雪国まいたけ

Yukiguni Maitake Co., Ltd.

Financial Results for 1st Quarter of Fiscal Year Ending March 2022

August 5, 2021

Tokyo Stock Exchange, First Section：1375

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(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 1Q of FYE March 2022

Summary of Financial Results for 1st Quarter of Fiscal Year Ending March 2022

- **In this 1Q, although Revenue and Operating Profit underperformed year-on-year, the results were almost in line with our forecast due to appropriate measures and responses**

External Environment

- In this 1Q, consumer sentiment cooled due to the prolonged declaration of emergency due to the COVID-19, and consumers continued to be frugal
- Loss of the tailwind effect of nesting demands that existed in the 1Q of the previous fiscal year
- Rise in crude oil prices

Our Response

- Proposed a menu of maitake through a collaboration with a major seasoning manufacturer
- Proposed a sales floor for maitake using TV publicity
- Conducted sales promotion activities for mushrooms in conjunction with events such as Mother's Day and Father's Day
- Introduced a switch from heavy oil to LNG at some bio-centers

Summary of 1st Quarter

		vs Forecast
• **Revenue JPY 6.58 billion**	YoY - JPY 0.88 billion (*-11.8%*)	Slightly below, but mostly in line with our forecast
• **Operating Profit JPY 0.2 billion**	YoY - JPY 0.7 billion (*-77.9%*)	Exceeding our forecast

Consolidated Statements of Income (1st Quarter)

- **In this 1Q, Revenue and Operating Profit decreased compared to the 1Q FYE March 2021, when there was a tailwind from nesting demand, but Operating Profit was almost flat compared to the 1Q FYE March 2020, excluding the impact of Other Income**

	1Q FYE March 2022	1Q FYE March 2020			1Q FYE March 2021		
			Change			Change	
(JPY million)	**Actual**	Actual	Amount	%	Actual	Amount	%
Revenue	**6,587**	7,093	(505)	*(7.1%)*	7,470	(883)	*(11.8%)*
Gains Arising from Changes in Fair Value	**2,350**	2,579	(228)	*(8.9%)*	3,153	(802)	*(25.4%)*
Total Income	**8,938**	9,672	(734)	*(7.6%)*	10,624	(1,685)	*(15.9%)*
Material Costs, Labor Costs, etc.	**4,282**	4,341	(59)	*(1.4%)*	4,122	+159	*+3.9%*
Gains Arising from Changes in Fair Value	**2,622**	3,071	(448)	*(14.6%)*	3,605	(982)	*(27.3%)*
Cost of Sales	**6,904**	7,412	(508)	*(6.9%)*	7,728	(823)	*(10.7%)*
Gross Profit	**2,033**	2,260	(226)	*(10.0%)*	2,895	(861)	*(29.8%)*
SG&A Expenses	**1,826**	1,990	(164)	*(8.3%)*	1,909	(82)	*(4.3%)*
Other Income	**11**	209	(198)	*(94.5%)*	16	(5)	*(32.1%)*
Other Expenses	**17**	49	(31)	*(64.3%)*	94	(76)	*(81.3%)*
Operating Profit	**201**	**429**	(228)	*(53.1%)*	909	(708)	*(77.9%)*
vs Revenue	***3.1%***	*6.1%*			*12.2%*	–	–
vs Total Income	***2.3%***	*4.4%*			*8.6%*	–	–
Profit before Tax	**97**	269	(171)	*(63.7%)*	775	(678)	*(87.4%)*
Profit Attributable to Owners of Parent	**54**	151	(97)	*(64.1%)*	487	(433)	*(88.8%)*
[Reference]							
Adjusted Operating Profit *	**201**	474	(273)	*(57.6%)*	1,007	(805)	*(80.0%)*
Adjusted EBITDA *	**683**	893	(210)	*(23.5%)*	1,473	(790)	*(53.6%)*
Adjusted Profit *	**87**	218	(130)	*(59.7%)*	591	(503)	*(85.1%)*

Includes JPY 195 million gain on sales of fixed assets

Note: Adjusted Operating Profit = Operating Profit + Management Fees[1] + Listing-Related Expenses[2]
Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization
Adjusted Profit = Profit + Management Fees[1] + Listing-Related Expenses[2] + Refinance-Related Gains/Losses[3] + Tax Adjustments

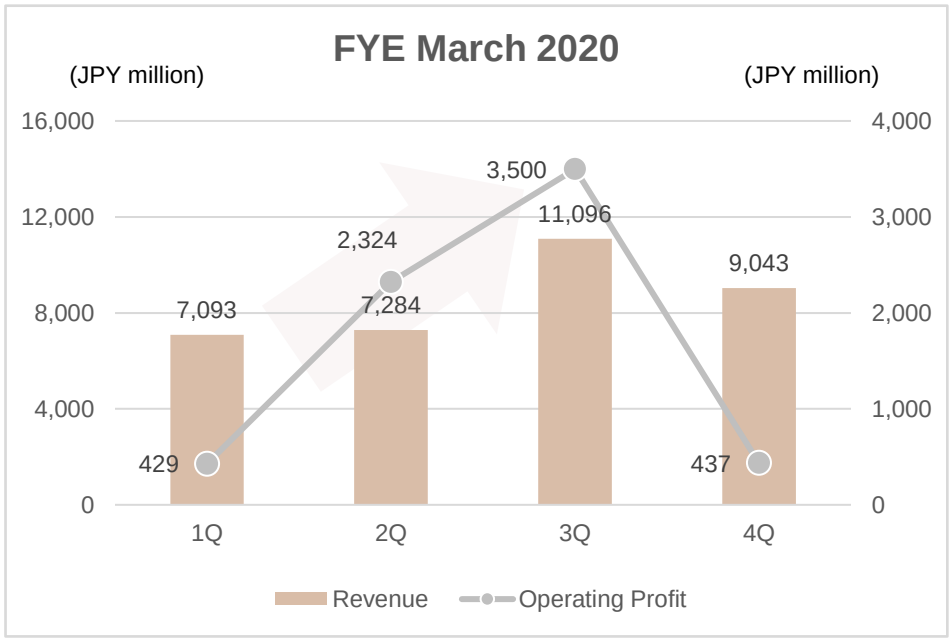
1 Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.

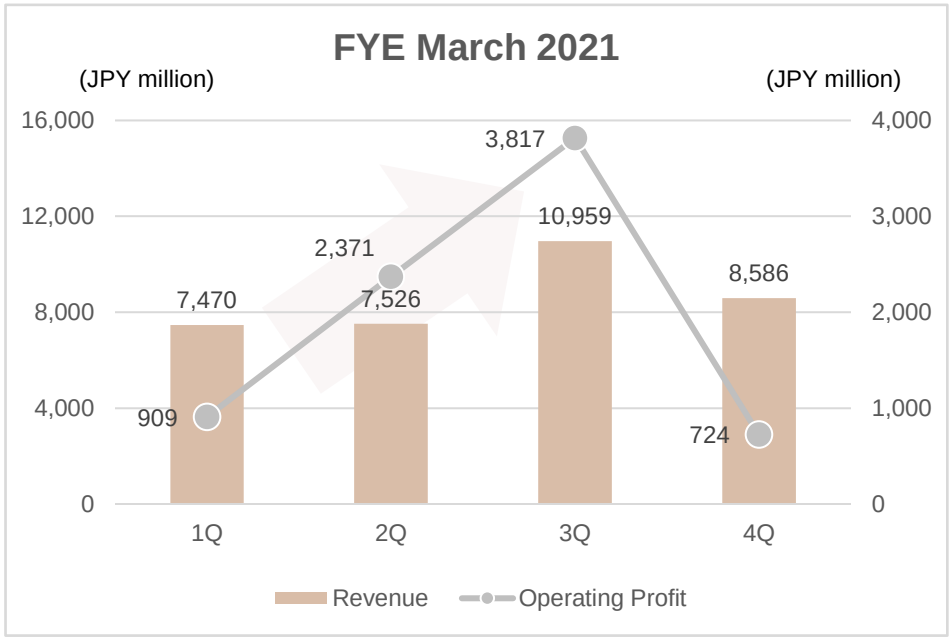
2 Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger,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

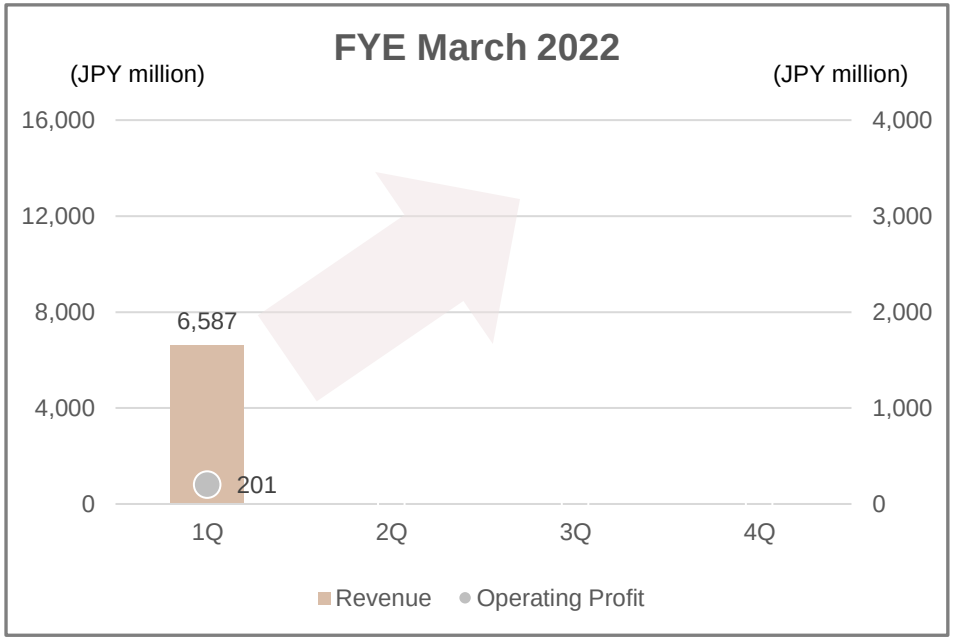
3 Refinancing-Related Gains/Losses are advisory expenses that were temporarily incurred in connection with refinancing carried out after the Company was closed to the public. These expenses are offset by temporary gains that were incurred due to the decline in contract interest rates associated with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

Consolidated Operating Results (Quarterly Trends)

- **Based on the trends of the past two fiscal years, Revenue and Operating Profit tend to rise towards the 3rd Quarter**

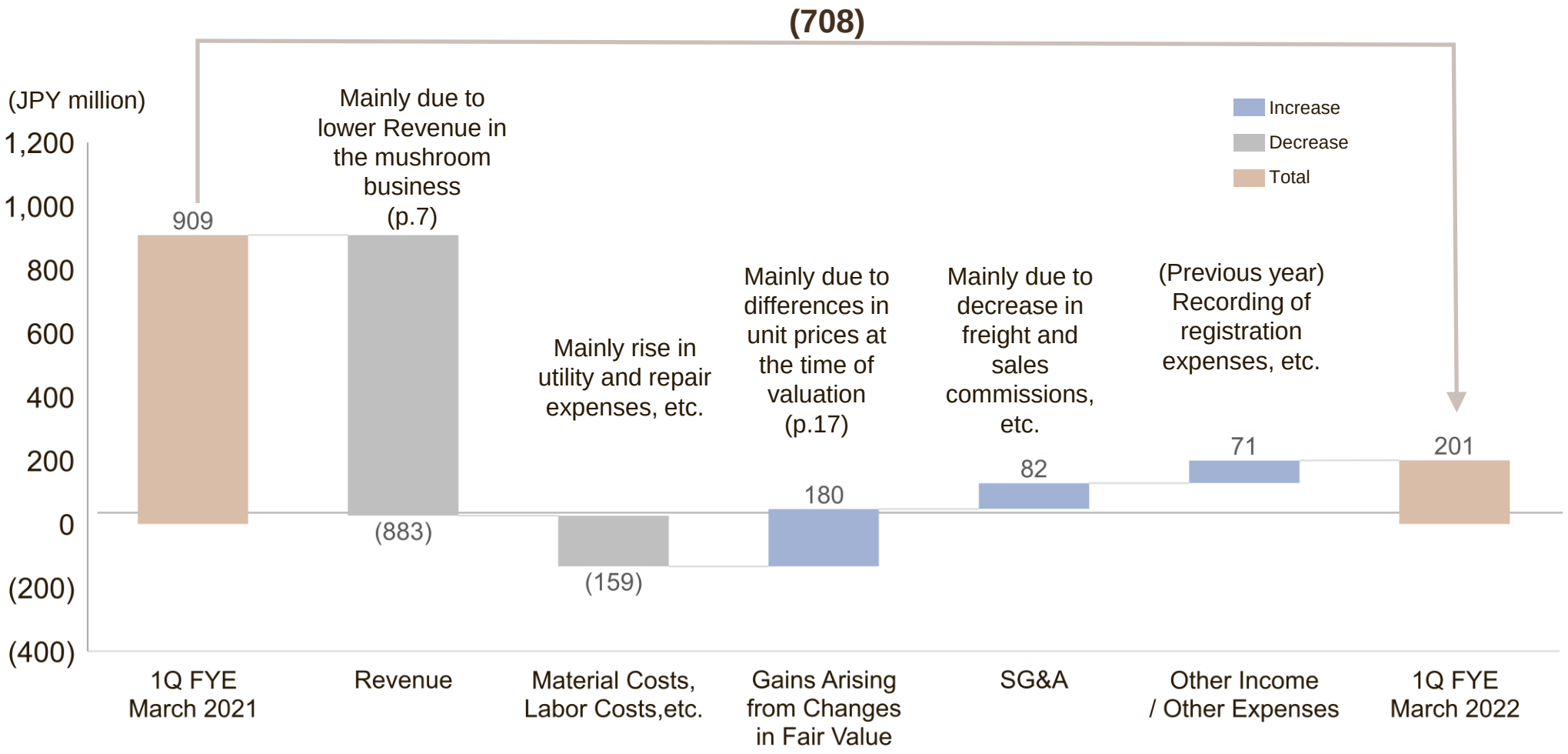






Analysis of Quarterly Operating Profit (Year-on-Year)

- **The main reasons for the decrease in operating income were lower Revenue in the mushroom business and higher utility and repair expenses**



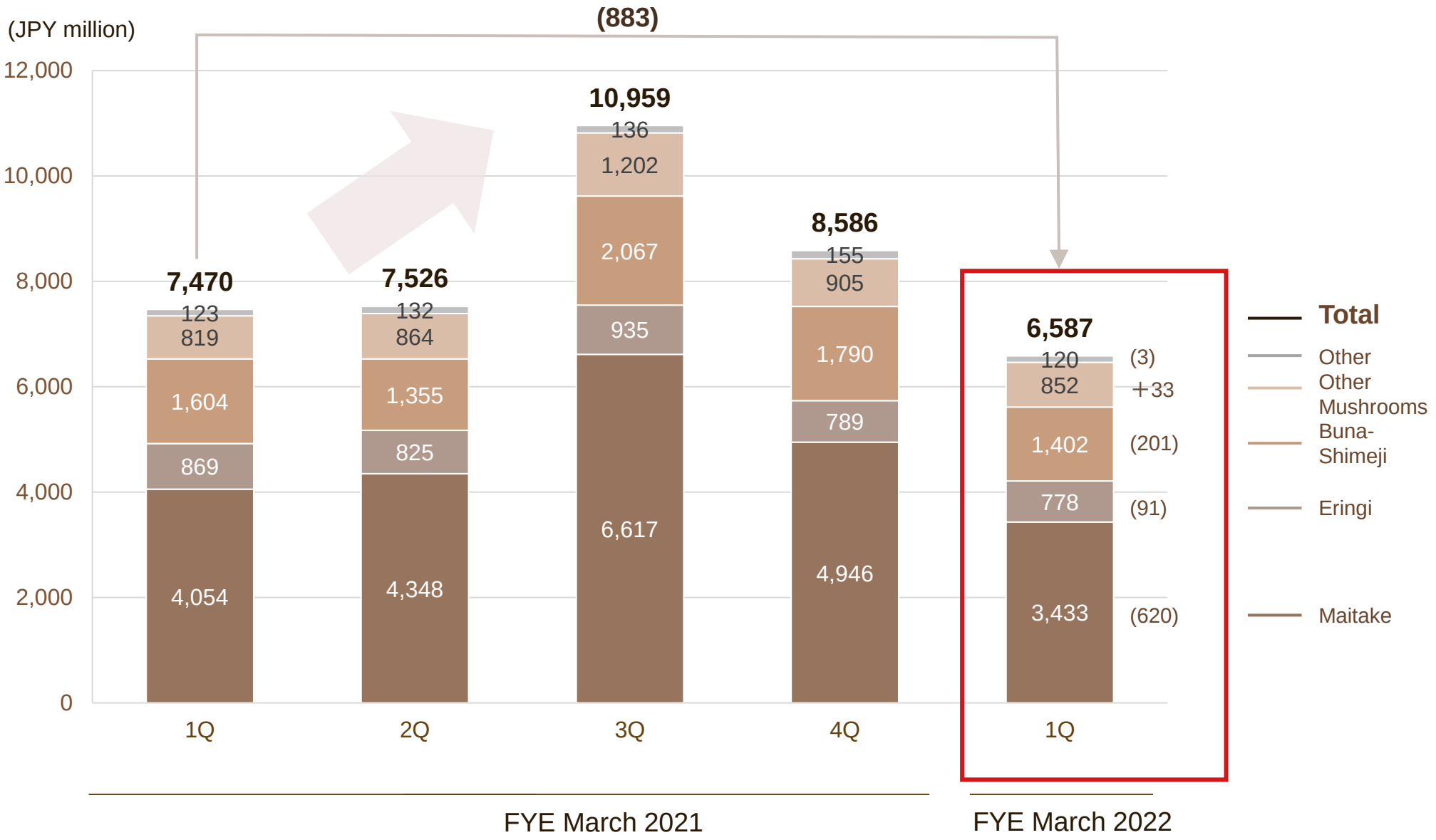
Revenue by Business Segment (Cumulative)

- **While sales of maitake, eringi, and buna-shimeji decreased, sales of button mushrooms were strong**

(JPY million)	1Q FYE March 2021 Actual	1Q FYE March 2021 *Composition Ratio*	1Q FYE March 2022 Actual	1Q FYE March 2022 *Composition Ratio*	Increase (Decrease) Amount	Increase (Decrease) *Change YoY*
Total Revenue	7,470	*100.0%*	6,587	*100.0%*	(883)	*(11.8%)*
Mushroom Business	7,346	*98.3%*	6,467	*98.2%*	(879)	*(12.0%)*
Maitake	4,054	*54.3%*	3,433	*52.1%*	(620)	*(15.3%)*
Eringi	869	*11.6%*	778	*11.8%*	(91)	*(10.5%)*
Buna-Shimeji	1,604	*21.5%*	1,402	*21.3%*	(201)	*(12.6%)*
Other Mushrooms	819	*11.0%*	852	*12.9%*	+33	*+4.1%*
Other	123	*1.7%*	120	*1.8%*	(3)	*(3.0%)*

Revenue Trends by Business Segment (Quarterly)

- **Based on past trends, revenue of all mushrooms including maitake will be on an upward trend toward the 3rd Quarter**



Status of Mushroom Business of 1Q FYE March 2022

- **As consumers' frequency of visits to supermarkets remained sluggish, both the sales volume and unit price of maitake underperformed year-on-year, and although the sales volume was slightly below the forecast, the unit price met the target, and the result was mostly in-line with the forecast**
- **The sales volume and unit price of eringi both underperformed year-on-year, while the sales volume was slightly below the forecast, the unit price met the target, and result was in-line with the forecast**
- **Sales volume of Buna-Shimeji increased but unit sales price underperformed year-on-year, while both sales volume and unit sales price met the target of the forecast**

	Sales Volume Comparison [1]			Unit Price Comparison [1]		
	vs 1Q FYE Mar 2020	vs 1Q FYE Mar 2021	vs Forecast	vs 1Q FYE Mar 2020	vs 1Q FYE Mar 2021	vs Forecast
Maitake	*106.4%*	*98.6%*	*93.6%*	*80.8%*	*85.1%*	*100.2%*
Eringi	*101.3%*	*97.8%*	*99.2%*	*102.9%*	*91.6%*	*101.4%*
Buna-Shimeji	*97.5%*	*102.4%*	*101.4%*	*100.2%*	*85.2%*	*103.2%*
Other Mushrooms [2]	–	–	*96.0%*	–	–	*100.8%*

[1] Comparison excluding processed products

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

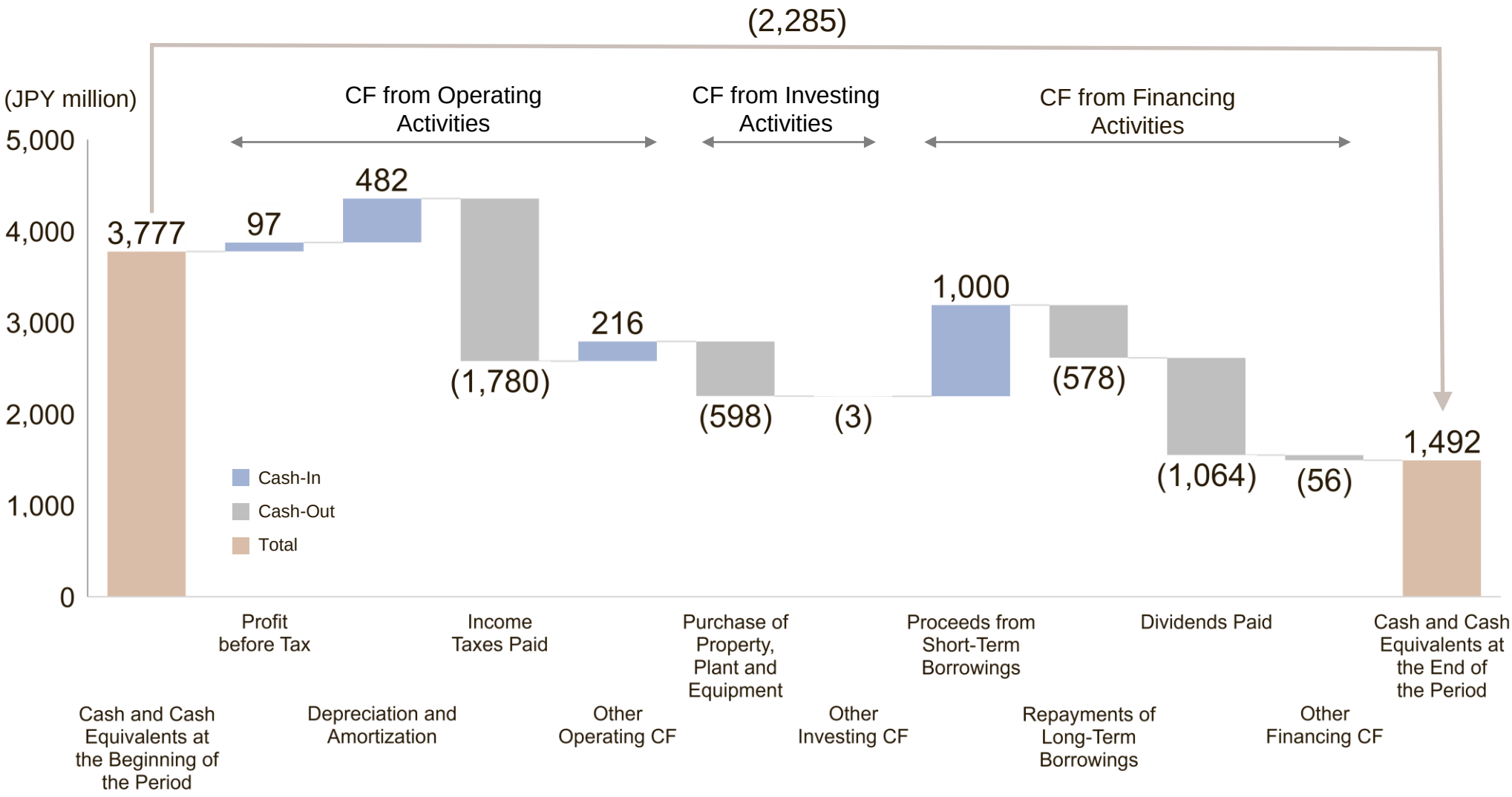
Consolidated Statements of Financial Position

- **Slight decrease in equity due to payment of dividends, etc.**

(JPY million)	As of Mar 31, 2021 Actual	**As of June 30, 2021 Actual**	Increase (Decrease) Amount	*Change YoY*
Current Assets	10,202	7,349	(2,852)	*(28.0%)*
Cash and Cash Equivalents	3,777	1,492	(2,285)	*(60.5%)*
Trade and Other Receivables	2,021	1,670	(351)	*(17.4%)*
Inventories	1,390	1,565	+174	*+12.6%*
Biological Assets	2,904	2,518	(385)	*(13.3%)*
Non-current Assets	25,441	25,625	+184	*+0.7%*
Property, Plant and Equipment	18,031	18,475	+444	*+2.5%*
Goodwill and Intangible Asset	5,304	5,301	(2)	*+0.0%*
Total Assets	35,644	32,975	(2,668)	*(7.5%)*
Current Liabilities	7,614	6,641	(973)	*(12.8%)*
Trade and Other Payables	1,970	2,209	+238	*+12.1%*
Accrued Income Taxes	1,784	45	(1,739)	*(97.4%)*
Short-Term Borrowings	–	1,000	+1,000	-
Current Portion of Long-Term Borrowings	1,132	1,227	+94	*+8.3%*
Non-current Liabilities	18,798	18,169	(629)	*(3.3%)*
Borrowings	18,351	17,757	(594)	*(3.2%)*
Lease Liabilities	360	327	(33)	*(9.3%)*
Total Liabilities	26,413	24,810	(1,603)	*(6.1%)*
Total Equity	9,230	8,165	(1,065)	*(11.5%)*
Total Equity Attributable to Owners of Parent	9,233	8,168	(1,064)	*(11.5%)*
Total Liabilities and Equity	35,644	32,975	(2,668)	*(7.5%)*

Consolidated Cash Flow Analysis for 1Q (Changes from the End of the Previous Fiscal Year)

- **In this 1Q, cash and cash equivalents decreased by JPY 2,285 million yen due to payment of income tax and dividends, etc.**



Consolidated Statements of Cash Flows (1st Quarter YoY Comparison)

- **In this 1Q, Profit before Tax decreased year-on-year, and cash outflows such as Dividend Paid increased year-on-year**

(JPY million)	1Q FYE March 2021	**1Q FYE March 2022**	Increase (Decrease)
Cash Flows from Operating Activities	(59)	(984)	(924)
Profit before Tax	775	97	(678)
Depreciation and Amortization	466	482	+15
Decrease (Increase) in Trade and Other Receivables	473	351	(122)
Decrease (Increase) in Inventories	(182)	(174)	+8
Increase (Decrease) in Trade and Other Payables	(91)	141	+232
Increase (Decrease) in Employee Benefit Liabilities	(185)	(370)	(184)
Income Taxes Paid	(1,682)	(1,780)	(98)
Cash Flows from Investing Activities	(607)	(602)	+5
Purchase of Property, Plant and Equipment	(602)	(598)	+3
Proceeds from Sale of Property, Plant and Equipment	3	0	(3)
Cash Flows from Financing Activities	(534)	(698)	(164)
Proceeds from Short-Term Borrowings	–	1,000	+1,000
Repayments of Long-Term Borrowings	(481)	(578)	(97)
Dividends Paid	–	(1,064)	(1,064)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,201)	(2,285)	(1,083)
Cash and Cash Equivalents at the End of the Period	3,259	1,492	(1,767)

Key Financial Indicators

- Net D/E ratio slightly increased due to increase in short-term debt and decrease in shareholders' equity due to dividend payments, etc.
- Net D/EBITDA multiple increased due to lower income in this 1Q

Changes of Financial Indicator Regarding Goodwill

Goodwill to Net Assets Ratio [1]



FYE March 2020 | FYE March 2021 | 1Q FYE March 2022

- 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]



FYE March 2020 | FYE March 2021 | 1Q FYE March 2022

Net Debt to EBITDA Ratio [2]



FYE March 2020 | FYE March 2021 | 1Q FYE March 2022

[1] IFRS based financial figures

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

[3] Estimated by 12-month cumulative adjusted EBITDA

Key Performance Indicators

- **In this 1Q, both Revenue and Operating Profit decreased year-on-year, resulting in a slight deterioration in key performance indicators**

	1Q FYE March 2021	**1Q FYE March 2022**
Operating Margin	8.6%	2.3%
Adjusted EBITDA Margin	13.9%	7.6%
Adjusted Profit Margin	5.6%	1.0%
Basic Earnings per Share [1]	¥12.23	¥1.36
Adjusted Basic Earnings per Share [1]	¥14.85	¥2.20
ROE (Return on Equity Attributable to Owners of Parent) [2]	119.2%	63.6%
ROIC (Return on Invested Capital) [3]	16.6%	16.6%

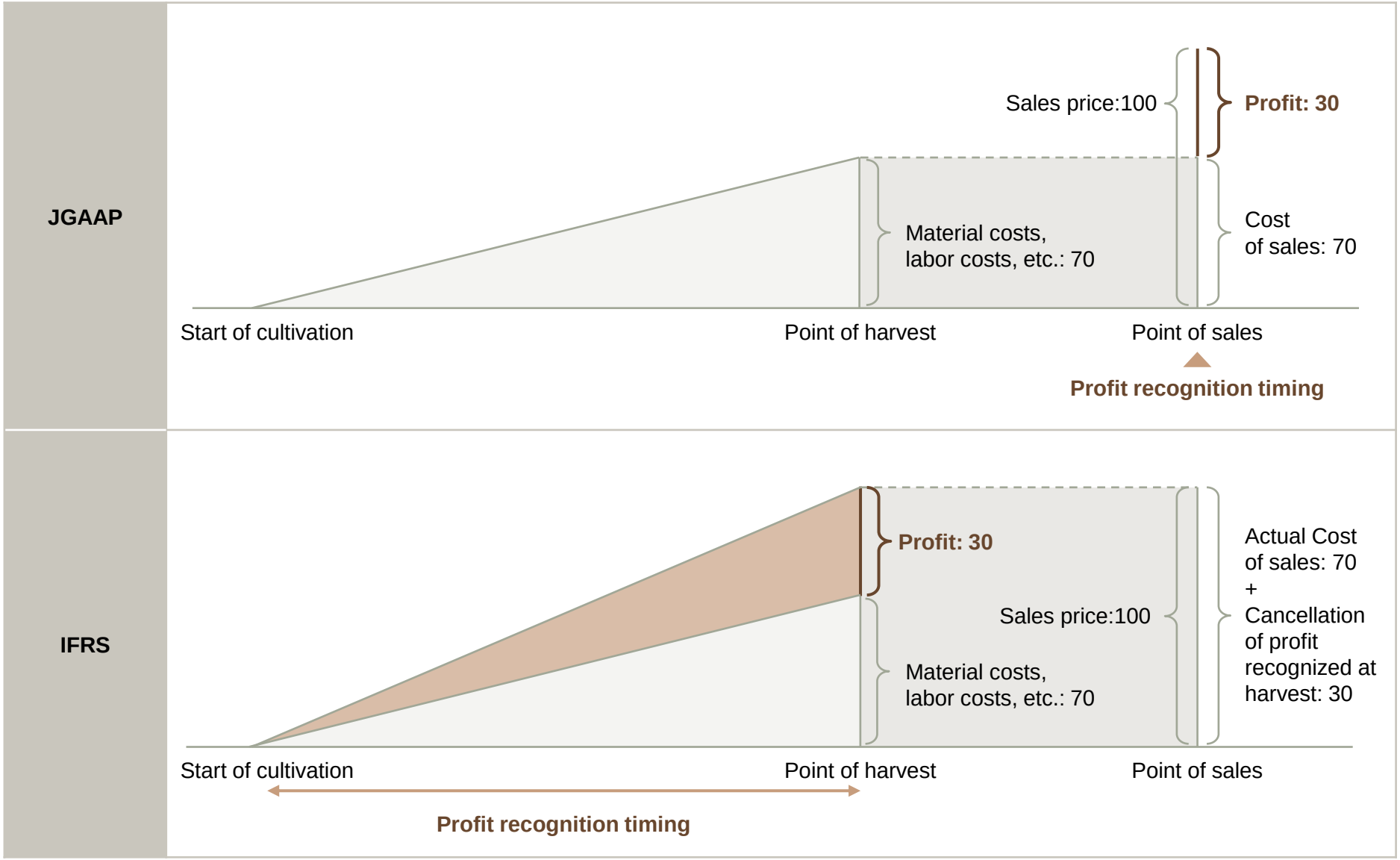
[1] Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic Earnings per Share and Adjusted Basic Earnings per Share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal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

[2] Estimated by 12-month cumulative results. ROE = Profit Attributable to Owners of Parent Divided by Average Total Equity Attributable to Owners of Parent during the Period

[3] Estimated by 12-month cumulative results. ROIC = (Operating Profit x (1- Effective Tax Rate) ÷ (Shareholders' Equity + 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” (1st Quarter)

- **Due to the impact of declining work-in-progress value of Maitake at the end of June 2021, the net impact of applying agricultural accounting treatment was JPY −271 million**

(JPY million)

	Breakdown	1Q FYE March 2022
Gains Arising from Changes in Fair Value (Income)	Gains in Work-in-Progress (Beg. Bal.)	(1,330)
	Gains in Work-in-Progress (End. Bal.)	1,027
	Harvest for the Current Period	2,574
	Other	79
	Total	2,350
Gains Arising from Changes in Fair Value (Cost of Sales)	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(402)
	Gains in Finished/Semi-finished Goods (End. Bal.)	406
	Harvest for the Current Period	(2,574)
	Other	(51)
	Total	(2,622)
Total Net Impact		(271)

Gains included in work-in-progress had a negative impact of JPY 303 million due to a decrease in work-in-progress value

As the product inventories stayed mostly flat, the gain included in products and semi-finished products had a positive impact of JPY 3 million

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

- **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 2022	Income	Gains in Work-in-Progress (Beg. Bal.)	(1,330)				
		Gains in Work-in-Progress (End. Bal.)	1,027				
	Cost of Sales	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(402)				
		Gains in Finished/Semi-finished Goods (End. Bal.)	406				
	Harvest for the Current Period		±0				
	Other		27				
	Total Net Impact		(271)				

	(JPY million)		1Q	2Q	3Q	4Q	Total
FYE March 2021	Income	Gains in Work-in-Progress (Beg. Bal.)	(1,478)	(1,086)	(2,177)	(2,314)	(7,056)
		Gains in Work-in-Progress (End. Bal.)	1,086	2,177	2,314	1,330	6,908
	Cost of Sales	Gains in Finished/Semi-finished Goods (Beg. Bal.)	(436)	(352)	(513)	(481)	(1,784)
		Gains in Finished/Semi-finished Goods (End. Bal.)	352	513	481	402	1,750
	Harvest for the Current Period		±0	±0	±0	±0	±0
	Other		25	11	(3)	(36)	(3)
	Total Net Impact		(451)	+1,263	+102	(1,099)	(186)

Sales Promotion Strategy

- **"*UCHIKATSU!*" as the keyword, a consumer campaign linked to SNS and menu tie-ups with major manufacturers were implemented**
- **In addition to shortening the time required for menu items and making them easier to prepare, the health functions of the maitake mushroom are also promoted to create new demand**
- **As the frequency of outings decreases and the in-store tastings continue to be cancelled, we offer the opportunities to eat maitake as a simple ready-to-eat meal**

	April	May	June	July-
External Environment	The spread of COVID-19			
	Demand for mixed rice increases in spring	Interest in self-medication	Avoid outings	More households using new seasonings
	In-store tastings continue to be suspended	Maitake appeared on TV	Interest in "Simplicity"	Demand for bulk buying increases

Our Company's Approach

As "*UCHIKATSU!*," we propose to enhance cooking at home
#BulkBuying #TimeSaving #Simple #PromoteConvenience #Maitashi



Japanese mixed rice linked to SNS Menu Recipe Application Campaign



Menu tie-up with a major seasoning maker



Creating a conspicuous sales floor with POP linked to TV publicity

Menu tie-up with a major kitchenware maker

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

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

YUKIGUNIMAITAKE ONLINE

雪国まいたけ ONLINE
～雪国まいたけ公式通販サイト～

https://www.yukiguni-online.com/

- Creating products that make it easy to take in the nutritional components of maitake mushrooms
- Actively working to develop new products that utilize the nutritional components of maitake

Our Products

New Products



Roasted Maitake Tea
Available from May 2021

Caffeine-free tea, made 100% with Maitake



Konjac Jelly
Available from June 2021

Contains MD-Fraction Konjac jelly



MD-Fraction Plus
Immunity Enhancement



Yukiguni Maitake-no-Tsubu
Condensed Maitake Components



Maita Care
Skin Conditioner



Aojiru Plus
Green Juice Plus



Aojiru
Green Juice

Health Functionalities of Maitake

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

A type of polysaccharides “glucans”

Beta-Glucans

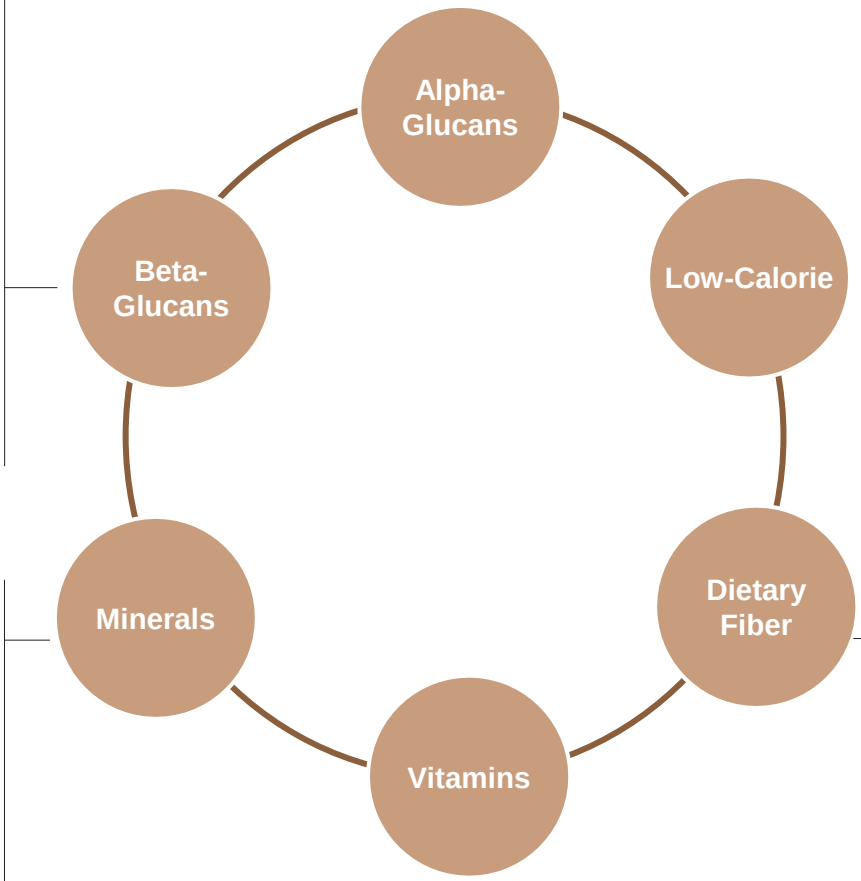
Beta-glucan, one of the major polysaccharides contained in maitake, is being studied and expected for maintaining and improvement of immunity [1-3].

[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 in 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 eaten [4].

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.

[4] 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)

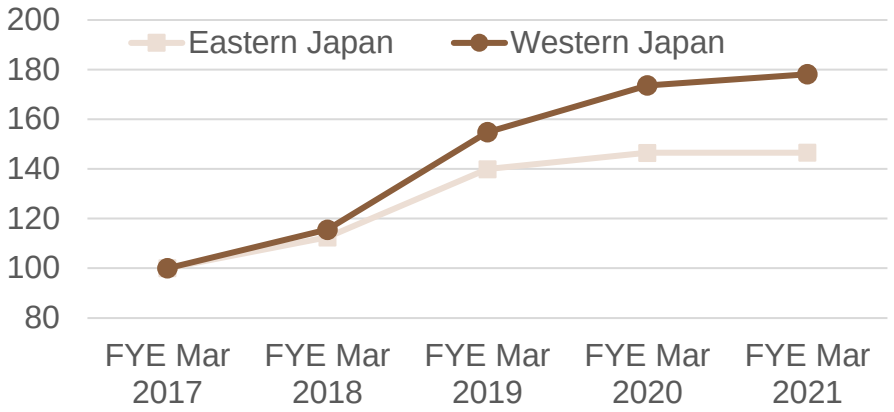
Comparison of Sales, Sales Volume, and Growth Rate of Eastern Japan and Western Japan

- **Compared to the Eastern Japan region, the consumption of Maitake is still small in the Western Japan region, and there is plenty of room for increase in the future**
- **Western Japan region shows higher sales and volume growth than Eastern Japan region**
- **Develop demand in Kyushu through Fukuoka Sales Office**



Sales Amount

（Indexed with each sales in the FYE March 2017 as 100）

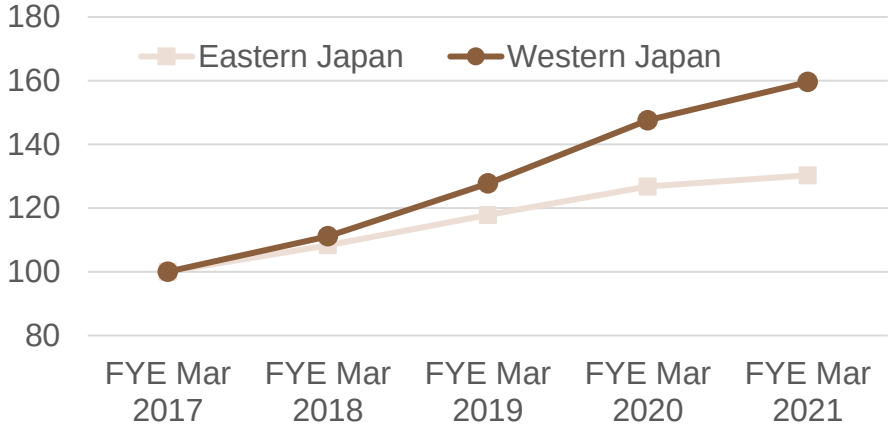


Compound Annual Growth Rate（CAGR）

WEST 15.5%
EAST 10.0%

Sales Volume

（Indexed with each sales in the FYE March 2017 as 100）



Compound Annual Growth Rate（CAGR）

WEST 12.4%
EAST 6.8%

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

Impact on business performance		• Currently, with the spread of new COVID-19 variants, priority measures such as the state of emergency and the stricter anti-coronavirus measures have been prolonged, and the external environment is changing • Demand for nesting in the wake of the state of emergency issued in April 2020 was a big tailwind in the FYE March 2021, but the tailwind is expected to diminish in the current fiscal year
Initiatives to prevent the spread of infection	Company-wide Initiatives	• Thorough measurement of body temperatures and wearing of masks • Enforcement of hand washing and disinfection / regular ventilation • Meetings in a closed space are prohibited in principle • Shift lunch time, record time and seats, and refrain from conversation • During meals, set one meter interval between seats and refrain from face-to-face seating • Recommend use of contact tracing apps • Suppress traffic to areas declared a state of emergency
	Initiatives at sales offices, etc.	• In areas where COVID-19 infection have spread, the rate of attendance at sales offices is kept to the minimum, and in principle, work-from-home is implemented

2 Forecast of Consolidated Financial Results for FYE March 2022

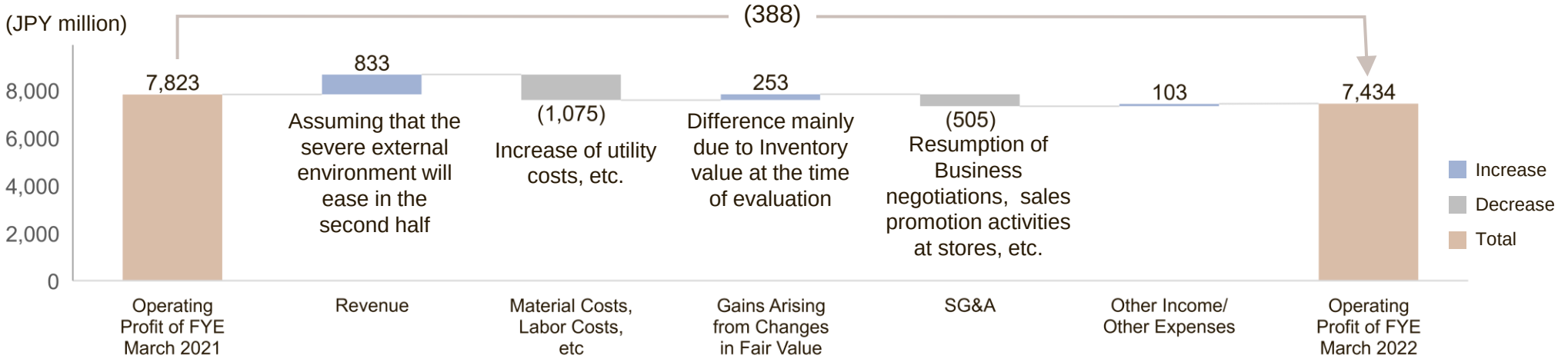
Assumptions for Forecast of Consolidated Financial Results for FYE March 2022

Outlook for the Group	• Assuming sluggish consumption due to prolonged priority measures such as declaration of emergency and the stricter anti-coronavirus measures, increasing tendency of consumers to save money, decreasing frequency of visits to supermarkets, etc. • Crude oil prices, which had been lower than expected in the last fiscal year, are expected to normalize in this fiscal year • It is assumed that the severe external environment will be eased in the second half of this fiscal year
Total Income/ Revenue	• Revenues are Maitake JPY 20.8 billion *(+4.3% YoY)*, Eringi JPY 3.3 billion *(−1.5% YoY)*, Buna-Shimeji JPY 6.5 billion *(−4.4% YoY)*, and Other Mushrooms JPY 4.1 billion *(+9.5% YoY)* • Total Revenue is JPY 35.3 billion *(+2.4% YoY)*, Gains Arising from Changes in Fair Value is JPY 16.1 billion *(−3.9% YoY)*, and Total Income is JPY 51.5 billion *(+0.3% YoY)*
Cost of Sales/ Gross Profit	• Due to the increase in utility costs associated with the rise in crude oil prices, which was low in the previous fiscal year, Material Costs, Labor Costs, etc. are JPY 19.1 billion *(+6.0% YoY)*, and Gains Arising from Changes in Fair Value is JPY 16.1 billion *(−5.4% YoY)* • Cost of Sales is JPY 35.2 billion *(+0.5% YoY)* and gross profit is JPY 16.3 billion *(+0.1% YoY)*
SG&A/ Operating Profit	• SG&A are JPY 8.7 billion *(+6.1% YoY)* due to an increase in sales promotion expenses associated with over-the-counter sales promotion activities, an increase in business trips, an increase in labor costs, and other test and research expenses • Operating Profit is JPY 7.4 billion *(−5.0% YoY)*
Financial Balance/ Profit	• Financial Balance is JPY −0.4 billion due to the reduction of interest expense associated with the repayment of borrowings carried out in the previous fiscal year • Profit before Tax is JPY 6.9 billion *(−2.0% YoY)*, and Profit Attributable to Owners of Parent is JPY 4.5 billion *(−3.4% YoY)*

Forecast of Consolidated Financial Results for FYE March 2022

(JPY million)	FYE Mar 2021 Actual	**FYE Mar 2022 Forecast**	*Change YoY*
Total Income	51,380	**51,553**	*+0.3%*
Revenue	34,543	**35,376**	*+2.4%*
Operating Profit	7,823	**7,434**	*(5.0%)*
vs Total Income	*15.2%*	***14.4%***	–
Profit before Tax	7,125	**6,982**	*(2.0%)*
Profit Attribute to Owners of Parent	4,744	**4,581**	*(3.4%)*
Basic earnings per share (Yen)	119.03	**114.80**	*(3.6%)*
[Reference]			
Adjusted Operating Profit	8,090	**7,434**	*(8.1%)*
Adjusted EBITDA	10,070	**9,388**	*(6.8%)*
Adjusted Profit	5,218	**4,749**	*(9.0%)*

- **We assume that the tailwind effect of the COVID-19 felt last fiscal year on our mushroom business will mostly disappear in the first half of this fiscal year**
- **At the moment, the harshness of the external environment can be felt, such as consumers' desire to save money, but we assume that the severe external environment will be eased in the second half of this fiscal year**
- **Costs decreased due to lower-than-expected crude oil prices in the last fiscal year, but this fiscal year, we assume the crude oil prices to normalize and cause cost increases**
- **For this fiscal year, we have formulated the financial forecast assuming that the tailwind effect of the COVID-19 and the positive impact of the crude oil prices will mostly be eliminated**



Note: Adjusted Operating Profit = Operating Profit + Management Fees[1] + Listing-Related Expenses[2] Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization
Adjusted Profit = Profit + Management Fees[1] + Listing-Related Expenses[2] + Refinance-Related Gains/Losses[3] + Tax Adjustments

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

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

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

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
- Target a consolidated Payout Ratio of around 30%
- Implement an annual shareholder benefit program

Shareholder Return Policy

- **The Company's policy is to return profits to shareholders through a target of a consolidated Payout Ratio of approximately 30%**
- **Our own product sets are presented once a year for shareholder benefits**

Dividends

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

Shareholder Benefit Program

Eligible Shareholders

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

Benefit Details

Set of the Company's products (Select 1 set from the following 3 sets)



A-set


B-set



C-set

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.

Note: The products shown in the photo are the gift items for the FYE March 2021, and are subject to change.

3

Medium-Term Business Plan

(FYE March 2020 – FYE March 2023)

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

- Due to changes in the external environment such as the spread of new COVID-19 variants, analyze the negative effects on the real economy, cooling consumer sentiments, decreasing disposable income, saving consciousness, household defense, etc.
- Consider the needs for strategic coordination based on this analysis of changes in the external environment

Theme / Basic Strategy

Be a comprehensive premium mushroom manufacturer	Achieve and maintain the dominant No.1 position in maitake market	Pursue technological innovation in production and packaging
Research on improving the quality of mushrooms and functionality that will lead to increased demand	Strengthen financial structure	Prepare for expansion of overseas business by our original business model

Quantitative Target	Target Operating Profit CAGR: around 7%

Note1: IFRS based financial figures

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

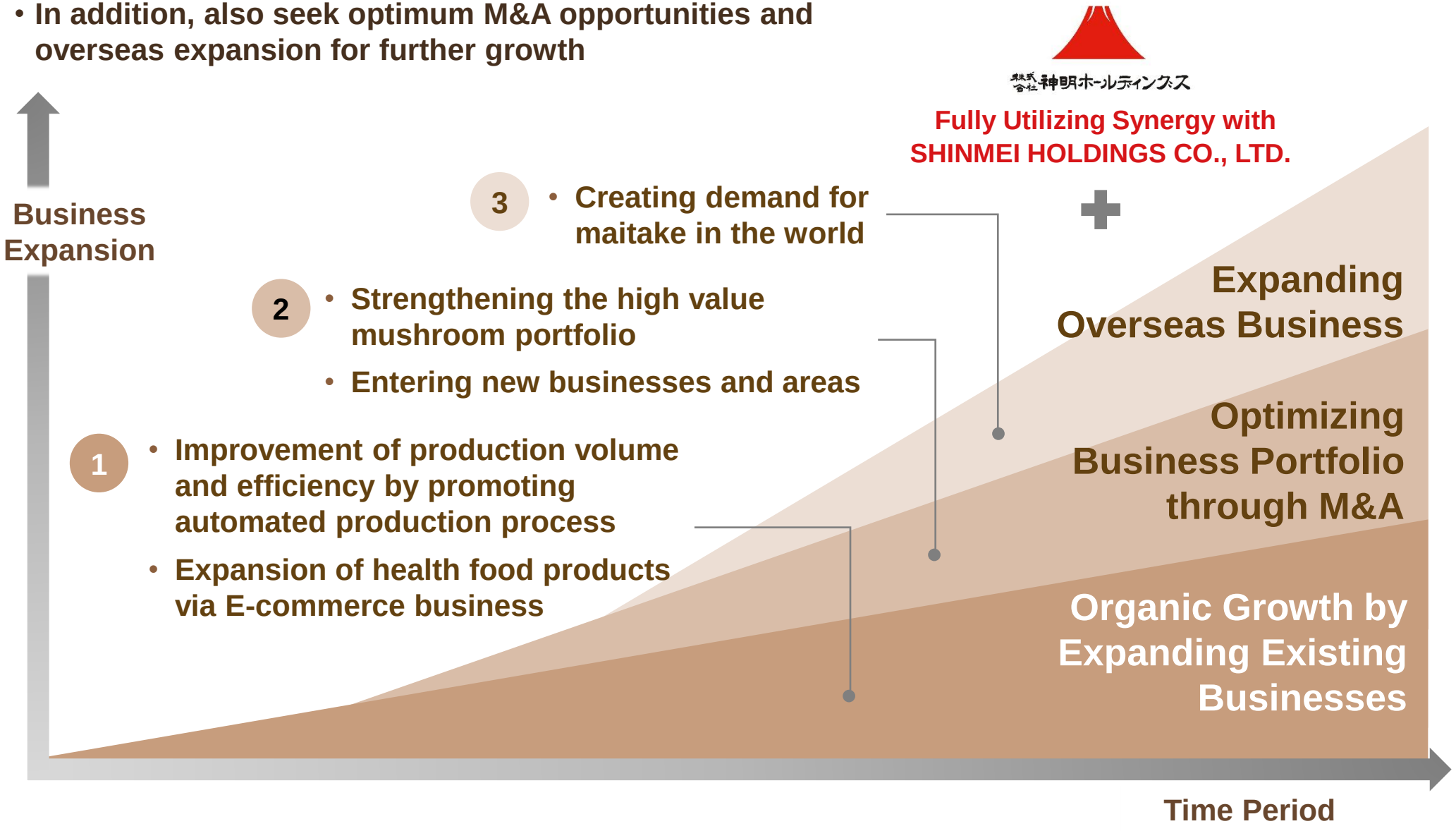
Note3: Operating Profit is adjusted by excluding one-time expenses. Adjusted Operating Profit = Operating Profit + Management Fees + Listing-Related Expenses

Specific Strategic Approach

- Top line growth focusing on the maitake business that captures the expansion of health demand
- Improving productivity through the pursuit of Agritech
- Expansion of health food business focusing on E-commerce
- Further strengthening the business portfolio through M&A

Image of Medium to Long Term Growth

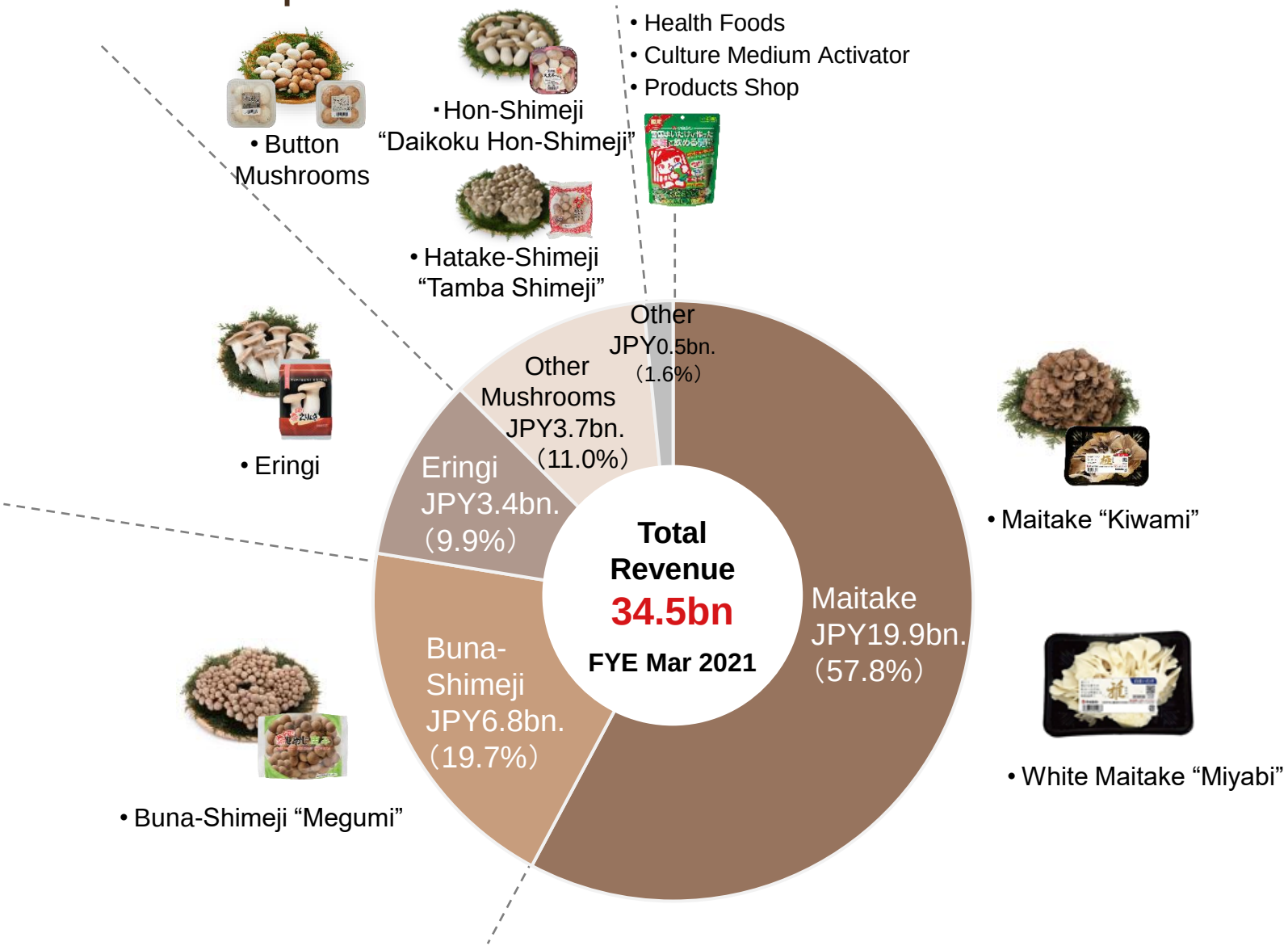
- In the medium to long term, drive organic growth through cost reduction achieved by innovative technology, expansion of production capability, and marketing of health food products using E-commerce (EC) by taking advantage of synergies with SHINMEI HOLDINGS
- In addition, also seek optimum M&A opportunities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



4 Reference Materials

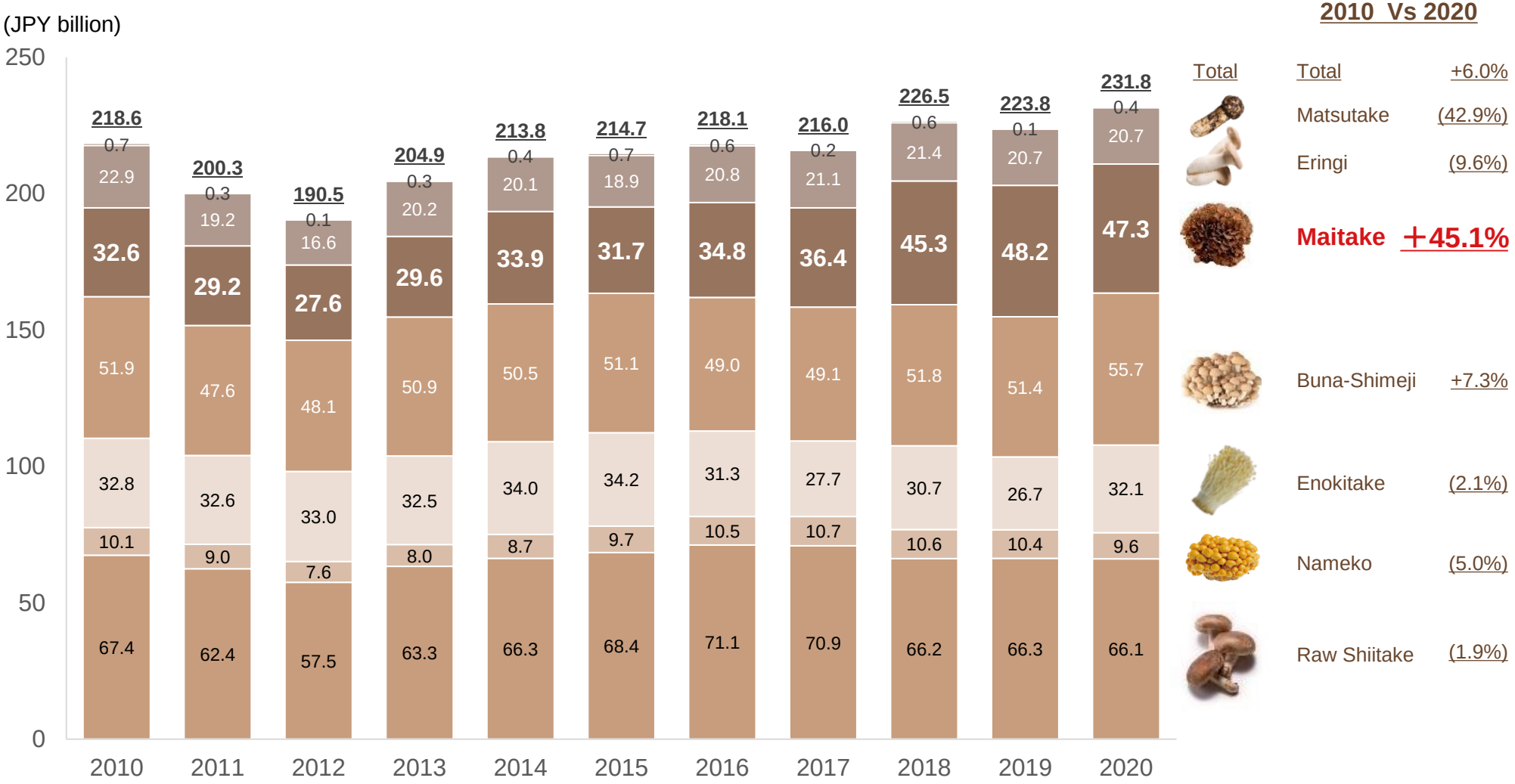
Main Products and Composition Ratio of Each Product to Sales Revenue

- **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**



Breakdown of Major Mushroom Markets (by Market Size)

- **The overall market for mushrooms shrank temporarily due to the effects of rumors associated with the Great East Japan Earthquake, but has been expanding since 2013**
- **In 2020, the production volume of Maitake increased by 7.6% year-on-year, but the market size decreased by 2.0% due to a decline in market unit price**



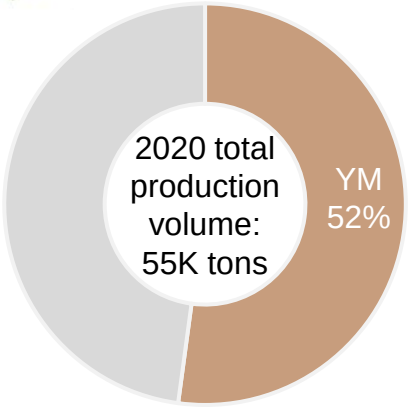
Note 1: The mushroom market is the total market size of raw Shiitake, Nameko, Enokitake, Buna-Shimeji, Maitake, Eringi, and Matsutake
Note 2: Market size is calculated as “annual average wholesale unit price at Tokyo Central Wholesale Market (Jan.-Dec.) x domestic production volume”
Note 3: Average unit price of Buna-Shimeji is calculated using average unit price of Shimeji
Sources: Statistics Data by Ministry of Agriculture, Forestry and Fisheries, and by Tokyo Central Wholesale Market

Mushroom Production Share of Yukiguni Maitake Group (YM)

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

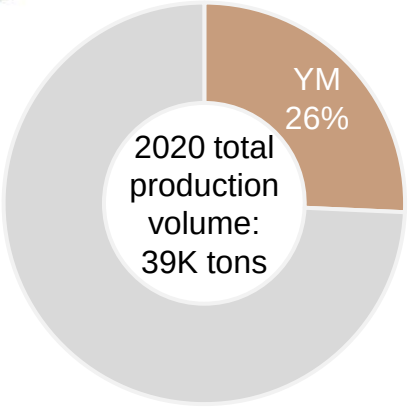


Maitake



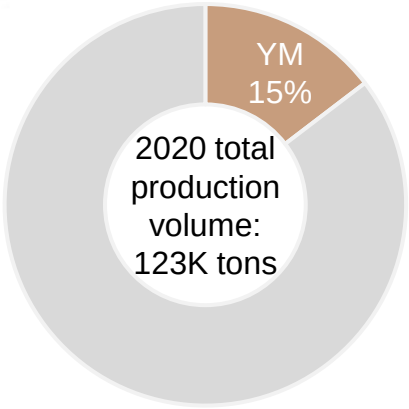


Eringi



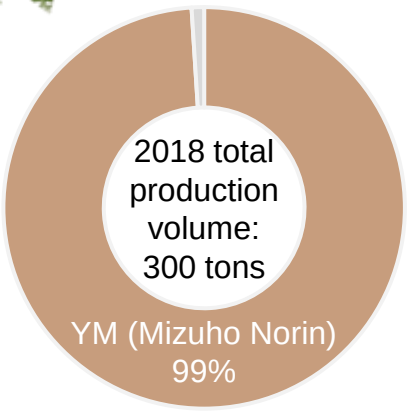


Buna-Shimeji



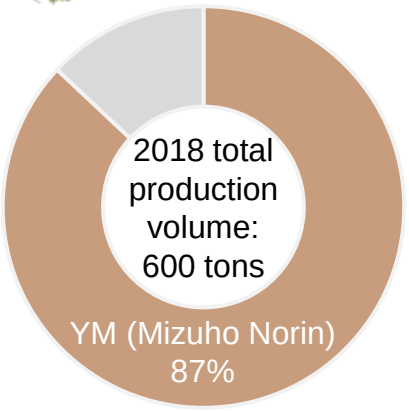


Hon-Shimeji



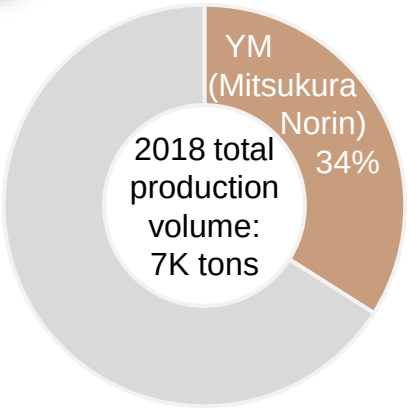


Hatake-Shimeji





Button Mushrooms

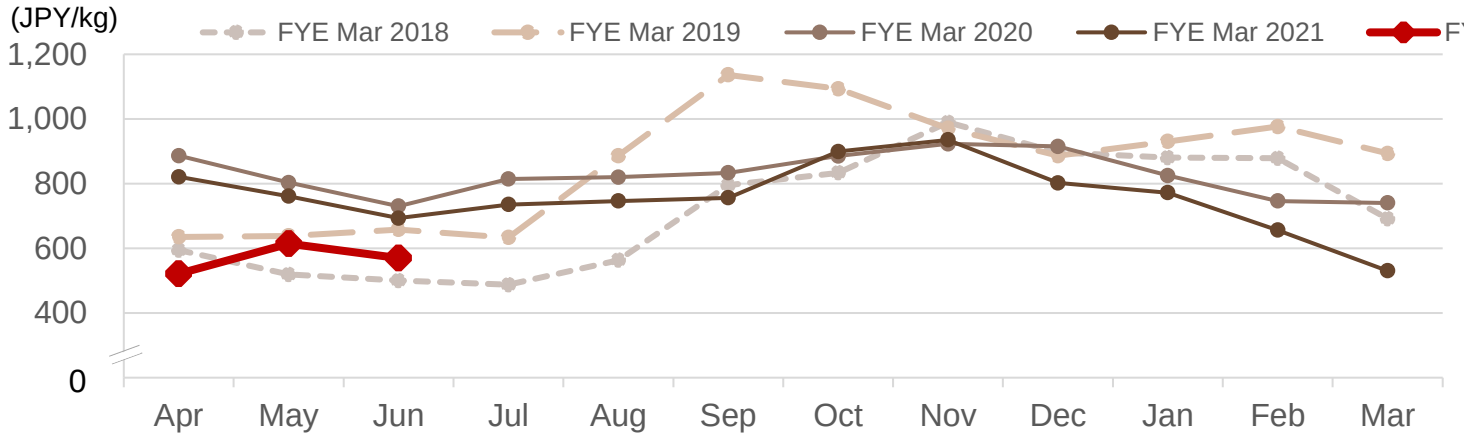


Note: Market share of each mushroom is calculated using domestic production volume (Our company's production ÷ Total domestic production)

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

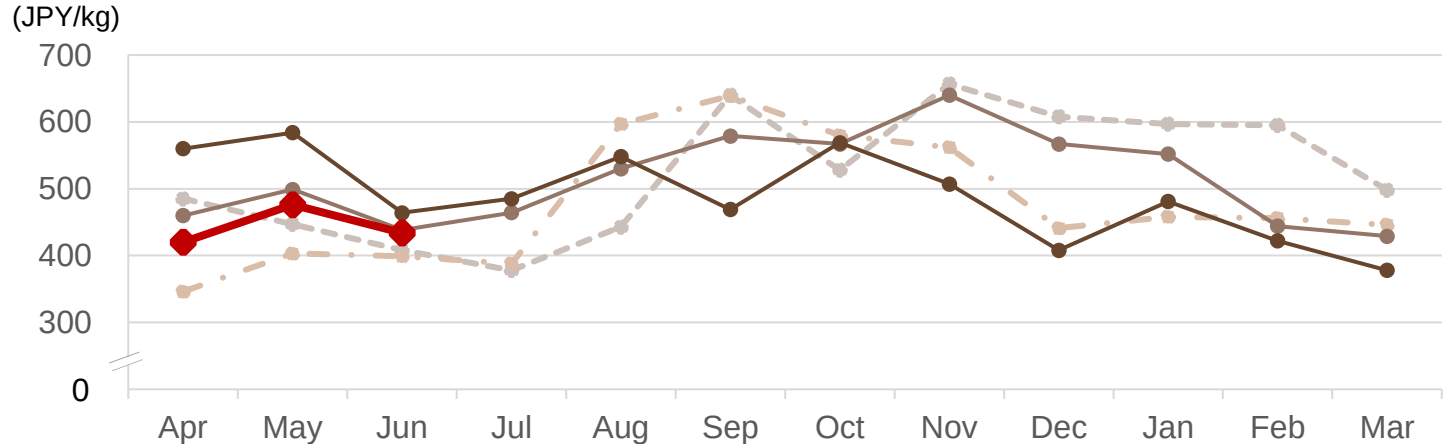
Changes in Market Transaction Unit Price

Maitake



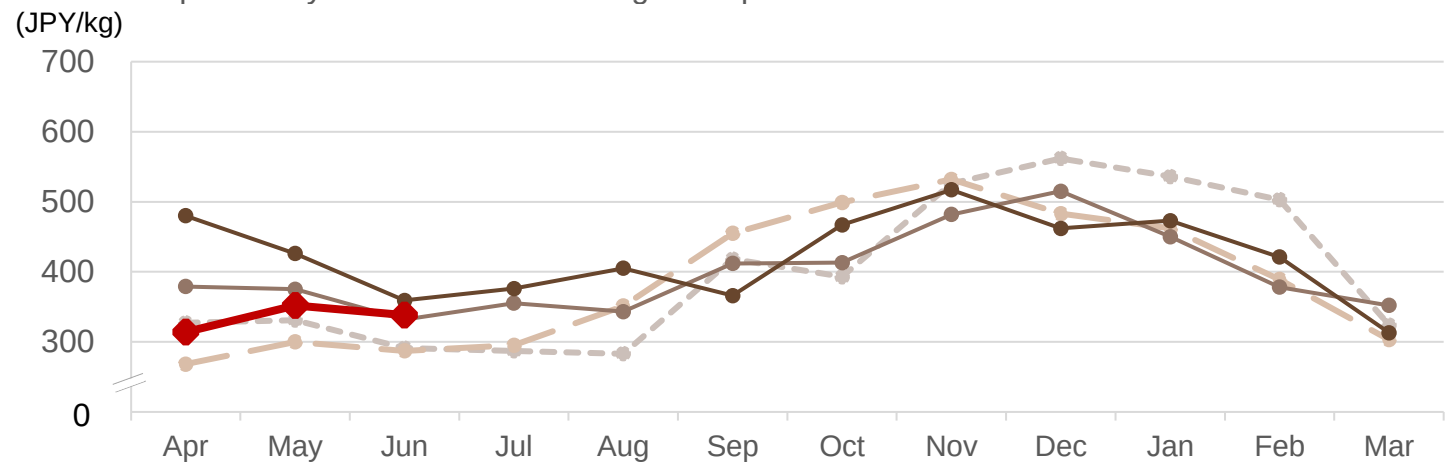
Weighted Average Unit Price (JPY)	
FYE Mar 2022	–
FYE Mar 2021	762
FYE Mar 2020	831
FYE Mar 2019	873
FYE Mar 2018	727

Eringi



FYE Mar 2022	–
FYE Mar 2021	486
FYE Mar 2020	514
FYE Mar 2019	475
FYE Mar 2018	527

Buna-Shimeji

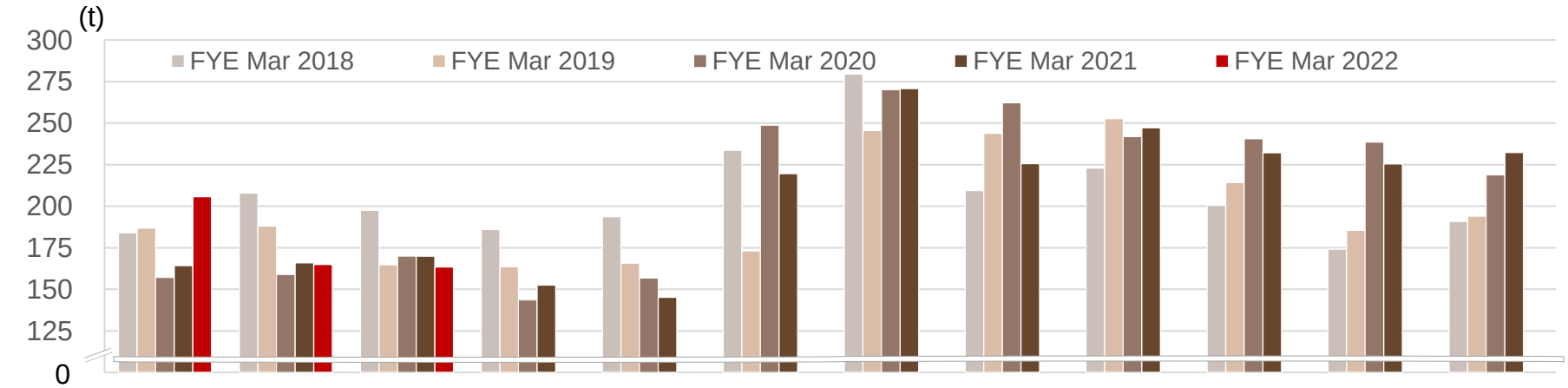


FYE Mar 2022	–
FYE Mar 2021	422
FYE Mar 2020	405
FYE Mar 2019	388
FYE Mar 2018	403

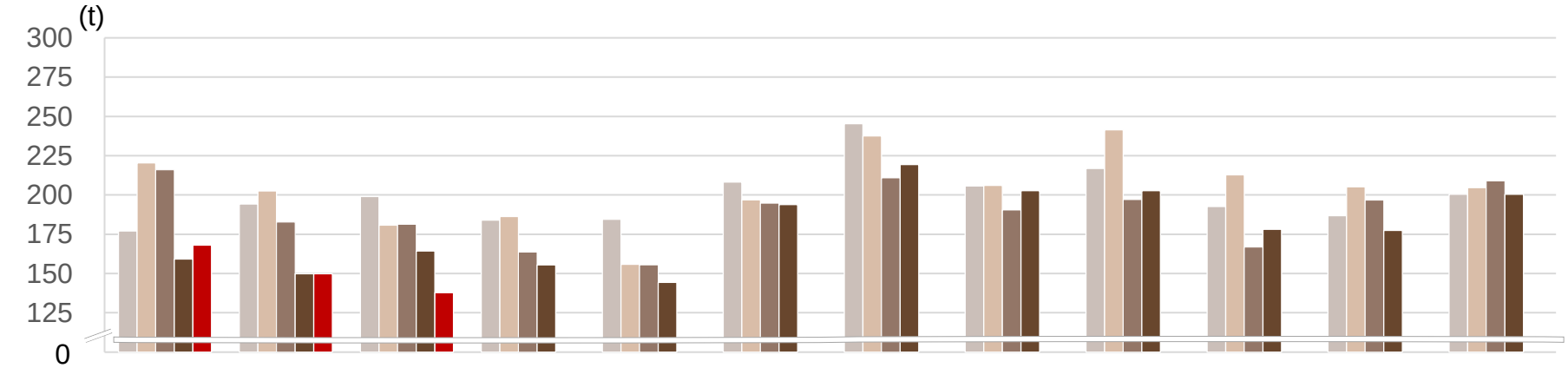
Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market

Changes in Market Sales Volume

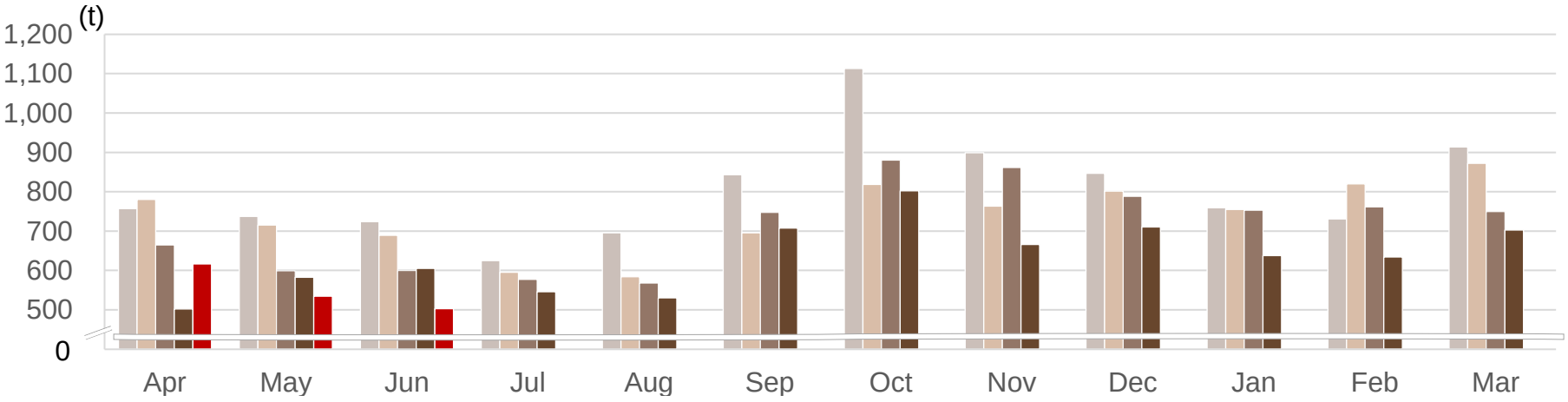
Maitake



Eringi

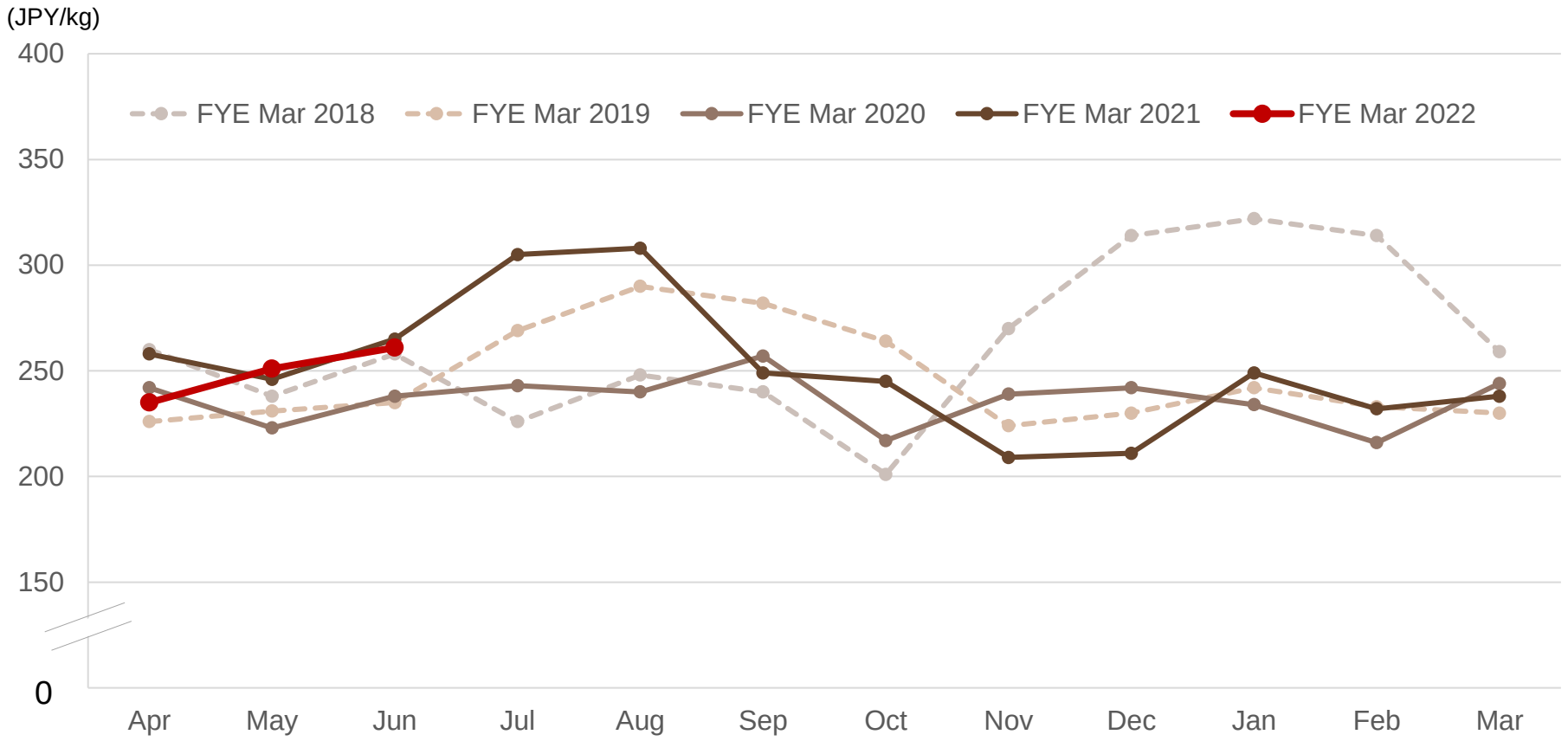


Buna-Shimeji



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

Vegetable Market Transaction Trends



FYE Mar 2022	235	251	261									
FYE Mar 2021	258	246	265	305	308	249	245	209	211	249	232	238
FYE Mar 2020	242	223	238	243	240	257	217	239	242	234	216	244
FYE Mar 2019	226	231	235	269	290	282	264	224	230	242	233	230
FYE Mar 2018	260	238	258	226	248	240	201	270	314	322	314	259

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

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.

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Yukiguni Maitake Co., Ltd.

Securities Code: 1375