

HOKUTO Corporation

Consolidated Financial Results for the Year Ended March 31, 2024

May, 2024



**1. The financial report for the Year Ended
March 31, 2024**

**2. Forecast of consolidated financial results for
the Year Ending March 31, 2025**

3. Recent Activities

4. Reference material

1

Our domestic mushroom business returned to profitability due to high vegetable market prices, production volume adjustment, and stable unit sales prices.

2

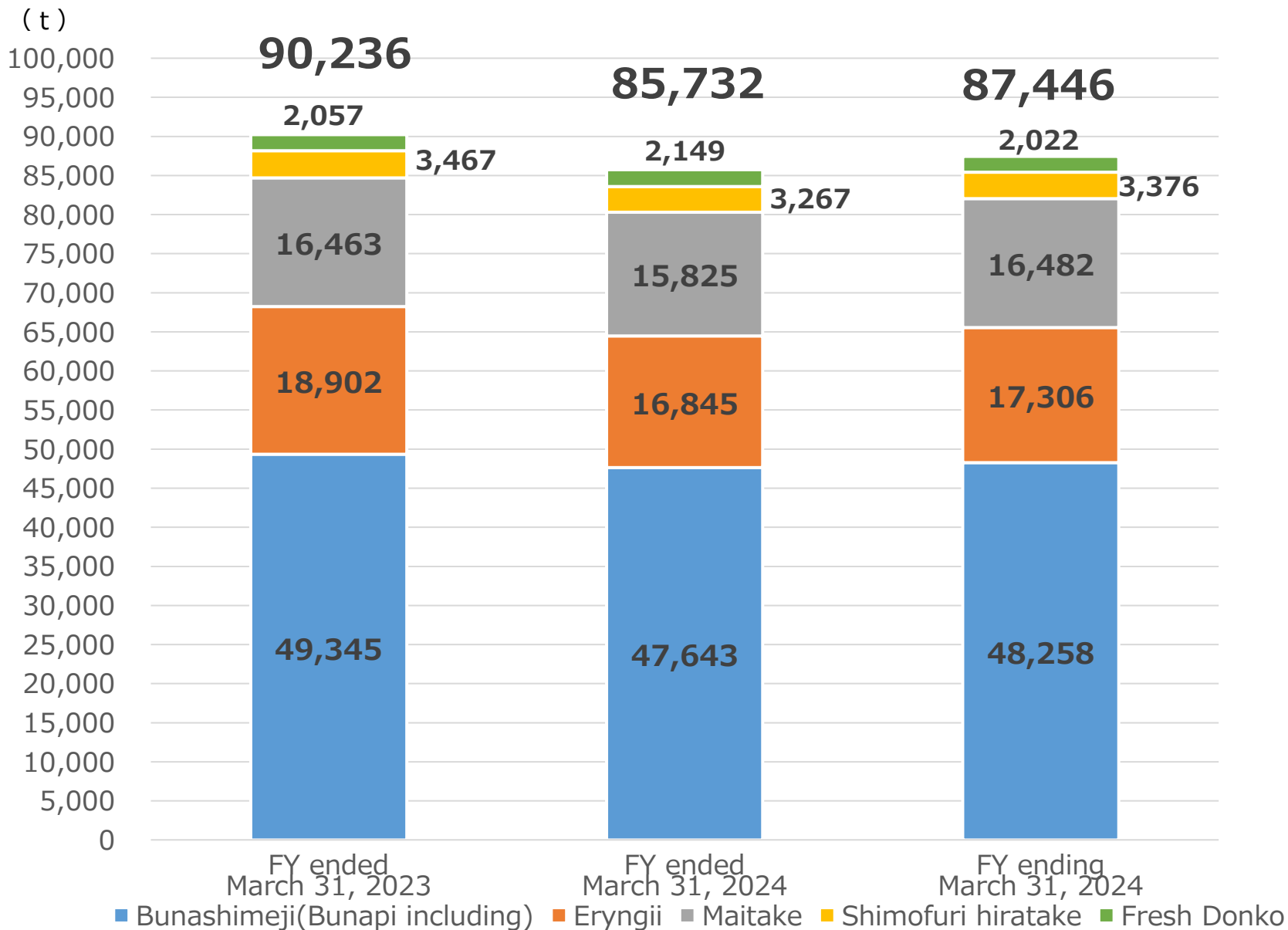
Our ordinary profit increased due to the weaker yen and the resulting foreign exchange gains.

▶ The domestic mushroom market suffered from high temperatures and drought in autumn, the peak demand season of the year, decreasing vegetable supply and sustaining high market prices. In addition, the adjustment of our production volume improved demands, steadily maintaining unit sales prices and contributing to the increased sales and profits of the Company.

(Millions of yen)

	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024	YoYchange	YoY
Net sales	72,980	79,426	6,446	8.8%
Gross profit	12,967	19,789	6,821	52.6%
Gross profit margin	17.8%	24.9%		
Selling, general and administrative expenses	15,915	16,608	692	4.3%
Operating profit	(2,948)	3,180	6,129	—
Operating profit margin	(4.0)	4.0%		
Ordinary profit	(1,854)	4,715	6,570	—
Ordinary profit margin	(2.5)	5.9%		
Profit attributable to owners of parent	(2,037)	3,525	5,562	—
Net profit margin	(2.8)	4.4%		
Earnings per share	(64.43)	111.19		

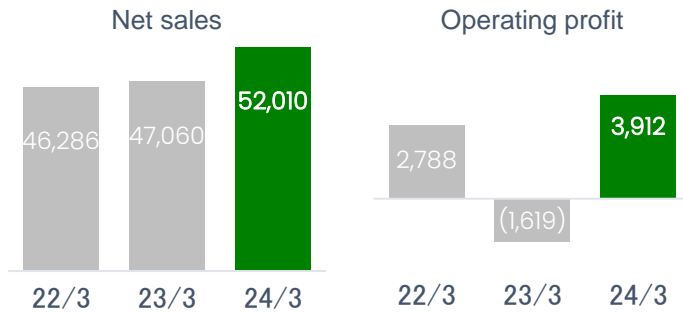
▶▶ Changes in mushroom production



(Unit: million yen)

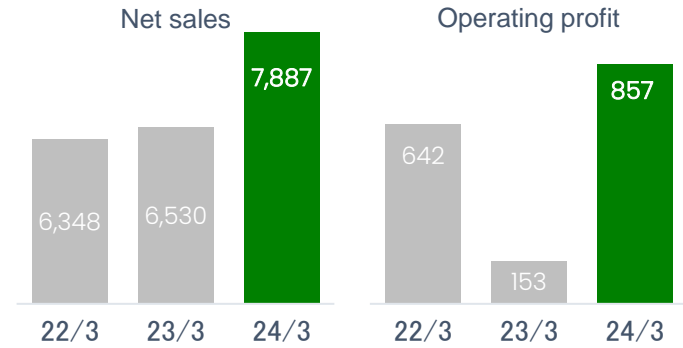
Mushroom business in Japan

✓ **Increased sales and profits** due to high vegetable market prices, production volume adjustment, and steady unit sales prices



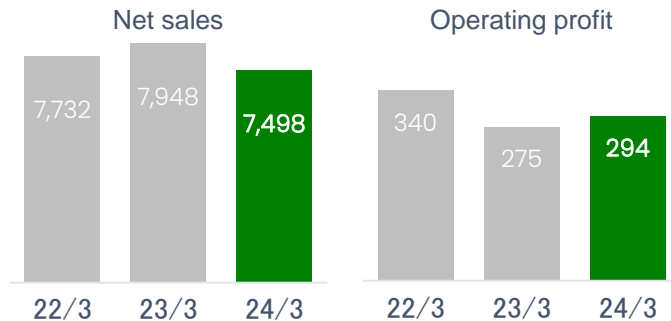
Mushroom business outside Japan

✓ **Increased sales and profits** mainly due to increased sales prices in the US



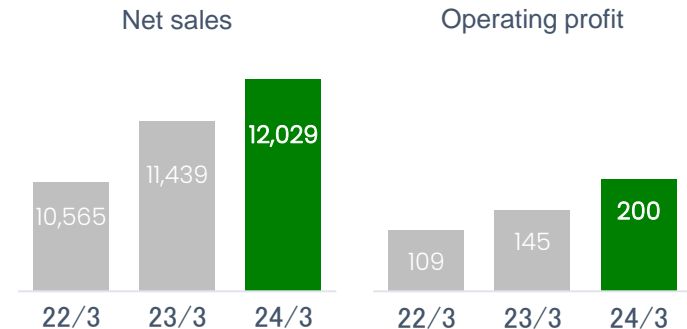
Processed products business

✓ Reduced menu adoption at mainstay convenience stores and national brand manufacturers due to increased material prices
 ✓ **Decreased sales** at Arden due to decreased orders negatively affected by increased sales prices



Chemical products business

✓ Steady sales to food vendors
 ✓ Steady sales of raw materials to mushroom producers



	cf. Previous year	cf. Plan
Bunashimeji	114.7%	103.5%
Eryngii	117.7%	98.5%
Maitake	114.6%	92.4%
Shimofuri hiratake	109.7%	88.5%

High temperatures and drought decreased vegetable supply volume and sustained high market prices. In addition, the adjustment of our production volume steadily maintained unit sales prices.

	cf. Previous year	cf. Plan
Bunashimeji	96.3%	98.8%
Eryngii	88.9%	98.0%
Maitake	95.7%	96.1%
Shimofuri hiratake	94.2%	96.8%

We adjusted production volume to maintain unit sales prices, thus underperforming the previous year and the plan.

▶▶ Mushroom business outside Japan (cf. previous year)

		Year ended Mar. 31, 2023	Year ended Mar. 31, 2024	YoYchange	YoY
U.S.A (US\$)	Net sales	22,598,458	27,960,587	5,362,129	23.7%
	Operating profit	(3,397,867)	1,131,423	4,529,290	—
	ROE	133.53	151.41		
Taiwan (NT\$)	Net sales	666,189,088	655,285,182	(10,903,906)	(1.6)%
	Operating profit	140,047,810	141,672,878	1,625,068	1.2%
	ROE	4.38	4.74		
Malaysia (RM)	Net sales	18,815,813	16,956,720	(1,859,093)	(9.9)%
	Operating profit	(3,544,616)	(4,459,557)	(914,941)	—
	ROE	30.24	31.97		

(Millions of yen)

	Initial plan	Year ended Mar. 31, 2024	Plan difference	cf. Plan
Net sales	80,200	79,426	(773)	(1.0)%
Gross profit	18,640	19,789	1,149	6.2%
Gross profit margin	23.2%	24.9%		
Selling, general and administrative expenses	16,720	16,608	(111)	(0.7)%
Operating profit	1,920	3,180	1,260	65.7%
Operating profit margin	2.4%	4.0%		
Ordinary profit	2,110	4,715	2,605	123.5%
Ordinary profit margin	2.6%	5.9%		
Profit attributable to owners of parent	700	3,525	2,825	403.6%
Net profit margin	0.9%	4.4%		
Earnings per share	22.08	111.19		

Our operating profit outperformed the plan due to lower-than-expected production costs such as electricity costs. Our ordinary profit also outperformed the plan due to the weaker yen and the resulting foreign exchange gains.

(Millions of yen)

		Initial plan	Year ended Mar. 31, 2024	Plan difference	cf. Plan
Mushroom business in Japan	Net sales	52,872	52,010	(862)	(1.6)%
	Operating profit	3,305	3,912	606	18.4%
Mushroom business outside Japan	Net sales	7,200	7,887	686	9.5%
	Operating profit	735	857	122	16.6%
Processed products business	Net sales	8,082	7,498	(584)	(7.2)%
	Operating profit	95	294	199	209.7%
Chemical products business	Net sales	12,027	12,029	1	0.0%
	Operating profit	200	200	0	0.0%

		Initial plan	Year ended Mar. 31, 2024	Plan difference	cf. Plan
U.S.A (US\$)	Net sales	26,740,000	27,960,587	1,211,269	4.5%
	Operating profit	30,000	1,131,423	1,091,993	2769.4%
	ROE	131.80	151.41		
Taiwan (NT\$)	Net sales	671,000,000	655,285,182	(16,504,818)	(2.5)%
	Operating profit	143,000,000	141,672,878	(1,767,122)	(1.2)%
	ROE	4.30	4.74		
Malaysia (RM)	Net sales	22,240,000	16,956,720	(5,290,280)	(23.8)%
	Operating profit	(1,640,000)	(4,459,557)	(2,814,557)	—
	ROE	30.20	31.97		

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▶▶ Full year plan for the FY ending March 31, 2025 (Consolidated)

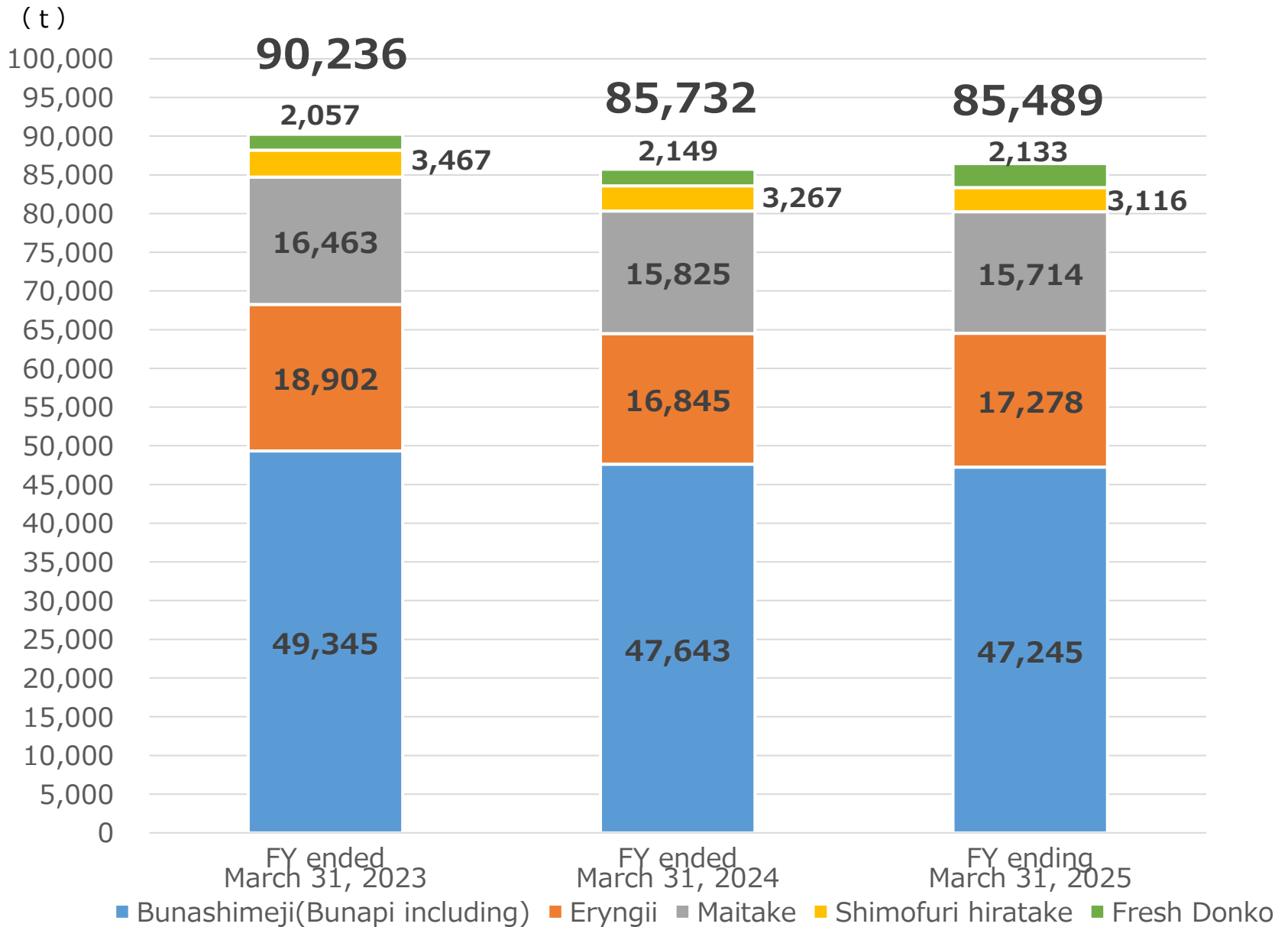


(Millions of yen)

	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025 (Forecast)	Plan difference	cf. Plan
Net sales	79,426	81,200	1,773	2.2%
Gross profit	19,789	21,010	1,220	6.2%
Gross profit margin	24.9%	25.9%		
Selling, general and administrative expenses	16,608	17,700	1,091	6.6%
Operating profit	3,180	3,310	129	4.1%
Operating profit margin	4.0%	4.1%		
Ordinary profit	4,715	3,540	(1,175)	(24.9)%
Ordinary profit margin	5.9%	4.4%		
Profit attributable to owners of parent	3,525	2,440	(1,085)	(30.8)%
Net profit margin	4.4%	3.0%		
Earnings per share	111.19	76.91		

We anticipate increased unit sales prices of mushrooms and forecast increasing sales and profits.

▶▶ Changes in mushroom production



(Millions of yen)

		Year ended Mar. 31, 2024	Year ended Mar. 31, 2025 (Forecast)	Plan difference	cf. Plan
Mushroom business in Japan	Net sales	52,010	52,722	711	1.4%
	Operating profit	3,912	3,760	(152)	(3.9)%
Mushroom business outside Japan	Net sales	7,887	8,223	335	4.3%
	Operating profit	857	1,252	394	46.0%
Processed products business	Net sales	7,498	7,735	236	3.2%
	Operating profit	294	240	(54)	(18.4)%
Chemical products business	Net sales	12,029	12,537	508	4.2%
	Operating profit	200	300	99	50.0%

▶▶ Full year plan for the FY ending March 31, 2025
(Mushroom business outside Japan)



		Year ended Mar. 31, 2024	Year ended Mar. 31, 2025 (Forecast)	Plan difference	cf. Plan
U.S.A (US\$)	Net sales	27,960,587	29,730,000	1,774,119	6.3%
	Operating profit	1,131,423	3,070,000	1,941,379	171.6%
	ROE	151.41	149.30		
Taiwan (NT\$)	Net sales	655,285,182	665,000,000	10,324,818	1.6%
	Operating profit	141,672,878	151,000,000	10,257,122	7.2%
	ROE	4.74	4.70		
Malaysia (RM)	Net sales	16,956,720	19,100,000	2,144,280	12.6%
	Operating profit	(4,459,557)	(1,540,000)	2,913,557	—
	ROE	31.97	31.50		

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Solar power PPAs for Shizuoka Mushroom Center and Tomakomai Mushroom Center

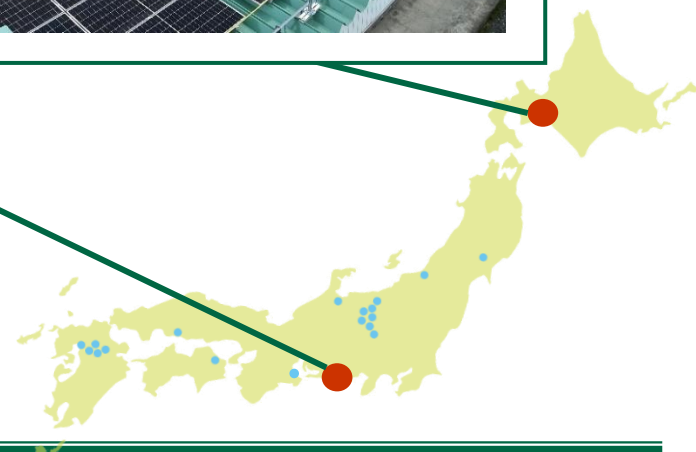
Shizuoka Mushroom Center



Tomakomai Mushroom Center



Last year, we newly introduced solar power purchase agreement (PPA) schemes at Shizuoka Mushroom Center and Tomakomai Mushroom Center. Currently we have seven centers installed with solar power generation systems.



◆ Second issue of unsecured convertible bond-type bonds with stock acquisition rights issued through third-party allotment

At the Board of Directors Meeting held on March 19, 2024, the Company resolved to solicit convertible bonds with stock acquisition rights to be issued through third-party allotment as described below, and issued them on April 5, 2024.

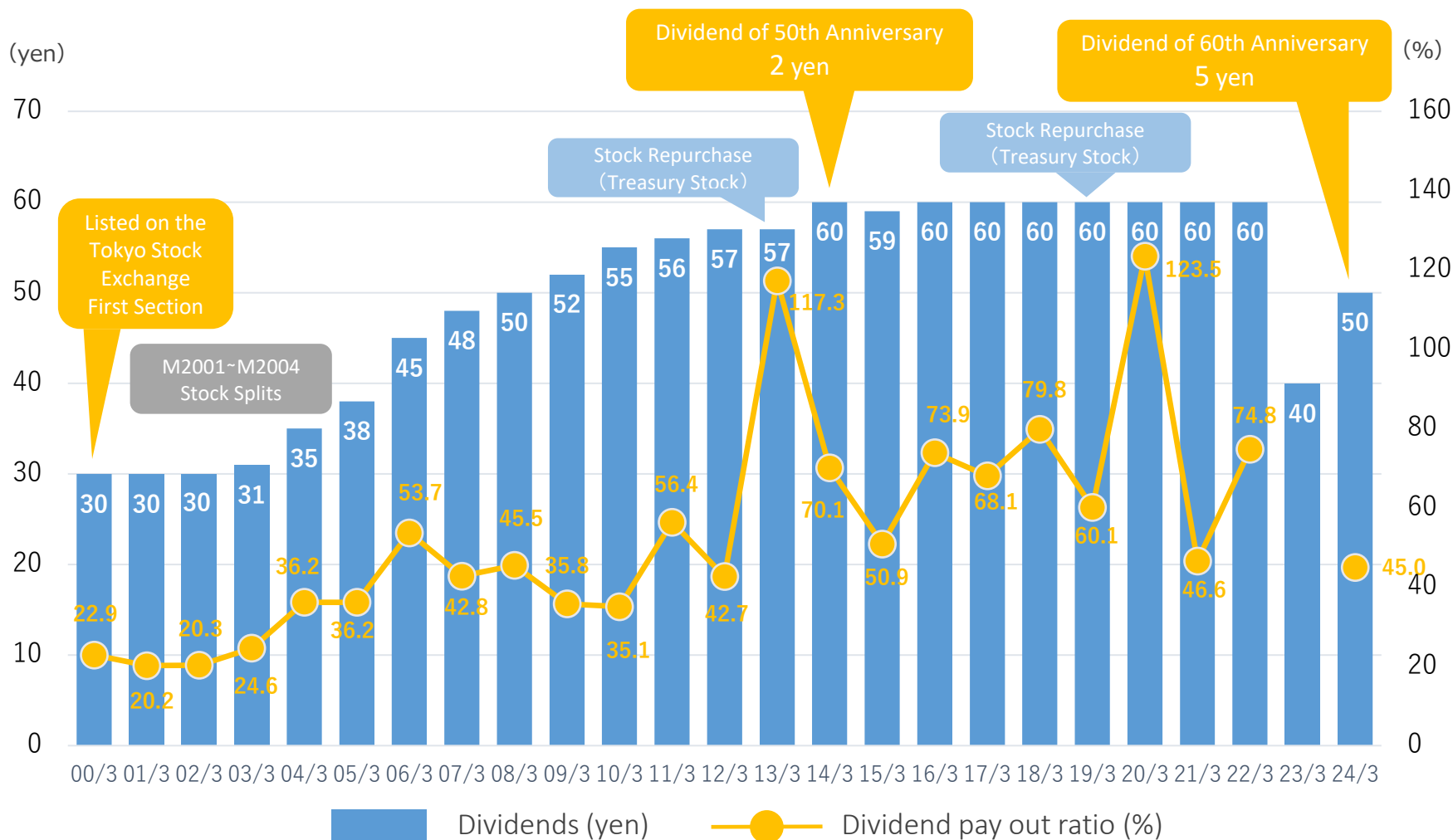
Payment date	April 5, 2024
Total number of stock acquisition rights	49 rights
Potential number of shares due to the issue	5,208,291 shares
Amount of funds raised	10 billion yen
Exercise price or conversion price	1,920 yen per share
Placement or allocation method	Third-party allocation method
Allotted to	AAGS S9, L.P.

● Business partnership: At the Board of Directors Meeting held on March 19, 2024, the Company resolved to enter into a business partnership agreement with Advantage Advisors.

[Outline of business partnership]

1. Support for the upgrading of domestic sales	6. Support for planning and implementation of DX strategy
2. Support for cost reduction measures for domestic business	7. Support for implementation and monitoring of medium-term management plans
3. Support for planning and implementation of overseas business strategy	8. Support for organizational reform, human resources recruitment, development, and retention
4. Support for planning and implementation of new business strategy	9. IR support
5. M&A support	10. Other operations separately agreed between the Company and Advantage Advisors.

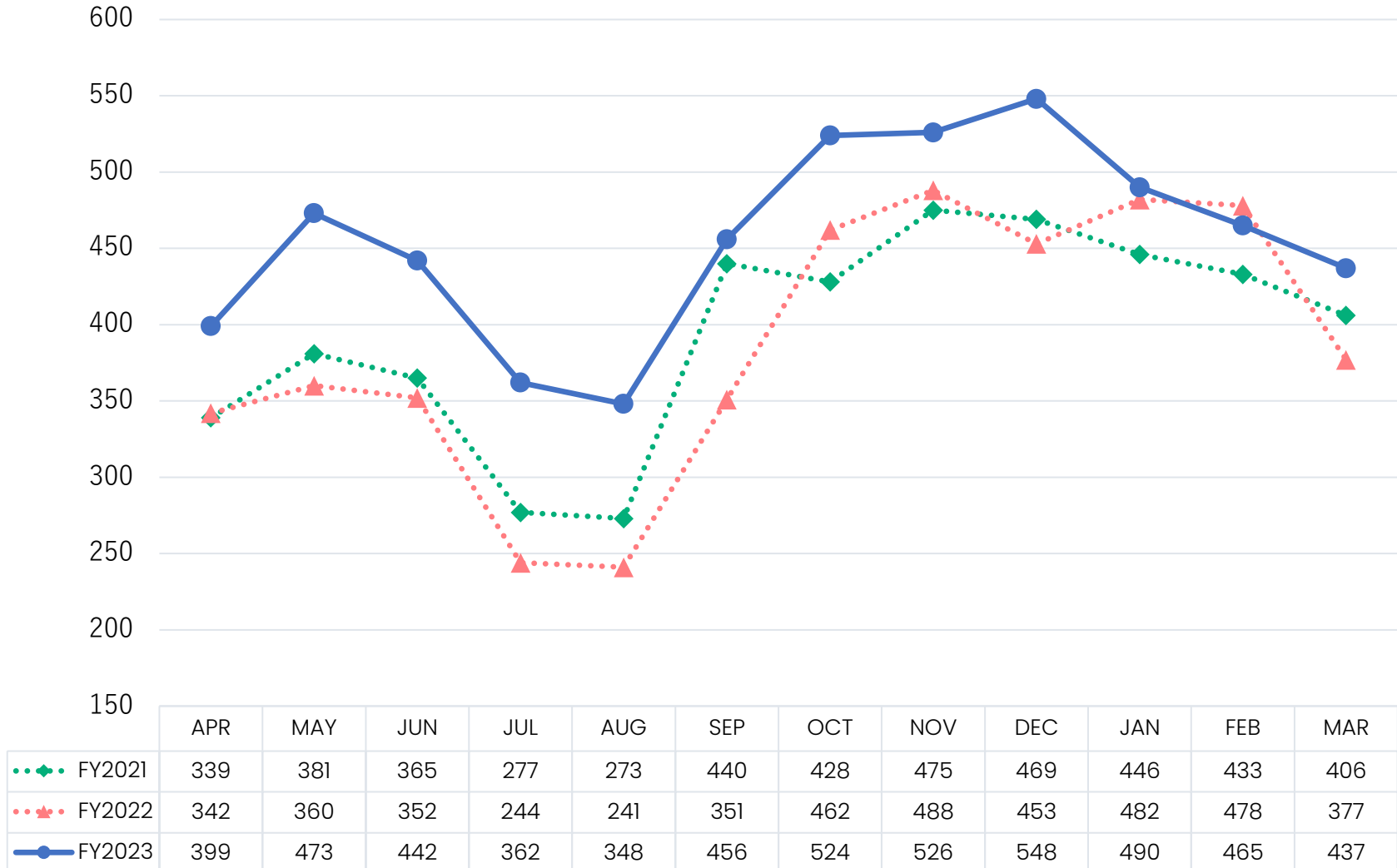
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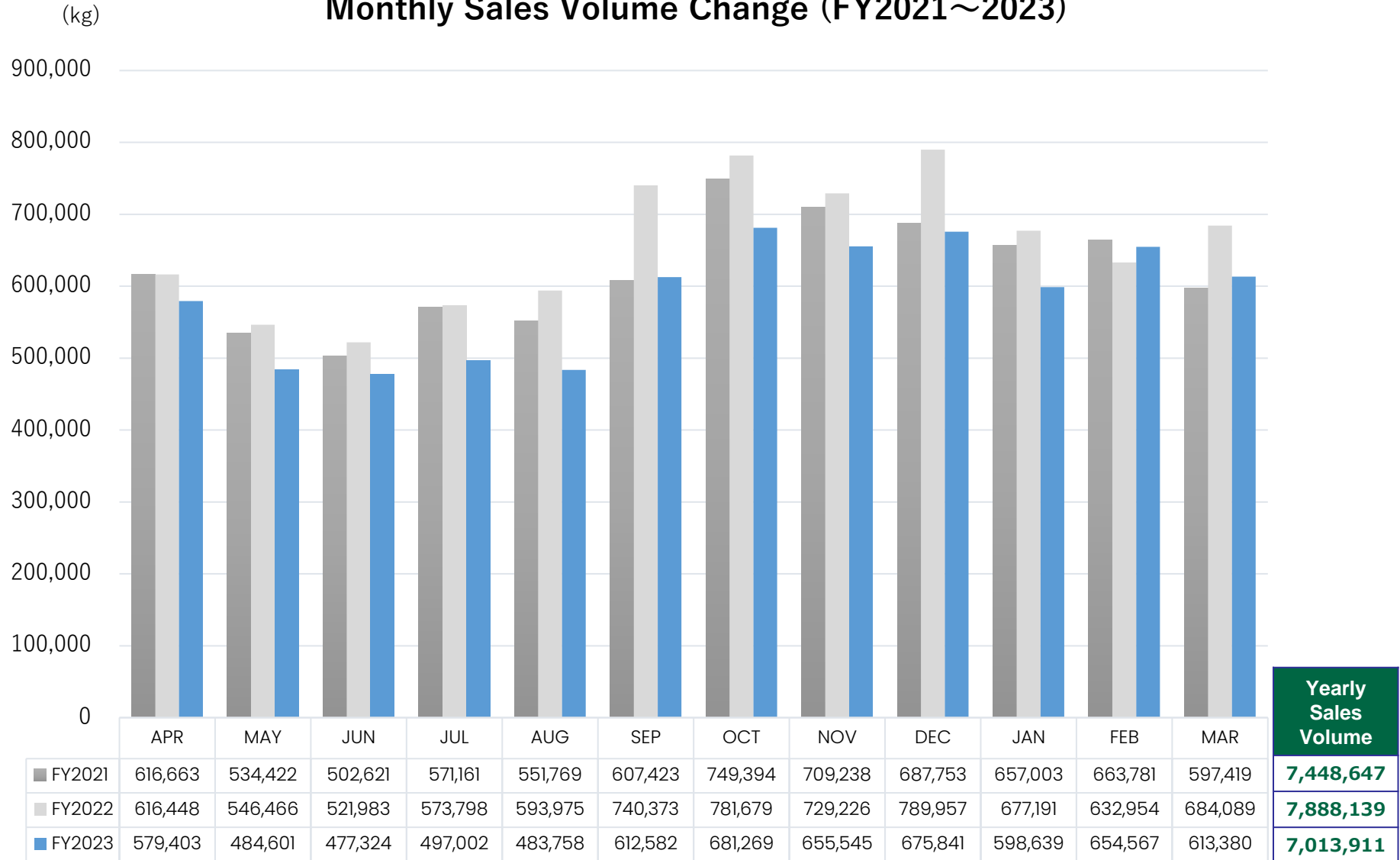
The year-end dividend for the fiscal year ended March 31, 2024: 40 yen (Ordinary dividend: 35 yen + commemorative dividend: 5 yen). The planned interim dividend for FY2025: 10 yen. The year-end dividend for FY2025: not yet determined.

Monthly Price Change (FY2021~2023)

(Yen/kg)



Monthly Sales Volume Change (FY2021~2023)



Monthly Price Change (FY2021~2023)

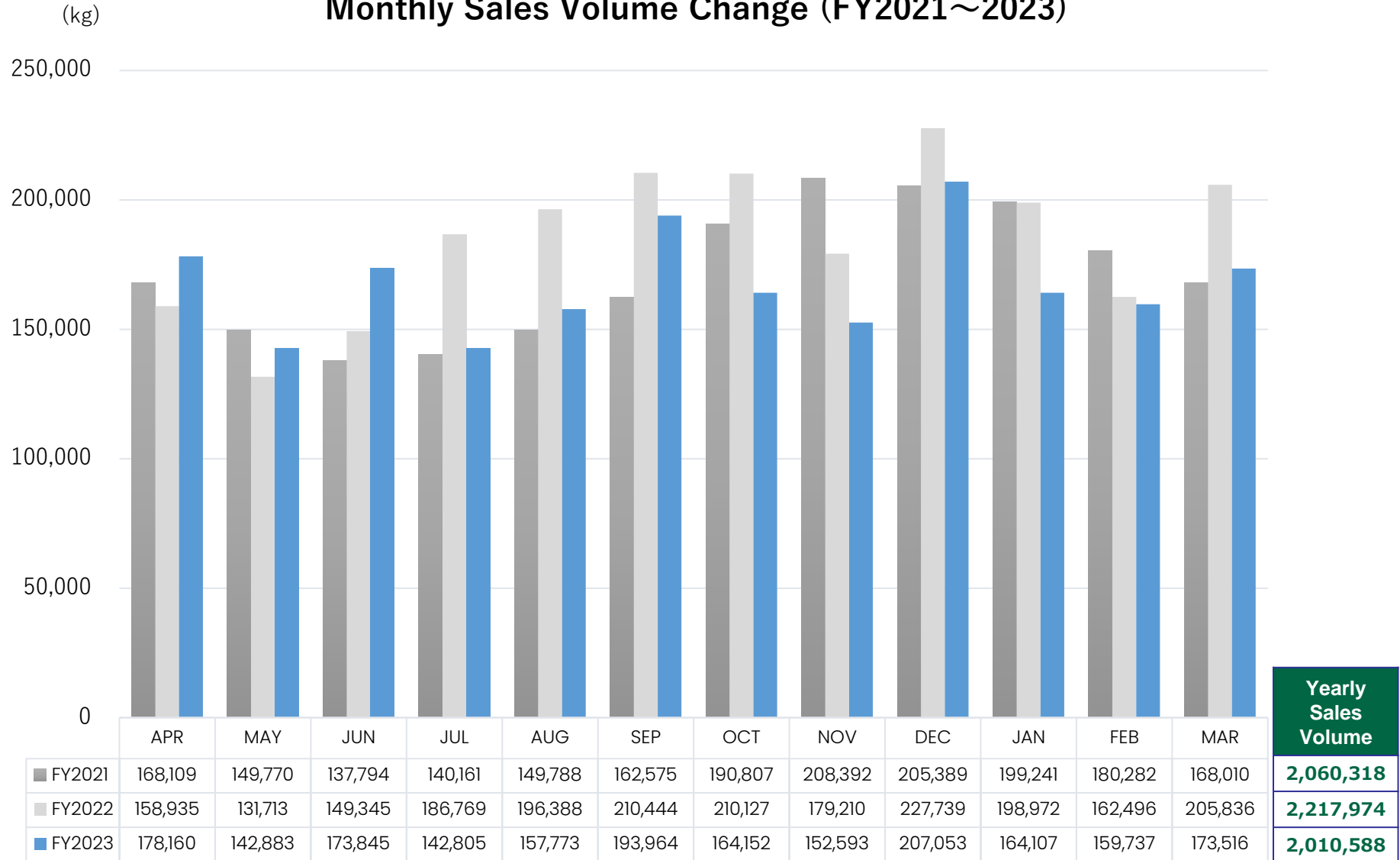
(Yen/kg)



	APR	MAY	JUN	NUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
◆ FY2021	453	514	468	422	463	613	532	467	425	423	450	473
▲ FY2022	497	589	504	312	328	463	559	582	417	474	542	433
● FY2023	532	623	501	496	467	623	712	669	515	552	581	547

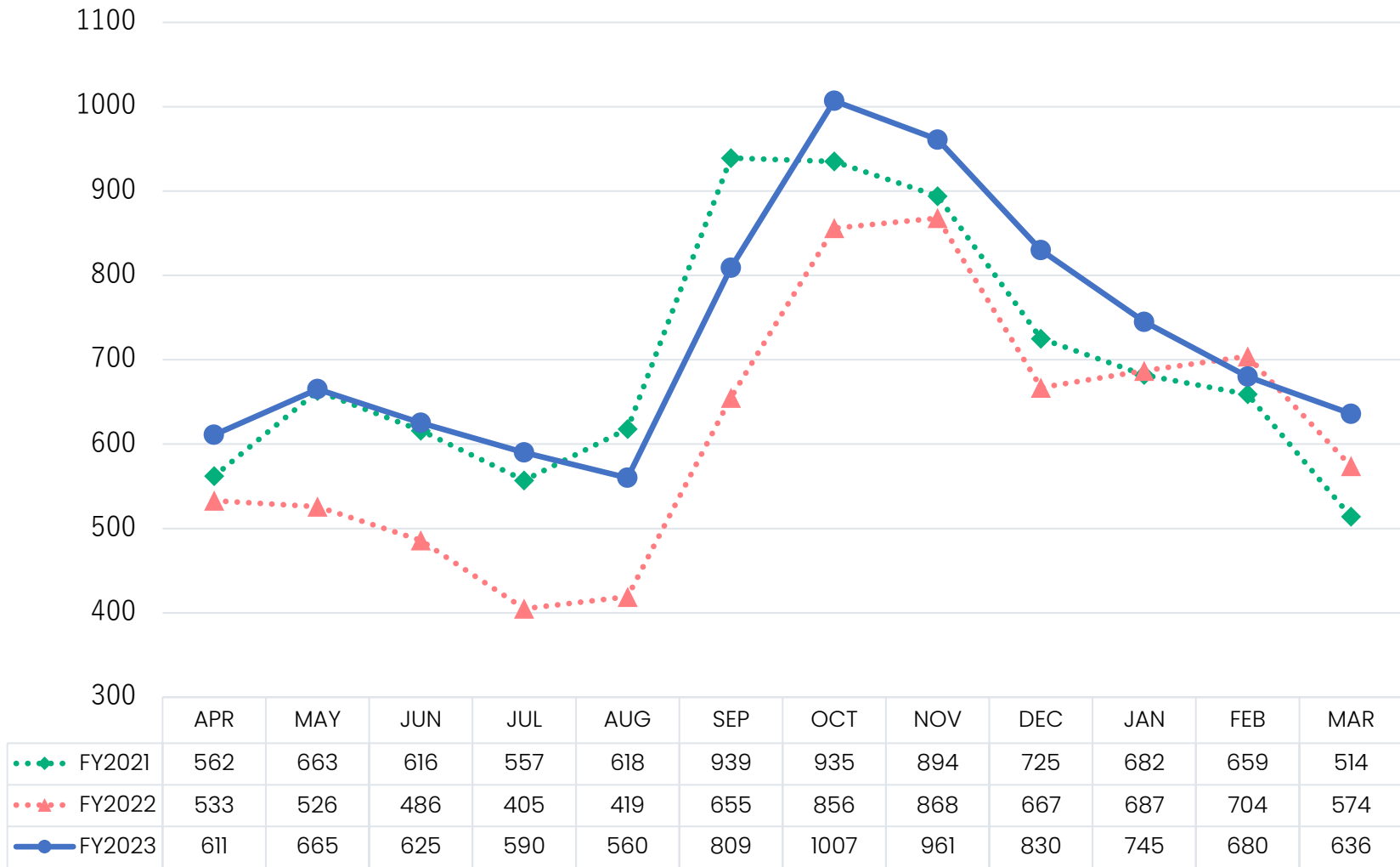
Avr. Price
474
469
567

Monthly Sales Volume Change (FY2021~2023)



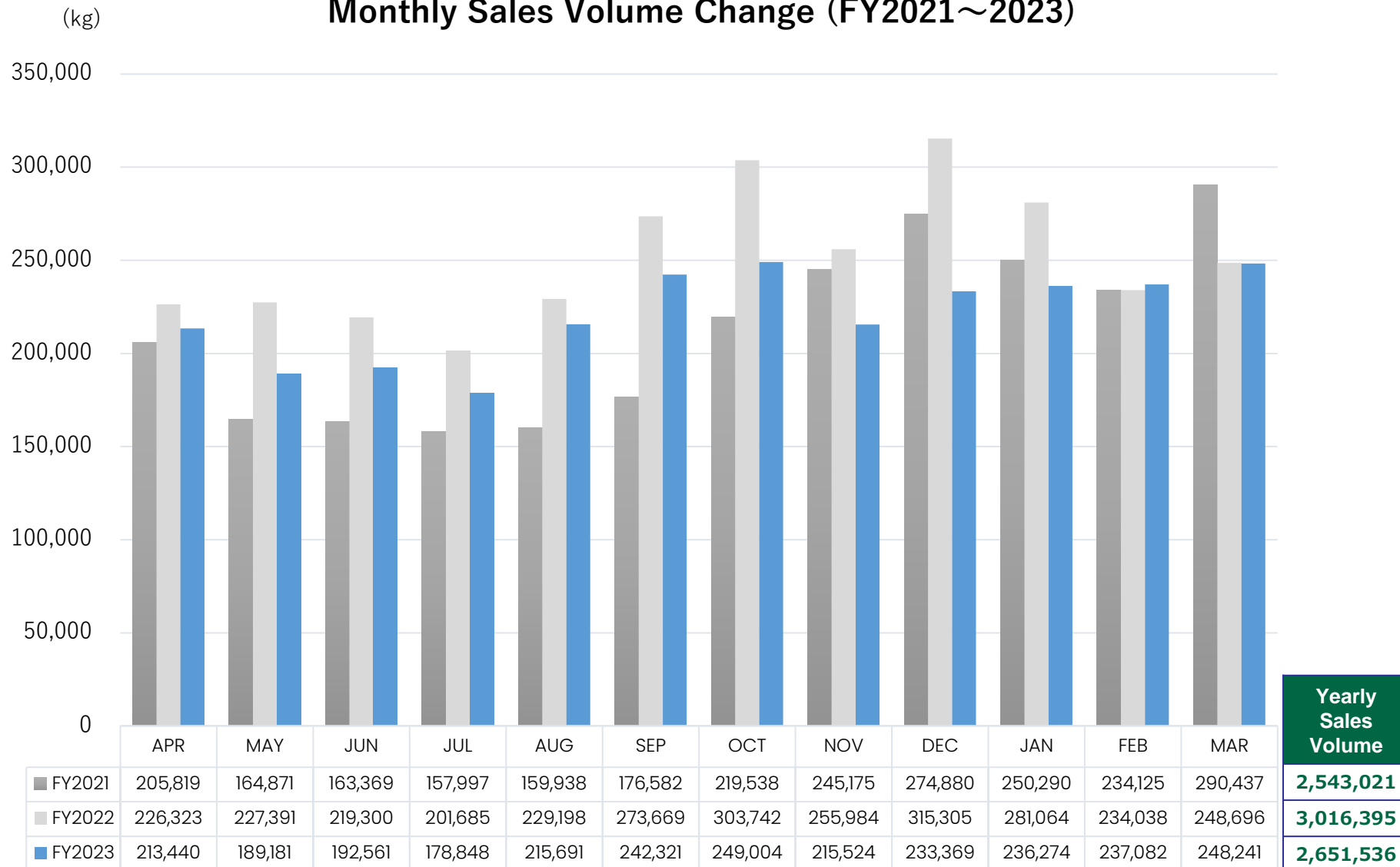
Monthly Price Change (FY2021~2023)

(Yen/kg)



Avr. Price
699
629
734

Monthly Sales Volume Change (FY2021~2023)





HOKUTO HOKUTO Corporation

Location : Nagano, Nagano Pref.
 President : Masayoshi Mizuno
 Securities code : 1379
 Listed market : Tokyo Stock Exchange Prime Market
 Number of outstanding shares : 33,359,040 stock

Market capitalization : 62,247 mil. yen
 Shareholders' equity : 52,397 mil. yen
 Number of employees : 4,096
 Main business : Mushroom
 Production/Distribution/ R&D
 (As of the end of March 2024)



Hokuto Industry Corporation
 •Industrial Supply
 Production/Distribution



HOKTO
 Hokto Kinoko Company
HOKTO KINOKO COMPANY
 •Mushroom Production/Distribution in
 North America



Arden
Arden Incorporated
 •Retort pouch food production



HOKTO
 好菇道
TAIWAN HOKUTO CORPORATION
 •Mushroom Production/Distribution in
 Taiwan

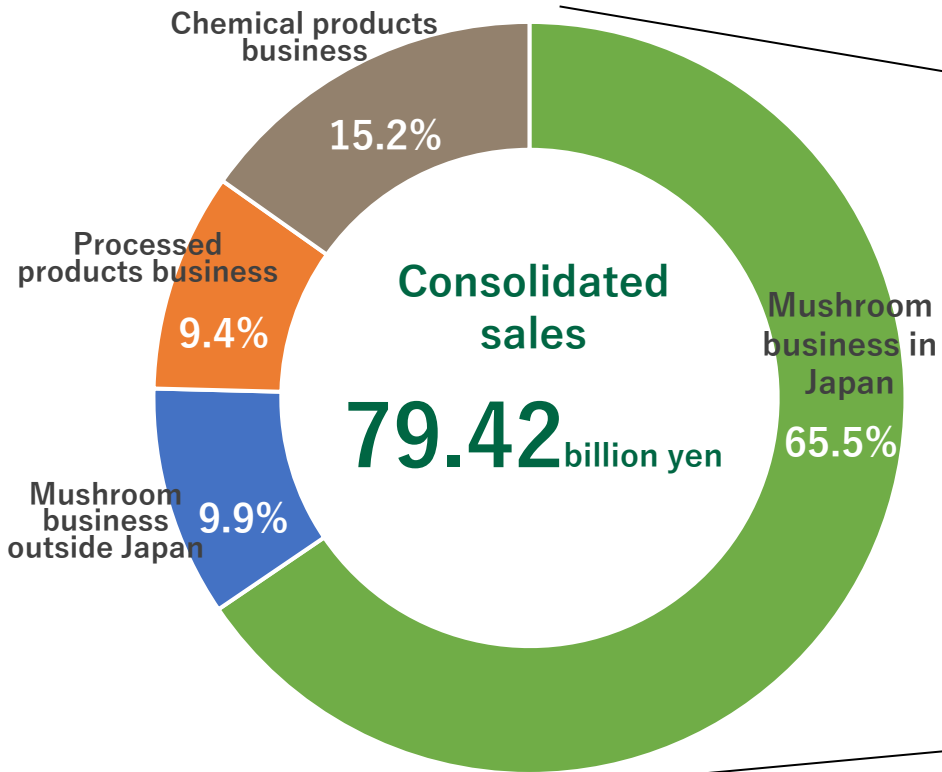
Sun Medica Co., Ltd.

Mushroom Wisdom, Inc,

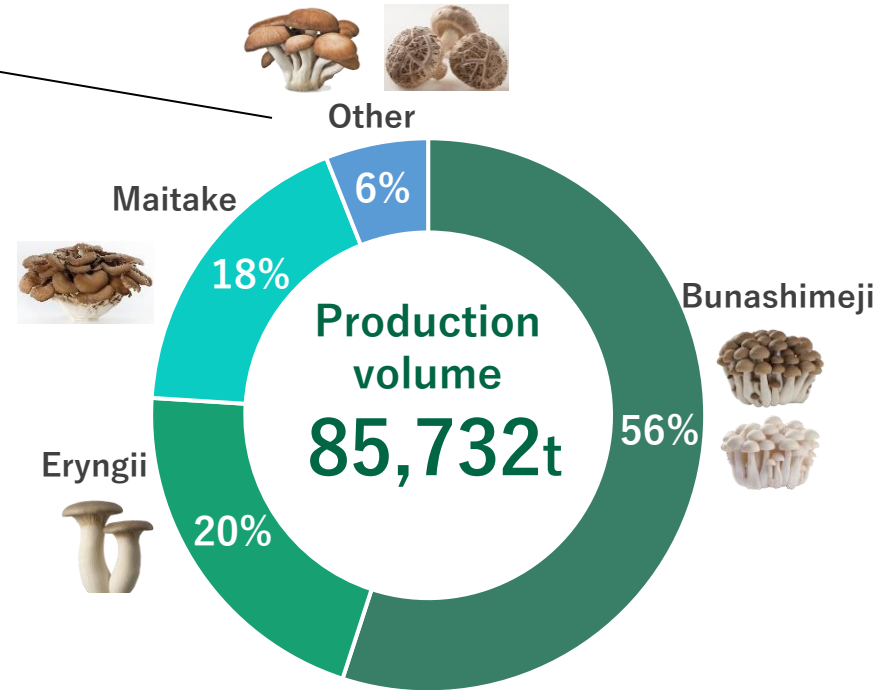


HOKTO
 Makes Health Tastier
HOKTO MALAYSIA SDN.BHD.
 •Mushroom Production/Distribution
 in Malaysia

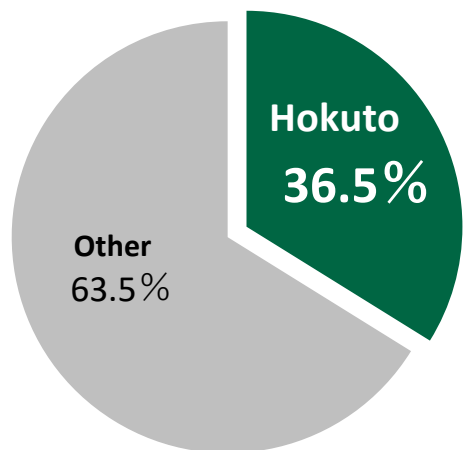
By segment



Mushroom production volume

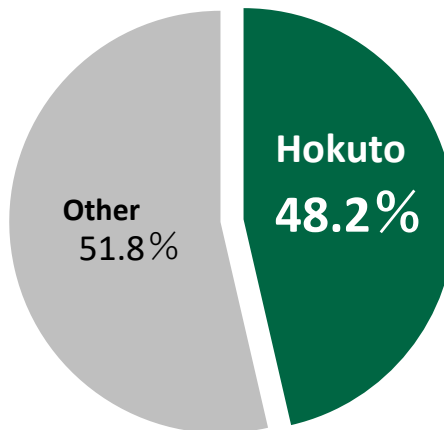


Bunashimeji



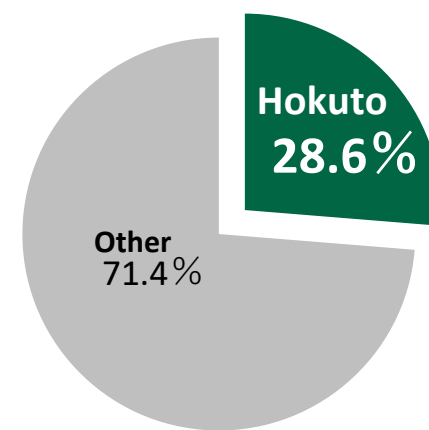
Japan total production volume
122,840 t

Eryngii



Japan total production volume
37,798 t

Maitake



Japan total production volume
56,763 t

Inquiries about IR

Administration Headquarters

Public and Investor Relations

Mail : ir-k@hokto-kinoko.co.jp

HOKUTO Corporation

