

**Translation**

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## Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 10, 2024

Company name: HOKUTO CORPORATION  
 Stock exchange listing: Tokyo  
 Stock code: 1379 URL <https://www.hokto-kinoko.co.jp>  
 Representative: President Masayoshi Mizuno  
 Executive Officer, General Manager of  
 Inquiries: Accounting Department Kohei Nakada TEL 026-259-5955  
 Scheduled date of ordinary general meeting of shareholders: June 21, 2024  
 Scheduled date to file Securities Report: June 21, 2024  
 Scheduled date to commence dividend payments: June 24, 2024  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	79,426	8.8	3,180	–	4,715	–	3,525	–
Year ended March 31, 2023	72,980	2.9	(2,948)	–	(1,854)	–	(2,037)	–

Note: Comprehensive income Year ended March 31, 2024 ¥5,017 million [–%]  
 Year ended March 31, 2023 ¥(1,812) million [–%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	111.19	106.38	6.7	4.5	4.0
Year ended March 31, 2023	(64.43)	–	(3.9)	(1.8)	(4.0)

Reference: Share of profit (loss) of entities accounted for using equity method

Year ended March 31, 2024 ¥– million  
 Year ended March 31, 2023 ¥– million

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	103,505	54,824	53.0	1,728.17
As of March 31, 2023	104,897	50,955	48.6	1,609.46

Reference: Equity As of March 31, 2024 ¥54,824 million  
 As of March 31, 2023 ¥50,955 million

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	8,375	1,046	(8,789)	13,638
Year ended March 31, 2023	4,675	(4,147)	888	12,047

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	10.00	–	30.00	40.00	1,265	–	2.4
Year ended March 31, 2024	–	10.00	–	40.00	50.00	1,586	45.0	3.0
Year ending March 31, 2025 (Forecast)	–	10.00	–	–	–		–	

Note: The breakdown of year-end dividends for the year ended March 31, 2024

Ordinary dividend: ¥35.00 per share

Commemorative dividend ¥5.00 per share

Note: The forecast for the year-end dividends for the year ending March 31, 2025 has not yet been determined.

Total cash dividends do not include dividends paid on the Company's shares held by the Board Incentive Plan Trust (BIP Trust) (¥3 million for the year ended March 31, 2023, ¥4 million for the year ended March 31, 2024) and dividends paid on the Company's shares held by the employee stock ownership plan (ESOP) (¥2 million for the year ended March 31, 2023, ¥0 million for the year ended March 31, 2024).

## 3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	36,200	3.8	(1,420)	–	(1,290)	–	(1,030)	–	(32.47)
Full year	81,200	2.2	3,310	4.1	3,540	(24.9)	2,440	(30.8)	76.91

## 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	33,359,040 shares	As of March 31, 2023	33,359,040 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	1,634,972 shares	As of March 31, 2023	1,698,816 shares
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Average number of shares during the period

Year ended March 31, 2024	31,705,927 shares	Year ended March 31, 2023	31,616,605 shares
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Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Non-consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	54,584	9.6	2,167	–	5,234	–	4,000	–
Year ended March 31, 2023	49,796	1.4	(3,295)	–	(3,219)	–	(2,811)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended March 31, 2024	126.16		120.71	
Year ended March 31, 2023	(88.91)		–	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2024	93,590		52,909		56.5		1,667.80	
As of March 31, 2023	95,744		48,768		50.9		1,540.37	

Reference: Equity As of March 31, 2024 ¥52,909 million  
As of March 31, 2023 ¥48,768 million

2. Forecast of non-consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	23,600	3.3	(2,060)	–	(1,740)	–	(1,250)	–	(39.40)
Full year	55,400	1.5	1,700	(21.6)	2,160	(58.7)	1,440	(64.0)	45.39

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of forecasts of financial results, and other special matters

(Cautions on forward-looking statements, etc.)

Forward-looking statements, including the earnings forecasts stated in this document, are based on information currently available to the Company and certain assumptions deemed reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual results may differ materially from the forecasts due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to '(4) Future outlook' in '1. Overview of Operating Results, Etc.,' on page 4 of the attached materials.

## 1. Overview of Operating Results, Etc.

### (1) Overview of operating results for the fiscal year ended March 31, 2024

The Japanese economy during the fiscal year ended March 31, 2024 showed a moderate recovery trend, including an increase in demand for inbound tourism, as restrictions on activities due to the COVID-19 pandemic were gradually eased and there was moderate normalization of economic activities. On the other hand, the outlook remained uncertain due to persistent high prices for energy and raw materials caused by the increasingly tense international situation, as well as domestic factors such as the negative impact of the sharp depreciation of the yen on the economy and soaring prices of commodities due to rising interest rates.

In this economic environment, under the Management Vision to “Expand the market and consumption, with delivering health through mushrooms as our mission” and to “Balance profit generation and corporate social responsibility,” and placing its priority on the safety of all consumers and employee, the Group carried out business activities primarily in the mushroom business to deliver deliciousness and health to more and more people through research & development, production, and sales of mushrooms, which are a health food.

As a result of the above, the operating results of the Group for the fiscal year ended March 31, 2024 were net sales of ¥79,426 million (up 8.8% from the same period of the previous fiscal year), operating profit of ¥3,180 million (operating loss of ¥2,948 million in the same period of the previous fiscal year), ordinary profit of ¥4,715 million (ordinary loss of ¥1,854 million in the same period of the previous fiscal year), and profit attributable to owners of parent of ¥3,525 million (loss attributable to owners of parent of ¥2,037 million in the same period of the previous fiscal year).

Production output for the fiscal year ended March 31, 2024 consists of 47,643t of Bunashimeji, including Bunapi (down 3.5% year-on-year), 16,845t of Eryngii (down 10.9% year-on-year), and 15,825t of Maitake (down 3.9% year-on-year).

The overview of each segment for the current fiscal year is as follows.

#### [Mushroom business in Japan]

The production division, amid a significant rise in raw material prices, energy costs, packaging costs, and other production costs, worked to reduce costs, performed even more thorough hygiene control, worked to improve quality and for stable cultivation, and provided mushrooms safely and securely.

The R&D division worked to strengthen the quality control system, develop new high value-added products, improve existing mushrooms, and pursue the pharmacological effects and functionality of mushrooms.

The sales division advocated for “Kinkatsu through mushrooms” (the lifestyle habit of incorporating mushrooms into daily meals) with the three pillars of health, beauty, and sports in order to stimulate mushroom demand and carry out sales activities with a commitment to freshness. In terms of sales, although the weather continued to be relatively warmer than last year, the high temperatures and drought this fall, which is the demand season for mushrooms, caused many vegetable items to be in short supply and vegetable market prices to remain high. Furthermore, production adjustments of mushrooms conducted amidst this situation resulted in mushroom prices also exceeding last year’s levels. In addition, the snowfall in February also delayed vegetable harvesting and transportation, reducing vegetable distribution in many commodities, which led to stabilization of mushroom prices.

As a result, net sales for the mushroom business in Japan as a whole were ¥52,010 million (up 10.5% year on year).

[Mushroom business outside Japan]

Sales at Hokto Kinoko Company, a local subsidiary in the U.S., remained strong due to the effect of price increases. In fact, both net sales and operating profit exceeded the projections. Taiwan Hokuto Corporation, a local subsidiary in Taiwan, continued to face intensifying price competition among retailers, and its net sales and operating profit both fell slightly short of the plan due to continuing severe conditions, such as difficulty in implementing price hikes for each customer. Hokto Malaysia Sdn. Bhd., a local subsidiary in Malaysia, had its largest demand period of the year during the Lunar New Year in February, but it struggled with overall retail sales in all categories, and the volume of orders placed with the Company was also down significantly. With the pandemic coming to an end after the Lunar New Year, retail sales activities returned to their state before the pandemic as restrictions were largely removed, and efforts were made to increase sales by conducting proposal-based sales such as food sampling and sales of freshly harvested items mainly in Malaysia. However, both net sales and operating profit fell short of projections.

As a result, net sales for the mushroom business outside Japan as a whole were ¥7,887 million (up 20.8% year on year).

[Processed products business]

The processed products business carried out sales of processed mushroom products, such as those that are boiled or frozen, and worked to develop new products and markets. In terms of sales, sales of processed products for the commercial fruit and vegetable market were especially strong. However, sales to mainstay convenience stores and national brand manufacturers remained sluggish due to price hikes of raw materials and a decline in their use in menus. Sales were strong in the mail-order business, mainly through our e-commerce website. Furthermore, at the subsidiary Arden Corporation, orders are recovering, except for some customers, and the in-house product sales division also achieved solid results with respect to Ungetsu products and private-label products, although net sales fell short of the projections. However, operating profit exceeded the projections as a result of cost reduction efforts amid rising electricity and other energy costs.

As a result, net sales for the processed products business were ¥7,498 million (down 5.7% year on year).

[Chemical products business]

The First Sales Department, whose main business is packaging materials, worked on proposal-based marketing for value-added products, with a focus on functional packaging materials that limit quality deterioration and environmental packaging materials made from recycled materials. Sales to food vendors remained relatively firm, reflecting capital investment projects, while there has been a delay in the recovery in sales of industrial materials, such as those for semiconductor and automotive parts-related manufacturers. The Second Sales Department, which focuses on production and sales of in-house products and sales of agricultural materials, continued to improve the quality of in-house products and expand sales. Sales of production materials to mushroom producers remained strong, and we also captured spot capital investment demand.

As a result, net sales for the chemical products business were ¥12,029 million (up 5.2% year on year).

## **(2) Overview of financial position for the current fiscal year**

### **(Assets)**

Current assets as of March 31, 2024 amounted to ¥31,225 million, up ¥434 million from the previous fiscal year end. Non-current assets amounted to ¥72,279 million, down ¥1,826 million from the previous fiscal year end. This was due mainly to a decrease of ¥3,281 million in property, plant and equipment and an increase of ¥1,495 million in investments and other assets.

As a result, total assets amounted to ¥103,505 million, down ¥1,391 million from the previous fiscal year end.

(Liabilities)

Current liabilities as of March 31, 2024 amounted to ¥30,304 million, down ¥7,632 million from the previous fiscal year end. This was due mainly to an increase of ¥4,995 million in short-term borrowings and decreases of ¥9,719 million in current portion of bonds with share acquisition rights and ¥3,738 million in current portion of long-term borrowings. Non-current liabilities amounted to ¥18,376 million, up ¥2,371 million from the previous fiscal year end. This was due mainly to increases of ¥1,231 million in deferred tax liabilities and ¥1,046 million in long-term borrowings.

As a result, total liabilities amounted to ¥48,680 million, down ¥5,260 million from the previous fiscal year end.

(Net assets)

Total net assets as of March 31, 2024 amounted to ¥54,824 million, up ¥3,868 million from the previous fiscal year end. This was due mainly to increases of ¥2,250 million in retained earnings associated with the recording of ¥3,525 million in profit attributable to owners of parent and the payment of dividend of ¥1,272 million, and ¥1,322 million in valuation difference on available-for-sale securities.

As a result, the equity ratio was 53.0% (48.6% at the end of the previous fiscal year).

### **(3) Overview of cash flows for the current fiscal year**

Cash and cash equivalents (hereinafter referred to as “capital”) in the current fiscal year increased by ¥1,590 million from the end of the previous fiscal year to ¥13,638 million. The status of the various cash flows for the current fiscal year, and the reasons for the said status, are as follows.

(Cash flows from operating activities)

The amount of capital increased due to operating activities was ¥8,375 million. This was primarily a result of profit before income taxes being ¥5,017 million, depreciation being ¥6,180 million, foreign exchange gains being ¥1,226 million, and an increase in trade receivables being ¥1,628 million.

(Cash flows from investing activities)

The amount of capital increased due to investing activities was ¥1,046 million. This was due mainly to the net decrease in time deposits of ¥2,805 million and the net increase in property, plant and equipment of ¥1,945 million.

(Cash flows from financing activities)

The amount of capital decreased due to financing activities was ¥8,789 million. This was due mainly to redemption of bonds of ¥9,717 million.

Reference: Changes in cash flow-related indicators

	March 2020	March 2021	March 2022	March 2023	March 2024
Equity ratio (%)	50.2	54.0	51.9	48.6	53.0
Market value-based equity ratio (%)	58.6	65.5	57.4	56.0	57.2
Cash flow to interest-bearing debt ratio (years)	2.4	2.1	4.6	6.5	3.9
Interest coverage ratio (times)	123.7	137.9	77.9	50.6	66.9

Equity ratio = Shareholder's equity / Total assets

Market value-based equity ratio = Market capitalization / Total assets

Cash flow to interest-bearing debt ratio = Interest bearing debt / Cash flow

Interest coverage ratio = Cash flow / Interest payments

Notes:

1. All are calculated based on consolidated financial figures.
2. Market capitalization is calculated based on the number of shares issued excluding treasury shares.
3. Operating cash flow is used as cash flow.
4. Interest-bearing debt covers all debts recorded on the consolidated balance sheet that are paying interest.

#### (4)Future outlook

As for the future economic situation in Japan, while there has been a gradual recovery trend and consumer confidence is expected to improve due to higher wages, the situation is expected to remain uncertain due to rising prices caused by the impact of exchange rate fluctuations and conditions overseas, soaring raw material prices, and worsening labor shortages. In such an environment, the Group will strengthen its management base and engage in comprehensive research and development related to mushrooms with the mission of delivering health to the world through mushrooms, which are a health food. Furthermore, we will continue to develop our corporate activities, aiming to meet the needs of society as a leading company in the industry that is creating the future. In the mushroom business in Japan, the core Group business, we will continue our corporate efforts to lower product costs through continued cost reduction, productivity improvement and other measures, while ensuring a stable and continuous production of safe and reliable of mushrooms of better quality. In terms of sales, we aim to increase profits by promoting "Kinkatsu through mushrooms" (the lifestyle habit of incorporating mushrooms into daily meals) to focus on sales with an emphasis on freshness, and further enhancing our brand value ("When it comes to mushrooms, it's Hokuto"). We will also focus on the mushroom business outside Japan and the processed food products business, which are part of the Group's growth strategy. In addition, in the chemical products business, we will strive to improve profits and strengthen our own product divisions, while further strengthening our initiatives related to SDGs and contributing to society.

Based on the above, the consolidated financial results outlook for the next fiscal year is net sales of ¥81,200 million, operating profit of ¥3,310 million, ordinary profit of ¥3,540 million, and profit attributable to owners of parent of ¥2,440 million.

## **2. Basic Approach to Selection of Accounting Standards**

Taking into account the comparability of consolidated financial statements over the period and the comparability between companies, the Group intends, for the time being, to prepare consolidated financial statements based on Japanese accounting standards.

In the future however, we intend to consider the application of International Financial Reporting Standards based on changes to the ratio of foreign shareholders and the tendency toward applying international accounting standards in Japan.



### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	16,031	14,924
Notes receivable - trade	333	404
Accounts receivable - trade	5,917	7,548
Merchandise and finished goods	2,636	2,254
Work in process	4,308	4,306
Raw materials and supplies	1,056	1,150
Other	538	675
Allowance for doubtful accounts	(31)	(39)
Total current assets	30,790	31,225
Non-current assets		
Property, plant and equipment		
Buildings and structures	71,334	72,663
Accumulated depreciation	(34,848)	(37,423)
Buildings and structures, net	36,486	35,240
Machinery, equipment and vehicles	67,555	69,569
Accumulated depreciation	(55,339)	(59,727)
Machinery, equipment and vehicles, net	12,215	9,841
Land	14,506	14,674
Construction in progress	65	173
Other	2,695	2,819
Accumulated depreciation	(1,995)	(2,056)
Other, net	700	762
Total property, plant and equipment	63,973	60,691
Intangible assets		
Goodwill	9	–
Other	202	171
Total intangible assets	211	171
Investments and other assets		
Investment securities	6,681	7,986
Deferred tax assets	485	670
Retirement benefit asset	1,127	1,581
Other	1,768	1,329
Allowance for doubtful accounts	(142)	(151)
Total investments and other assets	9,920	11,416
Total non-current assets	74,106	72,279
Total assets	104,897	103,505

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	6,187	2,134
Electronically recorded obligations - operating	–	3,842
Short-term borrowings	7,088	12,084
Current portion of long-term borrowings	8,821	5,083
Current portion of bonds with share acquisition rights	9,719	–
Income taxes payable	262	926
Provision for bonuses	964	1,248
Other	4,892	4,985
<b>Total current liabilities</b>	<b>37,936</b>	<b>30,304</b>
<b>Non-current liabilities</b>		
Long-term borrowings	14,072	15,118
Deferred tax liabilities	46	1,277
Retirement benefit liability	358	350
Asset retirement obligations	1,030	1,058
Provision for share awards for directors (and other officers)	76	84
Other	420	486
<b>Total non-current liabilities</b>	<b>16,004</b>	<b>18,376</b>
<b>Total liabilities</b>	<b>53,941</b>	<b>48,680</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,500	5,500
Capital surplus	5,728	5,728
Retained earnings	41,943	44,194
Treasury shares	(3,151)	(3,024)
<b>Total shareholders' equity</b>	<b>50,020</b>	<b>52,397</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,352	2,675
Foreign currency translation adjustment	(357)	(500)
Remeasurements of defined benefit plans	(59)	251
<b>Total accumulated other comprehensive income</b>	<b>935</b>	<b>2,427</b>
<b>Total net assets</b>	<b>50,955</b>	<b>54,824</b>
<b>Total liabilities and net assets</b>	<b>104,897</b>	<b>103,505</b>

## (2) Consolidated statements of income and consolidated statements of comprehensive income

### Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	72,980	79,426
Cost of sales	60,012	59,637
Gross profit	12,967	19,789
Selling, general and administrative expenses	15,915	16,608
Operating profit (loss)	(2,948)	3,180
Non-operating income		
Interest income	13	77
Dividend income	152	183
Subsidy income	48	41
Rental income from land and buildings	87	120
Foreign exchange gains	764	1,227
Other	146	89
Total non-operating income	1,213	1,740
Non-operating expenses		
Interest expenses	102	132
Settlement payments	–	26
Other	18	47
Total non-operating expenses	120	206
Ordinary profit (loss)	(1,854)	4,715
Extraordinary income		
Gain on sale of non-current assets	3	7
Gain on sale of investment securities	32	–
Settlement income	–	299
Other	0	–
Total extraordinary income	35	306
Extraordinary losses		
Loss on retirement of non-current assets	2	2
Impairment losses	363	–
Loss on valuation of investment securities	3	1
Other	0	–
Total extraordinary losses	369	4
Profit (loss) before income taxes	(2,188)	5,017
Income taxes - current	407	1,127
Income taxes - deferred	(558)	363
Total income taxes	(151)	1,491
Profit (loss)	(2,037)	3,525
Profit (loss) attributable to owners of parent	(2,037)	3,525

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit (loss)	(2,037)	3,525
Other comprehensive income		
Valuation difference on available-for-sale securities	314	1,322
Foreign currency translation adjustment	(152)	(142)
Remeasurements of defined benefit plans, net of tax	62	311
Total other comprehensive income	224	1,491
Comprehensive income	(1,812)	5,017
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,812)	5,017
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statements of changes in equity**

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,728	45,888	(3,318)	53,798
Changes during period					
Dividends of surplus			(1,908)		(1,908)
Profit (loss) attributable to owners of parent			(2,037)		(2,037)
Purchase of treasury shares				(49)	(49)
Disposal of treasury shares		(0)		216	216
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	(3,945)	167	(3,778)
Balance at end of period	5,500	5,728	41,943	(3,151)	50,020

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,038	(205)	(122)	710	54,509
Changes during period					
Dividends of surplus					(1,908)
Profit (loss) attributable to owners of parent					(2,037)
Purchase of treasury shares					(49)
Disposal of treasury shares					216
Net changes in items other than shareholders' equity	314	(152)	62	224	224
Total changes during period	314	(152)	62	224	(3,553)
Balance at end of period	1,352	(357)	(59)	935	50,955

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,500	5,728	41,943	(3,151)	50,020
Changes during period					
Dividends of surplus			(1,272)		(1,272)
Profit (loss) attributable to owners of parent			3,525		3,525
Change in scope of consolidation			(2)		(2)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		127	127
Net changes in items other than shareholders' equity					
Total changes during period	–	0	2,250	126	2,377
Balance at end of period	5,500	5,728	44,194	(3,024)	52,397

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,352	(357)	(59)	935	50,955
Changes during period					
Dividends of surplus					(1,272)
Profit (loss) attributable to owners of parent					3,525
Change in scope of consolidation					(2)
Purchase of treasury shares					(1)
Disposal of treasury shares					127
Net changes in items other than shareholders' equity	1,322	(142)	311	1,491	1,491
Total changes during period	1,322	(142)	311	1,491	3,868
Balance at end of period	2,675	(500)	251	2,427	54,824

**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	(2,188)	5,017
Depreciation	7,215	6,180
Amortization of goodwill	37	9
Increase (decrease) in provision for bonuses	(53)	278
Decrease (increase) in retirement benefit asset	(22)	(17)
Increase (decrease) in retirement benefit liability	1	4
Interest and dividend income	(166)	(261)
Interest expenses	102	132
Insurance claim income	(4)	(6)
Impairment losses	363	–
Settlement payments	–	26
Settlement income	–	(299)
Loss (gain) on sale of investment securities	(32)	–
Foreign exchange losses (gains)	(753)	(1,226)
Decrease (increase) in trade receivables	(318)	(1,628)
Decrease (increase) in inventories	(854)	393
Increase (decrease) in trade payables	742	(345)
Decrease (increase) in other current assets	1,122	(97)
Increase (decrease) in other current liabilities	366	78
Decrease (increase) in other non-current assets	150	120
Other, net	38	73
Subtotal	5,746	8,431
Interest and dividends received	166	261
Interest paid	(92)	(125)
Proceeds from insurance income	4	6
Income taxes paid	(1,149)	(471)
Settlement paid	–	(26)
Settlement received	–	299
Net cash provided by (used in) operating activities	4,675	8,375
Cash flows from investing activities		
Payments into time deposits	(4,769)	(616)
Proceeds from withdrawal of time deposits	2,900	3,422
Purchase of property, plant and equipment	(1,577)	(2,219)
Proceeds from sale of property, plant and equipment	3	274
Purchase of shares of subsidiaries and associates	(628)	–
Purchase of investment securities	(197)	(291)
Proceeds from sale of investment securities	295	257
Proceeds from cancellation of insurance funds	–	372
Other payments	(178)	(166)
Other proceeds	4	13
Net cash provided by (used in) investing activities	(4,147)	1,046

	(Millions of yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Proceeds from short-term borrowings	5,130	11,000
Repayments of short-term borrowings	(3,000)	(6,017)
Proceeds from long-term borrowings	5,000	6,090
Repayments of long-term borrowings	(4,493)	(8,977)
Redemption of bonds	–	(9,717)
Purchase of treasury shares	(49)	(1)
Proceeds from sale of treasury shares	210	114
Dividends paid	(1,909)	(1,273)
Other payments	–	(6)
Net cash provided by (used in) financing activities	888	(8,789)
Effect of exchange rate change on cash and cash equivalents	231	334
Net increase (decrease) in cash and cash equivalents	1,648	967
Cash and cash equivalents at beginning of period	10,399	12,047
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	623
Cash and cash equivalents at end of period	12,047	13,638



## **(5)Notes on consolidated financial statements**

### **Notes on assumptions for going concern**

Not applicable.

### **Changes in presentation**

#### *Consolidated statements of income*

“Loss on valuation of investment securities,” which was included in “Other” under extraordinary losses in the previous fiscal year, exceeded 10% of the total amount of extraordinary losses, has been separately presented from the current fiscal year. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the ¥3 million shown in “Other” under extraordinary losses in the consolidated statements of income for the previous fiscal year has been reclassified as ¥3 million in “Loss on valuation of investment securities” and ¥0 million in “Other.”

### **Segment information, etc.**

#### *Segment information*

#### 1. Summary of reportable segments

The Group’s reportable segments are made available with separate financial information from among the Group’s organized units, and the Board of Directors periodically examines them in order to determine the allocation of management resources and evaluate performance.

The Group has four reportable segments: the Mushroom Business in Japan (centered on the submitting company), the Mushroom Business Outside Japan, the Processed Products Business, and the Chemical Products Business. The mushroom business in Japan produces and sells mushroom products, mainly Bunashimeji, Eryngii, and Maitake, in Japan, and the mushroom business outside Japan produces and sells mushroom products, mainly Bunashimeji, Eryngii, and Maitake, overseas.

The processed products business produces and sells various retort pouch foods, such as processed foods, curries and soups made with mushrooms, and also sells supplements. The chemical products business produces and sells packaging materials and agricultural materials.

#### 2. Calculating net sales, profits or losses, assets, liabilities and other items for each reportable segment

The method of accounting for the reported business segments is generally the same as described in the “Important matters that are the basis for preparing consolidated financial statements.”

Profit for the reportable segments is based on operating profit.

Internal revenues and money transfers between segments are based on current market prices.

### 3. Information on net sales, profits or losses, assets, liabilities and other items for each reportable segment

Previous fiscal year (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Reportable segments				Total	Adjustments (Note 1.)	Amount recorded on consolidated financial statements (Note 2.)
	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business			
Net sales							
(1) Net sales from external customers	47,060	6,530	7,948	11,439	72,980	–	72,980
(2) Internal net sales or transfers between segments	36	–	–	1,079	1,115	(1,115)	–
Total	47,097	6,530	7,948	12,518	74,095	(1,115)	72,980
Segment profit or loss	(1,619)	153	275	145	(1,045)	(1,902)	(2,948)
Segment assets	76,089	12,588	5,705	8,603	102,987	1,909	104,897
Segment liabilities	46,800	1,598	1,600	3,941	53,941	–	53,941
Other items							
Depreciation	6,022	571	213	350	7,157	58	7,215
Amortization of goodwill	–	–	37	–	37	–	37
Increase in property, plant and equipment and intangible assets	870	71	58	139	1,139	67	1,207

Notes:

1. Adjustments are as follows:

- (1) Adjustments for segment profit or loss of ¥(1,902) million are Group-wide expenses of ¥(1,919) million not allocated to an individual reporting segment and elimination of internal transactions of ¥17 million. Group-wide expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment.
- (2) The segment asset adjustment amount of ¥1,909 million corresponds to Group-wide assets, etc. not allocated to an individual reportable segment. The main assets of the Group are assets related to the management division.
- (3) The adjustment amount of ¥126 million for other items is the increase in Group-wide assets not allocated to an individual reportable segment and its depreciation. The main increase in Group-wide assets is assets related to Company management division that do not belong to any segment.

2. Segment profit or loss is adjusted with operating loss on the consolidated financial statement.

Current fiscal year (April 1, 2023 - March 31, 2024)

(Millions of yen)

	Reportable segments				Total	Adjustments (Note 1.)	Amount recorded on consolidated financial statements (Note 2.)
	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business			
Net sales							
(1) Net sales from external customers	52,010	7,887	7,498	12,029	79,426	–	79,426
(2) Internal net sales or transfers between segments	35	–	–	1,104	1,139	(1,139)	–
Total	52,046	7,887	7,498	13,133	80,565	(1,139)	79,426
Segment profit	3,912	857	294	200	5,265	(2,084)	3,180
Segment assets	74,896	12,440	5,715	8,723	101,776	1,729	103,505
Segment liabilities	40,575	1,515	1,545	5,042	48,680	–	48,680
Other items							
Depreciation	5,053	533	178	356	6,122	58	6,180
Amortization of goodwill	–	–	9	–	9	–	9
Increase in property, plant and equipment and intangible assets (Note 3.)	1,016	458	182	82	1,740	1	1,741

Notes:

1. Adjustments are as follows:

- (1) Adjustments for segment profit of ¥(2,084) million are Group-wide expenses of ¥(2,102) million not allocated to an individual reporting segment and elimination of internal transactions of ¥18 million. Group-wide expenses are mainly selling, general and administrative expenses that do not belong to any reportable segment.
- (2) The segment asset adjustment amount of ¥1,729 million corresponds to Group-wide assets, etc. not allocated to an individual reportable segment. The main assets of the Group are assets related to the management division.
- (3) The adjustment amount of ¥60 million for other items is the increase in Group-wide assets not allocated to an individual reportable segment and its depreciation. The main increase in Group-wide assets is assets related to Company management division that do not belong to any segment.

2. Segment profit is adjusted with operating profit on the consolidated financial statement.

3. The increase in property, plant and equipment and intangible assets does not include the increase due to new consolidation.

*Related information*

Previous fiscal year (April 1, 2022 - March 31, 2023)

1. Information by product and service

Not stated as similar information is disclosed in segment information.

2. Information by region

(1) Net sales

Not stated as net sales from external customers in Japan exceed 90% of net sales on the consolidated income statement.

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	North America	Total
56,686	3,080	4,206	63,973

3. Information by major customer

Not stated as there is no other party of the net sales from external customers that accounts for 10% or more of net sales on the consolidated income statement.

Current fiscal year (April 1, 2023 - March 31, 2024)

1. Information by product and service

Not stated as similar information is disclosed in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Asia	North America	Other	Total
71,216	3,659	4,522	27	79,426

(2) Property, plant and equipment

(Millions of yen)

Japan	Asia	North America	Other	Total
52,177	3,774	4,739	–	60,691

3. Information by major customer

Not stated as there is no other party of the net sales from external customers that accounts for 10% or more of net sales on the consolidated income statement.

*Information on impairment losses on non-current assets by reportable segment*

Previous fiscal year (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business	Group-wide / Eliminations	Total
Impairment loss	–	363	–	–	–	363

Current fiscal year (April 1, 2023 - March 31, 2024)

Not applicable.

*Information on amortization of goodwill and unamortized balance by reportable segment*

Previous fiscal year (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business	Group-wide / Eliminations	Total
Amortization amount	–	–	37	–	–	37
Unamortized balance	–	–	9	–	–	9

Current fiscal year (April 1, 2023 - March 31, 2024)

(Millions of yen)

	Mushroom business in Japan	Mushroom business outside Japan	Processed products business	Chemical products business	Group-wide / Eliminations	Total
Amortization amount	–	–	9	–	–	9
Unamortized balance	–	–	–	–	–	–

*Information on negative goodwill gains by reportable segment*

Previous fiscal year (April 1, 2022 - March 31, 2023)

Not applicable.

Current fiscal year (April 1, 2023 - March 31, 2024)

Not applicable.

### Per share data

Previous fiscal year (April 1, 2022 - March 31, 2023)		Current fiscal year (April 1, 2023 - March 31, 2024)	
Net assets per share	1,609.46 yen	Net assets per share	1,728.17 yen
Earnings (loss) per share	(64.43) yen	Earnings per share	111.19 yen
Diluted earnings per share	–	Diluted earnings per share	106.38 yen

#### Notes:

- Company shares held by the Board Incentive Plan Trust (BIP Trust) and in the employee stock ownership plan (ESOP) are included in treasury shares deducted from the total number of issued shares at the end of the fiscal year based on the calculation of the net assets per share (BIP Trust: 92,000 shares in previous fiscal year and 83,000 shares in current fiscal year; ESOP: 54,000 shares in previous fiscal year and 0 share in current fiscal year). They are also included in treasury shares deducted in the calculation of the average number of shares during the period based on the calculation of earnings and loss per share and diluted earnings per share (BIP Trust: 86,000 shares in previous fiscal year and 85,000 shares in current fiscal year; ESOP: 104,000 shares in previous fiscal year and 15,000 shares in current fiscal year).
- Diluted earnings per share for the previous fiscal year is not shown because earnings per share was a net loss, although there are diluted shares.
- The basis for calculating earnings and loss per share and diluted earnings per share is as follows.

	Previous fiscal year (April 1, 2022 - March 31, 2023)	Current fiscal year (April 1, 2023 - March 31, 2024)
Earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	(2,037)	3,525
Amount not attributable to ordinary shareholders (Millions of yen)	–	–
Profit (loss) attributable to owners of parent pertaining to common shares (Millions of yen)	(2,037)	3,525
Average number of shares during the period (Thousands of shares)	31,616	31,705
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (Millions of yen)	–	–
Increase in common shares (Thousands of shares)	–	1,432
[Of which are convertible bonds with share acquisition rights (Thousands of shares)]	–	[1,432]
Summary of diluted shares not included in calculation of diluted earnings per share because they do not have a dilutive effect	–	–

## Material subsequent events

### *Issuance of 2nd series unsecured convertible bonds with share acquisition rights by third-party allotment*

At a meeting of the Board of Directors held on March 19, 2024, the Company resolved to issue 2nd series unsecured convertible bonds with share acquisition rights by third-party allotment, and payment was made on April 5, 2024. The funds raised are planned to be appropriated for (1) strengthening the mushroom business outside Japan, (2) strengthening the mushroom business in Japan, (3) advancing into new business areas, and (4) strengthening the company-wide infrastructure and environmental response by March 2029. The details are as follows.

Payment date	April 5, 2024 The date of allotment of the bonds with share acquisition rights shall be April 5, 2024.
Total number of share acquisition rights	49
Issue price of bonds and share acquisition rights	¥100.2 per ¥100 par value of the bonds Payment of money shall not be required in exchange for the share acquisition rights.
Number of diluted shares due to this issuance	5,208,291 shares The conversion price will not be adjusted for these convertible bonds with share acquisition rights, and therefore there is no maximum or minimum conversion price.
Exercise period of share acquisition rights	April 6, 2024 to April 5, 2029
Total issue price	¥10,019,919,840
Exercise price or conversion price	¥1,920 per share
Method of offering or allotment	By way of third-party allocation.
Allottee	AAGS S9, L.P.
Interest rate and redemption date	Interest rate: No interest is payable on the bonds Redemption date: April 5, 2029
Redemption price	¥100 per ¥100 par value of the bonds
Other	In the underwriting agreement dated March 19, 2024 (the “Underwriting Agreement”) with AAGS S9, L.P. (the “Allottee”), the Company agreed to the exercise of the share acquisition rights as follows.  (1) The Allottee shall not exercise the share acquisition rights during the period from April 6, 2024 to October 6, 2024.

- (2) Irrespective of (1), the Allottee may exercise the share acquisition rights at any time thereafter, (i) if the total net assets on the consolidated balance sheets of the Company as of the end of each fiscal year going forward after the fiscal year ended March 31, 2024 falls below 75% of the total net assets on the consolidated balance sheet as of the end of the immediately preceding fiscal year; (ii) if it is found that the preconditions set forth in the Underwriting Agreement have not been met as of the payment date, (iii) if the Company agrees to exercise the share acquisition rights of the Allottee; (iv) if trading of the Company's common shares on the Tokyo Stock Exchange is suspended for a period of five or more trading days; (v) if the Company violates any of its obligations or representations and warranties under the Underwriting Agreement (excluding minor violations); or (vi) if the Company fails to file the Annual Securities Report or Quarterly Securities Reports as required by law.
- (3) As an obligation of the Company and the Allottee, neither party shall, without the prior written consent of the other party, assign or otherwise dispose of its standing under the Underwriting Agreement or the rights and obligations thereunder, in whole or in part, or to transfer or succeed to the same.
- (4) If the Allottee intends to transfer the shares of the Company to be delivered upon exercise of the share acquisition rights in transactions outside the financial instruments exchange market (except for the shares tendered in a tender offer (excluding, however, the shares tendered in a tender offer to which the issuer has expressed its opposition (except, as provided for in this paragraph, sales by squeeze-out through such tender offer)) and transactions in a private trading system and other transactions in which the counterparty cannot be identified, the same shall apply hereinafter), the Allottee shall consult with the Company in good faith regarding the transferee.
- (5) The Allottee shall not, without the prior consent of the Company, transfer the shares of the Company to be delivered upon exercise of the share acquisition rights in transactions outside the financial instruments exchange market to certain competitors and activists designated by the Company (collectively, the "Prohibited Transferees"), and shall not transfer, in the aggregate, more than 5% of the total number of the Company's issued and outstanding shares as of the date of execution of the Underwriting Agreement to one of the Prohibited Transferees.
- (6) If there is a new competitor or activist who the Company believes should be added as such a Prohibited Transferee, the Company may propose in writing to the Allottee to add such a Prohibited Transferee, and the Allottee shall not irrationally reject such proposal unless there are reasonable grounds to do so.
- (7) If the Allottee is going to transfer the shares of the Company to be delivered by exercising the share acquisition rights in the exchange-traded financial instruments market, the number of shares of the Company to be transferred shall not exceed 25% of the volume of the Company's shares on each trading day on which such transfer is to be made, unless the Company has given prior consent to such transfer.
- (8) In certain cases set forth in the Underwriting Agreement, the underwriters may, at any time and at their option, request the Company to purchase all or part of the bonds held by them at ¥100 per ¥100 par value.