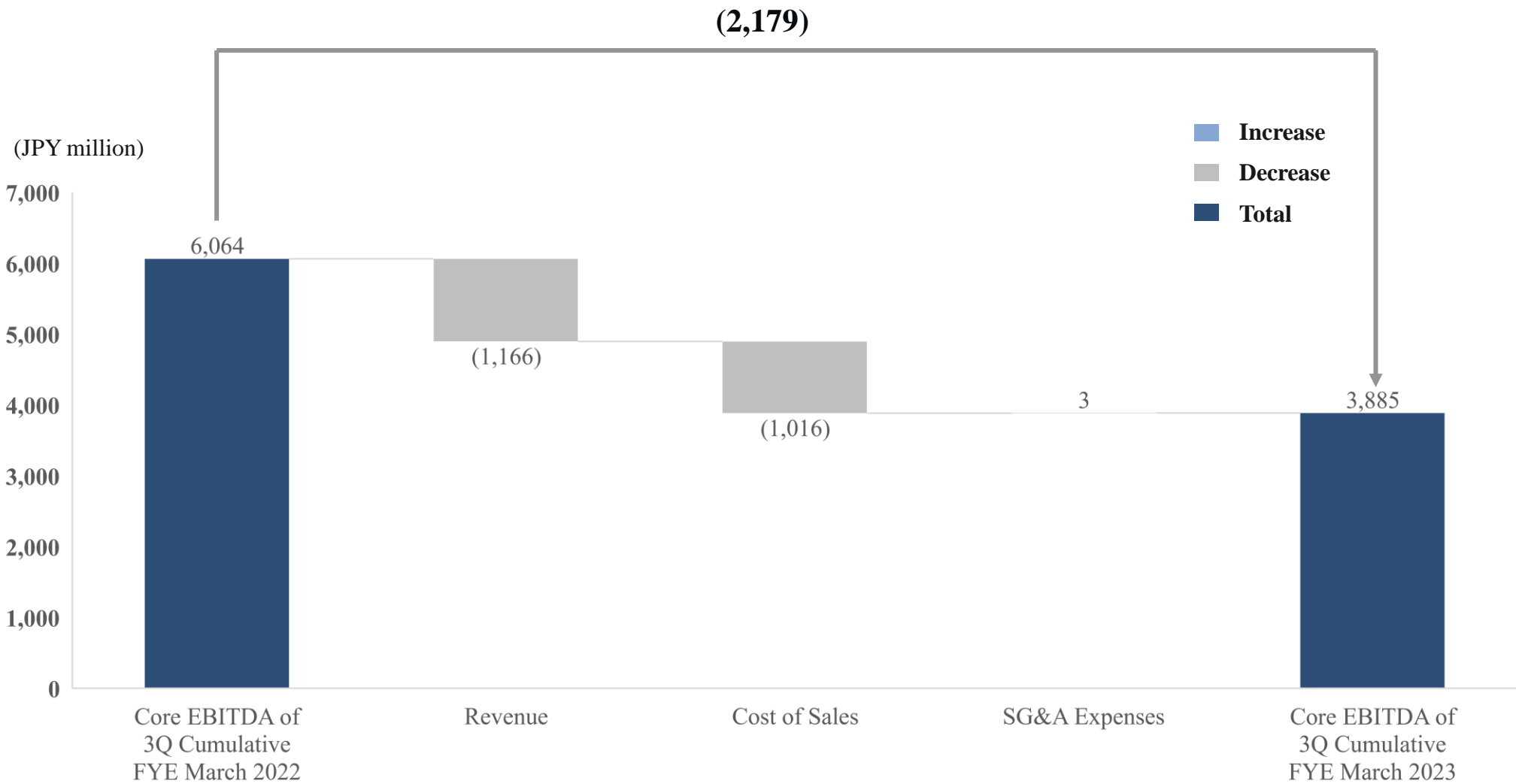


1 Core EBITDA = Core Operating Profit + Depreciation and Amortization



Analysis of Core EBITDA (3Q Cumulative Year-on-Year)

The decrease in Core EBITDA was mainly due to lower revenue in the mushroom business and higher utility and other costs.

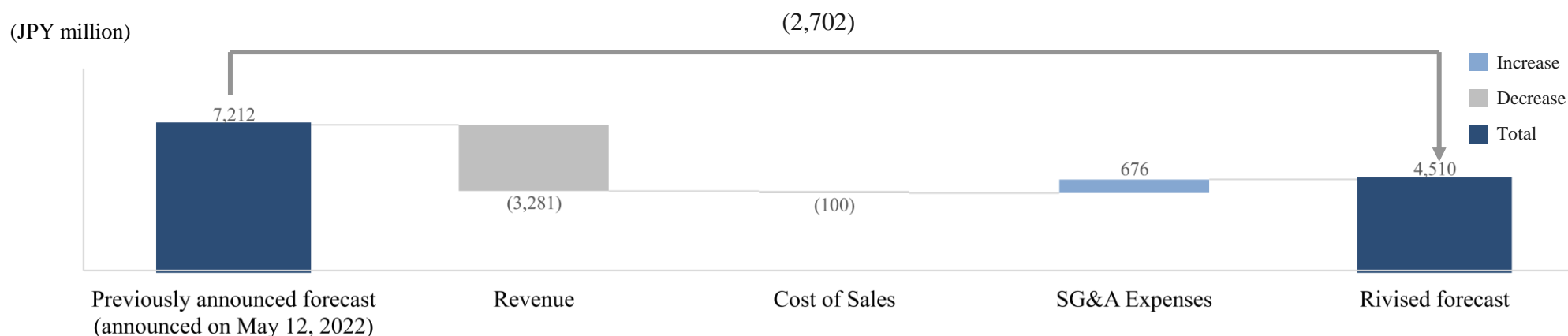




Revision to FYE March 2023 Full-Year Financial Results Forecast

Revised full-year forecasts in consideration of the shift of consumer demand to high-volume products due to the impact of inflation, increased production by new plants of other companies, and the impact of soaring crude oil prices on material and utility costs.

(JPY million)	FYE March 31, 2022 Actual	Previously announced forecast (A) (announced on May 12, 2022)	Revised forecast (B)	Difference (B-A)	Ratio of difference (%)
Total Income	47,081	48,076	42,661	(5,415)	(11.3%)
Revenue	32,444	34,539	31,258	(3,281)	(9.5%)
Operating Profit	4,975	4,893	2,151	(2,742)	(56.0%)
<i>Ratio of Operating Profit to Total Income</i>	10.6%	10.2%	5.0%		-
Profit before Tax	4,564	4,490	1,754	(2,736)	(60.9%)
Profit Attributable to Owners of Parent	2,989	2,951	1,166	(1,785)	(60.5%)
Basic Earnings per Share (JPY)	74.92	74.03	29.26	(44.77)	(60.5%)
[Reference]					
Core EBITDA¹	7,564	7,212	4,510	(2,702)	(37.5%)
<i>Core EBITDA margin²</i>	23.3 %	20.9%	14.4%		-



¹ Core EBITDA = Core Operating Profit + Depreciation and Amortization
² Core EBITDA margin = Core EBITDA / Revenue



Revenue by Business Segment (3Q Cumulative)

Revenue of all mushrooms declined from the same quarter of the previous year.

(JPY million)	3Q FYE March 2022		3Q FYE March 2023		Increase (Decrease)	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	Change YoY
Total Revenue	24,224	100.0%	23,057	100.0%	(1,166)	(4.8%)
Mushroom Business	23,892	98.6%	22,781	98.8%	(1,111)	(4.7%)
Maitake	13,905	57.4%	13,268	57.5%	(636)	(4.6%)
Eringi	2,418	10.0%	2,307	10.0%	(111)	(4.6%)
Buna-Shimeji	4,612	19.0%	4,470	19.4%	(141)	(3.1%)
Other Mushrooms¹	2,956	12.2%	2,734	11.9%	(222)	(7.5%)
Other	331	1.4%	276	1.2%	(55)	(16.7%)

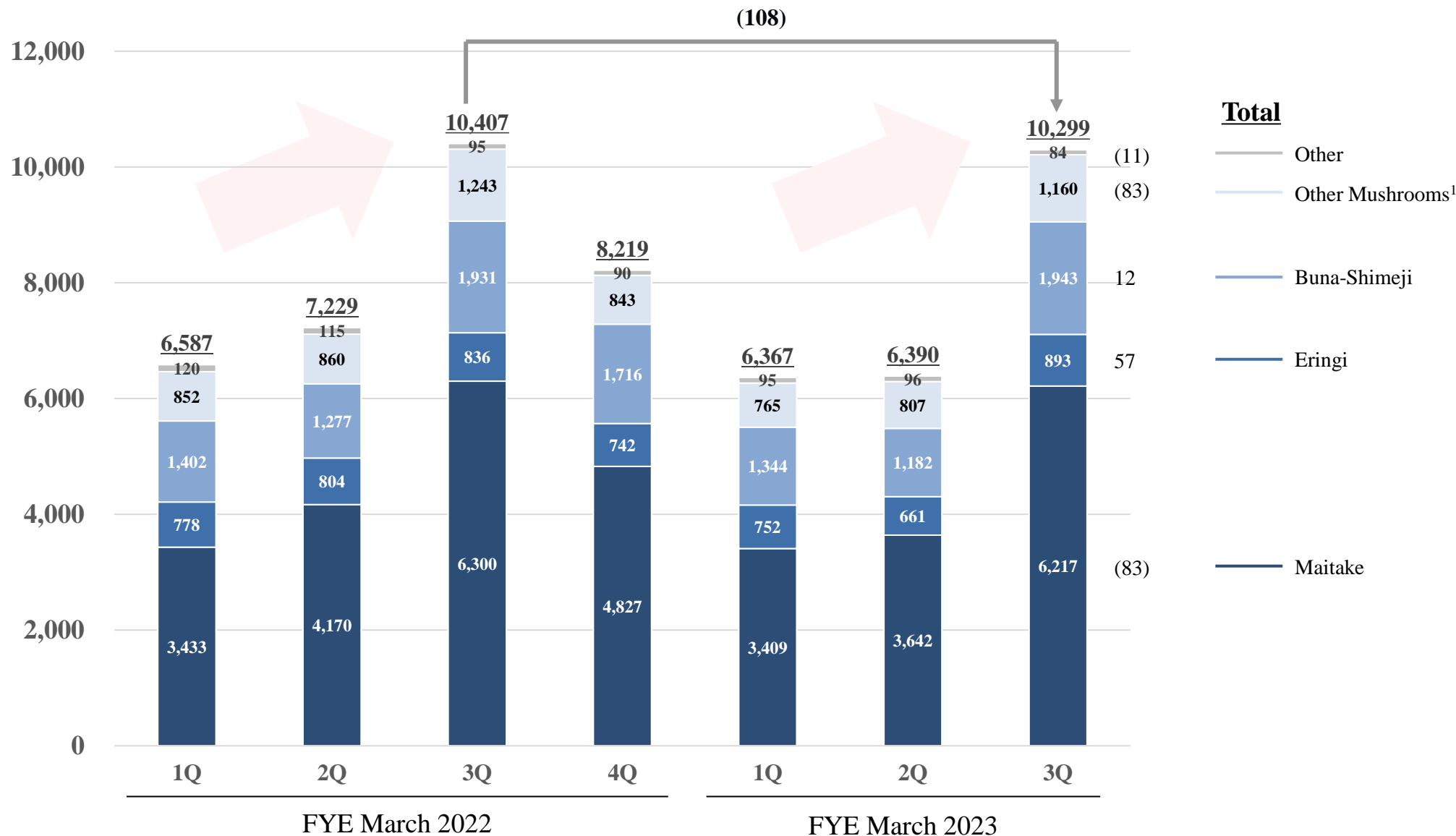
¹ Hon-Shimeji, Hatake-Shimeji, Button-Mushroom, Mushroom sets, purchased mushrooms, etc.



Revenue Trends by Business Segment (Quarterly Trends)

Revenue of all mushrooms including Maitake have been on an upward trend toward the 3rd Quarter.

(JPY million)





Status of Mushroom Business (3Q Cumulative FYE March 2023)

As for Maitake, sales volume and unit sales price were negative compared to the same period of the previous year and the forecast.

Sales volume of Eringi was negative compared to the same period of the previous year and the forecast, while unit sales price remained unchanged compared to the same period of the previous year and the forecast.

Sales volume and unit sales price of Buna-shimeji were slightly below compared to the same period of the previous year and the forecast.

	Sales Volume Comparison ¹		Unit Sales Price Comparison ¹	
(%)	vs 3Q FYE Mar 2022	vs Forecast	vs 3Q FYE Mar 2022	vs Forecast
Maitake	99.2%	95.2%	95.9%	92.5%
Eringi	94.7%	92.2%	100.2%	100.0%
Buna-Shimeji	99.6%	99.2%	99.8%	99.1%
Other Mushrooms²	97.4%	92.8%	97.6%	97.3%

¹ Comparison excluding processed products

² Comparison by the total of Hon-Shimeji, Hatake-Shimeji and button mushrooms



Consolidated Statements of Financial Position

Capital depth increased due to accumulation of quarterly profits

(JPY million)	As of Mar 31, 2022	As of Dec 31, 2022	Increase (Decrease)	
	Actual	Actual	Amount	Change YoY
Current Assets	9,735	10,675	940	+9.7%
Cash and Cash Equivalents	3,723	2,022	(1,701)	(45.7%)
Trade and Other Receivables	1,958	3,493	+1,535	+78.4%
Inventories	1,249	1,318	+69	+5.5%
Biological Assets	2,693	3,731	+1,038	+38.6%
Non-current Assets	26,361	26,432	+71	+0.3%
Property, Plant and Equipment	19,170	19,216	+45	+0.2%
Goodwill and Intangible Asset	5,291	5,289	(1)	(0.0%)
Total Assets	36,096	37,108	+1,011	+2.8%
Current Liabilities	8,010	9,861	+1,850	+23.1%
Trade and Other Payables	2,602	3,847	+1,245	+47.8%
Accrued Income Taxes	1,484	852	(632)	(42.6%)
Short-term Borrowings	-	1,500	+1,500	-
Current Portion of Long-Term Borrowings	1,321	1,509	+188	+14.2%
Non-current Liabilities	17,615	16,232	(1,382)	(7.8%)
Borrowings	17,314	15,999	(1,314)	(7.6%)
Lease Liabilities	222	156	(65)	(29.5%)
Total Liabilities	25,625	26,093	+468	+1.8%
Total Equity	10,470	11,014	+543	+5.2%
Total Equity Attributable to Owners of Parent	10,471	11,014	+542	+5.2%
Total Liabilities and Equity	36,096	37,108	+1,011	+2.8%



Consolidated Statements of Cash Flows (3Q Cumulative Year-on-Year)

Cash Flows from Operating Activities・・・Decrease due to lower Profit before Tax.

Cash Flows from Investing Activities・・・Increase due to capital expenditures.

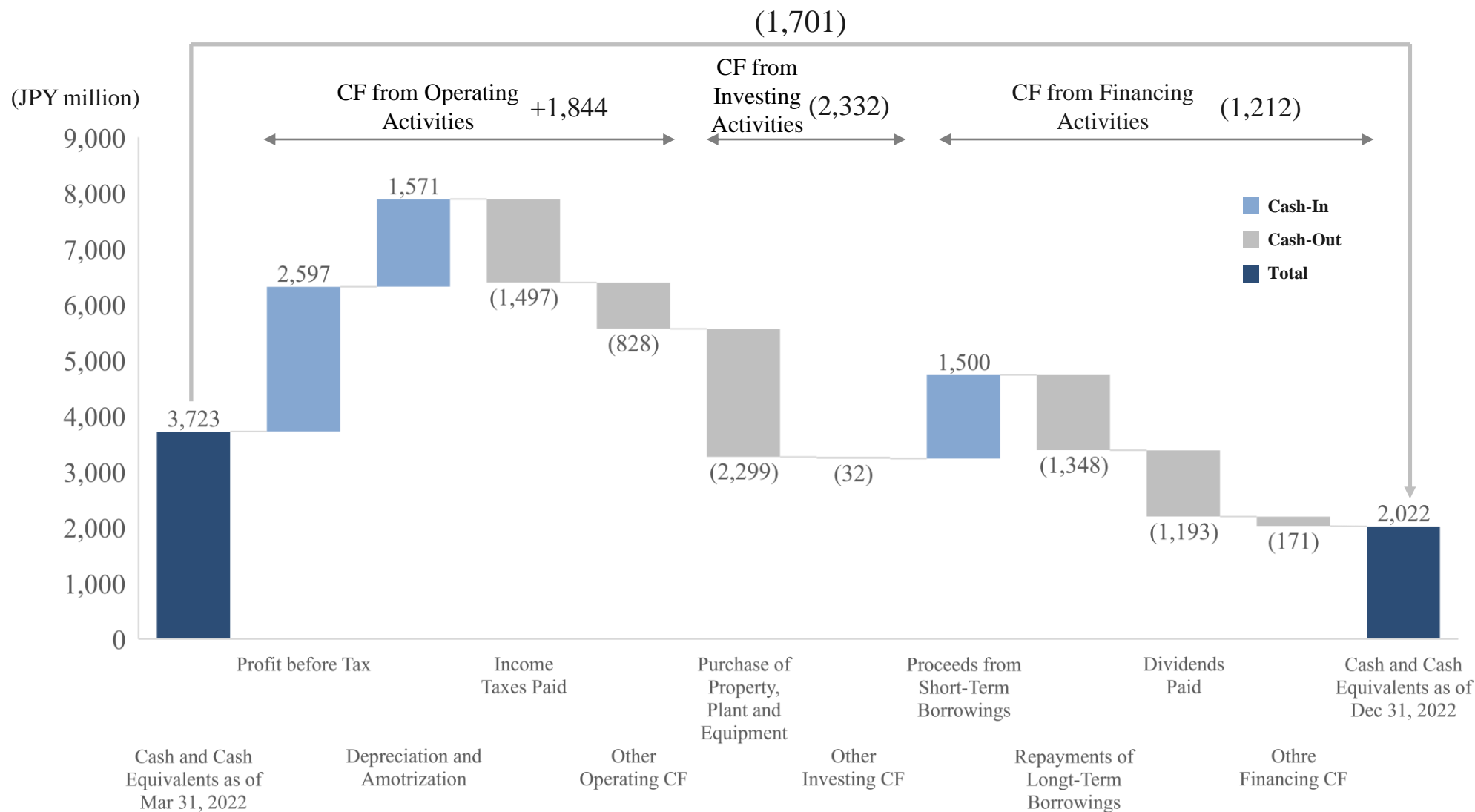
Cash Flows from Financing Activities・・・ Increase due to financing by Short-Term Borrowings and decrease in Dividend Paid.

(JPY million)	3Q FYE March 31, 2022	3Q FYE March 31, 20223	Increase (Decrease)
Cash Flows from Operating Activities	3,586	1,844	(1,742)
Profit before Tax	5,139	2,597	(2,541)
Depreciation and Amortization	1,476	1,571	+95
Decrease (Increase) in Trade and Other Receivables	(1,425)	(1,536)	(110)
Decrease (Increase) in Inventories	(52)	(69)	(16)
Increase (Decrease) in Trade and Other Payables	1,529	1,657	+128
Increase (Decrease) in Employee Benefit Liabilities	(248)	(77)	+171
Income Taxes Paid	(2,097)	(1,497)	+600
Cash Flows from Investing Activities	(1,572)	(2,332)	(759)
Purchase of Property, Plant and Equipment	(1,555)	(2,299)	(743)
Proceeds from Sale of Property, Plant and Equipment	0	3	+2
Purchase of Intangible Asset	(7)	(14)	(6)
Cash Flows from Financing Activities	(2,998)	(1,212)	+1,785
Proceeds from Short-Term Borrowings	1,000	1,500	+500
Repayments of Short-Term Borrowings	(1,000)	-	+1,000
Repayments of Long-Term Borrowings	(1,156)	(1,348)	(192)
Dividends Paid	(1,671)	(1,193)	+477
Net Increase (Decrease) in Cash and Cash Equivalents	(984)	(1,701)	(716)
Cash and Cash Equivalents at the Beginning of Period	3,777	3,723	(54)
Cash and Cash Equivalents at the End of the Period	2,793	2,022	(771)



Consolidated Cash Flow Analysis (3Q Cumulative)

Net cash provided by operating activities exceeded income taxes paid, resulting in an increase in operating CF of JPY 1,844 million. On the other hand, cash and cash equivalents decreased by JPY 1,701 million due to repayment of long-term borrowings, dividend payments, etc.





Key Financial Indicators

Net D/E ratio deteriorated due to a decrease in cash and cash equivalents resulting from lower mushroom business revenue, despite lower debt due to contractual repayments. Core EBITDA declined compared to prior year, while Net D/Core EBITDA multiple increased.

Changes of Financial Indicator Regarding Goodwill

■ Goodwill to Net Assets Ratio ¹

0.5x

FYE
March 2022



0.5x

3Q FYE
March 2023



- 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**

Changes in Financial Indicator Regarding Net Debt

■ Net Debt to Equity Ratio ¹

1.4x

FYE
March 2022



1.5x

3Q FYE
March 2023

■ Net Debt to Core EBITDA Ratio ²

2.0x

FYE
March 2022



3.2x³

3Q FYE
March 2023

¹ IFRS based consolidated financial figures

² Using actual Core EBITDA figures. Core EBITDA = Core Operating Profit + Depreciation + Amortization

³ Estimated by last 12 months (LTM) cumulative Core EBITDA



Key Performance Indicators

In the nine months of the current fiscal year, Key Performance Indicators deteriorated due to underperformance against the previous year.

	3Q FYE March 2022	3Q FYE March 2023
Operating Margin	15.0%	8.9%
Core EBITDA Margin	25.0%	16.9%
Basic Earnings per Share ¹	JPY 84.83	JPY 43.44
ROE (Return on Equity Attributable to Owners of Parent) ²	39.5%	12.2%
ROIC (Return on Invested Capital) ³	14.1%	5.3%

¹ Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. 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

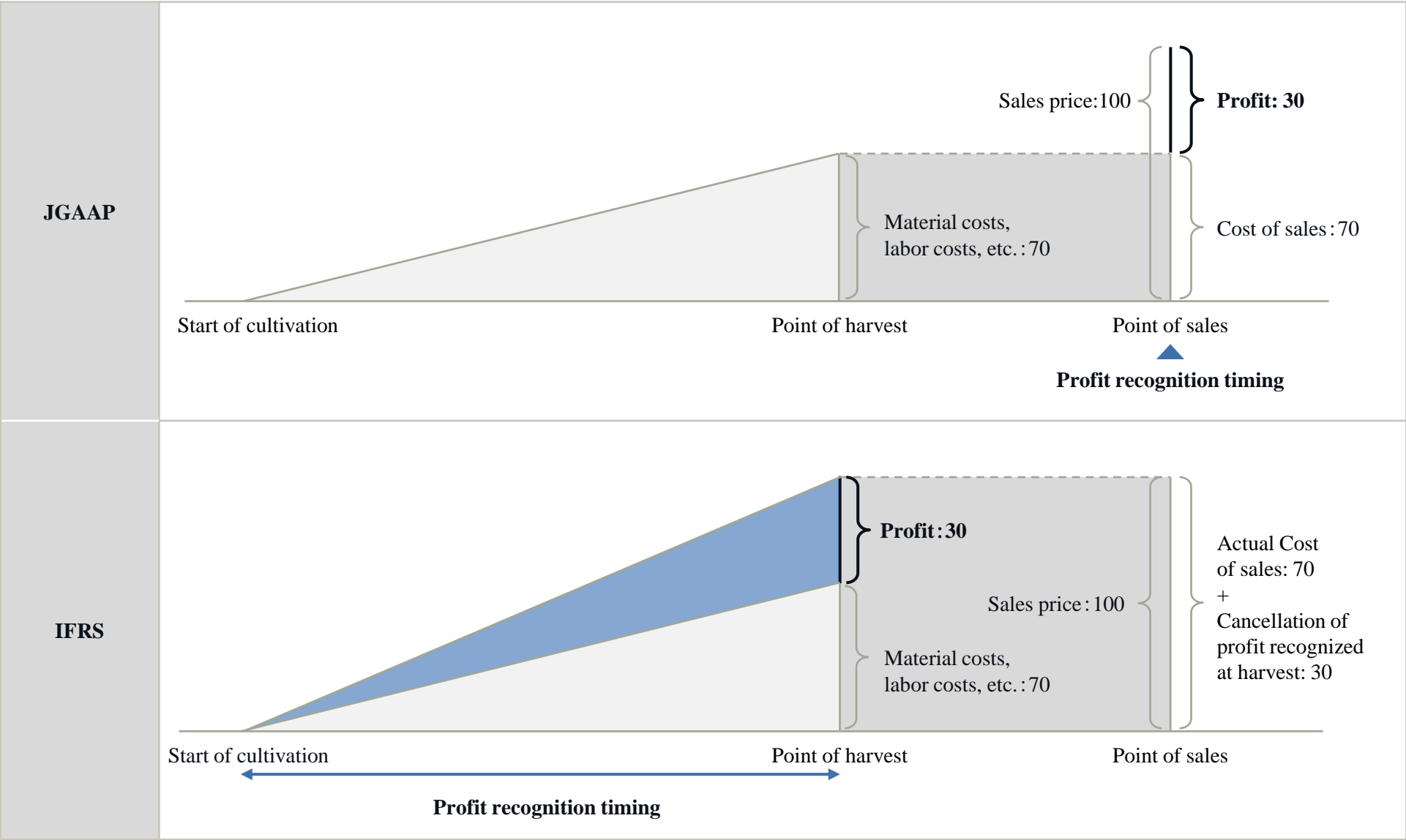
² Cumulative actual of the last 12 months (LTM) ROE = Profit Attributable to Owners of Parent / Average Total Equity Attributable to Owners of Parent during the Period

³ Cumulative actual of the last 12 months (LTM) ROIC = (Operating Profit x (1 - Effective Tax Rate)) / (Average shareholders' Equity + Average interest-bearing Liabilities)



Overview of Accounting Treatment — IAS 41 “Agriculture”

While profit is recognized at the point of sales 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” (3Q Cumulative)

Net income impact of + JPY 690 million due to the adoption of agricultural accounting, mainly due to the impact of higher inventory levels of work-in-progress of Maitake.

(JPY million)

	Break down	3Q FYE March 2023
Gains Arising from Changes in Fair Value (Income)	Gains in Work-in-Progress (Beg. Bal.)	(1,042)
	Gains in Work-in-Progress (End. Bal.)	1,643
	Harvest for the Current Period	8,594
	Other	201
	Total	9,398
Gains Arising from Changes in Fair Value (Cost of Sales)	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(280)
	Gains in Finished/Semi-finished Goods (End. Bal.)	338
	Harvest for the Current Period	(8,594)
	Other	(170)
	Total	(8,707)
Total Net Impact		690

Gains included in work-in-progress had a positive impact of **JPY 601 million** due to higher inventory levels compared to the beginning of the period.

Gains included in finished and semi finished goods had a positive impact of **JPY 57 million** due to higher inventory levels compared to the beginning of the period.



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

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.

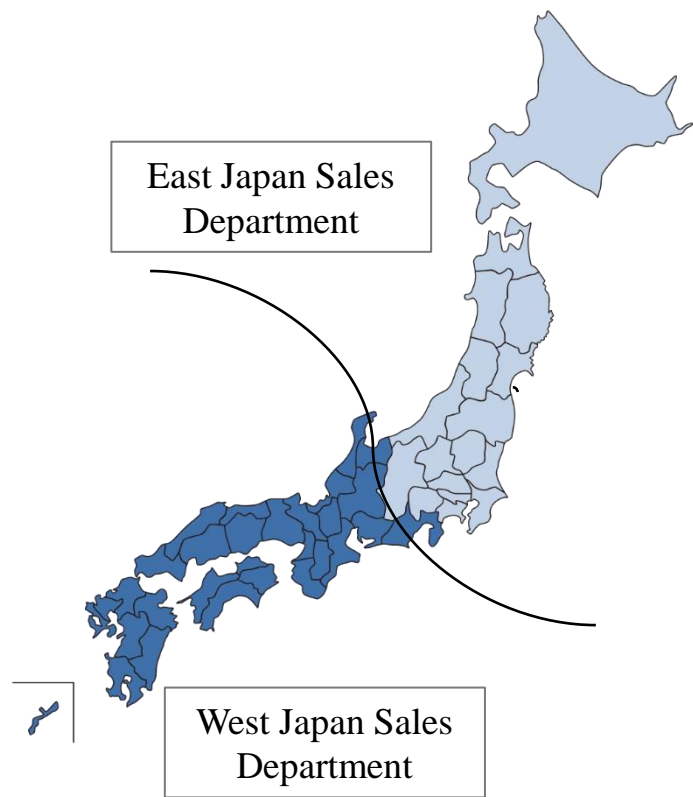
(JPY million)		1Q	2Q	3Q	4Q	Total
FYE March 2023	Income	Gains in Work-in-Progress (Beg. Bal.)	(1,042)	(739)	(1,599)	(3,382)
		Gains in Work-in-Progress (End. Bal.)	739	1,599	1,643	3,983
	Cost of Sales	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(280)	(252)	(485)	(1,018)
		Gains in Finished/Semi-finished Goods (End. Bal.)	252	485	338	1,076
	Harvest for the Current Period		0	±0	±0	±0
	Other		25	7	(1)	31
Total Net Impact		(304)	+1,100	(105)		+690

(JPY million)		1Q	2Q	3Q	4Q	Total	
FYE March 2022	Income	Gains in Work-in-Progress (Beg. Bal.)	(1,330)	(1,027)	(2,393)	(2,180)	(6,930)
		Gains in Work-in-Progress (End. Bal.)	1,027	2,393	2,180	1,042	6,642
	Cost of Sales	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(402)	(406)	(567)	(500)	(1,875)
		Gains in Finished/Semi-finished Goods (End. Bal.)	406	567	500	280	1,753
	Harvest for the Current Period		±0	±0	±0	±0	±0
	Other		27	9	(4)	(36)	(4)
	Total Net Impact		(271)	+1,537	(285)	(1,395)	(414)

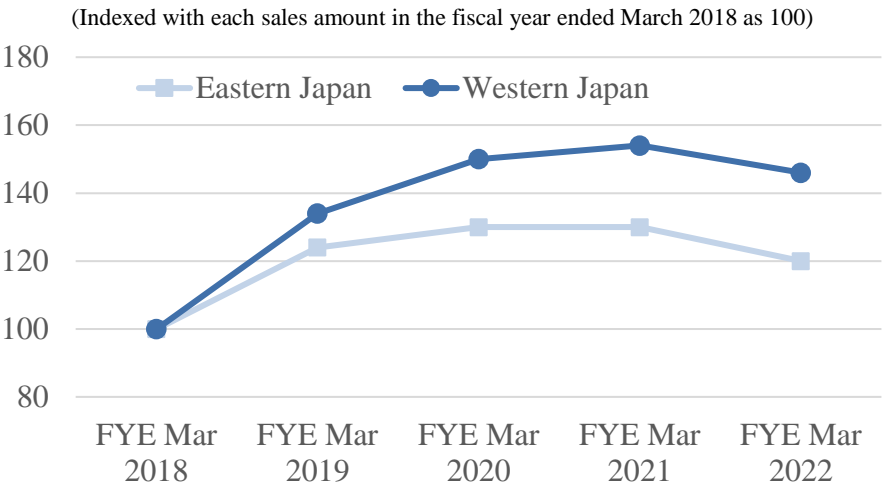


Comparison of Sales, Sales Volume, and Growth Rate of Eastern Japan and Western Japan

Western Japan still consumes less maitake mushrooms than Eastern Japan, and has great potential for growth in the future. Western Japan continues to show moderate growth in both sales amount and sales volume, with a higher average growth rate than Eastern Japan.

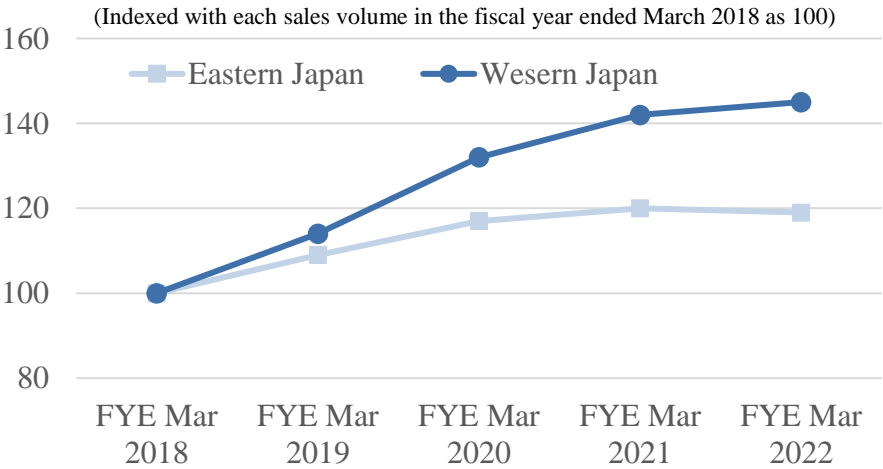


Sales Amount



Compound Annual Growth Rate (CAGR)	
WEST	9.8%
EAST	4.6%

Sales Volume



Compound Annual Growth Rate (CAGR)	
WEST	9.7%
EAST	4.5%



Initiatives to Sustainability

Sustainability is an important management issue for improving corporate value over the mid- to long-term, and we will establish an internal structure to proactively address ESG issues and promote specific initiatives.

Formulate a value creation process



- Demonstrate how we will create value and develop through our business activities in response to changes in the external environment.
- Continue to grow sustainably with society by leveraging our value chain and strong brand power.
- In June 2022, publicly available on the Company's website.

Identify material issues



- Identify material issues that are important and prioritized for sustainable growth and resolution of social issues.
- Establish policy direction and goals for identified each of the seven material issue and manage the progress of those initiatives.
- In February 2023, publicly available on the Company's website.

Disclose in line with TCFD recommendations



- In November 2021, indicated support for TCFD recommendations.
- Disclose information on "Governance," "Strategy," "Risk Management," and "Metrics and Objectives" as recommended in the TCFD Recommendations.
- In June 2022, publicly available on the Company's website.

Set GHG emission reduction targets



- Calculate GHG emissions for the entire Yukiguni-Maitake Group.
- Targeting "Net Zero Emissions" by FYE March 2051, we will work to reduce greenhouse gas emissions throughout the entire value chain.
- In June 2022, publicly available on the Company's website.

Efforts to reduce CO₂



- Following the completion of LNG facilities installation at the Gosen Bio Center, LNG facilities were introduced at the Bio Center 3 in October 2022.
- On top of CO₂ reduction, achieved 100% recycled tray usage¹ rate by reviewing tray materials for mushroom products.

Procure raw materials sustainably



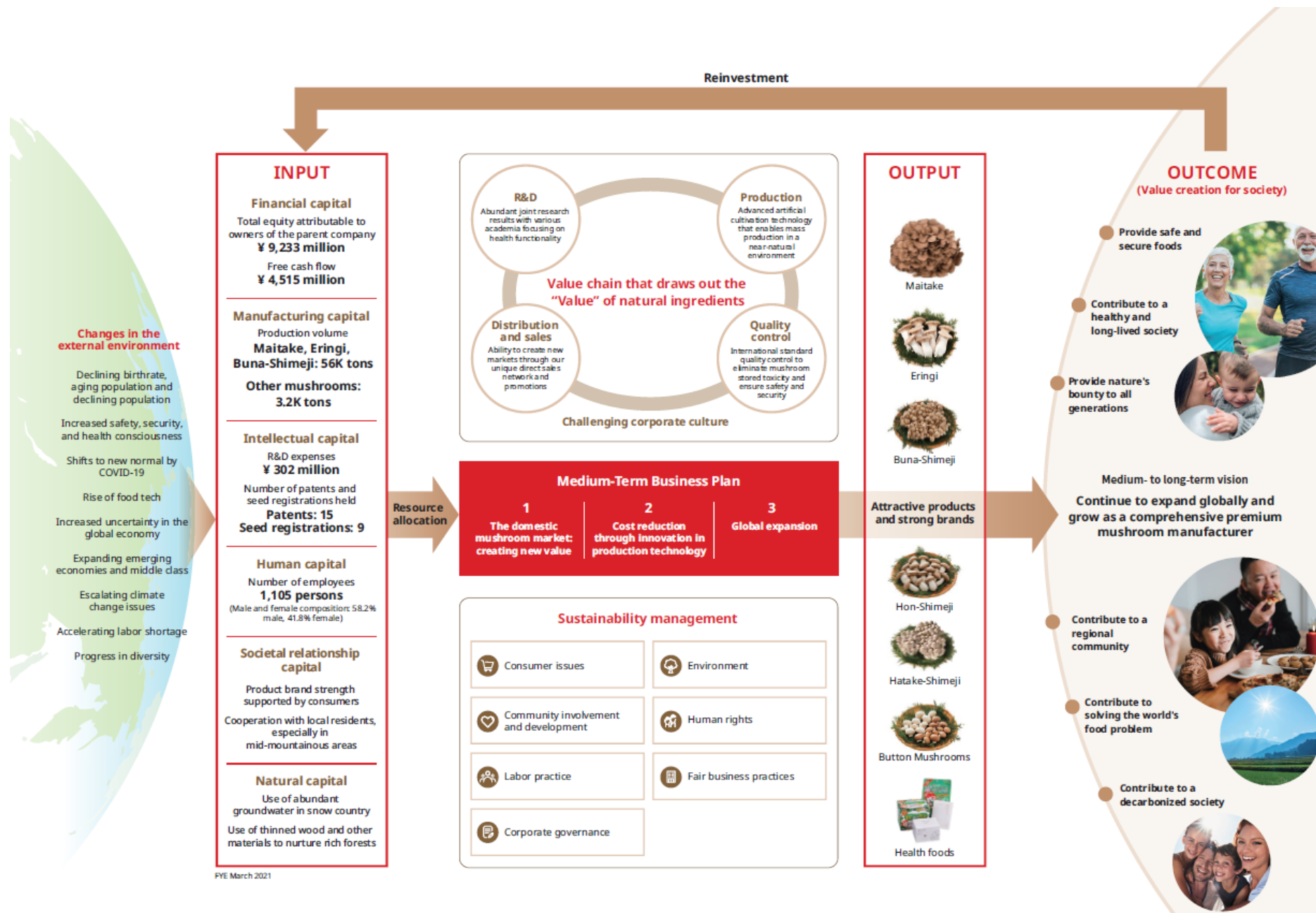
- Promote healthy forests by thinning devastated forests and creating an environment where trees can grow easily.
- Utilize wood harvested from the "Yukiguni Maitake Forest" for our mushroom culture medium.

¹ Include generally collected recycled materials and reused of scrap from tray manufacturing plants.



Value Creation Process

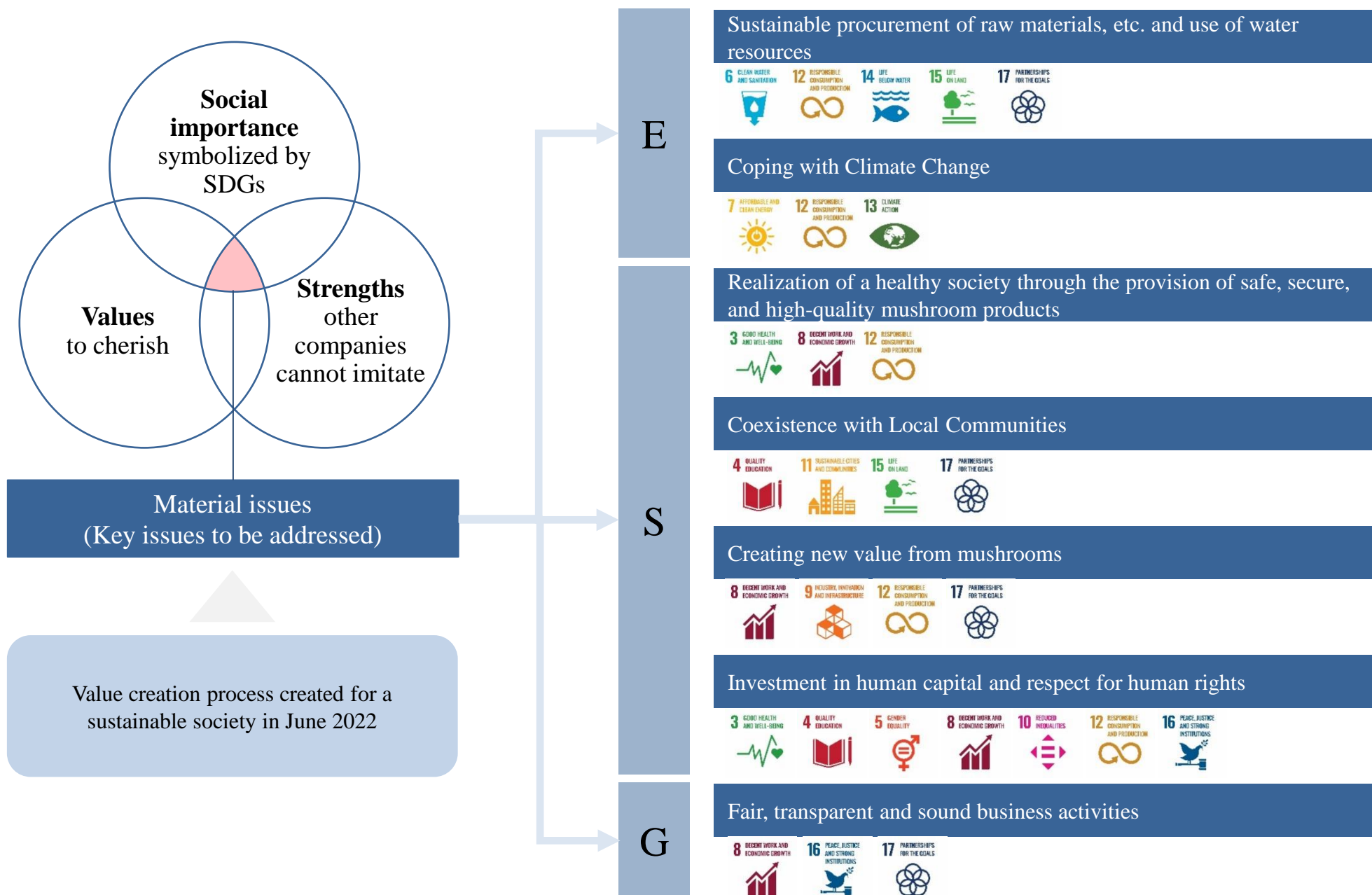
Continue to grow sustainably with society through our business activities by leveraging our value chain and our strengths in the face of changes in the external environment.





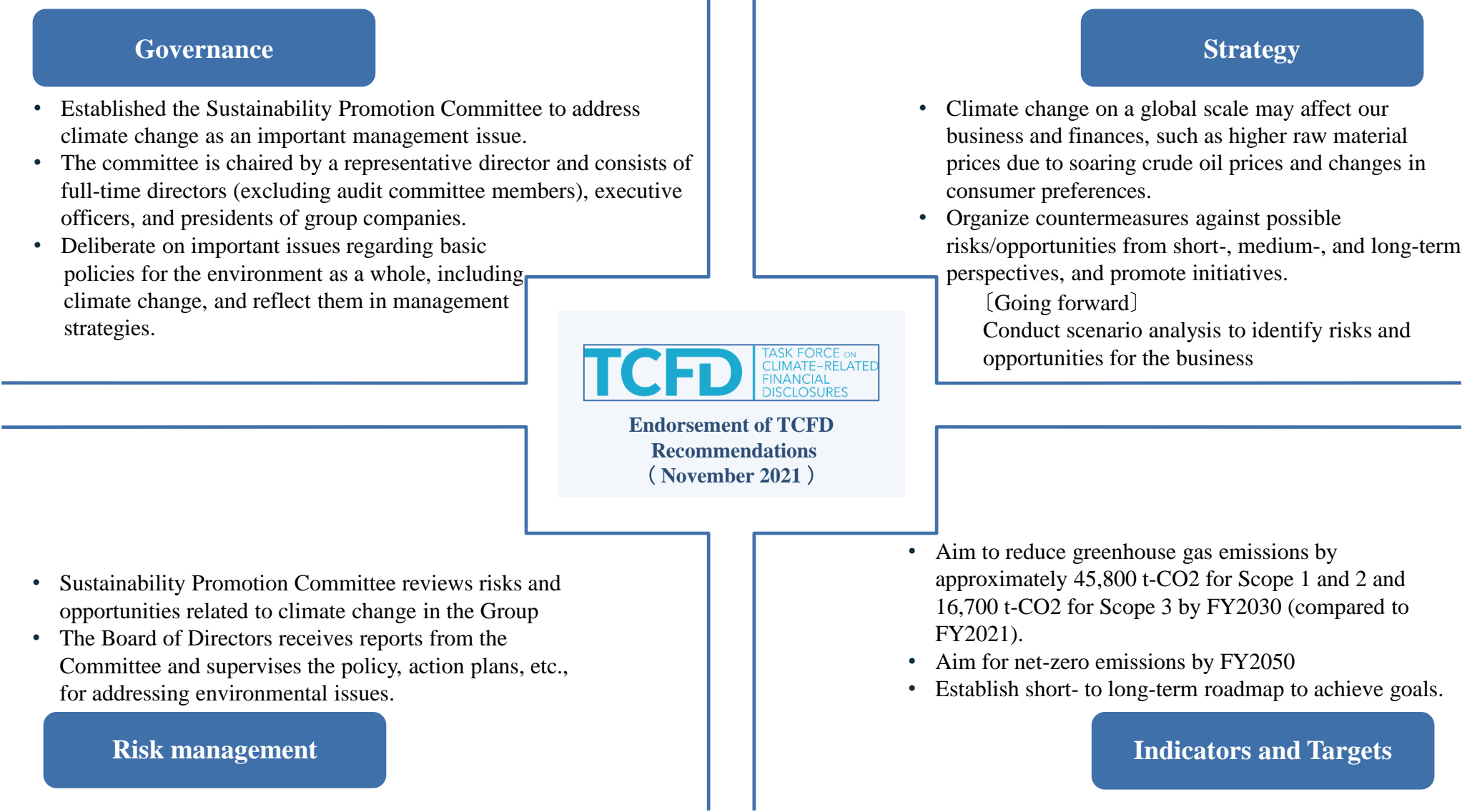
Identifying Material Issues

Identified seven material issues as important themes to be addressed for the company's sustainable growth and resolution of social issues. Set policy direction and targets for each material issue and manage the progress of initiatives.



Disclosure in line with TCFD recommendations

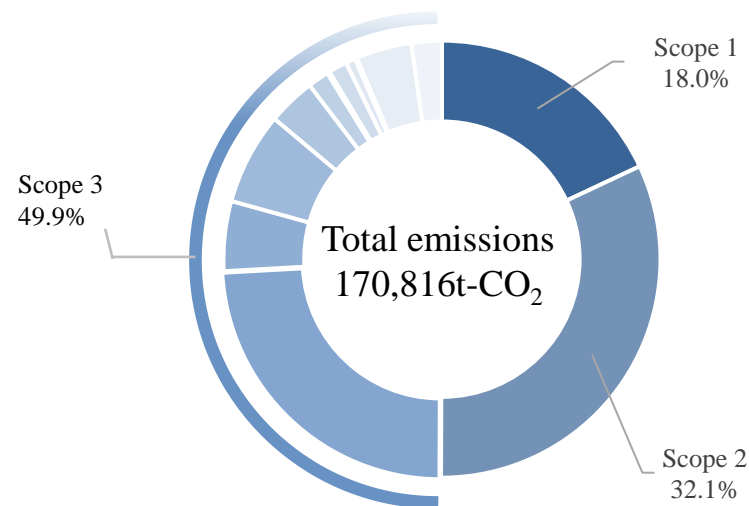
In November 2021, we expressed our support for the TCFD recommendations, and in June 2022, we made disclosures in line with the disclosure framework recommended by the TCFD. In the future, we will further expand the information and conduct scenario analysis to address global warming issues



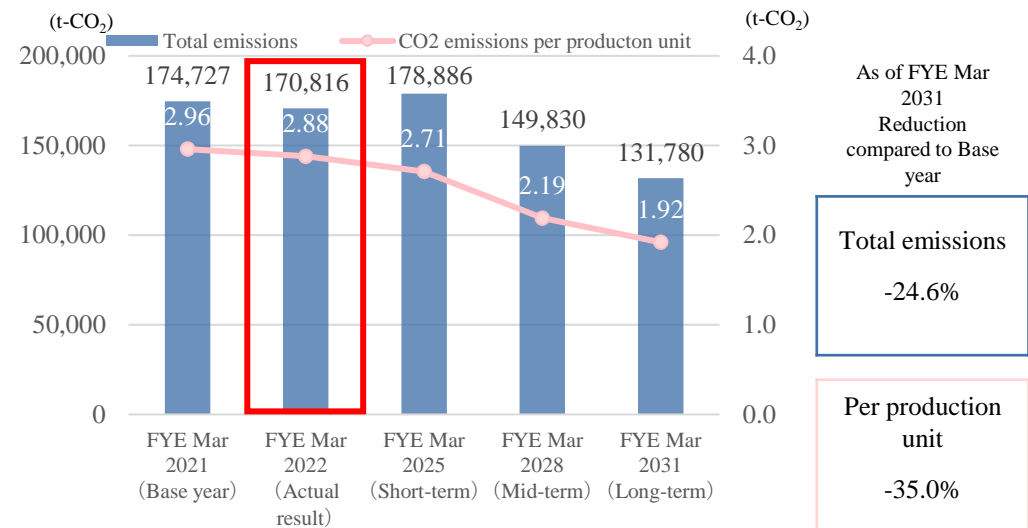
GHG emissions reduction targets and result

GHG emissions in FYE Mar 2022 were reduced by 2.2% from the base year of FYE Mar 2021.

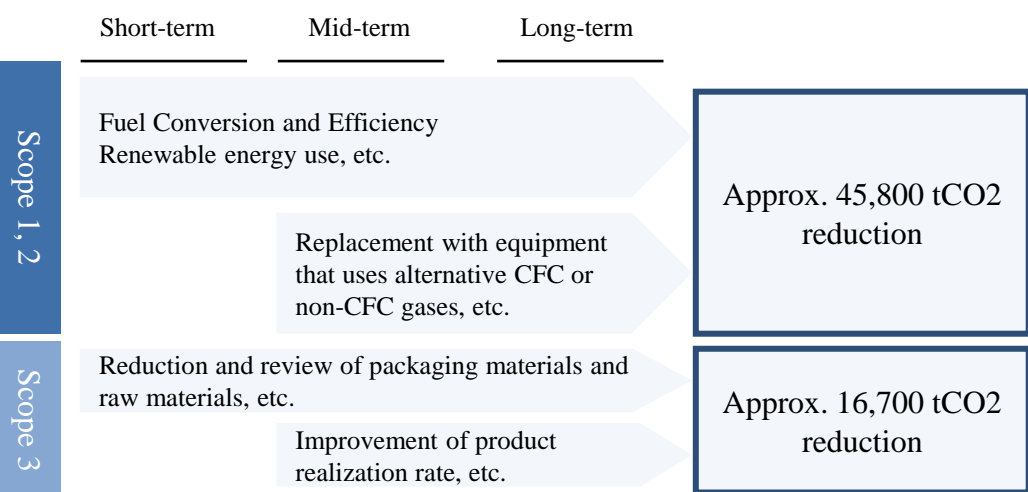
GHG Emissions by Scope (FYE March 2022) ¹



GHG Emission Reduction Targets and Result



	FYE Mar 2021	FYE Mar 2022	Change YoY
Scope 1~3 Total	174,727 t-CO ₂	170,816 t-CO ₂	-2.2%



¹ The scope of the project includes Yukiguni maitake, Mitsukura Norin, and Mizuho Norin. Calculations were made using the IDEA and Ministry of the Environment databases. For those for which no database exists, scenarios were created and calculations were made.



Initiatives to reduce GHG emissions

Targeting net-zero GHG emissions in FY2050, we will work to reduce GHG emissions throughout the entire value chain, from procurement and production to logistics and distribution.

Scope 1

- Direct greenhouse gas emissions by businesses themselves

Scope 3 (Category 1, 4, 9, 12)

- Purchased products and services
- Transportation and delivery (upstream and downstream)
- Disposal of sold products

Scope 3 (Category 4)

- Transportation and delivery (upstream)

Conversion to clean energy



- Completed an installation of LNG facilities at Gosen Bio Center in January 2021
- Introduced LNG facilities at Bio Center 3, which is a maitake mushroom plant in Minamiuonuma-city in October 2022.

SCOPE1 reduction
per unit of production
in Gosen BC
(Compared to the
previous fiscal year)

-0.06 t-CO₂/t

Lightweight trays



Newly started
“Happy Pack” etc.

- Change tray material and thickness to reduce tray weight
- From mid-August 2022, the material of the tray of "Maitake Kiwami Happy Pack" etc. will be newly changed
- Achieved 100% recycled tray usage¹ by reviewing tray materials

Reduction due to
change in
material/thickness²
(Compared to the
previous fiscal year)

-470.2 t-CO₂

Neighborhood procurement of cedar sawdust



- Started procurement of cedar sawdust from Minamiuonuma City in February 2021. Will also proceed with procurement of hardwood sawdust from nearby areas
- Local production for local consumption of forest resources and revitalization of the local forestry industry

Reductions achieved
through
neighborhood
procurement
(Compared to the
previous fiscal year)

-3.88 t-CO₂

¹ In addition to the recycled raw materials generally collected, scrap materials generated at tray manufacturing plants are also reused

² Reduction by switching trays of “The light sized pack”, “M sized pack”, “Shimeji W”



“Yukiguni Maitake Forest Creation Activities”

Ongoing activities to develop a forest park where people and forests can coexist in harmony by clearing trees and planting broadleaf trees to create a healthy forest.

History of Activities

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
- Opened of “Yukiguni Maitake Forest”



2021

- Maintained through weeding and thinning
- Planted broadleaf trees (cherry trees), picked up twigs

Before



After



Activities for FYE March, 2023

- Planted cherry trees and mountain maples
- Paved woodchip
- Maintained through weeding and thinning



- Recognized as a "Green Partner 2022" in the "Forest x Decarbon Challenge 2022"¹ sponsored by the Forestry Agency.



In addition to carbon dioxide absorption from forest maintenance activities, the company was certified as a "Green Partner 2022" in recognition of its activities to recycle wood without waste, such as processing wood from thinning into sawdust for use in mushroom culture medium and using used culture medium as fuel for boilers.

¹ A system to recognize the efforts of companies that contribute to securing and enhancing carbon dioxide absorption by forests in order to achieve carbon neutrality by 2050.



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

Although the number of infected patients remains high, restrictions are easing. Face-to-face business negotiations are returning and sales activities are expanding.

Impact on business performance

- In addition to changes in consumer behavior due to the prolonged COVID-19, there were restrictions regarding in-store promotions such as tastings
- Face-to-face business negotiations with buyers are returning, and we were also able to meet market participants to discuss future sales plans.

Initiatives to prevent the spread of infection

Company-wide Initiatives

- Thoroughly measure body temperatures and wear masks
- Enforce hand washing and disinfection / regular ventilation
- Encourage internal meetings and conferences to be held online
- 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

Relaxation of Restrictions

- Relaxation of movement restrictions across prefectures



2

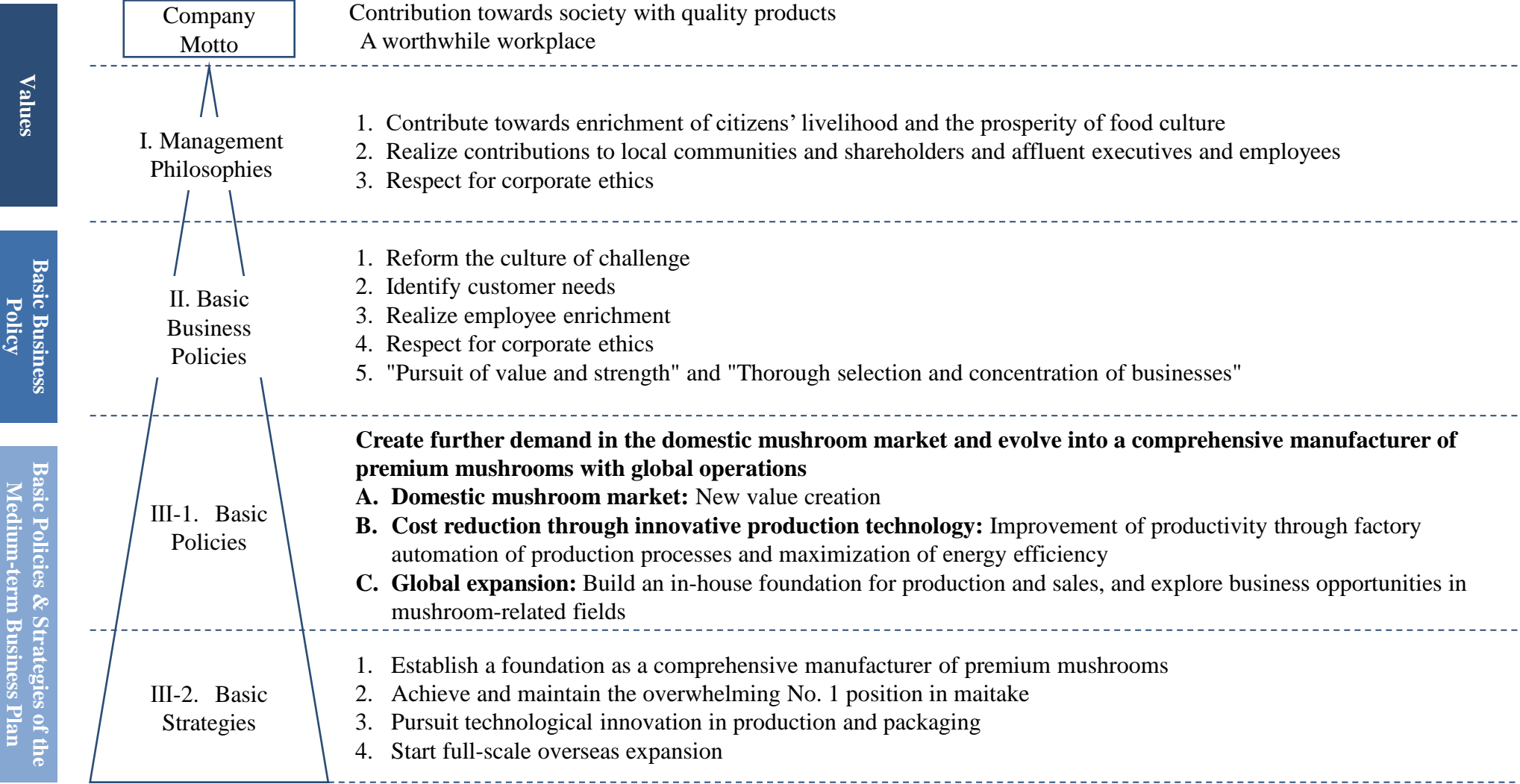
Medium- Term Business Plan for FYE March 31, 2022 to FYE March 31, 2026



Medium- to Long-Term Vision of Yukiguni Maitake

The company aims to “contribute to the enrichment of people's lives and the prosperity of food culture” mainly through the production and sale of mushroom products.

Medium- to long-term vision: The company continues to grow and expand globally as a comprehensive manufacturer of premium mushrooms

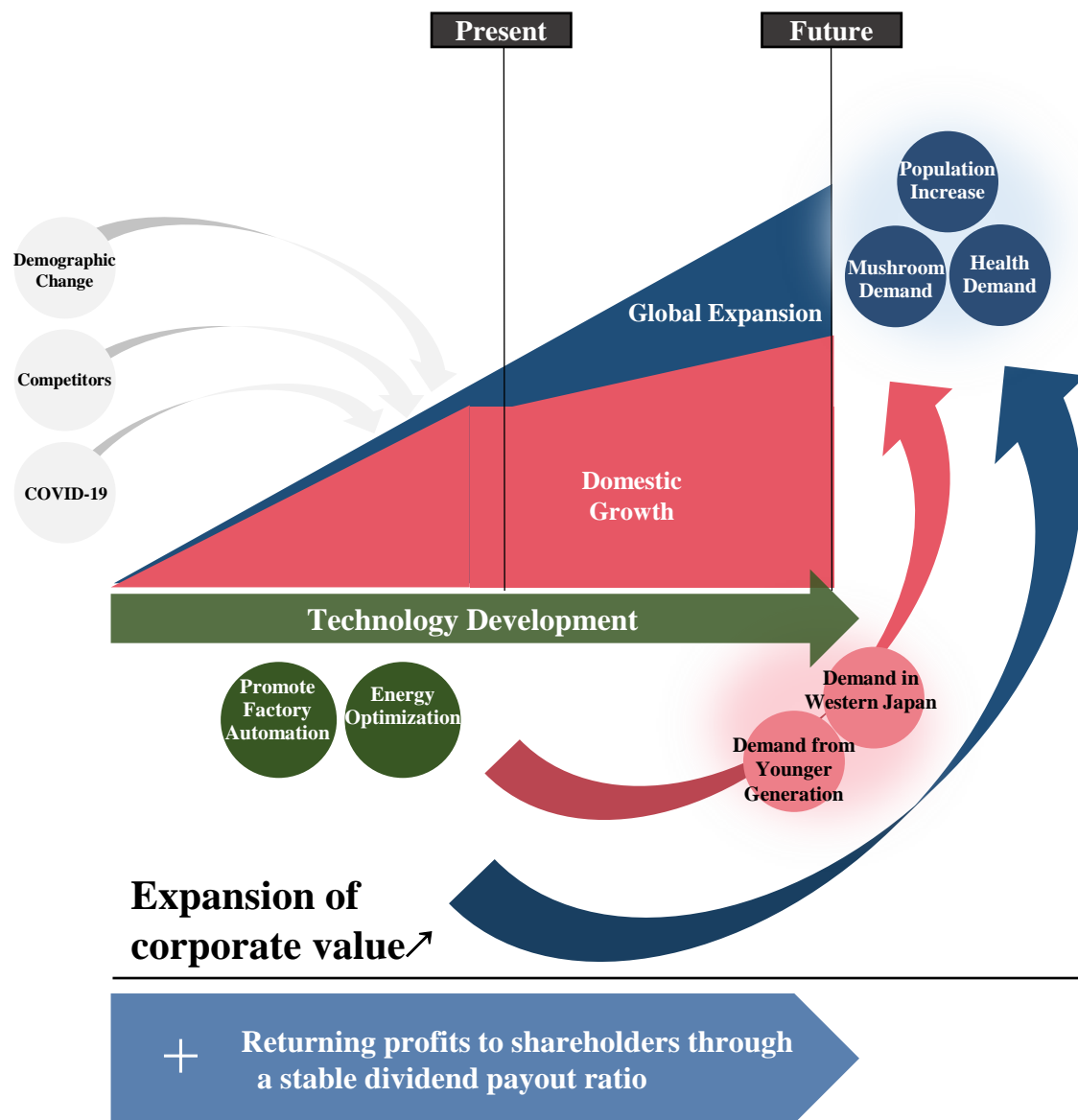




Medium- to Long-Term Corporate Value Expansion

Maintain domestic EBITDA margin through innovation of production technology and cost reduction, and achieve moderate but stable growth of solid domestic business base. Expand the business base through overseas expansion, enhance the growth potential of the entire group, and expand corporate value while returning profits to shareholders through a stable dividend payout ratio.

Image of a Medium- to Long-Term Growth Roadmap



Basic Policies

Create further demand in the domestic mushroom market and evolve into a comprehensive premium mushroom manufacturer with global operations

A

Domestic mushroom market: New value creation

- The regional and age gaps in the consumption of maitake will be seen as new sales opportunities. And, by actively disseminating information and improving the convenience of cooking, we aim to raise the level of domestic consumption
- Strengthen the button-mushroom business, which is a global standard and for which demand is expected to grow further, and move on to a new stage as a comprehensive manufacturer of premium mushrooms

B

Cost reduction through innovative production technology:

Improve productivity through factory automation of production processes and maximization of energy efficiency

- Improve profitability by evolving into a highly efficient factory using the latest factory automation technology
- Strive to maximize energy efficiency and reduce environmental impact.

C

Global expansion: Build an in-house foundation for production and sales, and explore business opportunities in mushroom-related fields

- Expand the consumption of mushrooms, a natural foodstuff, to meet the global health consciousness
- Build an in-house production and sales infrastructure overseas.
- Search for business opportunities in the area surrounding mushrooms (upstream to downstream)



Quantitative Targets of the Medium-Term Business Plan

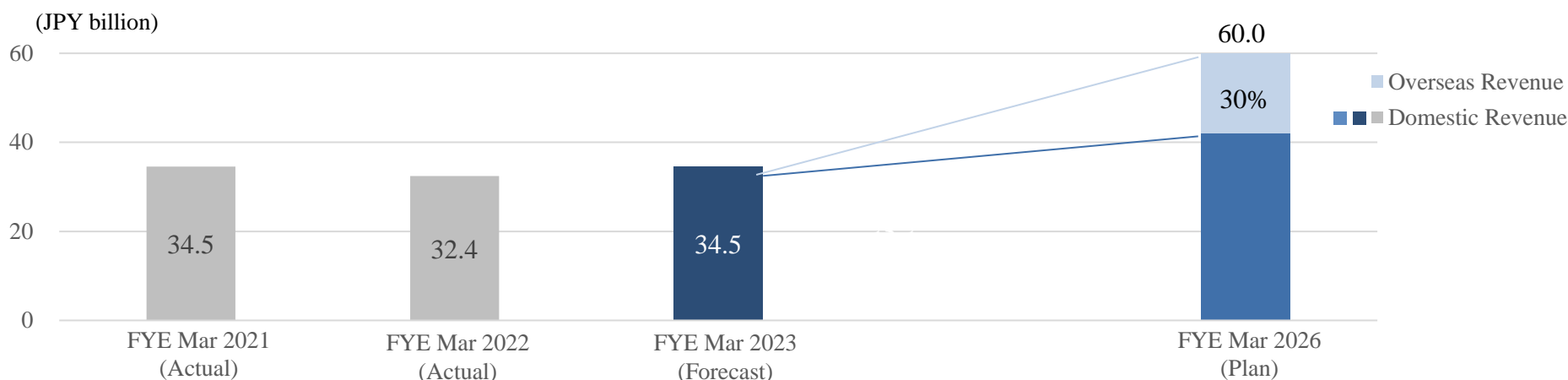
Aim for stable growth of the entire Group through the creation of new value in domestic business and full-scale global expansion.

	FYE Mar 2022 (Actual)	FYE Mar 2023 (Forecast)	FYE Mar 2026 (Plan)
1. Revenue	JPY 32.4 billion	JPY 34.5 billion	Around JPY 60.0 billion
2. Overseas Revenue Ratio ¹	—	—	Around 30%
3. Core EBITDA Margin ²	23.3%	20.9%	Around 20%
4. ROIC	11.2%	—	Around 10%

¹ Overseas Revenue Ratio = Overseas sales revenue / Revenue

² Core EBITDA Margin = Core EBITDA / Revenue

Core EBITDA: IFRS operating income excluding the effect of applying IAS 41 “Agriculture”, other income and expenses, and one-time income and expenses, plus depreciation and amortization



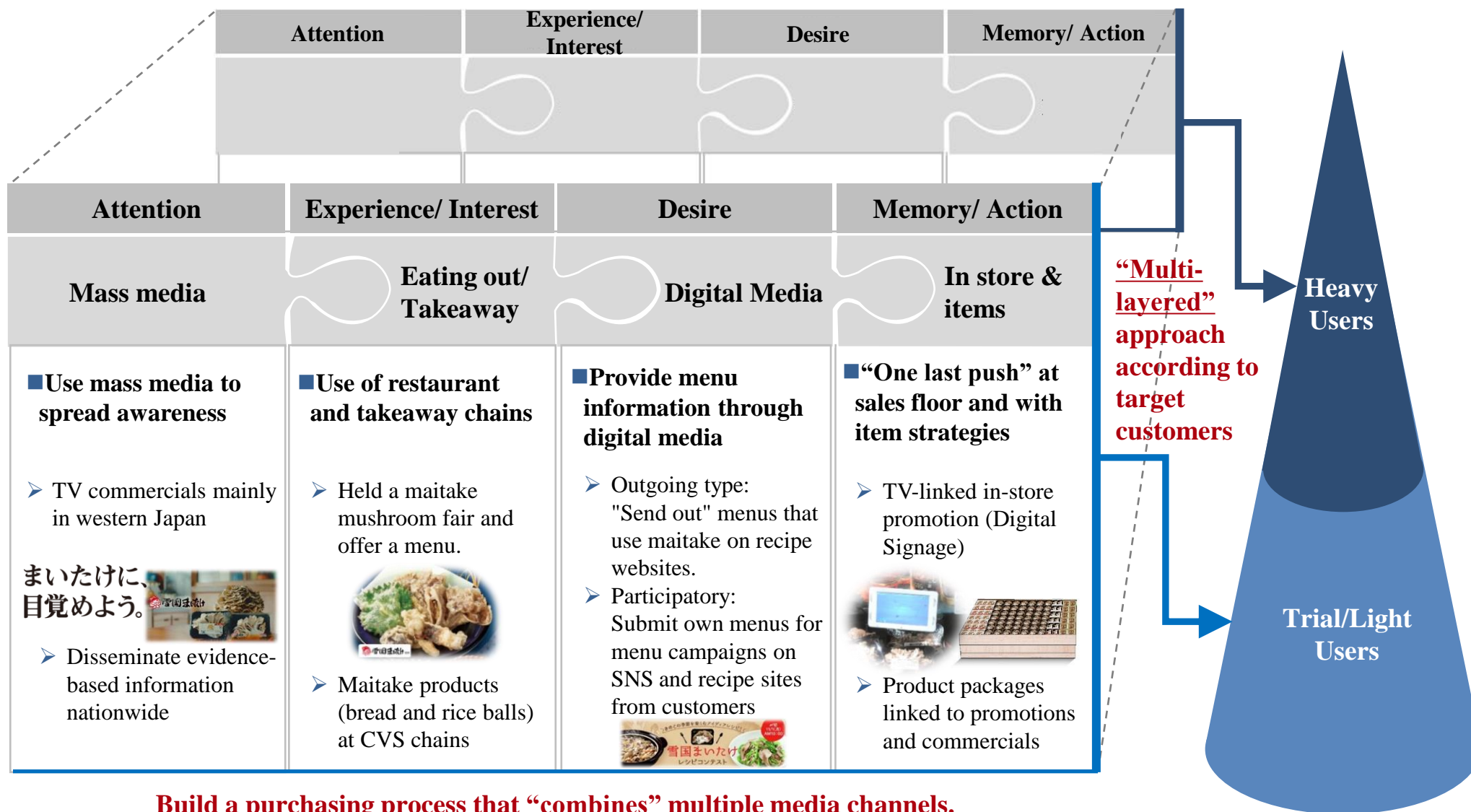
Core EBITDA margin	29.7%	23.3%	20.9%	Around 20%
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Basic Policy A: Domestic Mushroom Market (Maitake Business) 1

Engage a wide range of customers, from light users to heavy users, by using "multilayered" and "complex" promotions according to the different characteristics of the target customer base.

“Multi-Faceted” Sales Promotion Strategy





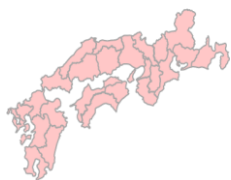
Basic Policy A: Domestic Mushroom Market (Maitake Business) 2

Establish the overwhelming No. 1 position for maitake by developing customized marketing for each target customer segment by region.

The growth potential of Western Japan is huge, so we will increase the number of customers from light users to heavy users by raising awareness and increasing opportunities to eat.

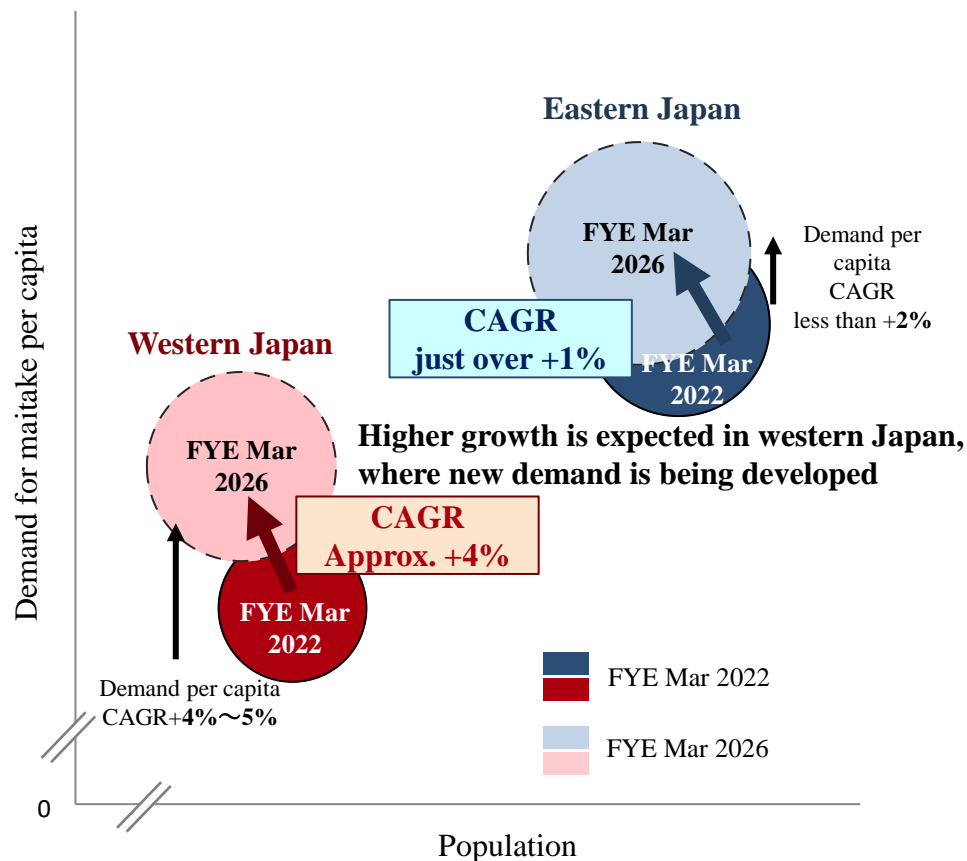
Image¹ of Change in Market Size of Maitake by East and West Area

Western Japan



■ Cultivate new demand for maitake

- **Main theme:**
Create demand
- **Key point:**
Promote the health functionality, as well as provide information on how to eat through a wide range of media such as TV, digital, restaurants and delis
Also promote the cooking method, its convenience, and provide actual eating scenes to raise awareness of the Company



¹ The area of the bubble chart represents the amount of demand (market size)

Eastern Japan



■ Further deepen and explore demand for maitake

- **Main theme:**
Rank up in customer demand
- **Key point:**
Disseminate health functionality from multiple perspective, with the catchphrase “Maitashi”, the concept of “Maitake is on my menu every day,” Maitake has grown to become a year-round foodstuff rather than a seasonal one



Basic Policy A: Domestic Mushroom Market (Button-Mushroom Business)

Strengthening our premium mushroom business will be the key to developing our future growth strategy in Japan and overseas in a three-dimensional manner.

High growth potential of the domestic market

■ Business environment

- **The most major** and standard mushroom in the global mushroom market (Over 40% of the world's mushroom production)
- Domestic production is small, at about 7,000 tons, and has **high growth potential**.
- In Japan, high entry barriers, and **the oligopolistic three major companies**.

■ Response and Policy

- One of the three major domestic companies is our subsidiary. **Create demand and expand the market by proposing menus.**

Complementarity with maitake

■ Business environment

- It is more compatible with Western food than Japanese food, and its use is different from other Japanese mushrooms, so it does not conflict with our main product, maitake
- Can be eaten raw, and **seasonality is small**

■ Response and Policy

- Multiple mushroom lineups **to enhance the brand value of "Yukiguni"** as a comprehensive premium mushroom manufacturer
- **Level out the season gap**



■ Business environment

- The small production volume is **due to bottlenecks in the supply chain**, including production technology and raw material procurement.

■ Response and Policy

- **Maximize synergies with domestic business** by controlling upstream (raw materials) to downstream operations, along with overseas production

Synergy with overseas expansion

■ Business environment

- Cultivate the initially minor maitake into a premium mushroom
- Significantly expand the market for maitake mushroom by creating demand through the use of **a unique model (production and sales)**

■ Respond and policy

- The current oligopoly environment is very similar to that of maitake.
- There is room to apply our unique model for maitake to button mushrooms and make them **blossom as premium mushrooms**.

Development of our unique model



Basic Policy B: Cost Reduction through Innovative Production Technology

Proactively work on sustained cost reductions in utility costs, labor costs, and raw material costs.

Maximize energy efficiency and reduce environmental impact through the use of alternative energy sources.

Response and Policy

Factory Automation in Production Process



- Capital investment for factory automation of production processes leading to cost reduction
 - Improve productivity through cost reduction and labor saving by further introducing the latest Factory Automation technology in production processes such as inoculation, harvesting, and packaging, and evolve into a highly efficient factory
 - Aim to reduce the number of employees in the target factories (production and packaging processes) by about 30% (over 150 people) as the maximum target for the next five years
-

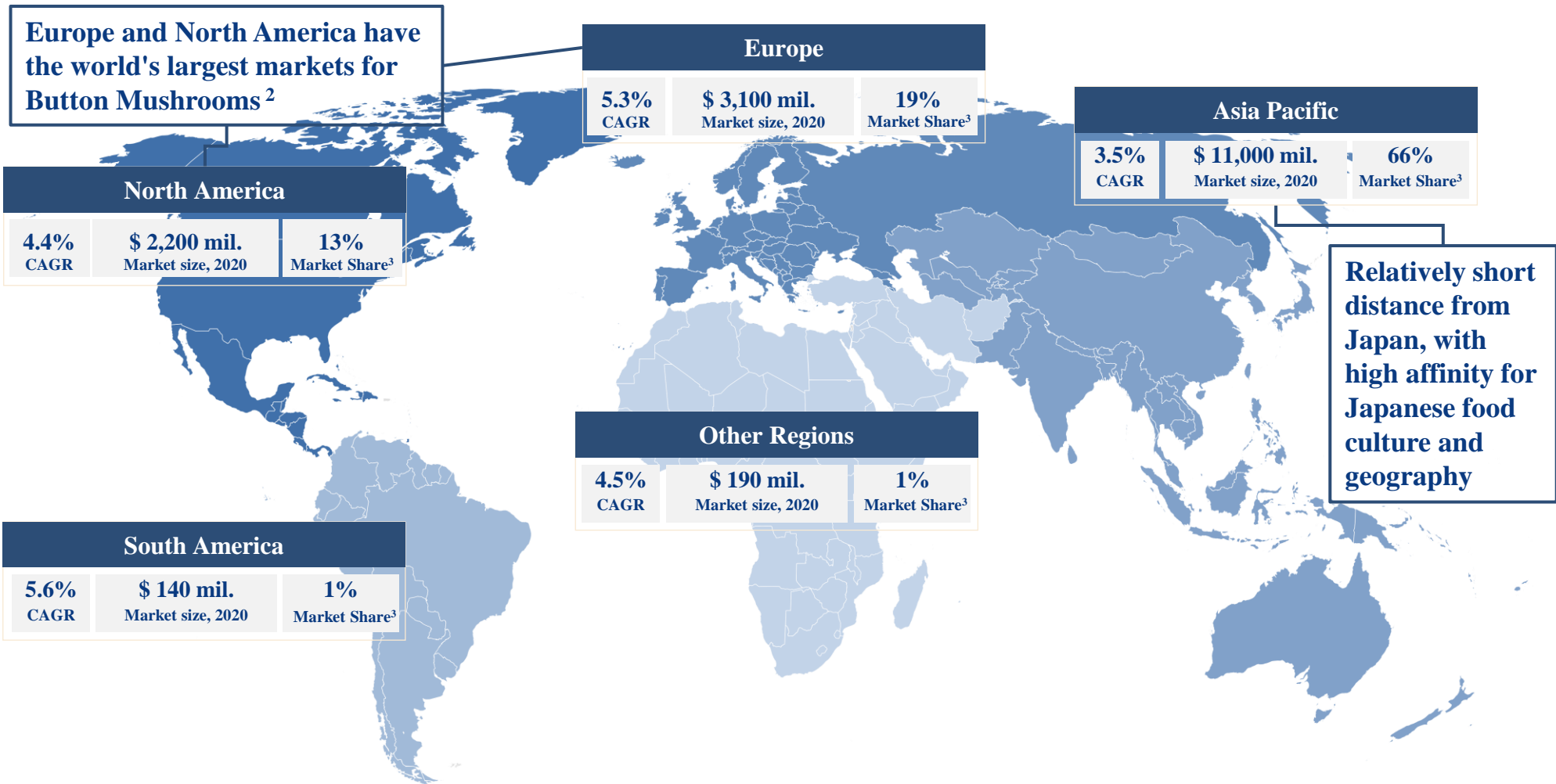
Maximize Energy Efficiency



- Capital investment for the introduction of energy conservation measures
 - Focus on maximizing energy efficiency and reduce environmental impact through the use of alternative energy sources
 - Implement energy conservation measures such as LNG conversion, solar power generation, LED lighting, etc.
 - Respond to future energy price hikes
 - Reduce CO₂ emissions and realize an environmentally sustainable production system
-

Basic Policy C: Global Expansion (Market Size)

Global mushroom production is expected to grow steadily at a CAGR of about 4% ¹ in the coming years as consumers become more health conscious.



¹ CAGR on this page is the average annual growth rate from 2020 to 2025
² Button Mushrooms account for over 40% of the world's mushroom production
Sources: Data from external research reports and our analysis
³ "Market Share" refers to each region's share of the global market.



Basic Policy C: Global Expansion (Response and Policy)

Promote global development based on different strategic policies in ASEAN and Europe, and strengthen the competitiveness of the entire Group by mutually sharing management resources with comparative advantages in each region.

【Japan → ASEAN】

- Our premium mushrooms
- Our original model (production and sales)
- Know-how and technology for stable production of mushrooms with high production difficulty

【Europe → Japan】

- Competitive western mushrooms (button mushrooms)
- Raw materials
- Others (know-how, technology)

JAPAN

Target

Establish an in-house foundation for production and sales of our products

ASEAN



Estimated market size ¹

JPY 240 billion

■ Basic Strategy

- **ASEAN is the target region** where we have been conducting research.
- Accelerate the speed of sales channel development with **the unique channel model** cultivated in Japan, while also considering alliances.
- Promote company-wide efforts **to establish a production base** in the region.

【Europe and America → ASEAN】

- Competitive western mushrooms (button mushrooms)
- Raw materials
- Others (know-how, technology)

Target

Capture business opportunities in mushroom cultivation and related fields

North America



Europe



Estimated market size ²

JPY 580 billion

■ Basic Strategy

- Target business opportunities in mushroom cultivation and related areas (upstream to downstream)
- Acquire **business infrastructure** and **management resources** (management personnel, networks)
- **Examine entry strategies** for our business and products in the U.S. and European regions
- **Superior technology**: Dramatically improve the Group's competitiveness by expanding quality and cost to Japan and ASEAN in production, R&D, new businesses and products.

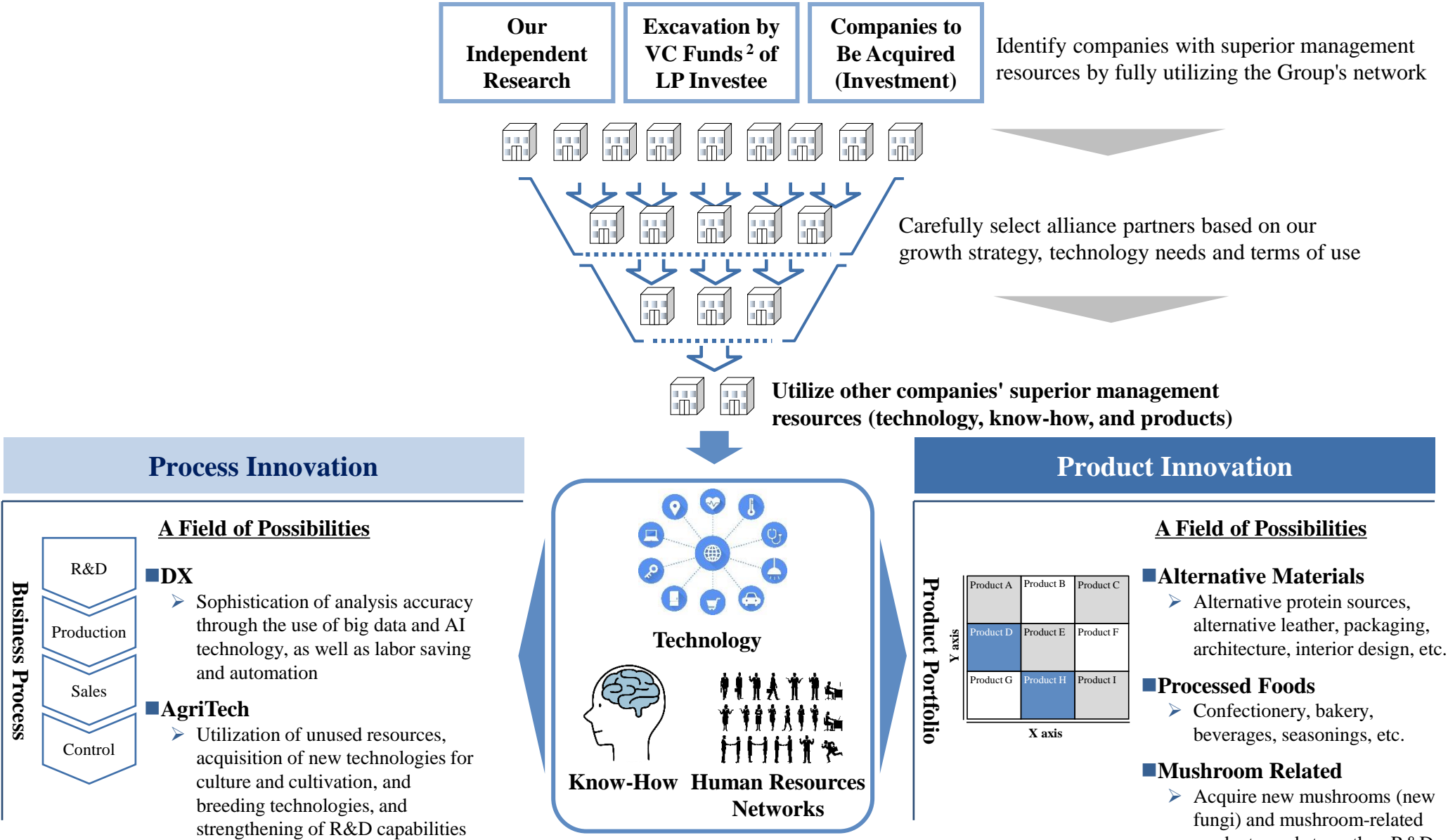
¹ Data from external research reports and our analysis

² Converted at USD1 = JPY110



Utilizing Open Innovation

Pursue medium- to long-term growth potential through both process and product innovation¹ by flexibly utilizing the superior management resources of other companies.



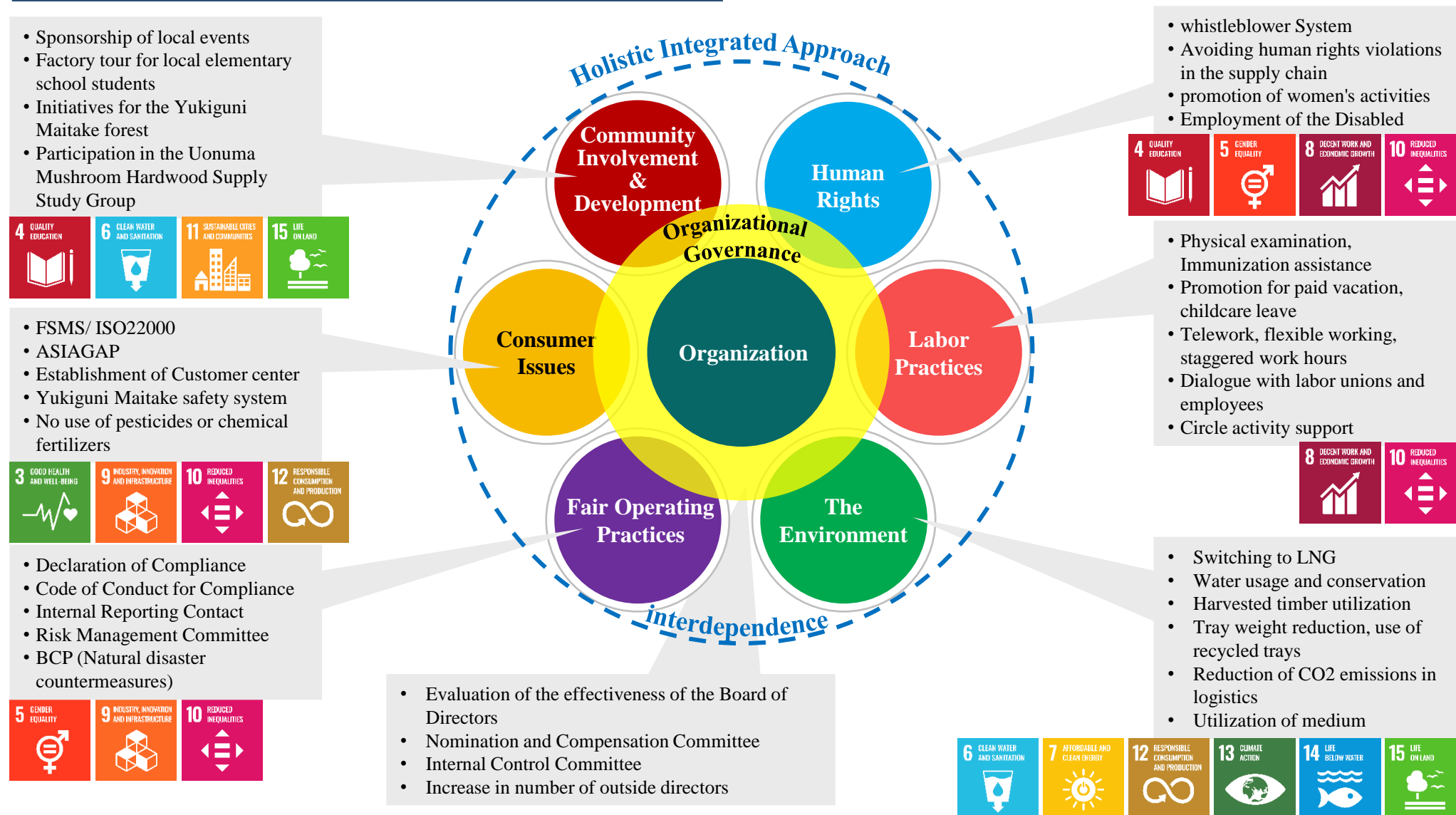
¹ The effects of open innovation are not included in the planned figures of the new medium-term business plan

² Made an LP investment in SBI Investment's venture capital fund (September 30, 2021)



As part of our ESG strategy, we will enhance our sustainability and fulfill our social responsibility by addressing the seven core subjects and Sustainable Development Goals (SDGs).

ISO26000 : Status of Our Implementation of the Seven Core Subjects





Roadmap for ESG Strategy

Disclosed in line with TCFD recommendations at the end of June, 2022, and published sustainability policy and value creation process in line with roadmap. Identify materiality and analyze TCFD scenarios to strengthen ESG initiatives and to enhance information disclosure.

Schedule for ESG Disclosure (FYE March 2022 – FYE March 2024)



Integrated Reporting (IIRC)

Climate-Related Disclosures (TCFD)

Others

FYE
Mar
2022

FYE
Mar
2024

Organizing and communicating corporate value

- Value Creation Process
- Sustainability Policy

ESG disclosure for integrated reporting

- Identify materiality
- Business model, Value chain
- Incorporate the SDGs into management goals
- Diversity

Integrated Reporting Disclosure

- Compile of integrated reporting
- Disclosures that integrate collected non-financial information with financial strategies

Data collection for TCFD disclosure

- TCFD endorsement
- GHG measurement
- Set reduction target
- Climate-related disclosures in the Corporate Governance Report

Expansion of TCFD disclosure

- Expand TCFD disclosure
- Risk Management and Strategy
- Scenario Analysis

Brush up on TCFD disclosure

- Enhance scenario analysis

Inventory for ESG disclosure

- Collect information from each department in charge
- Mindset for strengthening ESG disclosure

Expansion of ESG disclosure

- Verify and collect data based on valuation axes such as FTSE, MSCI, SFDR
- ESG rating improvement measures

Promotion of ESG management

- Evaluate and verify of the effectiveness of the action plan

ESG Branding

- Enhance ESG branding content



3

Reference Materials



Overview of Yukiguni Maitake Group

YUKIGUNI MAITAKE CO., LTD.



Representative	Masafumi Yuzawa, President and CEO
Established	July 1983
Head Office	Minamiuonuma-shi, Niigata, Japan
Code Number	1375
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market
Number of Shares Issued	39,910,700
Number of Employees ¹	Full-time: 1,091, Part-time: 1,347 (as of December 31, 2022)
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



Mitsukura Norin Co., Ltd.



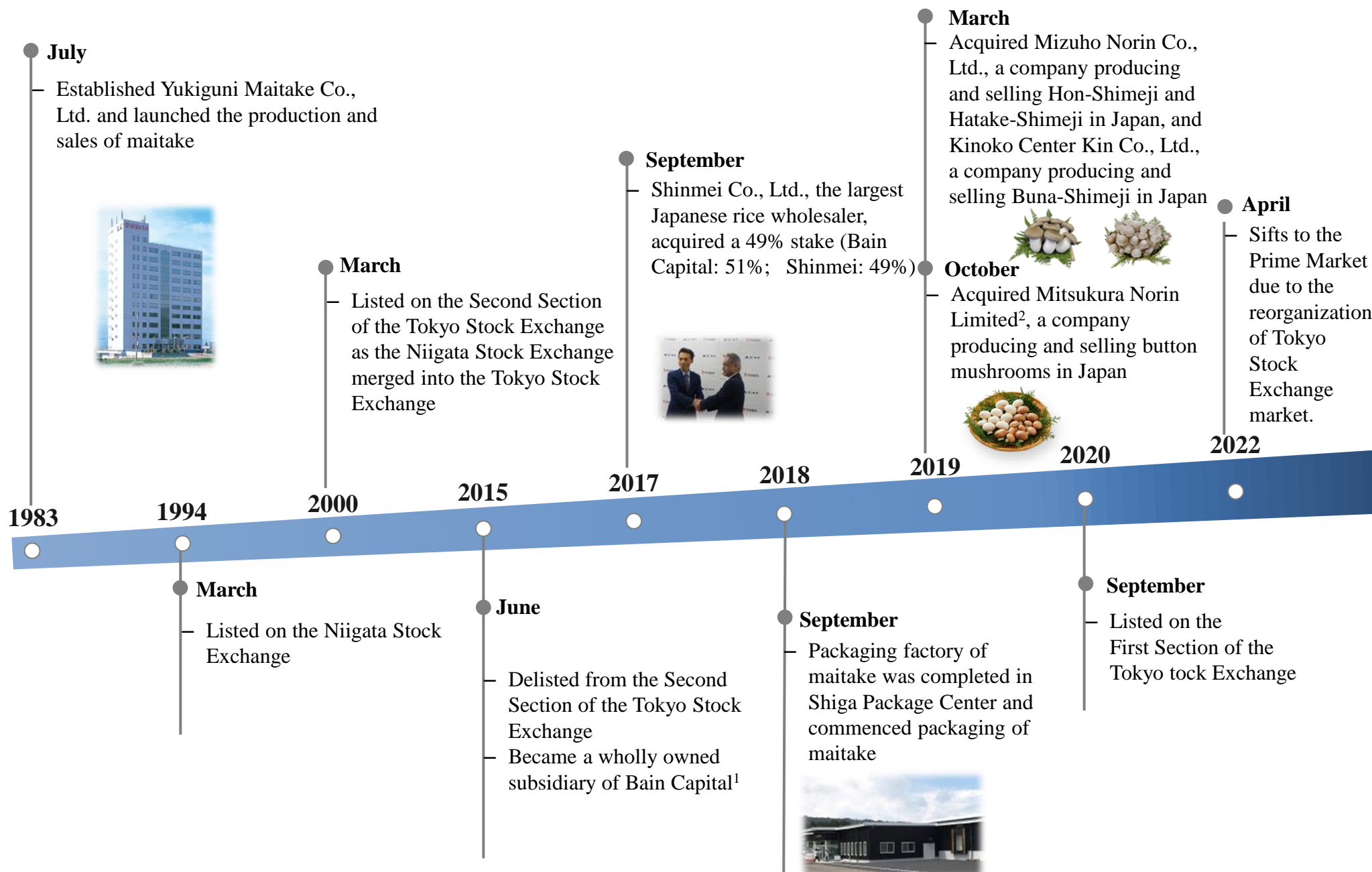
Production and sales of button mushrooms in Ushimado-cho, Okayama, Japan



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 and 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



Our Strengths in the Value Chain (Maitake)

Achieve a stable production and supply system for premium mushrooms through repeated improvements in the production process, and establish a high barrier to entry and a stable revenue base

Complex and multifaceted marketing customized for each target customer segment by region.

R&D

High R&D capabilities cultivated over many years to support the entire value chain

- **Proprietary seeds and cultivation techniques** that support stable production on a large scale
- **High basic research capability** to support new product development
- **Accumulation of academic evidence** to support marketing

Production

Large-scale, stable production know-how for premium mushrooms

- **Large-scale** and **stable** production process in bag cultivation
- Proprietary strains make it **difficult for other companies to imitate** (Certain effect as a barrier to entry)
- Further improvements in productivity are ongoing

Producing "large" maitake plants that are close to natural ones

- Natural mushrooms are **rare** (They dance for joy when they find it.)
- The **"over 900g"** size, which is close to the natural size, cannot be produced stably and on a large scale by other companies
- **Taste and quality** are also close to natural ones.



Product

High-quality premium mushroom lineup

- Maitake "Kiwami" : A top brand for its *umami* and texture.
- White Maitake "Kiwami White" : Only we can produce
- Other Premium Mushroom (Button-Mushroom, Hon-shimeji)



Flexible size adjustment in response to demand fluctuations

- **Small, medium, or large size adjustment** is possible for our unique large shares
- Sizing according to the retail characteristics and intentions of direct customers (Customer base: age group, household composition, region, etc.)
- Increase the number of small sizes and packs when demand increases (publicity and seasonal factors)

Marketing

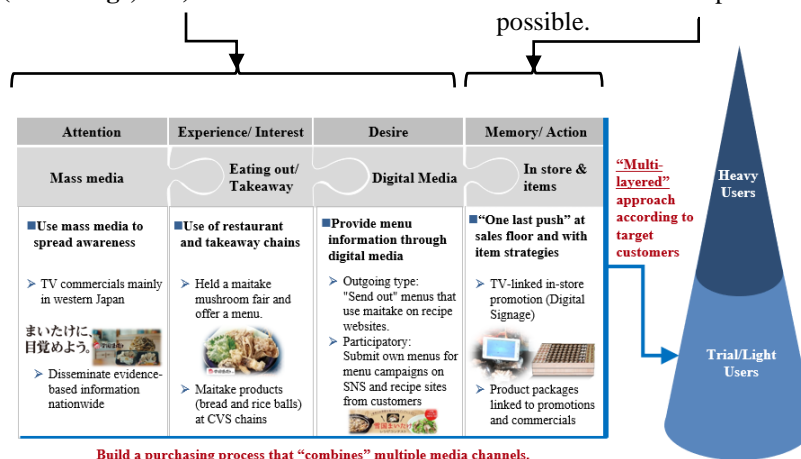
Detailed, three-dimensional marketing for different customer segments

- Devise media and messages to meet the needs of **different regions and customer segments**. Provide eating opportunities by utilizing food service and its routes
- Aggressive collaboration and promotion with **other major manufacturers with strong brands (seasonings, etc.)**

Distribution, Sales

"Direct sales" network to retail chains

- Confirmation of annual sales volume in advance and **stabilization of sales volume and price** (80% of total sales of maitake)
- Ensure sales floor space through **product sizing and effective promotions** that meet the retail needs of direct customers
- "Last mile" in-store promotions are possible.

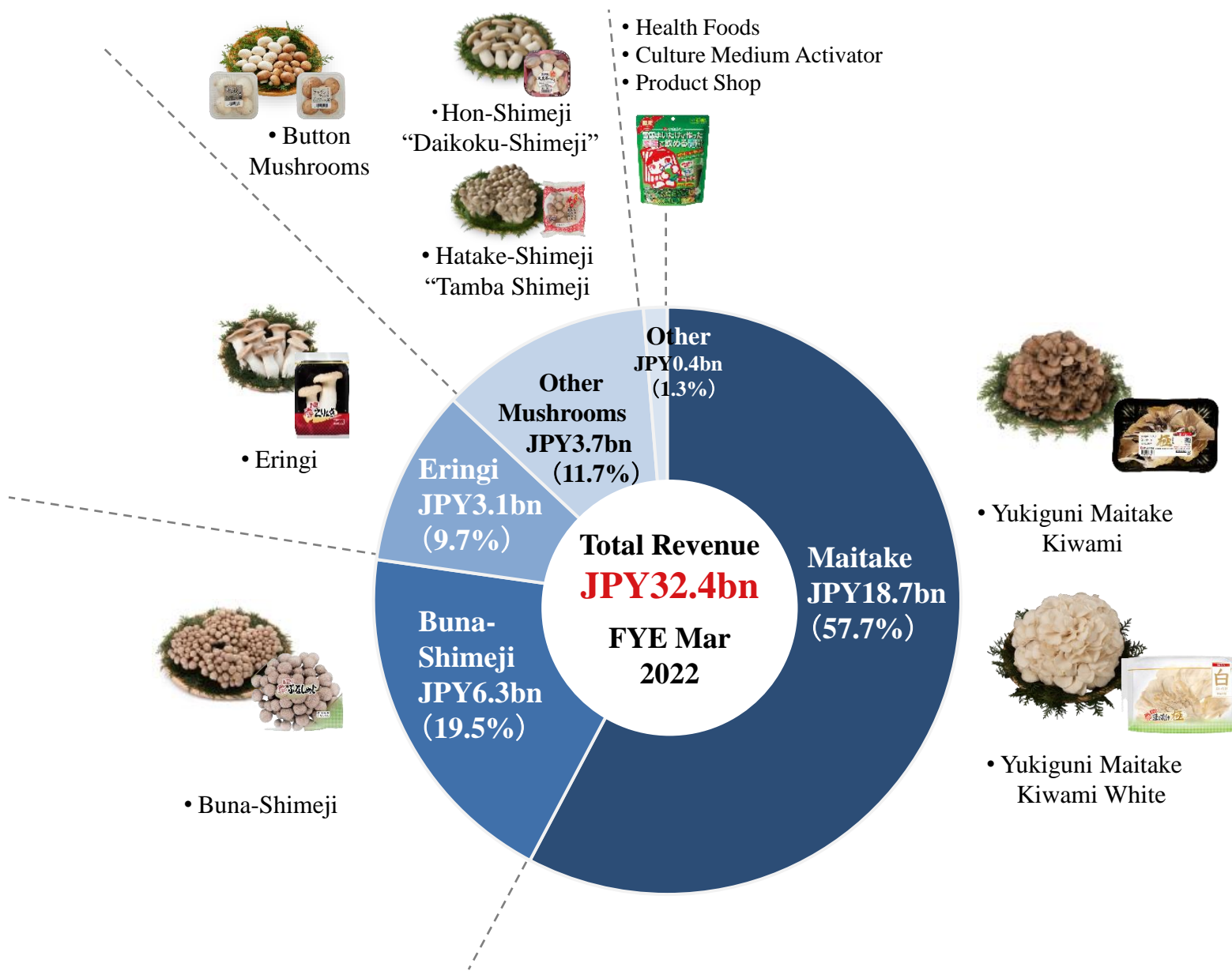




Main Products and Composition Ratio of Each Product to Sales Revenue

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. Sales of "Yukiguni Maitake Kiwami White" started in September 2022.

Maitake “Kiwami”



Eringi



Buna-Shimeji



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

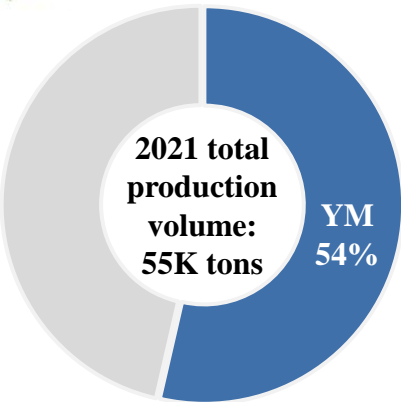


Mushroom Production Share of Yukiguni Maitake Group (YM)

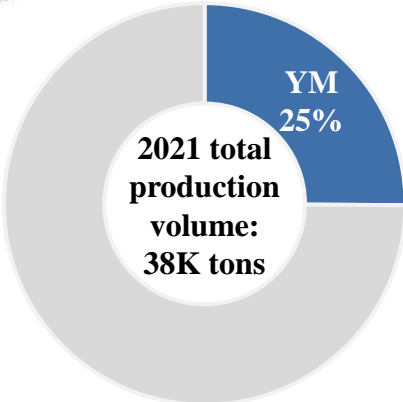
Our mushroom products including maitake have high shares in respective market.



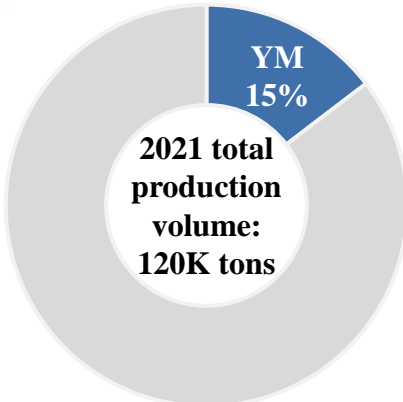
Maitake



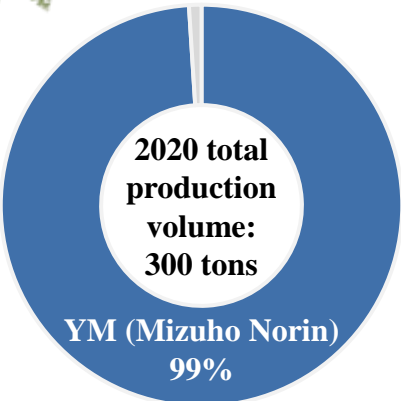
Eringi



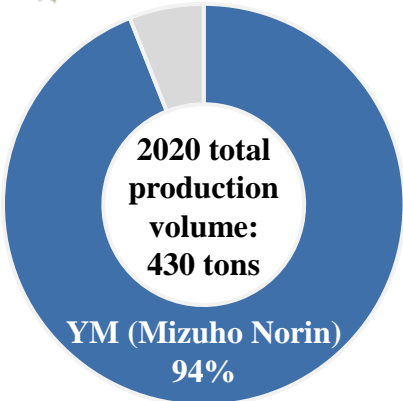
Buna-Shimeji



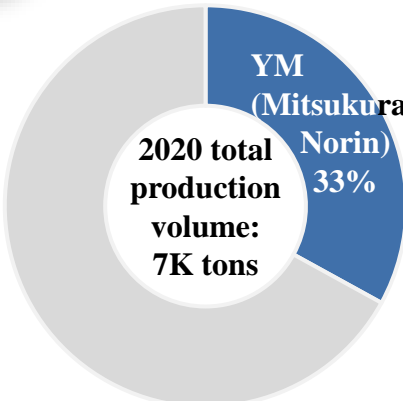
Hon-Shimeji



Hatake-Shimeji



Button Mushrooms



Note: Market share of each mushroom is calculated using domestic production volume (Our 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”

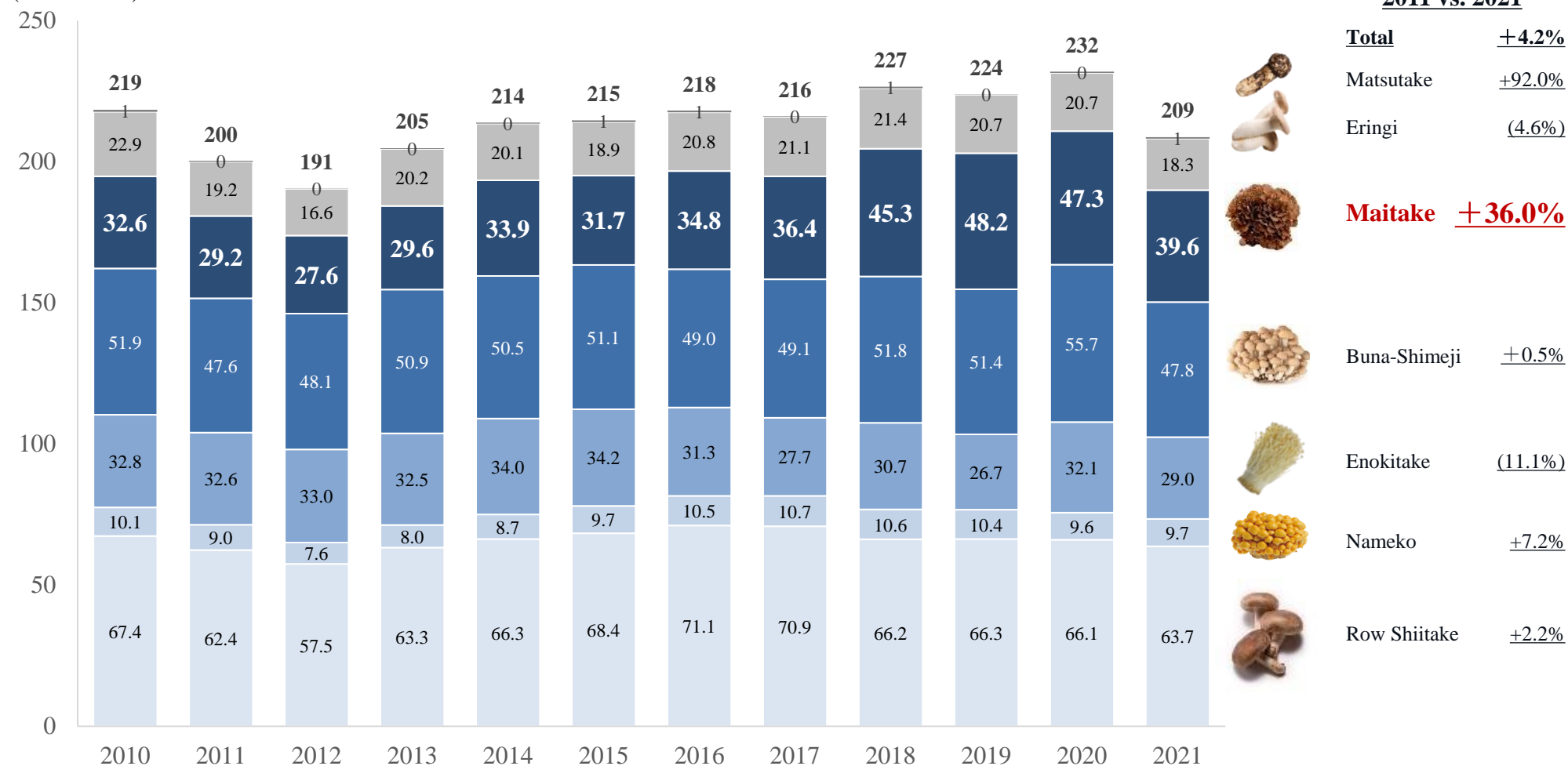


Breakdown of Major Mushroom Markets (by Market Size)

Unit market price of each mushroom declined, and the overall market size of mushrooms shrank.

In 2021, the unit market price of each mushroom decreased and the market size decreased by 9.9% from the previous year.

(JPY billion)



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



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.

Cultivation System

- **Apply package cultivation**



- **Approximately 900 grams** per root →

Product Features

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



“Small pack”
Small Volume

50g

80g



“Gourmet pack”
Medium Volume

100g

120g

150g



“LL Pack”
Extra large volume

200g

300g

※approximate weight



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.

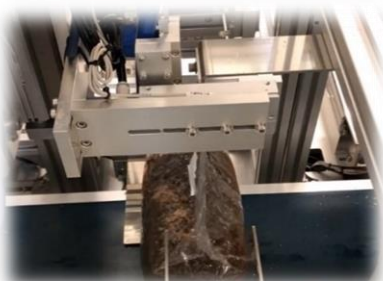
Stable production capacity / harvest / quality

Creating Culture Media



- Differentiate recipes for blending culture media that use no agricultural chemicals
- Sterilize the culture media under high temperature and high pressure

Inoculation



- Inoculate the culture media with fungi originally developed in-house
- Automation of inoculation process
- Clean rooms for avoiding germs

Cultivation and Growing



- Environmental management based on data science at extensive cultivation rooms
- Mass production realized by control of lightning, temperature, and humidity

Harvesting / Packaging



- Almost all automation realized in Eringi and Buna-Shimeji production





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”

Beta-Glucans

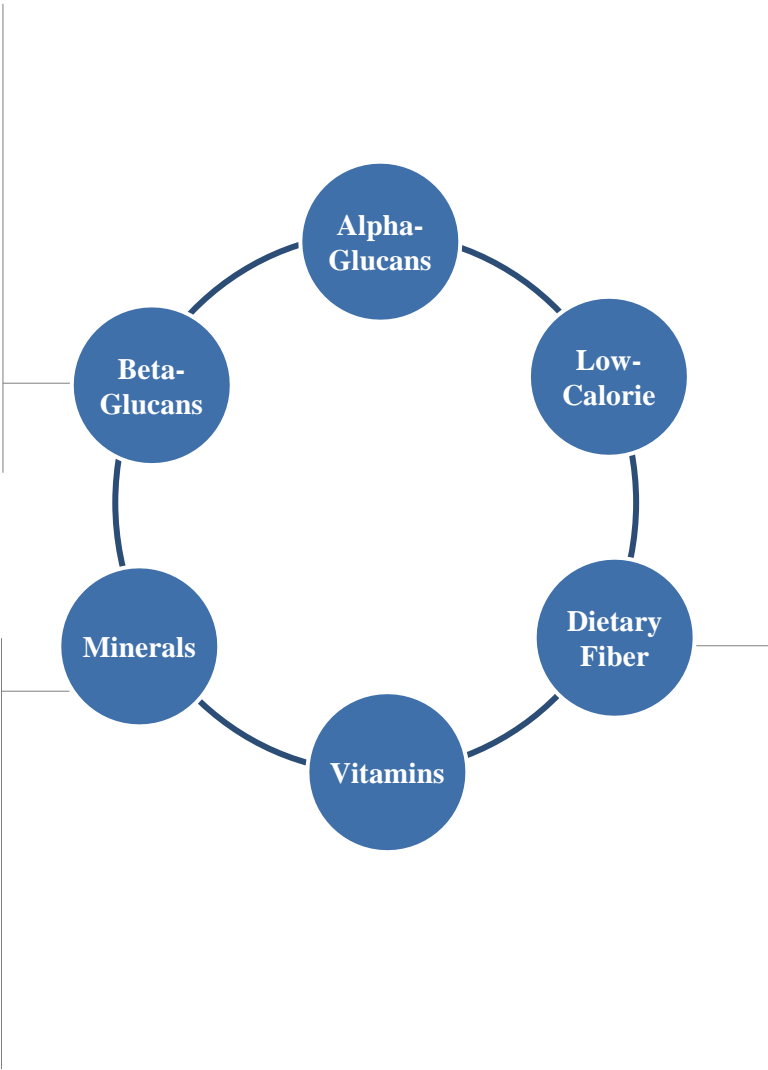
Beta-glucan, one of the major polysaccharides contained in maitake , is being studied and expected for maintaining and improvement of immunity ¹⁻³

1 He et al. 2017 Int. J. Biol. Macromol. 101: 910-921.
2 Wesa et al. 2015 Cancer Immunol Immunother 64: 237-247.
3 Masuda et al. 2013 Int. J. Cancer 133: 108-120.

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

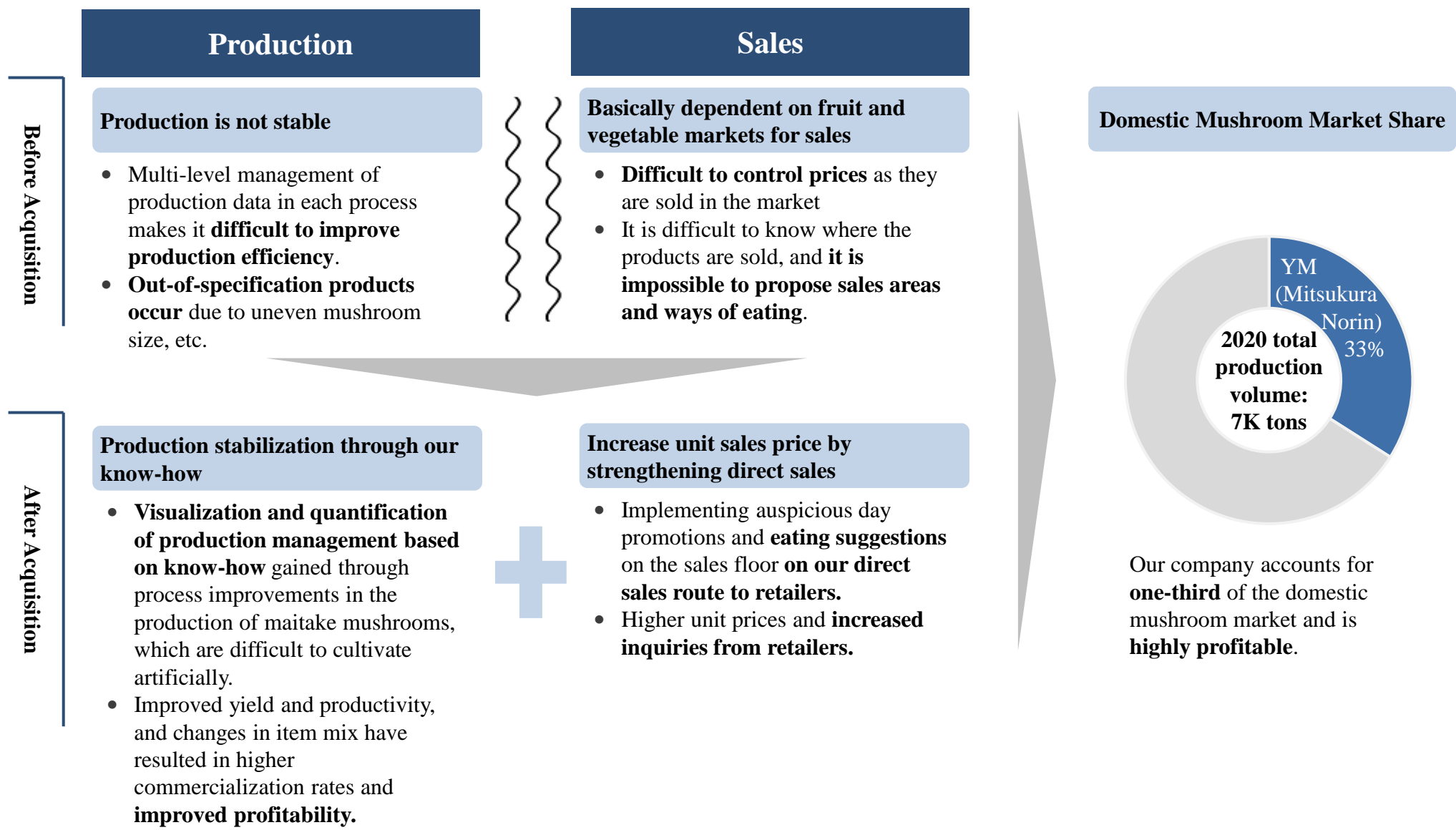
Maitake Dietary Fiber

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)

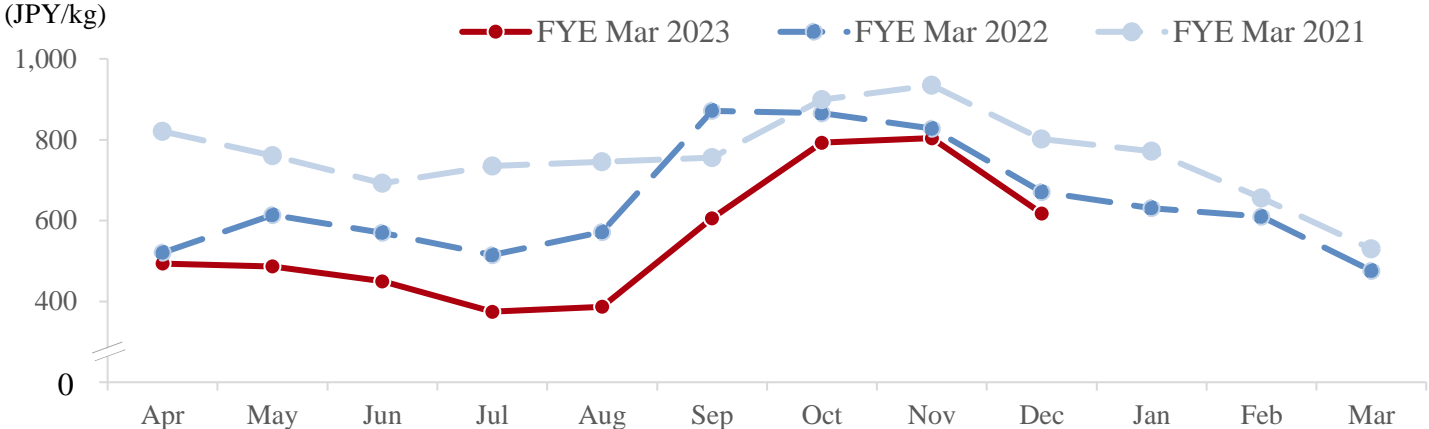
After making mushroom producer Mitsukura Norin a subsidiary, we have achieved large-scale, stable production through thorough production control. Utilizing the experience of successful post-acquisition subsidiary PMI in the future management of new subsidiaries.





Changes in Market Transaction Unit Price

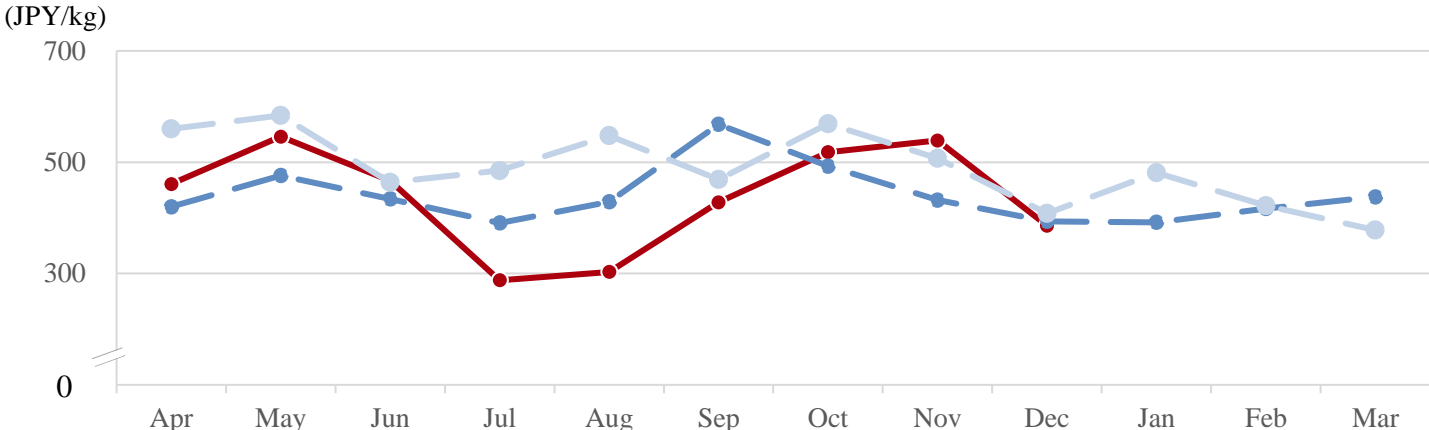
Maitake



Weighted Average Unit Price (JPY)

	3Q cumulative	Year- round
FYE Mar 2023	574	-
FYE Mar 2022	682	647
FYE Mar 2021	805	762

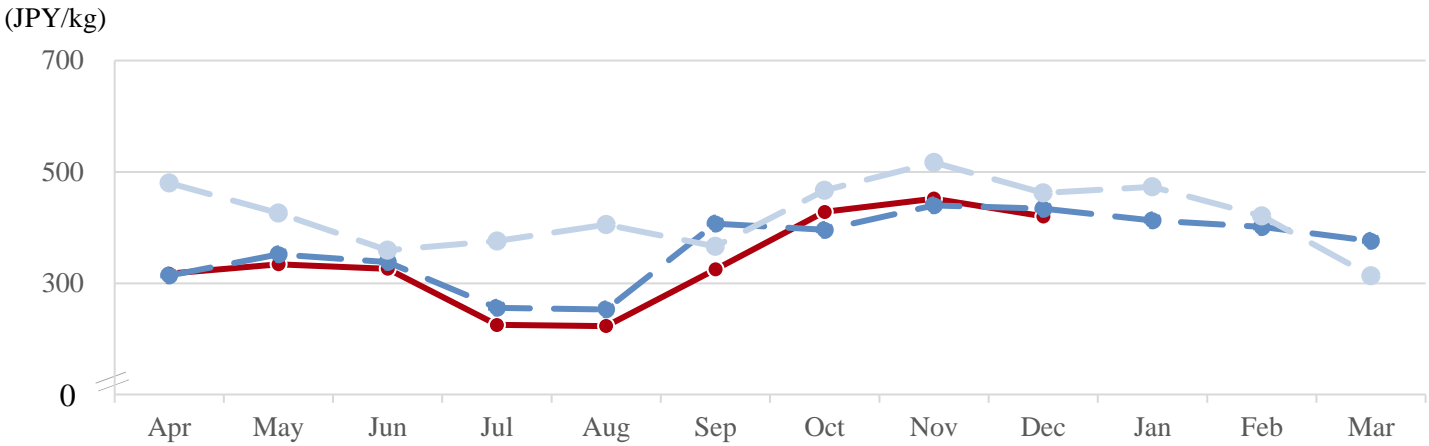
Eringi



Weighted Average Unit Price (JPY)

	3Q cumulative	Year- round
FYE Mar 2023	431	-
FYE Mar 2022	448	439
FYE Mar 2021	508	486

Buna-Shimeji



Weighted Average Unit Price (JPY)

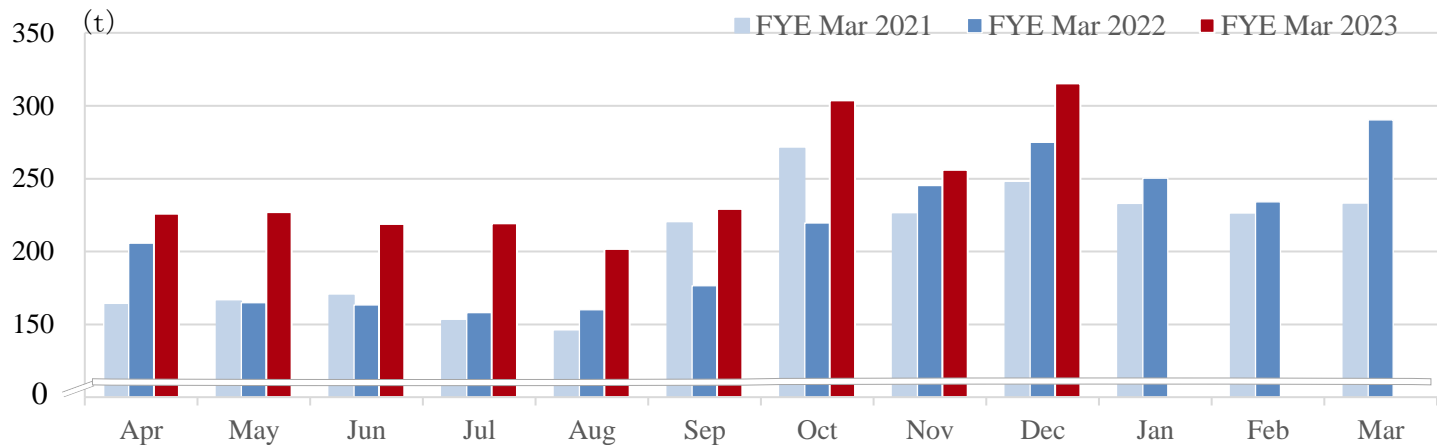
	3Q cumulative	Year- round
FYE Mar 2023	347	-
FYE Mar 2022	360	370
FYE Mar 2021	430	422

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



Changes in Market Sales Volume

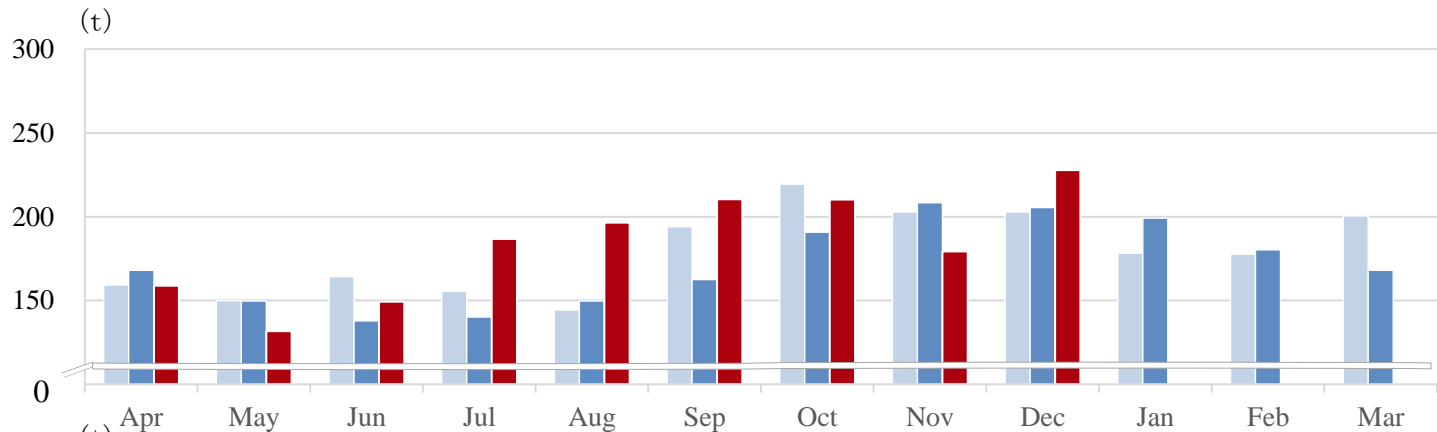
Maitake



Sales Volume (t)

	3Q cumulative	Year- round
FYE Mar 2023	2,252	-
FYE Mar 2022	1,768	2,543
FYE Mar 2021	1,762	2,452

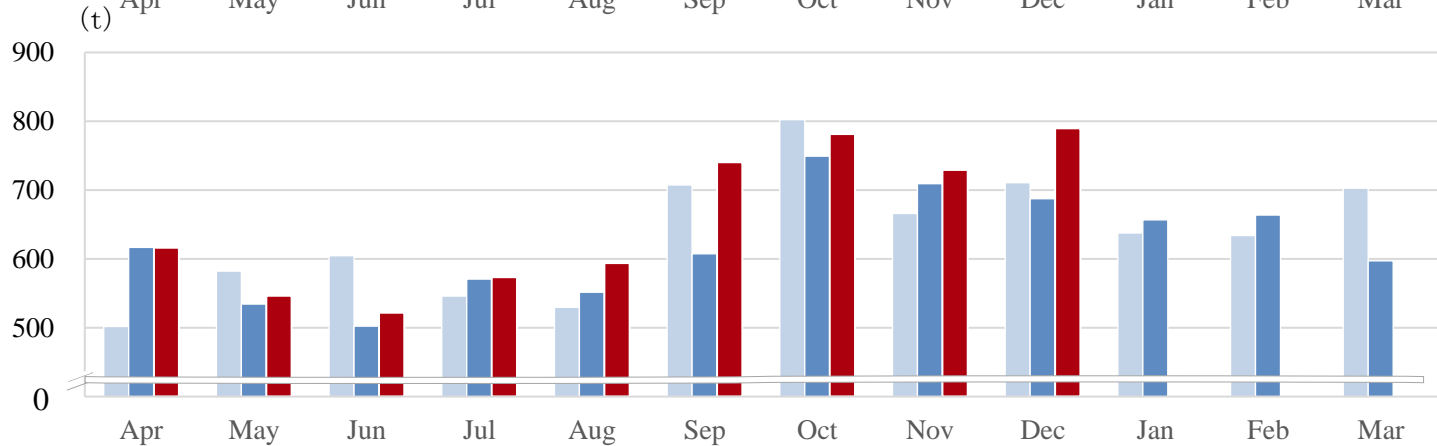
Eringi



Sales Volume (t)

	3Q cumulative	Year- round
FYE Mar 2023	1,650	-
FYE Mar 2022	1,513	2,060
FYE Mar 2021	1,592	2,148

Buna-Shimeji



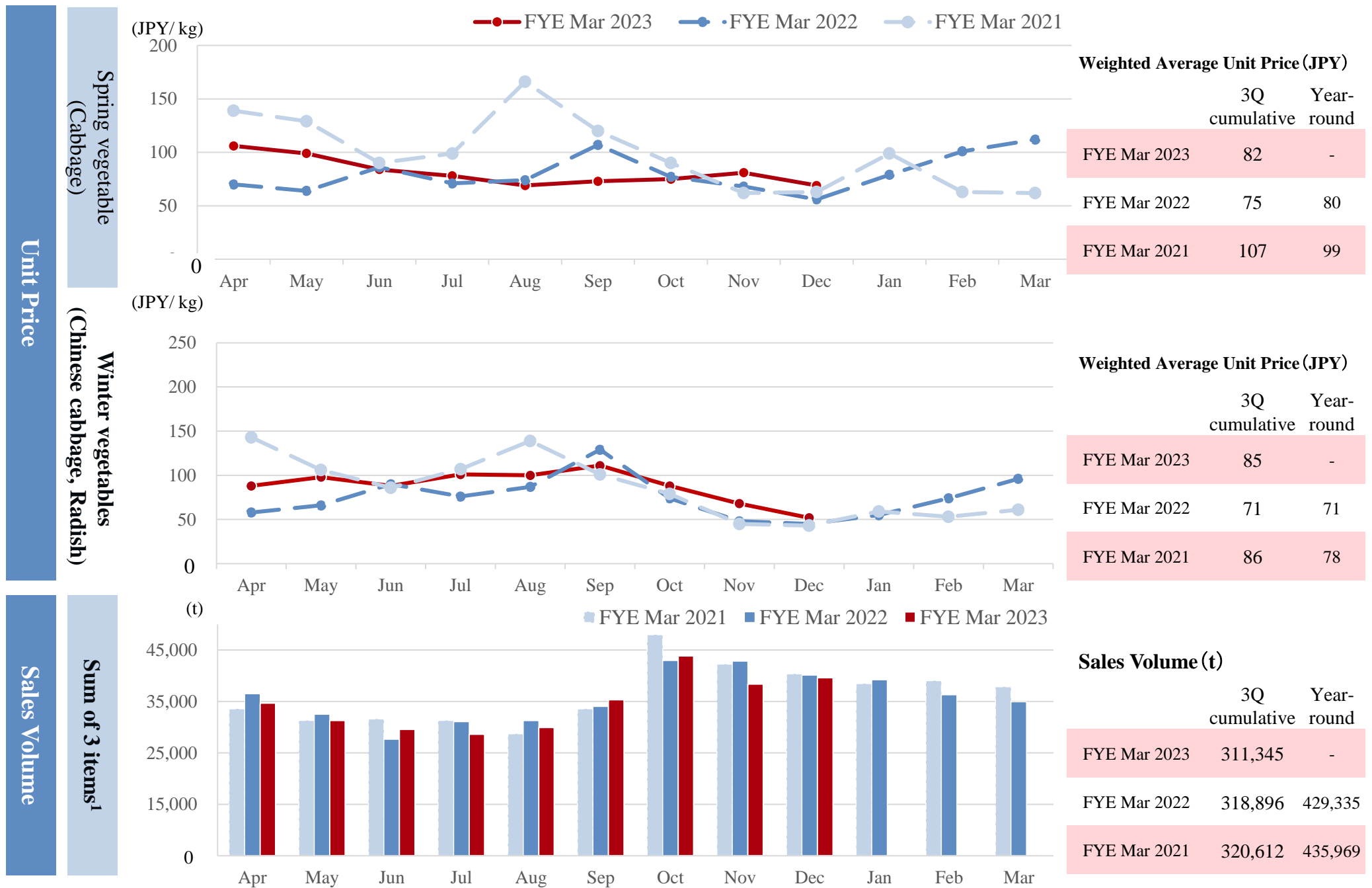
Sales Volume (t)

	3Q cumulative	Year- round
FYE Mar 2023	5,893	-
FYE Mar 2022	5,530	7,448
FYE Mar 2021	5,651	7,626

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



Market Transactions of Seasonal Vegetables



¹ Refers to cabbage, Chinese cabbage, and daikon

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



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 Structure

- 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
- Continue stable dividends with a target of around 30% payout ratio
- 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 Payout Ratio of approximately 30%. Once a year, shareholders receive a set of the company's products according to the number of shares held.

Dividends

Dividends (DPS)	Annual DPS (Forecast)	JPY 30.00
	Interim DPS	JPY 14.00
	Year-End DPS (Forecast)	JPY 16.00

Dividends Payout Ratio

40.0% (Actual dividends for the FYE March 31, 2022)

Shareholder Benefit Program

Eligible Shareholders
Benefit Details ¹
Delivery Schedule and Method

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.)

Depending on the number of shares held, the following sets of the company's products¹ will be presented.

Equivalent to JPY 3,000	Equivalent to JPY 5,000	Equivalent to JPY 7,000
More than 100 shares to less than 300 shares	More than 300 shares to less than 1,000 shares	More than 1,000 shares

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

¹ The products in the photos are draft at this time, and the composition of the products equivalent to each tier amount will be posted on our website etc., going forward.



Disclaimer

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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.



雪国まいたけ

Yukiguni Maitake Co., Ltd.

Securities Code: 1375