Yukiguni Maitake Co., Ltd.

Financial Results for 2nd Quarter of Fiscal Year Ending March 2024

November 9, 2023

Tokyo Stock Exchange,
Prime Market: 1375

AGENDA

1. **Summary of Consolidated Financial Results for 2Q of FYE March 2024**
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 2Q of FYE March 2024

Summary of Financial Results for 2nd Quarter Fiscal Year Ending March 2024

In the six months of the current period, revenue increased year-on-year, while Core EBITDA declined due to higher costs. On the other hand, Core EBITDA was higher than the plan because unit sales prices raised continuously.

External Environment	Our Response	Summary
• Market supply of maitake calmed down and market transaction prices remained higher than the previous year.	• Maintained higher unit price level than both the same period of the previous year and the plan by proposing optimal products tailored to each region and store and effectively utilizing multiple SKUs.	**Revenue JPY 13.4 billion** ・YoY JPY +0.6 billion (*+5.5%*) ・vs Forecast
• Vegetable growth was affected by high temperatures, resulting in unstable arrival conditions, and vegetable market prices remained high.	• In addition to the white maitake and other mushrooms on the side dish menus at retailers and CVS, the company promoted the use of these mushrooms at high-class restaurants to raise awareness of them as premium mushrooms.	
• Hot weather has led to a trend of avoiding cooked food.	• Promotions using freezer bags for storage and SNS to promote the menu stimulated demand during the summer season.	**Core EBITDA JPY 0.9 billion** ・YoY JPY -0.3 billion (*-25.8%*) ・vs Forecast
• Utility costs remained high, putting upward pressure on production costs.	• Efforts to optimize procurement and to improve production efficiency in raw materials and packaging materials have mitigated the impact.	

Consolidated Statements of Income (2nd Quarter)

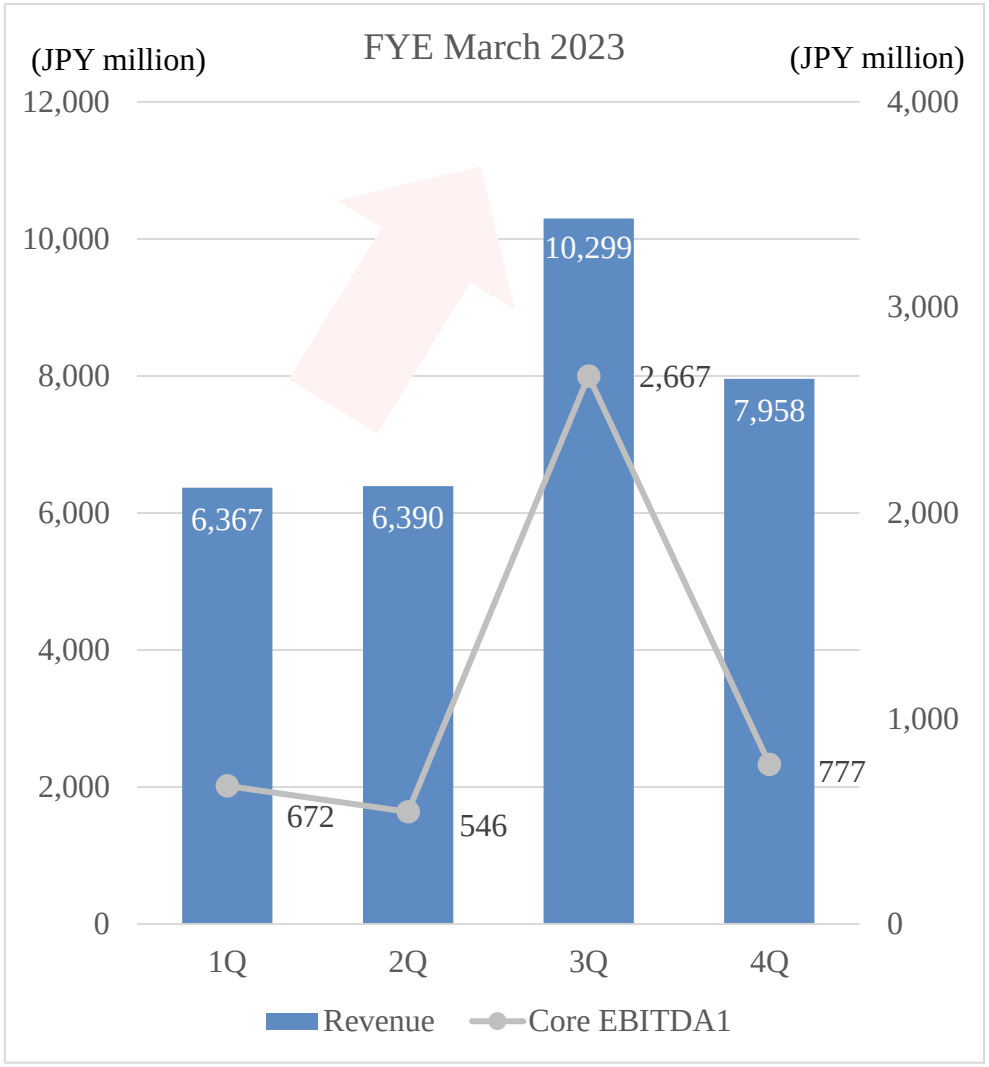
In the six months of the current fiscal year, Revenue and profits increased compared to the same period of the previous fiscal year.

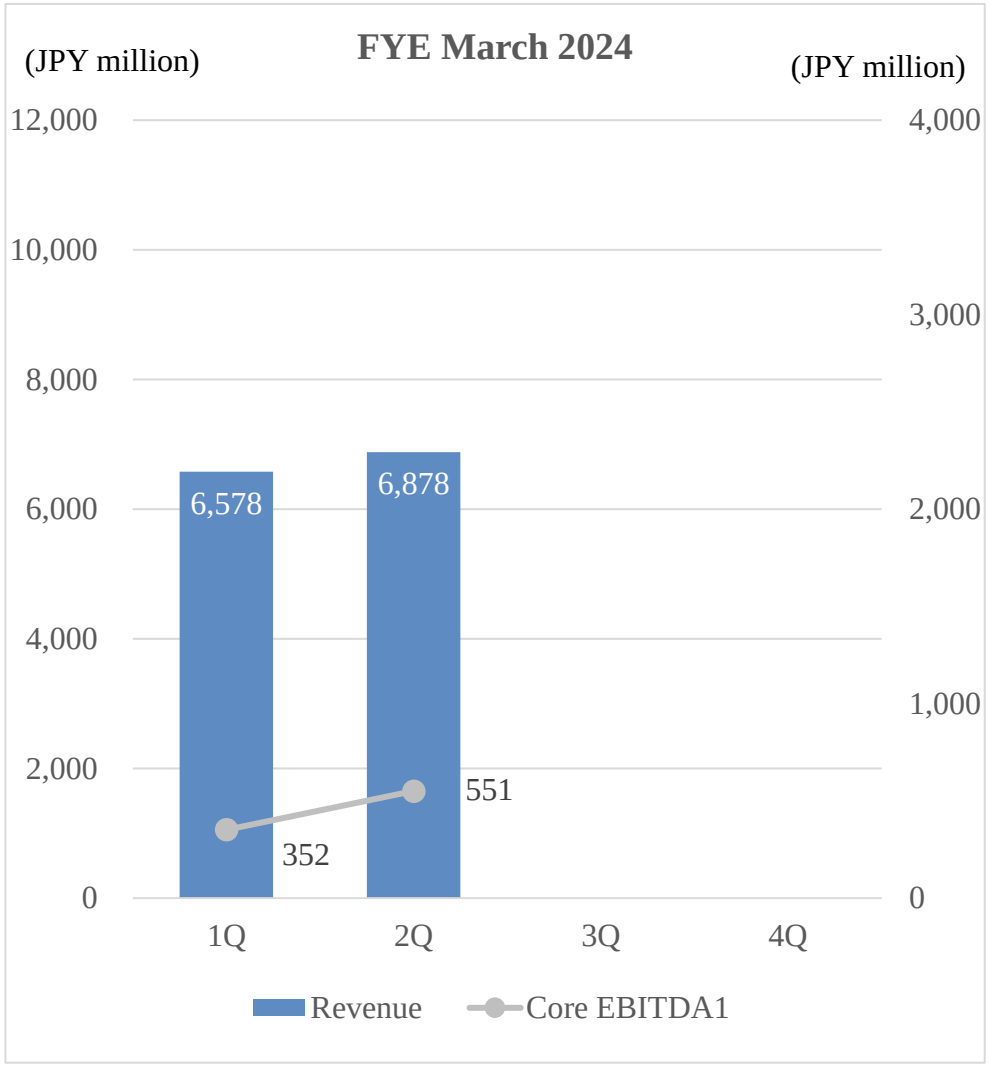
(JPY million)	2Q FYE March 2024 Actual	2Q FYE March 2023 Actual	Change Amount	Change %
Revenue	**13,457**	12,757	+699	*+5.5%*
Gains Arising from Changes in Fair Value	**5,349**	4,755	+593	*+12.5%*
Total Income	**18,806**	17,513	+1,292	*+7.4%*
Material Costs, Labor Costs, etc.	**9,967**	9,045	+921	*+10.2%*
Gains Arising from Changes in Fair Value	**3,885**	3,959	(73)	*(1.9%)*
Cost of Sales	**13,852**	13,004	+847	*+6.5%*
Gross Profit	**4,953**	4,508	+445	*+9.9%*
SG&A Expenses	**3,871**	3,668	+202	*+5.5%*
Other Income	**39**	32	+7	*+19.5%*
Other Expenses	**51**	57	(6)	*(10.8%)*
Operating Profit	**1,069**	814	+255	*+31.3%*
vs Revenue	***8.0%***	*6.4%*		
vs Total Income	***5.7%***	*4.7%*		
Profit before Tax	**864**	620	+243	*+39.2%*
Profit Attributable to Owners of Parent	**559**	431	+127	*+29.6%*
[Reference]				
Core Operating Profit[1]	**(179)**	197	(376)	-
Core EBITDA[1]	**904**	1,218	(314)	*(25.8%)*
Core EBITDA margin[1]	***6.7%***	*9.6%*		

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

Consolidated Operating Results (Quarterly Trends)

Both Revenue and Core EBITDA were higher in this second quarter than those in the same period of the previous year.

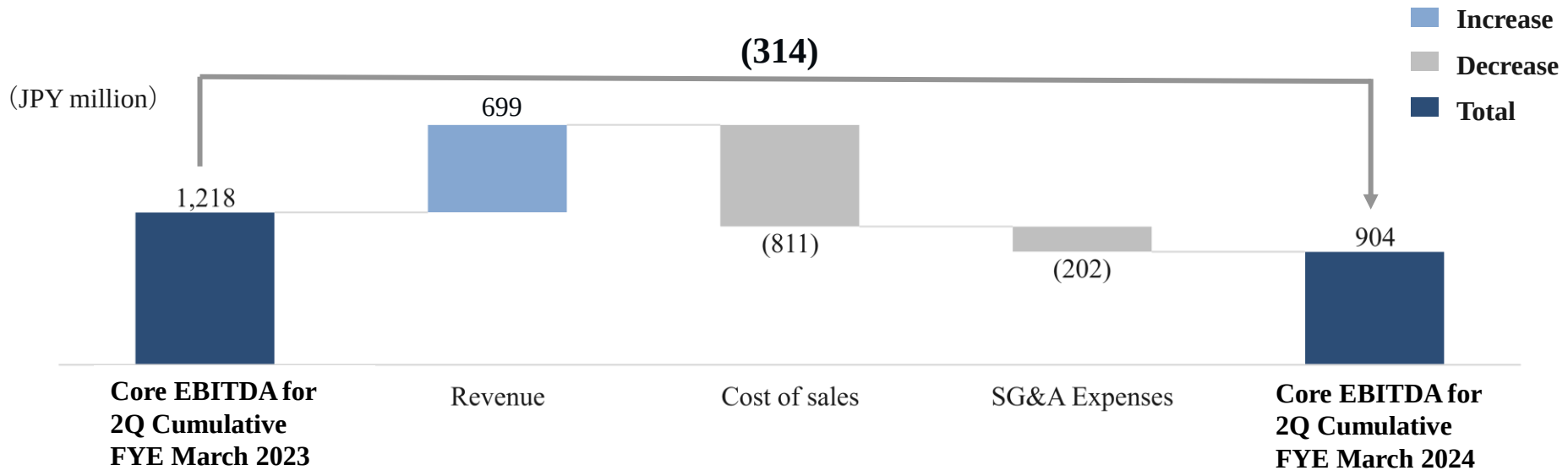




1 Core EBITDA＝Core Operating Profit + Depreciation and Amortization

Analysis of Core EBITDA (2Q Cumulative Year-on-Year)

Revenue increased while Core EBITDA decreased mainly due to higher cost of sales.



External environment	• **Factors affecting Revenue** ✓ Decrease in the supply of mushroom market as a whole (suppression of supply by competing companies) ✓ Tailwind for High-Priced Sales in an Inflationary Environment ✓ Hot weather makes it hard to sell mushrooms • **Factors affecting Cost of sales** ✓ Prolonged Russian-Ukrainian Situation ✓ Continuing trend of yen's depreciation ✓ Rising prices due to inflation
Core EBITDA variable factors	• **Main factors for increase in Revenue** ✓ (Maitake) Increase in unit sales price ✓ (Eringi) Increase in unit sales price ✓ (Buna shimeji) Increase in unit sales price • **Main factors for increase in Cost of sales** ✓ Rising electricity prices ✓ Rising material (raw materials, packaging materials) prices

Upwardly Revised Full-year Consolidated Financial Results Forecasts for FYE March 2024

Due to a lower-than-expected renewable energy change and the expected results of the company's own cost and expense reduction activities, consolidated full-year financial results forecasts are revised upward.

(JPY million)	FYE March 2023 Actual	FYE March 2024 Previously announced forecasts (A)	**FYE March 2024 Revised forecasts (B)**	Change (B-A)	*Change*
Total Income	42,204	42,389	**44,467**	+2,078	*4.9%*
Internal Revenue	31,016	33,157	**33,157**	-	-
Operating profit	2,191	673	**1,624**	+951	*141.3%*
Ratio *vs Total Income*	*5.2%*	*1.6%*	*3.7%*		
Profit before tax	1,794	228	**1,210**	+982	*430.7%*
Profit attributable to owners of parent	1,181	121	**780**	+659	*544.6%*
Baisic earnings per share（Yen）	29.63	3.05	**19.58**	+16.53	*542.0%*
【Reference】					
Core EBITDA [1]	4,663	3,182	**4,034**	+852	*26.8%*
Core EBITDA margin [2]	*15.0%*	*9.6%*	*12.2%*		-

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

Main reasons for the revision of the Core EBITDA forecast

Initial Forecast JPY 3,182 million

Supplementary Explanation

Revenue	**JPY — million**	Forecasts are based on conservative assumptions in light of the challenging external environment. Unchanged until performance is determined from 3Q onward during the high impact demand period.
Cost of Sales	**JPY 568 million**	Reflect only actual reductions up to 2Q and items with high potential for reduction in 3Q
SG&A expenses	**JPY 284 million**	Reflect only actual reductions up to 2Q and items with high potential for reduction in 3Q

Revised Forecast JPY 4,034 million

Assumptions have been revised based on the results to date and changes in the external environment.

Impact on year-end dividend

The company plans to increase the year-end dividend in light of the upward revision, but we will carefully consider the amount after comprehensively taking into account the company's performance in the second half of the fiscal year and its funding needs for strategic investments for growth in the next fiscal year and beyond.

Revenue by Business Segment (2Q Cumulative)

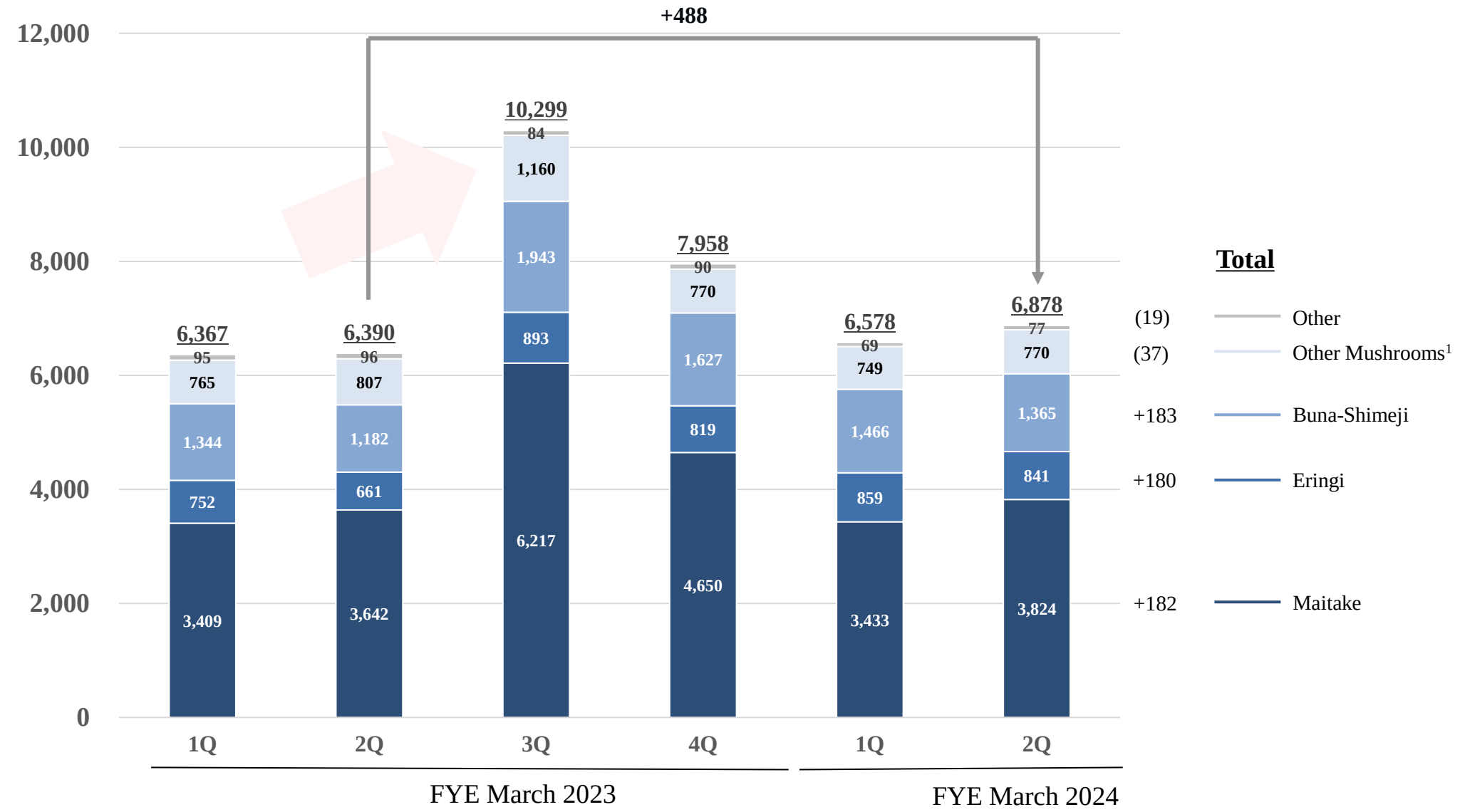
Revenue of maitake, eringi and buna-shimeji increased in the same period of the previous year.
But Revenue of other mushrooms and other declined.

(JPY million)	2Q FYE March 2023 Actual	2Q FYE March 2023 *Composition Ratio*	**2Q FYE March 2024 Actual**	***Composition Ratio***	Increase (Decrease) Amount	*Change YoY*
Total Revenue	12,757	*100.0%*	**13,457**	***100.0%***	699	*+5.5%*
Mushroom Business	12,566	*98.5%*	**13,310**	***98.9%***	744	*+5.9%*
Maitake	7,051	*55.3%*	**7,257**	***53.9%***	206	*+2.9%*
Eringi	1,413	*11.1%*	**1,700**	***12.6%***	286	*+20.3%*
Buna-Shimeji	2,526	*19.8%*	**2,832**	***21.0%***	305	*+12.1%*
Other Mushrooms[1]	1,573	*12.3%*	**1,519**	***11.3%***	(53)	*(3.4%)*
Other	191	*1.5%*	**146**	***1.1%***	(45)	*(23.5%)*

[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 has 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 (2Q Cumulative FYE March 2024)

Unit sales prices in each mushroom were positive compared to the same period of the previous year and the forecast.
Sales Volume of Maitake was negative while Eringi was positive, Buna-Shimeji was almost flat compared to the same period of the previous year and the forecast.

	Sales Volume Comparison [1]		Unit Sales Price Comparison [1]	
(%)	vs 2Q FYE Mar 2023	vs Forecast	vs 2Q FYE Mar 2023	vs Forecast
Maitake	*95.3%*	***98.9%***	*108.5%*	***102.3%***
Eringi	*112.7%*	***102.3%***	*108.2%*	***105.1%***
Buna-Shimeji	*100.8%*	***99.6%***	*111.2%*	***101.5%***
Other Mushrooms[2]	*91.3%*	***86.0%***	*106.9%*	***100.1%***

[1] Comparison excluding processed products

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

Consolidated Statements of Financial Position

Capital depth increased due to the positive profit accumulated.

	As of Mar 31, 2023	**As of Sept 30, 2023**	Increase (Decrease)	
(JPY million)	Actual	**Actual**	Amount	*Change YoY*
Current Assets	7,180	**10,614**	+3,434	*+47.8%*
Cash and Cash Equivalents	1,060	**1,764**	+704	*+66.4%*
Trade and Other Receivables	1,907	**3,032**	+1,124	*+58.9%*
Inventories	1,422	**1,498**	+75	*+5.3%*
Biological Assets	2,662	**4,220**	+1,558	*+58.5%*
Non-current Assets	26,124	**26,230**	+106	*+0.4%*
Property, Plant and Equipment	18,966	**19,086**	+119	*+0.6%*
Goodwill and Intangible Asset	5,285	**5,276**	(8)	*(0.2%)*
Total Assets	33,304	**36,845**	+3,540	*+10.6%*
Current Liabilities	6,592	**25,872**	+19,279	*+292.4%*
Trade and Other Payables	1,877	**4,010**	+2,132	*+113.6%*
Accrued Income Taxes	693	**306**	(386)	*(55.8%)*
Short-term Borrowings	-	**2,300**	+2,300	-
Current Portion of Long-Term Borrowings	1,509	**16,949**	+15,440	*+1023.0%*
Non-current Liabilities	16,302	**231**	(16,070)	*(98.6%)*
Borrowings	16,070	**-**	(16,070)	-
Lease Liabilities	156	**157**	+1	*+0.3%*
Total Liabilities	22,895	**26,104**	+3,208	*+14.0%*
Total Equity	10,409	**10,741**	+331	*+3.2%*
Total Equity Attributable to Owners of Parent	10,409	**10,741**	+331	*+3.2%*
Total Liabilities and Equity	33,304	**36,845**	+3,540	*+10.6%*

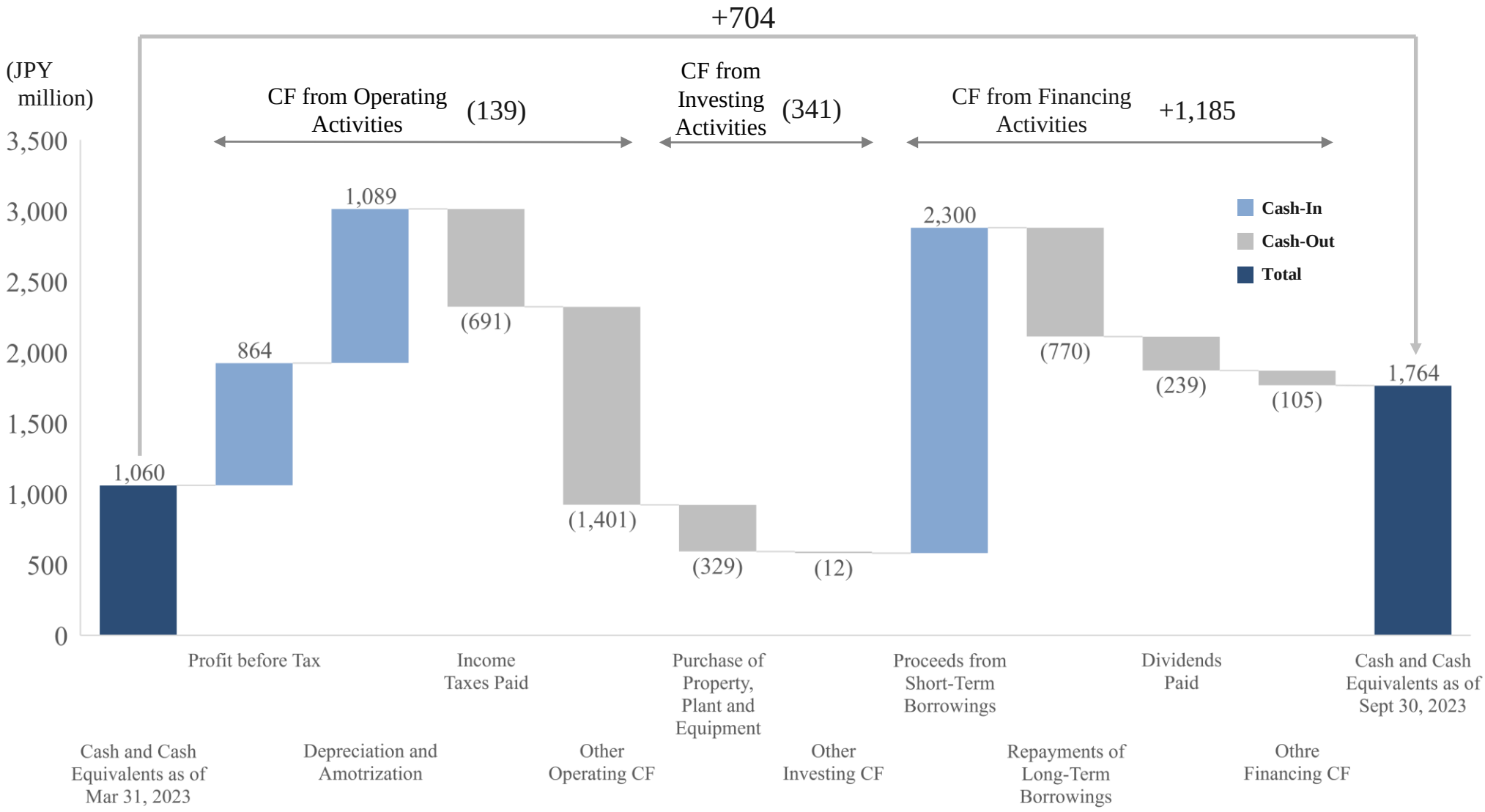
Consolidated Statements of Cash Flows (2Q Cumulative Year-on-Year)

Cash Flows from Operating Activities･･･Increase due to increase in Profit before Tax.
Cash Flows from Investing Activities･･･Decrease due to decrease in capital expenditures.
Cash Flows from Financing Activities･･･ Increase due to proceeds from Short-Term Borrowings.

(JPY million)	2Q FYE March 31, 2023	**2Q FYE March 31, 2024**	Increase (Decrease)
Cash Flows from Operating Activities	(1,383)	**(139)**	+1,243
Profit before Tax	620	**864**	+243
Depreciation and Amortization	1,027	**1,089**	+62
Decrease (Increase) in Trade and Other Receivables	(282)	**(1,124)**	(841)
Decrease (Increase) in Inventories	(279)	**(75)**	+203
Increase (Decrease) in Trade and Other Payables	259	**1,207**	+947
Increase (Decrease) in Employee Benefit Liabilities	38	**216**	+177
Income Taxes Paid	(1,475)	**(691)**	+784
Cash Flows from Investing Activities	(1,715)	**(341)**	+1,373
Purchase of Property, Plant and Equipment	(1,692)	**(329)**	+1,363
Proceeds from Sale of Property, Plant and Equipment	0	**1**	+0
Purchase of Intangible Asset	(11)	**(0)**	+11
Cash Flows from Financing Activities	75	**1,185**	+1,110
Proceeds from Short-Term Borrowings	1,500	**2,300**	+800
Repayments of Short-Term Borrowings	-	**-**	-
Repayments of Long-Term Borrowings	(674)	**(770)**	(96)
Dividends Paid	(637)	**(239)**	+398
Net Increase (Decrease) in Cash and Cash Equivalents	(3,023)	**704**	+3,727
Cash and Cash Equivalents at the Beginning of the Period	3,723	**1,060**	(2,662)
Cash and Cash Equivalents at the End of the Period	699	**1,764**	+1,065

Consolidated Cash Flow Analysis (2Q Cumulative)

Net cash provided by operating activities was less than income taxes paid, resulting in JPY 139 million decreased in CF from operating activities. On the other hand, cash and cash equivalents increased by JPY 704 million due to proceeds from short-term borrowings.



Key Financial Indicators

Core EBITDA declined compared to the same period of the previous year, so Net D/Core EBITDA multiple increased.

Changes of Financial Indicator Regarding Goodwill

Goodwill to Net Assets Ratio [1]

FYE March 2023	2Q FYE March 2024
0.5x	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 2023	2Q FYE March 2024
1.6x	1.6x

Net Debt to Core EBITDA Ratio [2]

FYE March 2023	2Q FYE March 2024
3.5x	4.0x [3]

[1] IFRS based consolidated financial figures
[2] Using actual Core EBITDA figures. Core EBITDA＝Core Operating Profit＋Depreciation + Amortization
[3] Estimated by last 12 months (LTM) cumulative Core EBITDA

Key Performance Indicators

In the six months of the current fiscal year, income and profit increased against the same period of previous year, but Key Performance Indicators deteriorated due to underperformance for the most recent 12 months.

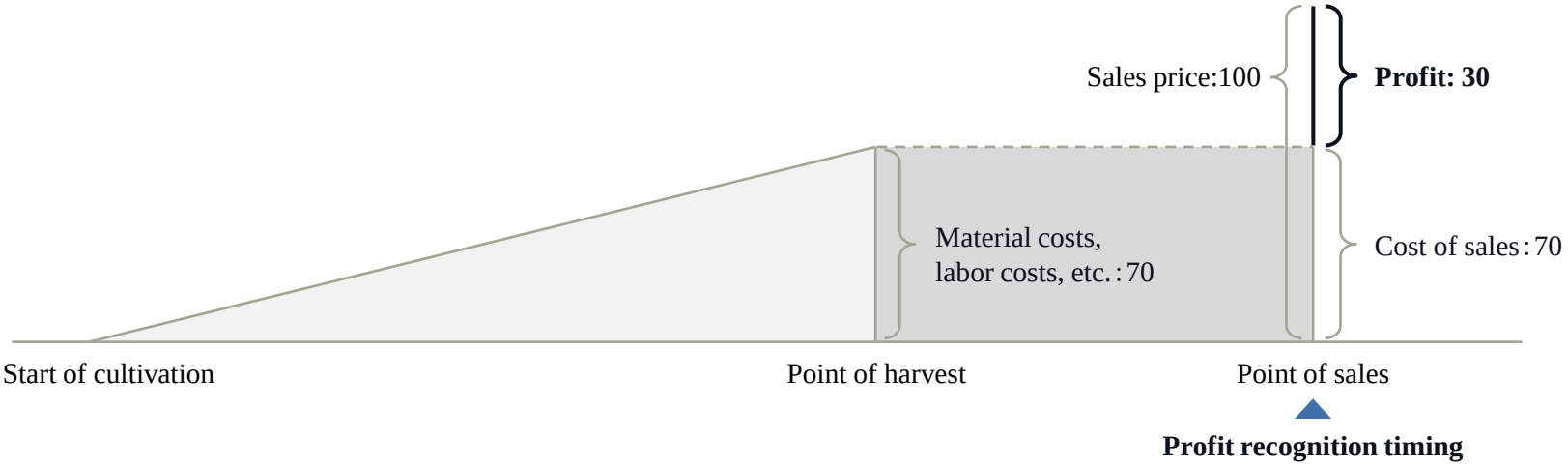
	2Q FYE March 2023	2Q FYE March 2024
Operating Margin	**4.7%**	**5.7%**
Core EBITDA Margin	**9.6%**	**6.7%**
Basic Earnings per Share [1]	**JPY 10.83**	**JPY 14.03**
ROE (Return on Equity Attributable to Owners of Parent) [2]	**19.1%**	**12.5%**
ROIC (Return on Invested Capital) [3]	**7.2%**	**5.4%**

[1] Effective July 30, 2020, the Company split the shares of its common stock on a 100-for-1 basis. Basic Earnings per Share have been restated, as appropriate, on the assumption that the stock split was conducted at the beginning of the previous consolidated fiscal year
[2] Cumulative actual of the last 12 months (LTM) ROE = Profit Attributable to Owners of Parent / Average Total Equity Attributable to Owners of Parent during the Period
[3] Cumulative actual of the last 12 months (LTM) ROIC = (Operating Profit x (1- Effective Tax Rate) / (Average shareholders' Equity + Average interest-bearing Liabilities)

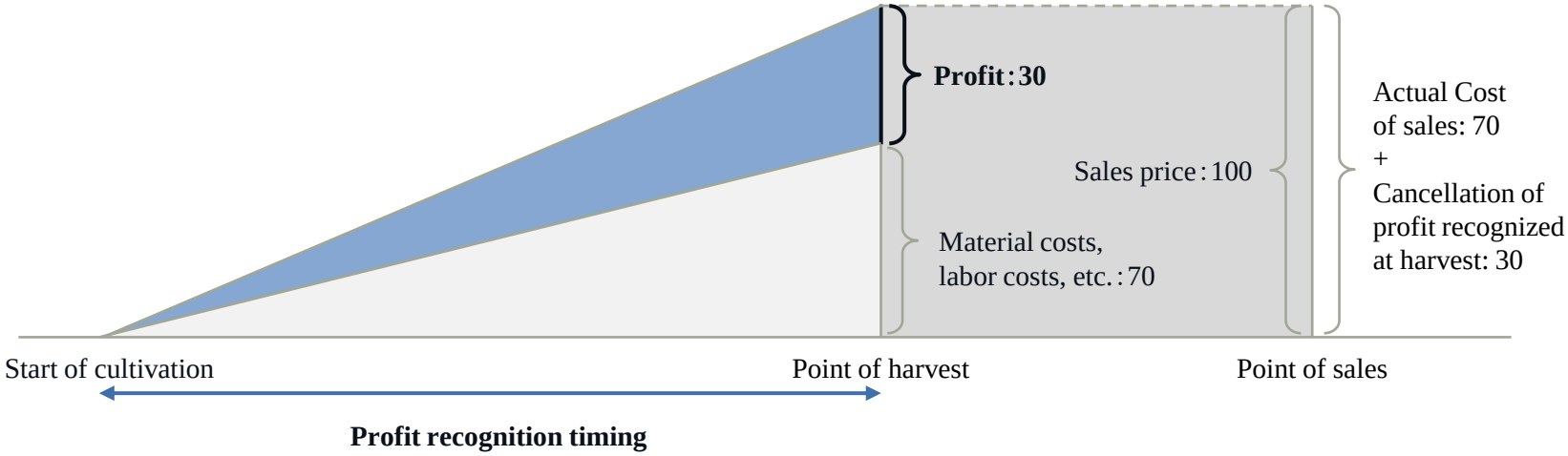
Overview of Accounting Treatment — IAS 41 “Agriculture”

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

JGAAP



IFRS



Net Impact of Applying Accounting Treatment — IAS 41 “Agriculture” (2Q Cumulative)

Net income impact of + JPY 1,463 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	2Q FYE March 2024
Gains Arising from Changes in Fair Value (Income)	Gains in Work-in-Progress (Beg. Bal.)	**(764)**
	Gains in Work-in-Progress (End. Bal.)	**1,958**
	Harvest for the Current Period	**4,006**
	Other	**148**
	Total	**5,349**
Gains Arising from Changes in Fair Value (Cost of Sales)	Gains in Finished/Semi-finished Goods (Beg. Bal.)	**(277)**
	Gains in Finished/Semi-finished Goods (End. Bal.)	**510**
	Harvest for the Current Period	**(4,006)**
	Other	**(111)**
	Total	**(3,885)**
Total Net Impact		**1,463**

Gains included in work-in-progress had a positive impact of JPY 1,193 million due to the higher fair value compared to the beginning of the period.

Gains included in finished and semi-finished goods had a positive impact of JPY 232 million due to the higher fair value compared to the beginning of the period.

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

The net impact of gains arising from changes in fair value had a positive impact for the full-year due to an increase in the second quarter of the current fiscal year.

FYE March 2024

(JPY million)		1Q	2Q	3Q	4Q	Total
Income	**Gains in Work-in-Progress (Beg. Bal.)**	(764)	(665)			(1,430)
	Gains in Work-in-Progress (End. Bal.)	665	1,958			2,624
Cost of Sales	**Gains in Finished/Semi-finished Goods (Beg. Bal.)**	(277)	(278)			(556)
	Gains in Finished/Semi-finished Goods (End. Bal.)	278	510			778
Harvest for the Current Period		±0	±0			±0
Other		28	8			37
Total Net Impact		(69)	+1,533			+1,463

FYE March 2023

(JPY million)		1Q	2Q	3Q	4Q	Total
Income	**Gains in Work-in-Progress (Beg. Bal.)**	(1,042)	(739)	(1,599)	(1,643)	(5,025)
	Gains in Work-in-Progress (End. Bal.)	739	1,599	1,643	764	4,747
Cost of Sales	**Gains in Finished/Semi-finished Goods (Beg. Bal.)**	(280)	(252)	(485)	(338)	(1,356)
	Gains in Finished/Semi-finished Goods (End. Bal.)	252	485	338	277	1,354
Harvest for the Current Period		±0	±0	±0	±0	±0
Other		25	7	(1)	(36)	(5)
Total Net Impact		(304)	+1,100	(105)	(976)	(285)

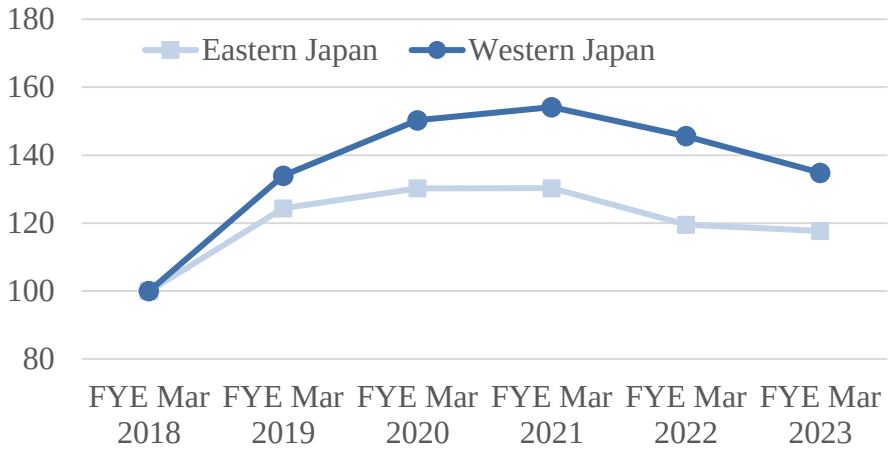
Comparison of Sales, Sales Volume, and Growth Rate of Eastern Japan and Western Japan

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



Sales Amount

(Indexed with each sales amount in the fiscal year ended March 2019 as 100)

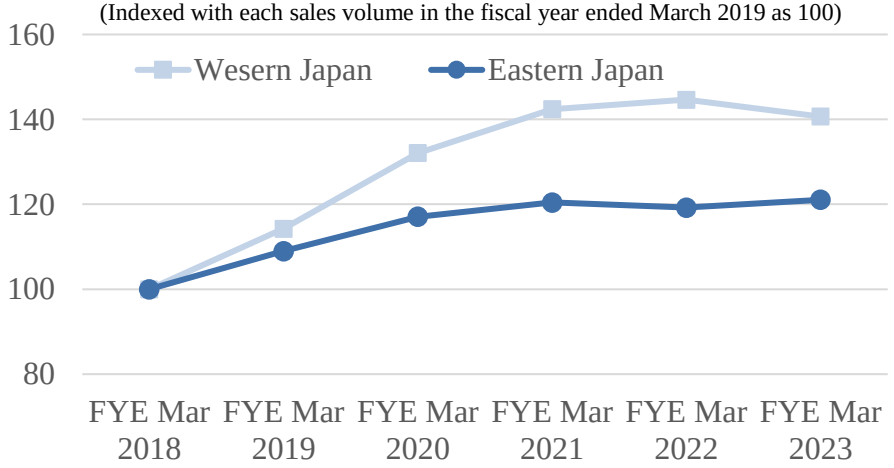


Compound Annual Growth Rate (CAGR)

WEST 6.2%
EAST 3.3%

Sales Volume

(Indexed with each sales volume in the fiscal year ended March 2019 as 100)



Compound Annual Growth Rate (CAGR)

WEST 7.1%
EAST 3.9%

Promoting Maitake through TV CM

“The greatest masterpiece in the history of Yukiguni.” as the captchphrase, and popular actor Taishi Nakagawa appears in commercials.
Disseminating the commitment of “Yukiguni Maitake Kiwami”, as well as conducting comprehensive marketing utilizing in store and digital tools.

Concept

Specially selected Yukiguni original **premium products**

- **Originally developed fungus**
- **Long-term maturity**
- **Large root and stem**



Actor　Taishi Nakagawa

Develop Sales Floors



Image of sales floor

Suggest Recipes



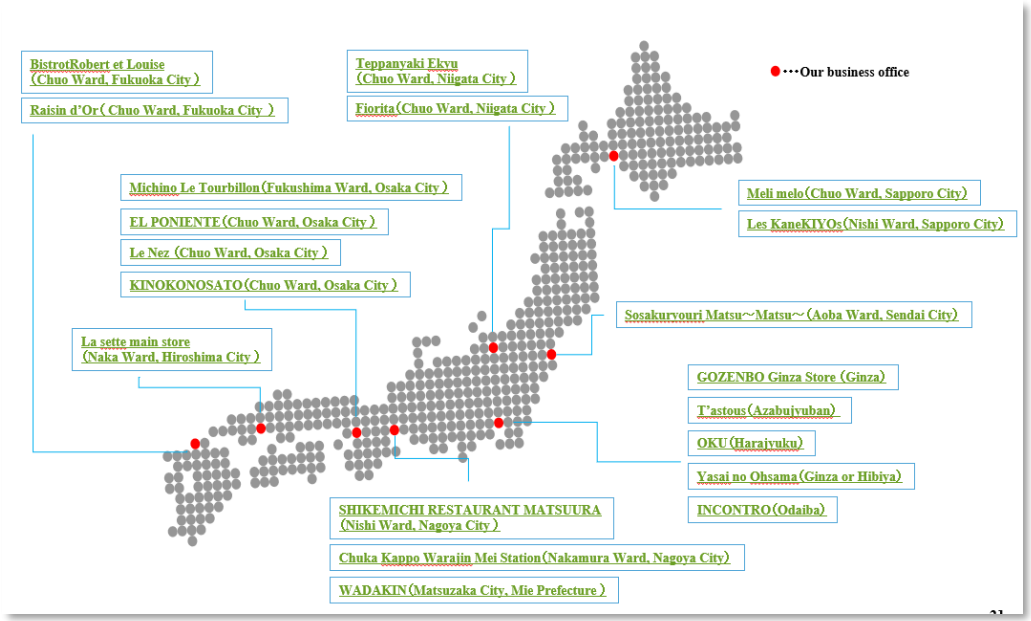
Send out SNS



Premium development of “Yukikuni Maitake Kiwami White”

“Yukikuni Maitake Kiwami White” is used at high-class restaurants across the every region in the country.
High-quality cooking, the chef's impressions and customer reactions are introduced on our company's website to promote the appeal of premium mushrooms.

Restaurants offering White Maitake menu items



- Restaurants offering menus using “Yukikuni Maitake Kiwami White” expanded throughout Japan.
- Michelin-starred restaurants also use White Maitake.
- Due to the bright appearance, White Maitake is widely used in high-class dishes at famous restaurants.

Introduce on our website



https://www.maitake.co.jp/_recipe/special/white_restaurant/

Menu items, chef's impressions, customer reactions, etc.







Initiatives to Sustainability

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

Formulate a value creation process



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

Identify material issues



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

Disclose in line with TCFD recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- In November 2021, indicated support for TCFD recommendations.
- Disclose information on "Governance," "Strategy," "Risk Management," and "Metrics and Objectives" as recommended in the TCFD Recommendations.
- After conducting scenario analysis, we newly published it on our company website in May 2023.

Set GHG emission reduction targets



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

Efforts to reduce CO_2



- Following the completion of LNG facilities installation at the Gosen Bio Center, LNG facilities were introduced at the Bio Center 3 in October 2022.
- On top of CO_2 reduction, achieved 100% recycled tray usage[1] rate by reviewing tray materials for mushroom products.

Support for balancing work and childcare

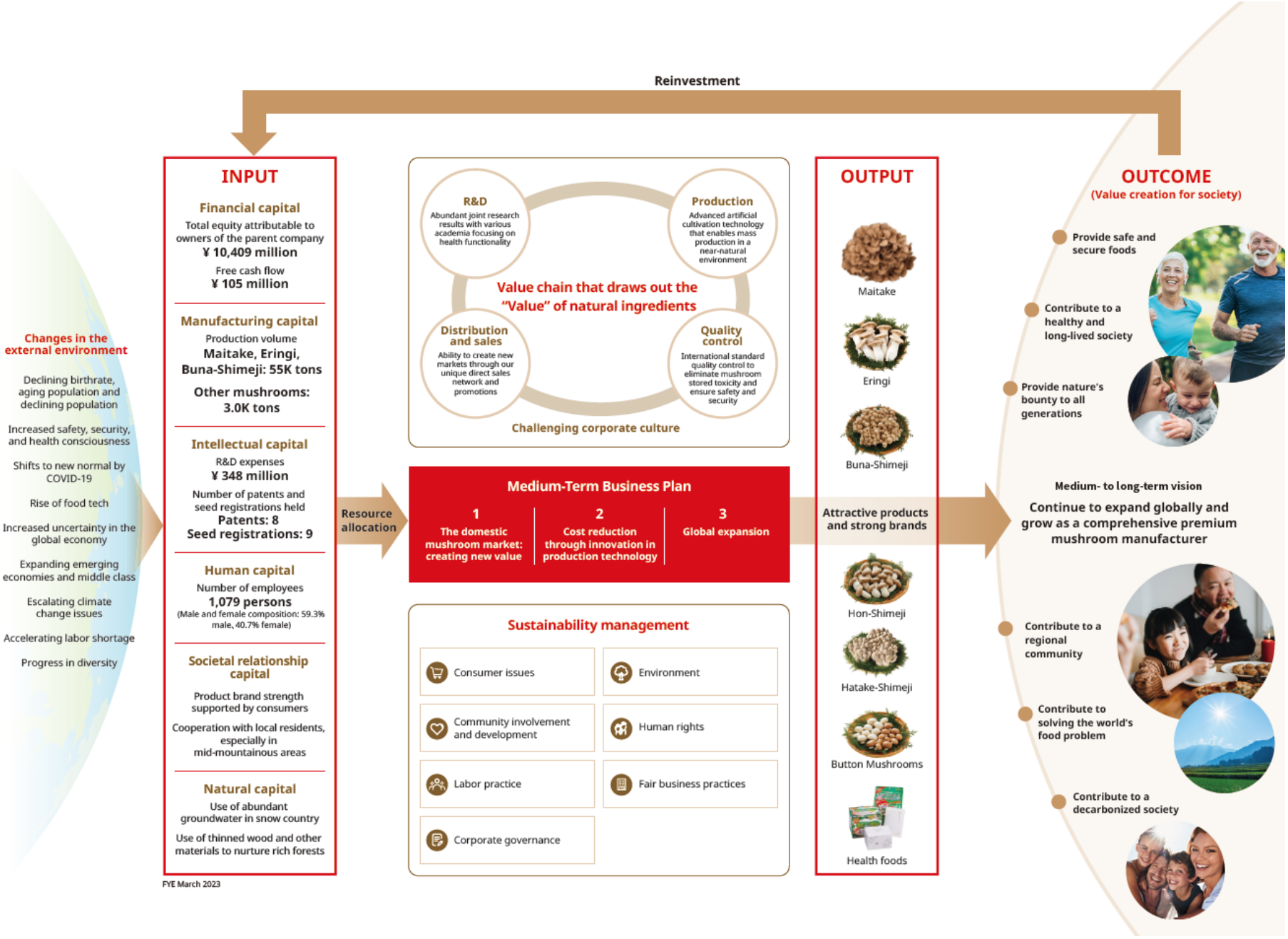


- Create a Safe Work Environment for Employees at Various Life Stages
- Obtained "Kurumin Certification" from the Minister of Health, Labor and Welfare on June 6, 2023 for our efforts to support work and childcare balance.

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

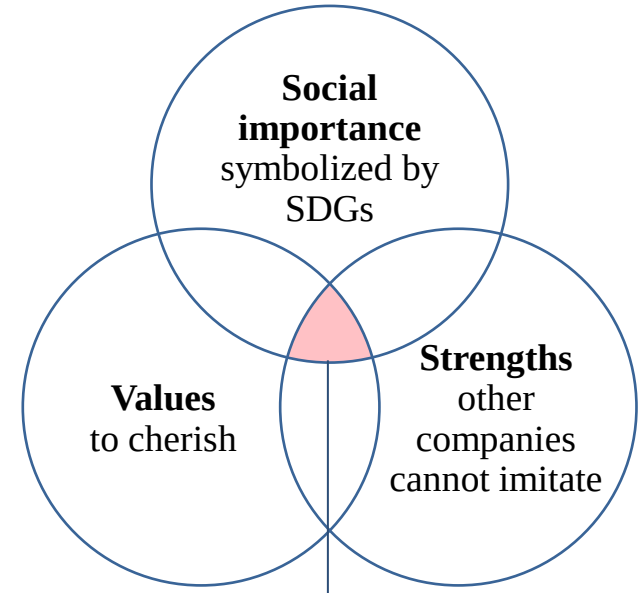
Value Creation Process

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



Identifying Material Issues

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



Material issues
(Key issues to be addressed)

Value creation process created for a sustainable society in June 2022

E

- Sustainable procurement of raw materials, etc. and use of water resources
- Coping with Climate Change

S

- Realization of a healthy society through the provision of safe, secure, and high-quality mushroom products
- Coexistence with Local Communities
- Creating new value from mushrooms
- Investment in human capital and respect for human rights

G

- Fair, transparent and sound business activities

Disclosure in line with TCFD recommendations

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

Governance

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

Strategy

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

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Endorsement of TCFD Recommendations
（November 2021）

Risk management

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

Indicators and Targets

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

Risks and opportunities based on climate change scenarios

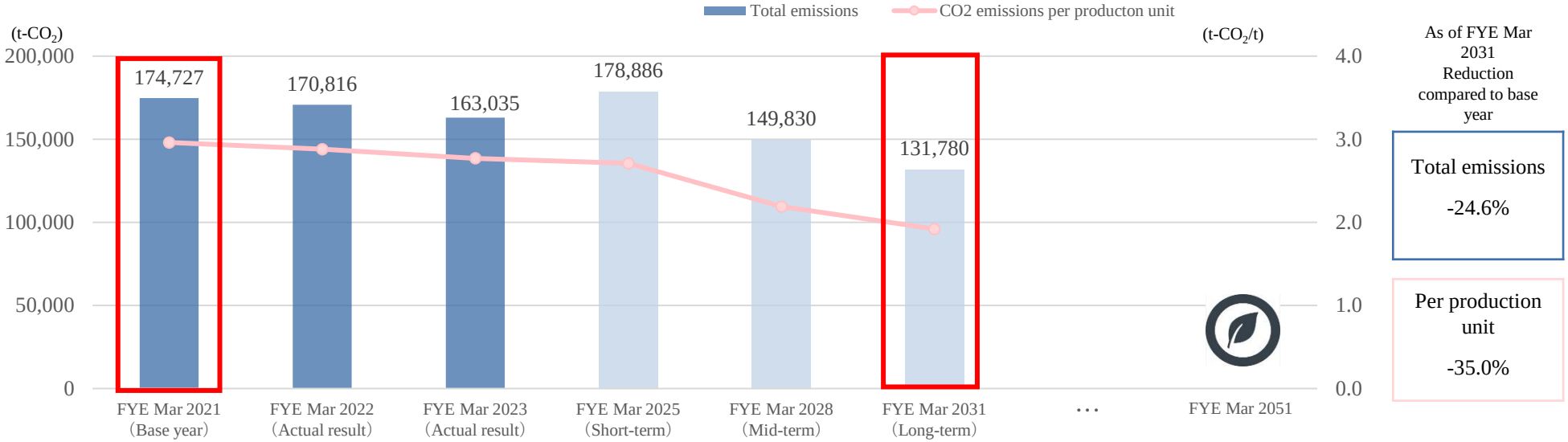
Yukiguni Maitake Group analyzed risks and opportunities associated with climate change in 2030 using 4℃ and 1.5℃ scenarios. Strive to reduce risks and continuously work to expand opportunities.

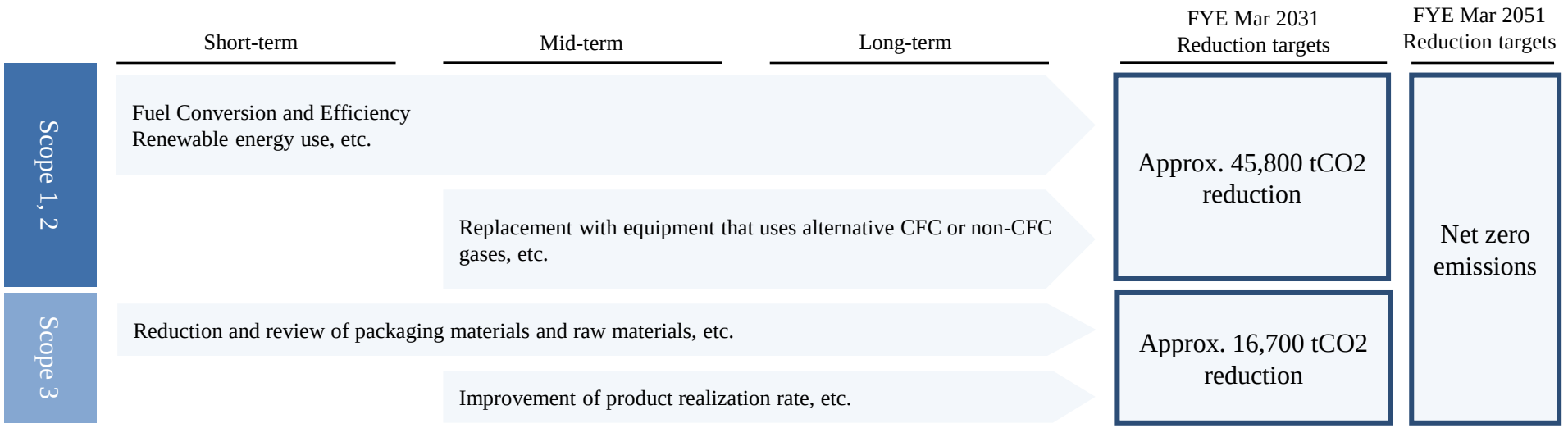
Classification		Event	Anticipated Impact on Business	Expression period	Importance	Measures
Transition risk	Policy	Introduction of carbon tax	• Increased carbon tax burden on CO2 emissions from production, logistics, and other business activities	Short Mid & Long	Large	• Reduce of production costs by streamlining production processes • Avoidance of future carbon tax burden through introduction of renewable energy, etc.
			• Increased procurement costs for plastic packaging materials	Short Mid & Long	Small	• Reduce of procurement costs by reducing the volume of plastic packaging materials
Physical risk	Acute	Intensification and frequency of extreme weather events such as typhoons, heavy rains, and heat waves	• Natural disasters and extreme weather conditions destabilize the procurement of auxiliary materials such as sawdust and bran, which are raw materials for mushroom cultivation, and their prices soar	Short Mid & Long	Small	• Reduce of sawdust consumption by increasing the reuse ratio of the culture medium • Vibrant forest development and sustainable sawdust procurement through "Yukiguni-Maitake Forest Creation Activities", etc.
	Chronic	Rising temperatures, fluidized precipitation and weather patterns	• Rising temperatures change the growth environment of mushrooms and increase air conditioning costs for temperature and humidity control	Short	Small	• Switch to high-efficiency and energy-efficient air conditioning equipment • Development of cultivation techniques and varieties less susceptible to climate change
Opportunity	Products & Services	Development and expansion of products and services that can contribute to low carbon and decarbonization	• Increasing substitution of plant-based foods for animal-based foods, creating more opportunities to create new commercial products using mushrooms	Short Mid & Long	Large	• Research and development to create alternative protein that makes use of the charactaristics of mushroom as new products
		Changing consumer preferences	• Concerns about the risk of infectious diseases due to climate change have increased the need for mushrooms to help improve immunity	Short	Small	• Promotion of the habit of eating mushrooms throughout the year by appealing to consumers about the benefits of mushrooms
	Resilience	Actualization of physical risks	• Expanded marketing opportunities for mushrooms, a crop grown in facilities that is less susceptible to weather changes than open-field cultivation	Short	Small	• Stable production and supply of products even in unstable climatic environments

GHG Emissions Reduction Targets and Results

GHG emissions in FYE Mar 2023 were reduced by 6.7% from the base year of FYE Mar 2021.
Toward targets in FYE Mar 2031 which is milestone proceed actions for Net zero emissions in FYE Mar 2051.

GHG Emission Reduction Targets and Results



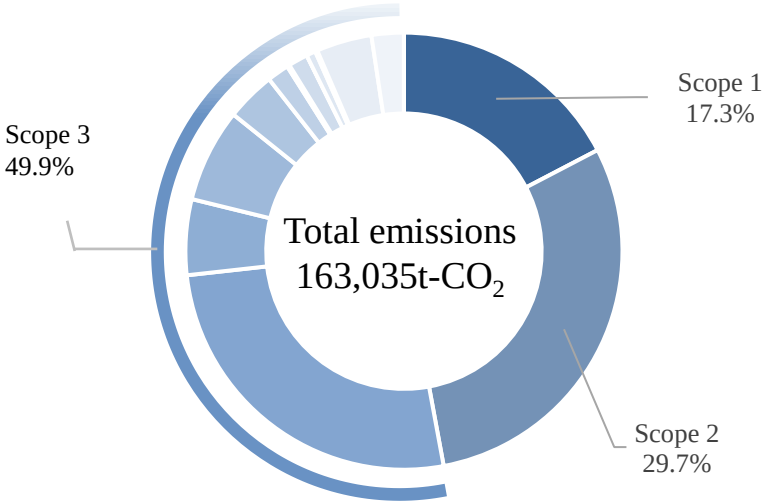


1 The scope of the project includes Yukiguni maitake, Mitsukura Norin, and Mizuho Norin. Calculations were made using the IDEA and Ministry of the Environment databases. For those for which no database exists, scenarios were created and calculations were made.

GHG Emissions Reduction Results and Actions

GHG emissions in FYE Mar 2023 were reduced by 4.6% from the FYE Mar 2022.
New initiatives will be promoted in a planned manner.

GHG Emissions by Scope (Results for FYE March 2023) [1]



	FYE Mar 2022	FYE Mar 2023	Change YoY
Scope 1～3 Total	**170,816** t-CO_2	**163,035** t-CO_2	**-4.6%**

Scope 1 — Switching to LNG



- LNG installation completed at Gosen Bio Center (January 2021) and Bio Center 3 (Octover 2022)
- Promoting GHG reduction through the use of next-generation energy

Scope 2 — Production efficiency



- Reviewing and improving the sterilization method for the culture medium and existing equipment has enabled efficient production that also reduces GHGs

Scope 3 (Category 4) — Promoting a Modal Shift



- Modal shift to long-distance transportation using rail transport
- Compared to truck transportation, expecting an approx. 80% reduction in CO_2

1 The scope of the project includes Yukiguni maitake, Mitsukura Norin, and Mizuho Norin. Calculations were made using the IDEA and Ministry of the Environment databases.
For those for which no database exists, scenarios were created and calculations were made.
Mitsukura Norin was merged into Yukiguni maitake on April 1, 2023, and it name was changed to “Okayama Bio Center”.

“Yukiguni Maitake Forest Creation Activities”

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

History of Activities

2020

- Signed an agreement with the representatives of Minamiuonuma City, Minamiuonuma Forestry Association, and the Minamiuonuma Regional Promotion Bureau of Niigata Prefectural Government to develop a forest park
- Opened of “Yukiguni Maitake Forest”



2021

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

Before



After



Activities for FYE March, 2023

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





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

GREEN PARTNER 2022 JAPAN

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

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

Promotion of diverse work styles and acquisition of "Kurumin Certificate"

Kurumin certificate as a “Company Supporting Child-Raising" through efforts to create a safe working environment for employees.

What is "Kurumin" ?

- A certificate by the Minister of Health, Labor and Welfare as a "Company Supporting Child-Raising" through efforts to support a balance between work and child-raising.
- Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, each company can receive a certificate by establishing a general business owner action plan, achieving the goals set in the plan, and applying for a certificate if the company meets certain criteria.
- We have established a new general business owner action plan (Table 1 below) for the next two years.

Table 1

Yukikuni Maitake General Business Owner Action Plan	
Planning period	April 1, 2023 - March 31, 2025
Target	① More than 50% of male employees taking childcare leave. ② More than 70% of all employees taking annual paid leave.



Acquired in June 6, 2023

Our Approach

- Achieved the target "40% of male employees taking childcare leave" set in the "General Business Owner Action Plan" for the period from April 1, 2020 to March 31, 2023.
- Continue to enhance childcare support and promote a workplace where employees can work with peace of mind.

■ Number of employees taking childcare leave (rate[1])

	FYE Mar 2021	FYE Mar 2022	FYE Mar 2023
Male	5 (23%)	11 (100%)	16 (88%)
Female	16 (93%)	10 (100%)	12 (85%)
Total	21	21	28

■ Rate taking annual paid leave

FYE Mar 2021	FYE Mar 2022	FYE Mar 2023
78.3%	84.0%	84.6%

1 Based on the provisions of the "Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Act No. 76 of 1991), the ratio of taking childcare leave, etc. as stipulated in the "Ordinance for Enforcement of the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave (Ordinance of the Ministry of Labor No. 25 of 1991) No. 72-4-1.

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

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

Basic Business Policy

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

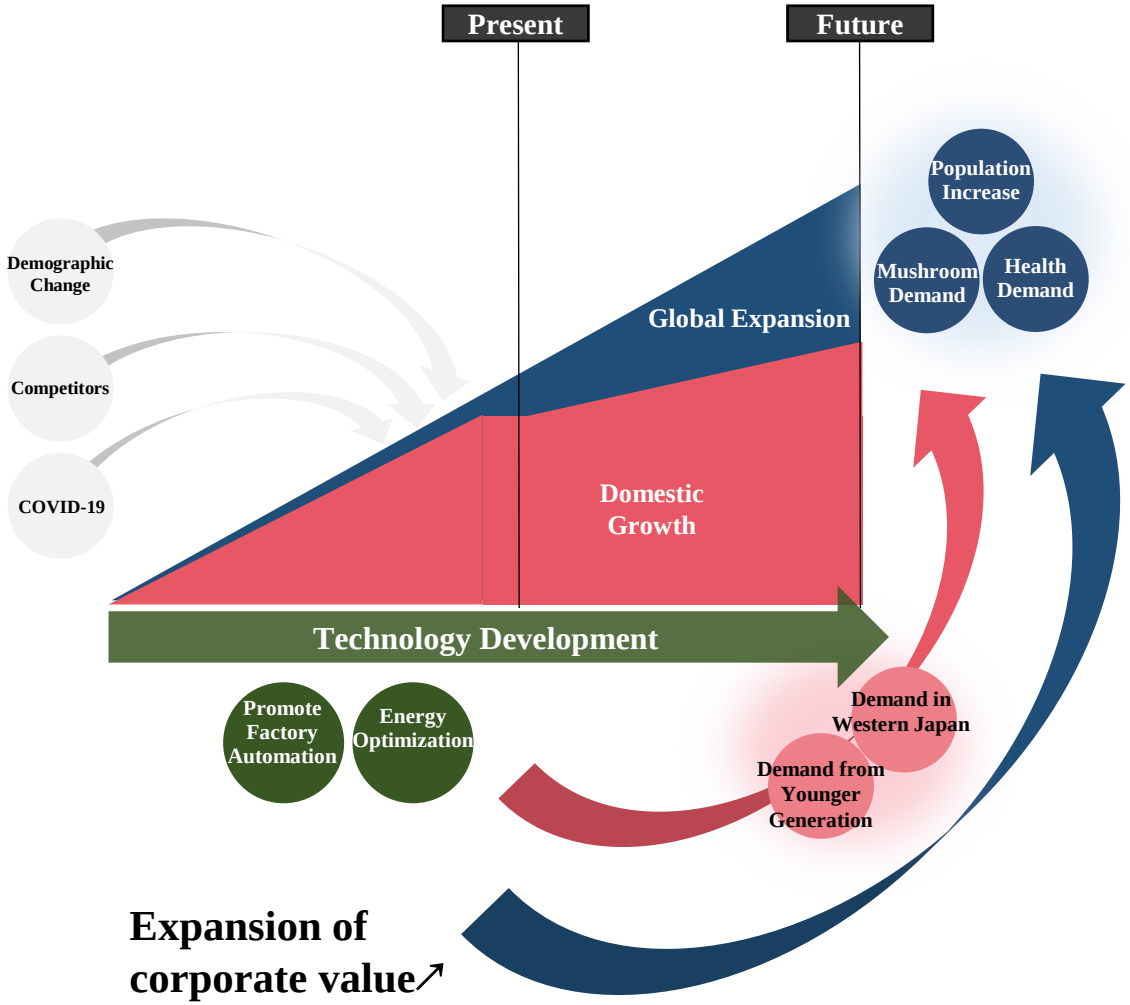
III-2. Basic Strategies

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

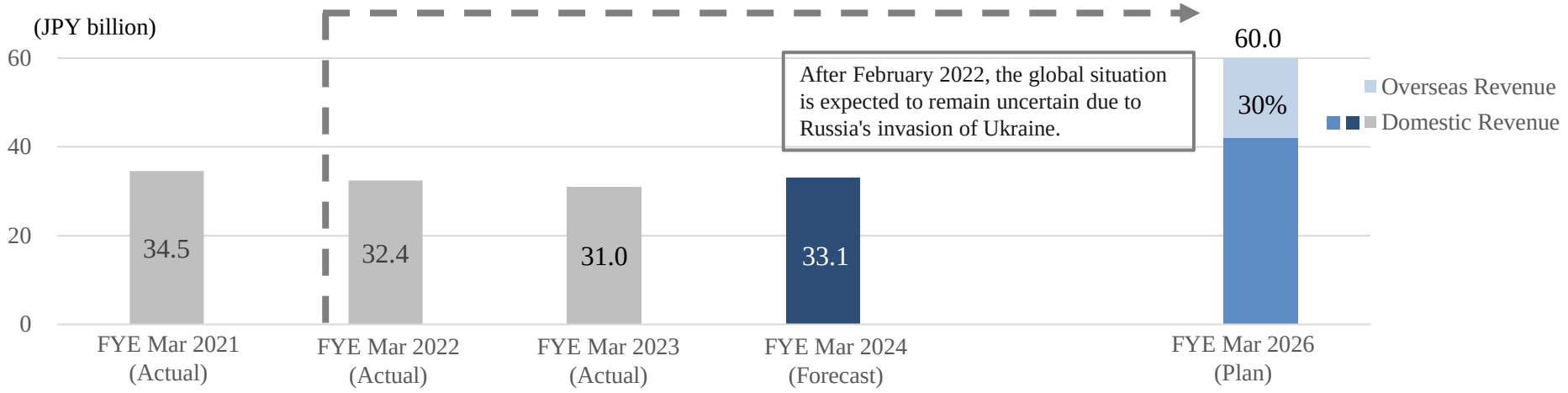
- Expand the consumption of mushrooms, a natural foodstuff, to meet the global health consciousness
- Build an in-house production and sales infrastructure overseas.
- Search for business opportunities in the area surrounding mushrooms (upstream to downstream)

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 2023 (Actual)	FYE Mar 2024 (Forecast)	FYE Mar 2026 (Plan)
1. Revenue	JPY 31.0 billion	JPY 33.1 billion	Around JPY 60.0 billion
2. Overseas Revenue Ratio [1]	—	—	Around 30%
3. Core EBITDA Margin [2]	15.0%	9.6%	Around 20%
4. ROIC	5.0%	—	Around 10%

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



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

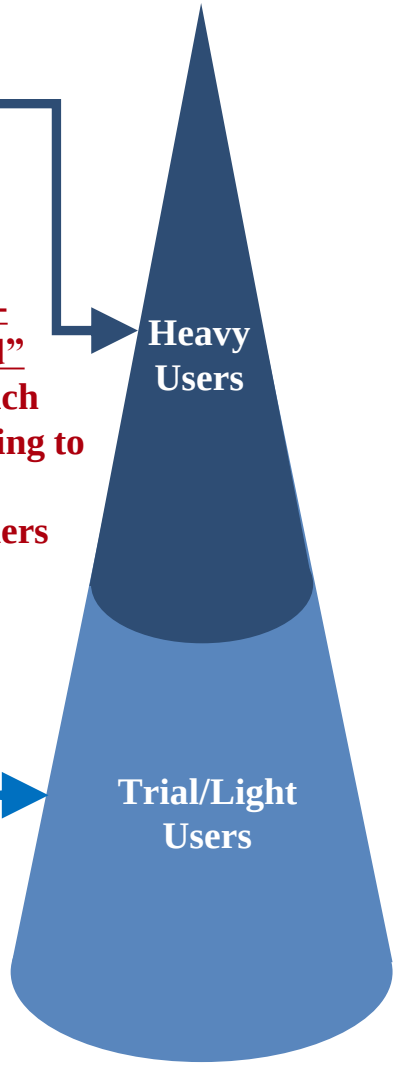
Basic Policy A: Domestic Mushroom Market (Maitake Business) 1

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

"Multi-Faceted" Sales Promotion Strategy

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

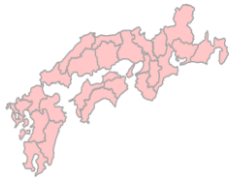


Build a purchasing process that "combines" multiple media channels.

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

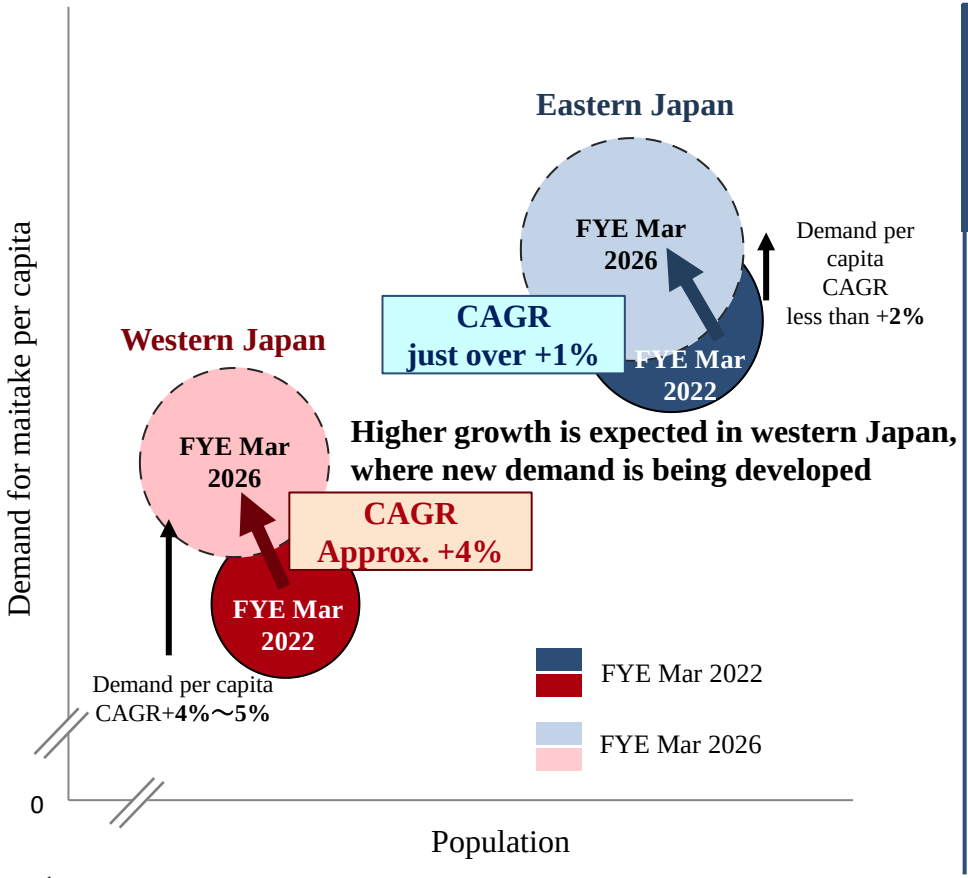
Establish the overwhelming No. 1 position for maitake by developing customized marketing for each target customer segment by region.
The growth potential of Western Japan is huge, so we will increase the number of customers from light users to heavy users by raising awareness and increasing opportunities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

Strengthened by merger

Complementarity with maitake

■ **Business environment**

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

■ **Response and Policy**

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



■ **Business environment**

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

■ **Response and Policy**

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

Synergy with overseas expansion

■ **Business environment**

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

■ **Respond and policy**

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

Development of our unique model

Basic Policy B: Cost Reduction through Innovative Production Technology

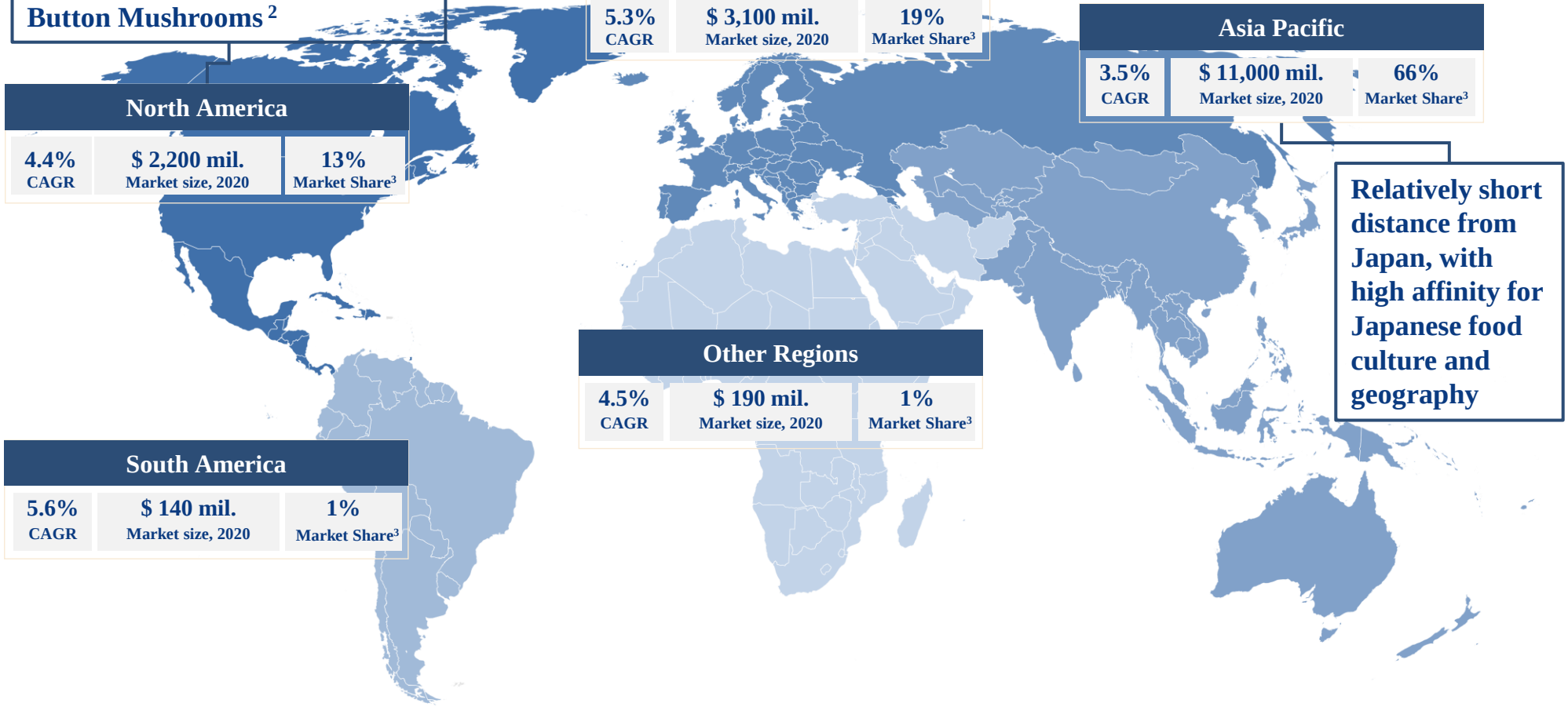
Proactively work on sustained cost reductions in utility costs, labor costs, and raw material costs.
Maximize energy efficiency and reduce environmental impact through the use of alternative energy sources.

	Response and Policy
Factory Automation in Production Process 	• Capital investment for factory automation of production processes leading to cost reduction • Improve productivity through cost reduction and labor saving by further introducing the latest Factory Automation technology in production processes such as inoculation, harvesting, and packaging, and evolve into a highly efficient factory • Aim to reduce the number of employees in the target factories (production and packaging processes) by about 30% (over 150 people) as the maximum target for the next five years
Maximize Energy Efficiency 	• Capital investment for the introduction of energy conservation measures • Focus on maximizing energy efficiency and reduce environmental impact through the use of alternative energy sources • Implement energy conservation measures such as LNG conversion, solar power generation, LED lighting, etc. • Respond to future energy price hikes • Reduce 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[3]

Asia Pacific

3.5%	$ 11,000 mil.	66%
CAGR	Market size, 2020	Market Share[3]

North America

4.4%	$ 2,200 mil.	13%
CAGR	Market size, 2020	Market Share[3]

Other Regions

4.5%	$ 190 mil.	1%
CAGR	Market size, 2020	Market Share[3]

South America

5.6%	$ 140 mil.	1%
CAGR	Market size, 2020	Market Share[3]

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
[3] "Market Share" refers to each region's share of the global market.

Basic Policy C: Global Expansion (Response and Policy)

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

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

【Europe ➡ Japan】
- Competitive western mushrooms (button mushrooms)
- Raw materials
- Others (know-how, technology)



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.

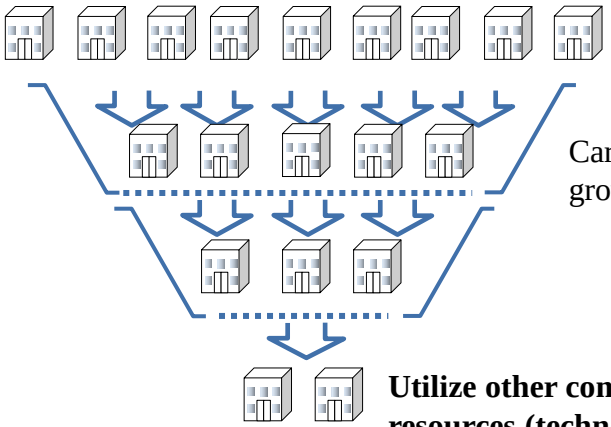
[1] Data from external research reports and our analysis
[2] Converted at USD1 = JPY110

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

A Field of Possibilities

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

■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

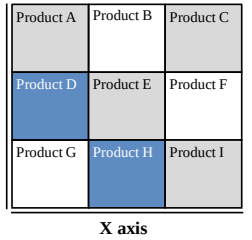


Human Resources Networks

Product Innovation

A Field of Possibilities

Product Portfolio



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

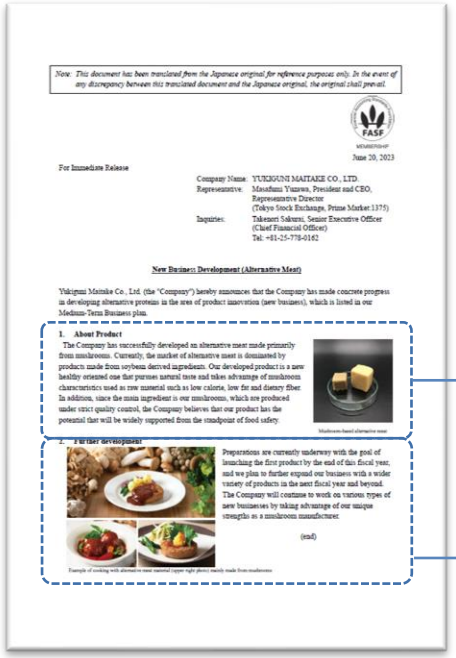
■Processed Foods
- Confectionery, bakery, beverages, seasonings, etc.

■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)

Product Innovation Initiatives: Development of Alternative Meat

Press release on successful development of alternative meat disclosed on June 20, 2023.
Steadily developing activities to create further new businesses.



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.

June 20, 2023

For Immediate Release

Company Name: YUKIGUNI MAITAKE CO., LTD.
Representative: Masafumi Yazawa, President and CEO, Representative Director (Tokyo Stock Exchange, Prime Market:1375)
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New Business Development (Alternative Meat)

Yukiguni Maitake Co., Ltd. (the "Company") hereby announces that the Company has made concrete progress in developing alternative proteins in the area of product innovation (new business), which is listed in our Medium-Term Business plan.

1. About Product

The Company has successfully developed an alternative meat made primarily from mushrooms. Currently, the market of alternative meat is dominated by products made from soybean derived ingredients. Our developed product is a new healthy oriented one that pursues natural taste and takes advantage of mushroom characteristics used as raw material such as low calorie, low fat and dietary fiber. In addition, since the main ingredient is our mushrooms, which are produced under strict quality control, the Company believes that our product has the potential that will be widely supported from the standpoint of food safety.

Mushroom-based alternative meat

2. Further development

Preparations are currently underway with the goal of launching the first product by the end of this fiscal year, and we plan to further expand our business with a wider variety of products in the next fiscal year and beyond. The Company will continue to work on various types of new businesses by taking advantage of our unique strengths as a mushroom manufacturer.

(end)

Example of cooking with alternative meat material (upper right photo) mainly made from mushrooms

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Mushroom-based alternative meat

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(end)

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

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

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

	Integrated Reporting (IIRC)	Climate-Related Disclosures (TCFD)	Others
FYE Mar 2022	**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

Produce and package mushrooms, mainly in Niigata Prefecture, for shipment nationwide.
In addition, we have established a unique direct sales route to retailers and a sales network covering the entire country through eight sales offices.

Outline of Yukikguni Maitake Group

Representative	Masafumi Yuzawa
Established	July 1983
Head Office Location	【Niigata Head Office】Minamiuonuma City, Niigata 【Tokyo Head Office】Chuo-ku, Tokyo
Number of Employees [1]	Full-time: 1,079, Part-time: 1,252 (as of March 31, 2023)
Office	Production plants：8 Laboratory：1 Sales office：8
Business Description	Production and sale of mushrooms, including maitake, and production and sale of processed mushroom foods
Subsidiary company	Mizuho Norin Co., Ltd.



Subsidiary company

《Kyoto》

Mizuho Norin Co., Ltd.

（Production and sale of Hon-Shimeji and Hatake-Shimeji）







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 temporary 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

2023 April

Mitsukura Norin Co., Ltd. was marged into Yukiguni Maitake Co., Ltd.[3]

1 "Bain Capital" mentioned above is the generic term of the fund which Bain Capital Private Equity, LP provides investment advice
2 Changed the trade name from Mitsukura Norin Limited to Mitsukura Norin Co., Ltd. on March 2, 2020
3 Merged with Okayama Bio Center effective April 1, 2023 and changed its name to Okayama Bio Center.

Our Strengths in the Value Chain (Maitake)

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

R&D

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

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

Production

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

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

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

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



Product

High-quality premium mushroom lineup

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







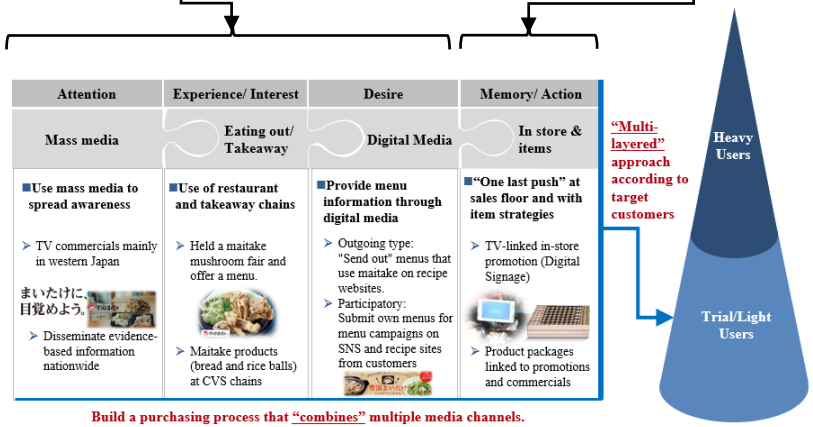
Flexible size adjustment in response to demand fluctuations

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

Marketing

Detailed, three-dimensional marketing for different customer segments

- Devise media and messages to meet the needs of 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.)**



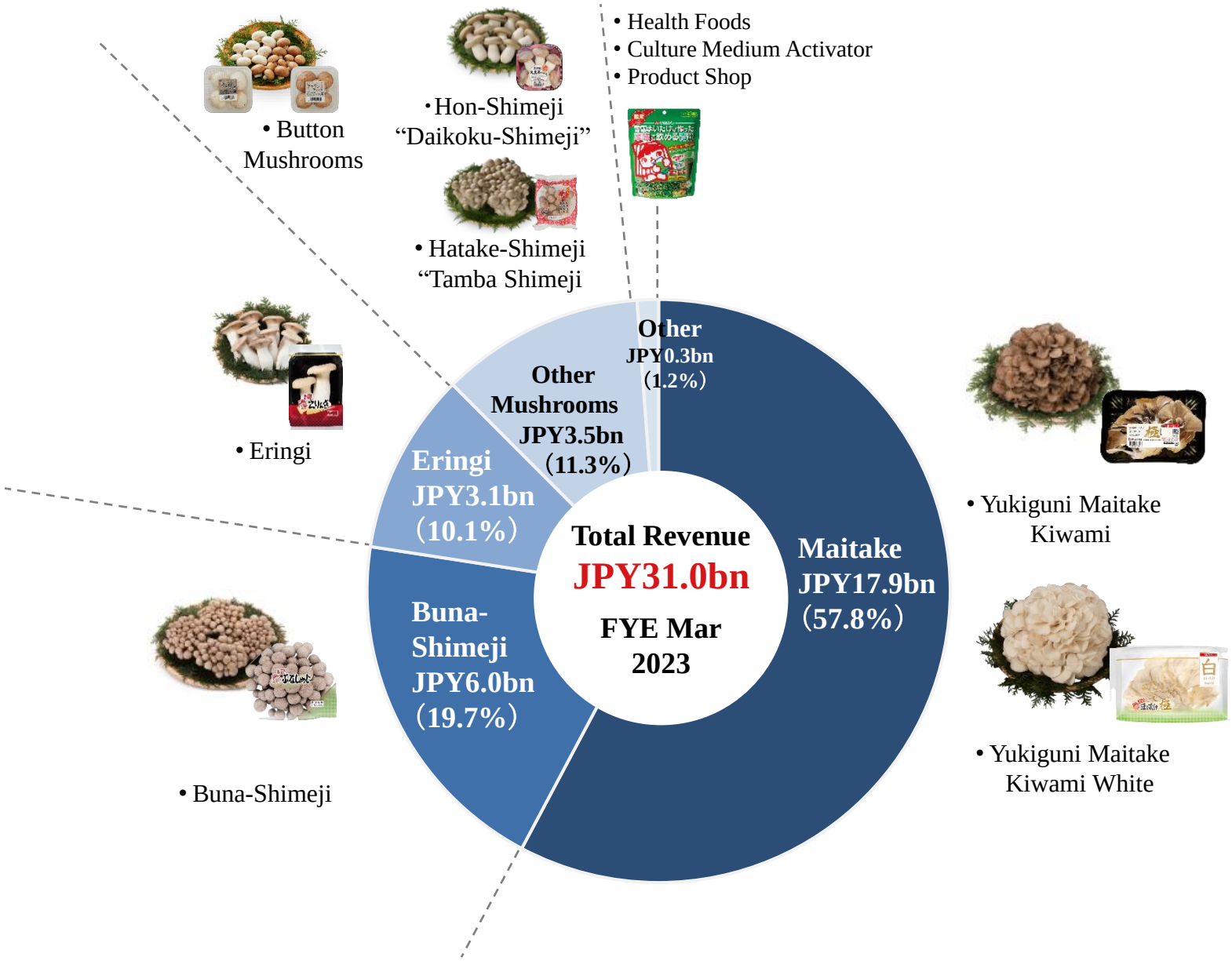
Distribution, Sales

“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

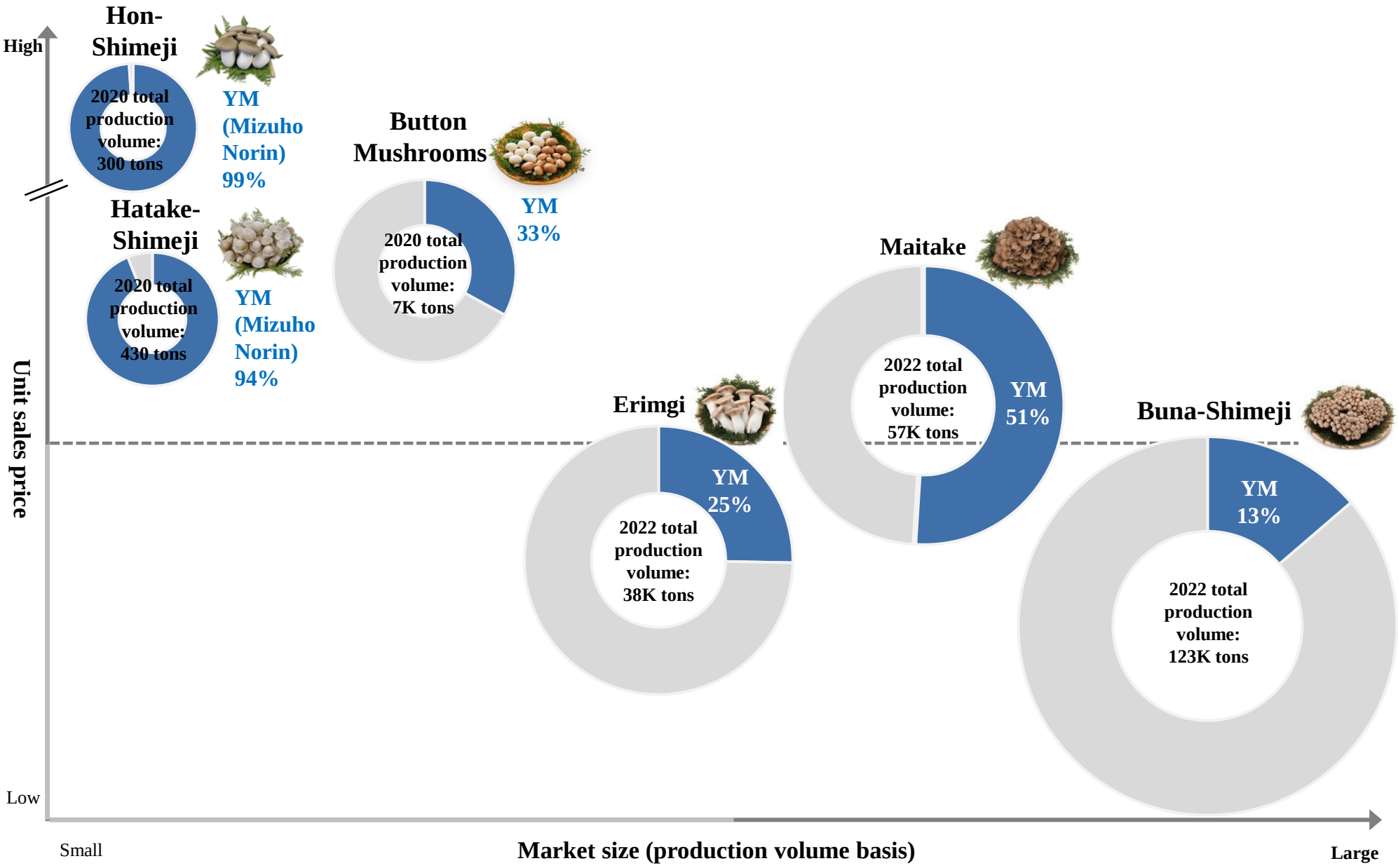
A pioneer in artificial cultivation and mass production of maitake, and a leading company engaged in factory based mass production of mushrooms. Sales of "Yukiguni Maitake Kiwami White" started in September 2022.

Maitake “Kiwami”	Eringi	Buna-Shimeji	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)

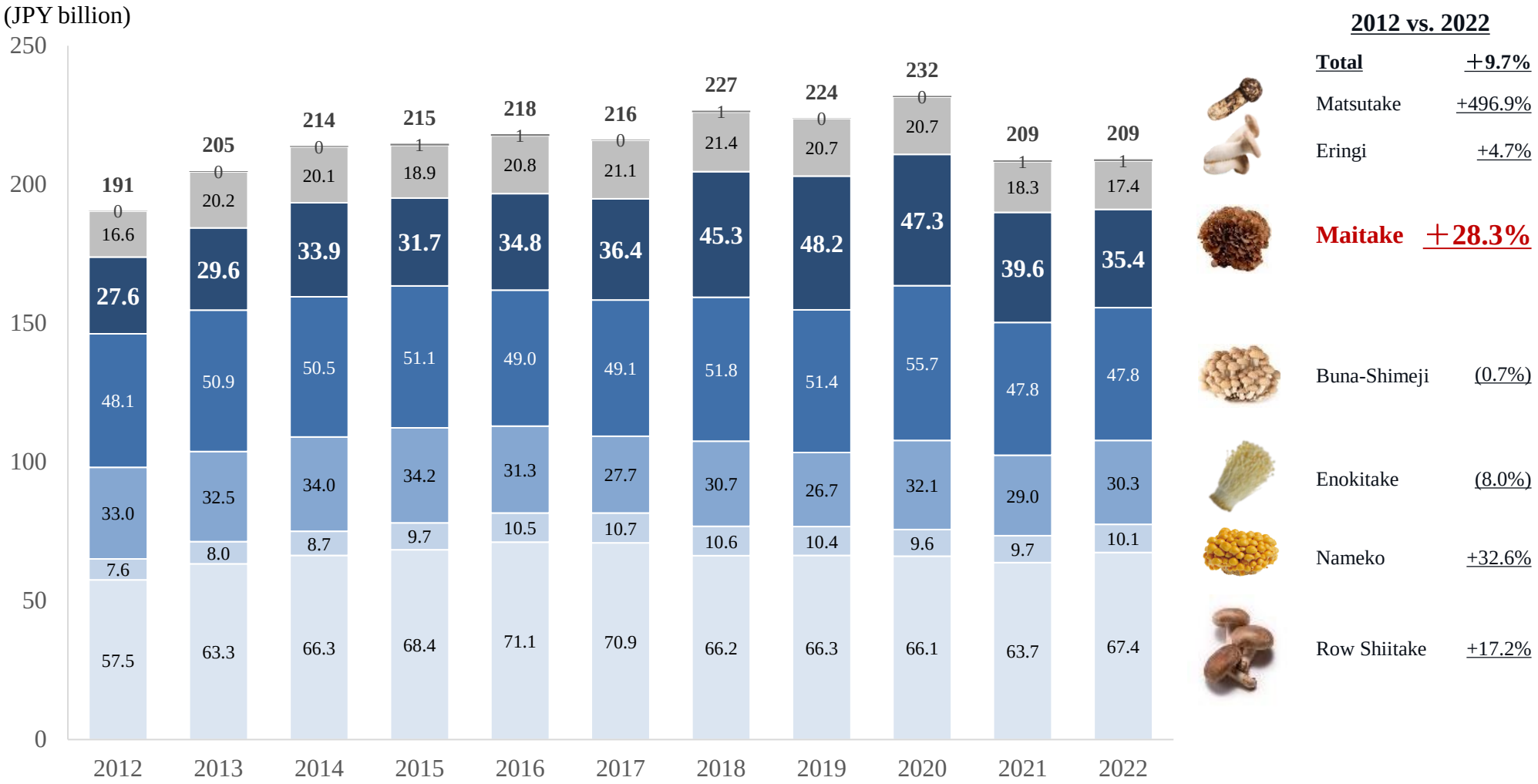
High market share in the premium mushroom market, including maitake mushrooms and mushrooms



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)

Market unit price of each mushroom will decline, and the overall market size of mushrooms will shrink, remaining flat from the previous year in 2022



2012 vs. 2022

Total	**+9.7%**
Matsutake	+496.9%
Eringi	+4.7%
Maitake	**+28.3%**
Buna-Shimeji	(0.7%)
Enokitake	(8.0%)
Nameko	+32.6%
Row Shiitake	+17.2%

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 300g

※approximate weight

Production / Packaging Process

World's first manufacturer to achieve factory based production of maitake which is difficult to cultivate, and establish a stable production and supply system for maitake.
Actively pursue AgriTech to improve productivity and reduce manual labor.

Stable production capacity / harvest / quality

Creating Culture Media	Inoculation	Cultivation and Growing	Harvesting / Packaging










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

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

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

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



Health Functionalities of Maitake

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

Functionality of Maitake

A type of polysaccharides “glucans”

Beta-Glucans

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

1 He et al. 2017 Int. J. Biol. Macromol. 101: 910-921.

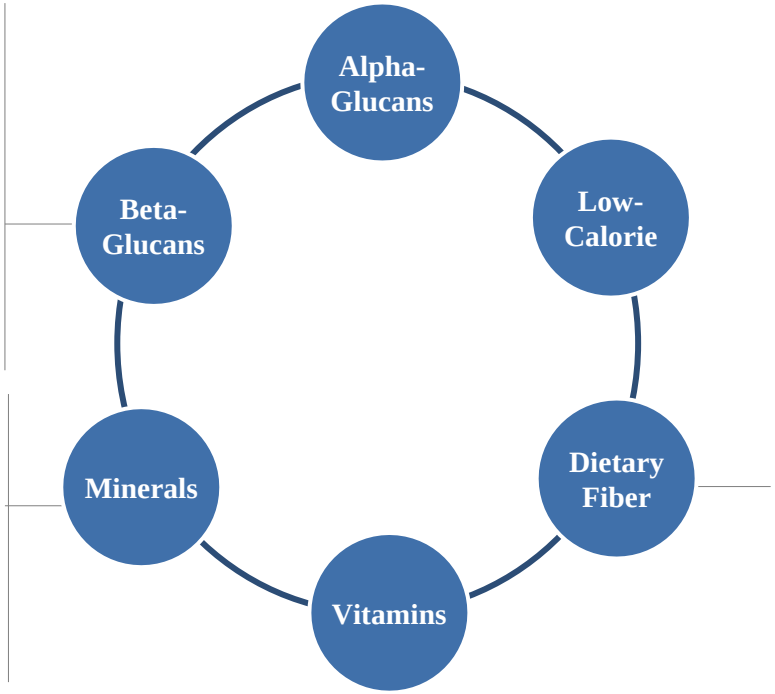
2 Wesa et al. 2015 Cancer Immunol Immunother 64: 237-247.

3 Masuda et al. 2013 Int. J. Cancer 133: 108-120.

Essential nutrients for the body

Minerals

Minerals are essential nutrients for the body, but they cannot be produced by the body. Therefore, it should be taken from food. Maitake contains potassium, which works to get excess salt out of the body, and magnesium, which regulates the body.



Expected to have various effects

Maitake Dietary Fiber

Dietary fiber is expected to have the effect of suppressing the rise in postprandial blood glucose level. In addition, Maitake has been confirmed to have a “second meal effect” that moderates the rise in blood sugar level after the first meal is 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)

Other Functionality

Tenderize meat with a little effort before cooking

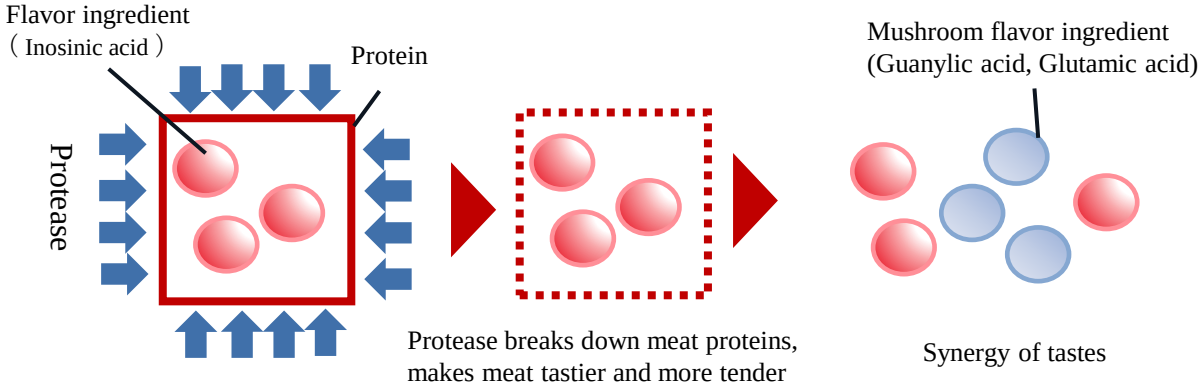
Proteolytic enzymes (proteases)

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

Synergistic effects of flavor

Guanylic acid and glutamic acid

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

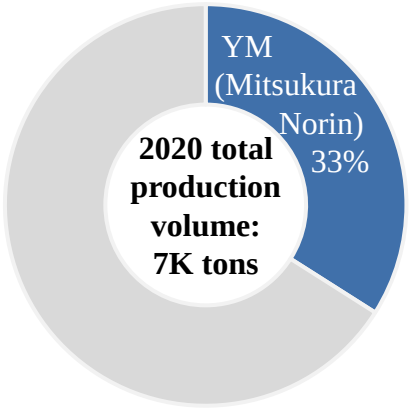


M&A Success Stories / Mitsukura Norin[1]

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

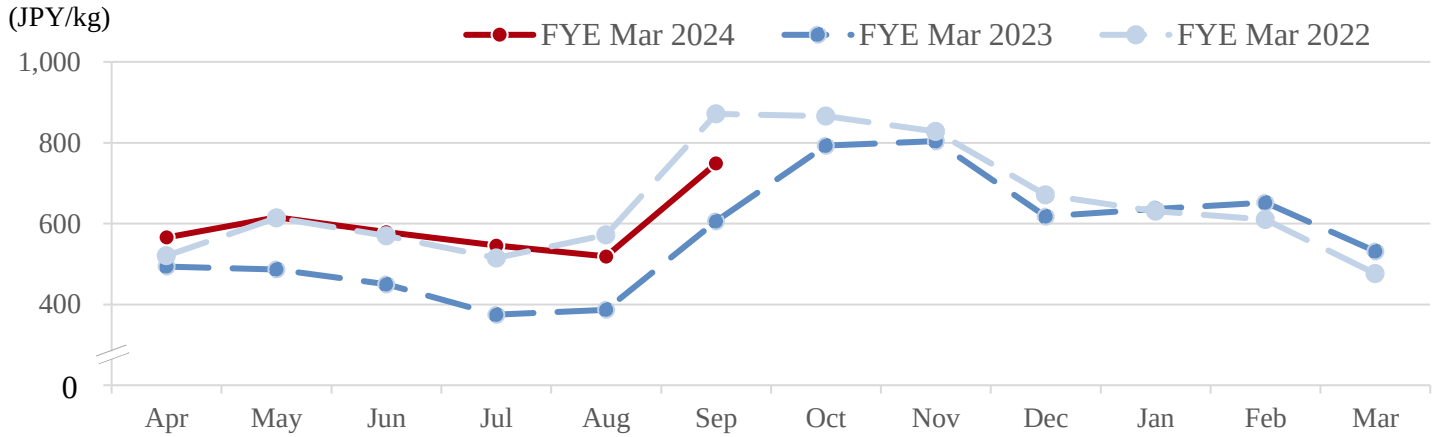


Our company accounts for **one-third** of the domestic mushroom market and is **highly profitable**.

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

Changes in Market Transaction Unit Price

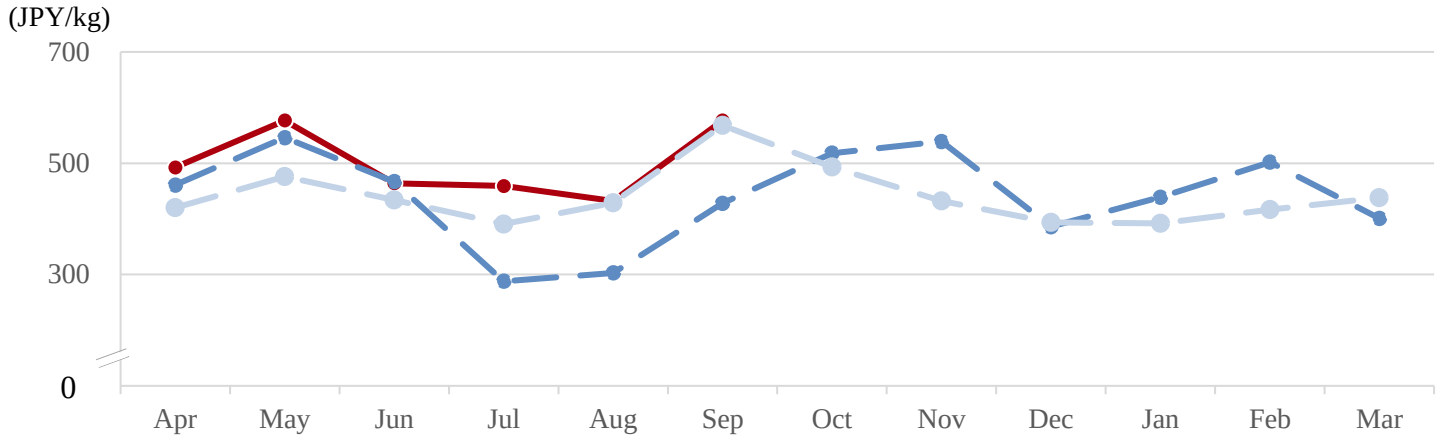
Maitake



Weighted Average Unit Price (JPY)

	2Q cumulative	Year-round
FYE Mar 2024	600	-
FYE Mar 2023	473	582
FYE Mar 2022	611	647

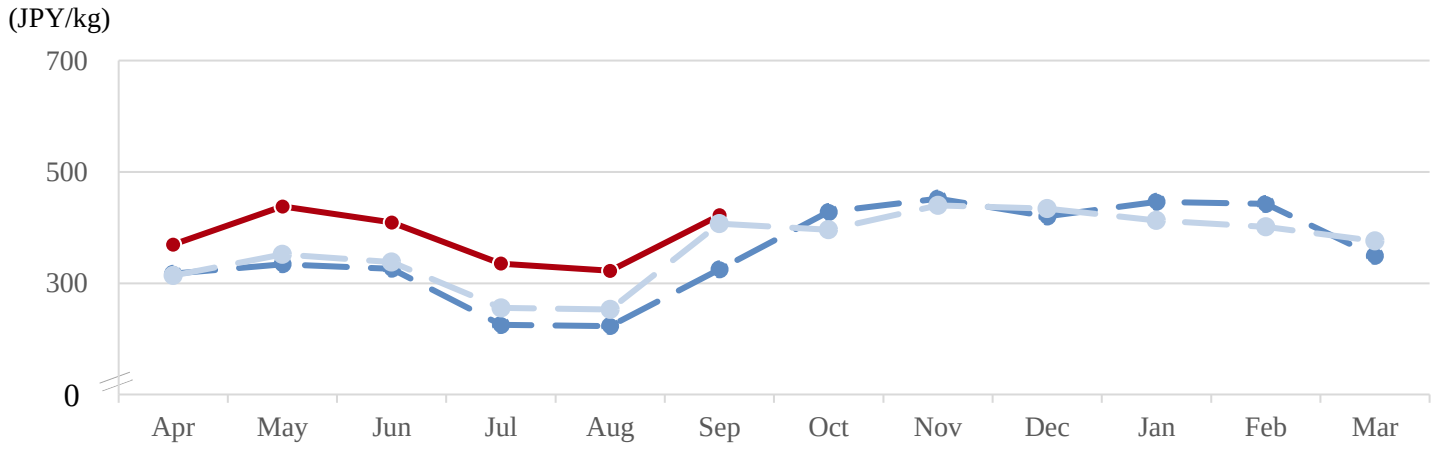
Eringi



Weighted Average Unit Price (JPY)

	2Q cumulative	Year-round
FYE Mar 2024	502	-
FYE Mar 2023	405	434
FYE Mar 2022	455	439

Buna-Shimeji



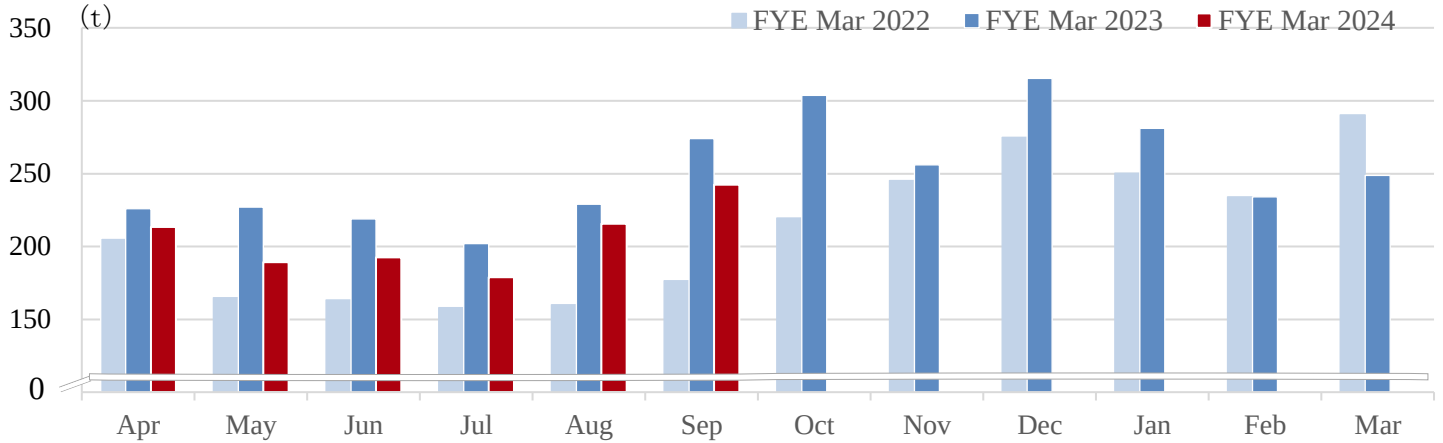
Weighted Average Unit Price (JPY)

	2Q cumulative	Year-round
FYE Mar 2024	384	-
FYE Mar 2023	292	363
FYE Mar 2022	321	370

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

Changes in Market Sales Volume

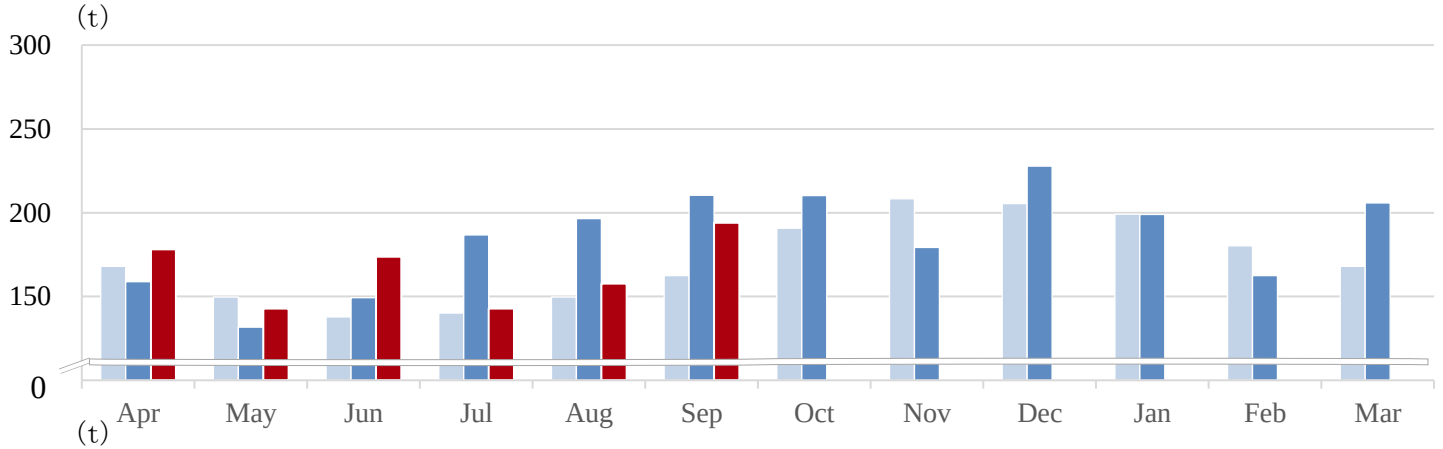
Maitake



Sales Volume（t）

	2Q cumulative	Year-round
FYE Mar 2024	1,232	-
FYE Mar 2023	1,377	3,016
FYE Mar 2022	1,029	2,543

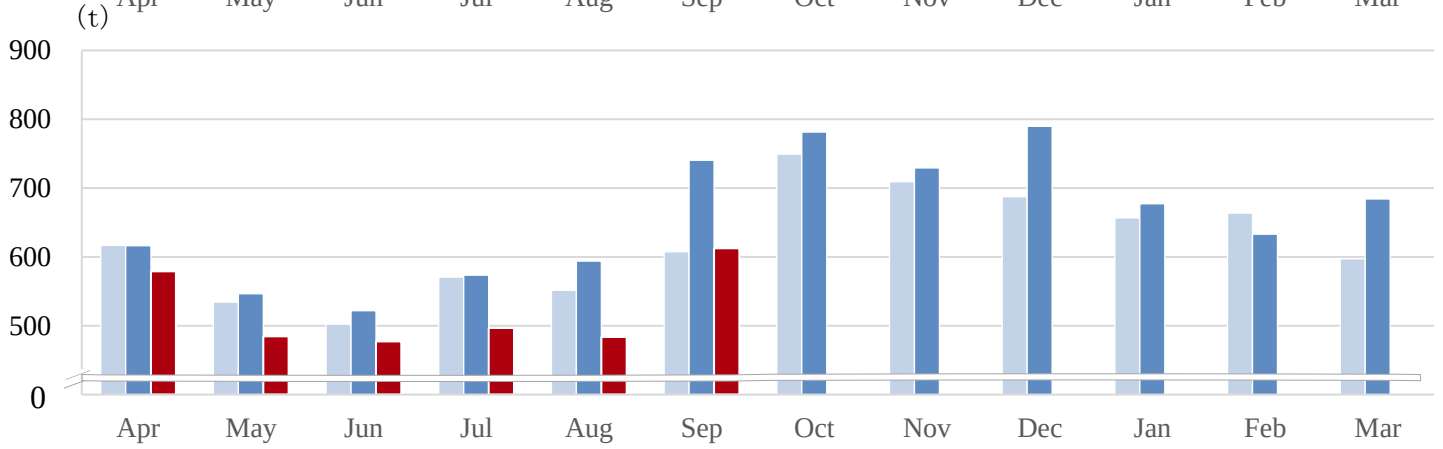
Eringi



Sales Volume（t）

	2Q cumulative	Year-round
FYE Mar 2024	989	-
FYE Mar 2023	1,033	2,217
FYE Mar 2022	908	2,060

Buna-Shimeji



Sales Volume（t）

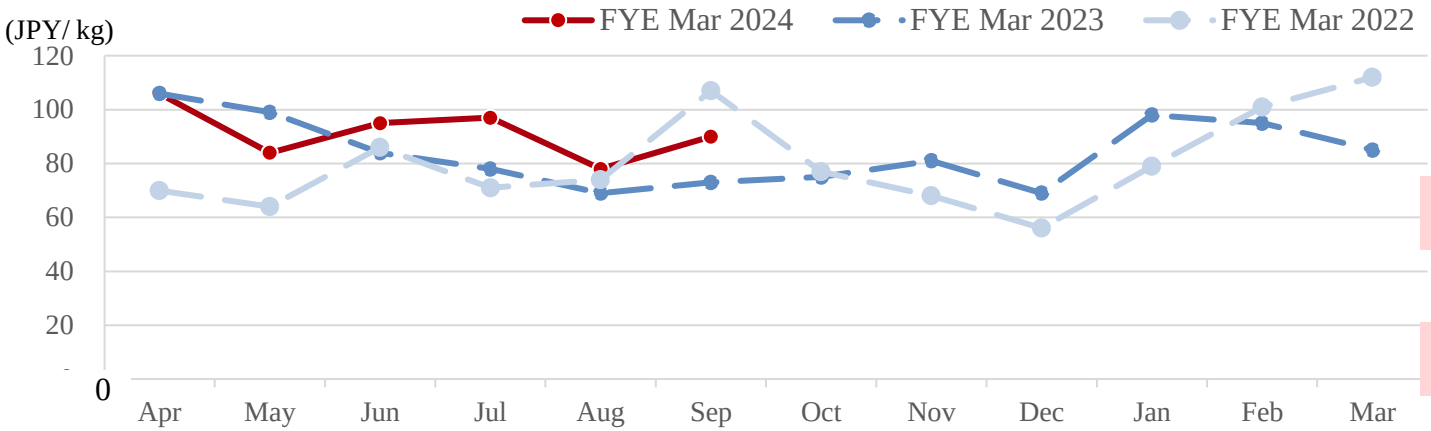
	2Q cumulative	Year-round
FYE Mar 2024	3,135	-
FYE Mar 2023	3,592	7,887
FYE Mar 2022	3,384	7,448

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

Market Transactions of Seasonal Vegetables

Unit Price

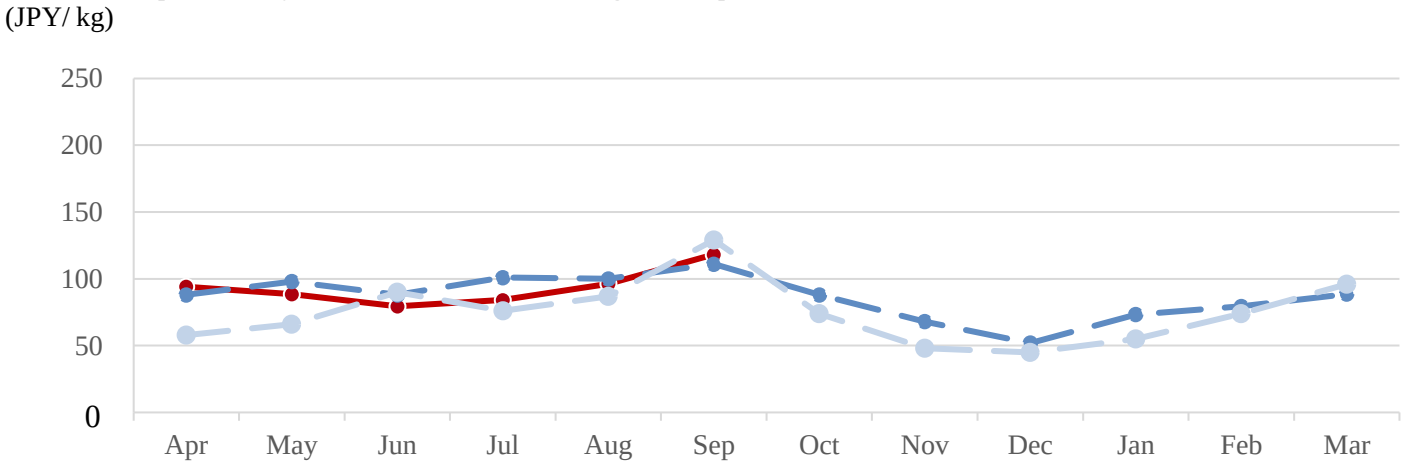
Spring vegetable (Cabbage)



Weighted Average Unit Price (JPY)

	2Q cumulative	Year-round
FYE Mar 2024	92	-
FYE Mar 2023	85	84
FYE Mar 2022	78	80

Winter vegetables (Chinese cabbage, Radish)

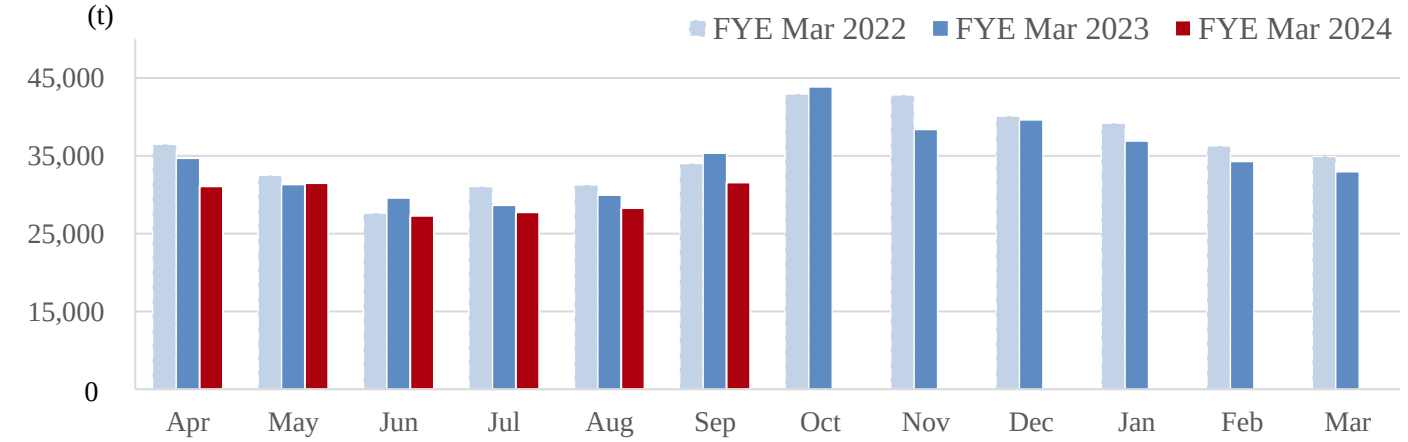


Weighted Average Unit Price (JPY)

	2Q cumulative	Year-round
FYE Mar 2024	94	-
FYE Mar 2023	98	83
FYE Mar 2022	85	71

Sales Volume

Sum of 3 items[1]



Sales Volume (t)

	2Q cumulative	Year-round
FYE Mar 2024	177,617	-
FYE Mar 2023	189,487	415,476
FYE Mar 2022	193,008	429,335

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

Dividend policy

The company plans to increase the year-end dividend in light of the upward revision to its financial results forecasts, but we will carefully consider the amount after comprehensively taking into account its performance in the second half of the fiscal year and its funding needs for strategic investments for growth in the next fiscal year and beyond.

FYE Mar 2023	Dividends (DPS)	Annual DPS	JPY 20.00
		Interim DPS	JPY14.00
		Year-End DPS	JPY 6.00
	Dividends Payout Ratio		**67.5%**
FYE Mar 2024 (Forecast)	Dividend per share	Annual DPS	JPY 2.00
		Interim DPS	JPY 1.00
		Year-End DPS[1]	JPY 1.00
	Dividends Payout Ratio		**65.4%**

1 The amount of the initial dividend is shown, as the amount of the planned dividend increase has not yet been determined.

Our Cash Allocation Policy

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

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

Shareholder Benefit Program

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

Shareholder Benefit Program

Eligible Shareholders

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

Benefit Details[1]

Depending on the number of shares held, the following sets of the Company's products[1] will be presented.

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

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

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.

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