Yukiguni Mitake Co., Ltd.

Financial Results for Fiscal Year Ended March 2022

May 12, 2022

Tokyo Stock Exchange,
Prime Market: 1375

AGENDA

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

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

1 Summary of Consolidated Financial Results for FYE March 2022

Summary of Financial Results for Fiscal Year Ended March 2022

Sales revenue and operating profit decreased from the same period of the previous fiscal year and underperformed versus forecast.

External Environment	Our Response	Summary	vs Forecast
• Restrictions on activities and changes in consumer behavior due to COVID-19 affect our sales strategy. • Relatively mild climate in early autumn, the season of highest demand. • Consumption in the domestic mushroom market as a whole has been sluggish since autumn. • Operation and shipment of new plants of other companies. • Cost increase factors such as high crude oil prices and yen depreciation.	• TV commercials aired mainly in western Japan, and proactive proposals to consumers on how to eat using recipe websites. • Proposed Joint menu of maitake with a major seasoning manufacturer. • Conducted mushroom sales promotion activities in conjunction with Christmas and other events. • Implemented cost reduction activities by reviewing specifications of packaging materials and organizing transportation infrastructure, etc.	• **Revenue JPY32.4 billion** YoY-2.0 billion (*-6.1%*)	Below our Forecast
		• **Operating Profit JPY4.9 billion** YoY-JPY2.8 billion (*-36.4%*)	Below our Forecast

Consolidated Statements of Income (Cumulative)

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

	FYE March 2022	FYE March 2020			FYE March 2021		
			Change			Change	
(JPY million)	Actual	Actual	Amount	%	Actual	Amount	%
Revenue	**32,444**	34,517	(2,072)	*(6.0%)*	34,543	(2,098)	*(6.1%)*
Gains Arising from Changes in Fair Value	**14,636**	16,242	(1,605)	*(9.9%)*	16,837	(2,200)	*(13.1%)*
Total Income	**47,081**	50,759	(3,678)	*(7.2%)*	51,380	(4,299)	*(8.4%)*
Material Costs, Labor Costs, etc.	**18,680**	19,196	(516)	*(2.7%)*	18,057	+622	*+3.4%*
Gains Arising from Changes in Fair Value	**15,051**	16,096	(1,045)	*(6.5%)*	17,023	(1,972)	*(11.6%)*
Cost of Sales	**33,731**	35,293	(1,561)	*(4.4%)*	35,081	(1,349)	*(3.8%)*
Gross Profit	**13,349**	15,466	(2,117)	*(13.7%)*	16,299	(2,950)	*(18.1%)*
SG&A Expenses	**8,142**	8,369	(227)	*(2.7%)*	8,291	(149)	*(1.8%)*
Other Income	**48**	290	(242)	*(83.5%)*	58	(10)	*(18.0%)*
Other Expenses	**279**	696	(417)	*(59.9%)*	243	+35	*+14.6%*
Operating Profit	**4,975**	6,691	(1,715)	*(25.6%)*	7,823	(2,847)	*(36.4%)*
vs Revenue	**15.3%**	19.4%			22.6%		
vs Total Income	**10.6%**	13.2%			15.2%		
Profit before Tax	**4,564**	6,646	(2,081)	*(31.3%)*	7,125	(2,560)	*(35.9%)*
Profit Attributable to Owners of Parent	**2,989**	4,346	(1,356)	*(31.2%)*	4,744	(1,754)	*(37.0%)*
[Reference]							
Adjusted Operating Profit *	**4,975**	6,899	(1,923)	*(27.9%)*	8,090	(3,114)	*(38.5%)*
Adjusted EBITDA *	**6,960**	8,672	(1,711)	*(19.7%)*	10,070	(3,109)	*(30.9%)*
Adjusted Profit *	**3,125**	4,282	(1,157)	*(27.0%)*	5,218	(2,093)	*(40.1%)*

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

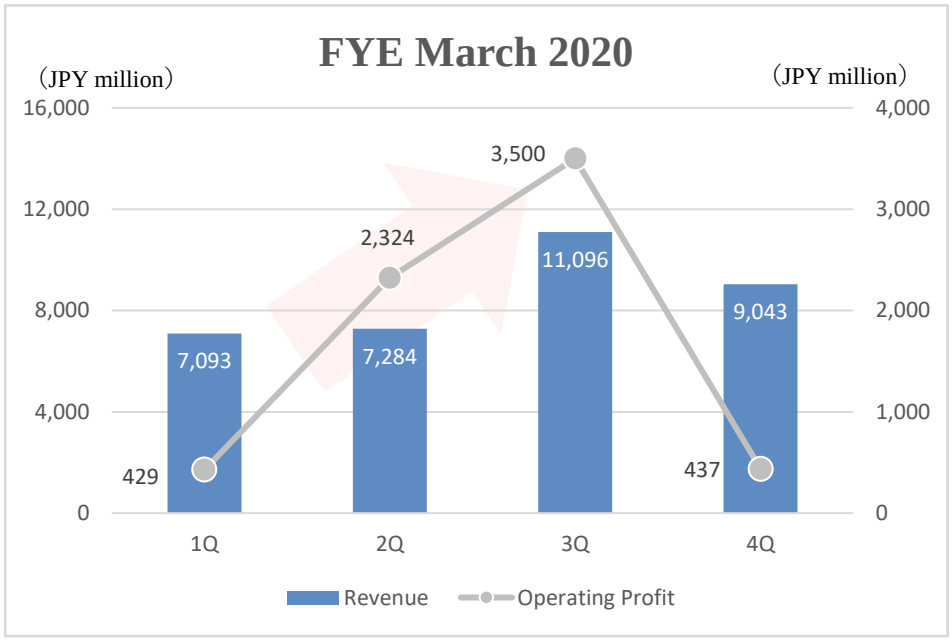
[1] Management Fees are compensation based on the management contract between the Company and Bain Capital Private Equity, LP, and SHINMEI HOLDINGS CO., LTD.

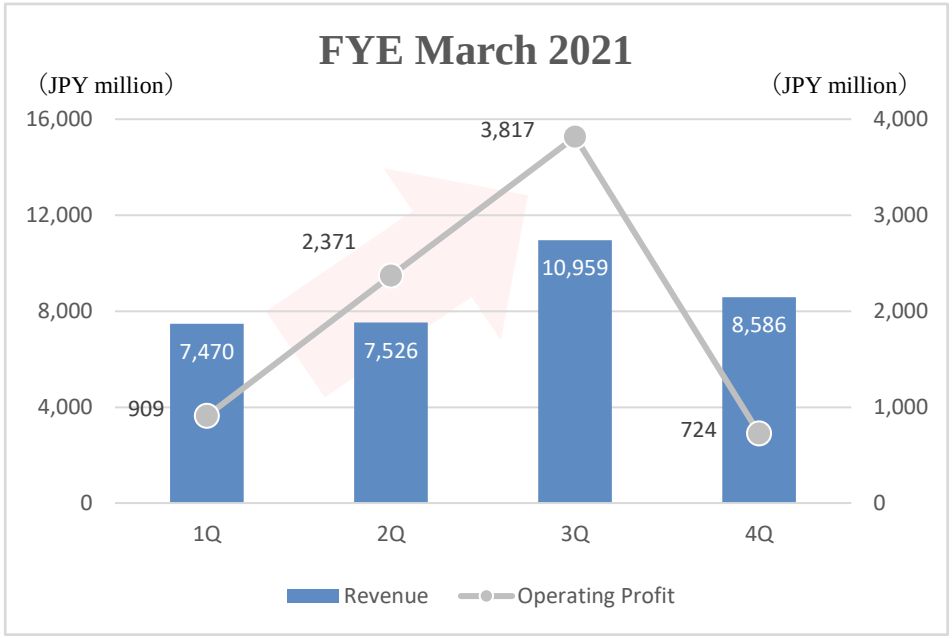
[2] Listing-Related Expenses are temporary costs including listing preparation advisory costs, costs related to building an organizational structure for listing, costs related to the introduction of IFRS and timely disclosure system for listing, real estate registration costs associated with a merger,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

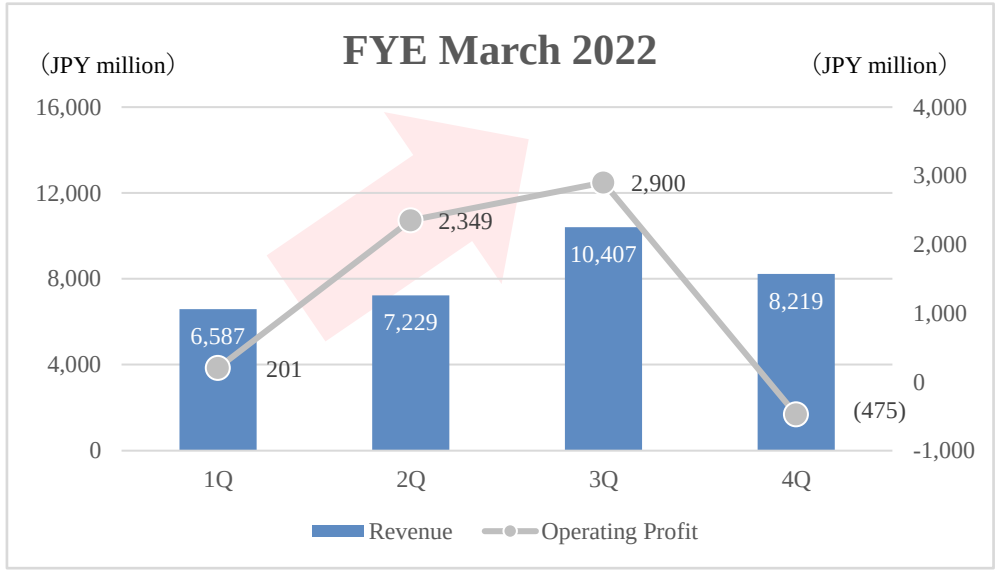
[3] Refinancing-Related Gains/Losses are advisory expenses that were temporarily incurred in connection with refinancing carried out after the Company was closed to the public. These expenses are offset by temporary gains that were incurred due to the decline in contract interest rates associated with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

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

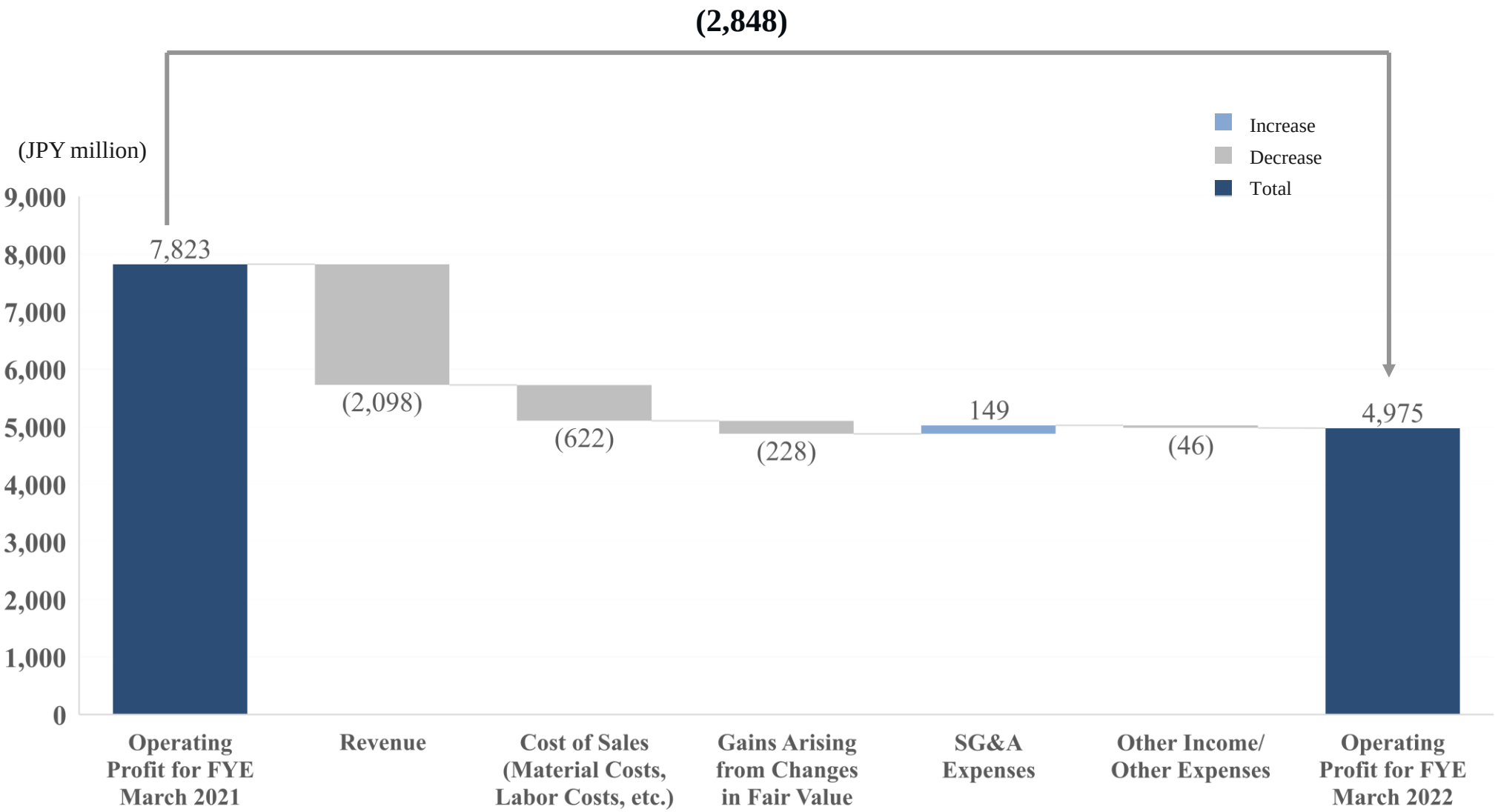






Analysis of Operating Profit (Cumulative Year-on-Year)

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



Revenue by Business Segment (Cumulative)

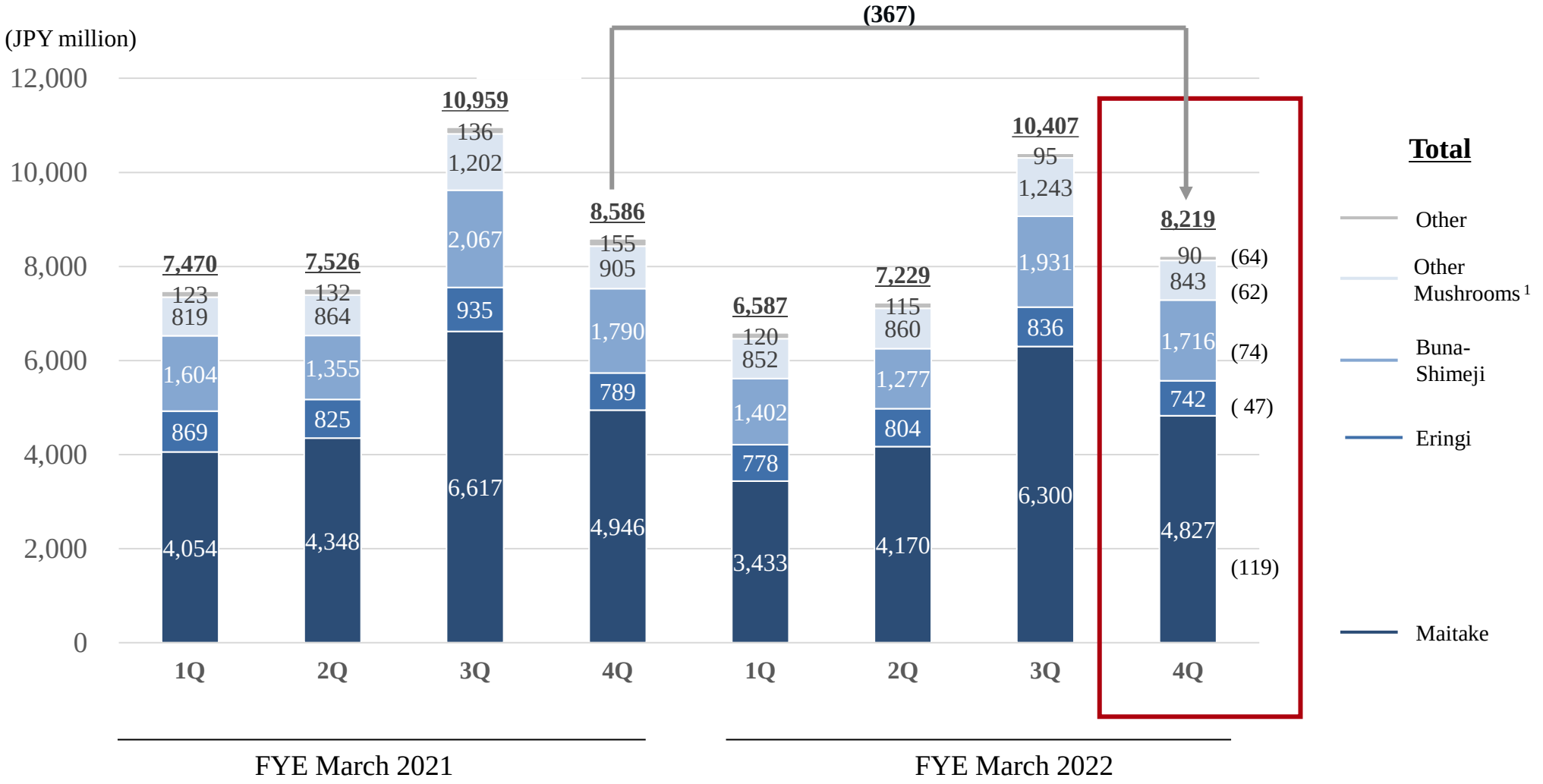
While revenue of Maitake, Eringi, and Buna-Shimeji decreased, revenue of button mushrooms were strong.

(JPY million)	FYE March 2021 Actual	FYE March 2021 *Composition Ratio*	**FYE March 2022 Actual**	***FYE March 2022 Composition Ratio***	Increase (Decrease) Amount	Increase (Decrease) *Change YoY*
Total Revenue	34,543	*100.0%*	**32,444**	***100.0%***	(2,098)	(6.1%)
Mushroom Business	33,995	*98.4%*	**32,021**	***98.7%***	(1,973)	(5.8%)
Maitake	19,966	*57.8%*	**18,732**	***57.7%***	(1,233)	(6.2%)
Eringi	3,419	*9.9%*	**3,161**	***9.7%***	(258)	(7.5%)
Buna-Shimeji	6,818	*19.7%*	**6,328**	***19.5%***	(489)	(7.2%)
Other Mushrooms[1]	3,791	*11.0%*	**3,799**	***11.7%***	+7	+0.2%
Other	547	*1.6%*	**422**	***1.3%***	(125)	(22.8%)

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

Revenue Trends by Business Segment (Quarterly Trends)

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



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

Status of Mushroom Business (Cumulative FYE March 2022)

Sales volume of Maitake was the same but its unit price was negative compared to the previous year, while unit price and volume were below the forecast.
Sales volume and unit price of Eringi were both negative compared to the previous year, while sales volume was slightly below, but unit price was achieved the forecast.
Sales volume of Buna-Shimeji was positive and its unit price was negative, compared to 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 FYE Mar 2020	vs FYE Mar 2021	vs Forecast	vs FYE Mar 2020	vs FYE Mar 2021	vs Forecast
Maitake	*104.7%*	*100.0%*	***95.1%***	*89.5%*	*92.9%*	***94.0%***
Eringi	*93.1%*	*95.3%*	***93.6%***	*100.3%*	*97.2%*	***101.2%***
Buna-Shimeji	*96.9%*	*101.7%*	***100.3%***	*99.8%*	*91.2%*	***97.5%***
Other Mushrooms[2]	—	*98.7%*	***92.9%***	—	*106.3%*	**100.2%**

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

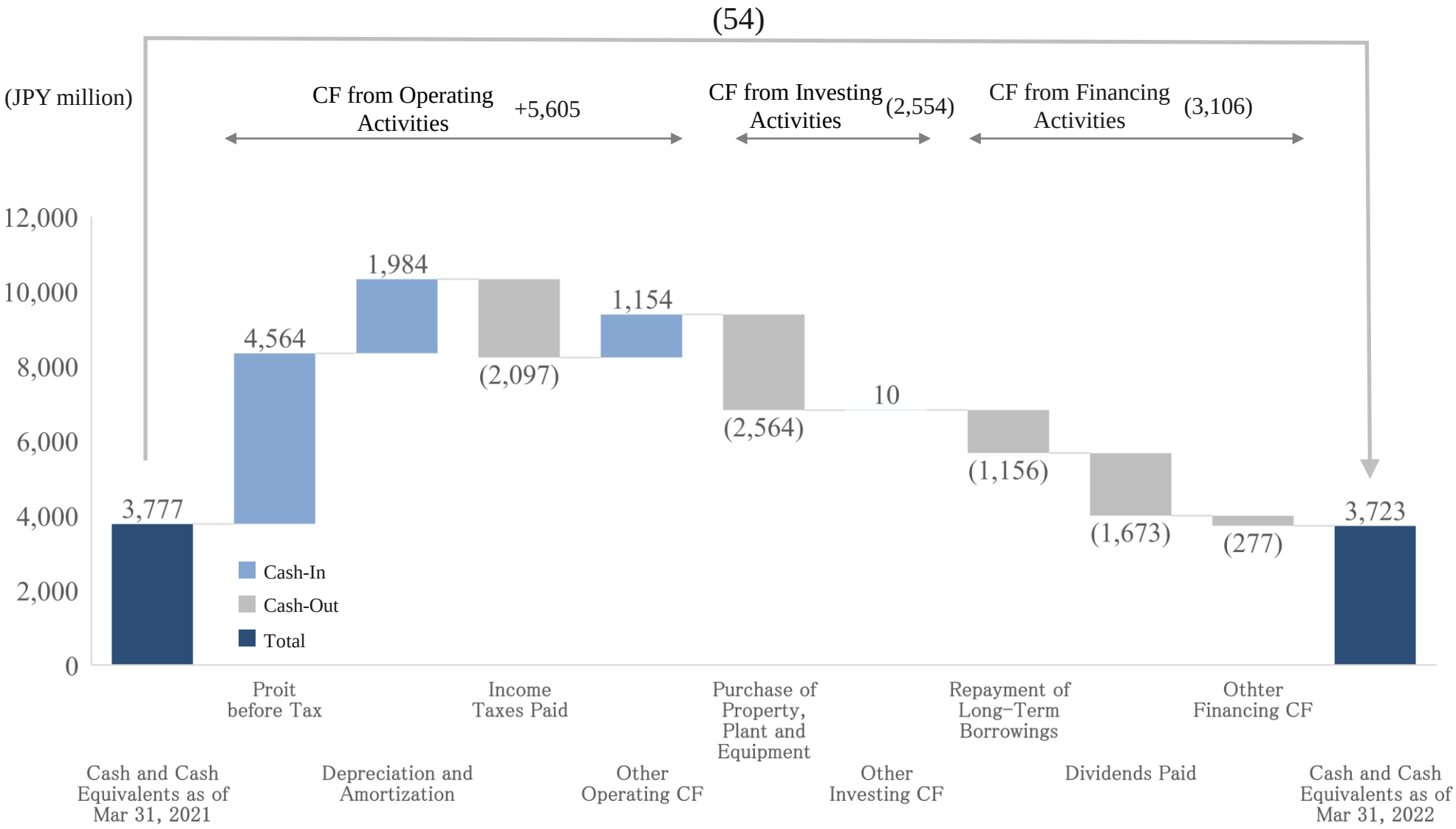
Consolidated Statements of Financial Position

Capital increased due to the accumulation of profit.

(JPY million)	FYE March 2021 Actual	**FYE March 2022 Actual**	Increase (Decrease) Amount	*Change YoY*
Current Assets	10,202	**9,735**	(467)	(4.6%)
Cash and Cash Equivalents	3,777	**3,723**	(54)	(1.4%)
Trade and Other Receivables	2,021	**1,958**	(63)	(3.1%)
Inventories	1,390	**1,249**	(141)	(10.2%)
Biological Assets	2,904	**2,693**	(211)	(7.3%)
Non-current Assets	25,441	**26,361**	+920	+3.6%
Property, Plant and Equipment	18,031	**19,170**	+1,138	+6.3%
Goodwill and Intangible Asset	5,304	**5,291**	(13)	(0.2%)
Total Assets	35,644	**36,096**	+452	+1.3%
Current Liabilities	7,614	**8,010**	+395	+5.2%
Trade and Other Payables	1,970	**2,602**	+631	+32.0%
Accrued Income Taxes	1,784	**1,484**	(300)	(16.8%)
Current Portion of Long-Term Borrowings	1,132	**1,321**	+188	+16.6%
Non-current Liabilities	18,798	**17,615**	(1,183)	(6.3%)
Borrowings	18,351	**17,314**	(1,037)	(5.7%)
Lease Liabilities	360	**222**	(138)	(38.4%)
Total Liabilities	26,413	**25,625**	(787)	(3.0%)
Total Equity	9,230	**10,470**	+1,240	+13.4%
Total Equity Attributable to Owners of Parent	9,233	**10,471**	+1,238	+13.4%
Total Liabilities and Equity	35,644	**36,096**	+452	+1.3%

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

Cash flow from operating activities was JPY 5,605 million, as net proceeds exceeded Corporate Income Taxes Paid, and etc.
Cash and cash equivalents decreased by JPY 54 million due to Repayment of Long-Term Borrowings and Dividends Paid.



Consolidated Statements of Cash Flows (Year-on-Year)

Cash Flows from Operating Activities･･･Decrease due to lower Profit before Tax.
Cash Flows from Investing Activities･･･Decrease due to lower capital expenditures.
Cash Flows from Financing Activities･･･ Decrease in Repayments of Long-Term Borrowings and increase in Dividend Paid.

(JPY million)	FYE March 2021	**FYE March 2022**	Increase (Decrease)
Cash Flows from Operating Activities	8,204	**5,606**	(2,598)
Profit before Tax	7,125	**4,564**	(2,560)
Depreciation and Amortization	1,979	**1,984**	+5
Decrease (Increase) in Trade and Other Receivables	119	**64**	(54)
Decrease (Increase) in Inventories	(98)	**141**	+240
Increase (Decrease) in Trade and Other Payables	(221)	**115**	+337
Increase (Decrease) in Employee Benefit Liabilities	176	**(133)**	(309)
Income Taxes Paid	(2,347)	**(2,097)**	+250
Cash Flows from Investing Activities	(3,689)	**(2,554)**	+1,135
Purchase of Property, Plant and Equipment	(3,726)	**(2,564)**	+1,161
Proceeds from Sale of Property, Plant and Equipment	55	**1**	(53)
Purchase of Sale of intangible asset	(5)	**(7)**	(2)
Cash Flows from Financing Activities	(5,198)	**(3,107)**	+2,090
Repayments of Long-Term Borrowings	(4,462)	**(1,156)**	+3,306
Dividends Paid	(554)	**(1,673)**	(1,118)
Net Increase (Decrease) in Cash and Cash Equivalents	(683)	**(54)**	+628
Cash and Cash Equivalents at the Beginning of Period	4,461	**3,777**	(683)
Cash and Cash Equivalents at the End of the Period	3,777	**3,723**	(54)

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 previous fiscal year, and net D/EBITDA ratio was up.

Changes of Financial Indicator Regarding Goodwill

Goodwill to Net Assets Ratio [1]

FYE March 2020	FYE March 2021	FYE March 2022
1.1x	0.6x	**0.5x**

- **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	FYE March 2022
3.9x	1.7x	**1.4x**

Net Debt to EBITDA Ratio [2]

FYE March 2020	FYE March 2021	FYE March 2022
2.2x	1.6x	**2.1x** [3]

[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

In this current fiscal year, Key Performance Indicators deteriorated slightly due to underperformance in the previous year.

	FYE March 2021	FYE March 2022
Operating Margin	15.2%	**10.6%**
Adjusted EBITDA Margin	19.6%	**14.8%**
Adjusted Profit Margin	10.2%	**6.6%**
Basic Earnings per Share [1]	JPY 119.03	**JPY 74.92**
Adjusted Basic Earnings per Share [1]	JPY 130.93	**JPY 78.31**
ROE (Return on Equity Attributable to Owners of Parent) [2]	67.1%	**30.3%**
ROIC (Return on Invested Capital) [3]	18.1%	**11.2%**

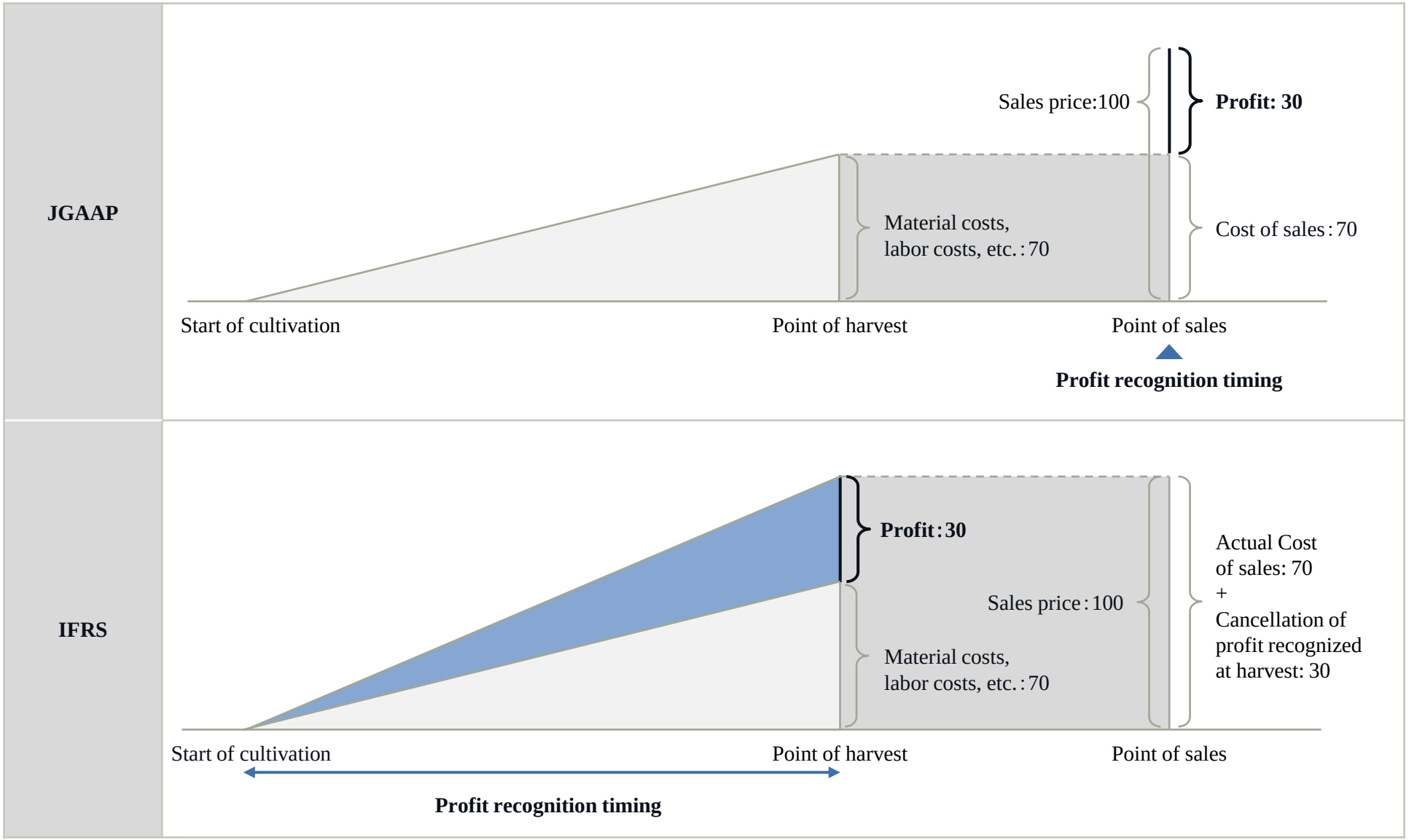
[1] Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic Earnings per Share and Adjusted Basic Earnings per Share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal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

Net income impact of - JPY 414 million due to the adoption of agricultural accounting, mainly due to the impact of higher inventory levels of work-in-progress of Maitake.

(JPY million)

	Break down	FYE March 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.)	**1,042**
	Harvest for the Current Period	**14,974**
	Other	**(50)**
	Total	**14,636**
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.)	**280**
	Harvest for the Current Period	**(14,974)**
	Other	**46**
	Total	**(15,051)**
Total Net Impact		**(414)**

Gains included in work-in-progress had a negative impact of JPY 288 million due to the lower fair value compared to the beginning of the period.

Gains included in finished and semi-finished goods had a negative impact of JPY 122 million due to the lower fair value 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)	(2,180)	**(6,930)**
	Gains in Work-in-Progress (End. Bal.)	1,027	2,393	2,180	1,042	**6,642**
Cost of Sales	**Gains in Finished/Semi-finished Goods (Beg. Bal.)**	(402)	(406)	(567)	(500)	**(1,875)**
	Gains in Finished/Semi-finished Goods (End. Bal.)	406	567	500	280	**1,753**
Harvest for the Current Period		±0	±0	±0	0	**0**
Other		27	9	(4)	(36)	**(4)**
Total Net Impact		(271)	+1,537	(285)	(1,395)	**(414)**

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)

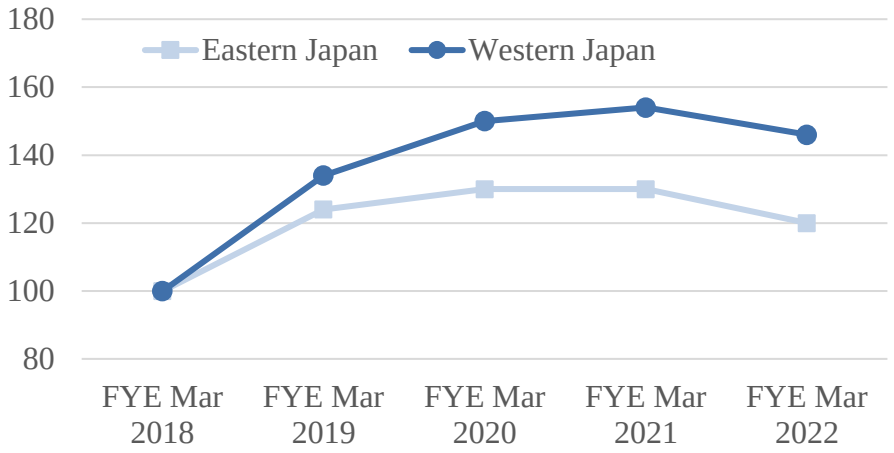
Comparison of Sales, Sales Volume, and Growth Rate of Eastern Japan and Western Japan

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



Sales Amount

(Indexed with each sales amount in the fiscal year ended March 2018 as 100)

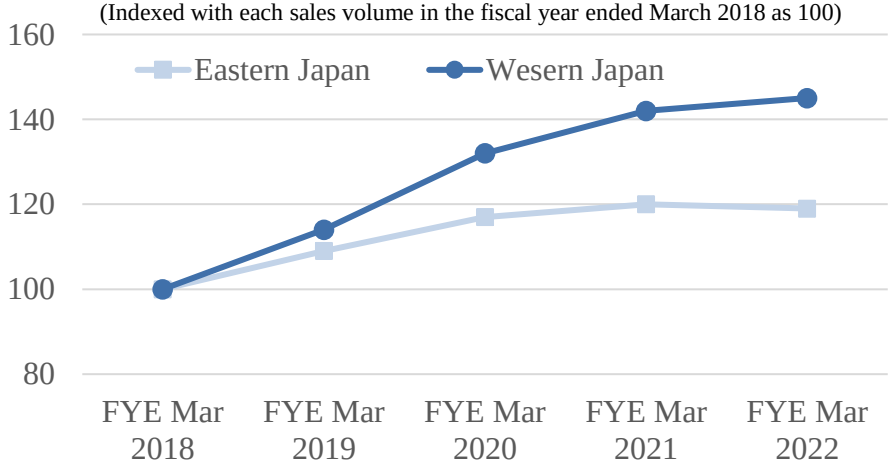


Compound Annual Growth Rate (CAGR)

WEST 9.8%
EAST 4.6%

Sales Volume

(Indexed with each sales volume in the fiscal year ended March 2018 as 100)



Compound Annual Growth Rate (CAGR)

WEST 9.7%
EAST 4.5%

Initiatives to Sustainability

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

Endorsement of TCFD

- Endorse the TCFD to tackle social issues toward a decarbonized society in the mid- to long-term
- Establish a roadmap for GHG reduction and work toward net zero emissions by 2050

Establishment of Sustainability Management Committee



- Sustainability Management Committee was established to make decisions related to sustainability initiatives (Dec.21,2021)
- Deliberate on important matters for the sustainable growth of the entire group, and report and make recommendations to the directors

Establishment of Sustainability Policy



- Established as a basic approach to enhance business sustainability by considering the impact of our business activities on the "environment," "society," and the "economy.
- The foundation of all ideas and policies that are linked to the Company Motto and Management Philosophy (Refer to page 20)

Efforts to reduce CO_2



- Following the completion of LNG installation at the Gosen Bio Center, LNG will be installed at the Bio Center 3（During FYE March 2023）
- Reduced CO_2 emissions by **3.88tCO_2 (-4.8%)** from the previous year by procuring cedar sawdust in the neighborhood (Refer to page 21)

Initiatives to Reduce Plastic Waste



- Achieved a reduction of **153.2 tons** of plastic waste by changing the materials of some products[1] (FYE March 2022)
- Achieved 100% recycled tray usage[2] rate by reviewing tray materials for mushroom products (Refer to page 21)

"Yukiguni Maitake Forest Creation Activities"

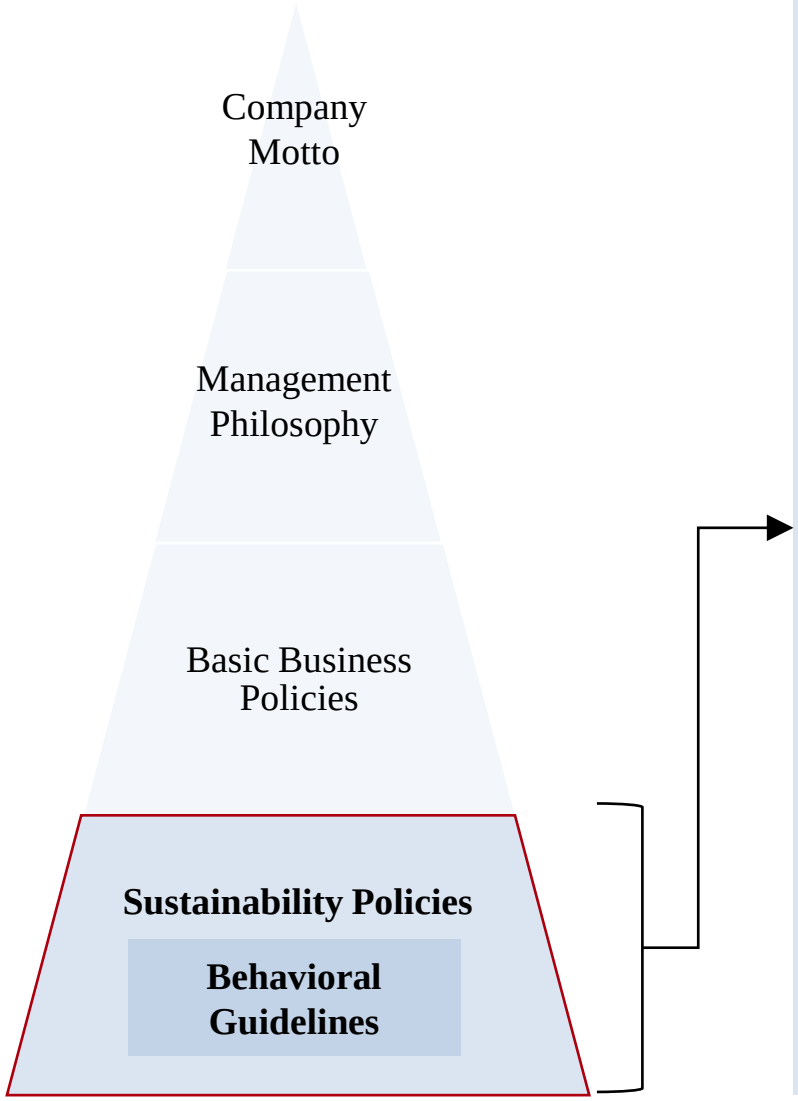


- Promote healthy forests by thinning devastated forests and creating an environment where trees can grow easily.
- **Utilizing wood harvested** from the "Yukiguni Maitake Forest" for our mushroom culture medium (Refer to page 22)

※1 Compared tray weights before and after material change based on supply volume in FYE March 2022.
※2 Include generally collected recycled materials and reused of scrap from tray manufacturing plants.

Sustainability Policies

Newly established as a basic approach to enhance business sustainability, taking into consideration the impact on the "environment," "society," and "economy" through business activities.
In order to achieve this, we have also revised the Behavioral guidelines, which is the basic concept of the responsibilities to be fulfilled and actions to be taken in day-to-day corporate activities.



【Sustainability Policies】

As a company that utilizes and nurtures the blessing of nature, we will work together with our stakeholders to pursue the enrichment of nature, people and society, aiming for sustainable growth and coexistence with fruitful nature.

- Contribute to the richness of nature
- Contribute to people's health
- Contribute to the development of society

【Behavioral Guidelines】

- With **Nature**
- With **People**
- With **Our Customers**
- With **Employees**
- With **Our Business Partners**
- With **Local Communities**
- With **Society**

Initiatives to Reduce Environmental Impact

Continuously review procurement methods for packaging materials and raw materials, and promote improvements in energy and raw material procurement to reduce environmental impact over the mid- to long-term

Plastic waste Reduction



- Change tray material and thickness to reduce tray weight
  【Target Products】
  “The right sized pack”, “M sized pack”, “Shimeji W”
- Achieved 100% recycled tray usage[1] by reviewing tray materials

Reduction effect of plastic waste (Compared to the previous fiscal year)	
Amount of plastic waste reduction[2]	Amount of CO_2 reduction
-153.2t	-513.2t-CO_2

CO_2 Reduction



- Procuring sawdust used for cultivation form Niigata prefecture to reduce CO_2 emissions during transportation
- Started procuring cedar sawdust from Minamiuonuma-city in February 2021, which will account for about 20% of the cedar sawdust we use in FYE March 2022
- Local production for local consumption of forest resources and revitalization of the local forestry industry.

Reductions achieved through neighborhood procurement (Compared to the previous fiscal year)		
	Amount of reduction	Reduction rate
CO_2 emissions from transportation	-3.88 t-CO_2	-4.8%

Use of Clean Energy



- Completed an installation of LNG facilities at Gosen Bio Center in January 2021
- Promoting the introduction of LNG at Bio Center 3 which is our largest one (Scheduled to be introduced in the FYE March 2023)

Reduction from LNG conversion (Compared to the previous fiscal year)		
	Amount of reduction	Reduction rate
Emissions per unit production	-0.04 t-CO_2/t	-6.9%

1 In addition to the recycled raw materials generally collected, the recycling of scrap materials generated at tray manufacturing plants is also included
2 Comparison of tray weight before and after material change based on procurement volume in FYE March 2022

“Yukiguni Maitake Forest Creation Activities”

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

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





FYE Mar 2022 Activities

- Wood from forest thinning is used as saw dust for mushroom cultivation
- Ongoing maintenance through clearing and thinning
- Implementation of CO_2 absorption calculation
- 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

Partial relaxation of restrictions due to the nationwide lifting of stricter anti-coronavirus measures, but continue to take adequate countermeasures.

Impact on business performance		• Changes in consumer behavior due to the prolonged COVID-19 disaster, as well as restrictions on in-store promotions such as tastings and reduced opportunities for face-to-face negotiations with buyers due to action restrictions continue to be unfavorable to our sales activities
Initiatives to prevent the spread of infection	Company-wide Initiatives	• Thoroughly measure body temperatures and wear masks • Enforce hand washing and disinfection / regular ventilation • Encourage internal meetings and conferences to be held online • Shift lunch time, record time and seats, and refrain from conversation • During meals, set one meter interval between seats and refrain from face-to-face seating • Recommend use of contact tracing apps
	Relaxation of Restrictions	• Relaxation of movement restrictions across prefectures

2 Forecast of Consolidated Financial Results for FYE March 2023

Assumptions for Forecast of Consolidated Financial Results for FYE March 2023

Outlook for the group	• Forecast the continued impact of uncertainties such as the COVID-19 and the situation in Russia and Ukraine • Under the new management structure, strengthen its fundamentals in terms of sales and production, and develop business activities to realize its Medium-term Business Plan
Total Revenue/ Income	• Establish a profit structure that responds to market conditions by acquiring new users and deepening demand based on value appeal through branding • Revenues are Maitake JPY 20.4 billion (+9.0% YoY), Eringi JPY 3.2 billion (+3.5% YoY), Buna-Shimeji JPY 6.3 billion (+0.5% YoY), Other Mushrooms and Others JPY 3.9 billion (+4.2% YoY) • Total Revenue is JPY 34.5 billion(+6.5% YoY), Gains arising from changes in fair value are JPY13.5 billion (-7.5% YoY), Income is JPY 48.0 billion (2.1% YoY)
Cost of Sales/ Gross Profit	• Factoring in the impact of higher oil prices, a weaker yen, and the Russian/Ukrainian situation, expect related items to rise. Material costs and Labor cost, etc. are JPY 20.3 billion (+9.5% YoY), Gains arising from changes in fair value are JPY 13.6 billion (-9.6% YoY) • Cost of Sales is JPY 34.0 billion (+0.9% YoY), Gross Profit is JPY 14.0 billion (+5.1%YoY)
SG&A/ Operating Profit	• SG&A expenses are JPY 9.0 billion (+11.3% YoY) due to the above cost increase factors • Operating Profit is JPY 4.8 billion (-1.7% YoY)
Financial Balance/ Profit	• Financial balance is JPY -0.4 billion due to the repayment of borrowing expected to be on schedule • Profit before tax is JPY 4.4 billion (-1.6% YoY), Profit attributable to Owners of parent is JPY 2.9 billion (-1.3% YoY)

Forecast of Consolidated Financial Results for FYE March 2023

(Millions of yen)	FYE Mar 2022 Actual (A)	**FYE Mar 2023 Forecast (B)**	Variance (B-A)	*Ratio of variance (%)*
Total Revenue	47,081	**48,076**	995	*2.1%*
Revenue	32,444	**34,539**	2,095	*6.5%*
Operating Profit	4,975	**4,893**	(82)	*(1.7%)*
Ratio of Operating Profit to Total revenue	*10.6%*	***10.2%***	*(0.4%)*	-
Profit before Tax	4,564	**4,490**	(74)	*(1.6%)*
Profit Attributable to Owners of Parent	2,989	**2,951**	(38)	*(1.3%)*
Basic Earnings per Share (JPY)	74.92	**74.03**	(0.89)	*(1.2%)*
Core EBITDA[1]	7,565	**7,212**	(353)	*(4.7%)*
Core EBITDA Margin[1]	23.3%	**20.9%**	(2.4%)	-
【Reference】				
Adjusted Operating Profit[2]	4,975	**-**	-	-
Adjusted EBITDA[2]	6,960	**-**	-	-
Adjusted Profit[2]	3,125	**-**	-	-

＜Sales Strategies＞

Basic Strategy- Creating demand by promoting the value of the "Kiwami" brand, optimizing the item mix, and providing creation of demand

(The Key to Success)

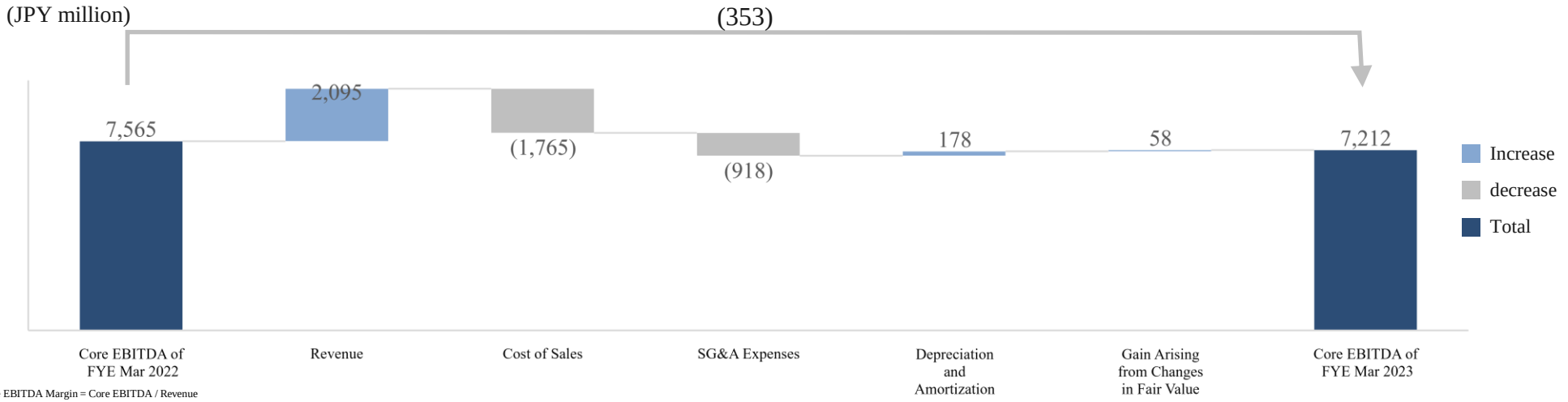
- Large roots, texture, taste, ease of use, development history, new products, etc.

(Assumed Strategy)

- Optimize profit structure by reviewing item mix in response to external environment by leveraging our strength as a large roots.
- Differentiation through promotion of the superiority and characteristics of "Kiwami" and its high versatility in culinary applications.
- Menu proposals through apps and tie-ups, as well as food service and in-home dining creation of demand through three-dimensional promotion by increasing opportunities for eating out and eating in.
- Achieve trial user acquisition and user rank increase by optimizing area-specific promotions and product launches.
- Launch of new products with new fungi.

＜Cost Saving Measures＞

- Reduce material costs by reviewing procurement channels and specifications.
- Reduce the impact of utility cost increases through energy conservation measures.



1 Core EBITDA Margin = Core EBITDA / Revenue

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

2 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.

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

Medium- to Long-Term Vision of Yukiguni Maitake

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

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

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

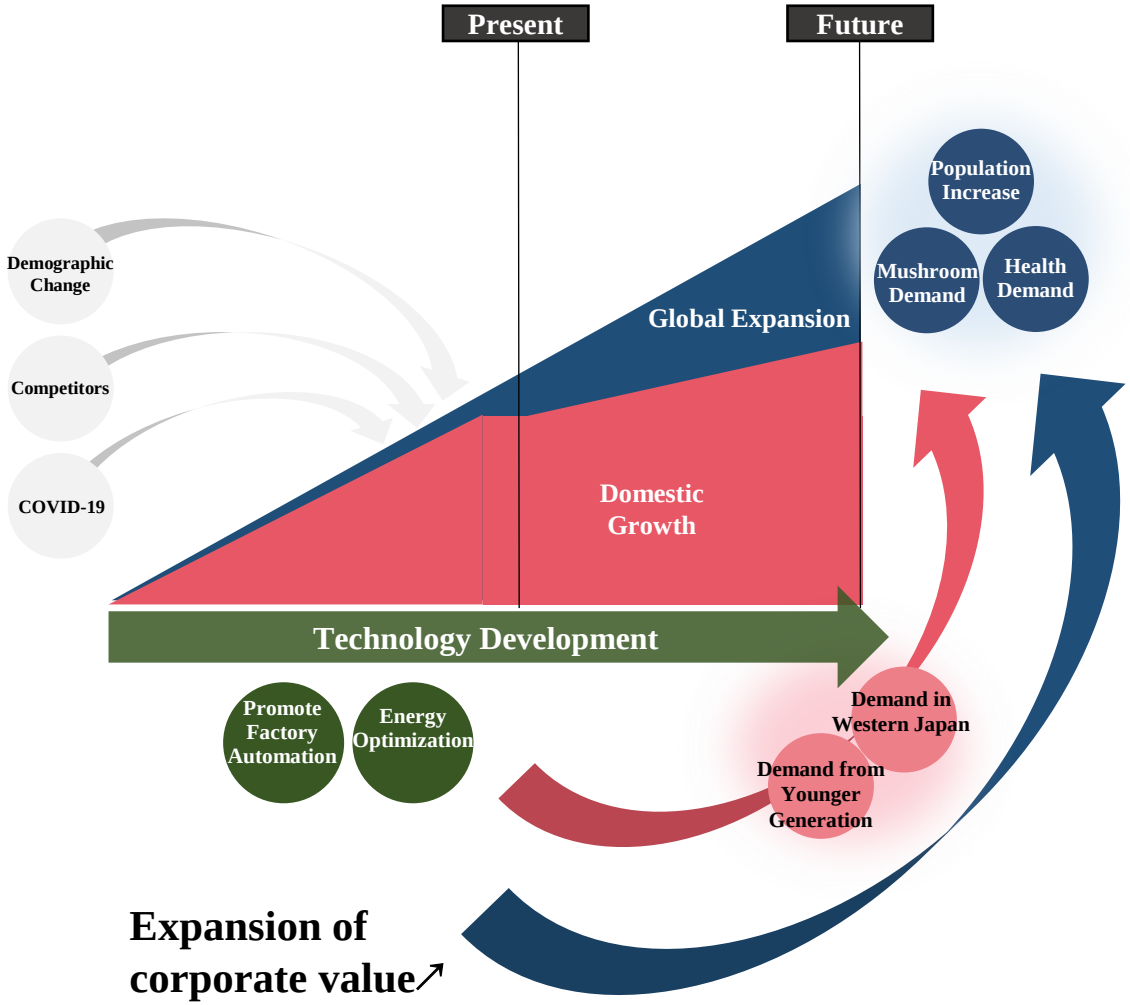
III-2. Basic Strategies

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



＋ Returning profits to shareholders through a stable dividend payout ratio

Basic Policies

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

A

Domestic mushroom market: New value creation

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

B

Cost reduction through innovative production technology: Improve productivity through factory automation of production processes and maximization of energy efficiency

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

C

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

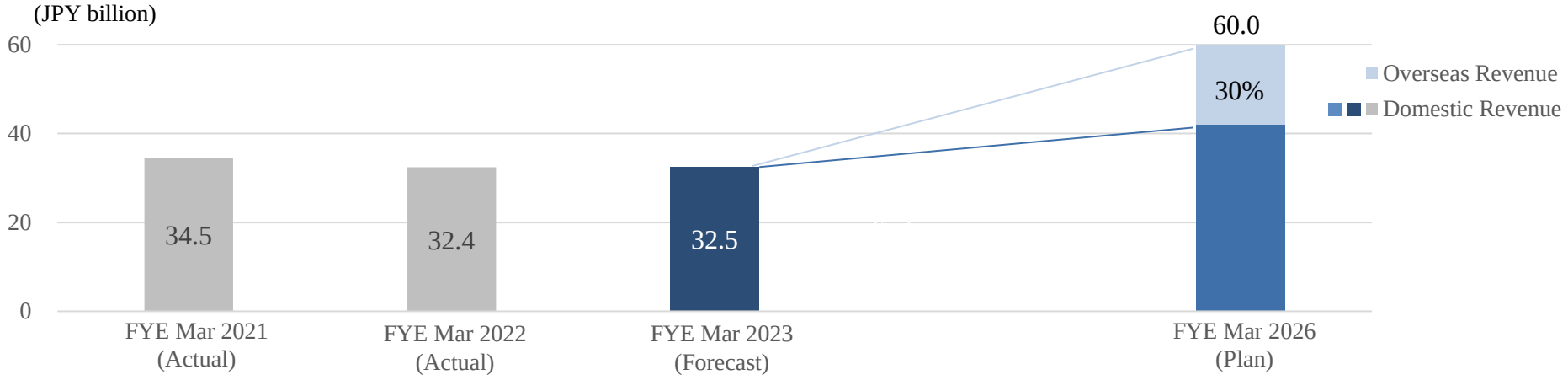
- Expand the consumption of mushrooms, a natural foodstuff, to meet the global health consciousness
- Build an in-house production and sales infrastructure overseas.
- Search for business opportunities in the area surrounding mushrooms (upstream to downstream)

Quantitative Targets of the Medium-Term Business Plan

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

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

[1] Overseas Revenue Ratio = Overseas sales revenue / Revenue
[2] Core EBITDA Margin = Core EBITDA / Revenue
Core EBITDA: IFRS operating income excluding the effect of applying IAS 41 “Agriculture”, other income and expenses, and one-time income and expenses, plus depreciation and amortization



Core EBITDA margin	**29.7%**	**23.3%**	**20.9%**	**Around 20%**

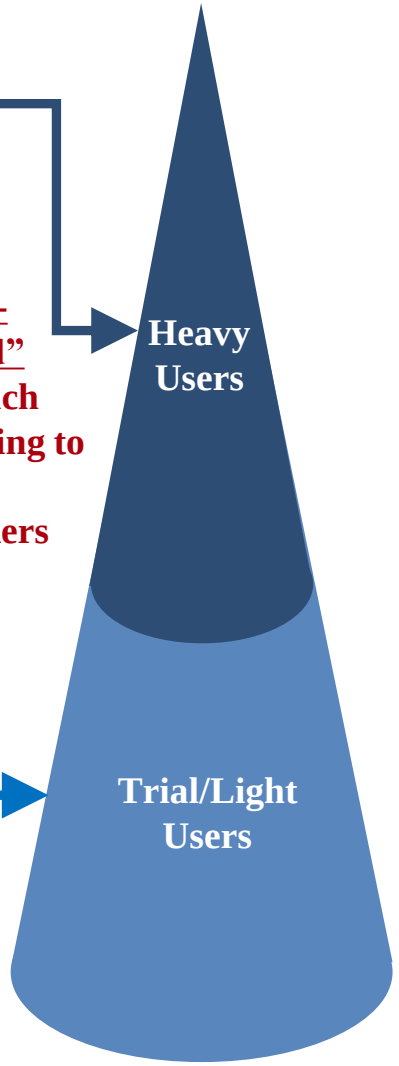
Basic Policy A: Domestic Mushroom Market (Maitake Business) 1

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

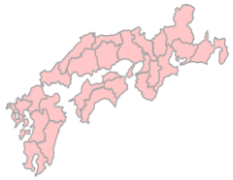


Build a purchasing process that "combines" multiple media channels.

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

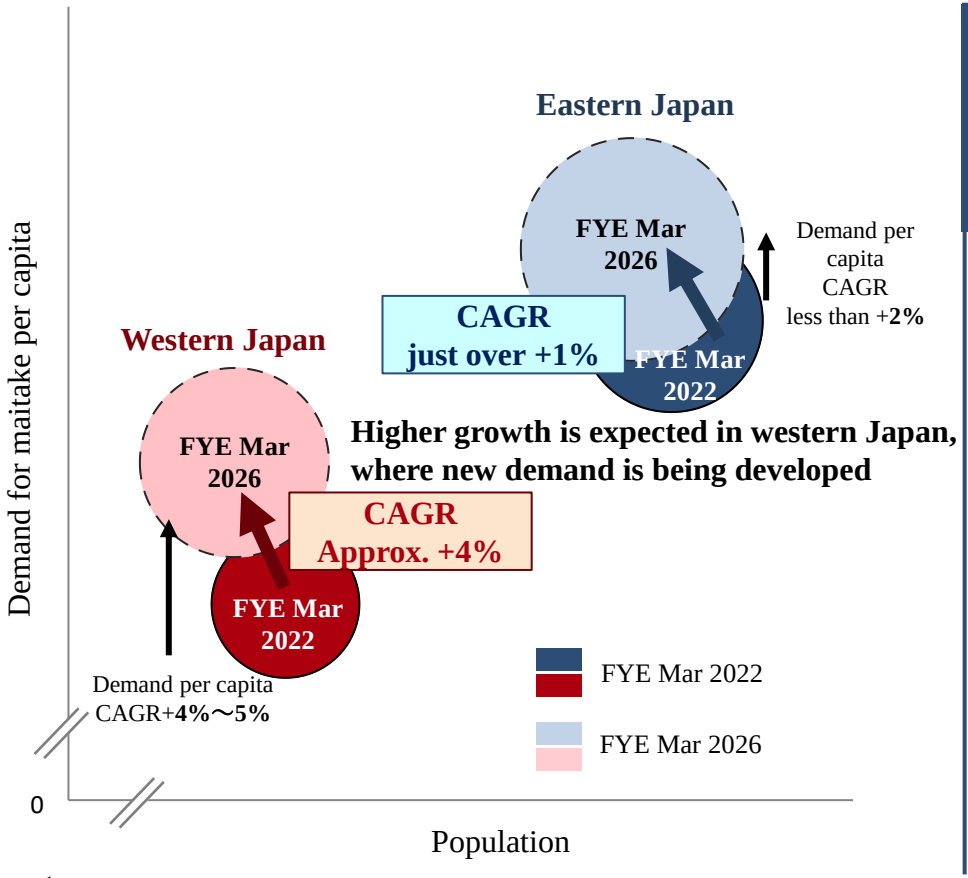
Establish the overwhelming No. 1 position for maitake by developing customized marketing for each target customer segment by region
The growth potential of Western Japan is huge, so we will increase the number of customers from light users to heavy users by raising awareness and increasing opportunities 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

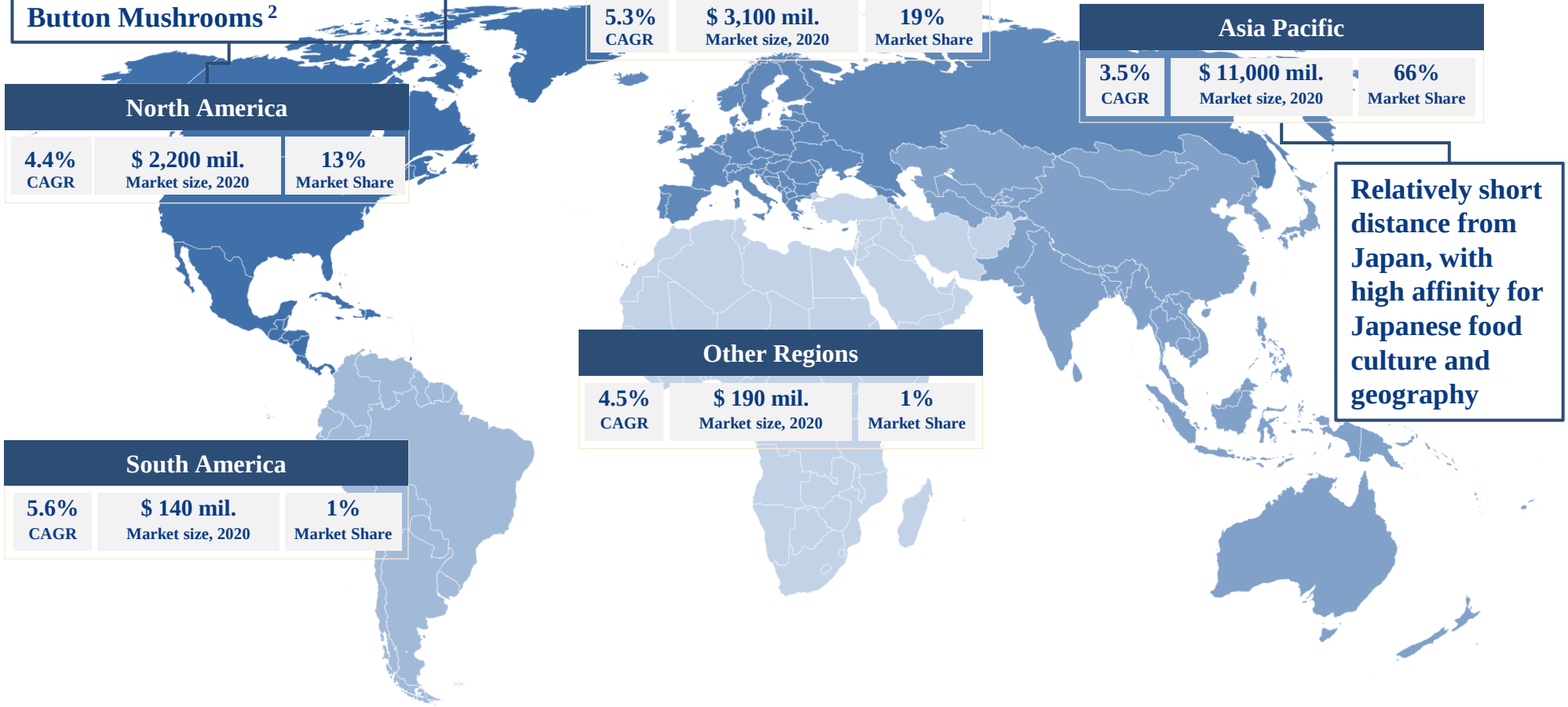
Proactively work on sustained cost reductions in utility costs, labor costs, and raw material costs
Maximize energy efficiency and reduce environmental impact through the use of alternative energy sources

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

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

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

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

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

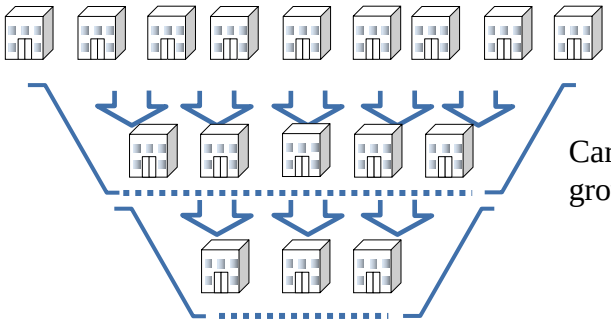
[1] Data from external research reports and our analysis
[2] Converted at USD1 = JPY110

Utilizing Open Innovation

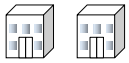
Pursue medium- to long-term growth potential through both process and product innovation [1] by flexibly utilizing the superior management resources of other companies

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

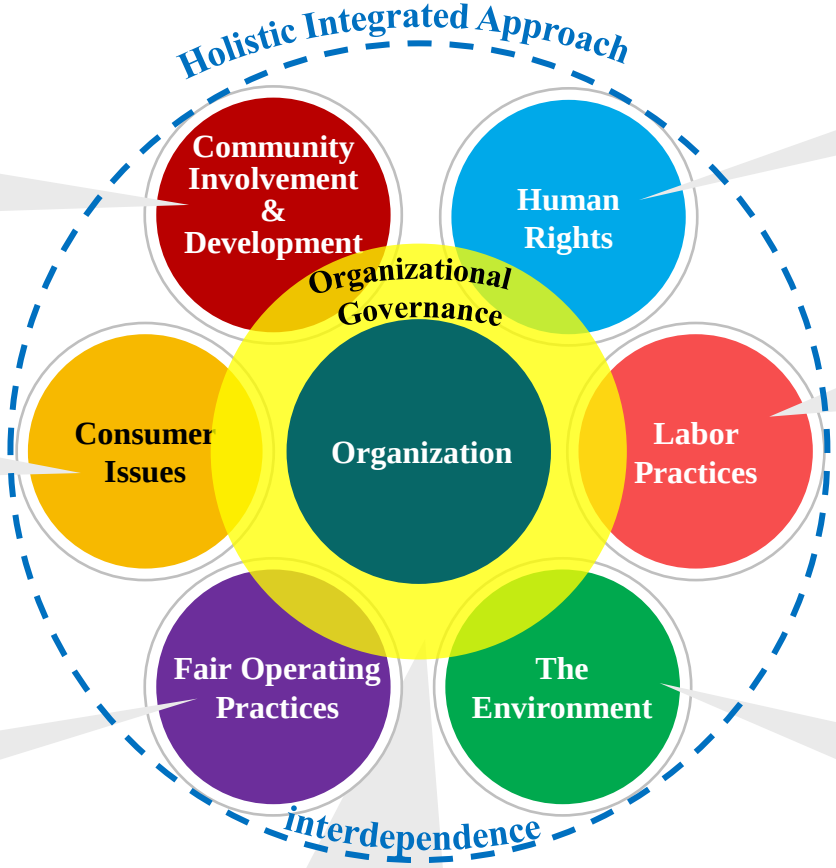


- FSMS/ ISO22000
- ASIAGAP
- Establishment of Customer center
- Yukiguni Maitake safety system
- No use of pesticides or chemical fertilizers



- 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

4 Reference Materials

Overview of Yukiguni Maitake Group

YUKIGUNI MAITAKE CO., LTD.



Representative	Masafumi Yuzawa, President and CEO
Established	July 1983
Head Office	Minamiuonuma-shi, Niigata, Japan
Code Number	1375
Stock Exchange Listing	Tokyo Stock Exchange, Prime Market
Number of Shares Issued	39,910,700
Number of Employees [1]	Full-time: 1,094, Part-time: 1,197 (as of March 31, 2022)
Business Description	Production and sales of Maitake, Eringi, and Buna-Shimeji, and manufacture and sales of processed mushroom products



Mizuho Norin Co., Ltd.





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



Mitsukura Norin Co., Ltd.





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



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

Corporate History

1983 July
- Established Yukiguni Maitake Co., Ltd. and launched the production and sales of maitake



1994 March
- Listed on the Niigata Stock Exchange

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]

2017 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





2019 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

2022 April
- Sifts to the Prime Market due to the reorganization of Tokyo Stock Exchange market.

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**)**







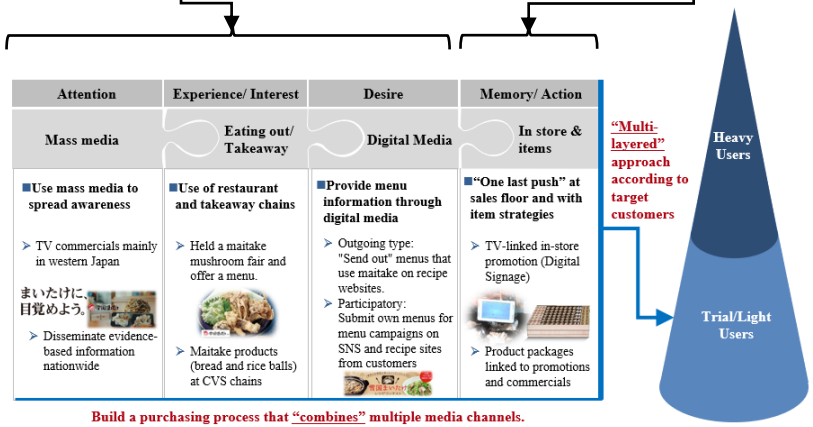
Flexible size adjustment in response to demand fluctuations

- **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.)**



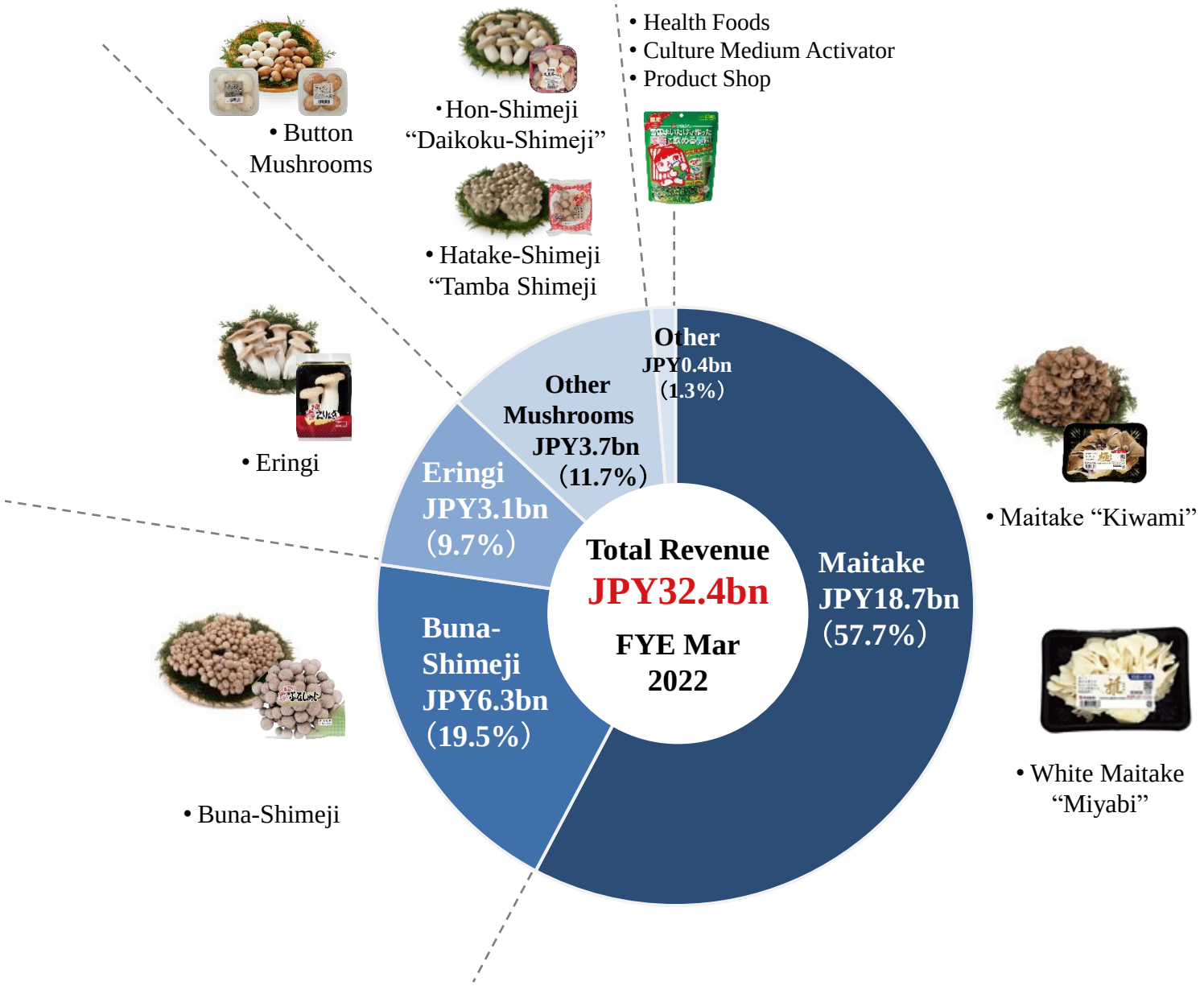
Distribution, Sales

“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



Mitsukura Norin Button Mushrooms 1



Hon-Shimeji [1] “Daikoku Hon-Shimeji”



Hatake-Shimeji [1] “Tamba Shimeji”



Processed Foods [2]



Health Foods [3]



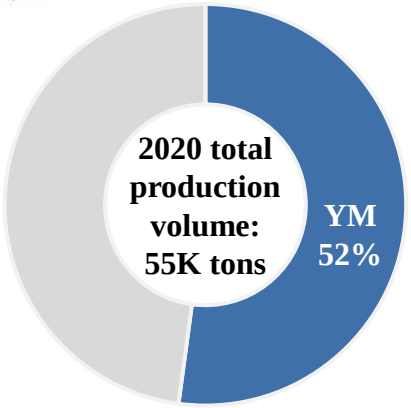
1 Classified as “other mushrooms” business segment
2 Each processed food is classified into its original mushroom business segment
3 Health foods, etc. are classified into “other” business segment

Mushroom Production Share of Yukiguni Maitake Group (YM)

Our mushroom products including maitake have high shares in respective market

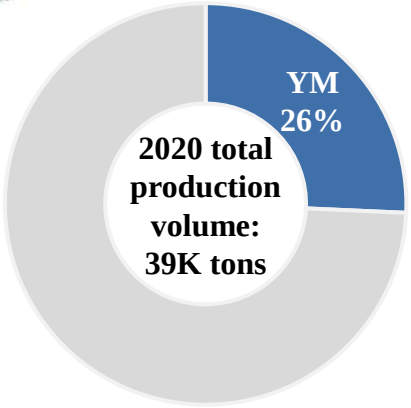


Maitake



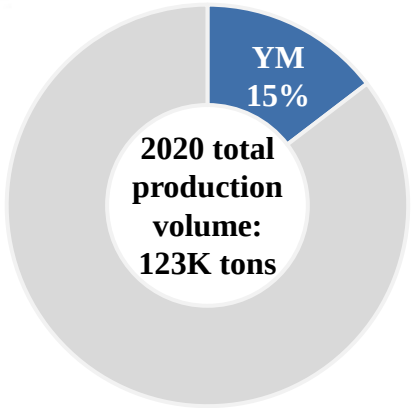


Eringi



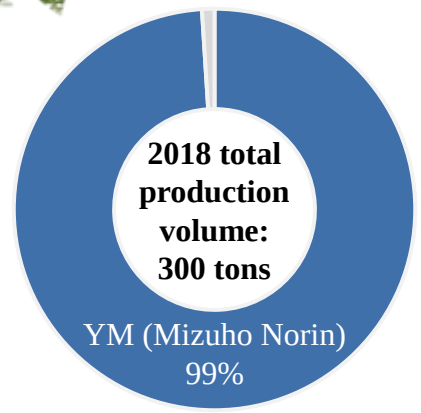


Buna-Shimeji



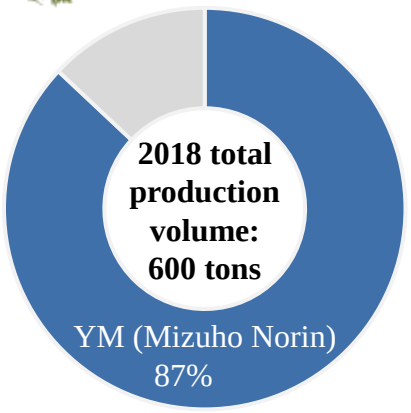


Hon-Shimeji



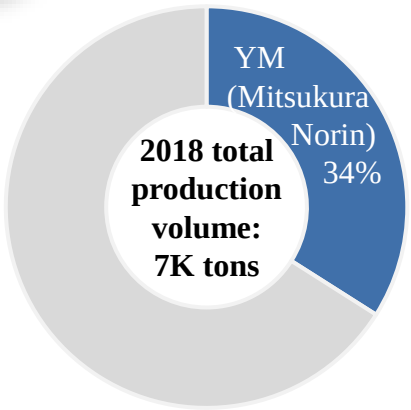


Hatake-Shimeji





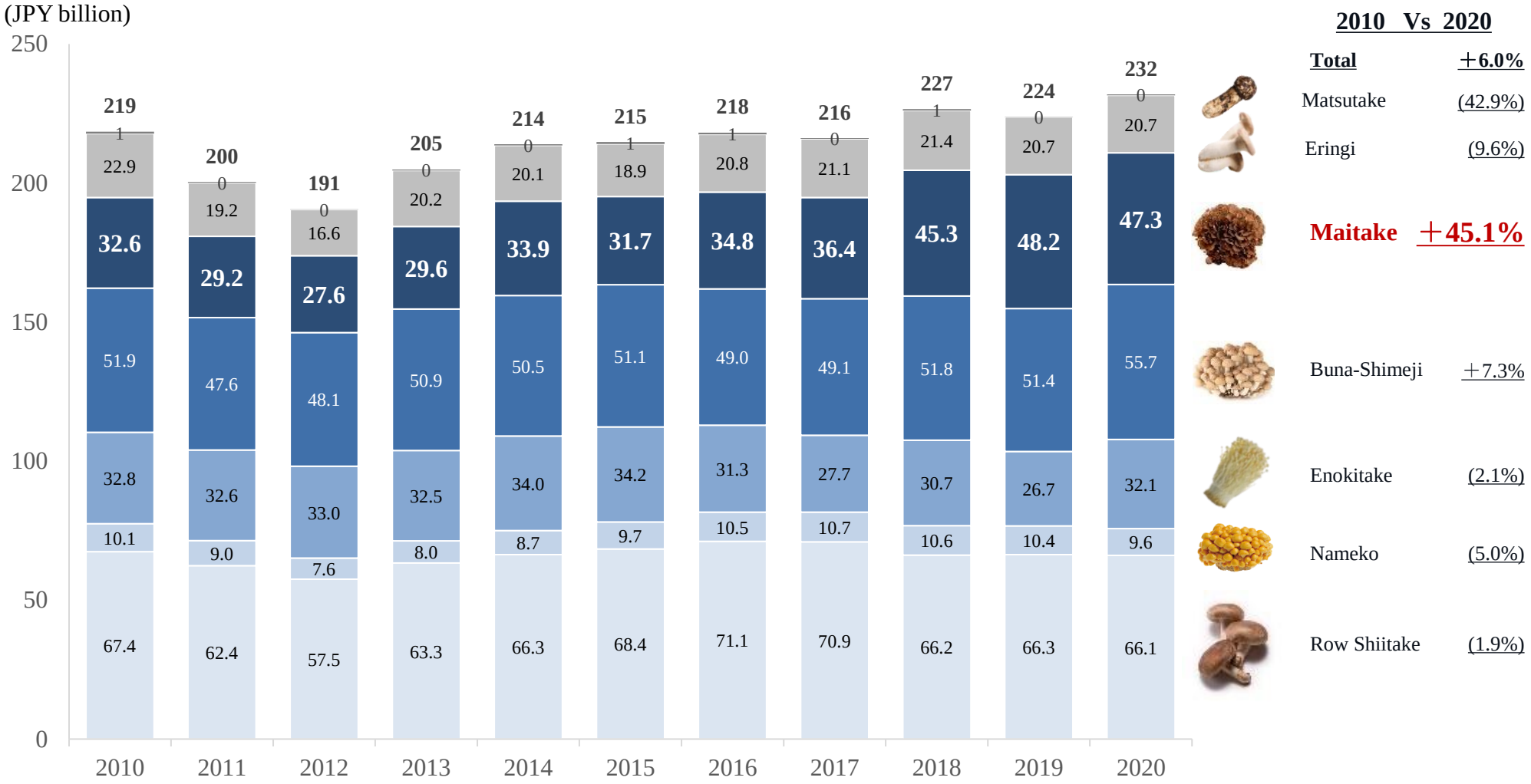
Button Mushrooms



Note: Market share of each mushroom is calculated using domestic production volume (Our company's production ÷ Total domestic production)
Sources: Forestry Agency "Statistical Survey on Production of Minor Forest Products", Ministry of Agriculture, Forestry and Fisheries "Local Vegetable Production Survey"

Breakdown of Major Mushroom Markets (by Market Size)

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.

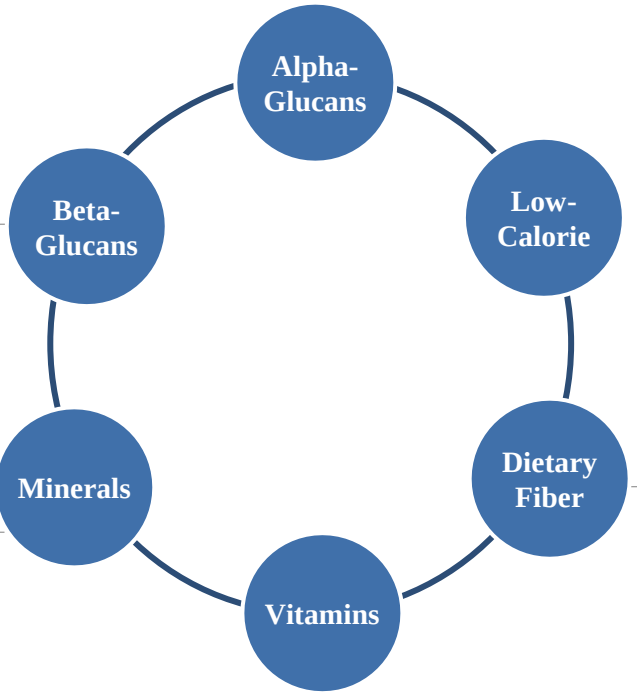
2 Wesa et al. 2015 Cancer Immunol Immunother 64: 237-247.

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 eaten[2].

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.

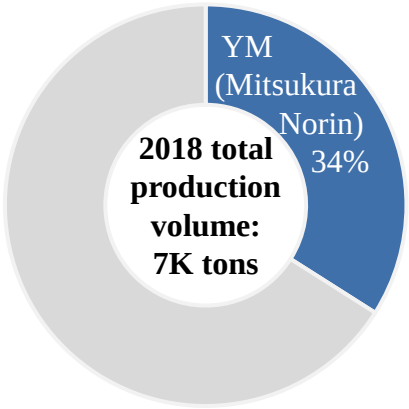
2 The Effects of Maitake on the Elevation of Blood Sugar Levels and the Second Meal Effects of Maitake (2010, 64th Annual Meeting of Japanese Society of Nutrition and Food Science)

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.**

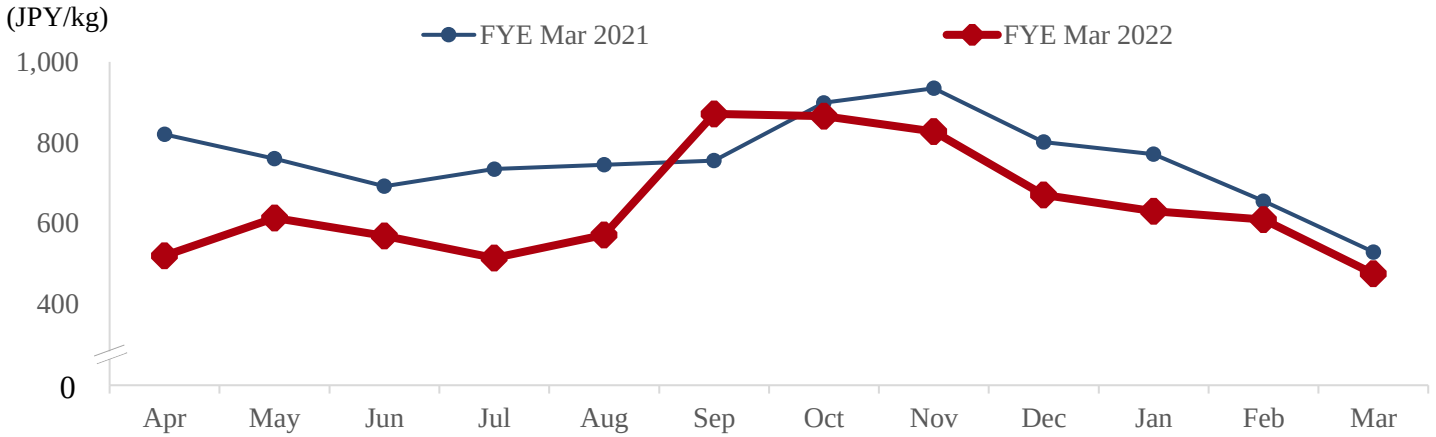
Domestic Mushroom Market Share



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

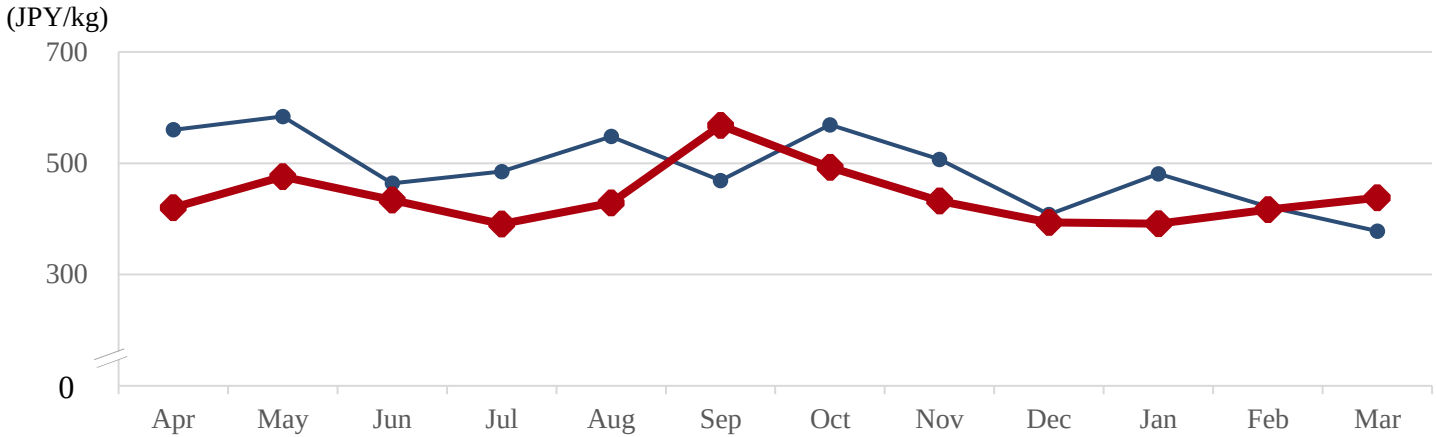
Changes in Market Transaction Unit Price

Maitake



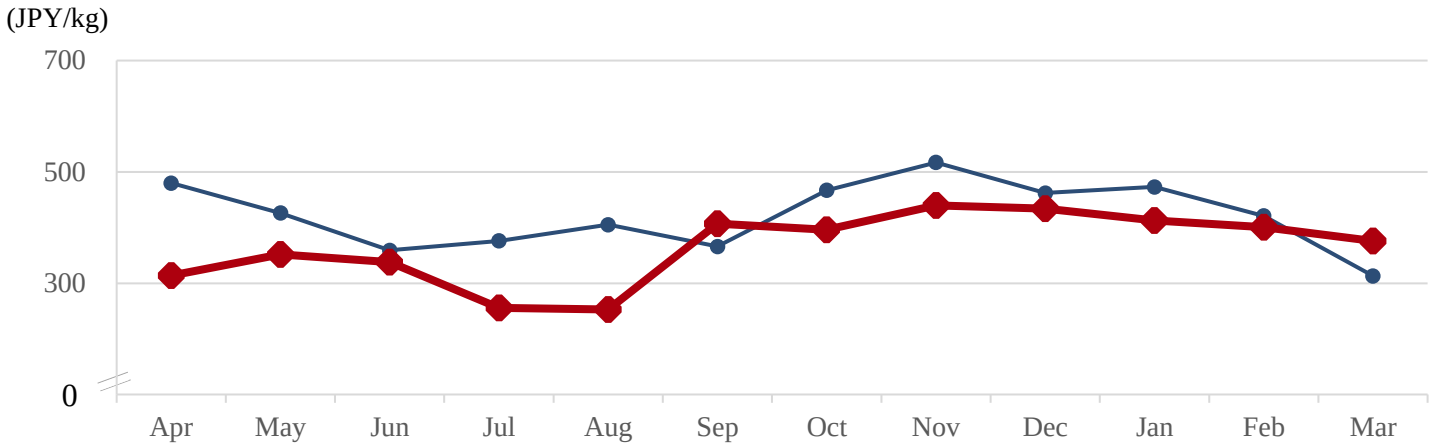
Weighted Average Unit Price (JPY)	
FYE Mar 2022	647
FYE Mar 2021	762

Eringi



Weighted Average Unit Price (JPY)	
FYE Mar 2022	439
FYE Mar 2021	486

Buna-Shimeji

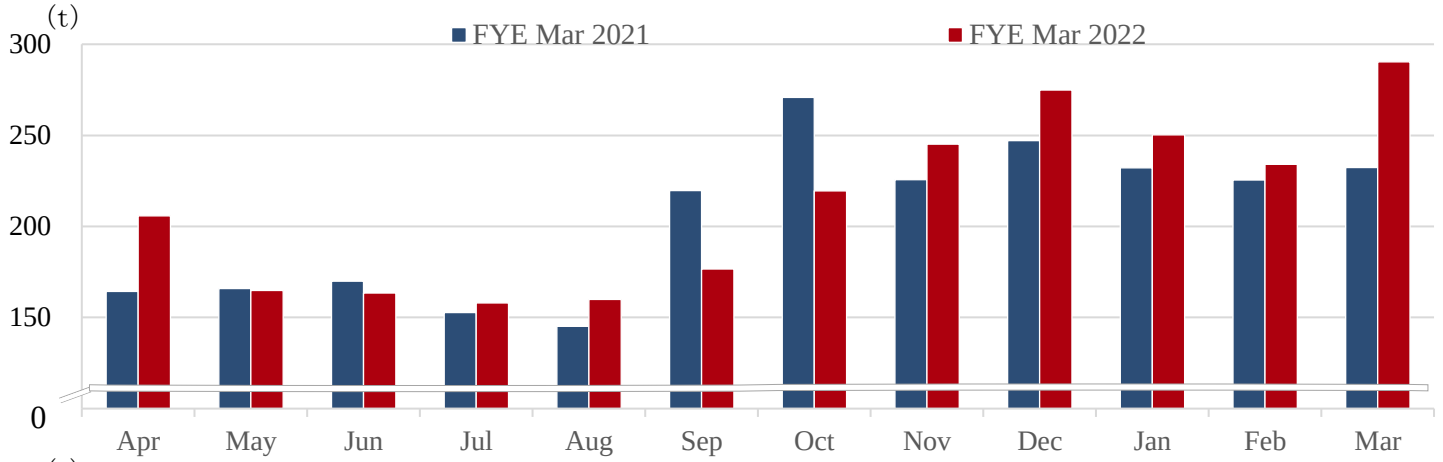


Weighted Average Unit Price (JPY)	
FYE Mar 2022	370
FYE Mar 2021	422

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

Changes in Market Sales Volume

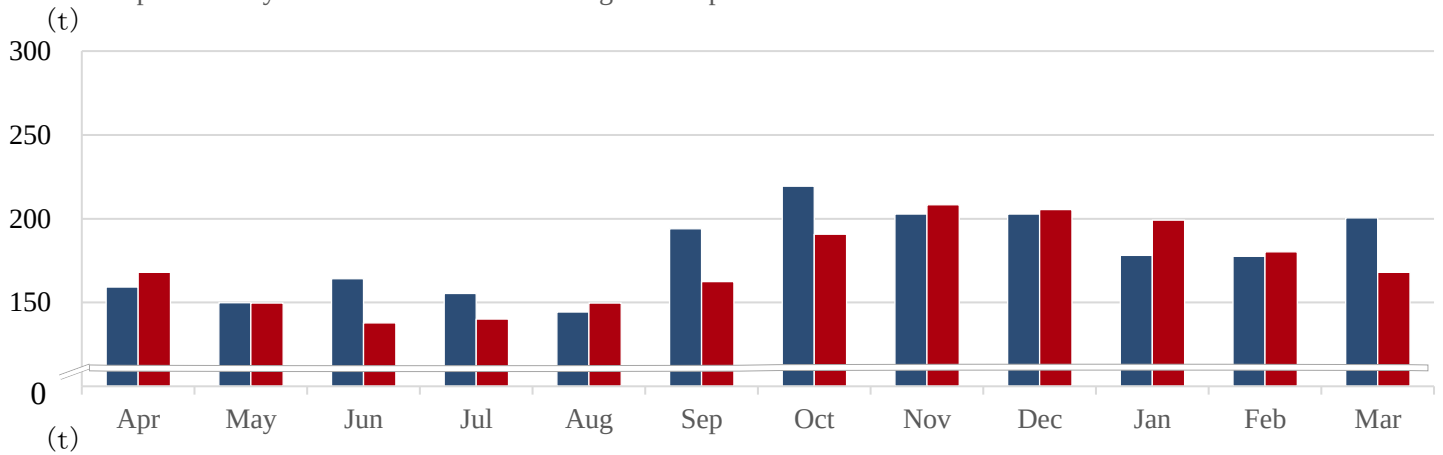
Matake



Sales Volume（t）

FYE Mar 2022	2,543
FYE Mar 2021	2,452

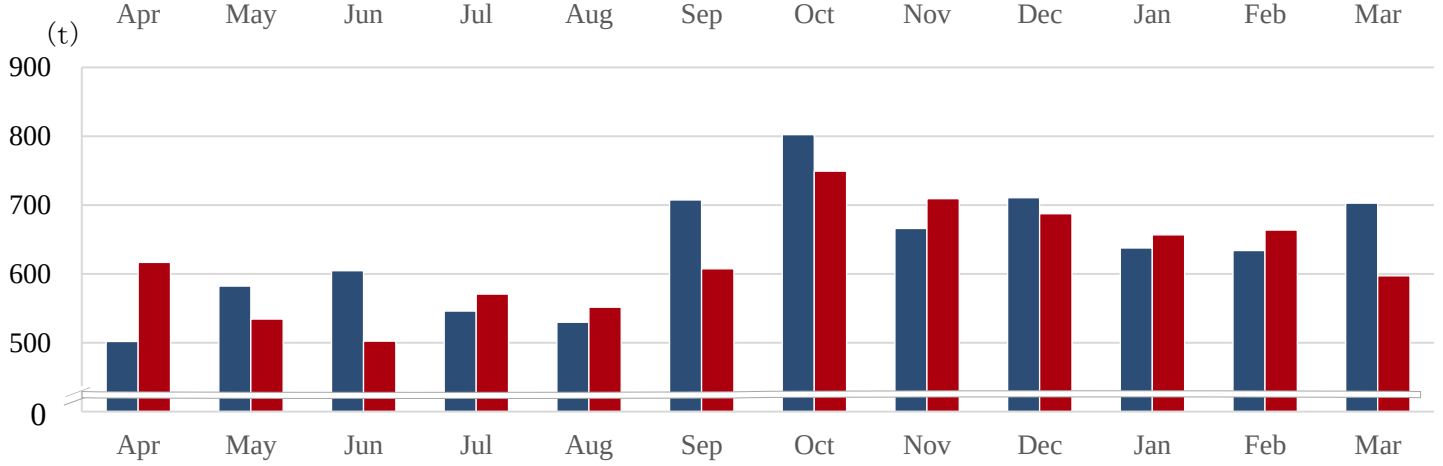
Eringi



Sales Volume（t）

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

Buna-Shimeji



Sales Volume（t）

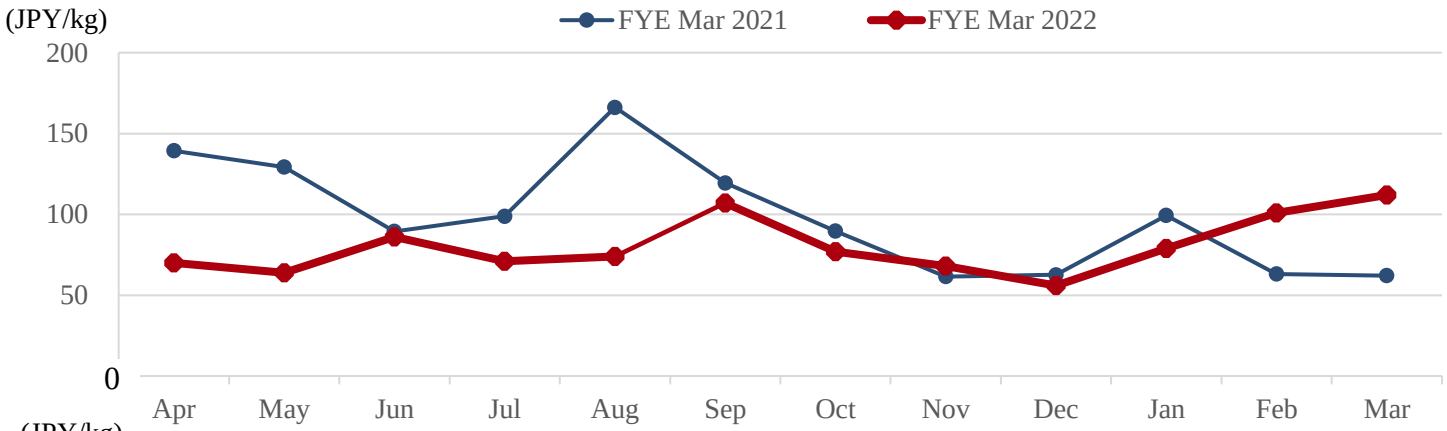
FYE Mar 2022	7,448
FYE Mar 2021	7,626

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

Market Transactions of Seasonal Vegetables

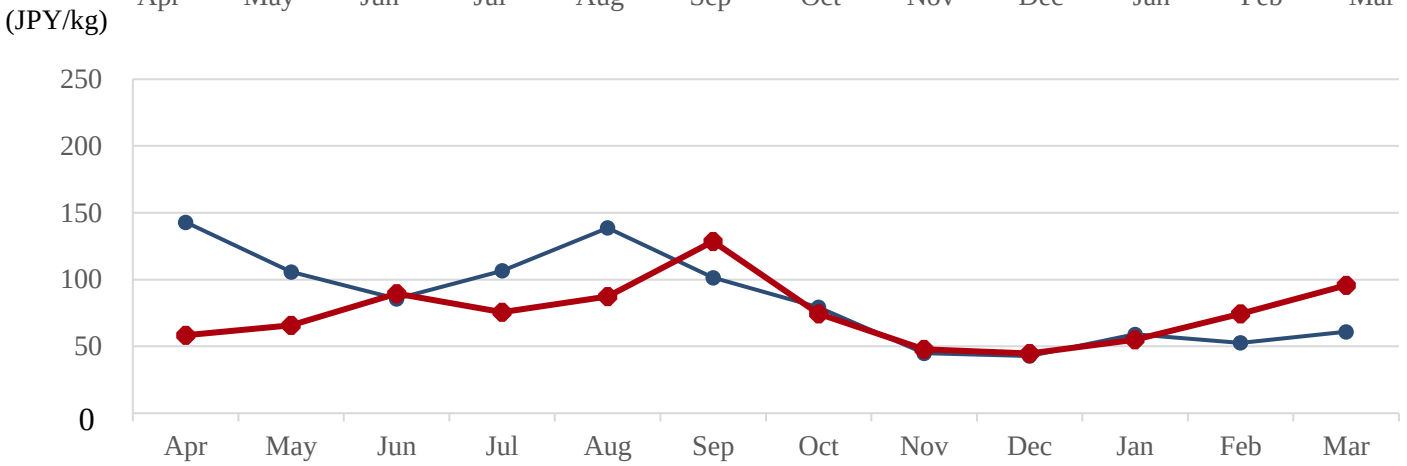
Unit Price

Spring vegetable (Cabbage)



Weighted Average Unit Price (JPY)	
FYE Mar 2022	99
FYE Mar 2021	78

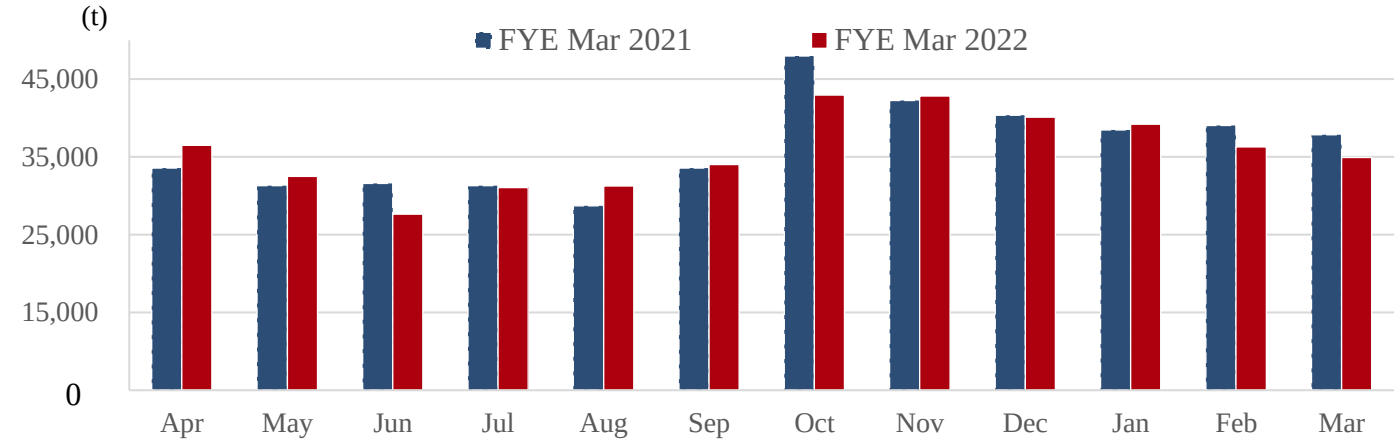
Winter vegetables (Chinese cabbage, daikon)



Weighted Average Unit Price (JPY)	
FYE Mar 2022	71
FYE Mar 2021	78

Sales Volume

Sum of 3 items[1]



Sales Volume (t)	
FYE Mar 2022	429,335
FYE Mar 2021	435,969

1 Refers to cabbage, Chinese cabbage, and daikon

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

Financial Policies for Future

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

Enhancing Investment for Growth

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

雪国まいたけ
Yukiguni Maitake Co., Ltd.

The Company's Financial Policy

Strengthening Financial Structure

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

Shareholder Return Policy

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

Shareholder Return Policy

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

Dividends

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

Reason for the decrease in dividend compared to the previous fiscal year

Due to a decrease in profit from the previous period

Dividend Payout Ratio

40.0％ (35.3％ year-on-year)

Shareholder Benefit Program

Eligible Shareholders

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

Benefit Details[1]

Set of the Company's products (Select 1 set from the following 2 sets)



A-set



B-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.

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

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.

雪国まいたけ
Yukiguni Maitake Co., Ltd.

Securities Code: 1375