

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

November 4, 2021





AGENDA

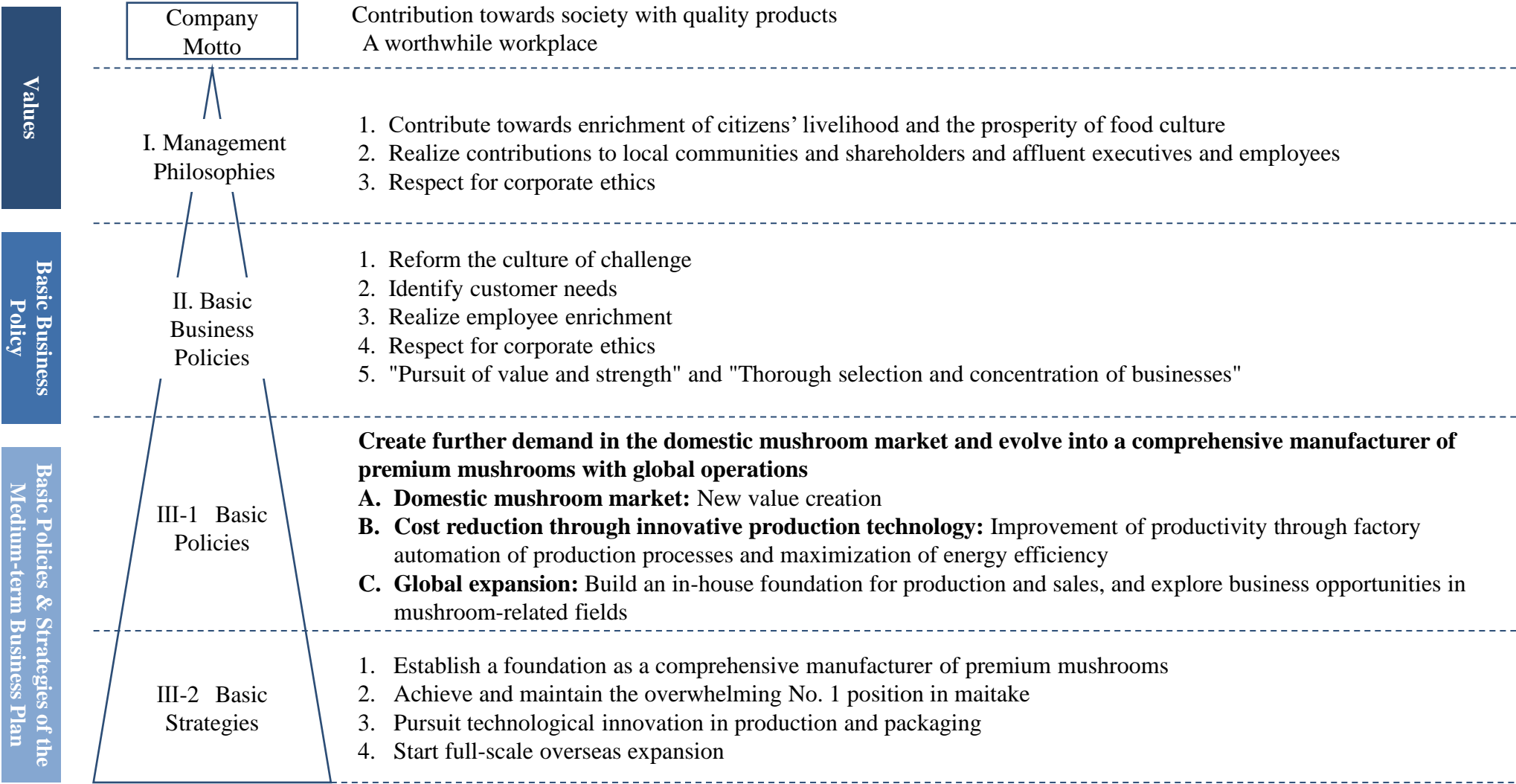
- 1. Medium- to Long-Term Vision of Yukiguni Maitake**
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Medium- to Long-Term Vision of Yukiguni Maitake

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





Review of the Current Medium-Term Business Plan

The current medium-term business plan (FYE Mar 2020- FYE Mar 2023) has been mostly achieved to date
Taking over those main policies, formulate new basic policies based on the results and issues identified in the course of the current mid-term business plan

Current Medium-term Business Plan (FYE Mar 2020- FYE Mar 2023)		Main achievements to date
Basic Strategies	<ol style="list-style-type: none">1. Establish a foundation as a comprehensive manufacturer of premium mushrooms2. Achieve and maintain an overwhelming No.1 in maitake3. Pursuit technological innovation in production and packaging4. Research on functionalities and high quality mushrooms that will lead to increased demand5. Strengthen financial position6. Prepare for overseas development of our unique model	<ul style="list-style-type: none">■ Basic strategies mostly achieved<ul style="list-style-type: none">➤ Maintain a majority share of the market for maitake➤ Expand sales channels by handling mushrooms from subsidiaries through Yukiguni Maitake, with particularly well performing button-mushrooms.➤ Almost complete production capacity expansion at existing facilities.➤ Register white maitake variety➤ Complete strengthening of financial position through prepayment of interest-bearing liabilities.➤ Clarify targets and issues through test marketing overseas
	<ol style="list-style-type: none">1. Top-line growth centered on the maitake business to capture growing health demand2. Increase productivity through the pursuit of AgriTech3. Expand of the health food business centered on e-commerce4. Strengthen business portfolio by utilizing M&A as well	<ul style="list-style-type: none">■ Growth strategies mostly achieved.<ul style="list-style-type: none">➤ Expand the overall market for maitake and our top market share area➤ Achieve a certain level of labor saving➤ Mitsukura Norin, which became a subsidiary in FYE Mar 2020, is performing well and strengthening the business portfolio
Quantitative Objective	Operating Profit: Average annual growth rate around 7%	<ul style="list-style-type: none">■ Excessive annual growth rate of 17.3% for the fiscal year ending March 31, 2021

The current medium-term business plan has been mostly achieved to date



Background and Reasons for Brushing Up the Current Medium-Term Business Plan

Respond appropriately to changes in the business environment, create demand and increase market share in the domestic market, and expand globally over the medium-to long-term

Redraw and brush up the time axis of the medium-term business plan in order to evolve into a comprehensive premium mushroom manufacturer

Environment surrounding our company

Domestic Market

- Demographics (population decline, aging)
- Residual effects of COVID-19
(Certain restrictions on in-store promotions and tasting sales)
- Economic uncertainty and expected rising awareness of household defense
- Competitors' movements
(Increased production and new products of maitake mushroom)

Overseas Market

- Global mushroom market is expected to grow at a steady rate of about 4% through 2025.
- Growing needs for healthy and environmentally friendly mushrooms
(Increasing health consciousness among consumers / Animal protein replacement)
- There are no huge mushroom-based players.

Response and Policy

Brush up strategies and focus resources on priority areas

- Further expansion and deepening of demand for maitake
 - Aware of target customer groups by region
 - Develop more customized marketing
 - Expand market share
- Further contribution to the mushroom business
 - A pillar of domestic growth
 - Room for demand development
 - High complementarity with maitake
- Further productivity improvement in terms of production

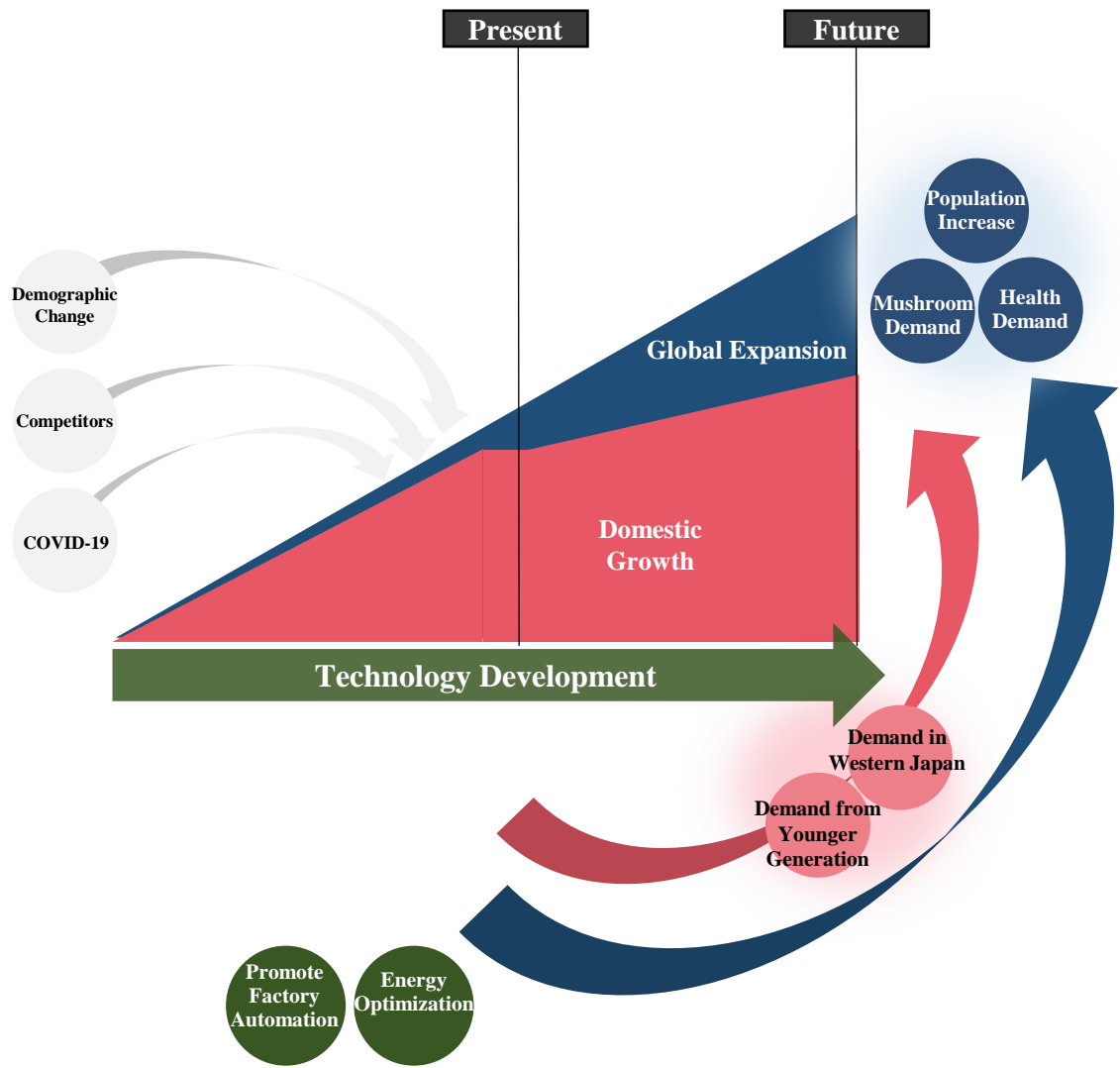
Full-scale start toward becoming a comprehensive manufacturer of premium mushrooms in the global market

- Dramatic increase in the Group's sustainable growth potential
 - Capture the relatively high growth of overseas mushroom markets
- A medium- to long-term time horizon is necessary for certain results.
 - Realization of results will take four to five years.
 - The current medium-term plan has 1.5 years remaining (until March 2023)

Image of the New Medium-Term Business Plan

In the new medium-term business plan (FYE Mar 2022- FYE Mar 2026), we will mostly continue the current medium-term business plan, while responding appropriately to changes in the business environment and exploring global growth opportunities

Image of a Medium- to Long-Term Growth Roadmap



Basic Policies

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

- A

Domestic mushroom market: New value creation

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

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

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

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

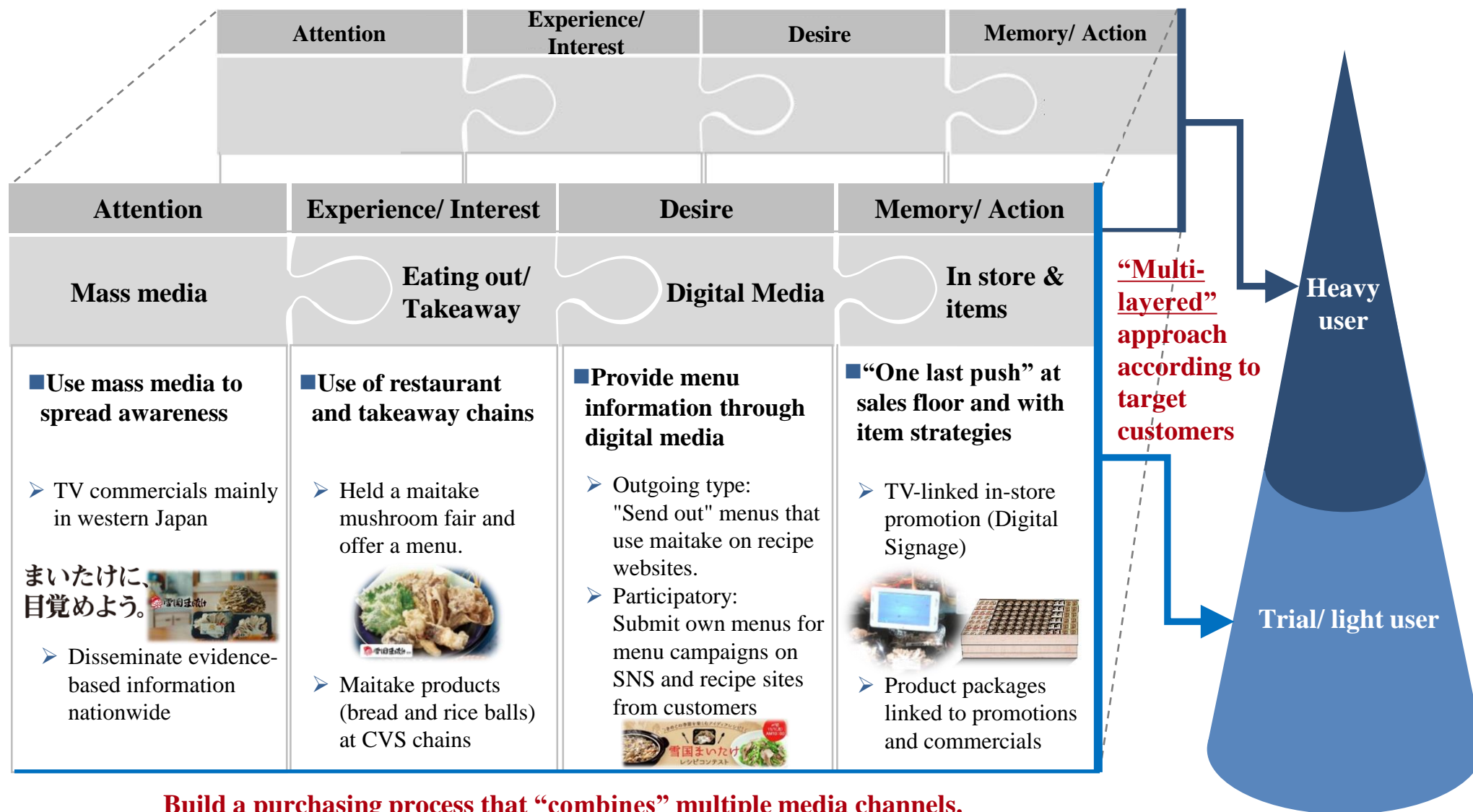
 - Expand the consumption of mushrooms, a natural foodstuff, to meet the global health consciousness
 - Build an in-house production and sales infrastructure overseas.
 - Search for business opportunities in the area surrounding mushrooms (upstream to downstream)



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



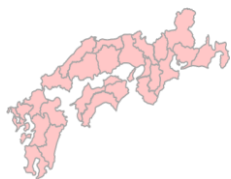


Basic Policy A: Domestic Mushroom Market (Maitake Business) 2

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

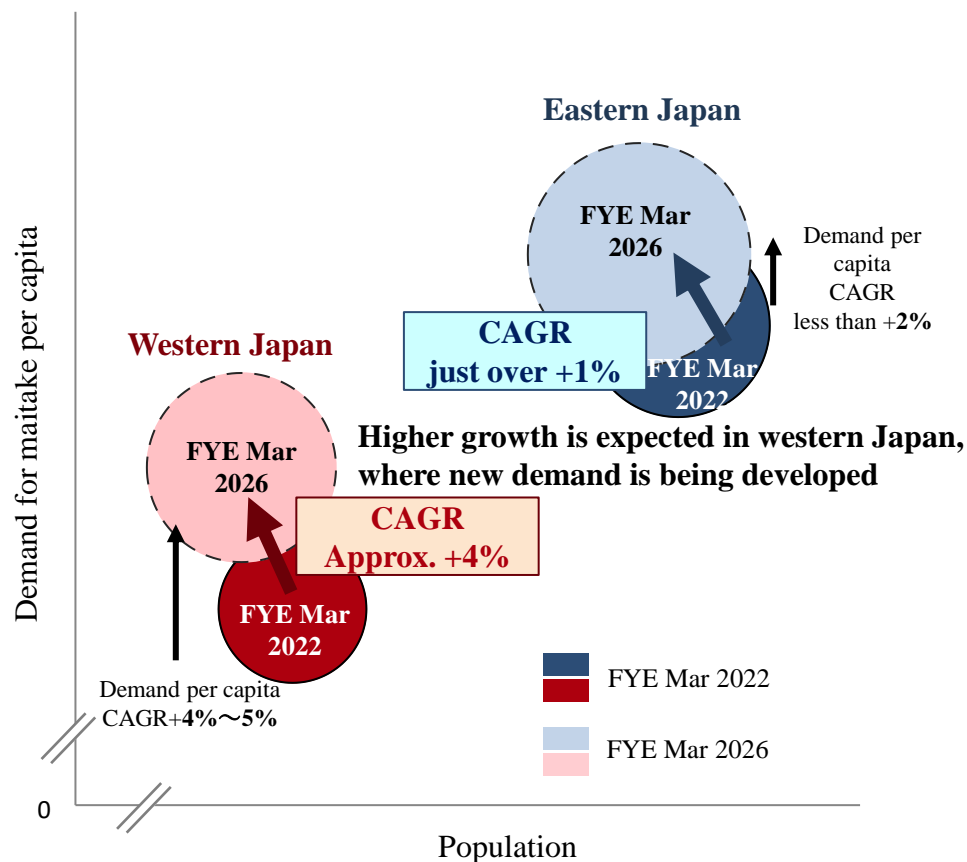
Western Japan



■ 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

Image¹ of Change in Per Capita Demand for Maitake by East and West Area



¹ The area of the bubble chart represents the amount of demand.

Eastern Japan



■ Further deepen and explore demand for maitake

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



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

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

High growth potential of the domestic market

■ Business environment

- The most major and standard mushroom in the global mushroom market (Over 40% of the world's mushroom production)
- Domestic production is small, at about 7,000 tons, and has high growth potential.
- In Japan, high entry barriers, and the oligopolistic three major companies.

■ Response and Policy

- One of the three major domestic companies is our subsidiary. Create demand and expand the market by proposing menus.

Complementarity with maitake

■ Business environment

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

■ Response and Policy

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



■ 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

FA 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 FA 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

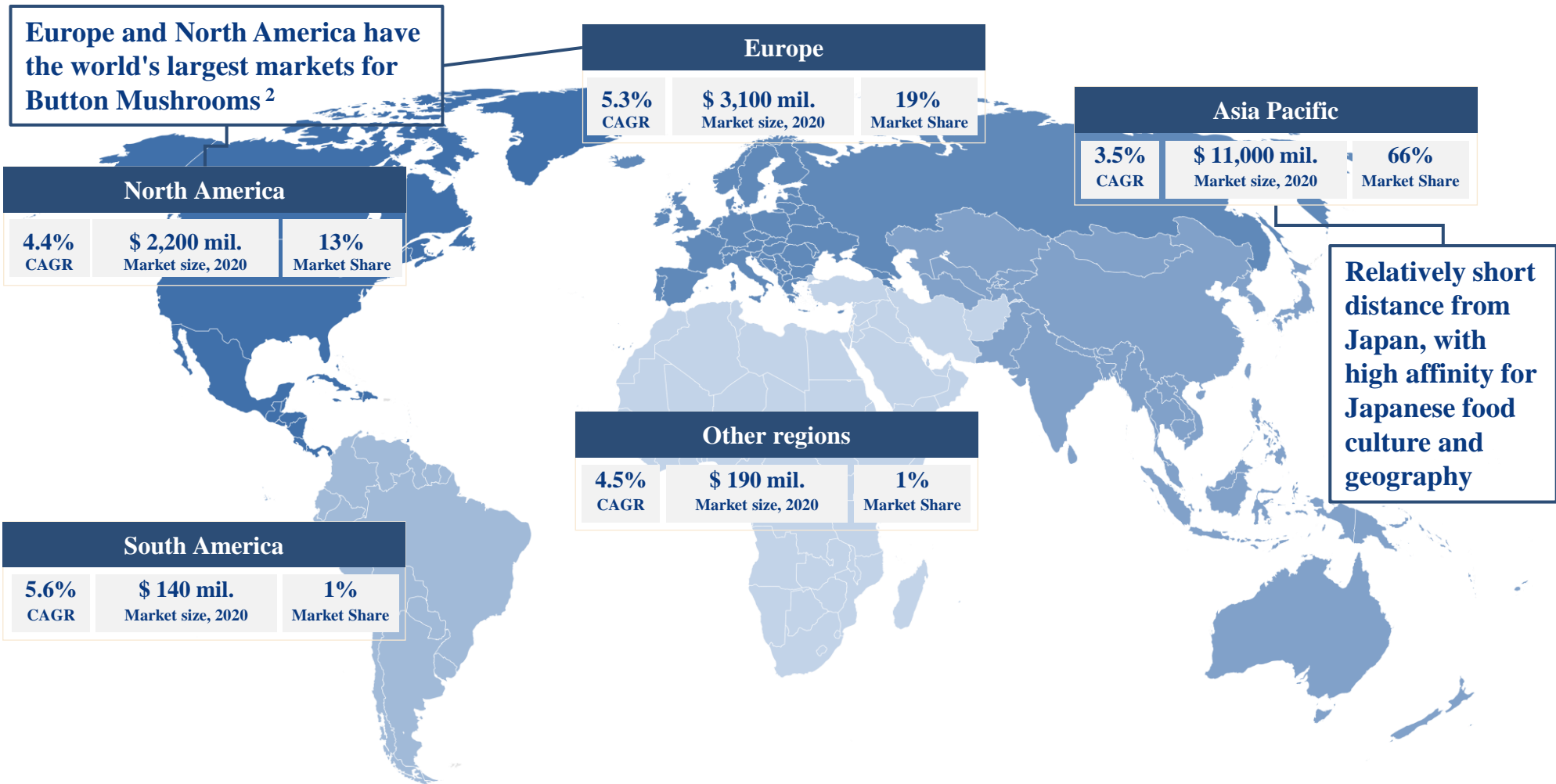
Maximize energy efficiency



- 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 CO₂ emissions and realize an environmentally sustainable production system
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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



¹ CAGR on this page is the average annual growth rate from 2020 to 2025

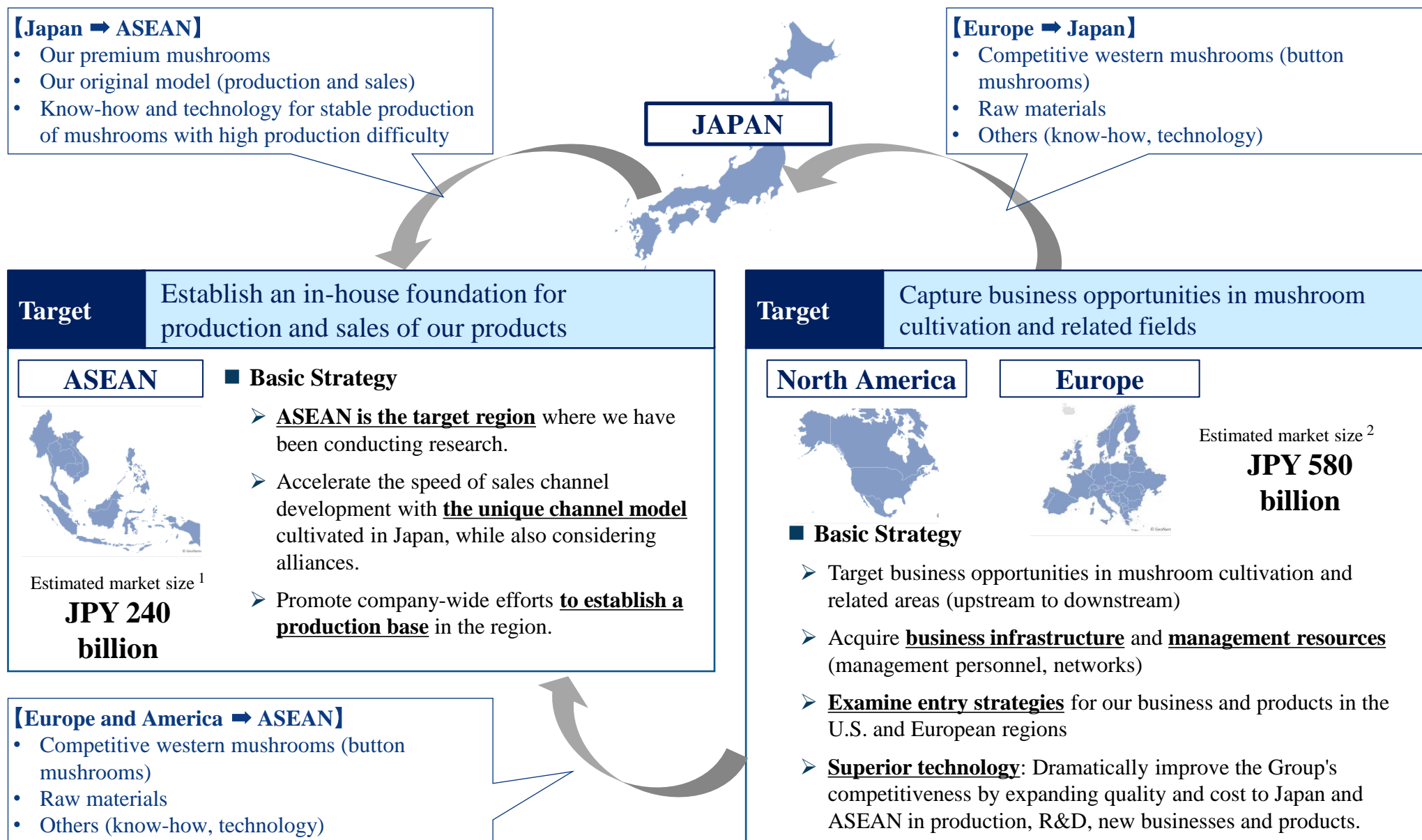
² Button Mushrooms account for over 40% of the world's mushroom production

Sources: Data from external research reports and our analysis



Basic Policy C: Global Expansion (Response and Policy)

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



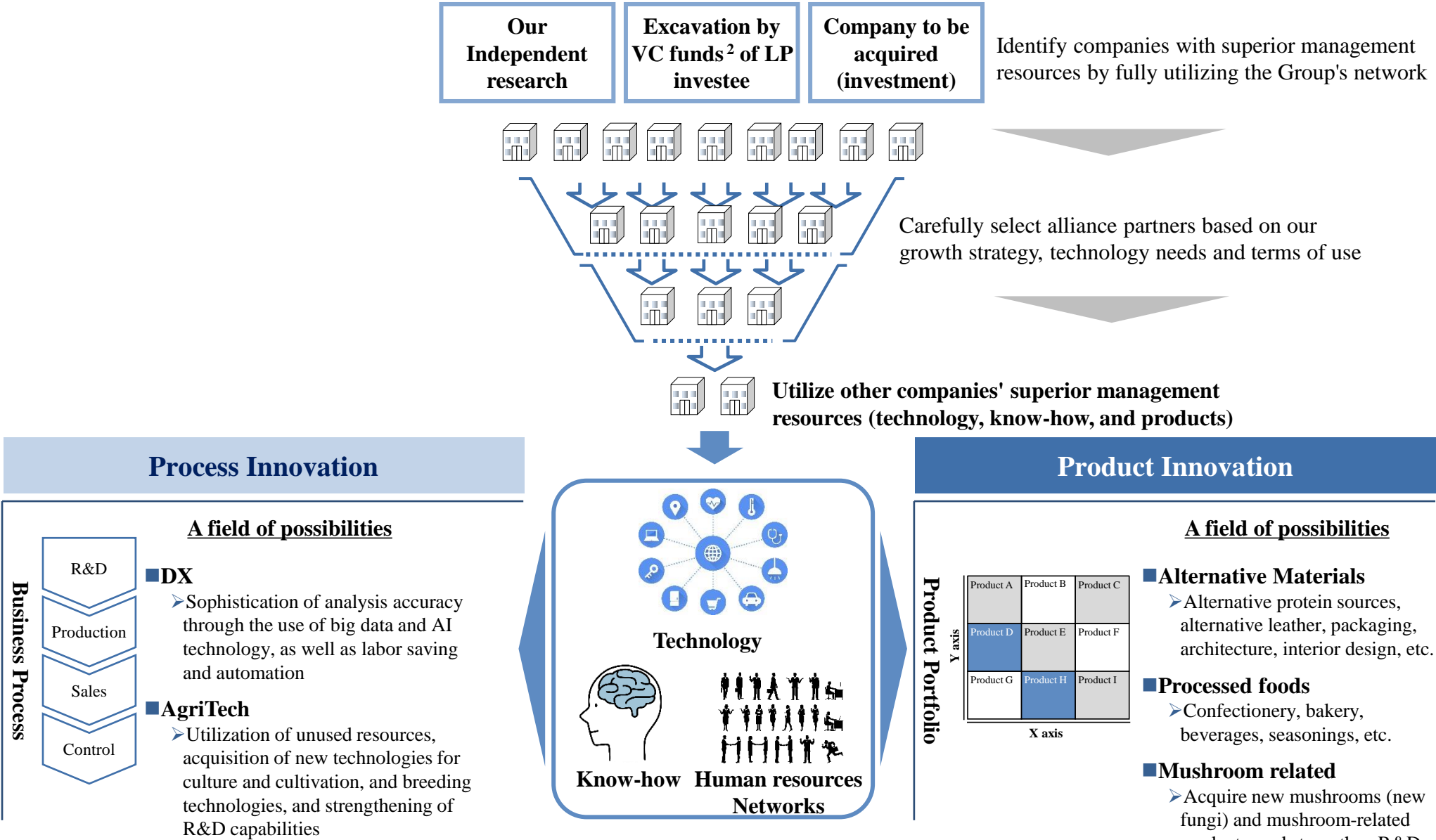
¹ Data from external research reports and our analysis

² Converted at USD1 = JPY 110



Utilizing Open Innovation

Pursue medium- to long-term growth potential through both process and product innovation¹ by flexibly utilizing the superior management resources of other companies



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)



Quantitative Targets of the Medium-Term Business Plan

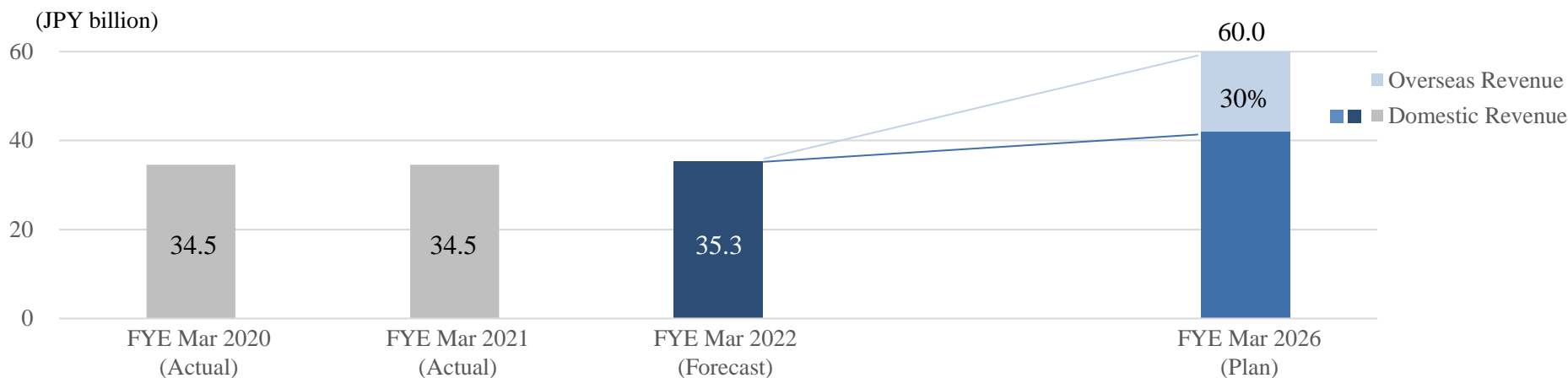
Aim for stable growth of the entire Group through the creation of new value in domestic business and full-scale global expansion

	FYE Mar 2021 (Actual)	FYE Mar 2022 (Forecast)	FYE Mar 2026 (Plan)
1. Revenue ¹	¥34.5 billion	¥35.3 billion	Around ¥60.0 billion
2. Overseas Revenue Ratio	—	—	Around 30%
3. Core EBITDA Margin ²	29.7%	26.5%	Around 20%
4. ROIC	17.9%	—	Around 10%

1) Overseas Revenue Ratio = Overseas sales revenue / Revenue

2) Core EBITDA Margin = Core EBITDA / Revenue

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

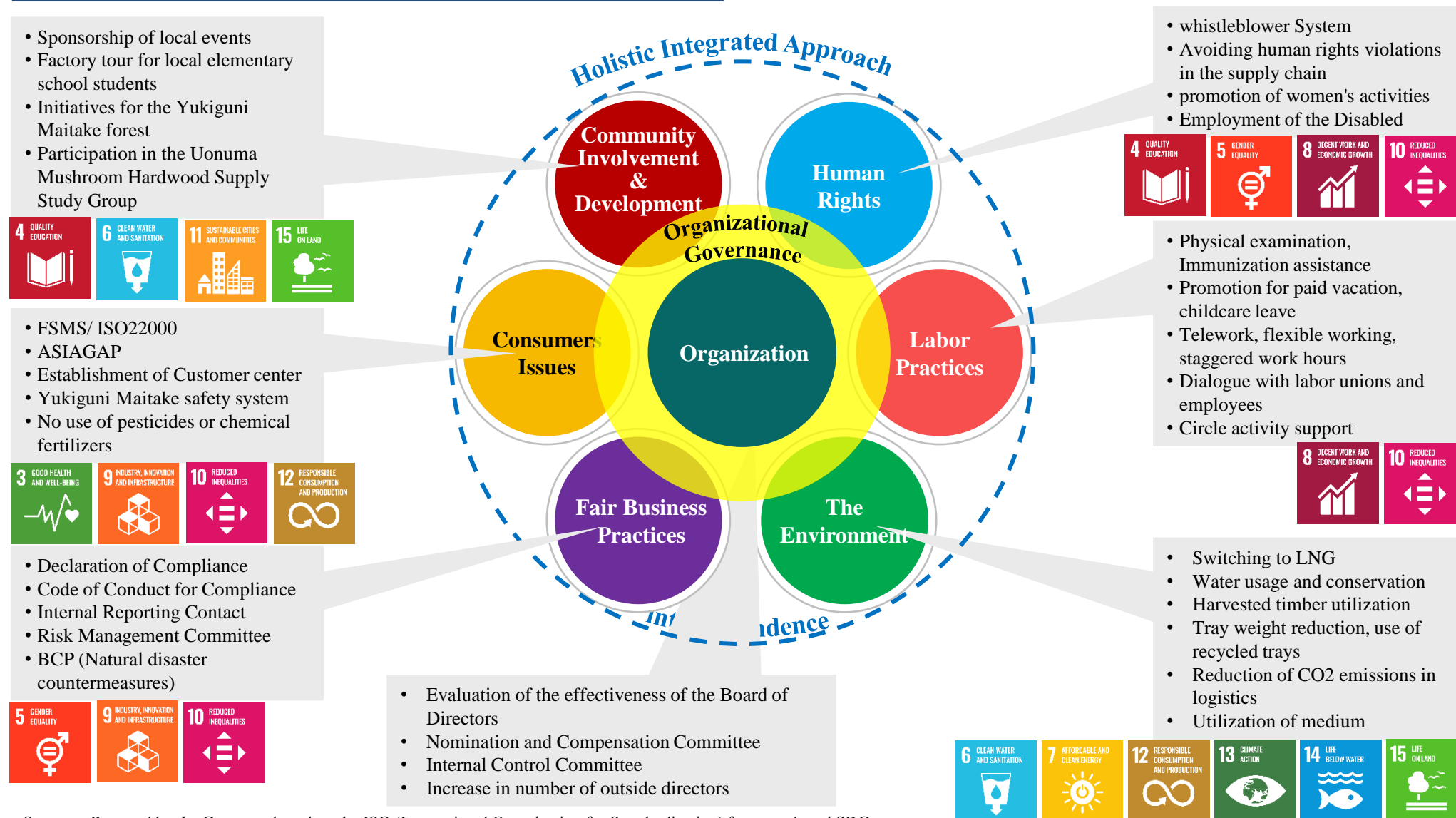


Core EBITDA margin	26.3%	29.7%	26.5%	Around 20%
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As part of our ESG strategy, we will enhance our sustainability and fulfill our social responsibility by addressing the seven core subjects and SDGs goals

ISO26000 : Status of Our Implementation of the Seven Core Subjects



Sources : Prepared by the Company based on the ISO (International Organization for Standardization) framework and SDG targets.



Roadmap for ESG Strategy

Work toward disclosure of TCFD, sustainability policy, and value creation process by the end of June 2022

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 】 <ul style="list-style-type: none"> Value Creation Process Sustainability Policy 	【 Data collection for TCFD disclosure 】 <ul style="list-style-type: none"> TCFD endorsement GHG measurement Set reduction target Include in Corporate Governance report 	【 Inventory for ESG disclosure 】 <ul style="list-style-type: none"> Collect information from each department in charge Mindset for strengthening ESG disclosure
FYE Mar 2024	【 ESG disclosure for integrated reporting 】 <ul style="list-style-type: none"> Identify materiality Business model, Value chain Incorporate the SDGs into management goals Diversity 【 Integrated Reporting Disclosure 】 <ul style="list-style-type: none"> Compile of integrated reporting Disclosures that integrate collected non-financial information with financial strategies 	【 Expansion of TCFD disclosure 】 <ul style="list-style-type: none"> Expand TCFD disclosure Risk Management and Strategy Scenario Analysis 【 Brush up on TCFD disclosure 】 <ul style="list-style-type: none"> Enhance scenario analysis 	【 Expansion of ESG disclosure information 】 <ul style="list-style-type: none"> Verify and collect data based on valuation axes such as FTSE, MSCI, SFDR ESG rating improvement measures 【 Promotion of ESG management 】 <ul style="list-style-type: none"> Evaluate and verify of the effectiveness of the action plan 【 ESG Branding 】 <ul style="list-style-type: none"> Enhance ESG branding content



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雪国まいたけ

Yukiguni Maitake Co., Ltd.

Securities Code: 1375