Financial Results for 3rd Quarter of Fiscal Year Ending March 2022

February 3, 2022

Tokyo Stock Exchange, First Section: 1375

AGENDA

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

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

1 Summary of Consolidated Financial Results for 3Q of FYE March 2022

Summary of Financial Results for 3rd Quarter of Fiscal Year Ending March 2022

In the nine months of the current fiscal year, revenue and operating profit underperformed the same period of the previous year, and underperformed compared to the Forecast

External Environment

- The impact of the COVID-19 has cooled consumer sentiment, and consumers continue to be frugal
- Competitors started operating new plants
- The weather was relatively mild in early autumn, which is the peak demand season
- Overall mushroom consumption was sluggish since autumn
- Crude oil prices remained high

Our Response

- TV commercials aired mainly in western Japan, and proposals for sales floors of Maitake linked to the TV commercials
- Joint menu proposal for maitake in collaboration with seasoning manufacturers
- Button Mushrooms sales promotion activities in conjunction with Christmas and other events
- Some bio-centers have switched from heavy oil to LNG

Summary of 3rd Quarter

vs Forecast

- **Revenue JPY 24.2 billion**

  YoY -JPY 1.7 billion (*-6.7%*)

  → Below our Forecast

- **Operating Profit JPY 5.4 billion**

  YoY -JPY 1.6 billion (*-23.2%*)

  → Below our Forecast

Consolidated Statements of Income (3Q Cumulative)

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

	3Q FYE March 2022	3Q FYE March 2020			3Q FYE March 2021		
			Change			Change	
(JPY million)	**Actual**	Actual	Amount	%	Actual	Amount	%
Revenue	**24,224**	25,473	(1,249)	*(4.9%)*	25,956	(1,732)	*(6.7%)*
Gains Arising from Changes in Fair Value	**12,234**	13,252	(1,017)	*(7.7%)*	13,755	(1,521)	*(11.1%)*
Total Income	**36,458**	38,726	(2,267)	*(5.9%)*	39,712	(3,253)	*(8.2%)*
Material Costs, Labor Costs, etc.	**13,705**	14,056	(350)	*(2.5%)*	13,421	+284	*+2.1%*
Gains Arising from Changes in Fair Value	**11,253**	11,822	(568)	*(4.8%)*	12,841	(1,588)	*(12.4%)*
Cost of Sales	**24,959**	25,878	(918)	*(3.6%)*	26,263	(1,303)	*(5.0%)*
Gross Profit	**11,499**	12,847	(1,348)	*(10.5%)*	13,448	(1,949)	*(14.5%)*
SG&A Expenses	**6,024**	6,207	(182)	*(2.9%)*	6,191	(167)	*(2.7%)*
Other Income	**34**	238	(203)	*(85.3%)*	37	(2)	*(5.8%)*
Other Expenses	**58**	625	(567)	*(90.7%)*	195	(137)	*(70.3%)*
Operating Profit	**5,451**	6,253	(802)	*(12.8%)*	7,098	(1,646)	*(23.2%)*
vs Revenue	***22.5%***	*24.6%*			*27.3%*		
vs Total Income	***15.0%***	*16.1%*			*17.9%*		
Profit before Tax	**5,139**	5,897	(757)	*(12.8%)*	6,503	(1,363)	*(21.0%)*
Profit Attributable to Owners of Parent	**3,386**	3,780	(393)	*(10.4%)*	4,265	(879)	*(20.6%)*
[Reference]							
Adjusted Operating Profit *	**5,451**	6,404	(952)	*(14.9%)*	7,365	(1,914)	*(26.0%)*
Adjusted EBITDA *	**6,928**	7,706	(778)	*(10.1%)*	8,838	(1,910)	*(21.6%)*
Adjusted Profit *	**3,488**	3,952	(464)	*(11.7%)*	4,703	(1,215)	*(25.8%)*

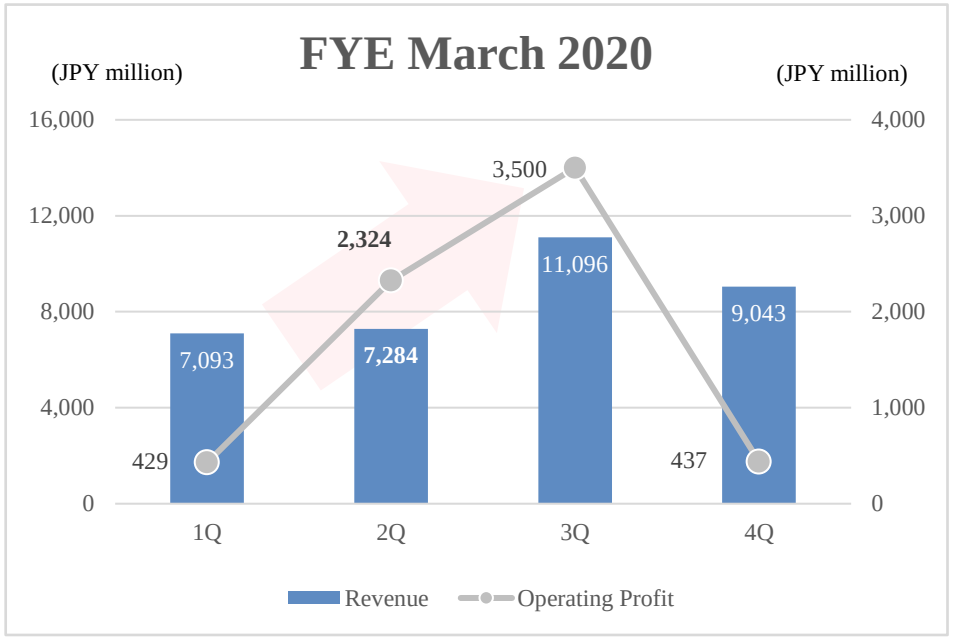
Includes JPY 197 million gain on sales of fixed assets

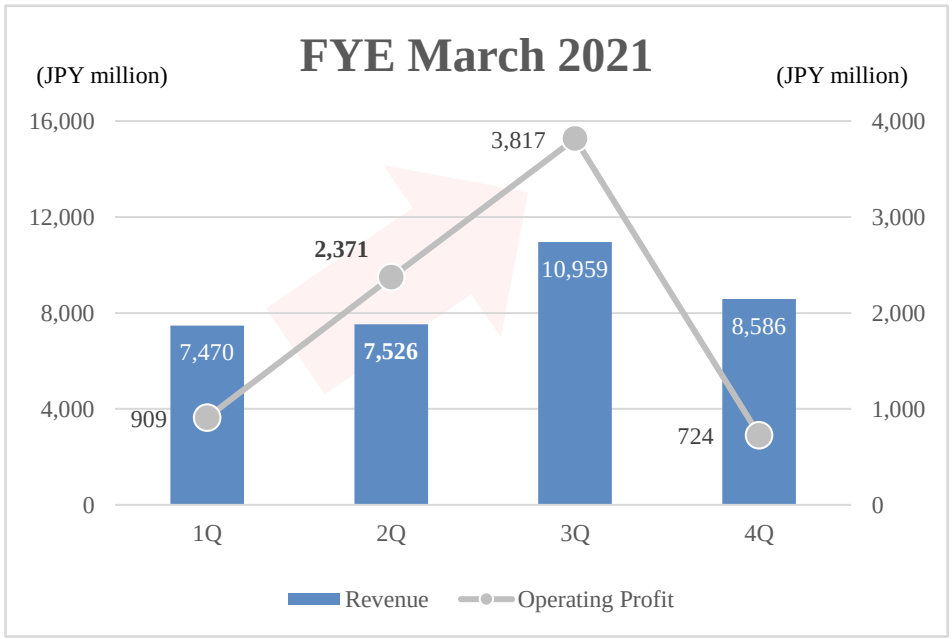
Note: Adjusted Operating Profit = Operating Profit + Management Fees[1] + Listing-Related Expenses[2]
Adjusted Profit = Profit + Management Fees[1] + Listing-Related Expenses[2] + Refinance-Related Gains/Losses[3] + Tax Adjustments
Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization

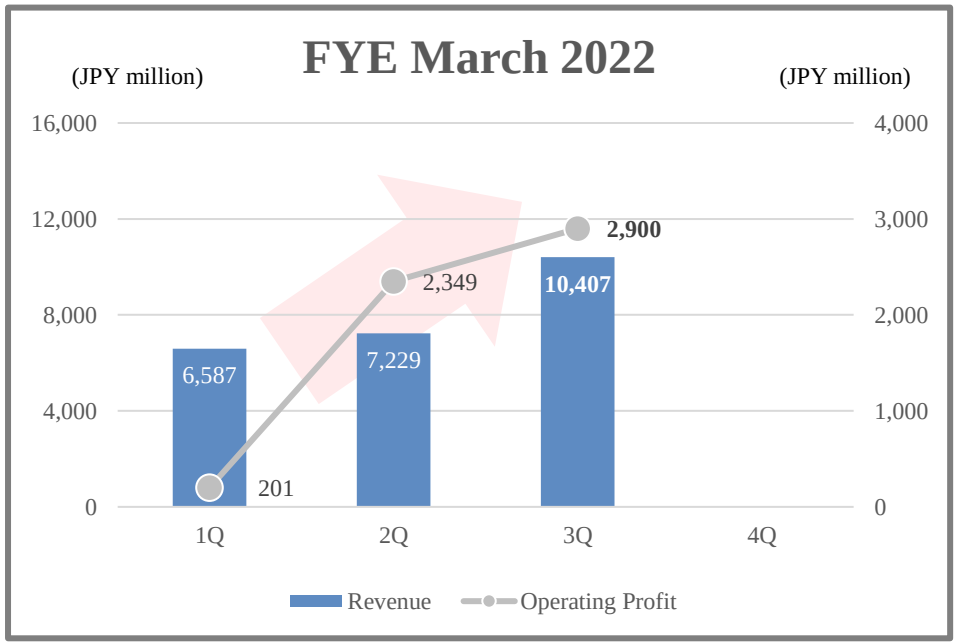
[1] Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.
[2] Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure 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)

Both revenue and operating profit for the 3rd quarter of the current fiscal year decreased compared to the same quarter of the previous year and as the same quarter two years ago

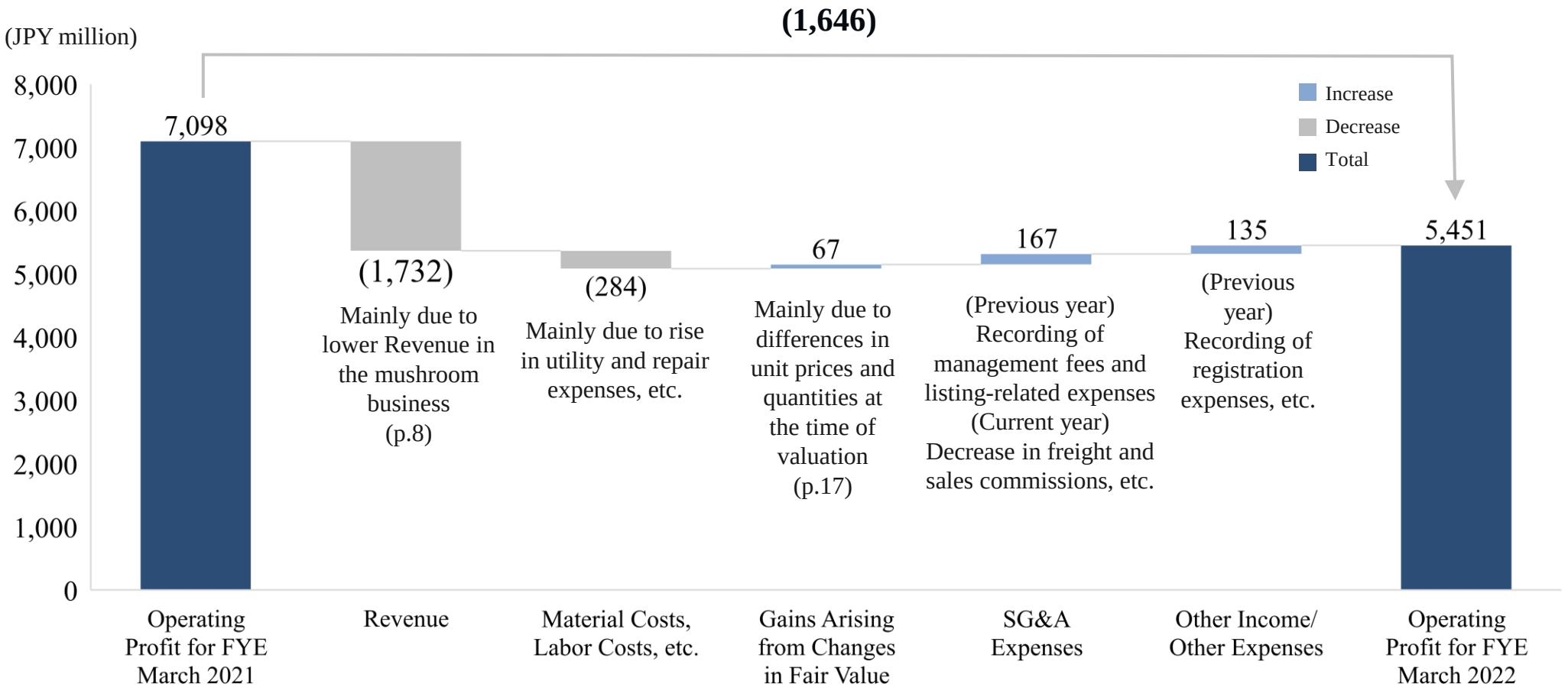






Analysis of Operating Profit (3Q Cumulative Year-on-Year)

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

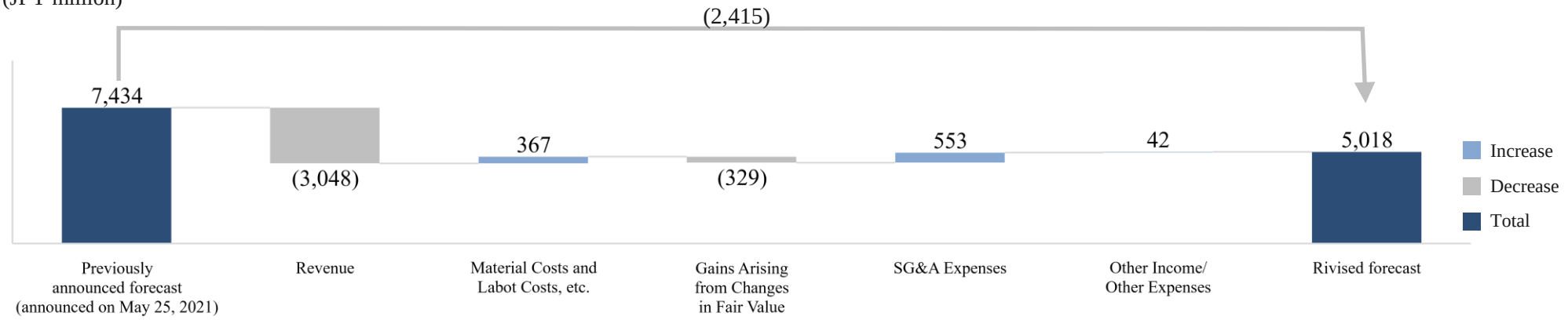


Revision to FYE March 2022 Full-Year Financial Results Forecast

Due to the relatively mild weather in early autumn, which is the peak demand season for mushrooms, consumption of mushrooms as a whole has been slow since autumn. In view of this, taking into consideration the impact of new plants operation and product shipment by competitors, soaring oil prices on material and utility costs as well, we have revised our financial results forecast for FYE March 2022.

(JPY million)	FYE March 31, 2021 Actual	Previously announced forecast (A) (announced on May 25, 2021)	**Revised forecast (B)**	Difference (B-A)	*Ratio of difference(%)*
Total Income	51,380	51,553	**46,911**	(4,642)	*(9.0%)*
Revenue	34,543	35,376	**32,328**	(3,048)	*(8.6%)*
Operating Profit	7,823	7,434	**5,018**	(2,415)	*(32.5%)*
Ratio of Operating Profit to Total Income	*15.2%*	*14.4%*	***10.7%***	*(3.7%)*	-
Profit before Tax	7,125	6,982	**4,565**	(2,417)	*(34.6%)*
Profit Attributable to Owners of Parent	4,744	4,581	**2,949**	(1,632)	*(35.6%)*
Basic Earnings per Share (JPY)	119.03	114.80	**73.89**	(40.91)	*(35.6%)*
[Reference]					
Adjusted Operating Profit *	8,090	7,434	**5,018**	(2,415)	*(32.5%)*
Adjusted EBITDA *	10,070	9,388	**6,982**	(2,405)	*(25.6%)*
Adjusted Profit *	5,218	4,749	**3,112**	(1,637)	*(34.5%)*

(JPY million)



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

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Revenue by Business Segment (3Q Cumulative)

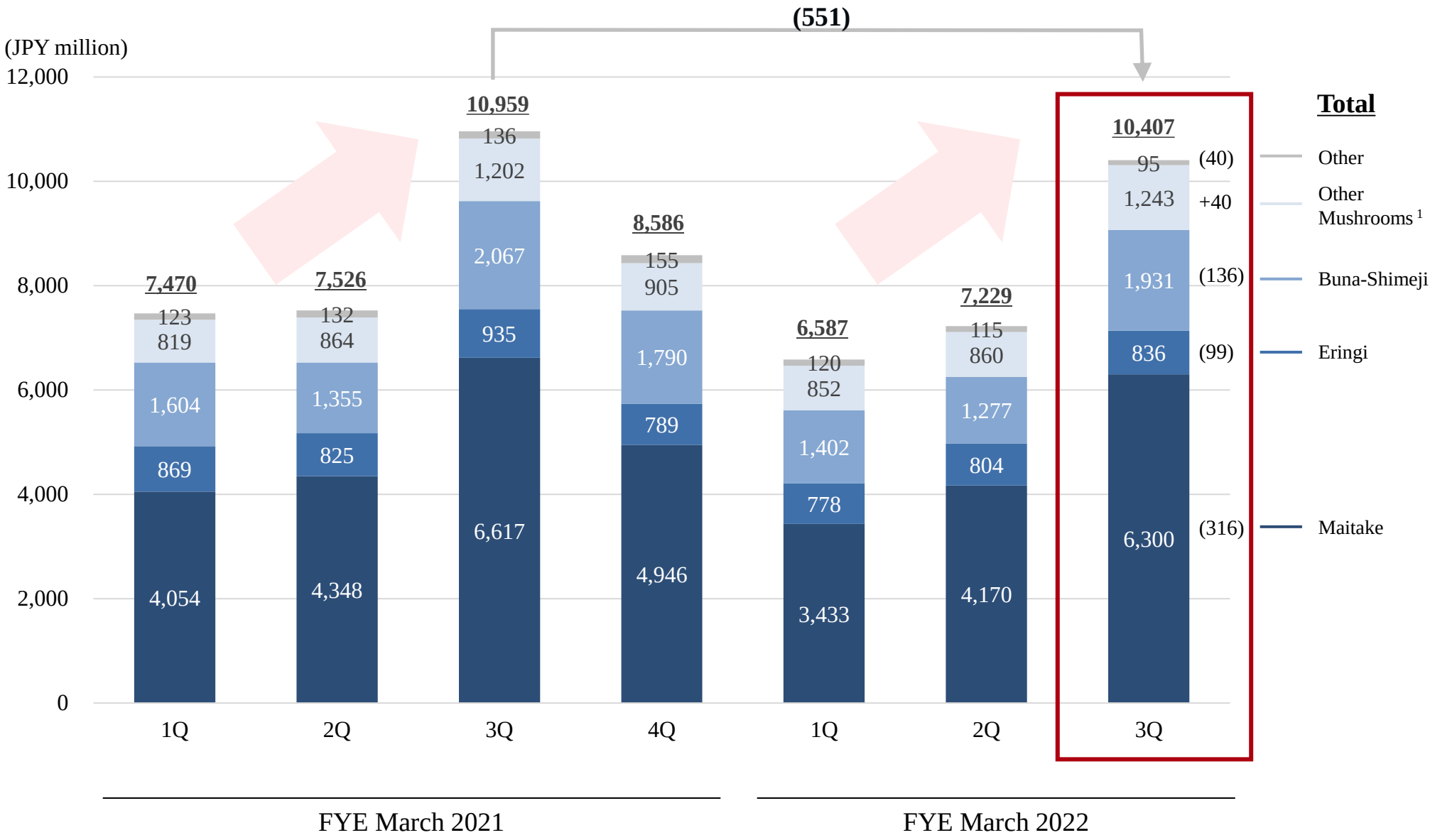
While revenue of Maitake, Eringi, and Buna-Shimeji decreased, revenue of button mushrooms were strong

(JPY million)	3Q FYE March 2021 Actual	3Q FYE March 2021 *Composition Ratio*	**3Q FYE March 2022 Actual**	***Composition Ratio***	Increase (Decrease) Amount	*Change YoY*
Total Revenue	25,956	*100.0%*	**24,224**	***100.0%***	(1,732)	***(6.7%)***
Mushroom Business	25,564	*98.5%*	**23,892**	***98.6%***	(1,671)	*(6.5%)*
Maitake	15,020	*57.9%*	**13,905**	***57.4%***	(1,114)	*(7.4%)*
Eringi	2,630	*10.1%*	**2,418**	***10.0%***	(211)	*(8.0%)*
Buna-Shimeji	5,027	*19.4%*	**4,612**	***19.0%***	(415)	*(8.3%)*
Other Mushrooms[1]	2,886	*11.1%*	**2,956**	***12.2%***	+69	*+2.4%*
Other	392	*1.5%*	**331**	***1.4%***	(60)	*(15.4%)*

[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



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

Status of Mushroom Business (3Q Cumulative FYE Mar 2022)

Sales volume and unit price of Maitake were both negative compared to the same period of the previous year, while unit price and volume were slightly below the forecast
Sales volume and unit price of Eringi were both negative compared to the same period of the previous year, while sales volume was slightly below, but unit price was achieved the forecast
Sales volume and unit price of Buna-Shimeji were positive and negative, respectively, compared to the same period of the previous year, while sales volume was achieved, but unit price was slightly below the forecast

	Sales Volume Comparison [1]			Unit Price Comparison [1]		
(%)	vs 3Q FYE Mar 2020	vs 3Q FYE Mar 2021	vs Forecast	vs 3Q FYE Mar 2020	vs 3Q FYE Mar 2021	vs Forecast
Maitake	*106.1%*	*99.8%*	***95.4%***	*89.0%*	*92.1%*	***95.8%***
Eringi	*94.8%*	*95.4%*	***93.8%***	*100.5%*	*96.6%*	***101.2%***
Buna-Shimeji	*97.4%*	*101.7%*	***100.7%***	*97.9%*	*90.2%*	***97.0%***
Other Mushrooms[2]	—	*99.2%*	***93.9%***	—	*109.0%*	***102.0%***

[1] Comparison excluding processed products
[2] Comparison by the total of Hon-Shimeji, Hatake-Shimeji and button mushrooms

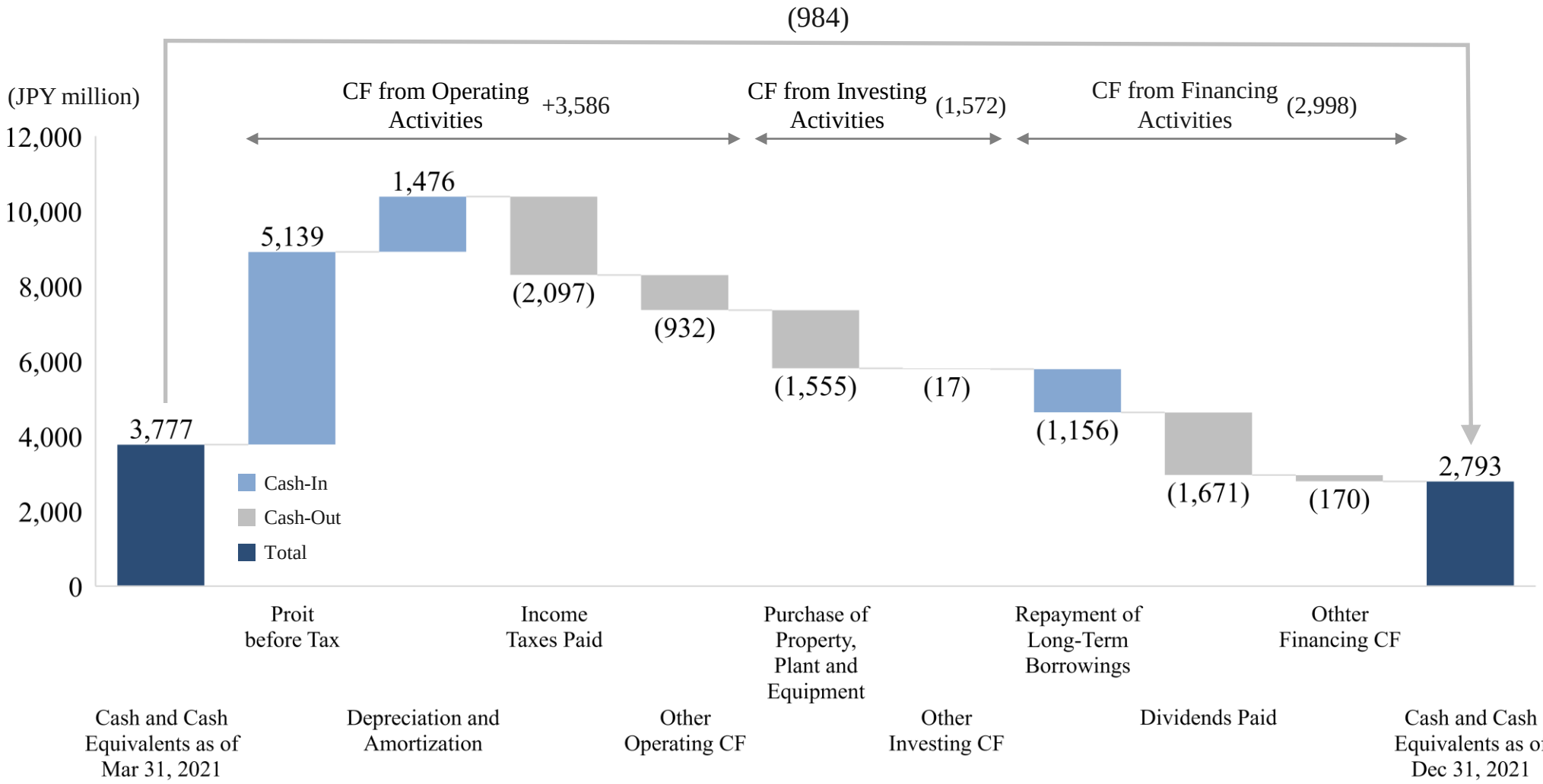
Consolidated Statements of Financial Position

Capital enrichment due to accumulation of quarterly profits

(JPY million)	As of Mar 31, 2021 Actual	**As of Dec 31, 2021 Actual**	Increase (Decrease) Amount	*Change YoY*
Current Assets	10,202	**11,751**	+1,548	*+15.2%*
Cash and Cash Equivalents	3,777	**2,793**	(984)	*(26.1%)*
Trade and Other Receivables	2,021	**3,456**	+1,434	*+71.0%*
Inventories	1,390	**1,443**	+52	*+3.8%*
Biological Assets	2,904	**3,962**	+1,057	*+36.4%*
Non-current Assets	25,441	**26,025**	+583	*+2.3%*
Property, Plant and Equipment	18,031	**18,948**	+916	*+5.1%*
Goodwill and Intangible Asset	5,304	**5,297**	(6)	*(0.1%)*
Total Assets	35,644	**37,776**	+2,132	*+6.0%*
Current Liabilities	7,614	**9,265**	+1,650	*+21.7%*
Trade and Other Payables	1,970	**4,120**	+2,149	*+109.0%*
Accrued Income Taxes	1,784	**1,450**	(333)	*(18.7%)*
Current Portion of Long-Term Borrowings	1,132	**1,321**	+188	*+16.6%*
Non-current Liabilities	18,798	**17,572**	(1,225)	*(6.5%)*
Borrowings	18,351	**17,239**	(1,111)	*(6.1%)*
Lease Liabilities	360	**250**	(110)	*(30.7%)*
Total Liabilities	26,413	**26,838**	+424	*+1.6%*
Total Equity	9,230	**10,938**	+1,708	*+18.5%*
Total Equity Attributable to Owners of Parent	9,233	**10,940**	+1,707	*+18.5%*
Total Liabilities and Equity	35,644	**37,776**	+2,132	*+6.0%*

Consolidated Cash Flow Analysis (3Q Cumulative)

Cash flow from operating activities was JPY 3,586 million, as Profit before Tax exceeded Corporate Income Taxes Paid, and etc.
Cash and cash equivalents decreased by JPY 984 million due to Repayment of Long-Term Borrowings and Dividends Paid



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

Decrease in profit before tax and increase in cash outflows such as dividends paid, compared to the same period of the previous fiscal year

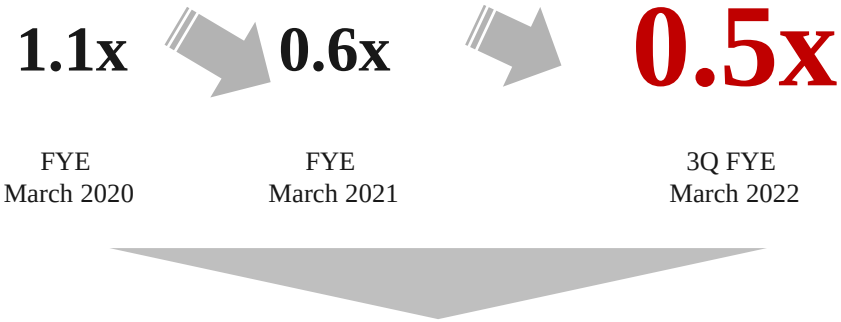
(JPY million)	3Q FYE March 2021	**3Q FYE March 2022**	Increase (Decrease)
Cash Flows from Operating Activities	5,844	**3,586**	(2,257)
Profit before Tax	6,503	**5,139**	(1,363)
Depreciation and Amortization	1,472	**1,476**	+4
Decrease (Increase) in Trade and Other Receivables	(1,391)	**(1,425)**	(33)
Decrease (Increase) in Inventories	(92)	**(52)**	+40
Increase (Decrease) in Trade and Other Payables	1,431	**1,529**	+98
Increase (Decrease) in Employee Benefit Liabilities	50	**(248)**	(299)
Income Taxes Paid	(2,347)	**(2,097)**	+250
Cash Flows from Investing Activities	(2,981)	**(1,572)**	+1,408
Purchase of Property, Plant and Equipment	(2,972)	**(1,555)**	+1,416
Proceeds from Sale of Property, Plant and Equipment	3	**0**	(3)
Cash Flows from Financing Activities	(5,175)	**(2,998)**	+2,177
Repayments of Long-Term Borrowings	(4,462)	**(1,156)**	+3,306
Dividends Paid	(549)	**(1,671)**	(1,122)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,312)	**(984)**	+1,328
Cash and Cash Equivalents at the Beginning of Period	4,461	**3,777**	(683)
Cash and Cash Equivalents at the End of the Period	2,148	**2,793**	+644

Key Financial Indicators

Net D/E ratio improved slightly due to a decrease in debt as a result of contractual repayments and an increase in equity as a result of profits
EBITDA decreased compared with the same period of the previous fiscal year, and net D/EBITDA ratio was slightly up

Changes of Financial Indicator Regarding Goodwill

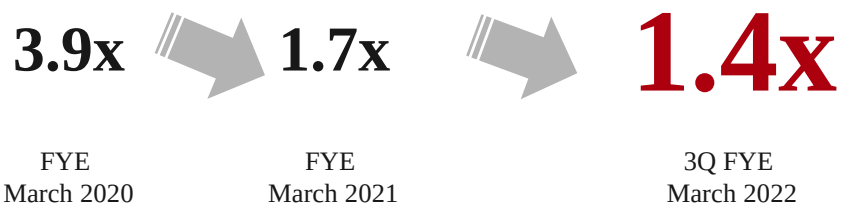
Goodwill to Net Assets Ratio [1]



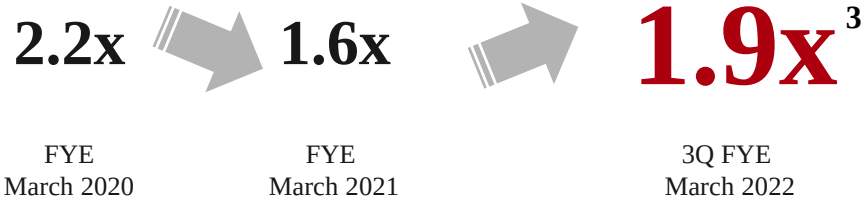
- **Regardless of the sign of impairment, implement an impairment test once a year**
- **Check signs of impairment quarterly and implement an impairment test if there are any signs of impairment**

Changes in Financial Indicator Regarding Net Debt

Net Debt to Equity Ratio [1]



Net Debt to EBITDA Ratio [2]



[1] IFRS based consolidated financial figures
[2] EBITDA are adjusted by excluding one-time expenses. Adjusted EBITDA = Adjusted Operating Profit + Depreciation + Amortization
[3] Estimated by last 12 months (LTM) cumulative adjusted EBITDA

Key Performance Indicators (3Q Cumulative)

In the nine months of the current fiscal year, both revenue and profits decreased compared with the same period of the previous fiscal year, resulting in a slight deterioration in business indicators

	3Q FYE March 2021	3Q FYE March 2022
Operating Margin	17.9%	**15.0%**
Adjusted EBITDA Margin	22.3%	**19.0%**
Adjusted Profit Margin	11.8%	**9.6%**
Basic Earnings per Share [1]	JPY 107.04	**JPY 84.85**
Adjusted Basic Earnings per Share [1]	JPY 118.03	**JPY 87.40**
ROE (Return on Equity Attributable to Owners of Parent) [2]	74.2%	**39.5%**
ROIC (Return on Invested Capital) [3]	17.2%	**14.1%**

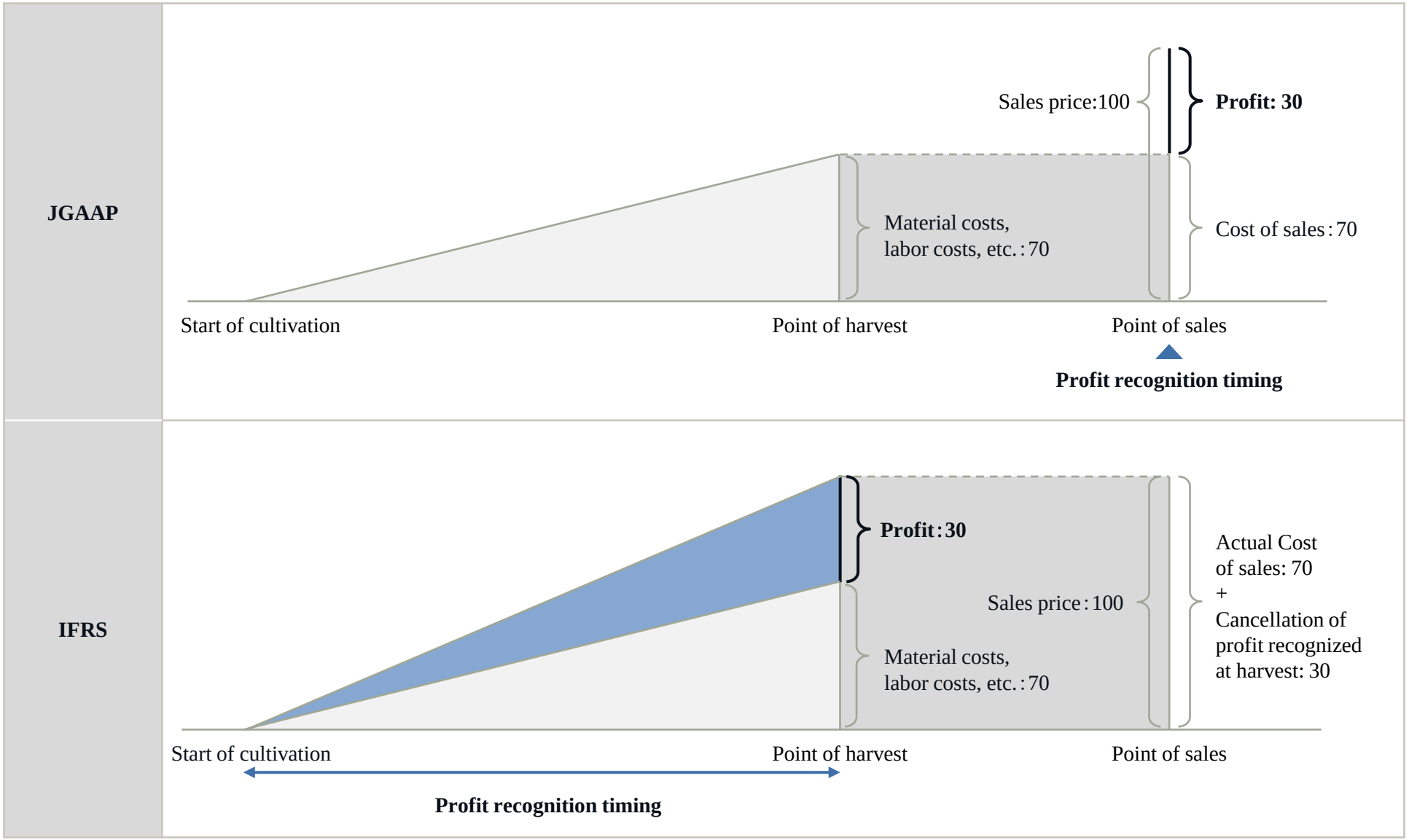
[1] Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic Earnings per Share and Adjusted Basic Earnings per Share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal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

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

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

Overview of Accounting Treatment — IAS 41 “Agriculture”

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



Net Impact of Applying Accounting Treatment — IAS 41 “Agriculture” (3Q Cumulative)

Net income impact of + JPY 980 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)

	Breakdown	3Q 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.)	**2,180**
	Harvest for the Current Period	**11,180**
	Other	**203**
	Total	**12,234**
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.)	**500**
	Harvest for the Current Period	**(11,180)**
	Other	**(170)**
	Total	**(11,253)**
Total Net Impact		**+980**

Gains included in work-in-progress had a positive impact of JPY 850 million due to higher inventory levels compared to the beginning of the period

Gains included in finished and semi-finished goods had a positive impact of JPY 97 million due to higher inventory levels compared to the beginning of the period

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

FYE March 2022

(JPY million)		1Q	2Q	**3Q**	4Q	Total
Income	**Gains in Work-in-Progress (Beg. Bal.)**	(1,330)	(1,027)	**(2,393)**		
	Gains in Work-in-Progress (End. Bal.)	1,027	2,393	**2,180**		
Cost of Sales	**Gains in Finished/Semi-finished Goods (Beg. Bal.)**	(402)	(406)	**(567)**		
	Gains in Finished/Semi-finished Goods (End. Bal.)	406	567	**500**		
Harvest for the Current Period		±0	±0	**±0**		
Other		27	9	**(4)**		
Total Net Impact		(271)	+1,537	**(285)**		

FYE March 2021

(JPY million)		1Q	2Q	3Q	4Q	Total
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)

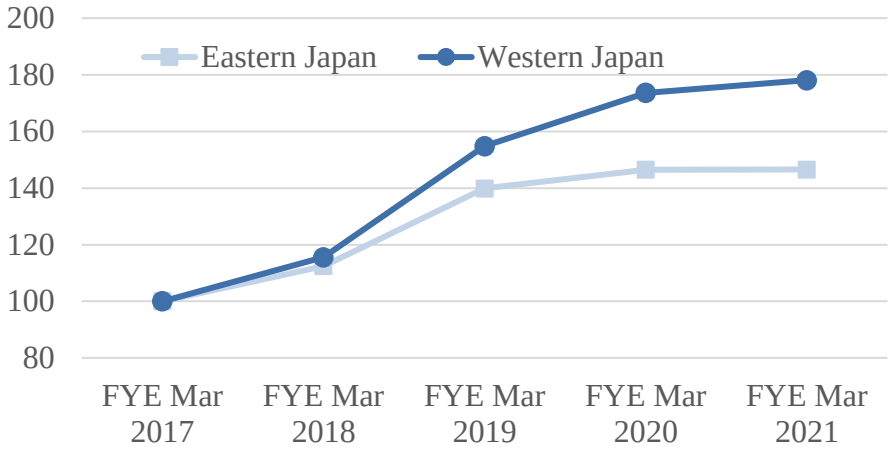
Comparison of Sales, Sales Volume, and Growth Rate of Eastern Japan and Western Japan

Compared to eastern Japan, consumption of maitake in western Japan is still low, and there is great potential for future growth
Strengthen demand development in the Kyushu region through Fukuoka Sales Office



Sales Amount

(Indexed with each sales amount in the fiscal year ended March 2017 as 100)

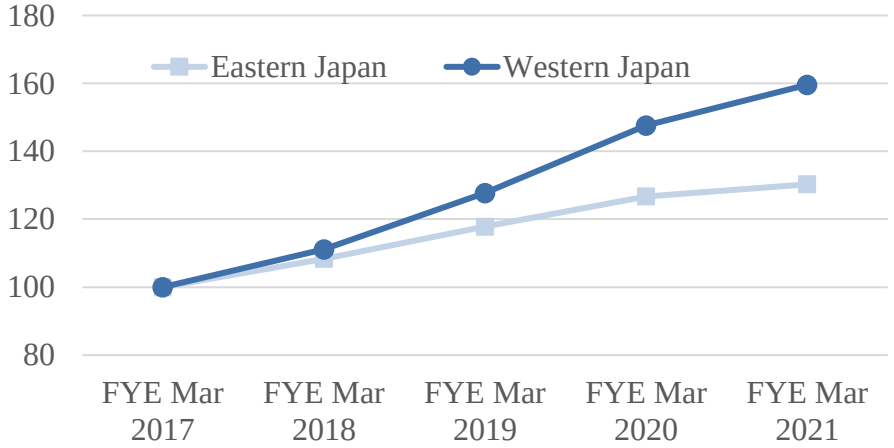


Compound Annual Growth Rate (CAGR)

WEST 15.5%
EAST 10.0%

Sales Volume

(Indexed with each sales volume in the fiscal year ended March 2017 as 100)



Compound Annual Growth Rate (CAGR)

WEST 12.4%
EAST 6.8%

Initiatives to Reduce Environmental Impact

Reduce CO_2 and plastic waste by continuously reviewing packaging materials and raw materials to reduce environmental impact

Reduction effect of plastic waste	CO_2 reduction effect ※
Approx. 177 t/ year	Approx. 451 tCO_2/ year

Calculated based on Forecast of Unit Sales for the Fiscal Year Ending March 2022

Effect

Review the material and thickness of the tray.

- Changed the material and thickness of the following trays, which are used in large quantities
(Target：The right size pack, M sized pack, Shimeji Megumi W”)


“The right sized pack”


“M sized pack”


“Shimeji Megumi W”

Reduce CO_2 emissions and plastic waste

Reduce environmental impact

Reduce logistics CO_2 by short-distance procurement
Improve CO_2 absorption rate through forestation

Procure local saw dust.

- Full-scale procurement of local cedar saw dust
- 28.5% of total procurement
(FYE Mar 2022 1H actual)
- Promote the procurement of hardwood sawdust in the neighborhood.

Reduce use of petroleum resources

Use biomass ink

- Use biomass ink [1] for packaging materials
(Items to be marked as completed: Some Maitake Pillow products, Eringi products)

[1] Biomass ink: Inks that use plant-derived ingredients (trees, rice bran, etc.) as part of the raw material.

Note: Calculated Reduction of CO_2 Emissions based on Industrial Waste Plastics 2.55tCO_2/t , which is CO_2 emission factor generated in waste incineration published in Guidelines for Promoting Global Warming in Regions (3rd edition) by Environment Agency

Our Sustainability Initiatives

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

September 2020

Started “Yukiguni Maitake Forest Creation Activities”

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



October 2020

Opening ceremony of “Yukiguni Maitake Forest Creation Activities”

Forest maintenance by concerned parties and employees





Activities

- Ongoing maintenance through clearing and thinning
- Implementation of CO_2 absorption calculation
- Wood from forest thinning is used as saw dust for mushroom cultivation
- Planting broadleaf trees (cherry trees), picking up twigs

Before



After



Continue to work toward a forest park where people and forests can coexist in harmony

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

At present, the stricter anti-coronavirus measures have been applied, due to the spread of mutated strains of coronaviruses

Impact on business performance		• The environment surrounding the Company's business remains severe due to the prolonged effects of the COVID-19 disaster, which have led to the cooling of consumer sentiment, the refraining from in going out, the growing desire to save money, and the continued slump in food service industry
Initiatives to prevent the spread of infection	Company-wide Initiatives	• Thoroughly measure body temperatures and wear masks • Enforce hand washing and disinfection / regular ventilation • Prohibit meetings in a closed space 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 • Curb cross-state travel
	Initiatives at sales offices, etc.	• Continue to support telework at sales offices depending on business needs

2

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

Medium- to Long-Term Vision of Yukiguni Maitake

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

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

Values

Company Motto

Contribution towards society with quality products
A worthwhile workplace

Basic Business Policy

I. Management Philosophies

1. Contribute towards enrichment of citizens' livelihood and the prosperity of food culture
2. Realize contributions to local communities and shareholders and affluent executives and employees
3. Respect for corporate ethics

II. Basic Business Policies

1. Reform the culture of challenge
2. Identify customer needs
3. Realize employee enrichment
4. Respect for corporate ethics
5. "Pursuit of value and strength" and "Thorough selection and concentration of businesses"

Basic Policies & Strategies of the Medium-term Business Plan

III-1. Basic Policies

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

A. **Domestic mushroom market:** New value creation
B. **Cost reduction through innovative production technology:** Improvement of productivity through factory automation of production processes and maximization of energy efficiency
C. **Global expansion:** Build an in-house foundation for production and sales, and explore business opportunities in mushroom-related fields

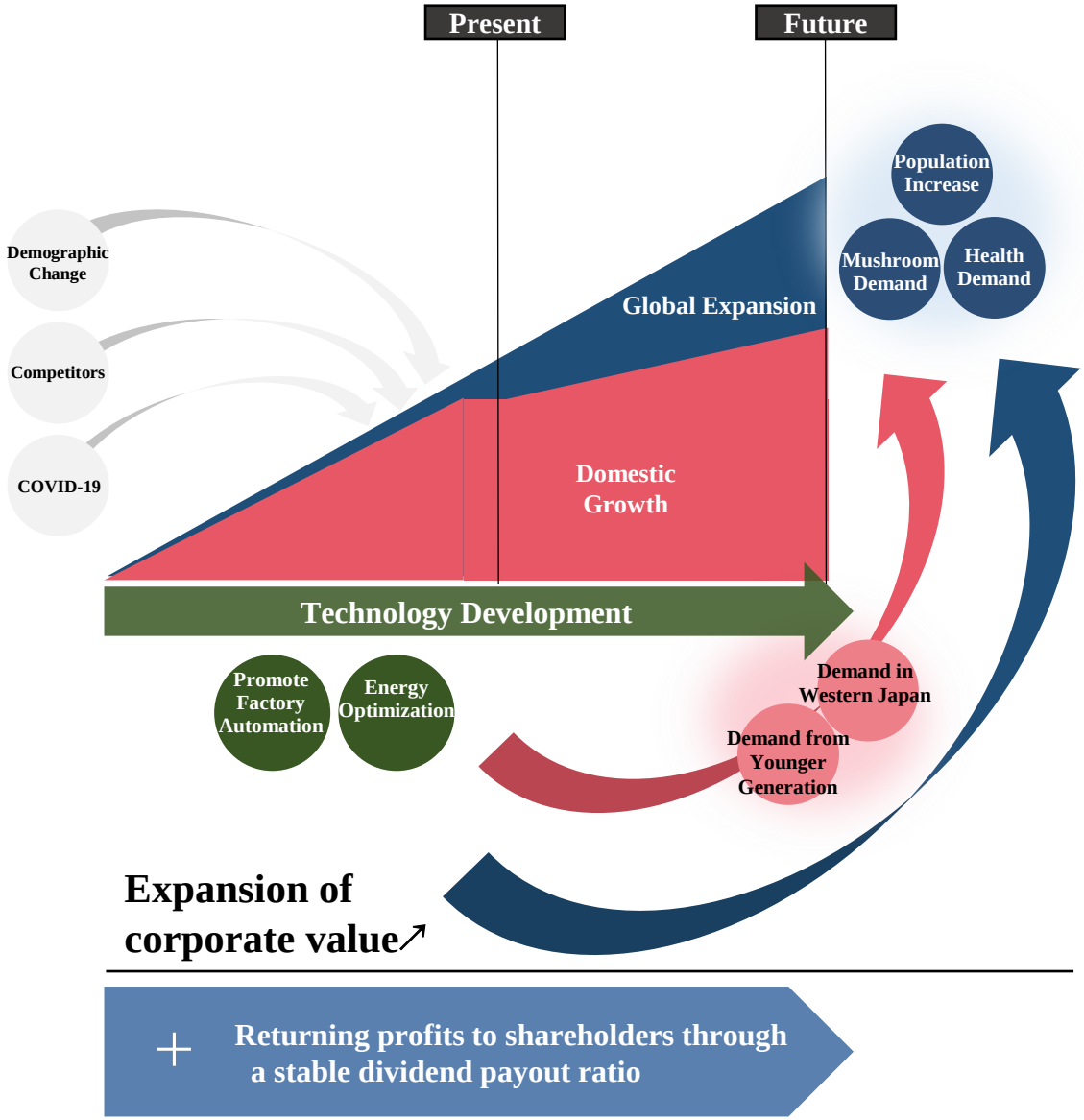
III-2. Basic Strategies

1. Establish a foundation as a comprehensive manufacturer of premium mushrooms
2. Achieve and maintain the overwhelming No. 1 position in maitake
3. Pursuit technological innovation in production and packaging
4. Start full-scale overseas expansion

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

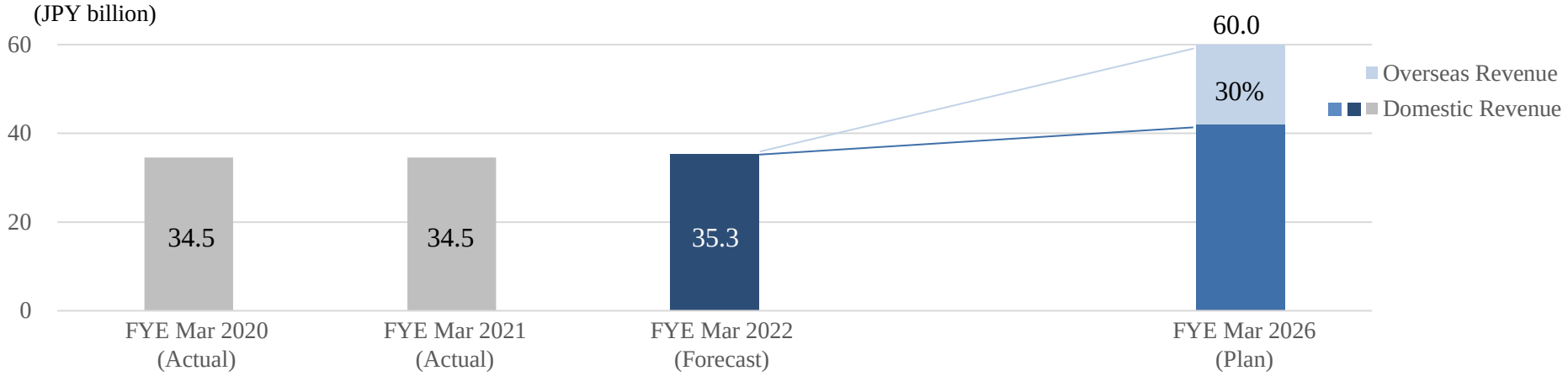
- Expand the consumption of mushrooms, a natural foodstuff, to meet the global health consciousness
- Build an in-house production and sales infrastructure overseas.
- Search for business opportunities in the area surrounding mushrooms (upstream to downstream)

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 2021 (Actual)	FYE Mar 2022 (Forecast)	FYE Mar 2026 (Plan)
1. Revenue	JPY 34.5 billion	JPY 35.3 billion	Around JPY 60.0 billion
2. Overseas Revenue Ratio [1]	—	—	Around 30%
3. Core EBITDA Margin [2]	29.7%	26.5%	Around 20%
4. ROIC	17.9%	—	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	**26.3%**	**29.7%**	**26.5%**	**Around 20%**

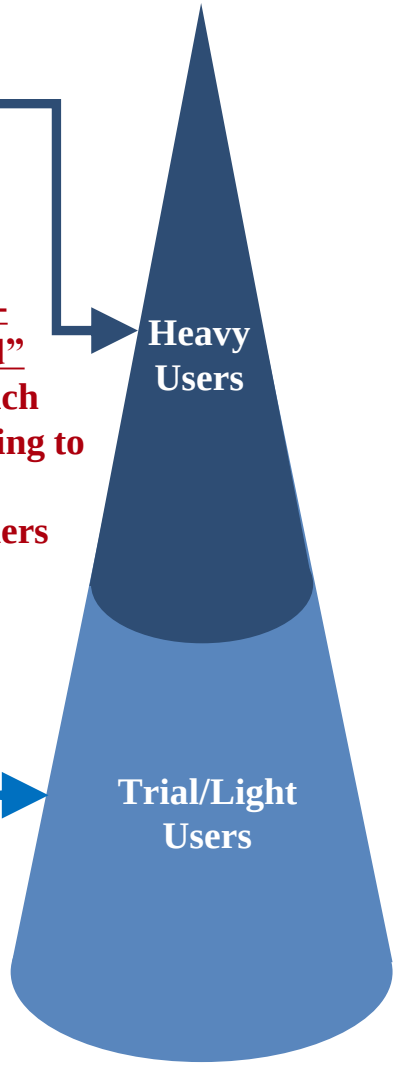
Basic Policy A: Domestic Mushroom Market (Maitake Business) 1

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

Attention	Experience/ Interest	Desire	Memory/ Action
Mass media	Eating out/ Takeaway	Digital Media	In store & items
■Use mass media to spread awareness	■Use of restaurant and takeaway chains	■Provide menu information through digital media	■"One last push" at sales floor and with item strategies
➢ TV commercials mainly in western Japan まいたけに、目覚めよう。  ➢ Disseminate evidence-based information nationwide	➢ Held a maitake mushroom fair and offer a menu.  ➢ Maitake products (bread and rice balls) at CVS chains	➢ Outgoing type: "Send out" menus that use maitake on recipe websites. ➢ Participatory: Submit own menus for menu campaigns on SNS and recipe sites from customers 	➢ TV-linked in-store promotion (Digital Signage)  ➢ Product packages linked to promotions and commercials

"Multi-layered" approach according to target customers

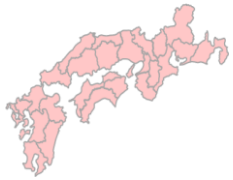


Build a purchasing process that "combines" multiple media channels.

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

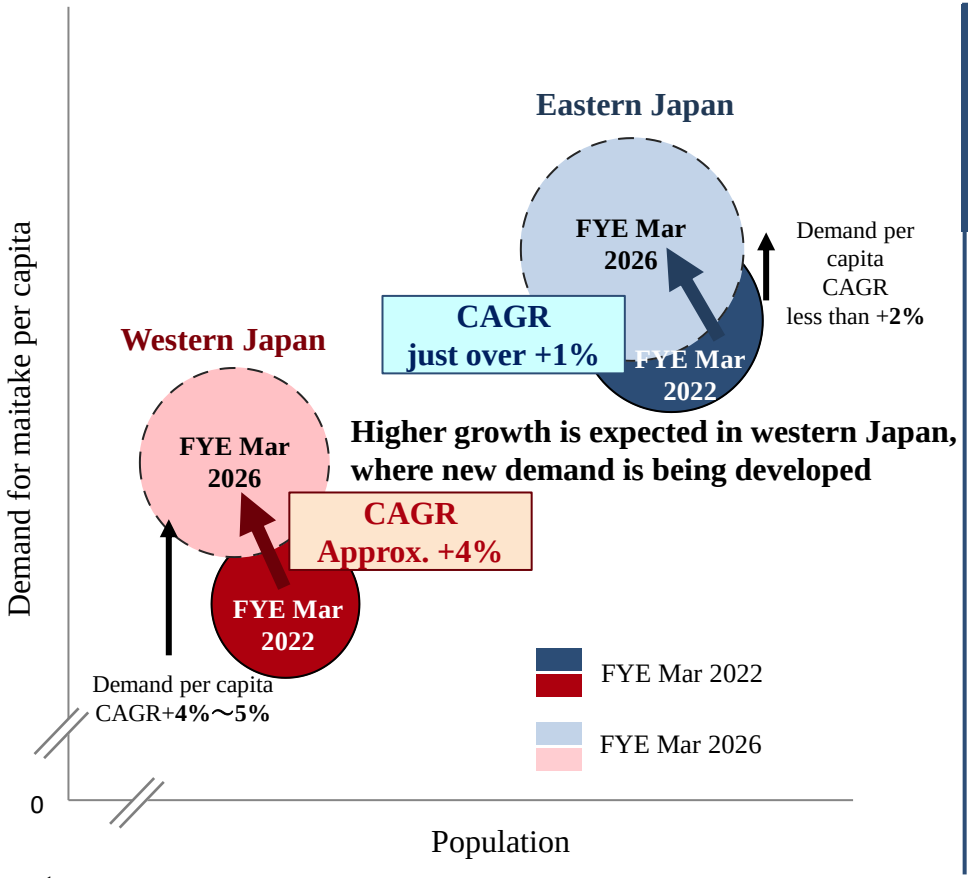
Western Japan



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

Image [1] of Change in Market Size of Maitake by East and West Area



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

Eastern Japan



Further deepen and explore demand for maitake

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

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

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

High growth potential of the domestic market

- **Business environment**
  - **The most major** and standard mushroom in the global mushroom market (Over 40% of the world's mushroom production)
  - Domestic production is small, at about 7,000 tons, and has **high growth potential.**
  - In Japan, high entry barriers, and **the oligopolistic three major companies.**
- **Response and Policy**
  - One of the three major domestic companies is our subsidiary. **Create demand and expand the market by proposing menus.**

Complementarity with maitake

- **Business environment**
  - It is more compatible with Western food than Japanese food, and its use is different from other Japanese mushrooms, so it does not conflict with our main product, maitake
  - Can be eaten raw, and **seasonality is small**
- **Response and Policy**
  - Multiple mushroom lineups **to enhance the brand value of "Yukiguni"** as a comprehensive premium mushroom manufacturer
  - **Level out the season gap**



Synergy with overseas expansion

- **Business environment**
  - The small production volume is **due to bottlenecks in the supply chain**, including production technology and raw material procurement.
- **Response and Policy**
  - **Maximize synergies with domestic business** by controlling upstream (raw materials) to downstream operations, along with overseas production

Development of our unique model

- **Business environment**
  - Cultivate the initially minor maitake into a premium mushroom
  - Significantly expand the market for maitake mushroom by creating demand through the use of **a unique model (production and sales)**
- **Respond and policy**
  - The current oligopoly environment is very similar to that of maitake.
  - There is room to apply our unique model for maitake to button mushrooms and make them **blossom as premium mushrooms.**

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

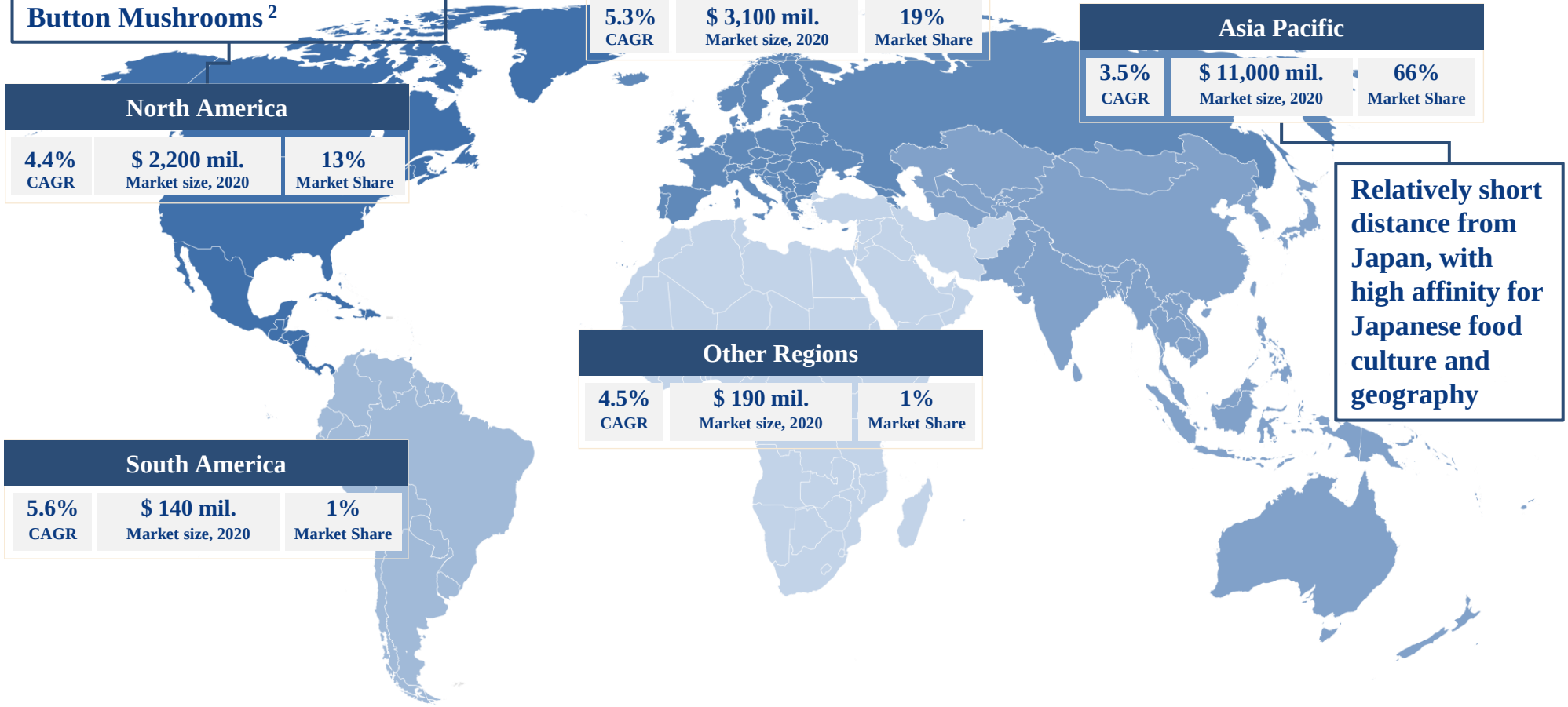


- Capital investment for the introduction of energy conservation measures
- Focus on maximizing energy efficiency and reduce environmental impact through the use of alternative energy sources
- Implement energy conservation measures such as LNG conversion, solar power generation, LED lighting, etc.
- Respond to future energy price hikes
- Reduce CO_2 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

Europe and North America have the world's largest markets for Button Mushrooms [2]



Europe

5.3%	$ 3,100 mil.	19%
CAGR	Market size, 2020	Market Share

Asia Pacific

3.5%	$ 11,000 mil.	66%
CAGR	Market size, 2020	Market Share

North America

4.4%	$ 2,200 mil.	13%
CAGR	Market size, 2020	Market Share

Other Regions

4.5%	$ 190 mil.	1%
CAGR	Market size, 2020	Market Share

South America

5.6%	$ 140 mil.	1%
CAGR	Market size, 2020	Market Share

Relatively short distance from Japan, with high affinity for Japanese food culture and geography

[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

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)



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

ASEAN



Estimated market size [1]

JPY 240 billion

■ **Basic Strategy**

- **<u>ASEAN is the target region</u>** where we have been conducting research.
- Accelerate the speed of sales channel development with **<u>the unique channel model</u>** cultivated in Japan, while also considering alliances.
- Promote company-wide efforts **<u>to establish a production base</u>** 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 **<u>business infrastructure</u>** and **<u>management resources</u>** (management personnel, networks)
- **<u>Examine entry strategies</u>** for our business and products in the U.S. and European regions
- **<u>Superior technology</u>**: Dramatically improve the Group's competitiveness by expanding quality and cost to Japan and ASEAN in production, R&D, new businesses and products.

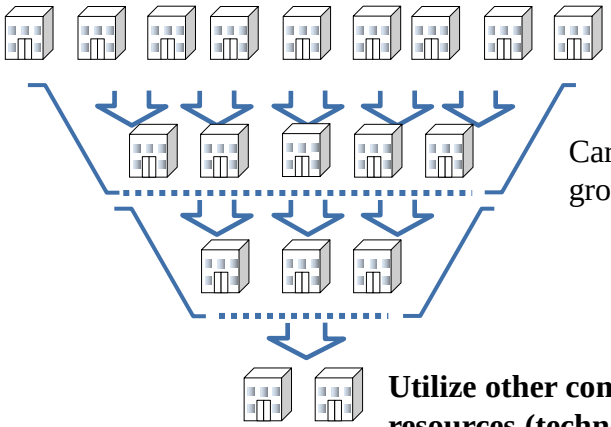
[1] Data from external research reports and our analysis
[2] Converted at USD1 = JPY110

Utilizing Open Innovation

Pursue medium- to long-term growth potential through both process and product innovation [1] by flexibly utilizing the superior management resources of other companies

Our Independent Research | **Excavation by VC Funds [2] of LP Investee** | **Companies to Be Acquired (Investment)**

Identify companies with superior management resources by fully utilizing the Group's network



Carefully select alliance partners based on our growth strategy, technology needs and terms of use

Utilize other companies' superior management resources (technology, know-how, and products)

Process Innovation

Business Process: R&D → Production → Sales → Control

A Field of Possibilities

■DX
- Sophistication of analysis accuracy through the use of big data and AI technology, as well as labor saving and automation

■AgriTech
- Utilization of unused resources, acquisition of new technologies for culture and cultivation, and breeding technologies, and strengthening of R&D capabilities



Technology



Know-How



Human Resources Networks

Product Innovation

Product Portfolio

	X axis		
Y axis	Product A	Product B	Product C
	Product D	Product E	Product F
	Product G	Product H	Product I

A Field of Possibilities

■Alternative Materials
- Alternative protein sources, alternative leather, packaging, architecture, interior design, etc.

■Processed Foods
- Confectionery, bakery, beverages, seasonings, etc.

■Mushroom Related
- Acquire new mushrooms (new fungi) and mushroom-related products, and strengthen R&D capabilities

[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)

ESG Strategy

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

- Sponsorship of local events
- Factory tour for local elementary school students
- Initiatives for the Yukiguni Maitake forest
- Participation in the Uonuma Mushroom Hardwood Supply Study Group



- FSMS/ ISO22000
- ASIAGAP
- Establishment of Customer center
- Yukiguni Maitake safety system
- No use of pesticides or chemical fertilizers



- Declaration of Compliance
- Code of Conduct for Compliance
- Internal Reporting Contact
- Risk Management Committee
- BCP (Natural disaster countermeasures)





- Evaluation of the effectiveness of the Board of Directors
- Nomination and Compensation Committee
- Internal Control Committee
- Increase in number of outside directors

- whistleblower System
- Avoiding human rights violations in the supply chain
- promotion of women's activities
- Employment of the Disabled



- Physical examination, Immunization assistance
- Promotion for paid vacation, childcare leave
- Telework, flexible working, staggered work hours
- Dialogue with labor unions and employees
- Circle activity support



- Switching to LNG
- Water usage and conservation
- Harvested timber utilization
- Tray weight reduction, use of recycled trays
- Reduction of CO2 emissions in logistics
- Utilization of medium



Sources : Prepared by the Company based on the ISO (International Organization for Standardization) framework and the Sustainable Development Goals (SDGs)

Roadmap for ESG Strategy

Work toward disclosure of TCFD, sustainability policy, and value creation process by the end of June 2022
Received an A rating from MSCI ESG RATINGS in October 2021

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

MSCI ESG RATINGS A
CCC | B | BB | BBB | A | AA | AAA

	Integrated Reporting (IIRC)	Climate-Related Disclosures (TCFD)	Others
FYE Mar 2022	**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	**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	**Inventory for ESG disclosure** • Collect information from each department in charge • Mindset for strengthening ESG disclosure **Expansion of ESG disclosure** • Verity 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
FYE Mar 2024	**Integrated Reporting Disclosure** • Compile of integrated reporting • Disclosures that integrate collected non-financial information with financial strategies	**Brush up on TCFD disclosure** • Enhance scenario analysis	**ESG Branding** • Enhance ESG branding content

3 Reference Materials

Overview of Yukiguni Maitake Group

YUKIGUNI MAITAKE CO., LTD.



Representative	Iwao Ashikaga, President and CEO
Established	July 1983
Head Office	Minamiuonuma-shi, Niigata, Japan
Code Number	1375
Stock Exchange Listing	Tokyo Stock Exchange, 1st Section
Number of Shares Issued	39,910,700
Number of Employees [1]	Full-time: 1,121, Part-time: 1,277 (as of December 31, 2021)
Business Description	Production and sales of Maitake, Eringi, and Buna-Shimeji, and manufacture and sales of processed mushroom products



Mizuho Norin Co., Ltd.



Production and sales of Hon-Shimeji and Hatake-Shimeji in Kyotamba-cho, Kyoto, Japan





Kinoko Center Kin Co., Ltd.



Production and sales of Buna-Shimeji in Kin-cho, Okinawa, Japan



Mitsukura Norin Co., Ltd.



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





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

Corporate History

1983

June

- Established Yukiguni Maitake Co., Ltd. and launched the production and sales of maitake



1994

March

- Listed on the Niigata Stock Exchange

1998

March

- Acquired Totaku Co., Ltd., and expanded the business into the production and sales of processed foods

2000

March

- Listed on the Second Section of the Tokyo Stock Exchange as the Niigata Stock Exchange merged into the Tokyo Stock Exchange

2015

June

- Delisted from the Second Section of the Tokyo Stock Exchange
- Became a wholly owned subsidiary of Bain Capital 1

2016

August

- Transferred shares of Yukiguni Bio Foods Co., Ltd., which operates the bean sprout business

2017

April

- Transferred shares of Yukiguni Maitake (Changchun) Biotechnology Limited, which operates the enokitake business in China

September

- Shinmei Co., Ltd., the largest Japanese rice wholesaler, acquired a 49% stake (Bain Capital: 51%; Shinmei: 49%)



2018

September

- Packaging factory of maitake was completed in Shiga Package Center and commenced packaging of maitake



2019

March

- Acquired Mizuho Norin Co., Ltd., a company producing and selling Hon-Shimeji and Hatake-Shimeji in Japan, and Kinoko Center Kin Co., Ltd., a company producing and selling Buna-Shimeji in Japan



October

- Acquired Mitsukura Norin Limited 2, a company producing and selling button mushrooms in Japan



2020

September

- Listed on the First Section of the Tokyo tock Exchange

1 "Bain Capital" mentioned above is the generic term of the fund which Bain Capital Private Equity, LP provides investment advice
2 Changed the trade name from Mitsukura Norin Limited to Mitsukura Norin Co., Ltd. on March 2, 2020

Our Strengths in the Value Chain (Maitake)

Achieve a stable production and supply system for premium mushrooms through repeated improvements in the production process, and establish a high barrier to entry and a stable revenue base
Complex and multifaceted marketing customized for each target customer segment by region

R&G

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 “Miyabi” : Only we can produce
- Other Premium Mushroom (Button-Mushroom, Hon-shimeji**)**







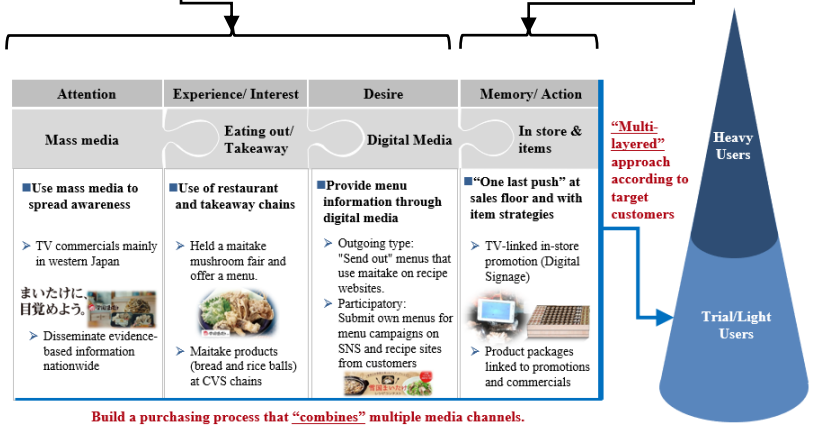
Flexible size adjustment in response to demand fluctuations

- **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 d**ifferent 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.)**



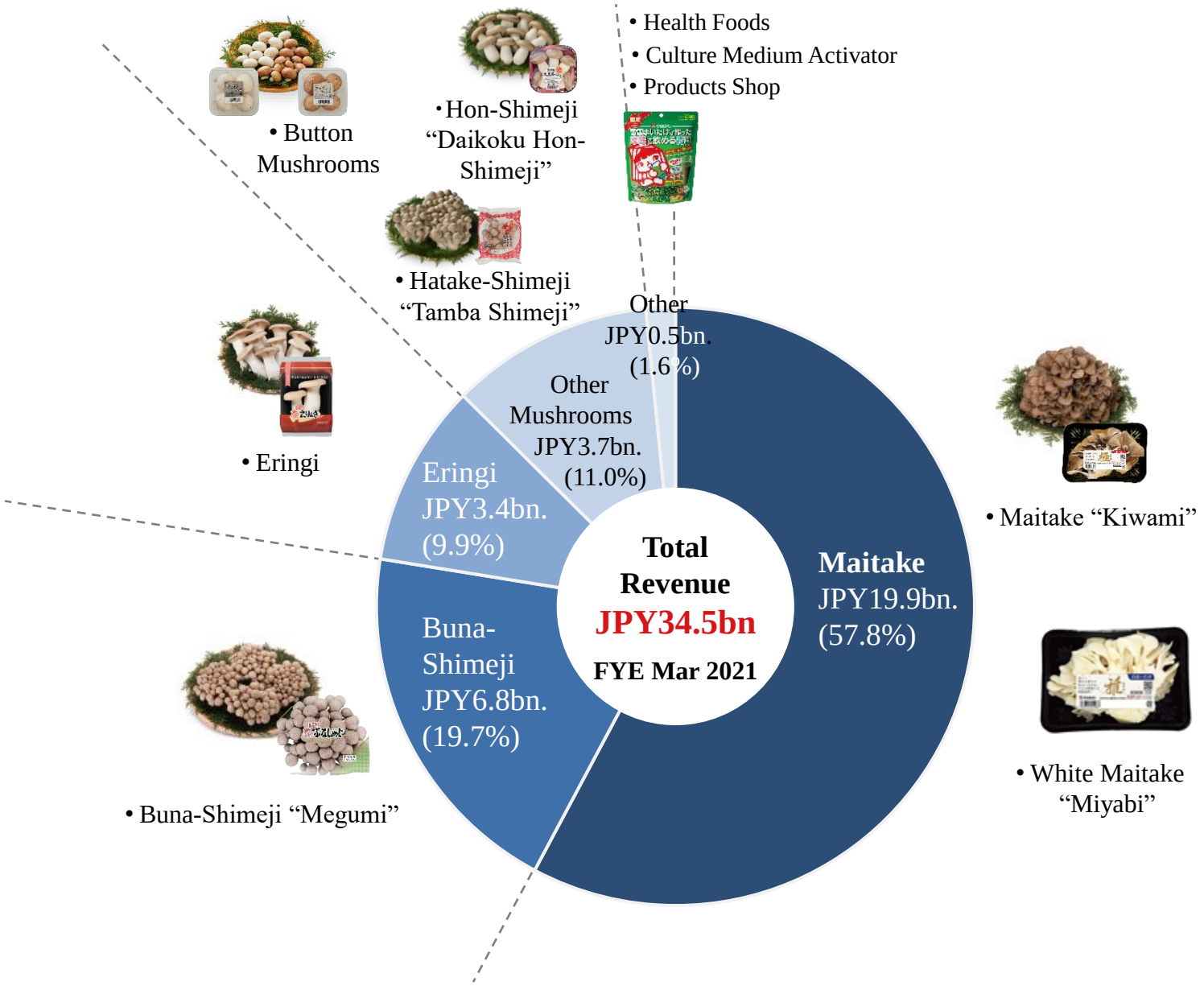
Distribution, Sales

“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

Maitake “Kiwami”, “Miyabi”



Eringi



Buna-Shimeji “Megumi”



Mitsukura Norin Button Mushrooms 1 [*1)]



Hon-Shimeji [*1)] [1] “Daikoku Hon-Shimeji”



Hatake-Shimeji [*1)] [1] “Tamba Shimeji”



Processed Foods [2]



Health Foods [3]



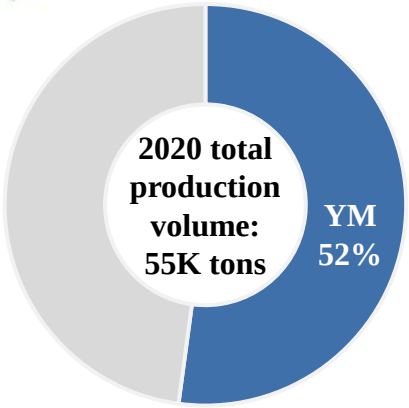
1 Classified as “other mushrooms” business segment
2 Each processed food is classified into its original mushroom business segment
3 Health foods, etc. are classified into “other” business segment

Mushroom Production Share of Yukiguni Maitake Group (YM)

Our mushroom products including maitake have high shares in respective market

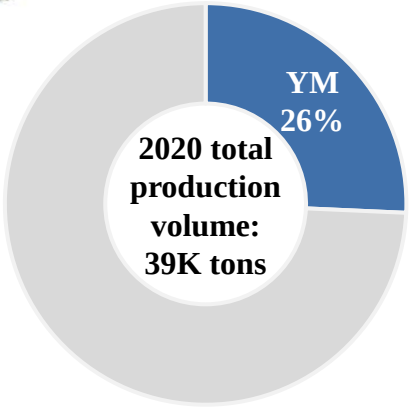


Maitake



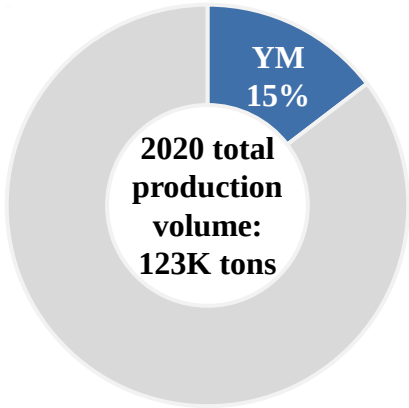


Eringi



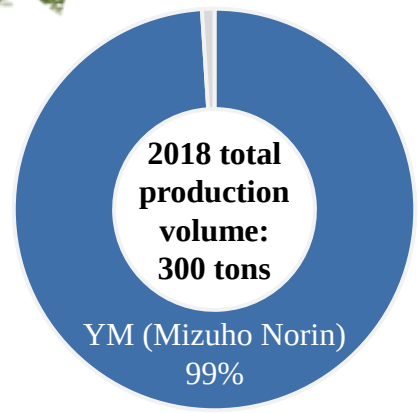


Buna-Shimeji



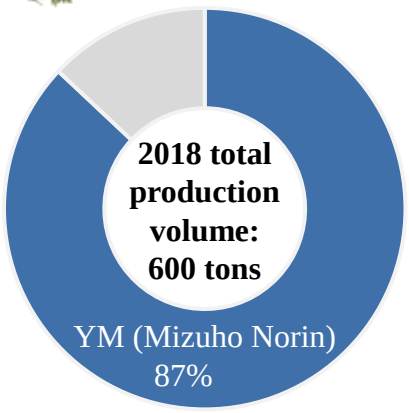


Hon-Shimeji



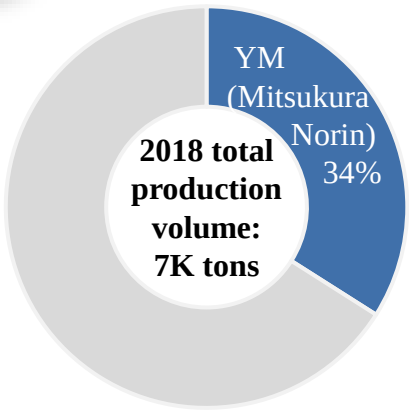


Hatake-Shimeji





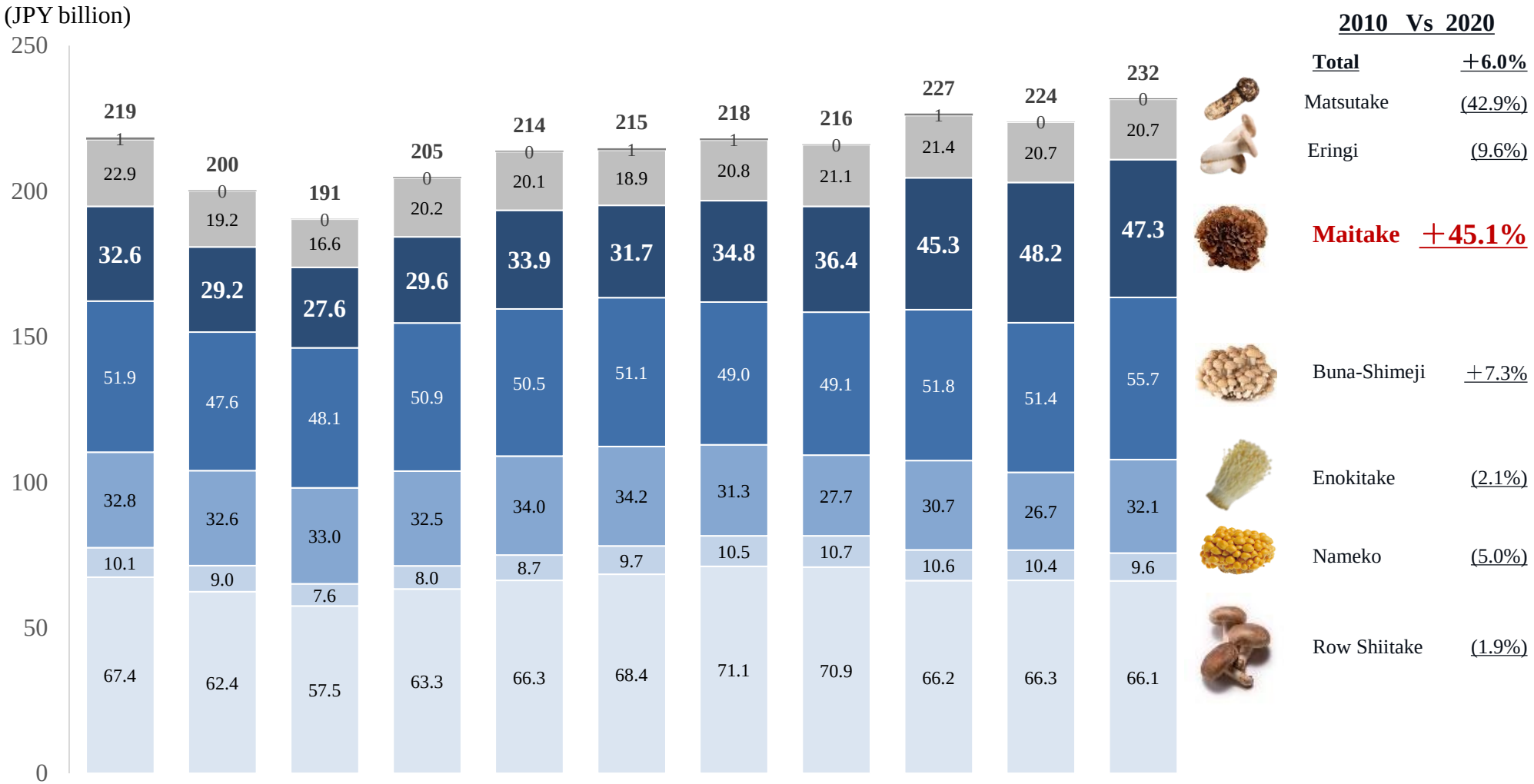
Button Mushrooms



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)

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

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

…



"Gourmet pack"
Medium Volume

…



"LL Pack"
Extra large volume

50g 80g 100g 120g 150g 200g 350g

※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

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.

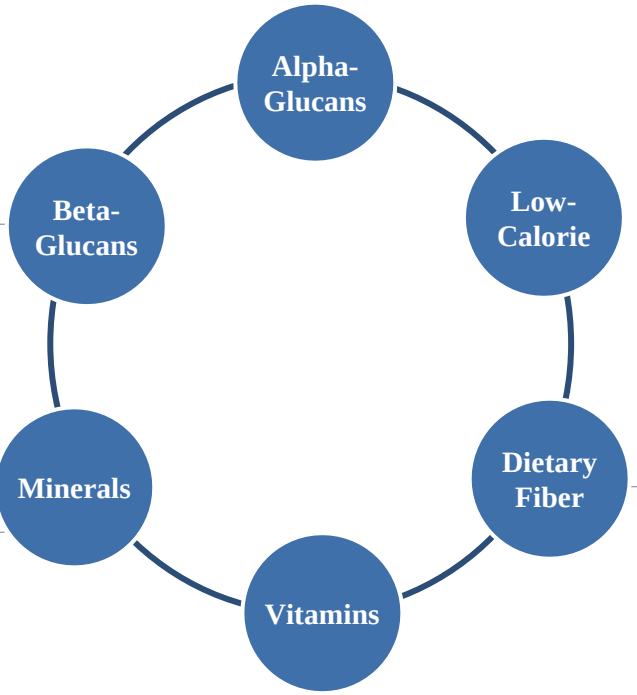
2 Wesa et al. 2015 Cancer Immunol Immunother 64: 237-247.

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.

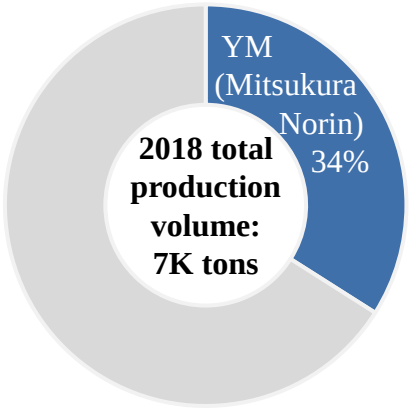
2 The Effects of Maitake on the Elevation of Blood Sugar Levels and the Second Meal Effects of Maitake (2010, 64th Annual Meeting of Japanese Society of Nutrition and Food Science)

M&A Success Stories / Mitsukura Norin

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

	Production	Sales
Before Acquisition	**Production is not stable** • Multi-level management of production data in each process makes it **difficult to improve production efficiency**. • **Out-of-specification products occur** due to uneven mushroom size, etc.	**Basically dependent on fruit and vegetable markets for sales** • **Difficult to control prices** as they are sold in the market • It is difficult to know where the products are sold, and **it is impossible to propose sales areas and ways of eating**.
After Acquisition	**Production stabilization through our know-how** • **Visualization and quantification of production management based on know-how** gained through process improvements in the production of maitake mushrooms, which are difficult to cultivate artificially. • Improved yield and productivity, and changes in item mix have resulted in higher commercialization rates and **improved profitability.**	**Increase unit sales price by strengthening direct sales** • Implementing auspicious day promotions and **eating suggestions** on the sales floor **on our direct sales route to retailers.** • Higher unit prices and **increased inquiries from retailers.**

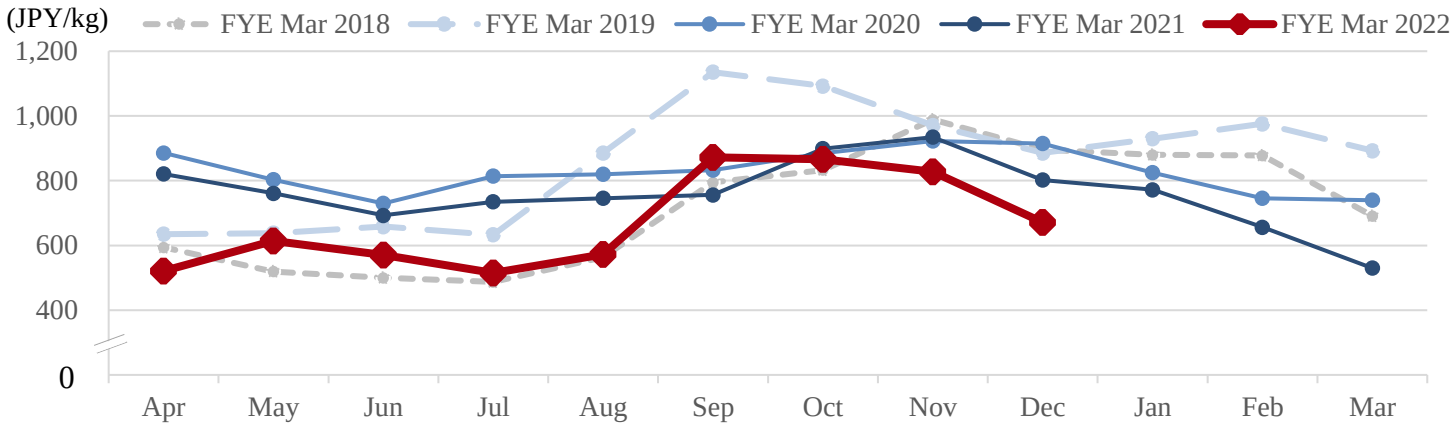
Domestic Mushroom Market Share



Our company accounts for **one-third** of the domestic mushroom market and is **highly profitable**.

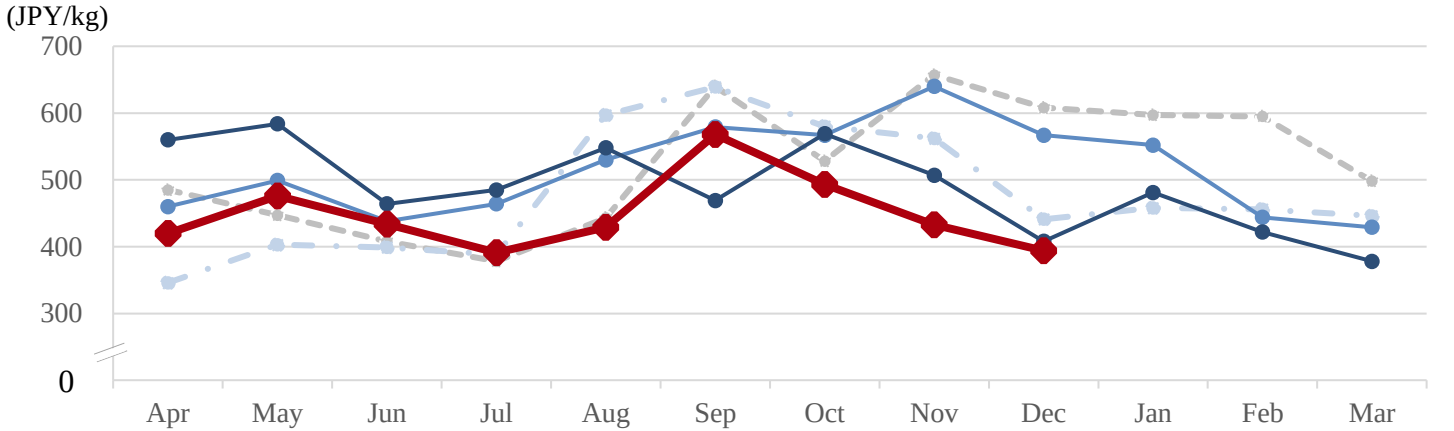
Changes in Market Transaction Unit Price

Maitake



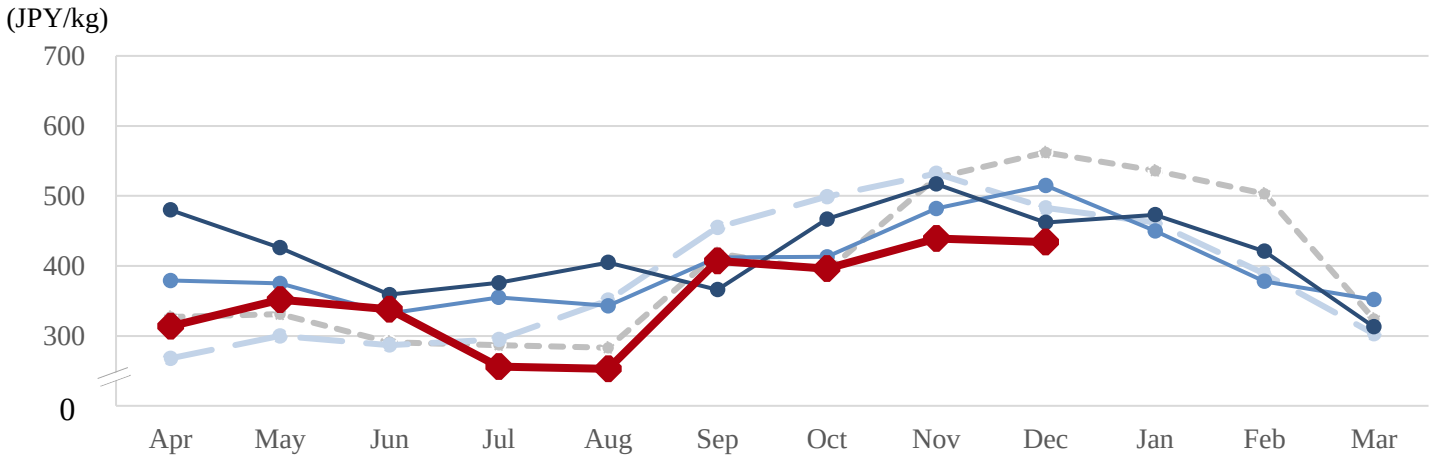
Weighted Average Unit Price (JPY)	
FYE Mar 2022	–
FYE Mar 2021	762
FYE Mar 2020	831
FYE Mar 2019	873
FYE Mar 2018	727

Eringi



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

Buna-Shimeji

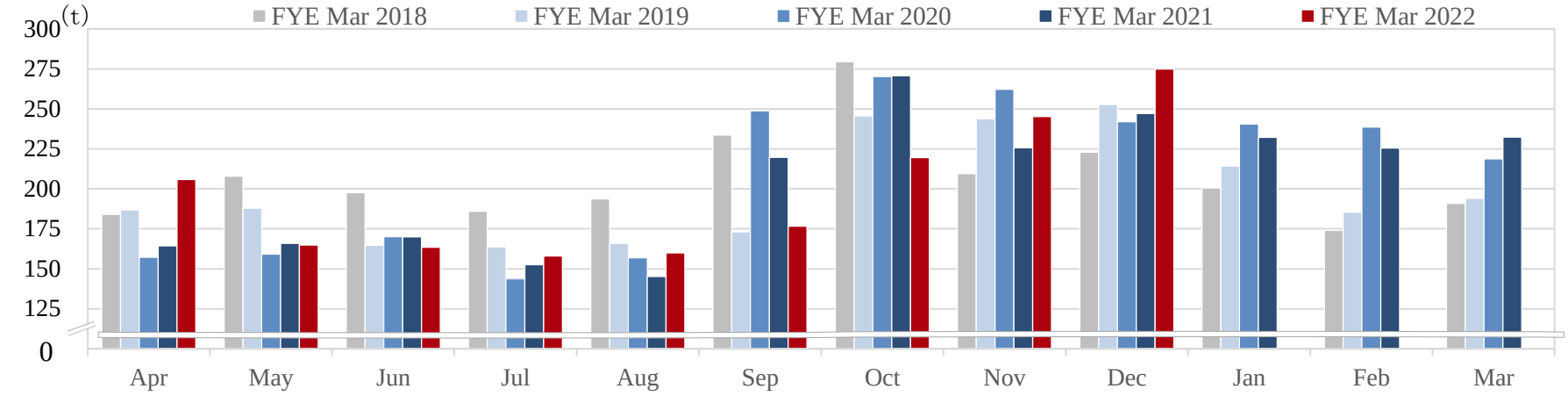


FYE Mar 2022	–
FYE Mar 2021	422
FYE Mar 2020	405
FYE Mar 2019	388
FYE Mar 2018	403

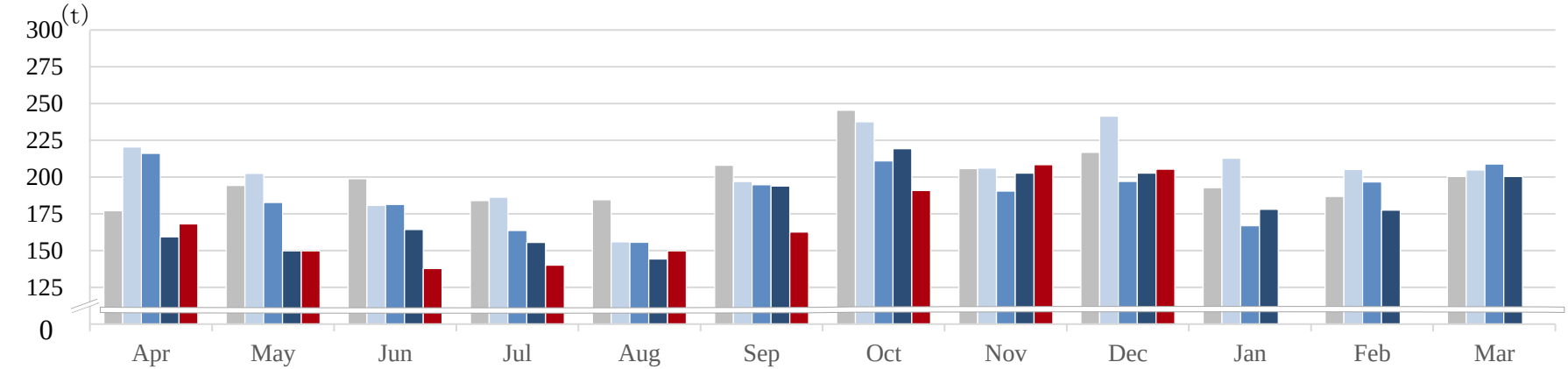
Sources: The Company created the chart based on the Market Statistics Data from Metropolitan Central Wholesale Market

Changes in Market Sales Volume

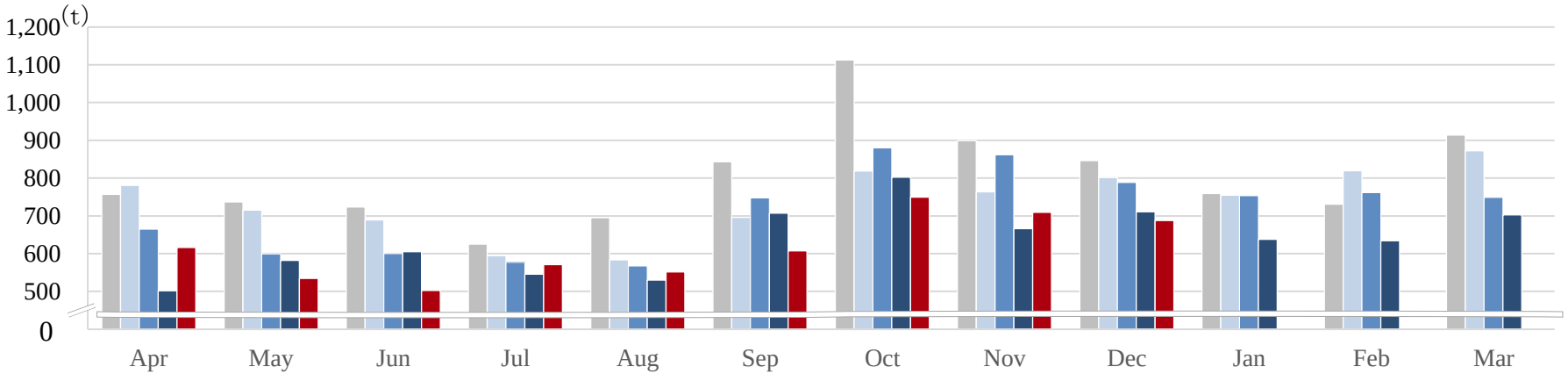
Maitake



Eringi

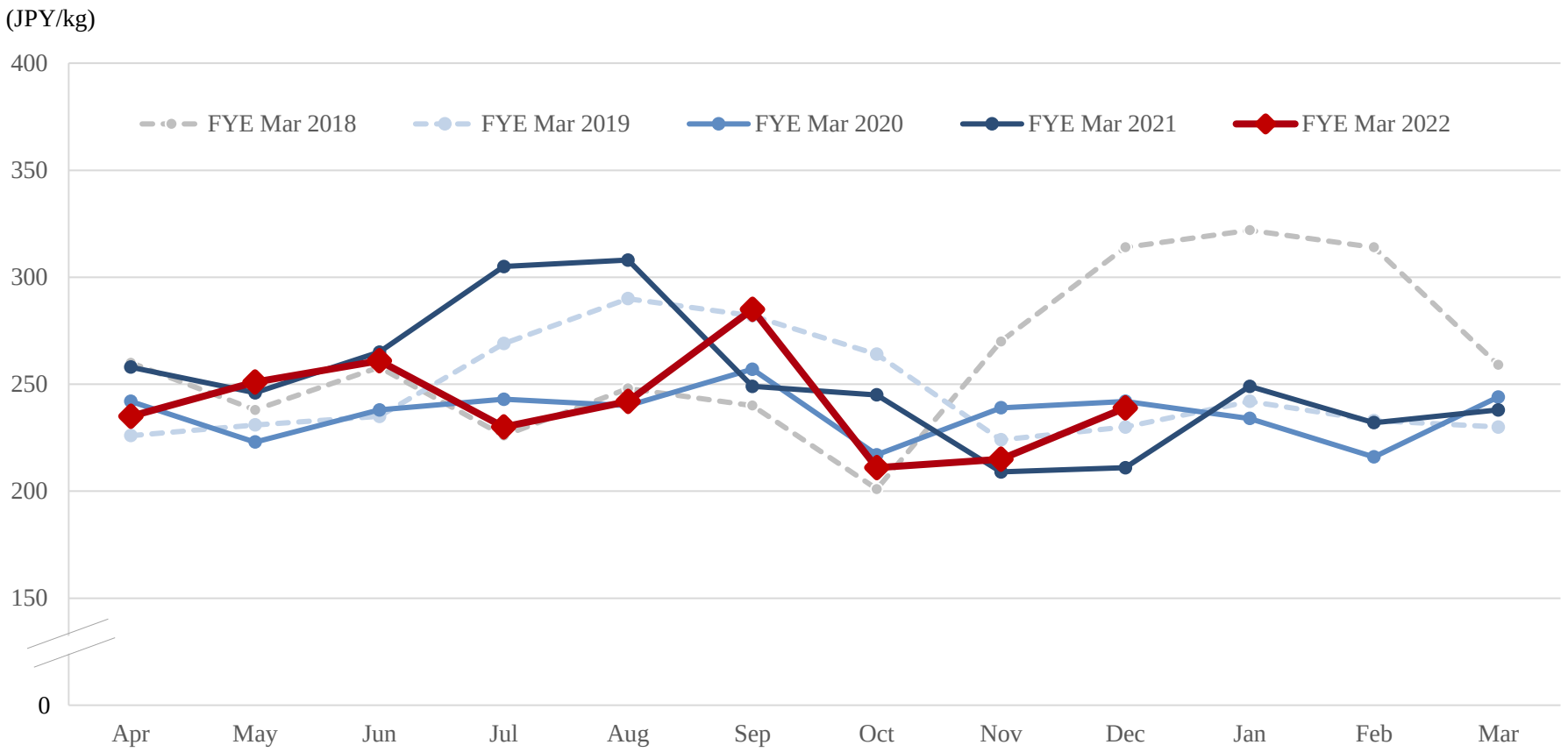


Buna-Shimeji



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	230	242	285	**211**	**215**	**239**			
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

Consolidated Statements of Financial Position (as of March 31, 2021)

While liabilities are declining, equity is growing, and the financial stability is maintained

(JPY million)	As of Mar 31, 2020 Actual	**As of Mar 31, 2021 Actual**	Increase (Decrease) Amount	*Change YoY*
Current Assets	11,045	10,202	(842)	*(7.6%)*
Cash and Cash Equivalents	4,461	3,777	(683)	*(15.3%)*
Trade and Other Receivables	2,141	2,021	(119)	*(5.6%)*
Inventories	1,292	1,390	+98	*+7.6%*
Biological Assets	3,019	2,904	(114)	*(3.8%)*
Non-current Assets	24,153	25,441	+1,287	*+5.3%*
Property, Plant and Equipment	16,710	18,031	+1,321	*+7.9%*
Goodwill and Intangible Asset	5,320	5,304	(16)	*(0.3%)*
Total Assets	35,199	35,644	+444	*+1.3%*
Current Liabilities	7,280	7,614	+334	*+4.6%*
Trade and Other Payables	2,390	1,970	(419)	*(17.5%)*
Accrued Income Taxes	1,539	1,784	+244	*+15.9%*
Current Portion of Long-Term Borrowings	942	1,132	+190	*+20.2%*
Non-current Liabilities	23,017	18,798	(4,218)	*(18.3%)*
Borrowings	22,438	18,351	(4,086)	*(18.2%)*
Lease Liabilities	483	360	(122)	*(25.4%)*
Total Liabilities	30,297	26,413	(3,884)	*(12.8%)*
Total Equity	4,901	9,230	+4,329	*+88.3%*
Total Equity Attributable to Owners of Parent	4,899	9,233	+4,333	*+88.4%*
Total Liabilities and Equity	35,199	35,644	+444	*+1.3%*

Consolidated Statements of Income (Cumulative)

Revenue was virtually flat YoY, and Gains Arising from Changes in Fair Value had a negative impact of around JPY 180 million, but Operating Profit increased due to reductions in utility costs and other factors

(JPY million)	FYE Mar 2020	**FYE Mar 2021**	Increase (Decrease)	*Change YoY*
Revenue	34,517	**34,543**	+25	*+0.1%*
Gains Arising from Changes in Fair Value	16,242	**16,837**	+594	*+3.7%*
Total Income	50,759	**51,380**	+620	*+1.2%*
Material Costs, Labor Costs, etc.	19,196	**18,057**	(1,139)	*(5.9%)*
Gains Arising from Changes in Fair Value	16,096	**17,023**	+927	*+5.8%*
Cost of Sales	35,293	**35,081**	(211)	*(0.6%)*
Gross Profit	15,466	**16,299**	+832	*+5.4%*
SG&A Expenses	8,369	**8,291**	(77)	*(0.9%)*
Other Income	290	**58**	(231)	*(79.8%)*
Other Expenses	696	**243**	(453)	*(65.0%)*
Operating Profit	6,691	**7,823**	+1,131	*+16.9%*
Profit before Tax	6,646	**7,125**	+479	*+7.2%*
Profit Attributable to Owners of Parent	4,346	**4,744**	+397	*+9.2%*
[Reference]				
Adjusted Operating Profit *	6,899	**8,090**	+1,191	*+17.3%*
Adjusted EBITDA *	8,672	**10,070**	+1,398	*+16.1%*
Adjusted Profit *	4,282	**5,218**	+935	*+21.9%*

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 Statements of Cash Flows (Cumulative)

Due to the repayment of long-term borrowings, the balance of cash and cash equivalents at the end of March 2021 decreased by JPY 683 million from the end of the previous fiscal year to JPY 3,777 million

(JPY million)	FYE Mar 2020	**FYE Mar 2021**	Increase (Decrease)
Cash Flows from Operating Activities	4,891	**8,204**	+3,312
Profit before Tax	6,646	**7,125**	+479
Depreciation and Amortization	1,772	**1,979**	+206
Decrease (Increase) in Trade and Other Receivables	787	**119**	(668)
Decrease (Increase) in Inventories	(278)	**(98)**	+180
Increase (Decrease) in Trade and Other Payables	(1,838)	**(221)**	+1,616
Increase (Decrease) in Employee Benefit Liabilities	(576)	**176**	+752
Income Taxes Paid	(1,542)	**(2,347)**	(805)
Cash Flows from Investing Activities	(1,994)	**(3,689)**	(1,694)
Purchase of Property, Plant and Equipment	(2,356)	**(3,726)**	(1,370)
Proceeds from Sale of Property, Plant and Equipment	801	**55**	(746)
Cash Flows from Financing Activities	(5,053)	**(5,198)**	(145)
Repayments of Long-Term Borrowings	(2,963)	**(4,462)**	(1,498)
Dividends Paid	(1,685)	**(554)**	+1,130
Net Increase (Decrease) in Cash and Cash Equivalents	(2,156)	**(683)**	+1,473
Cash and Cash Equivalents at the Beginning of Period	6,617	**4,461**	(2,156)
Cash and Cash Equivalents at the End of the Period	4,461	**3,777**	(683)

Financial Policies for Future

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

Enhancing Investment for Growth

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

雪国まいたけ
Yukiguni Maitake Co., Ltd.

The Company's Financial Policy

Strengthening Financial Structure

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

Shareholder Return Policy

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

Shareholder Return Policy

The Company's policy is to return profits to shareholders through a target of a consolidated Payout Ratio of approximately 30%
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	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.



MEMO



MEMO

MEMO

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