

HOKUTO Corporation

Consolidated Financial Results for the first quarter Ended June 30, 2022

August, 2022



**1. The financial report for the first quarter
Ended June 30, 2022**

2. Recent Activities

3. Reference material

◆ Consolidated

(Millions of yen)

	1Q ended Jun. 30, 2022	YoY	cf.Plan
Net sales	15,665	102.4%	96.3%
Operating profit	△1,701	—	—
Profit attributable to owners of parent	△557	—	—

◆ Individual

(Millions of yen)

	1Q ended Jun. 30, 2022	YoY	cf.Plan
Net sales	10,174	98.8%	91.5%
Operating profit	△1,740	—	—
Profit attributable to owners of parent	△263	—	—

▶ **The mushroom business in Japan posted decreases in net sales and operating profit as mushroom prices were sluggish due to low vegetable market prices. Although the mushroom business outside Japan was also in a slump, net sales were higher than the previous year due to the effect of exchange rates.**

◆ By Segment

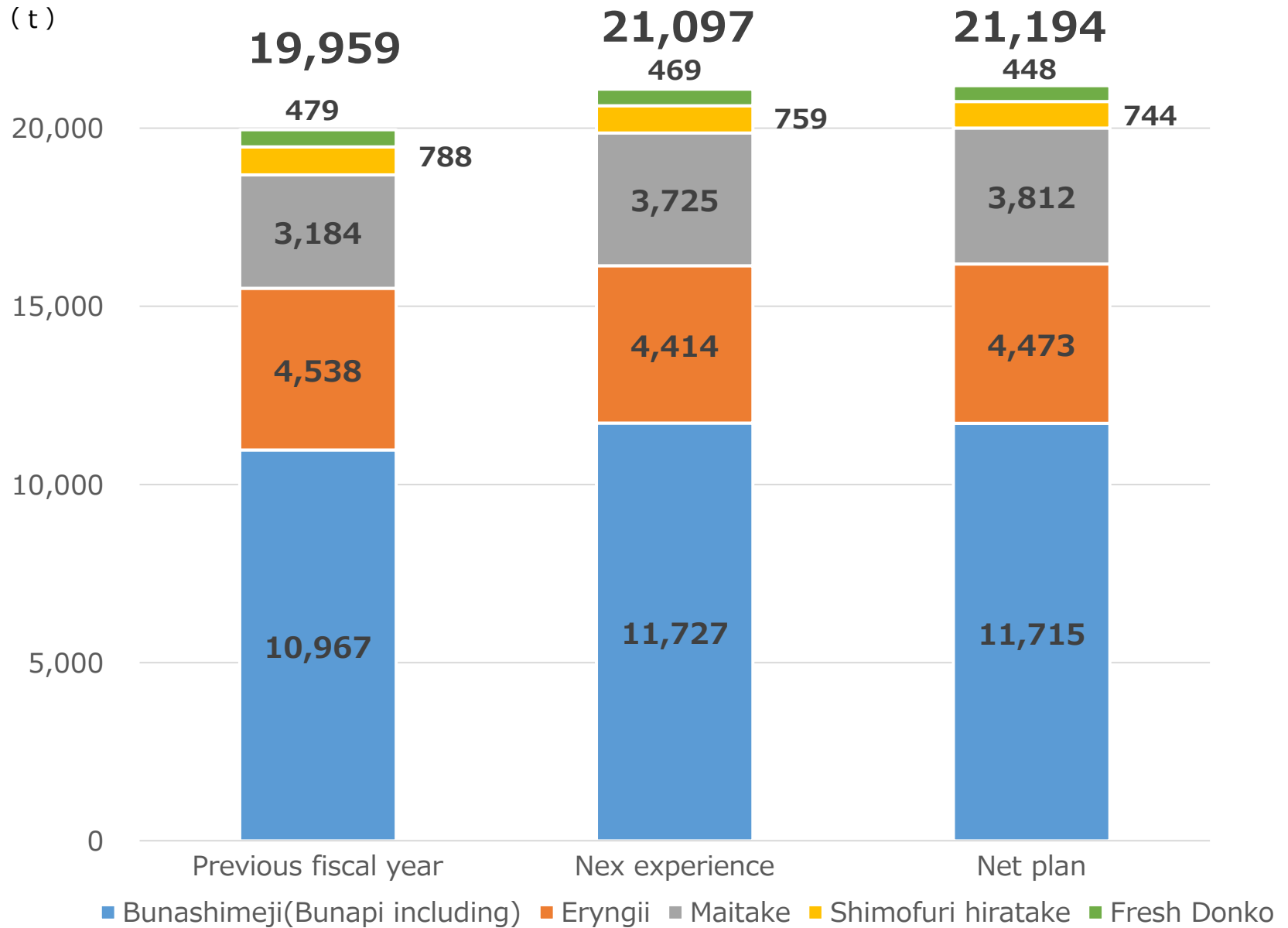
(Millions of yen)

	Mushroom business in Japan		Mushroom business outside Japan		Processed products business		Chemical products business	
	1Q ended Jun. 30, 2022	YoY	1Q ended Jun. 30, 2022	YoY	1Q ended Jun. 30, 2022	YoY	1Q ended Jun. 30, 2022	YoY
Net sales	9,628	98.4%	1,537	114.2%	1,794	109.1%	2,704	107.1%
Operating profit	△1,216	—	△28	—	11	13.8%	44	204.0%

(Millions of yen)

	1Q ended Jun. 30, 2021	1Q ended Jun. 30, 2022	YoYchange	YoY
Net sales	15,300	15,665	364	102.4%
Gross profit	2,943	2,006	△936	68.2%
Gross profit margin	19.2%	12.8%		
Selling, general and administrative expenses	3,676	3,708	31	100.9%
Operating profit	△733	△1,701	△968	—
Operating profit margin	△4.8%	△10.9%		
Ordinary profit	△638	△594	44	—
Ordinary profit margin	△4.2%	△3.8%		
Profit attributable to owners of parent	△504	△557	△52	—
Net profit margin	△3.3%	△3.6%		
Earnings per share	8.16	△16.04		

▶▶ Changes in mushroom production



(Millions of yen)

		1Q ended Jun. 30, 2021	1Q ended Jun. 30, 2022	YoYchange	YoY
Mushroom business in Japan	Net sales	9,783	9,628	△155	98.4%
	Operating profit	△336	△1,216	△879	—
Mushroom business outside Japan	Net sales	1,346	1,537	190	114.2%
	Operating profit	85	△28	△113	—
Processed products business	Net sales	1,644	1,794	149	109.1%
	Operating profit	83	11	△72	13.8%
Chemical products business	Net sales	2,526	2,704	178	107.1%
	Operating profit	21	44	22	204.0%

	cf. Previous year	cf. Plan
Bunashimeji	96.5%	95.9%
Eryngii	102.9%	102.0%
Maitake	82.7%	83.4%
Shimofuri hiratake	93.8%	86.3%

Mushroom prices remained sluggish due to low vegetable market prices

	cf. Previous year	cf. Plan
Bunashimeji	107.5%	100.2%
Eryngii	98.9%	99.3%
Maitake	117.5%	98.6%
Shimofuri hiratake	96.4%	102.1%

The production volume of Bunashimeji and Maitake rose significantly over the previous year because the Mie Mushroom Center operated at full capacity.

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

		1Q ended Jun. 30, 2021	1Q ended Jun. 30, 2022	YoYchange	YoY
U.S.A (US\$)	Net sales	5,491,002	5,130,543	△ 360,459	93.4%
	Operating profit	△ 157,958	△ 977,885	△ 819,927	—
	ROE	110.58	136.68		
Taiwan (NT\$)	Net sales	147,446,837	147,598,003	151,166	100.1%
	Operating profit	16,547,236	22,932,646	6,385,410	138.6%
	ROE	3.96	4.60		
Malaysia (RM)	Net sales	5,426,148	4,539,090	△ 887,058	83.7%
	Operating profit	348,473	△ 425,486	△ 773,959	—
	ROE	26.62	31.04		

(Millions of yen)

	Initial plan	1Q ended Jun. 30, 2022	Plan difference	cf. Plan
Net sales	16,273	15,665	△607	96.3%
Gross profit	2,260	2,006	△253	88.8%
Gross profit margin	13.9%	12.8%		
Selling, general and administrative expenses	4,008	3,708	△300	92.5%
Operating profit	△1,748	△1,701	47	—
Operating profit margin	△10.7%	△10.9%		
Ordinary profit	△1,661	△594	1,067	—
Ordinary profit margin	△10.2%	△3.8%		

While the net sales fell short of the plan, the operating profit was slightly above the plan due to reduced expenses

(Millions of yen)

		Initial plan	1Q ended Jun. 30, 2022	Plan difference	cf. Plan
Mushroom business in Japan	Net sales	10,625	9,628	△996	90.6%
	Operating profit	△1,085	△1,216	△130	—
Mushroom business outside Japan	Net sales	1,316	1,537	221	116.8%
	Operating profit	△67	△28	39	—
Processed products business	Net sales	1,732	1,794	61	103.6%
	Operating profit	△6	11	17	—
Chemical products business	Net sales	2,600	2,704	104	104.0%
	Operating profit	3	44	40	1132.9%

		Initial plan	1Q ended Jun. 30, 2022	Plan difference	cf. Plan
U.S.A (US\$)	Net sales	4,760,000	5,130,543	370,460	107.8%
	Operating profit	△ 930,000	△ 977,885	△ 38,274	—
	ROE	116.00	136.68		
Taiwan (NT\$)	Net sales	150,000,000	147,598,003	△3,041,997	98.0%
	Operating profit	11,000,000	22,932,646	11,762,646	205.3%
	ROE	4.00	4.60		
Malaysia (RM)	Net sales	5,520,000	4,539,090	△980,910	82.2%
	Operating profit	△60,000	△425,486	△357,486	—
	ROE	27.00	31.04		

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Hokuto signed an agreement for a comprehensive sustainability-linked loan

On March 31, 2022, Hokuto signed an agreement for "a comprehensive sustainability-linked loan" to raise funds.

"Comprehensive Sustainability-linked Loan" Agreement

→ This loan aims to promote the borrower's (Hokuto's) sustainability activities by setting their targets consistent with the sustainability strategy (SPTs) in advance and linking the progress of achievement to the loan's terms and conditions, such as interest rates.

The "comprehensive type" of this loan is designed to enable raising funds from multiple financial institutions under the same scheme.

[Summary of the agreement]

Agreement signing date	Thursday, March 31, 2022
Borrowing date	Thursday, March 31, 2022
Loan period and amount	7,000 million yen for seven years
Use of the funds	Equipment funds required to construct the Mie Mushroom Center
Coordinator	Hachijuni Bank
Lending financial institutions	Hachijuni Bank, MUFG Bank, Sumitomo Mitsui Banking
Third-party assessment organization	Japan Credit Rating Agency, Ltd.

[Details of the SPTs set by Hokuto]

KPIs	SPTs	Target completion date
Expand the sales of mushrooms as healthy food	(1) Increase the Hokuto Group's global sales volume to 90,000 tons in FY 2025	The end of FY 2025
	(2) Increase the number of subscribers to the mushroom fan site "kinokolabo"	
	(3) Develop a new Bunashimeji strain with increased ornithine content	
Expand the number of solar-powered sites	(4) Increase the number of such sites to ten	
Shift to environmental-related materials and expand their sales (Led by Hokuto's subsidiary "Hokuto Industry Corporation")	(5) Achieve cumulative sales of 2,000 million yen for environment-related materials over the next four years	
Effective use of "used culture media"	(6) Diversification and sophistication of culture media utilization (Bring about three new, used culture media applications)	
Realize health management	(7) Obtain certification for an outstanding health and productivity management organization	

(Billions of yen)

	FY ended March 31, 2022		FY ending March 31, 2023	FY ending March 31, 2024 (Forecast)	
	Mie	10.0		ASEAN Second	1.5
Plant construction	Mie	10.0		ASEAN Second	1.5
Plant renovation					
Others					
Capital investment		10.0	1.2		1.5
Depreciation		6.9	6.9		7.1

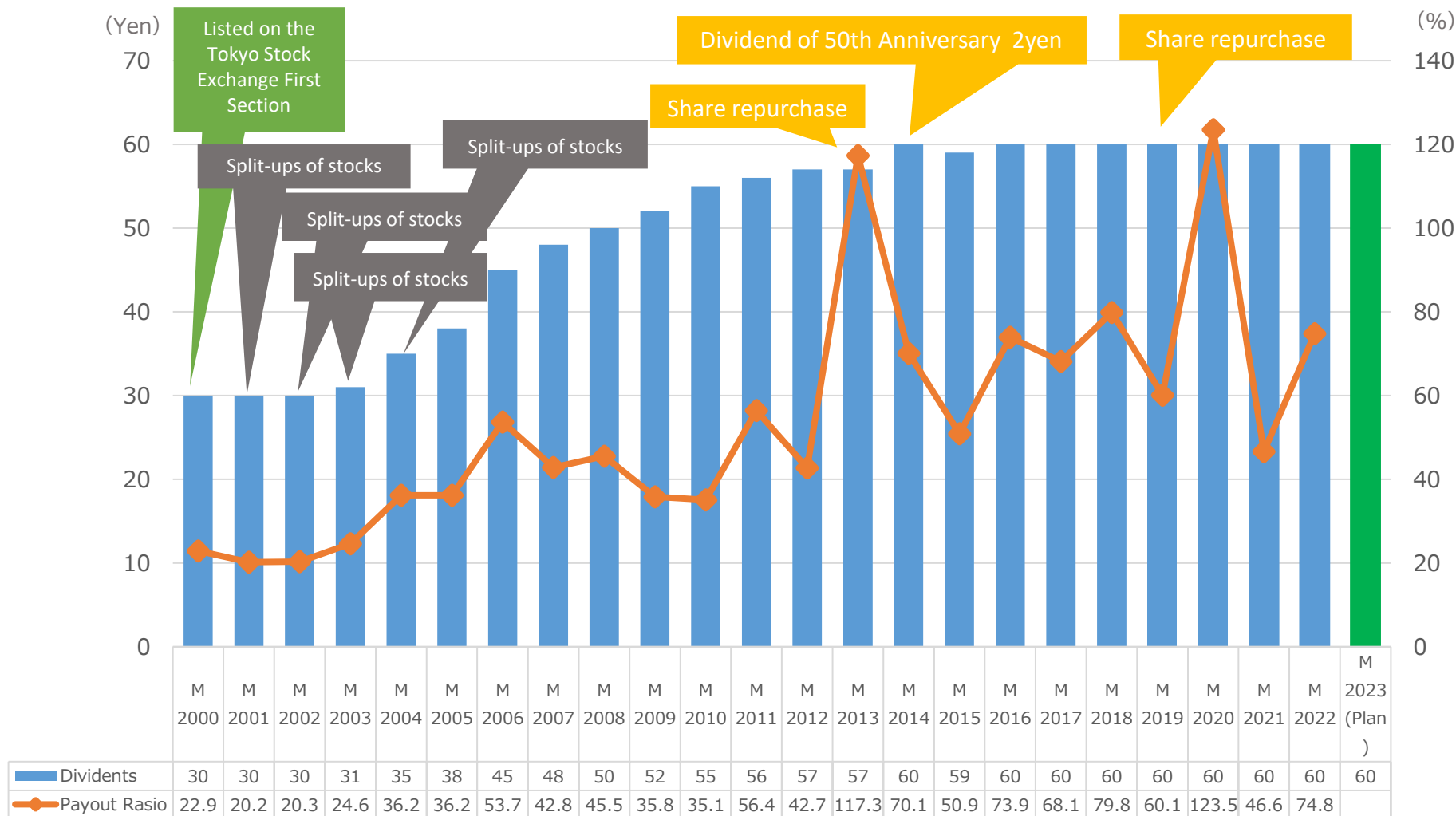
※ Construction of Taiwan Third is currently postponed.

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About Dividends

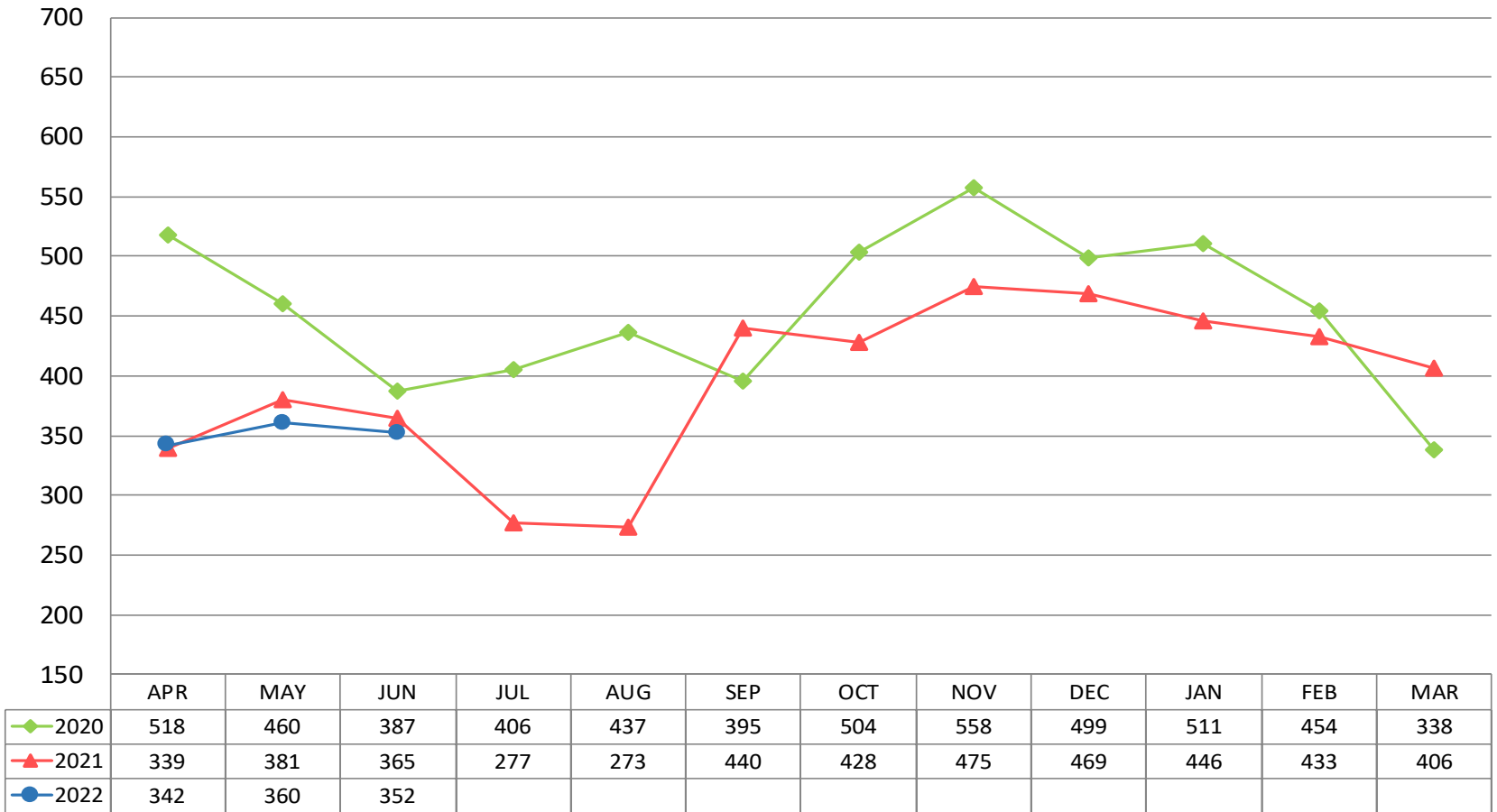


Maintain stable dividends In regards to the future
(Plan to defer for the current fiscal year)

▶▶ (Ref) Change of Bunashimeji Market Price

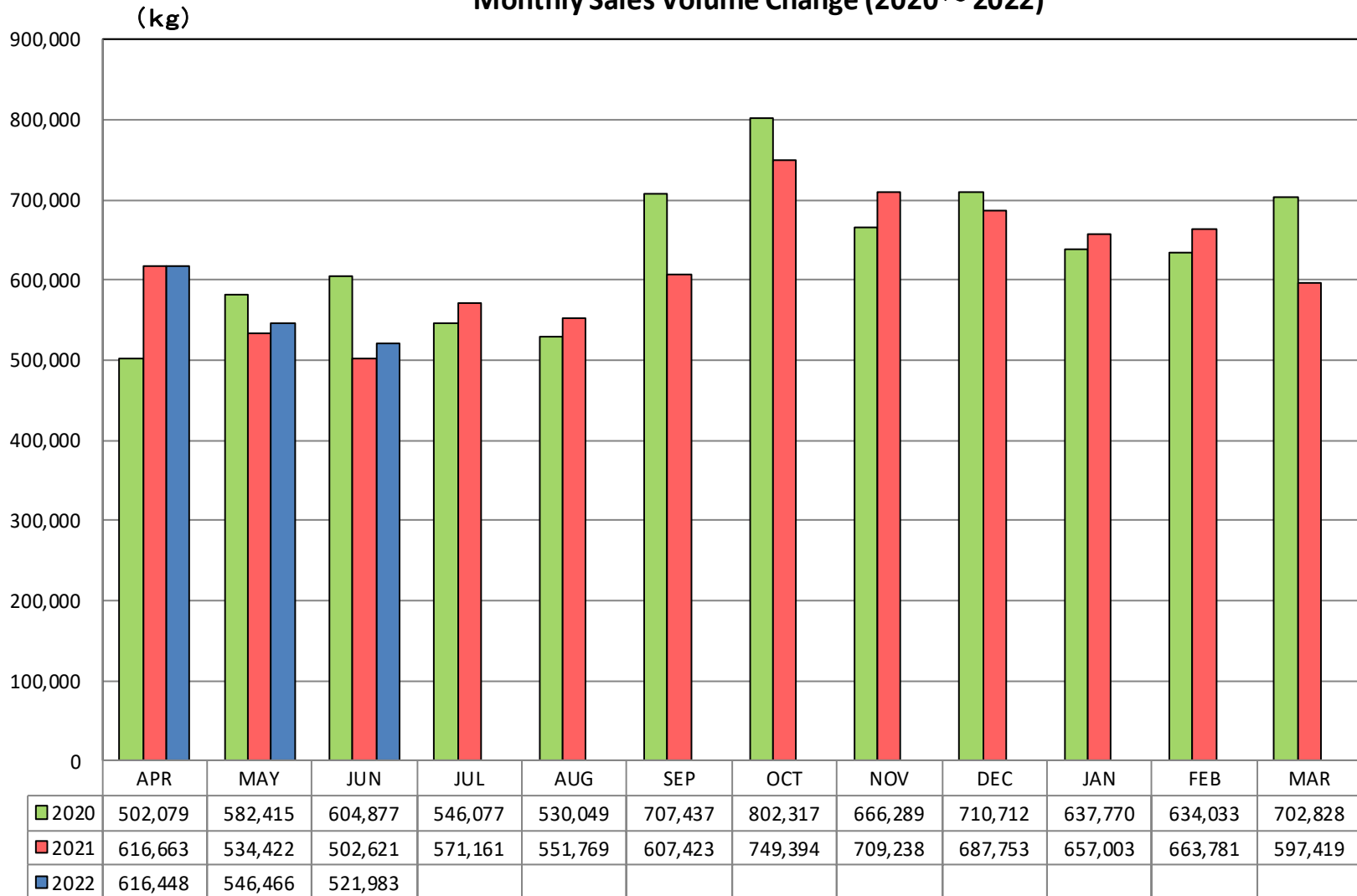
(Yen/kg)

Monthly Price Change (2020~2022)



Avr. Price
456
399
351

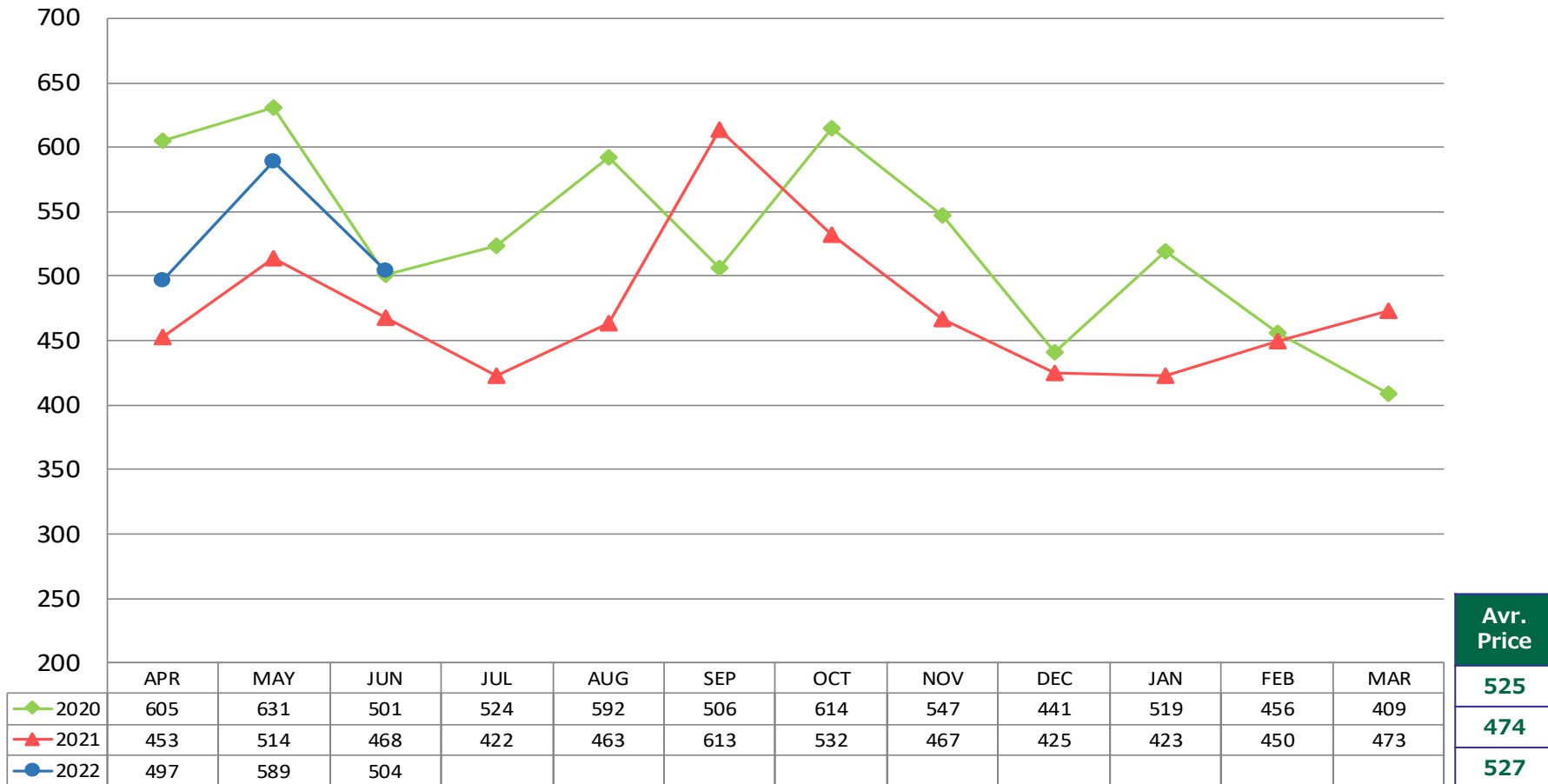
Monthly Sales Volume Change (2020 ~ 2022)



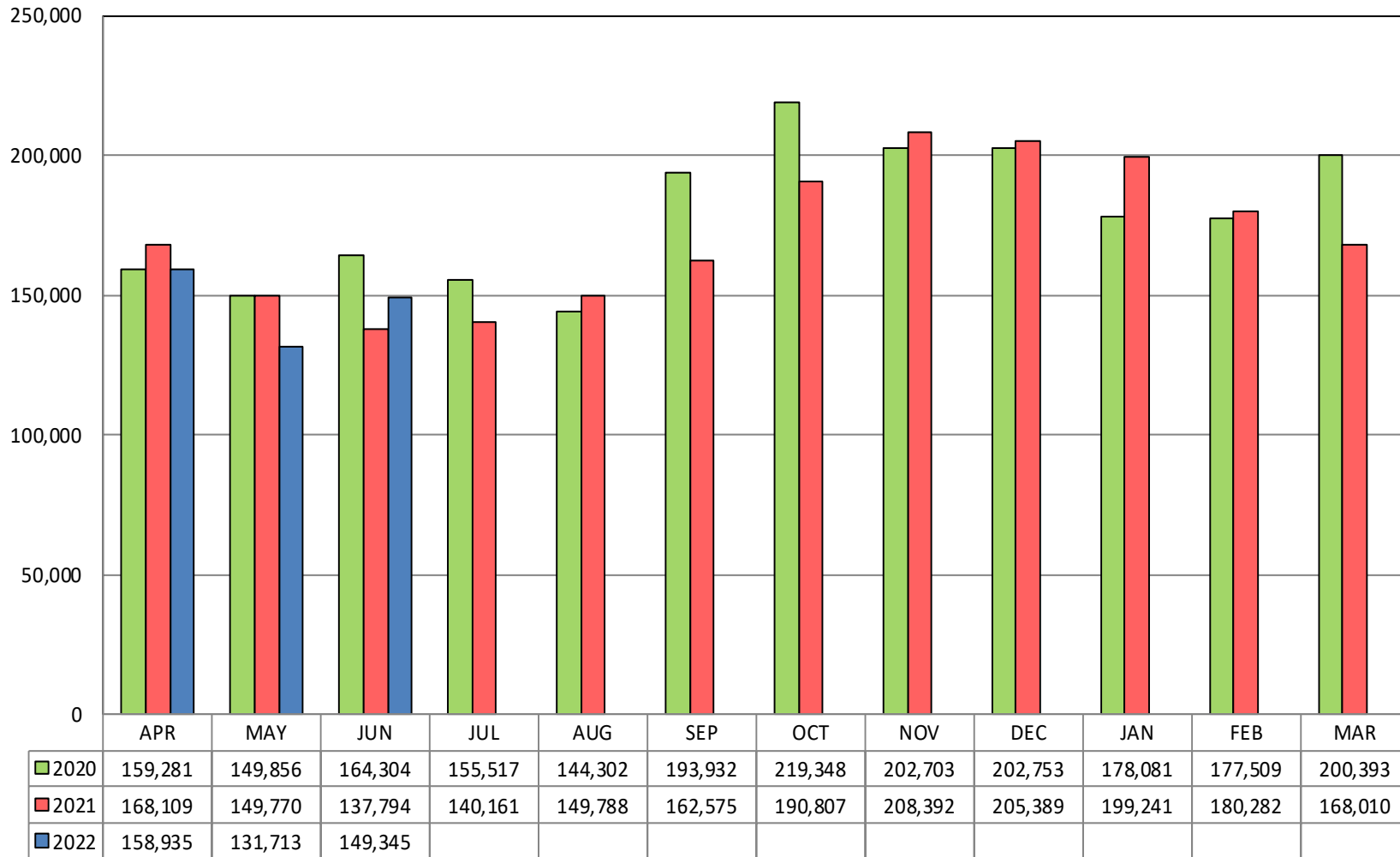
Yearly Sales Volume
7,626,883
7,448,647
1,684,897

Monthly Price Change (2020~2022)

(Yen/kg)



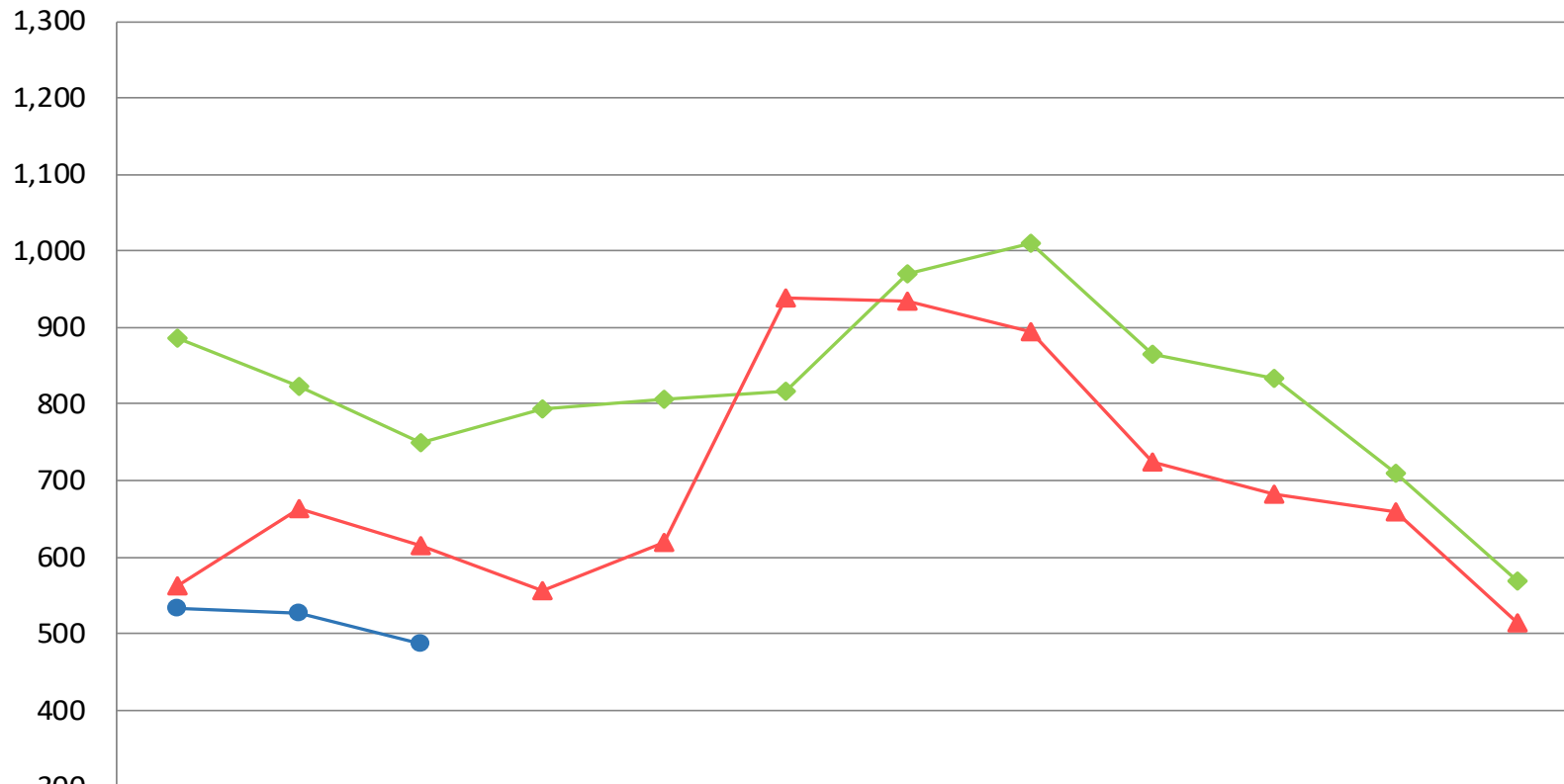
(kg) Monthly Sales Volume Change (2020~2022)



Yearly Sales Volume
2,147,979
2,060,318
439,993

Monthly Price Change (2020~2022)

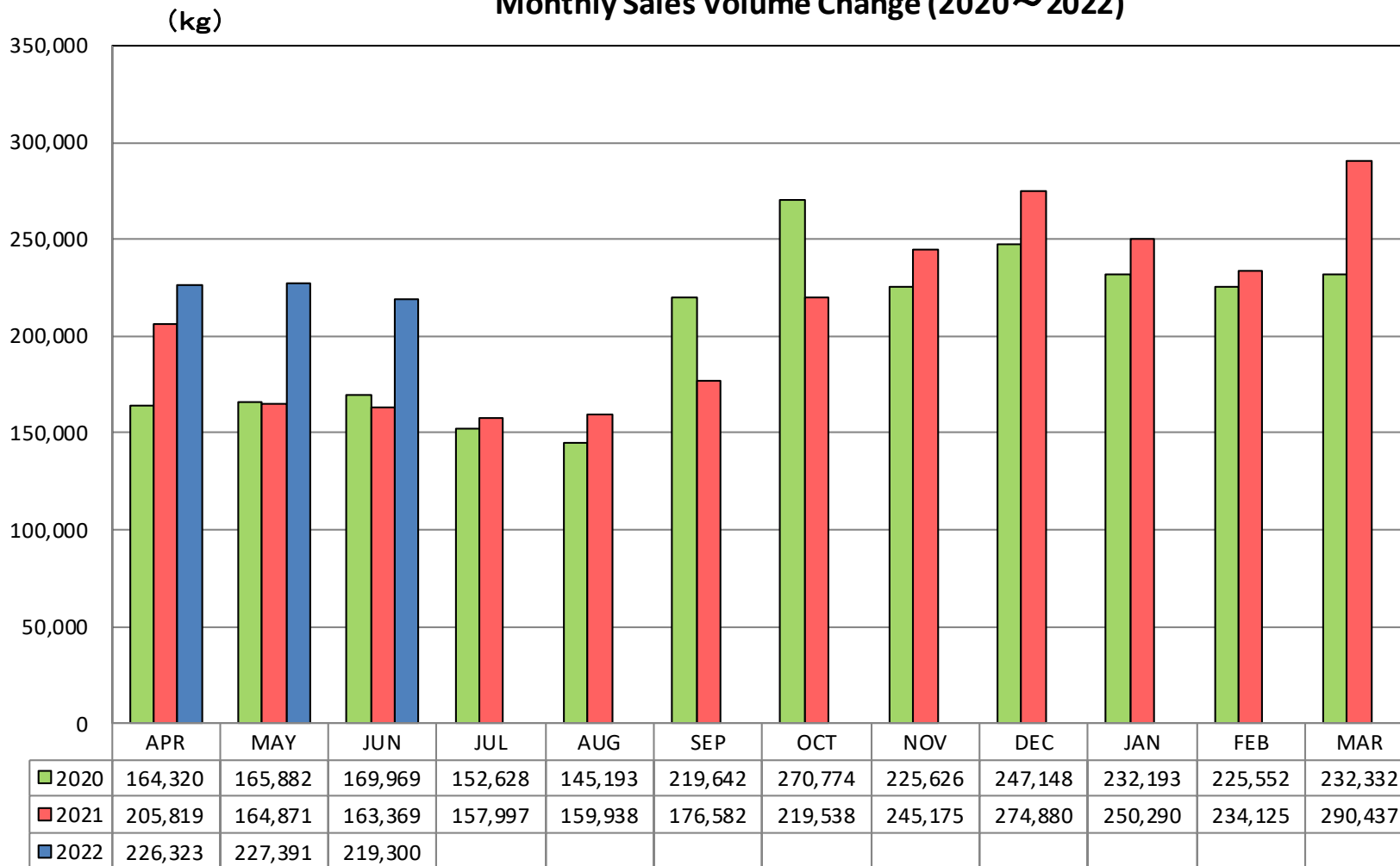
(Yen/kg)



	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
◆ 2020	886	822	749	794	806	816	970	1,010	866	834	708	568
▲ 2021	562	663	616	557	618	939	935	894	725	682	659	514
● 2022	533	526	486									

Avr. Price
823
699
515

Monthly Sales Volume Change (2020~2022)



Yearly Sales Volume
2,543,021
2,543,021
673,014



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 : 64,483 mil. yen
 (As of the end of June 2022)
 Shareholders' equity : 53,798 mil.yen
 Number of employees : 4,129
 Main business : Mushroom
 Production/Distribution/ R&D
 (As of the end of March 2022)



Hokuto Industry Corporation
 •Industrial Supply
 Production/Distribution



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



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



Arden
Arden Incorporated
 •Retort pouch food production

Sun Medica Co., Ltd.

Mushroom Wisdom, Inc,



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

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HOKUTO Corporation

