



Yukiguni Maitake Co., Ltd.

**Financial Results for
Fiscal Year Ended March 2023**

May 11, 2023

Tokyo Stock Exchange,
Prime Market: 1375



AGENDA

- 1. Summary of Consolidated Financial Results for FYE March 2023**
- 2. Forecast of Consolidated Financial Results for FYE March 2024**
- 3. Medium- Term Business Plan for FYE March 31, 2022 to FYE March 31, 2026**
- 4. 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.



1

Summary of Consolidated Financial Results for FYE March 2023



Summary of Financial Results for Fiscal Year Ending March 2023

In the current period, both revenue and Core EBITDA declined year-on-year and underperformed the forecast.

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 competing companies.
- Cost increase factors such as high crude oil prices and yen's depreciation.

Our Response

- Although the market supply of maitake was increasing, we were able to control the shipment volume at the same level as the same period of the previous year and the unit sales price by a few percentage points decline by conducting effective promotions.
- Strengthening the sales for eating out and ready-made meal also led to increased sales and provided opportunities for food consumption.
- Although the sales period of "Kiwami white" (white maitake), which was launched in September 2022, was short and the effect during the period was limited, it was highly evaluated by buyers and consumers, and as a new lineup of premium mushrooms, we were able to solidify the foundation for increased sales in the future.
- Mitigated the impact of cost increases by optimizing procurement of materials, fuel, etc. and thoroughly managing manufacturing activities.

Summary

Revenue JPY 31.0 billion

- YoY
JPY -1.4 billion
(-4.4%)
- vs Forecast



Core EBITDA JPY 4.6 billion

- YoY
JPY -2.9 billion
(-38.4%)
- vs Forecast





Consolidated Statements of Income (Cumulative)

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

FYE March 2023

(JPY million)	Actual
Revenue	31,016
Gains Arising from Changes in Fair Value	11,188
Total Income	42,204
Material Costs, Labor Costs, etc.	20,214
Gains Arising from Changes in Fair Value	11,473
Cost of Sales	31,688
Gross Profit	10,516
SG&A Expenses	8,258
Other Income	75
Other Expenses	141
Operating Profit	2,191
<i>vs Revenue</i>	<i>7.1%</i>
<i>vs Total Income</i>	<i>5.2%</i>
Profit before Tax	1,794
Profit Attributable to Owners of Parent	1,181
[Reference]	
Core Operating Profit¹	2,562
Core EBITDA¹	4,663
Core EBITDA margin¹	15.0%

FYE March 2022

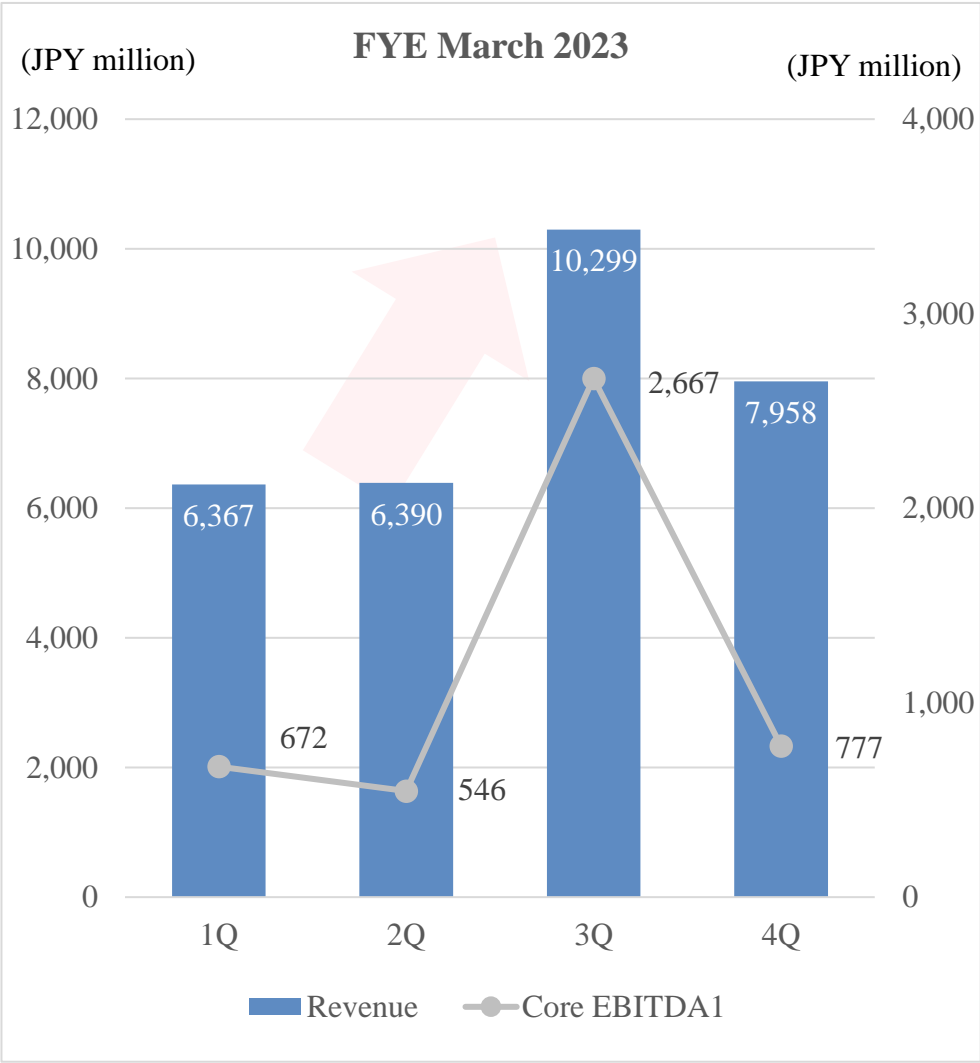
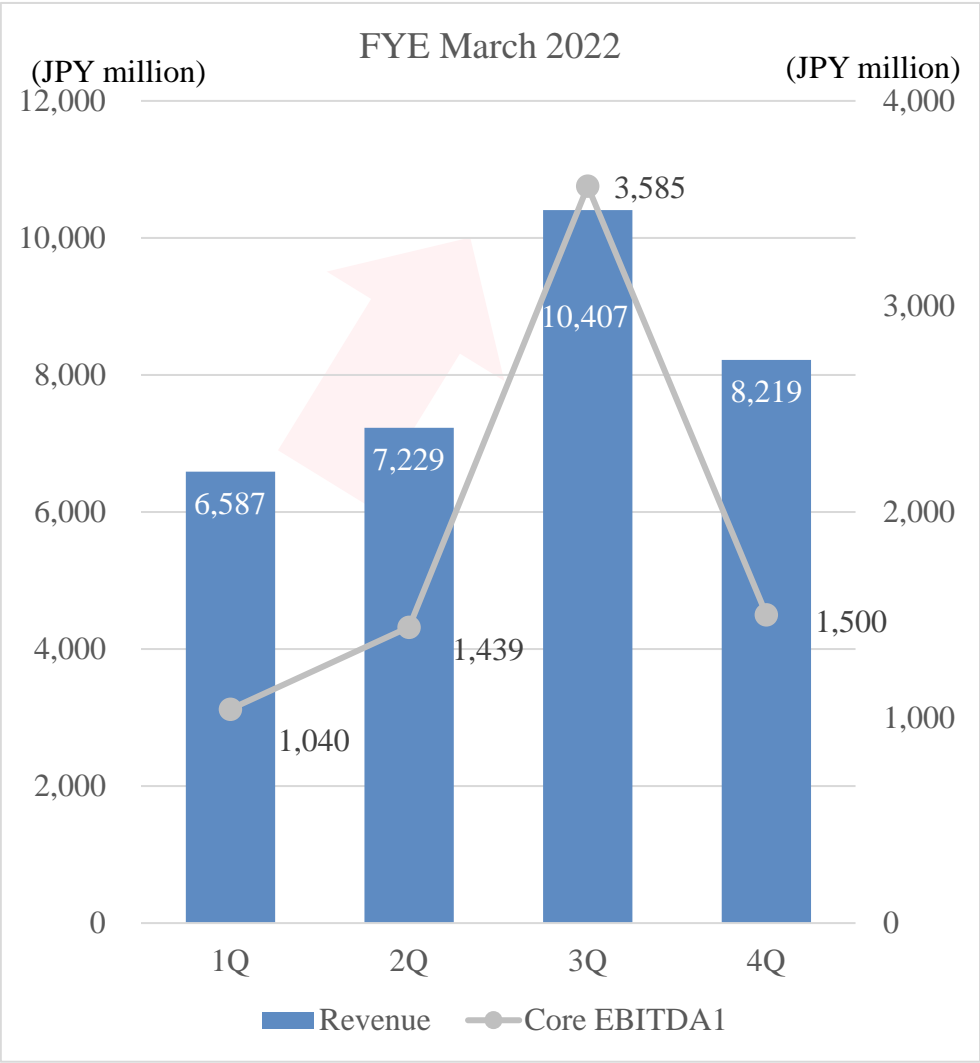
	Actual	Change Amount	%
	32,444	(1,428)	(4.4%)
	14,636	(3,448)	(23.6%)
	47,081	(4,876)	(10.4%)
	18,680	+1,533	+8.2%
	15,051	(3,577)	(23.8%)
	33,731	(2,043)	(6.1%)
	13,349	(2,833)	(21.2%)
	8,142	116	+1.4%
	48	27	+57.9%
	279	(137)	(49.2%)
	4,975	(2,784)	(56.0%)
	15.3%		
	10.6%		
	4,564	(2,769)	(60.7%)
	2,989	(1,808)	(60.5%)
	5,590	(3,027)	(54.2%)
	7,564	(2,901)	(38.4%)
	23.3%		

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)

Both revenue and Core EBITDA were lower than those in the same period of the previous year.

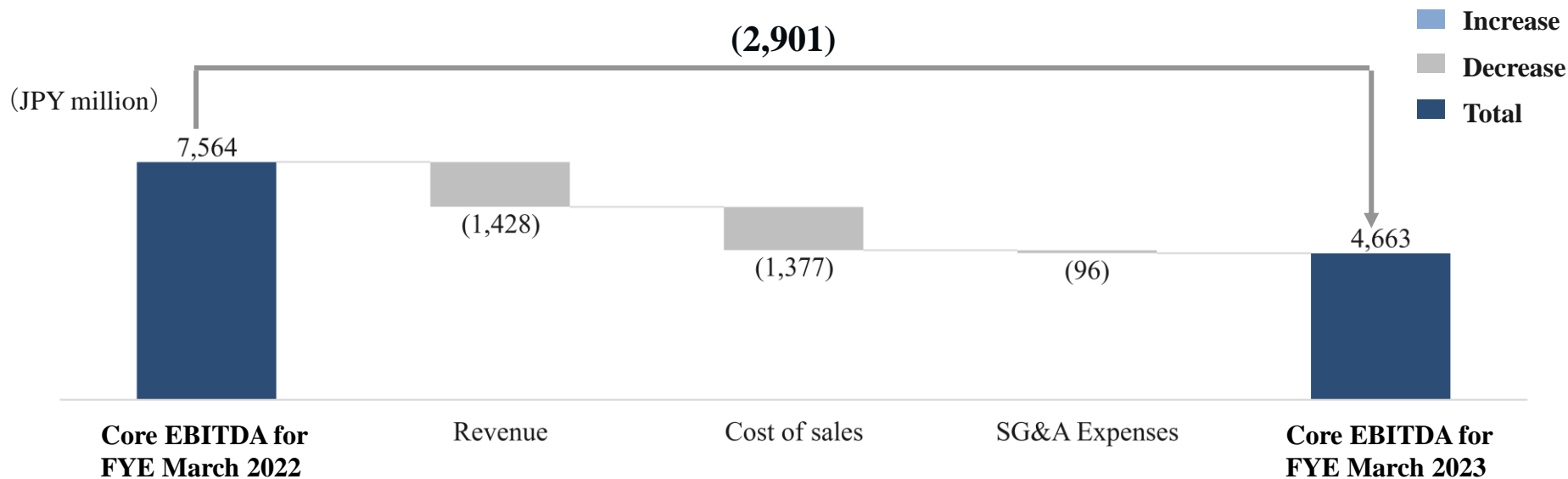


1 Core EBITDA = Core Operating Profit + Depreciation and Amortization



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

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



External environment	<div><ul style="list-style-type: none">• Factors affecting Revenue<ul style="list-style-type: none">✓ Inflation shifts consumer preference to volume products✓ Demand is unstable due to drastic temperature fluctuations during the busiest season✓ Distortion of supply-demand balance due to increased supply from other competing companies✓ Restriction of business activities by COVID-19</div> <div><ul style="list-style-type: none">• Factors affecting Cost of sales<ul style="list-style-type: none">✓ Prolonged Russian-Ukrainian Situation✓ Extreme yen's depreciation✓ Rising prices due to inflation</div>
Core EBITDA Decrease	<div><ul style="list-style-type: none">• Main factors for decrease in Revenue<ul style="list-style-type: none">✓ (Maitake) Decline in unit sales price✓ (Maitake) Constraints on in-store promotional activities✓ (Buna-Shimeji) Stagnant supply due to production defects</div> <div><ul style="list-style-type: none">• Main factors for increase in Cost of sales<ul style="list-style-type: none">✓ Rising utility costs✓ Rising raw material prices</div>



Revenue by Business Segment (Cumulative)

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

(JPY million)	FYE March 2022		FYE March 2023		Increase (Decrease)	
	Actual	Composition Ratio	Actual	Composition Ratio	Amount	Change YoY
Total Revenue	32,444	100.0%	31,016	100.0%	(1,428)	(4.4%)
Mushroom Business	32,021	98.7%	30,649	98.8%	(1,372)	(4.3%)
Maitake	18,732	57.7%	17,919	57.8%	(813)	(4.3%)
Eringi	3,161	9.7%	3,127	10.1%	(33)	(1.1%)
Buna-Shimeji	6,328	19.5%	6,097	19.7%	(230)	(3.6%)
Other Mushrooms¹	3,799	11.7%	3,504	11.3%	(294)	(7.8%)
Other	422	1.3%	367	1.2%	(55)	(13.2%)

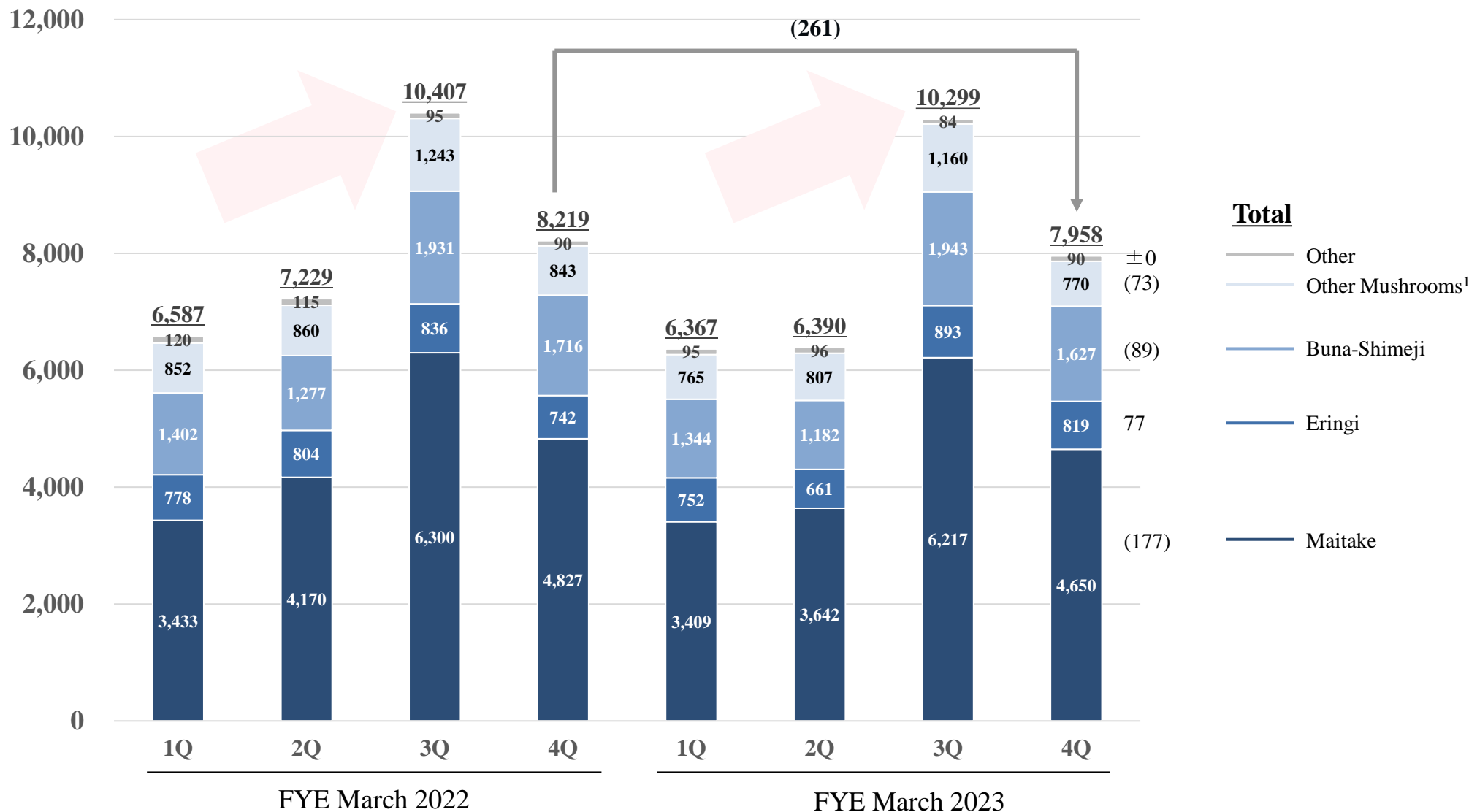
¹ Hon-Shimeji, Hatake-Shimeji, Button-Mushroom, Mushroom sets, purchased mushrooms, etc.



Revenue Trends by Business Segment (Quarterly Trends)

Revenue of all mushrooms including Maitake have been on an upward trend toward the 3rd Quarter and on a downward trend as climate warms after 4th Quarter.

(JPY million)



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



Status of Mushroom Business (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 slightly above compared to the same period of the previous year and the forecast.

Sales volume of Buna-shimeji was negative compared to the same period of the previous year and the forecast, while unit sales price was positive compared to the same period of the previous year, but was negative compared to the forecast.

	Sales Volume Comparison ¹		Unit Sales Price Comparison ¹	
	vs FYE Mar 2022 (%)	vs Forecast	vs FYE Mar 2022	vs Forecast
Maitake	99.8%	95.1%	96.2%	92.2%
Eringi	98.0%	95.3%	100.8%	100.5%
Buna-Shimeji	97.3%	97.2%	101.4%	99.5%
Other Mushrooms ²	95.6%	89.4%	99.0%	98.1%

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 decreased due to the negative profit

(JPY million)	FYE March 2022	FYE March 2023	Increase (Decrease)	
	Actual	Actual	Amount	Change YoY
Current Assets	9,735	7,180	(2,555)	(26.2%)
Cash and Cash Equivalents	3,723	1,060	(2,662)	(71.5%)
Trade and Other Receivables	1,958	1,907	(50)	(2.6%)
Inventories	1,249	1,422	+173	+13.9%
Biological Assets	2,693	2,662	(30)	(1.1%)
Non-current Assets	26,361	26,124	(236)	(0.9%)
Property, Plant and Equipment	19,170	18,966	(203)	(1.1%)
Goodwill and Intangible Asset	5,291	5,285	(5)	(0.1%)
Total Assets	36,096	33,304	(2,791)	(7.7%)
Current Liabilities	8,010	6,592	(1,417)	(17.7%)
Trade and Other Payables	2,602	1,877	(725)	(27.9%)
Accrued Income Taxes	1,484	693	(790)	(53.3%)
Current Portion of Long-Term Borrowings	1,321	1,509	+188	+14.2%
Non-current Liabilities	17,615	16,302	(1,312)	(7.5%)
Borrowings	17,314	16,070	(1,243)	(7.2%)
Lease Liabilities	222	156	(65)	(29.6%)
Total Liabilities	25,625	22,895	(2,730)	(10.7%)
Total Equity	10,470	10,409	(61)	(0.6%)
Total Equity Attributable to Owners of Parent	10,471	10,409	(62)	(0.6%)
Total Liabilities and Equity	36,096	33,304	(2,791)	(7.7%)



Consolidated Statements of Cash Flows (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.

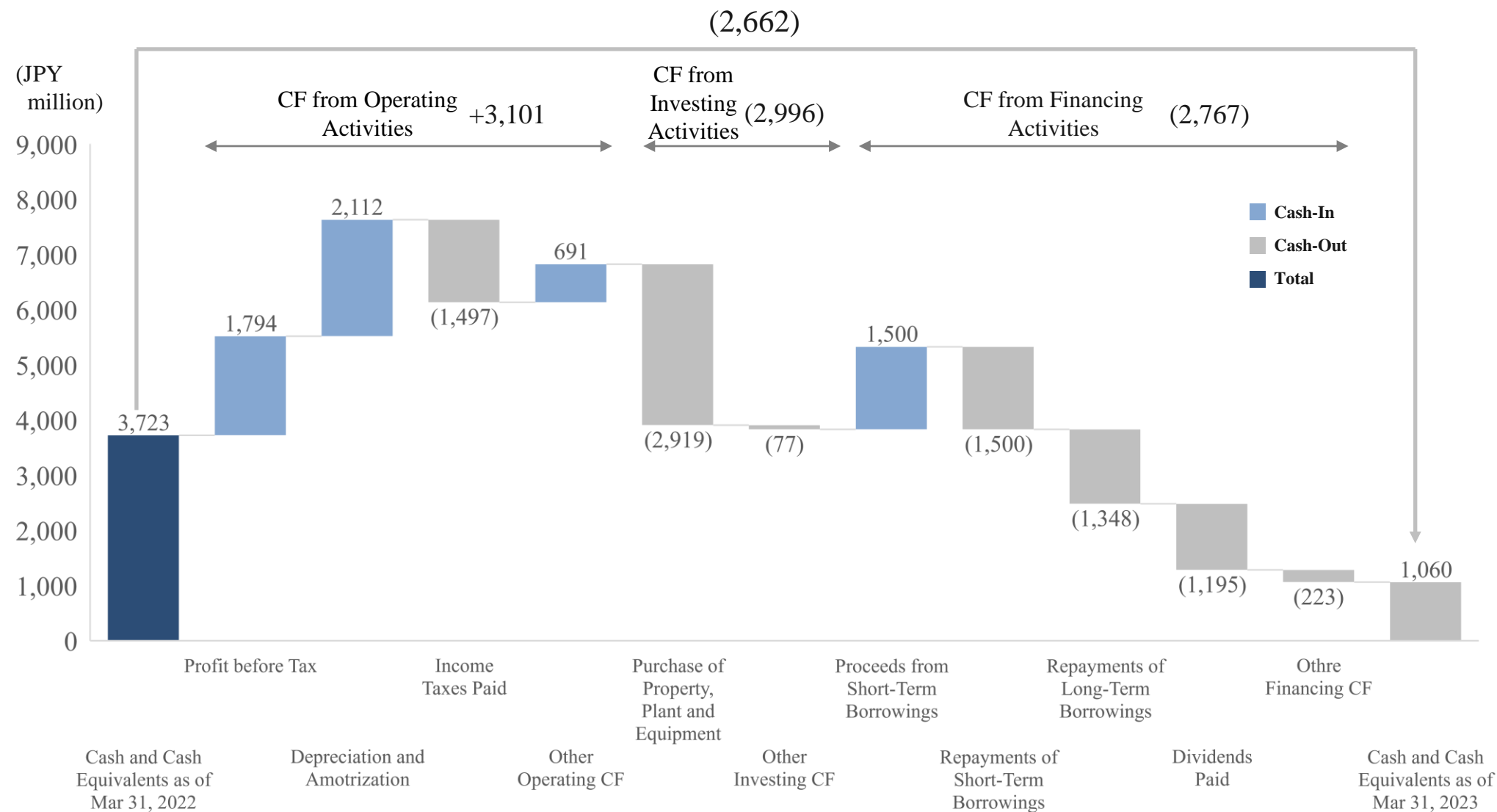
Cash Flows from Financing Activities・・・ Decrease due to decrease in dividend payments.

(JPY million)	FYE March 31, 2022	FYE March 31, 2023	Increase (Decrease)
Cash Flows from Operating Activities	5,606	3,101	(2,505)
Profit before Tax	4,564	1,794	(2,769)
Depreciation and Amortization	1,984	2,112	+128
Decrease (Increase) in Trade and Other Receivables	64	49	(15)
Decrease (Increase) in Inventories	141	(173)	(315)
Increase (Decrease) in Trade and Other Payables	115	81	(34)
Increase (Decrease) in Employee Benefit Liabilities	(133)	63	+196
Income Taxes Paid	(2,097)	(1,497)	+600
Cash Flows from Investing Activities	(2,554)	(2,996)	(442)
Purchase of Property, Plant and Equipment	(2,564)	(2,919)	(354)
Proceeds from Sale of Property, Plant and Equipment	1	7	+5
Purchase of Intangible Asset	(7)	(14)	(6)
Cash Flows from Financing Activities	(3,107)	(2,767)	+340
Proceeds from Short-Term Borrowings	1,000	1,500	+500
Repayments of Short-Term Borrowings	(1,000)	(1,500)	(500)
Repayments of Long-Term Borrowings	(1,156)	(1,348)	(192)
Dividends Paid	(1,673)	(1,195)	+478
Net Increase (Decrease) in Cash and Cash Equivalents	(54)	(2,662)	(2,608)
Cash and Cash Equivalents at the Beginning of the Period	3,777	3,723	(54)
Cash and Cash Equivalents at the End of the Period	3,723	1,060	(2,662)



Consolidated Cash Flow Analysis (Change from the end of the previous year)

Net cash provided by operating activities exceeded income taxes paid, resulting in JPY 3,101 million increase in CF from operating activities. On the other hand, cash and cash equivalents decreased by JPY 2,662 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 Ratio¹

0.5x

FYE
March 2022



0.5x

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 Ratio¹

1.4x

FYE
March 2022



1.6x

FYE
March 2023

■ Net Debt to Core EBITDA Ratio²

2.0x

FYE
March 2022



3.5x³

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 current fiscal year, Key Performance Indicators deteriorated due to underperformance against the previous year.

	FYE March 2022	FYE March 2023
Operating Margin	10.6%	5.2%
Core EBITDA Margin	23.3%	15.0%
Basic Earnings per Share ¹	JPY 74.92	JPY 26.93
ROE (Return on Equity Attributable to Owners of Parent) ²	30.3%	11.3%
ROIC (Return on Invested Capital) ³	11.3%	5.0%

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

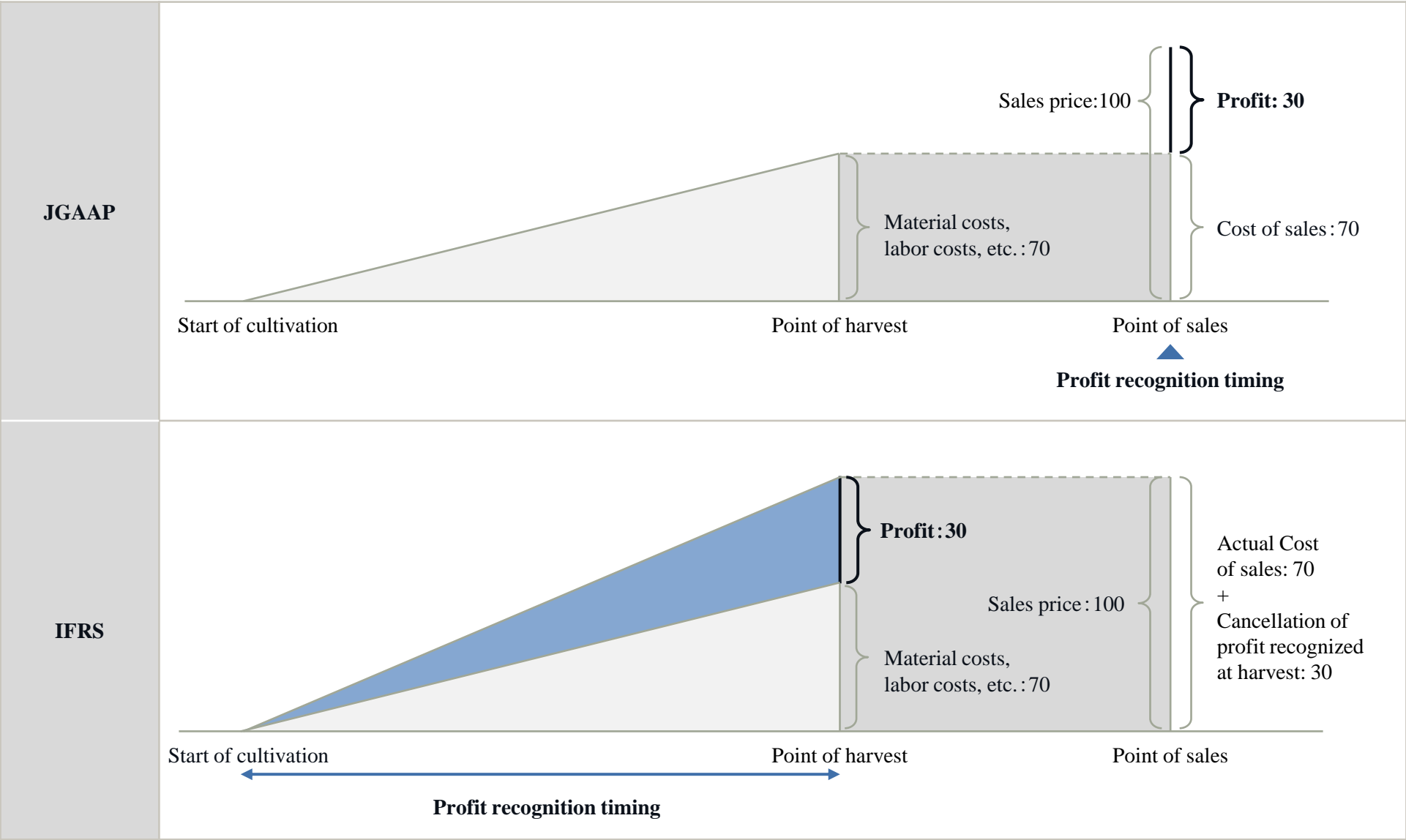
² Cumulative actual of the last 12 months (LTM) ROE = Profit Attributable to Owners of Parent / Average Total Equity Attributable to Owners of Parent during the Period

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”

Net income impact of - JPY 285 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	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.)	764
	Harvest for the Current Period	11,514
	Other	(48)
	Total	11,188
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.)	277
	Harvest for the Current Period	(11,514)
	Other	42
	Total	(11,473)
Total Net Impact		(285)

Gains included in work-in-progress had a negative impact of JPY 277 million due to the lower fair value compared to the beginning of the period.

Gains included in finished and semi-finished goods had a negative impact of JPY 2 million due to the lower fair value 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)	(1,643)	(5,025)
		Gains in Work-in-Progress (End. Bal.)	739	1,599	1,643	764	4,747
	Cost of Sales	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(280)	(252)	(485)	(338)	(1,356)
		Gains in Finished/Semi-finished Goods (End. Bal.)	252	485	338	277	1,354
	Harvest for the Current Period		±0	±0	±0	±0	±0
	Other		25	7	(1)	(36)	(5)
	Total Net Impact		(304)	+1,100	(105)	(976)	(285)

(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)

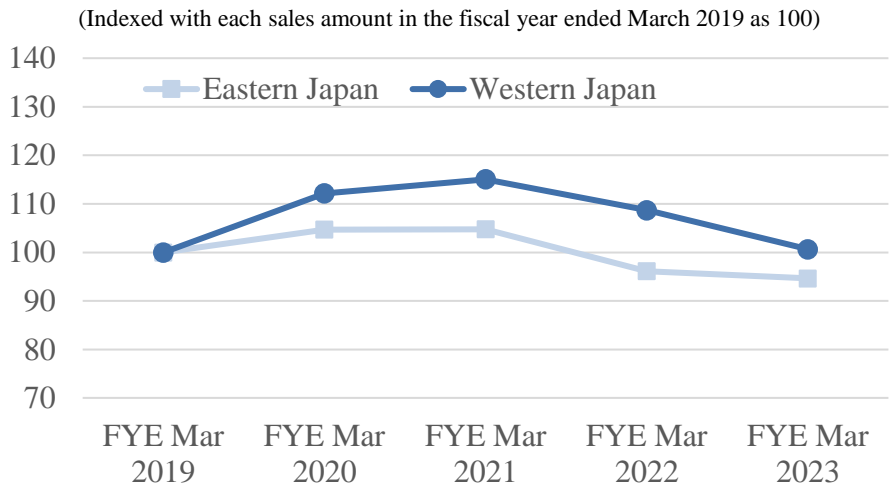


Comparison of Sales, Sales Volume, and Growth Rate of Eastern Japan and Western Japan

Western Japan still consumes less maitake mushrooms than Eastern Japan, and has great potential for growth in the future. Sales volume in western Japan shows a higher growth rate than an average growth rate in eastern Japan.

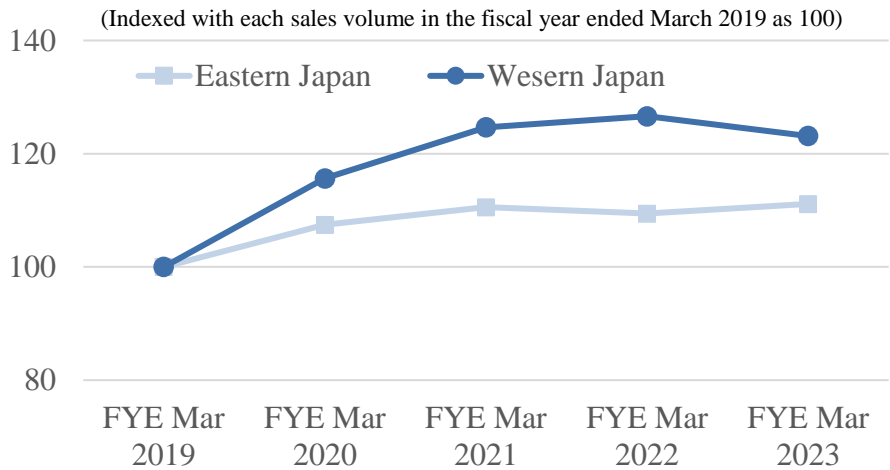


Sales Amount



Compound Annual Growth Rate (CAGR)	
WEST	0.2%
EAST	(1.4)%

Sales Volume



Compound Annual Growth Rate (CAGR)	
WEST	5.3%
EAST	2.7%



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.
- After conducting scenario analysis, we newly published it on our company website in May 2023.

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



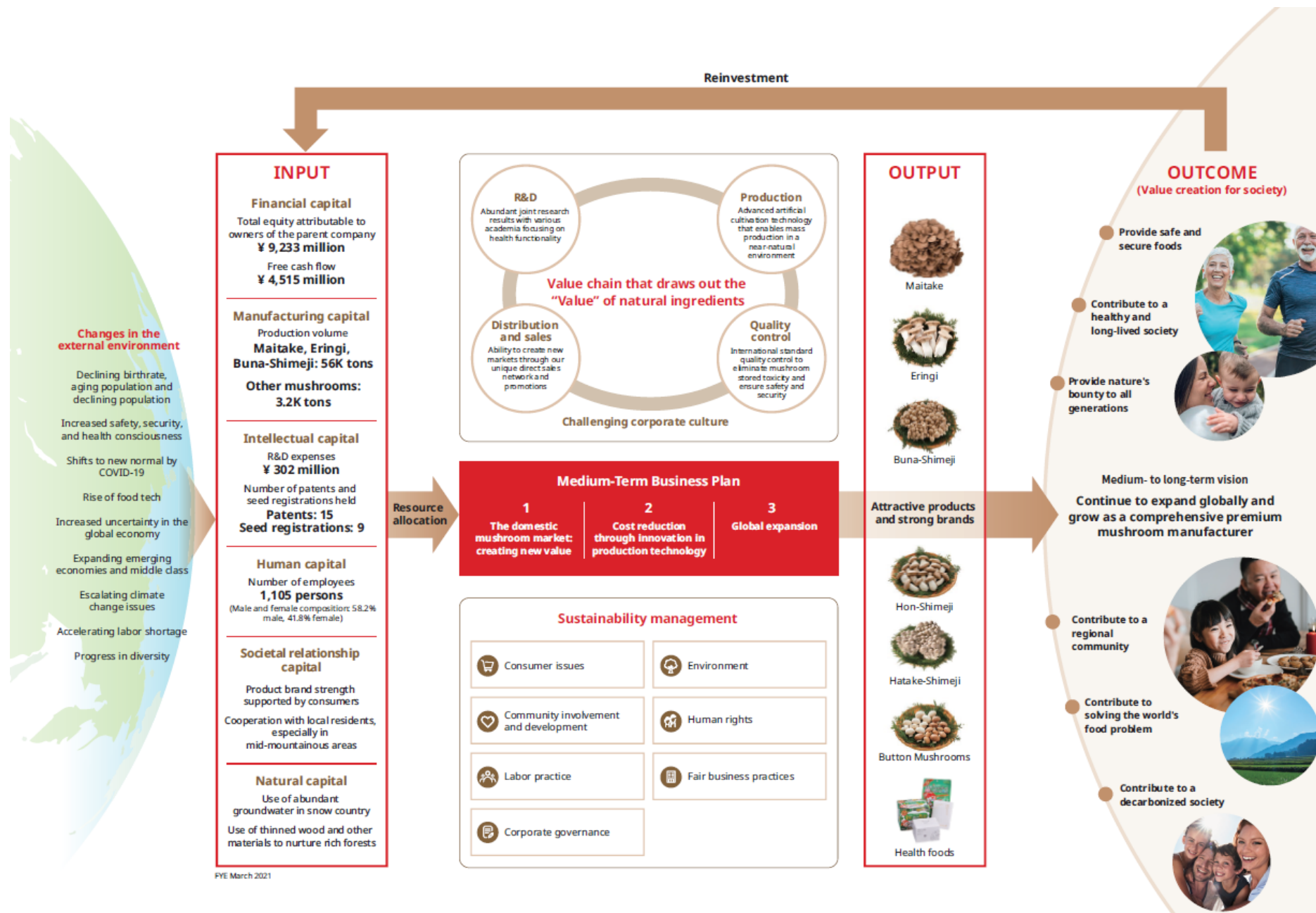
- Promote healthy forests by thinning devastated forests and creating an environment where trees can grow easily.
- Utilize wood harvested from the "Yukiguni Maitake Forest" for our mushroom culture medium.

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



Value Creation Process

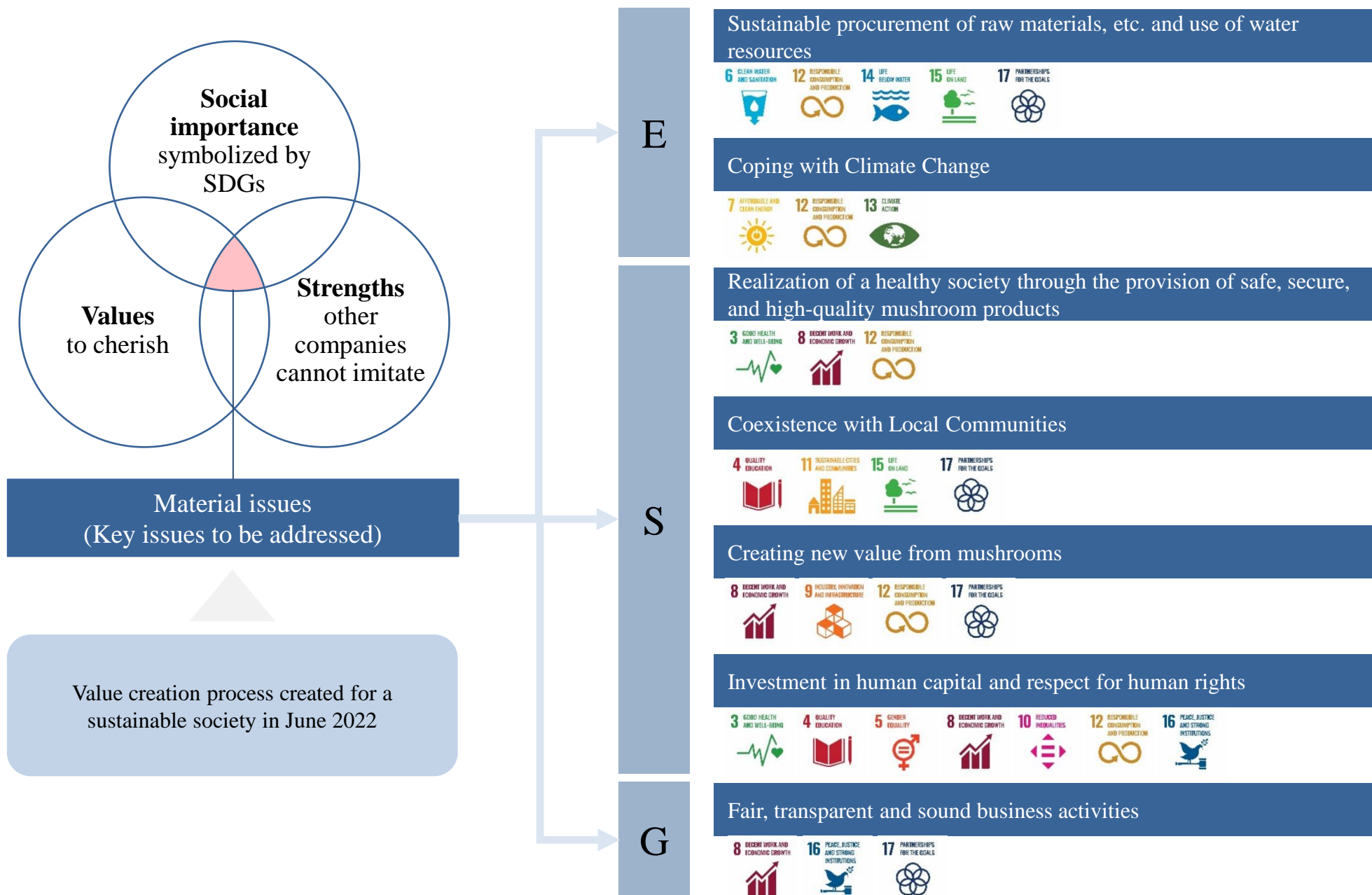
Continue to grow sustainably with society through our business activities by leveraging our value chain and our strengths in the face of changes in the external environment.





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.

Governance

- Established the Sustainability Promotion Committee to address climate change as an important management issue.
- The committee is chaired by a representative director and consists of full-time directors (excluding audit committee members), executive officers, and presidents of group companies.
- Deliberate on important issues regarding basic policies for the environment as a whole, including climate change, and reflect them in management strategies.

Strategy

- Climate change on a global scale may affect our business and finances, such as higher raw material prices due to soaring crude oil prices and changes in consumer preferences.
- Organize countermeasures against possible risks/opportunities from short-, medium-, and long-term perspectives, and promote initiatives.

Conduct scenario analysis to identify risks and opportunities to the business and publish on website (May 2023)



Endorsement of TCFD
Recommendations
(November 2021)

- Sustainability Promotion Committee reviews risks and opportunities related to climate change in the Group.
- The Board of Directors receives reports from the Committee and supervises the policy, action plans, etc., for addressing environmental issues.

Risk management

- Aim to reduce greenhouse gas emissions by approximately 45,800 t-CO₂ for Scope 1 and 2, and 16,700 t-CO₂ for Scope 3 by FY2030 (compared to FY2021).
- Aim for net-zero emissions by FY2050
- Establish short- to long-term roadmap to achieve goals.

Indicators and Targets



Risks and opportunities based on climate change scenarios

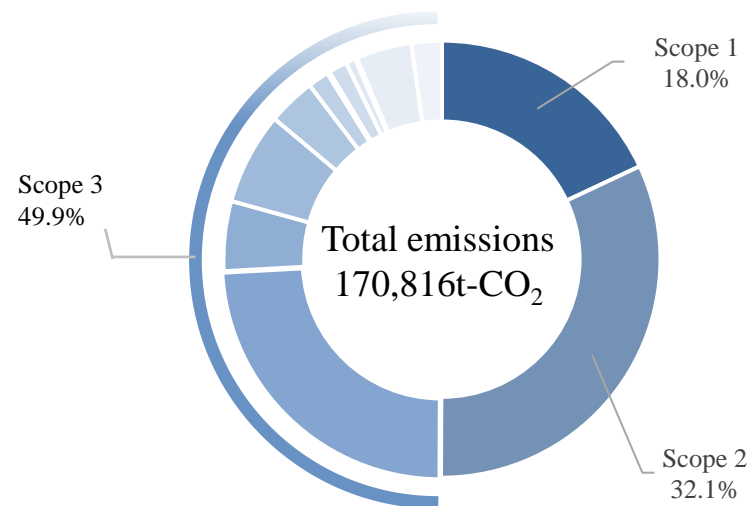
Yukiguni Maitake Group analyzed risks and opportunities associated with climate change in 2030 using 4°C and 1.5°C scenarios. Strive to reduce risks and continuously work to expand opportunities.

	Classification	Event	Anticipated Impact on Business	Expression period	Importance	Measures
Transition risk	Policy	Introduction of carbon tax	<ul style="list-style-type: none"> Increased carbon tax burden on CO2 emissions from production, logistics, and other business activities 	Short Mid & Long	Large	<ul style="list-style-type: none"> Reduce of production costs by streamlining production processes Avoidance of future carbon tax burden through introduction of renewable energy, etc.
			<ul style="list-style-type: none"> Increased procurement costs for plastic packaging materials 	Short Mid & Long	Small	<ul style="list-style-type: none"> Reduce of procurement costs by reducing the volume of plastic packaging materials
Physical risk	Acute	Intensification and frequency of extreme weather events such as typhoons, heavy rains, and heat waves	<ul style="list-style-type: none"> Natural disasters and extreme weather conditions destabilize the procurement of auxiliary materials such as sawdust and bran, which are raw materials for mushroom cultivation, and their prices soar 	Short Mid & Long	Small	<ul style="list-style-type: none"> Reduce of sawdust consumption by increasing the reuse ratio of the culture medium Vibrant forest development and sustainable sawdust procurement through "Yukiguni-Maitake Forest Creation Activities", etc.
	Chronic	Rising temperatures, fluidized precipitation and weather patterns	<ul style="list-style-type: none"> Rising temperatures change the growth environment of mushrooms and increase air conditioning costs for temperature and humidity control 	Short	Small	<ul style="list-style-type: none"> Switch to high-efficiency and energy-efficient air conditioning equipment Development of cultivation techniques and varieties less susceptible to climate change
Opportunity	Products & Services	Development and expansion of products and services that can contribute to low carbon and decarbonization	<ul style="list-style-type: none"> Increasing substitution of plant-based foods for animal-based foods, creating more opportunities to create new commercial products using mushrooms 	Short Mid & Long	Large	<ul style="list-style-type: none"> Research and development to create alternative protein that makes use of the characteristics of mushroom as new products
		Changing consumer preferences	<ul style="list-style-type: none"> Concerns about the risk of infectious diseases due to climate change have increased the need for mushrooms to help improve immunity 	Short	Small	<ul style="list-style-type: none"> Promotion of the habit of eating mushrooms throughout the year by appealing to consumers about the benefits of mushrooms
	Resilience	Actualization of physical risks	<ul style="list-style-type: none"> Expanded marketing opportunities for mushrooms, a crop grown in facilities that is less susceptible to weather changes than open-field cultivation 	Short	Small	<ul style="list-style-type: none"> Stable production and supply of products even in unstable climatic environments

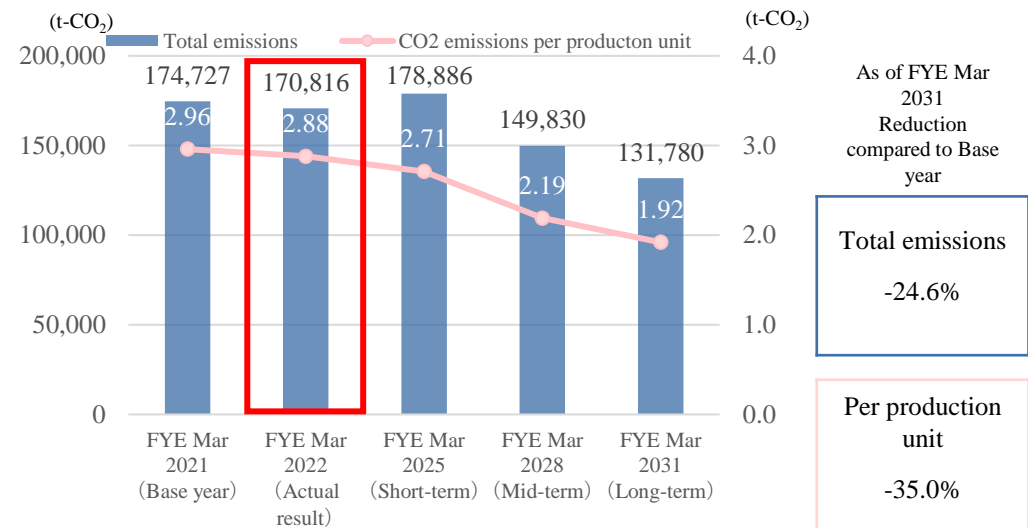
GHG emissions reduction targets and result

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

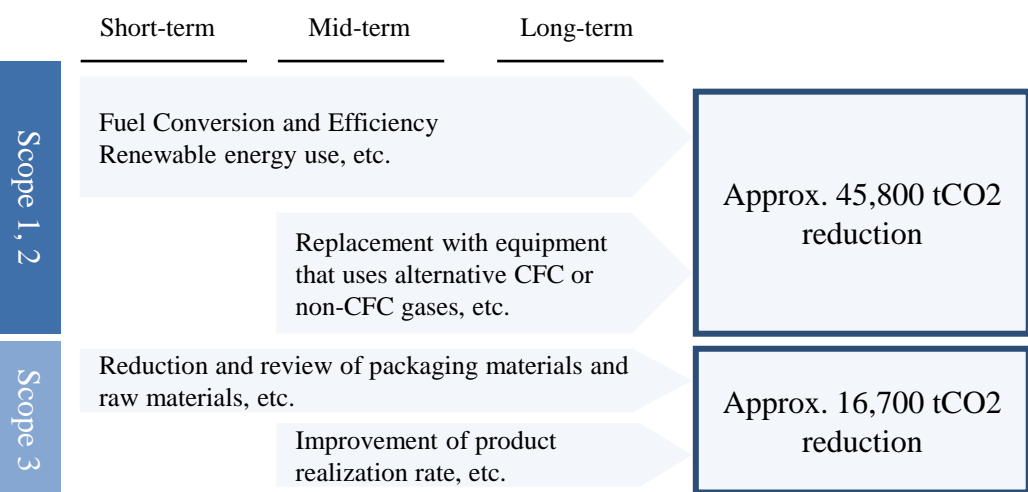
GHG Emissions by Scope (FYE March 2022) ¹



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)

-0.04 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.



Impact of Relaxation of COVID-19 Measures on Business Performance and Initiatives

From March 10, 2023, wearing masks will be based on individual judgment, a major point of change in COVID-19 response both inside and outside the company.

With the easing of daily life, a gradual recovery can be seen in tasting sales at stores.

Impact on business performance

- In-store promotions such as tastings are resuming and gradually recovering in some companies and areas, although they have not reached pre- COVID-19 disaster levels.
- No more restrictions on travel, and increased cross-prefecture travel and face-to-face business meetings.

Efforts to Mitigate COVID-19 Infection

- While continuing basic infection prevention measures, we will aim to restore the daily life before the spread of the COVID-19 infection. In addition, from the perspective of improving operational efficiency, we will continue to incorporate and utilize the Web in our operations.

<Our preventive measures>

- Wear masks at personal discretion (production sites continue to wear masks for sanitation).
- Use online-based internal conferences and meetings.
- Maintain flexible work arrangements through remote work.



2

Forecast of Consolidated Financial Results for FYE March 2024



Forecast of Consolidated Financial Results for FYE March 2024 / Key figures

Sales are expected to expand moderately in FYE March 2024, but we have set a conservative profit forecast considering the impact of the severe external environment.

(JPY million)		Major breakdown		
	FYE Mar 2023 Actual (A)	FYE Mar 2024 Forecast (B)	Variance (B-A)	Ratio of variance (%)
Total Income	42,204	42,389	185	0.4%
Revenue	31,016	33,157	2,141	6.9%
Operating Profit	2,191	673	(1,518)	(69.3%)
<i>vs Revenue</i>	7.1%	2.0%	(5.0%)	-
Profit before Tax	1,794	228	(1,566)	(87.3%)
Profit Attributable to Owners of Parent	1,181	121	(1,154)	(90.5%)
Basic Earnings per Share (JPY)	29.63	3.05	(28.93)	(90.5%)
Core EBITDA¹	4,663	3,182	(1,481)	(31.8%)
<i>Core EBITDA margin¹</i>	15.0%	9.6%	(5.4%)	-

Income

- **Revenue: ¥33.1 billion (+6.9% YoY)**
 - ✓ Revenue of maitake: ¥19.0 billion (+6.5% YoY)
 - ✓ Revenue of Eringi: ¥3.3 billion (+7.0% YoY)
 - ✓ Revenue of Buna-Shimeji: ¥6.5 billion (+7.3% YoY)
 - ✓ Revenue of Other mushroom and Others: ¥3.7billion (+8.0% YoY)
- Gains Arising from Changes in Fair Value: ¥9.2billion (-17.5% YoY)
- **Total Income: ¥42.3 billion (+0.4% YoY)**

Cost of Sales & Gross Profit

- **Cost of Sales: ¥32.3 billion (+2.0% YoY)**
 - ✓ Material Costs, Labor Costs, etc.: ¥22.7 billion (+12.8% YoY)、
 - ✓ Gains Arising from Changes in Fair Value: ¥9.5 billion (-16.9% YoY)。
- **Gross Profit: ¥10.0 billion (-4.3% YoY)**

SG&A Expenses & Operating Profit

- **SG&A Expenses: ¥9.3 billion (+12.8% YoY)**
- **Operating Profit: ¥0.6 billion (-69.3% YoY)**

Financial income / expenses & Net income

- **Profit before Tax: ¥0.2 billion (-87.3% YoY)**
 - ✓ Financial income / expenses : -¥0.4 billion (Interest expenses, etc.)
- **Profit Attributable to Owners of Parent: ¥0.1billion (-89.7% YoY)**

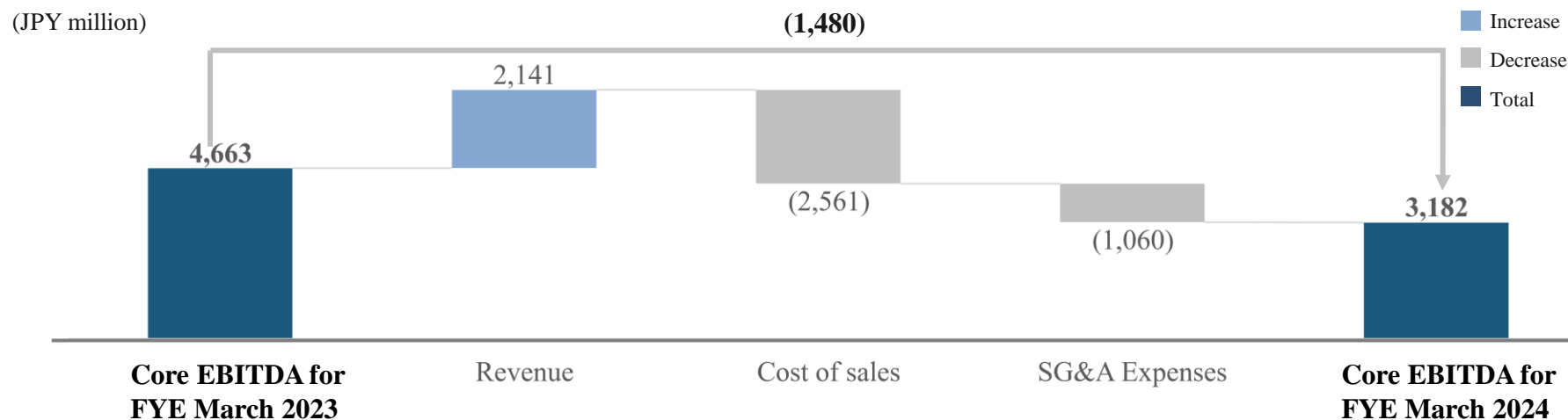
¹ Core EBITDA=Core Operating Profit + Depreciation and Amortization

Core EBITDA margin = Core EBITDA / Revenue



Year-on-Year Comparison and Key Assumptions

Although the outlook for FYE Mar 2024 is conservative, reflecting the continuation of a difficult environment, the company aims to further improve existing businesses and realize new strategies to increase medium-term growth potential.



Environment outlook	<ul style="list-style-type: none">• Severe environment in terms of sales, but gradual improvement is expected going forward.<ul style="list-style-type: none">✓ Distortion in the supply-demand balance of maitake mushrooms, continued consumer emphasis on quantity due to inflationary effects.✓ On the other hand, we expect that the resumption of tasting sales will make it easier to promote our quality.• Assume cost-push factors will continue<ul style="list-style-type: none">✓ Russia-Ukraine situation is not ending in the short term.✓ Cost of sales continues to rise due to higher fuel and electricity prices.				
Strategy for this term	<table><tr><td>Sales</td><td>Customer strategy based on high value-added proposals that leverage the comprehensive capabilities of premium mushrooms<ul style="list-style-type: none">✓ Increase the retail market share and raise the unit sales price by utilizing high value-added products✓ Develop intensive sales and sales promotion strategies based on our unique marketing✓ Improve end-user appeal by effectively combining multiple media (mass, digital, analog, in-store, etc.)</td><td>Production / Sales Administration</td><td>Promoting production efficiency improvement and cost reduction<ul style="list-style-type: none">✓ Instal equipments for reducing utility costs✓ Cost reduction through further efficiency improvements in production and packaging✓ Factor the effects of high crude oil prices, yen depreciation, and the situation in Russia and Ukraine into cost of sales✓ Factor sales-related expenses due to increased sales and labor costs due to increased headcount</td></tr></table>	Sales	Customer strategy based on high value-added proposals that leverage the comprehensive capabilities of premium mushrooms <ul style="list-style-type: none">✓ Increase the retail market share and raise the unit sales price by utilizing high value-added products✓ Develop intensive sales and sales promotion strategies based on our unique marketing✓ Improve end-user appeal by effectively combining multiple media (mass, digital, analog, in-store, etc.)	Production / Sales Administration	Promoting production efficiency improvement and cost reduction <ul style="list-style-type: none">✓ Instal equipments for reducing utility costs✓ Cost reduction through further efficiency improvements in production and packaging✓ Factor the effects of high crude oil prices, yen depreciation, and the situation in Russia and Ukraine into cost of sales✓ Factor sales-related expenses due to increased sales and labor costs due to increased headcount
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Next fiscal year and beyond	<ul style="list-style-type: none">• Consider measures to further improve profits and CF of existing businesses<ul style="list-style-type: none">✓ Raise unit sales price by increasing sales of high value-added products✓ Consider further productivity and cost reduction measures• Promote strategies to expand medium-term growth potential at an early stage<ul style="list-style-type: none">✓ Execute the "first stone" of an inorganic strategy overseas (Europe, the U.S., etc.)✓ Realize commercialization of new business areas				

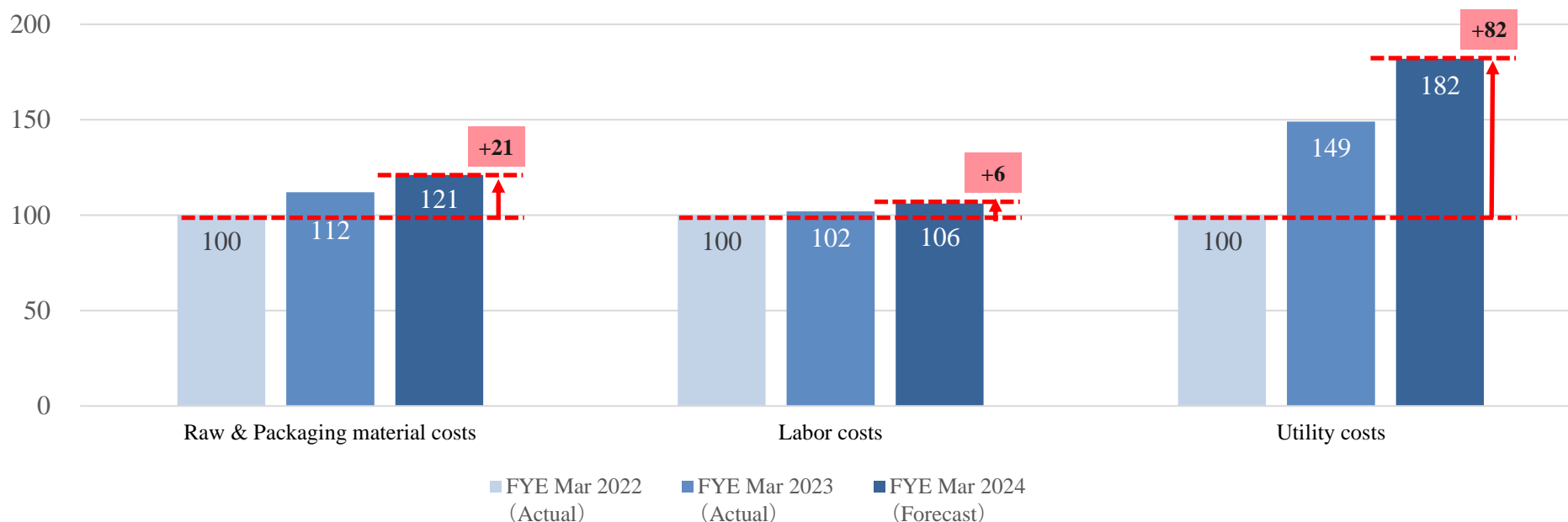
Historical trends in raw material and fuel costs

The invasion of Ukraine by Russia and yen's depreciation have caused fuel and raw material prices to soar, which has had a significant impact on cost increases.

Uncertain situation is still expected to continue to affect cost of sales going forward.

Trend of change in major cost items* (FYE March 2022 ~ FYE March 2024)

*Percentage increase/decrease when the amount of each cost item for the fiscal year ended March 31, 2022 is set at 100



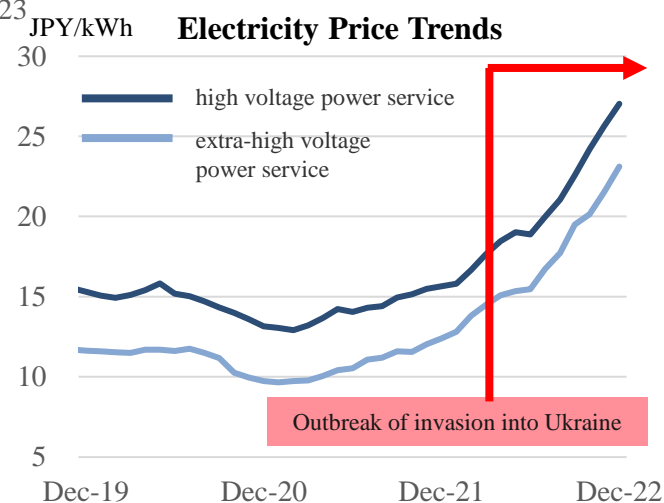
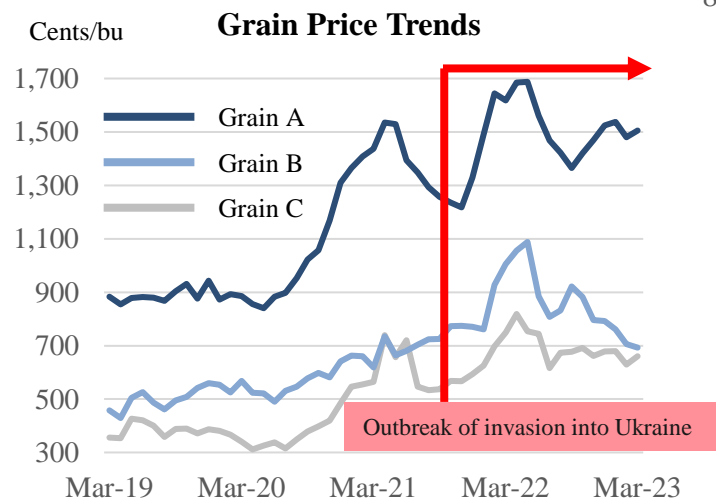
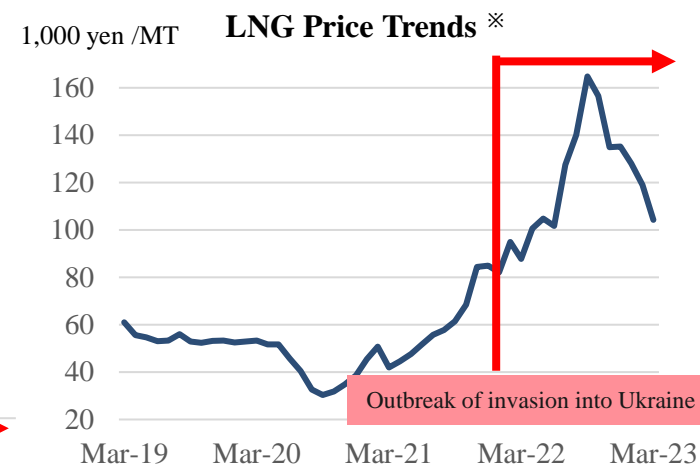
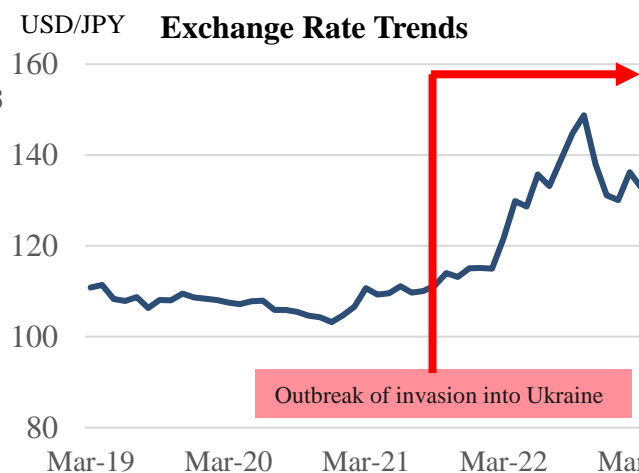
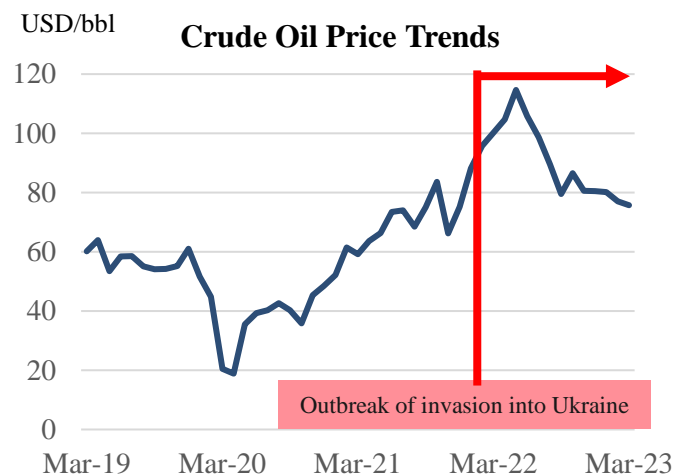
Russia will launch an invasion of Ukraine in February 2022 (immediately after the announcement of our medium-term business plan), and there are concerns about the impact on future energy prices and imported raw material prices.

In FYE Mar 2023, the continued invasion of Ukraine by Russia and the impact of yen's depreciation were added, leading to a sharp rise in energy prices and higher prices of imported raw materials.

In FYE Mar 2024, we do not foresee a conclusion to the situation in Russia and Ukraine at this point, and expect the cost impact of the prolonged unstable global situation to continue.



(Reference) Recent price trends for related indicators





3

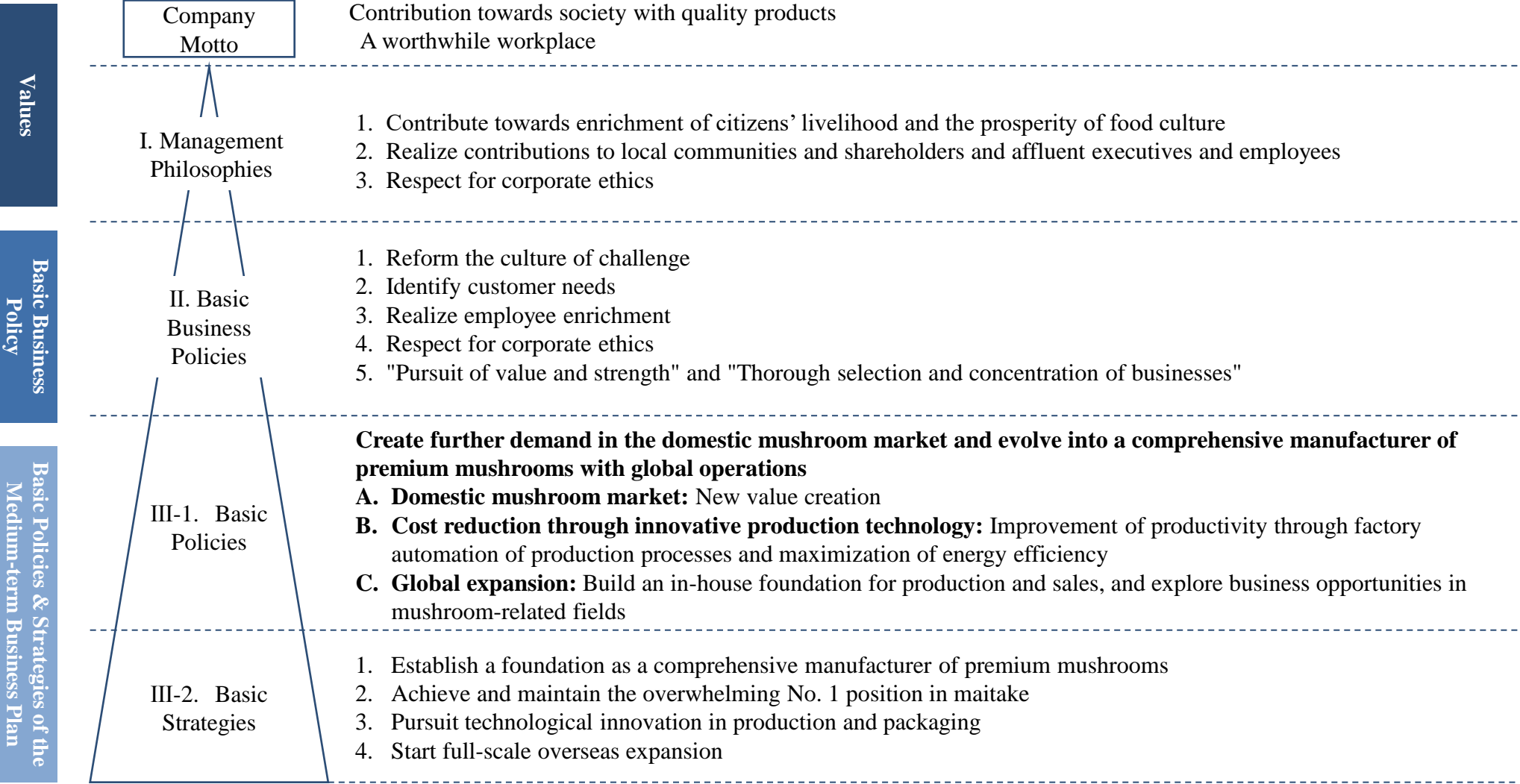
Medium- Term Business Plan for FYE March 31, 2022 to FYE March 31, 2026



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

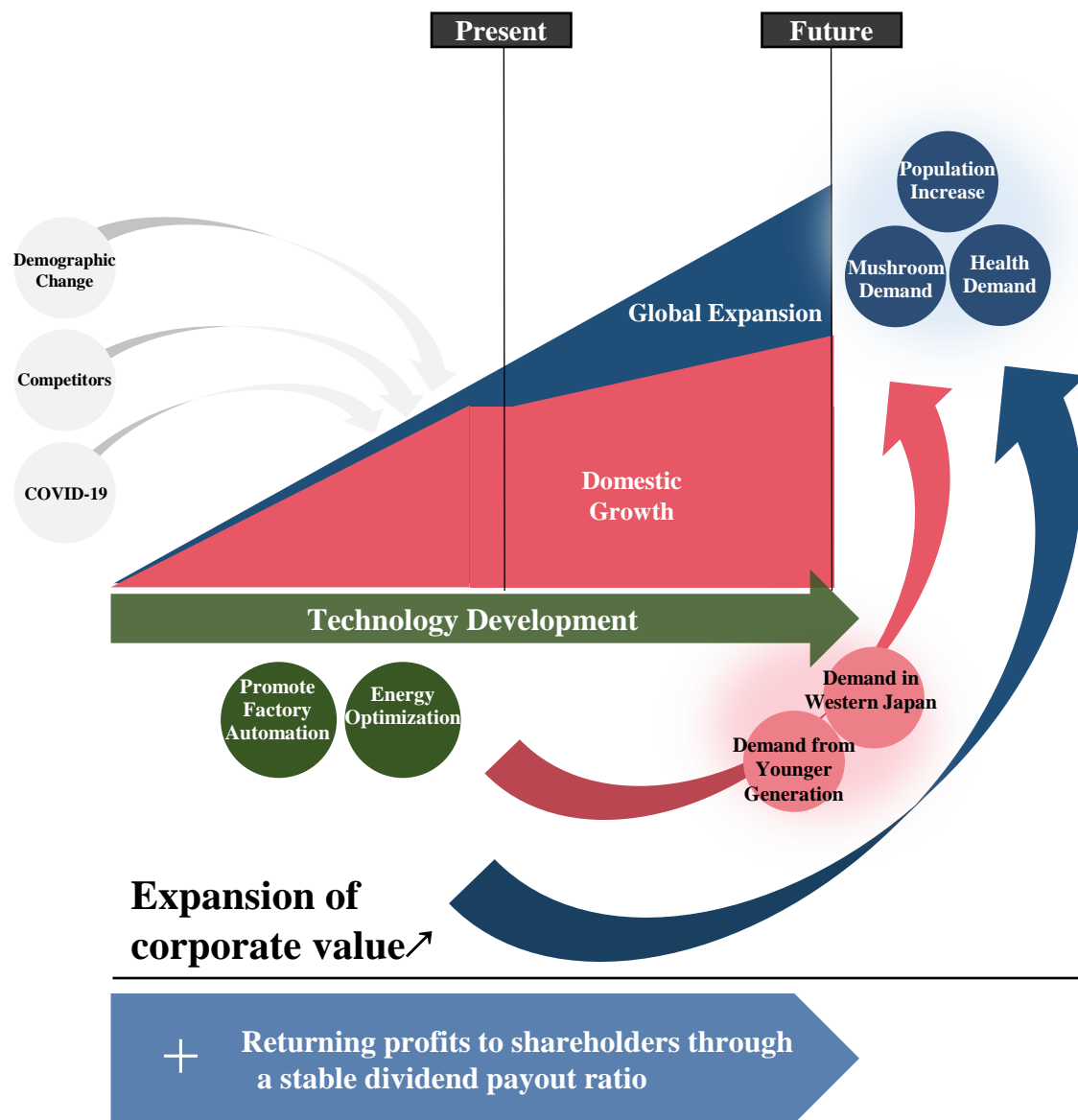




Medium- to Long-Term Corporate Value Expansion

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

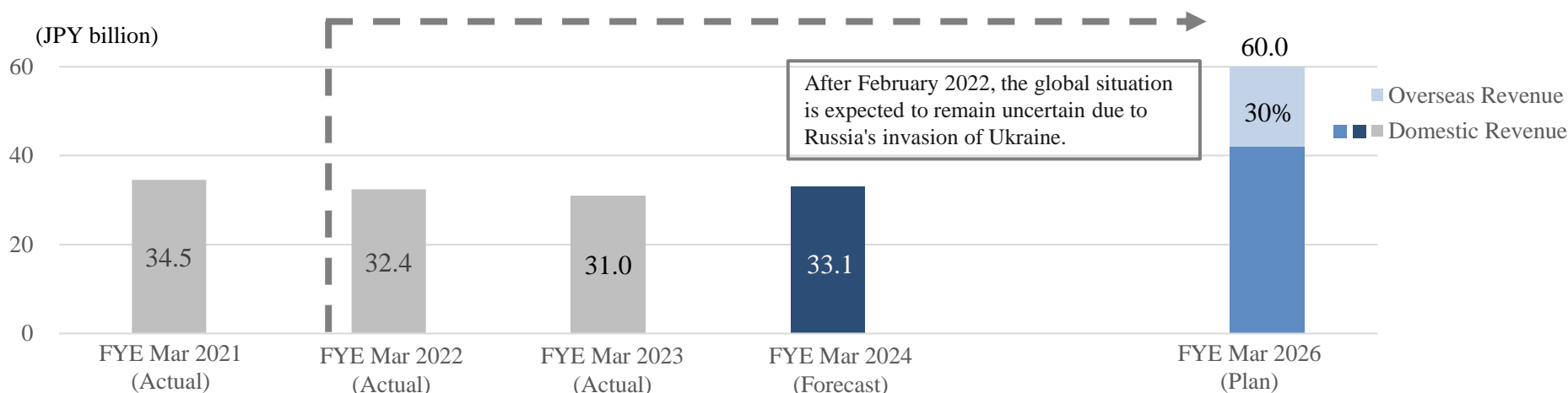
Aim for stable growth of the entire Group through the creation of new value in domestic business and full-scale global expansion.

	FYE Mar 2023 (Actual)	FYE Mar 2024 (Forecast)	FYE Mar 2026 (Plan)
1. Revenue	JPY 31.0 billion	JPY 33.1 billion	Around JPY 60.0 billion
2. Overseas Revenue Ratio ¹	—	—	Around 30%
3. Core EBITDA Margin ²	15.0%	9.6%	Around 20%
4. ROIC	5.0%	—	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



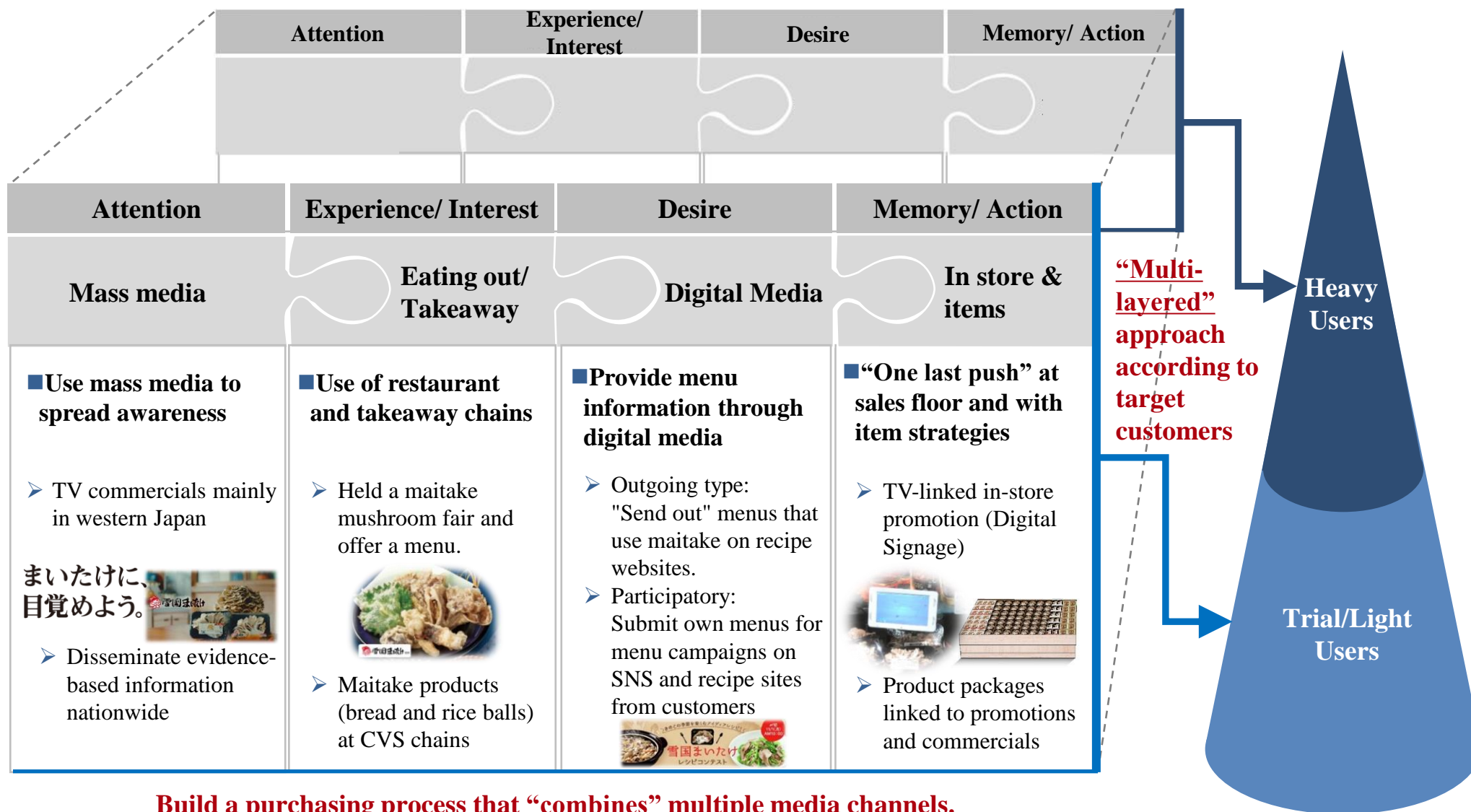
Core EBITDA margin	29.7%	23.3%	15.0%	9.6%	Around 20%
--------------------	-------	-------	-------	------	------------



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





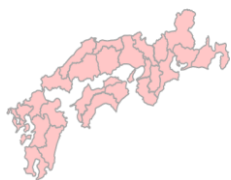
Basic Policy A: Domestic Mushroom Market (Maitake Business) 2

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.

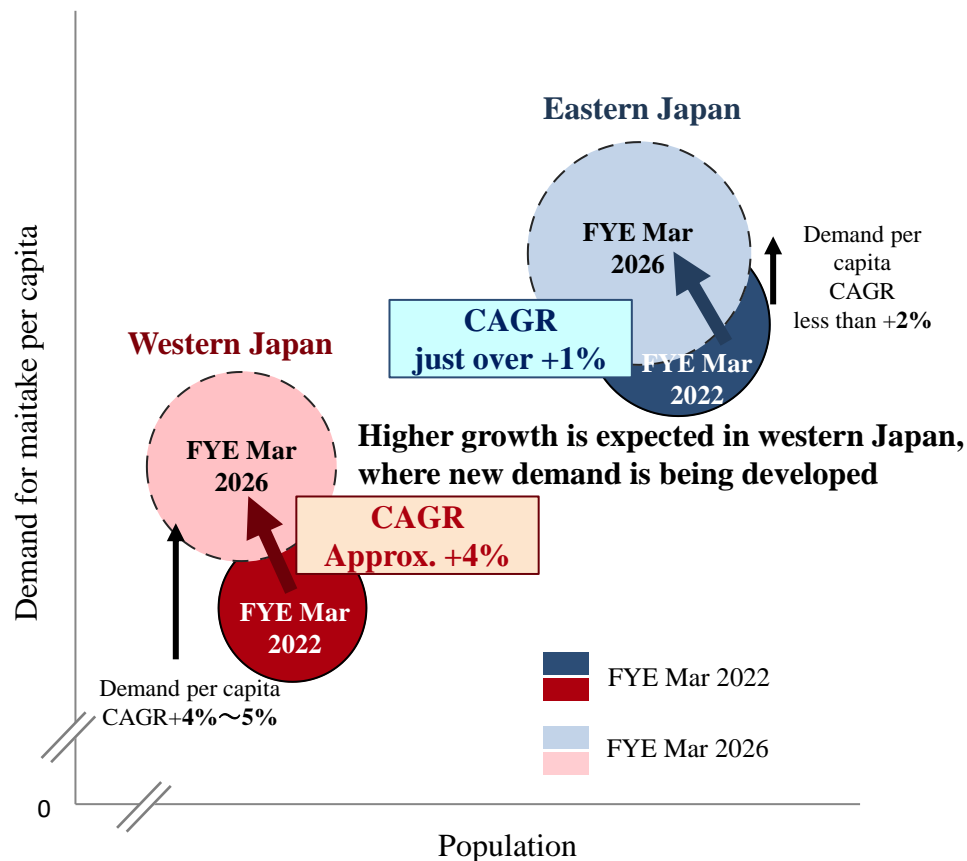
Image¹ of Change in Market Size of Maitake by East and West Area

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



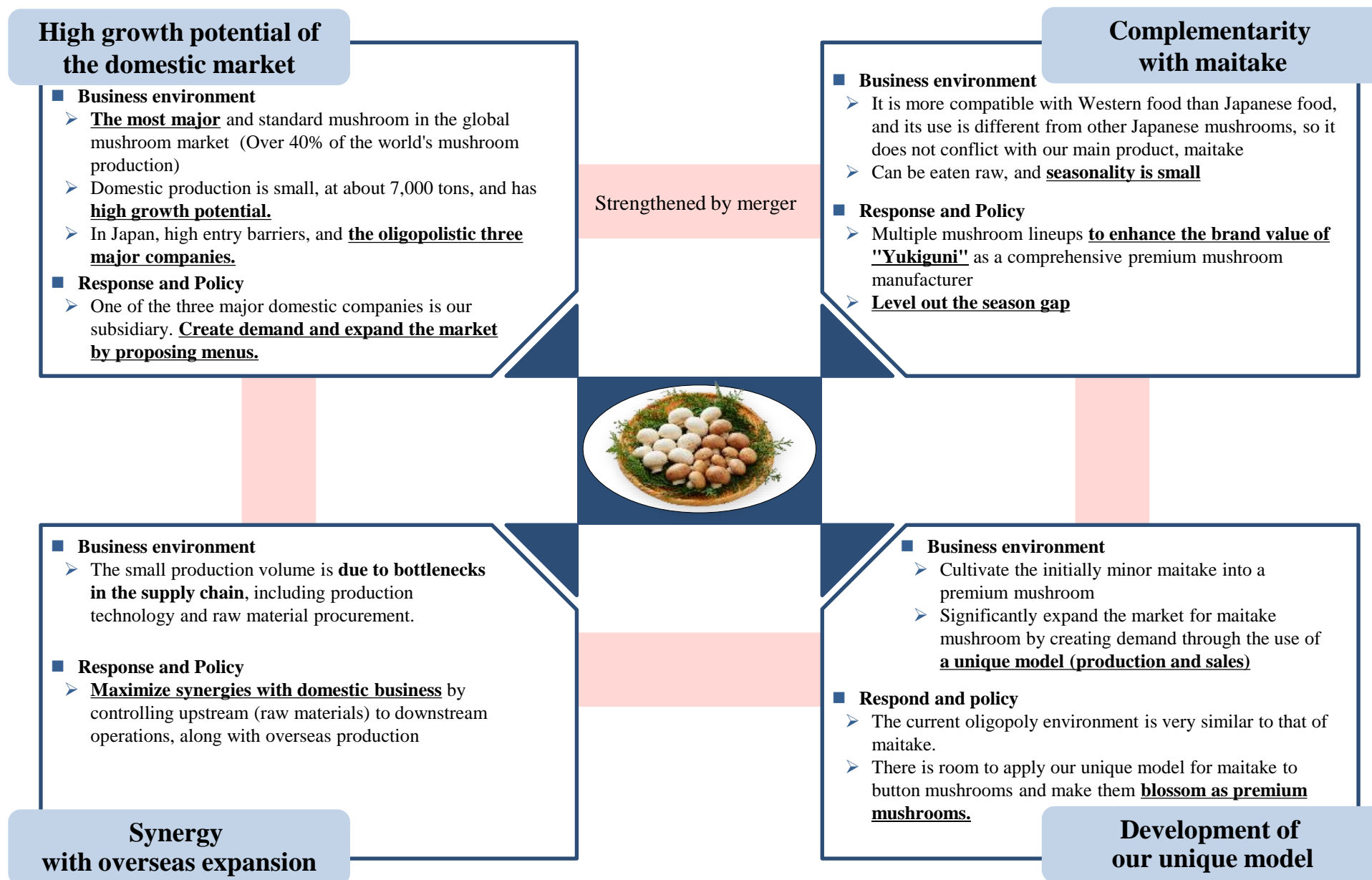
■ Further deepen and explore demand for maitake

- **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.





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

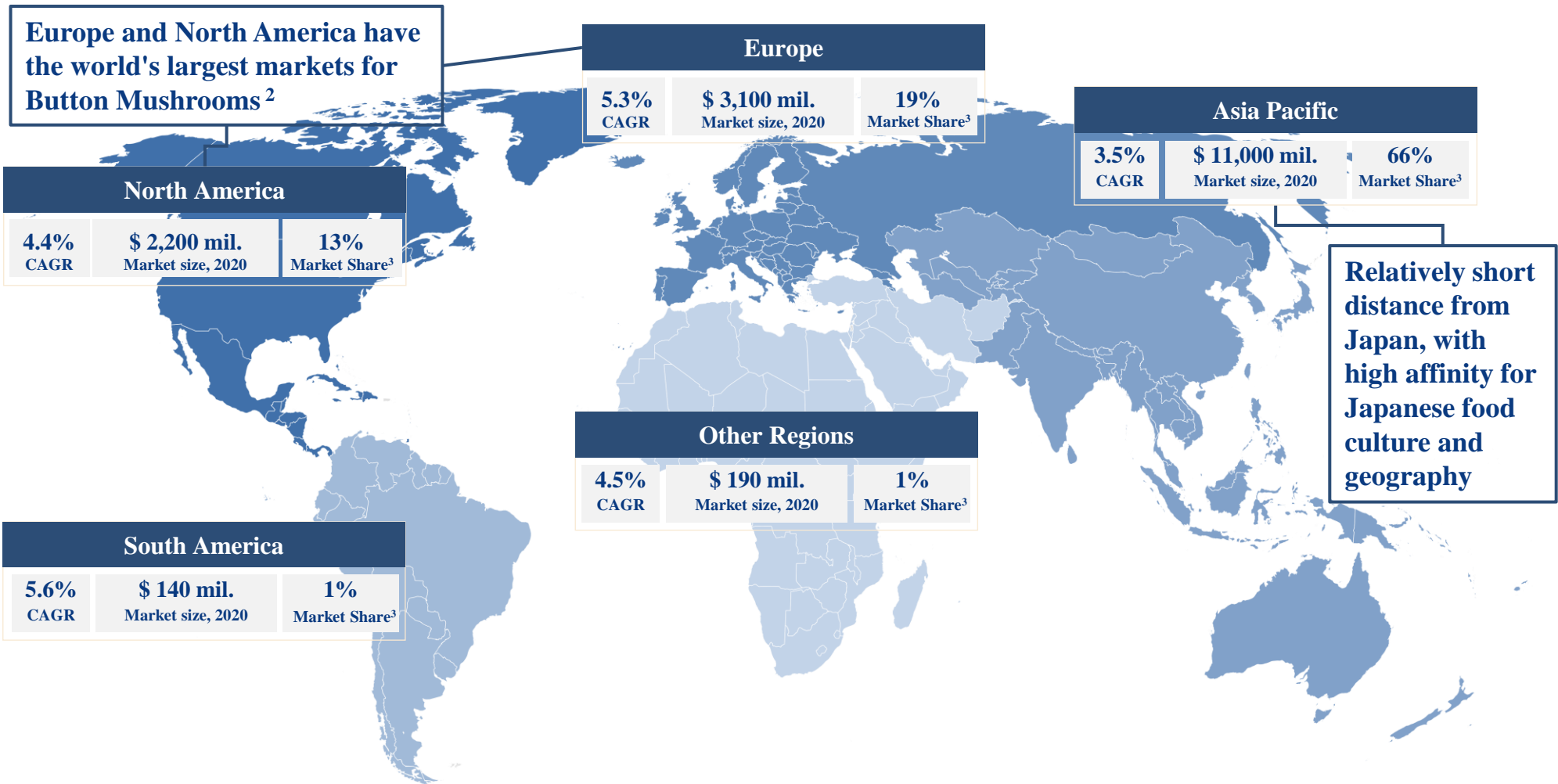
Maximize Energy Efficiency



- 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.

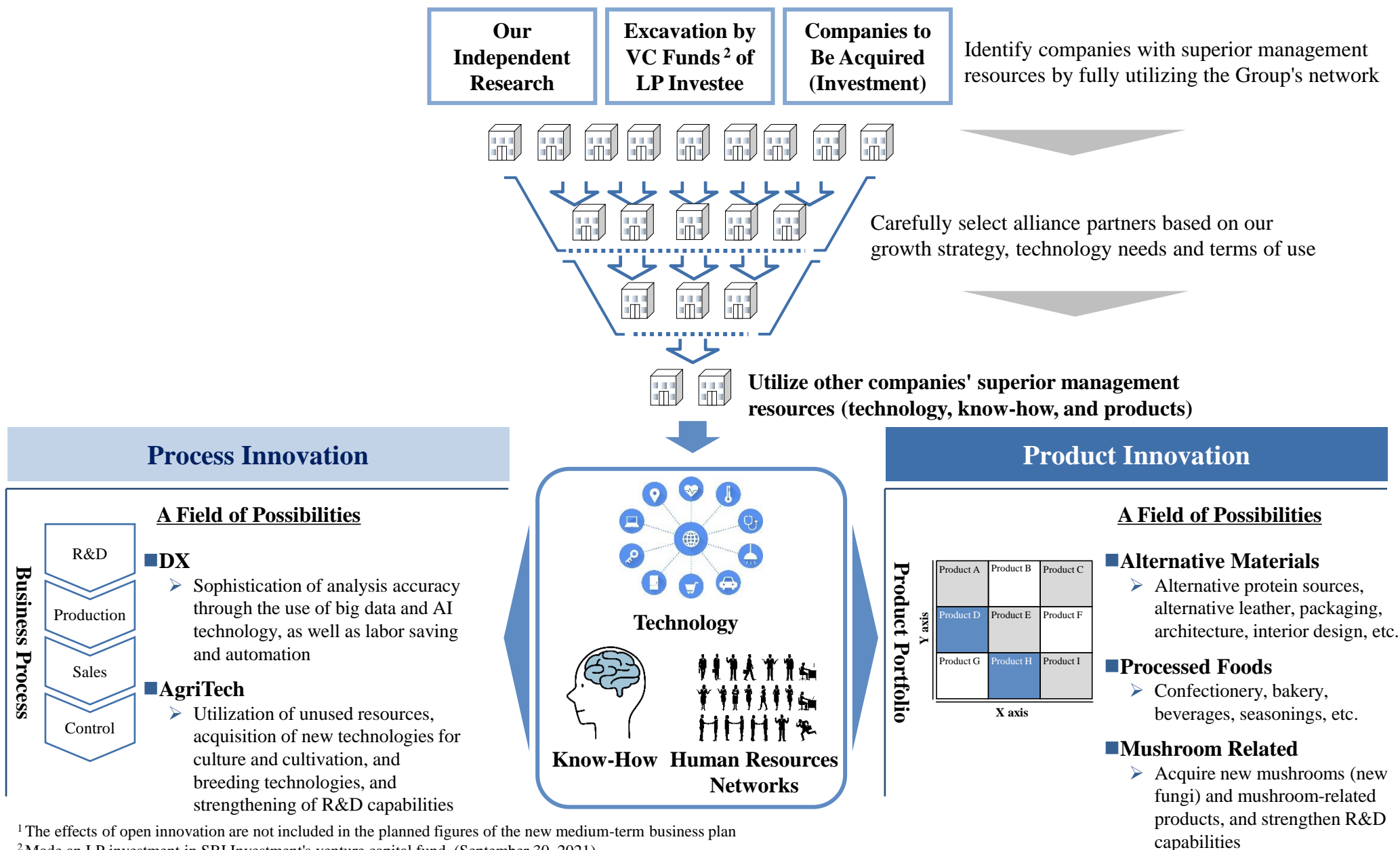
¹ Data from external research reports and our analysis

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.



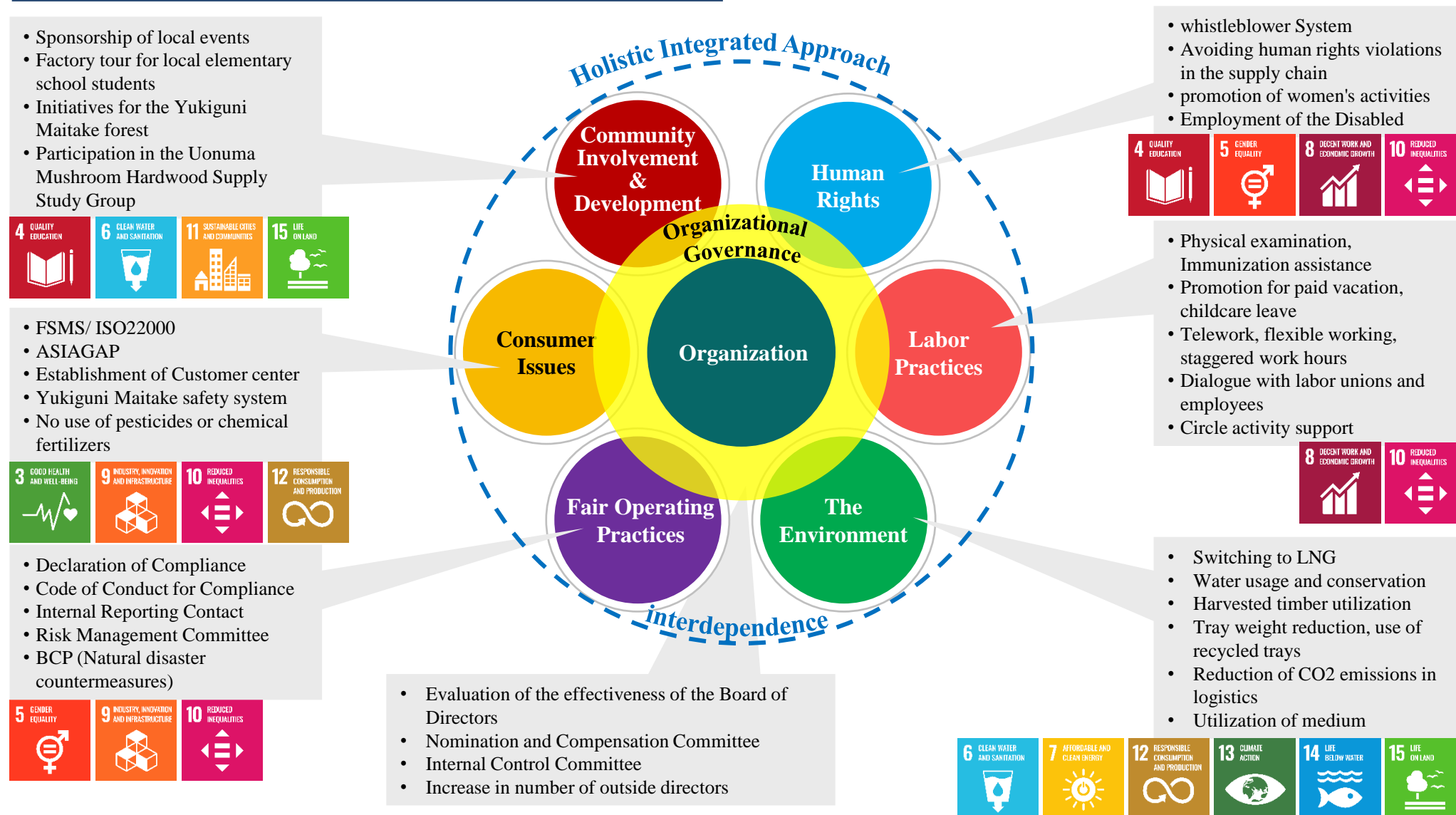
¹ The effects of open innovation are not included in the planned figures of the new medium-term business plan

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



4

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: 1,079, Part-time: 1,252 (as of March 31, 2023)
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.²



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

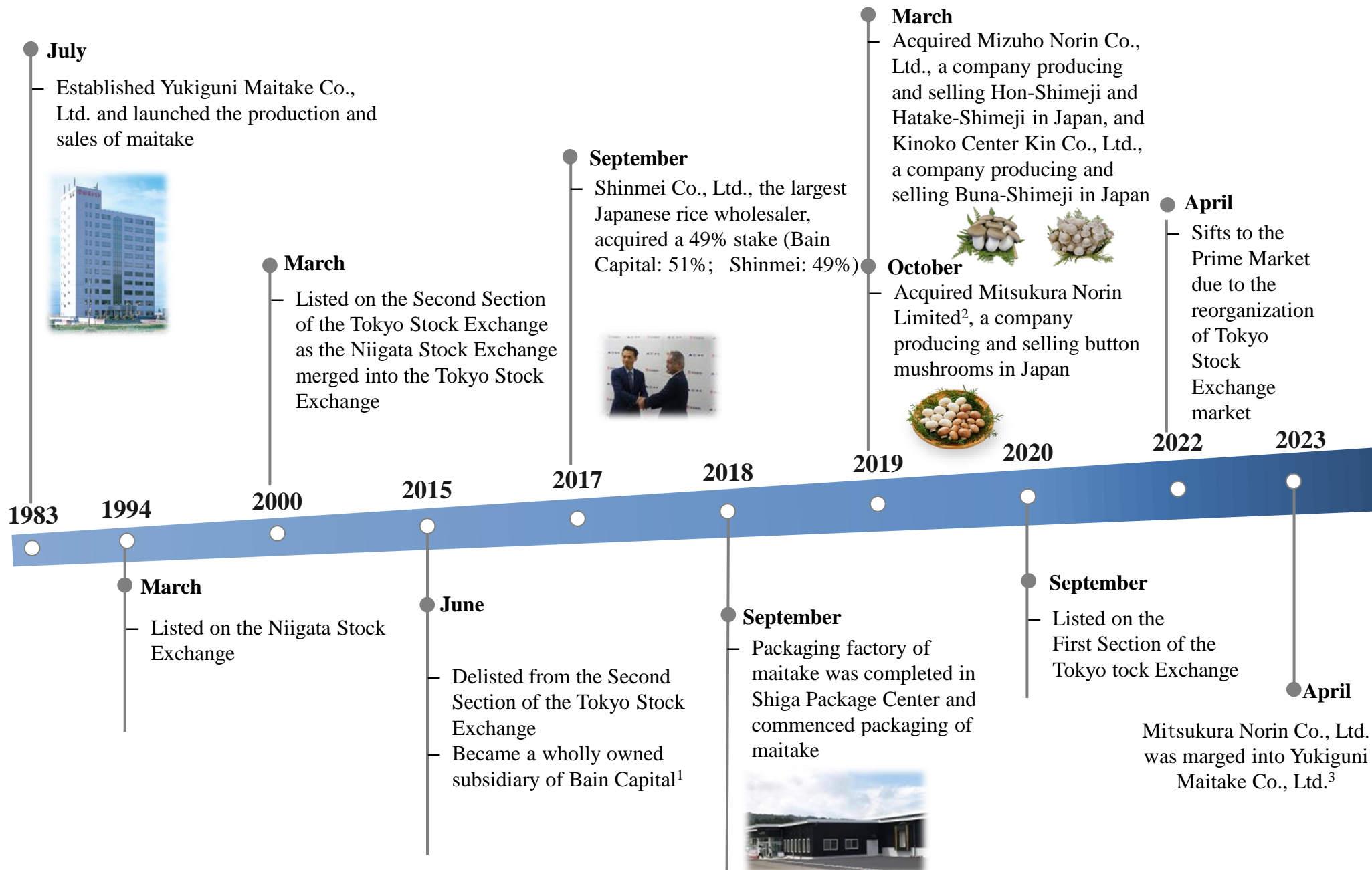


¹ The number of employees consists of the number of full-time employees (excluding those seconded from the Company to outside, including those seconded from outside to the Company) and the average number of part-time and employees over the previous one year (part-timers, temporary staff from human resources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

² Merged into Yukiguni Maitake Co., Ltd. effective April 1, 2023 and changed its name to Okayama Bio Center



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

³ Merged with Okayama Bio Center effective April 1, 2023 and changed its name to Okayama Bio Center.



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

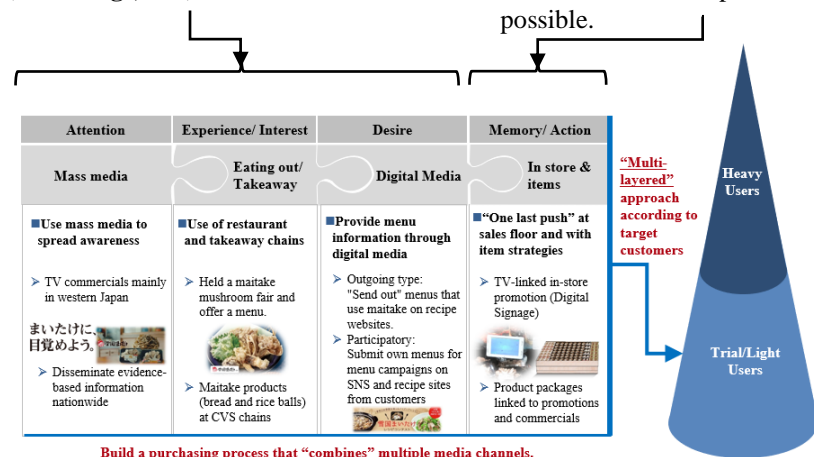
Detailed, three-dimensional marketing for different customer segments

- 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.

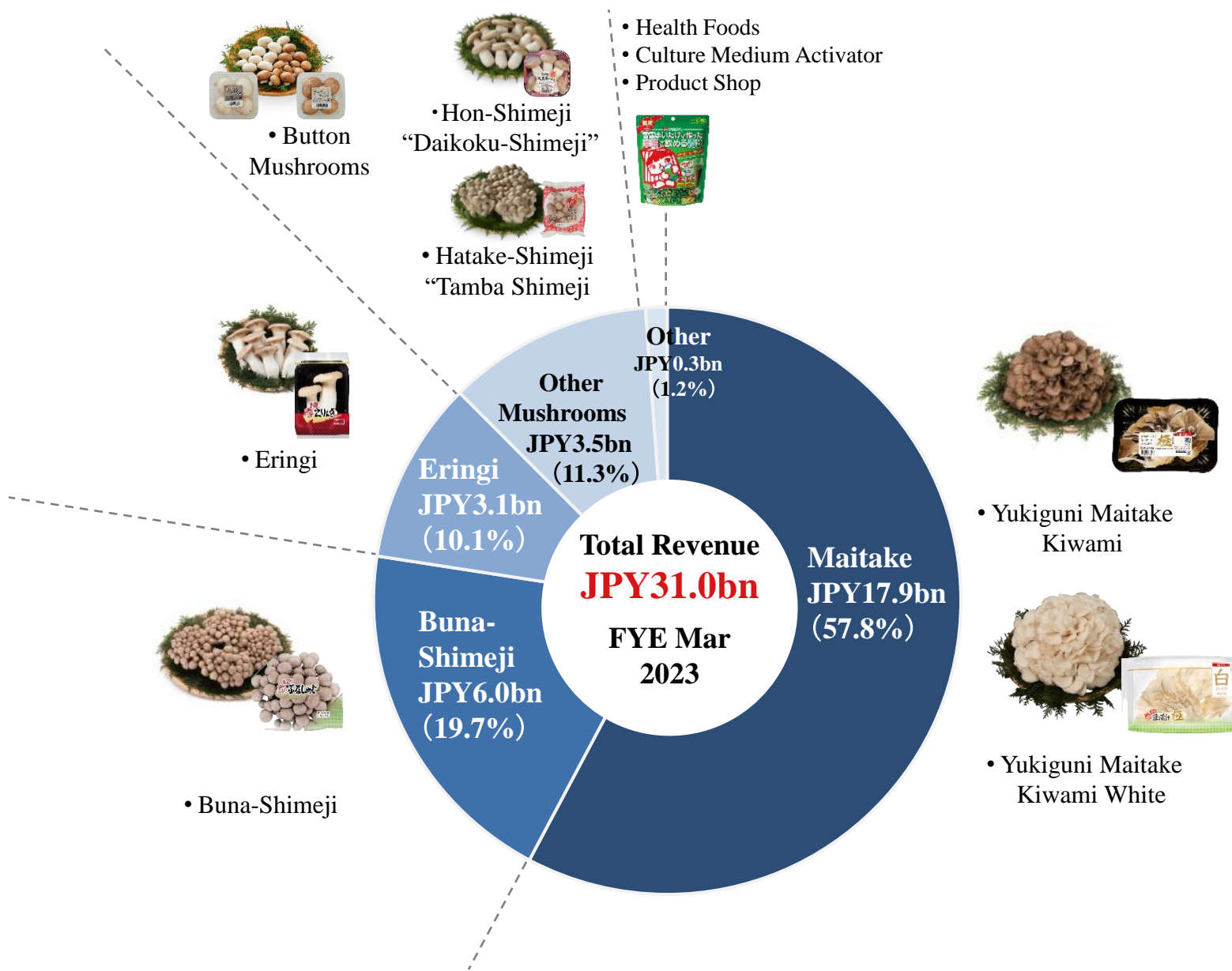




Main Products and Composition Ratio of Each Product to Sales Revenue

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



Button Mushrooms¹



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

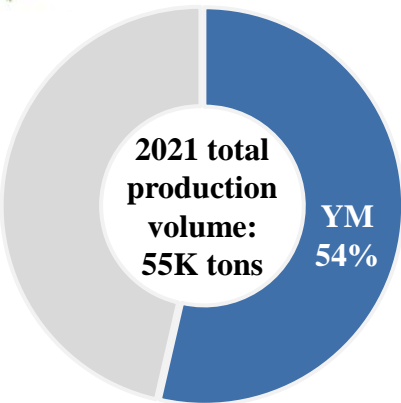


Mushroom Production Share of Yukiguni Maitake Group (YM)

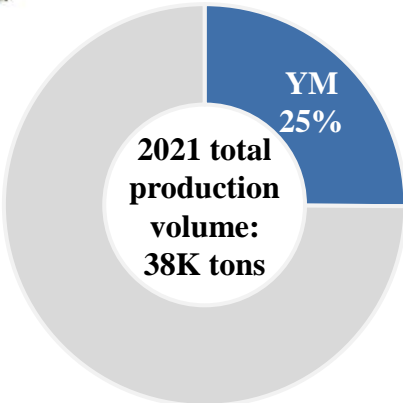
Our mushroom products including maitake have high shares in respective market.



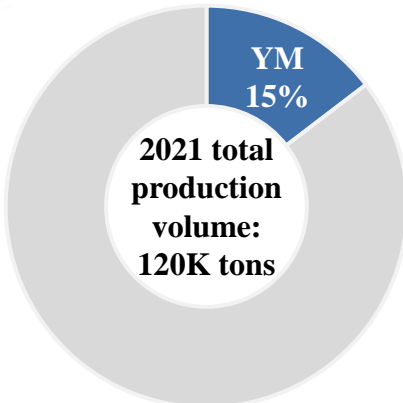
Maitake



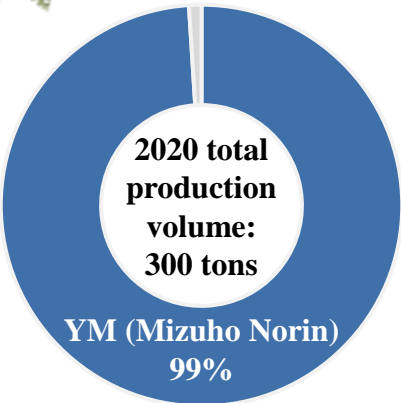
Eringi



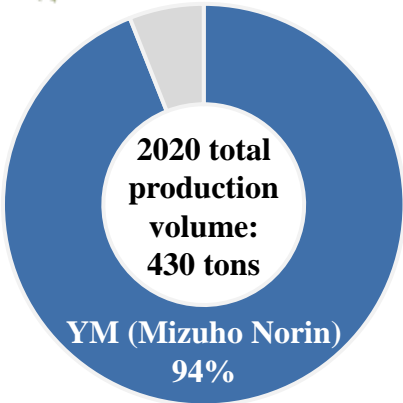
Buna-Shimeji



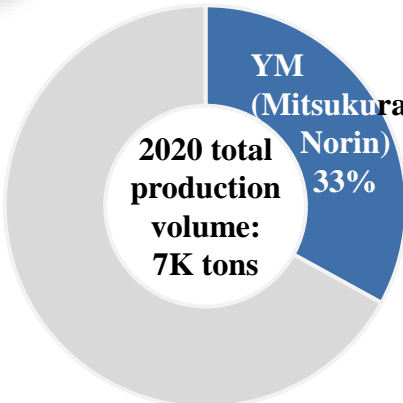
Hon-Shimeji



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”

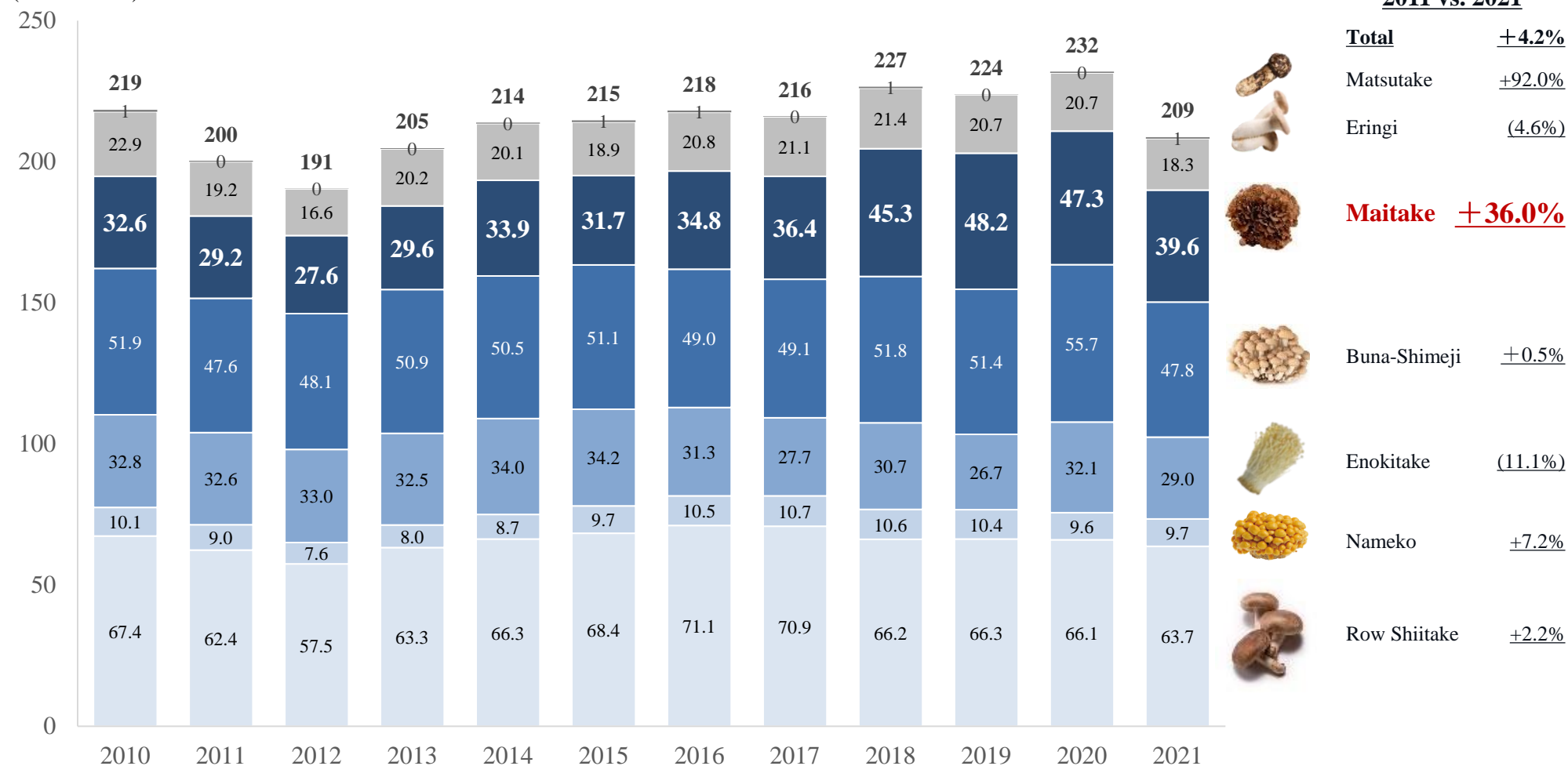


Breakdown of Major Mushroom Markets (by Market Size)

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.

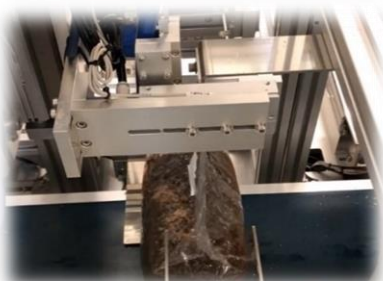
Stable production capacity / harvest / quality

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





Health Functionalities of Maitake

Focusing our efforts on the research to reveal the nutrients of Maitake that are expected to have high health functionalities. It also has a variety of functions, and its proteolytic enzyme flavor makes food taste even better.

Functionality of Maitake

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.

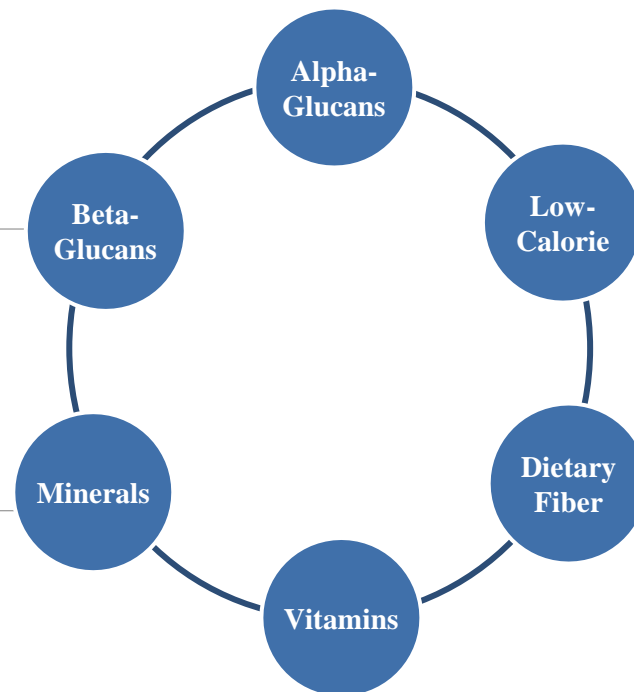
2 Wesa et al. 2015 Cancer Immunol Immunother 64: 237-247.

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)

Other Functionality

Tenderize meat with a little effort before cooking

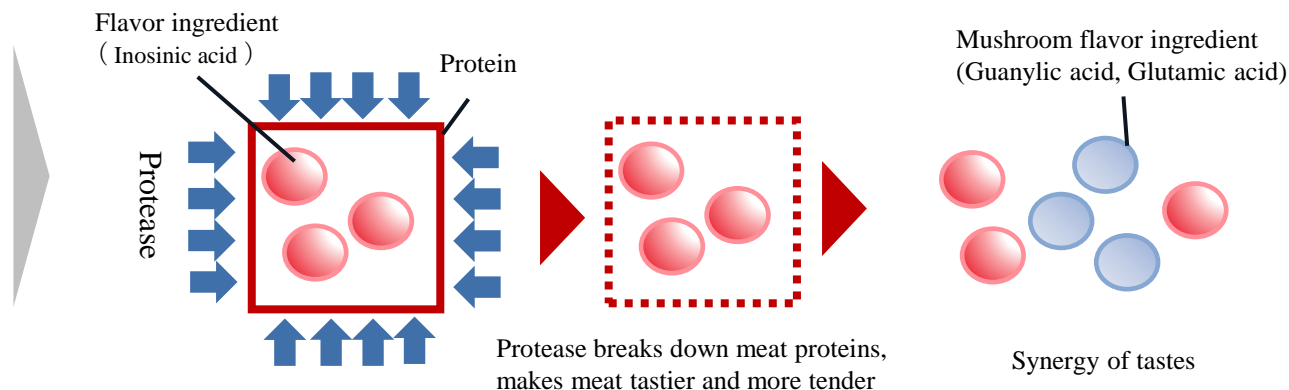
Proteolytic enzymes (proteases)

Proteolytic enzymes (proteases) break down proteins and tenderize meat.

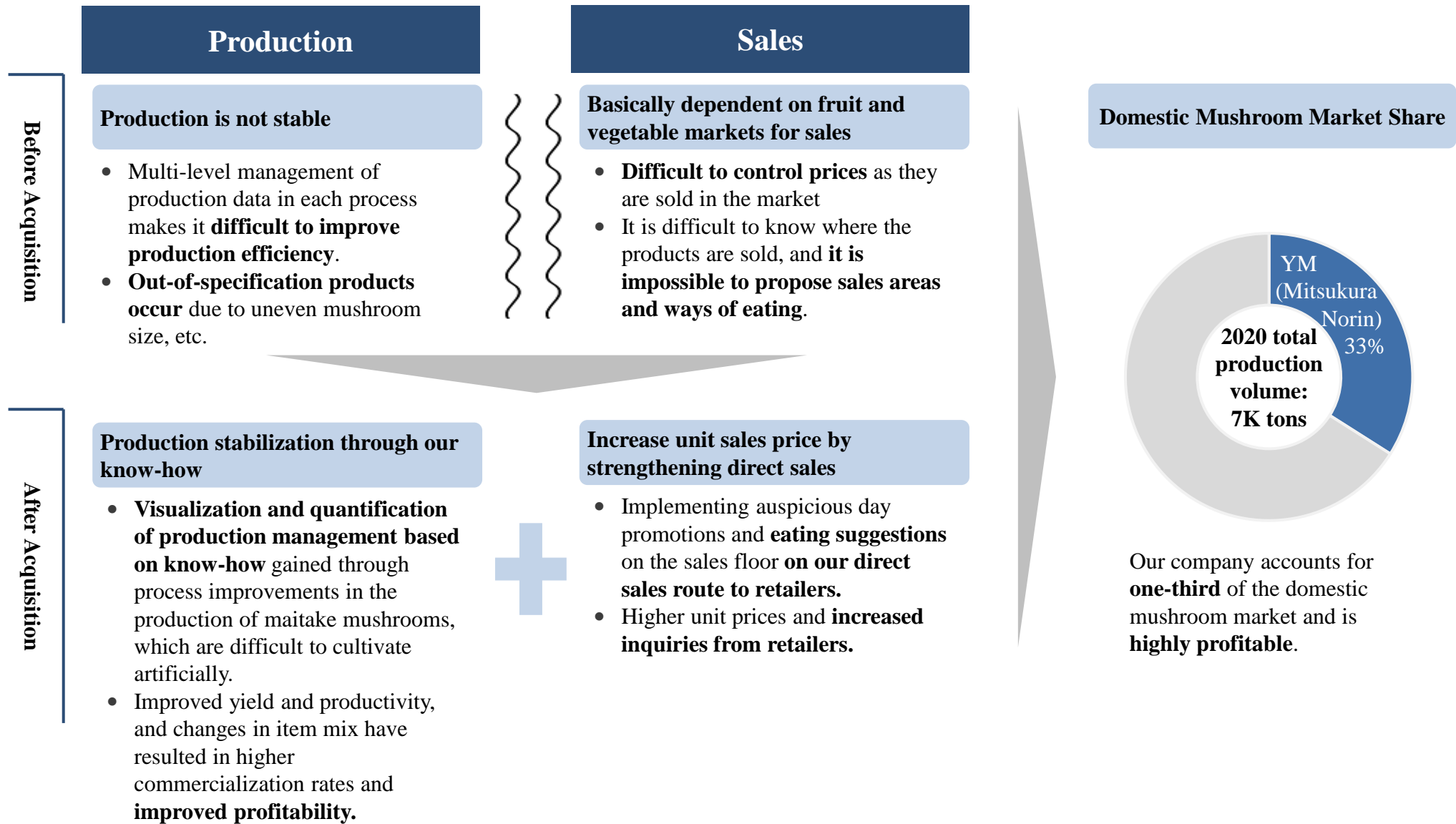
Synergistic effects of flavor

Guanylic acid and glutamic acid

Guanylic acid and glutamic acid are the main flavor ingredients of mushroom, and they combine with inosinic acid in meat to produce a synergistic effect of flavor. Adding this to regular dishes will further enhance the deliciousness of food.



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.

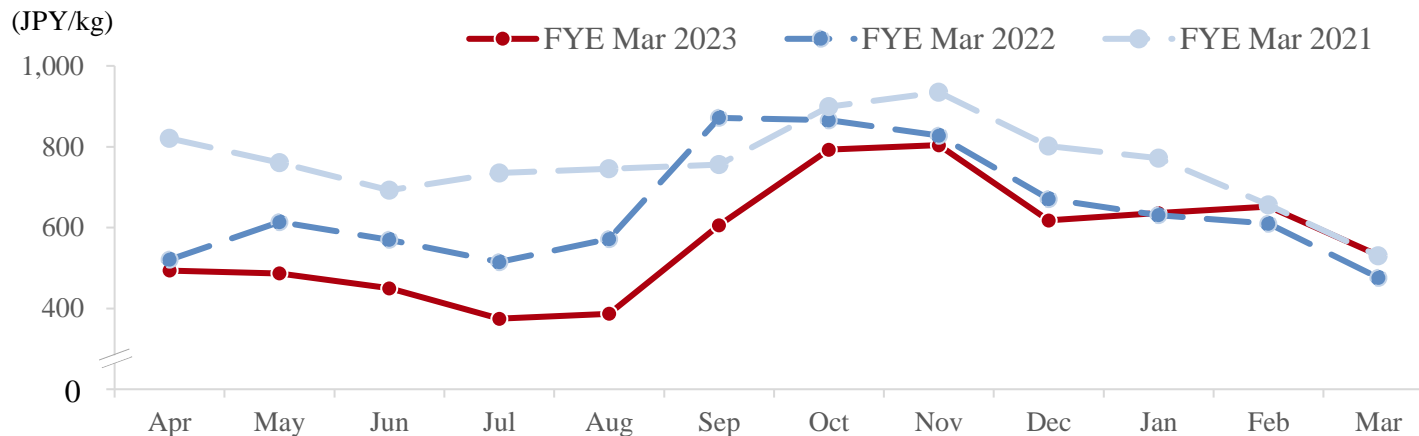


¹ Merged with Okayama Bio Center effective April 1, 2023 and changed its name to Okayama Bio Center.



Changes in Market Transaction Unit Price

Maitake



Weighted Average Unit Price (JPY)

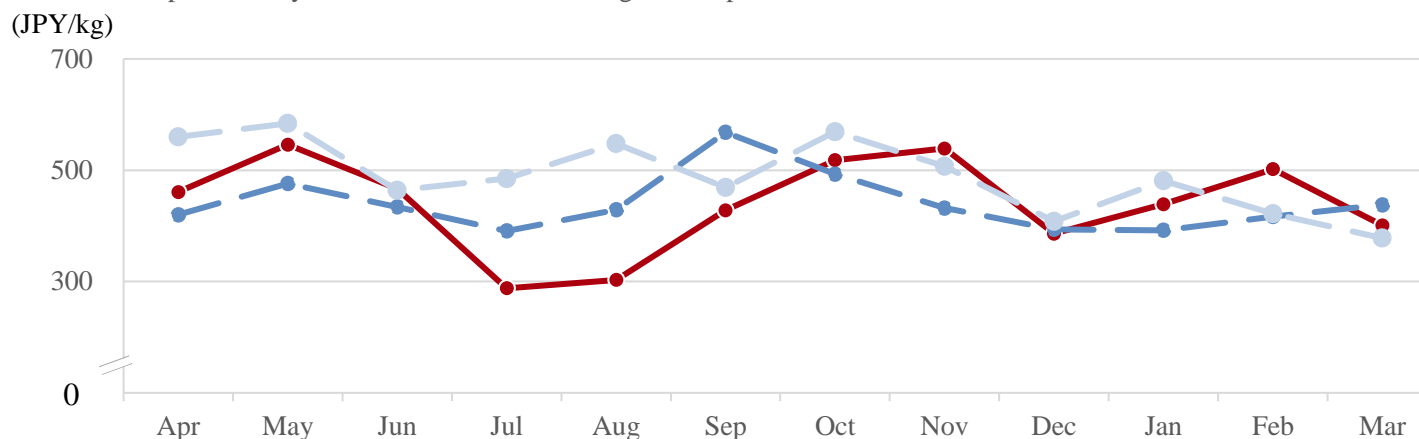
Year-round

FYE Mar 2023 582

FYE Mar 2022 647

FYE Mar 2021 762

Eringi



Weighted Average Unit Price (JPY)

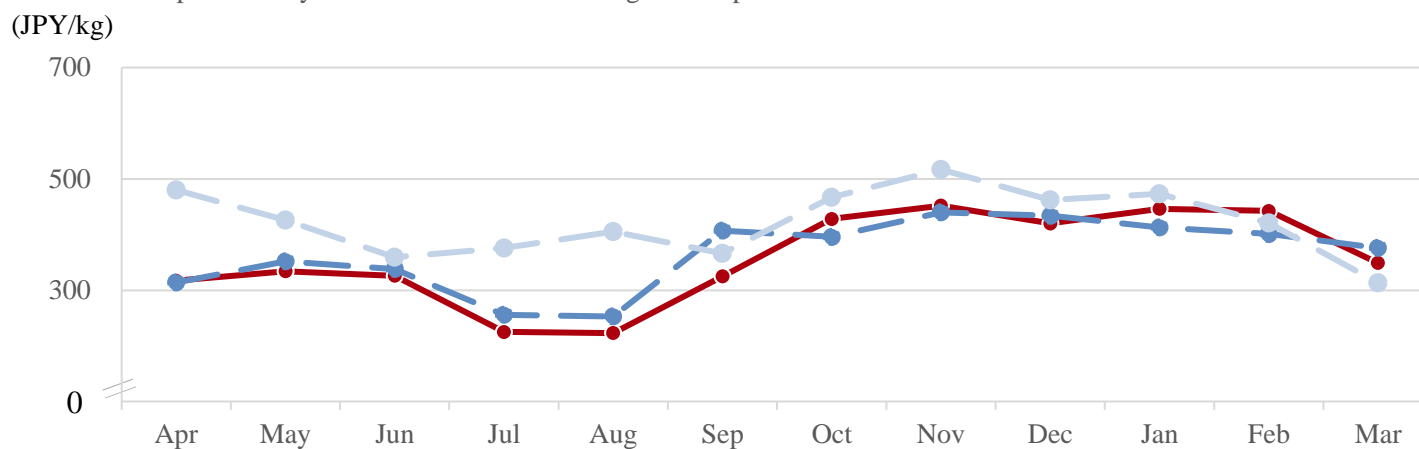
Year-round

FYE Mar 2023 434

FYE Mar 2022 439

FYE Mar 2021 486

Buna-Shimeji



Weighted Average Unit Price (JPY)

Year-round

FYE Mar 2023 363

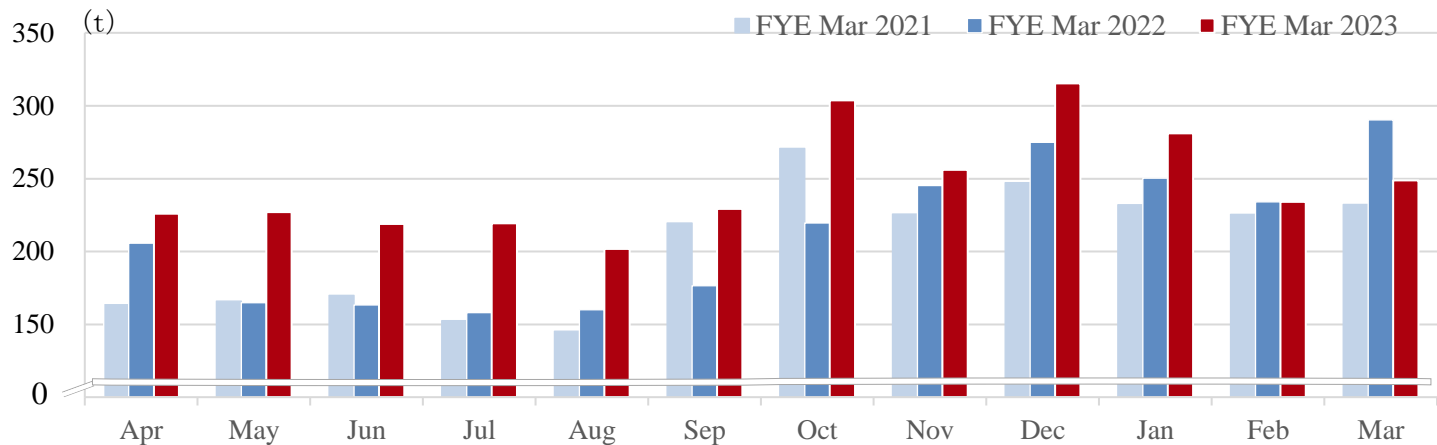
FYE Mar 2022 370

FYE Mar 2021 422



Changes in Market Sales Volume

Maitake

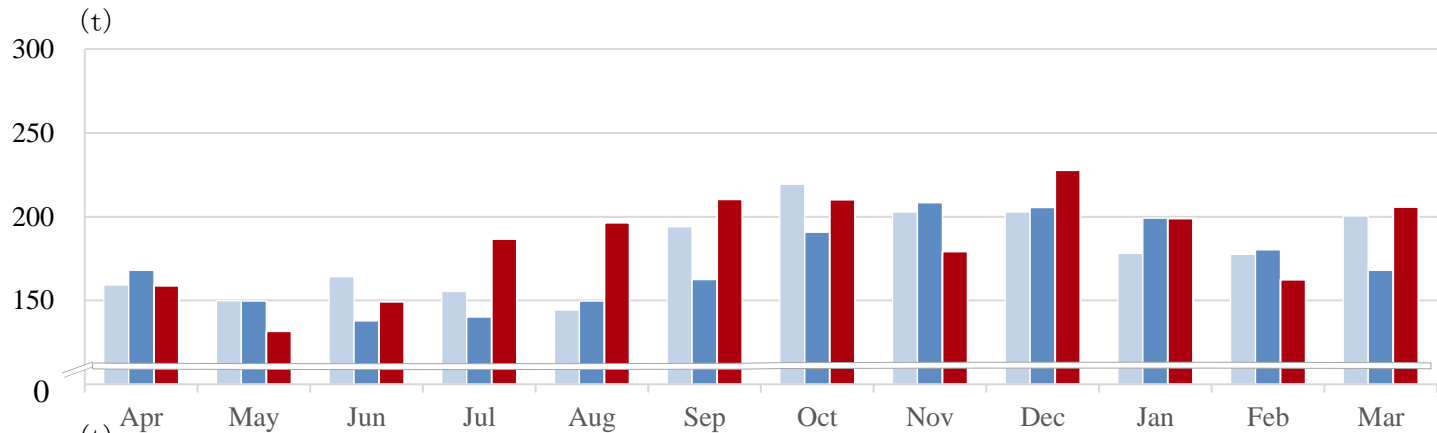


Sales Volume (t)

Year-round

FYE Mar 2023	3,016
FYE Mar 2022	2,543
FYE Mar 2021	2,452

Eringi

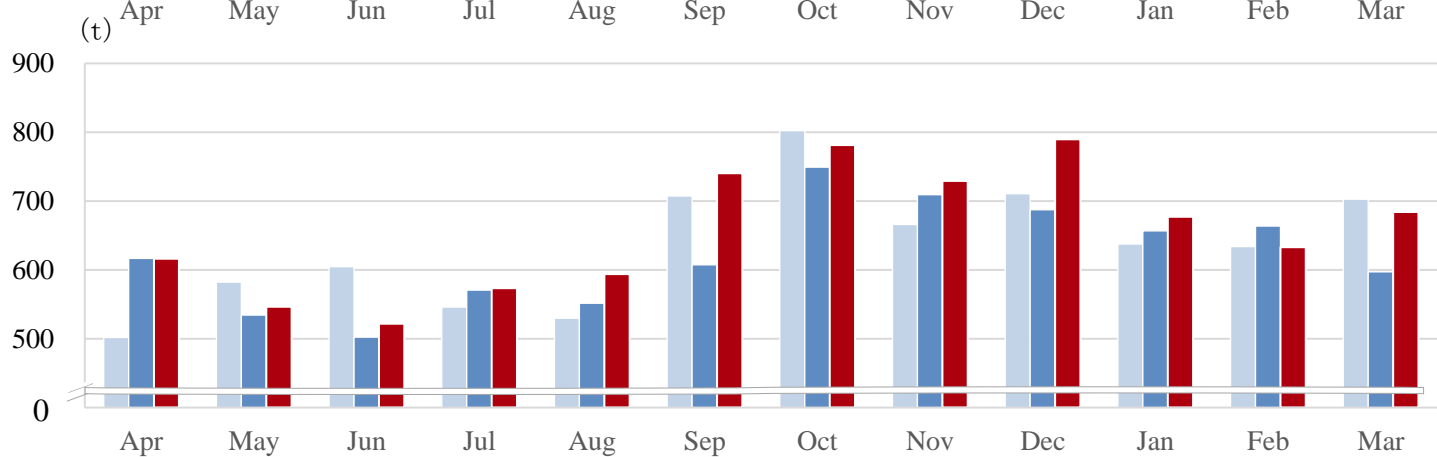


Sales Volume (t)

Year-round

FYE Mar 2023	2,217
FYE Mar 2022	2,060
FYE Mar 2021	2,148

Buna-Shimeji



Sales Volume (t)

Year-round

FYE Mar 2023	7,887
FYE Mar 2022	7,448
FYE Mar 2021	7,626





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



雪国マイタケ

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



Dividend policy

Aiming to increase corporate value by securing funds for investments necessary for medium-term growth, while reducing dividends in light of recent business performance and cash flow conditions.

FYE Mar 2023	Dividends (DPS)	Annual DPS	JPY 20.00
		Interim DPS	JPY 14.00
		Year-End DPS	JPY 6.00
	Dividends Payout Ratio		67.5%
FYE Mar 2024 (Forecast)	Dividend per share	Annual DPS	JPY 2.00
		Interim DPS	JPY 1.00
		Year-End DPS	JPY 1.00
	Dividends Payout Ratio		65.4%

Our Cash Allocation Policy

『 Achieve a balance between increasing corporate value through growth investments and sustainable shareholder returns 』

- **Execution of strategies and necessary investments to increase corporate value**
 - ✓ Necessary investments to further improve efficiency of existing businesses
 - ✓ Investments to realize non-existing areas (overseas inorganic, new businesses)
- **Sustainable shareholder returns**
 - ✓ Consideration of cash flow after required investments, contractual repayments for borrowings and net income
 - ✓ Dividend levels for each fiscal year are set based on the dividends payout ratio (30% or more) at the time the current medium-term business plan was formulated
 - ✓ Aiming to further return profit to shareholders by increasing corporate value in the medium term



Shareholder Benefit Program

Expanded shareholder benefits starting from the fiscal year ended March 31, 2023, and will continue to return profit to shareholders in the same manner in the current fiscal year.

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 ¹	Depending on the number of shares held, the following sets of the Company's products ¹ will be presented.		
				
		Equivalent to JPY 3,000	Equivalent to JPY 5,000	Equivalent to JPY 7,000
	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.		
		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