

HOKUTO Corporation

Consolidated Financial Results for the third quarter Ended December 31, 2022

February, 2023



**1. The financial report for the third quarter
Ended December 31, 2022**

2. Recent Activities

3. Reference material

◆ **Consolidated**

(Millions of yen)

	3Q ended Dec. 31, 2022	3Q ended Dec. 31, 2021	YoY
Net sales	53,859	52,539	102.5%
Operating profit	△3,080	1,440	—
Profit attributable to owners of parent	△1,703	1,253	—

◆ **Individual**

(Millions of yen)

	3Q ended Dec. 31, 2022	3Q ended Dec. 31, 2021	YoY
Net sales	36,255	36,106	100.4%
Operating profit	△3,346	537	—
Profit attributable to owners of parent	△1,433	851	—

Revenue in Japan increased in line with an expansion in sales volume, although mushroom prices remained weak due to low prices in the vegetable market. On the other hand, higher production costs resulting from rising crude oil prices caused operating profit to fall below the previous year's level.

◆ **By Segment**

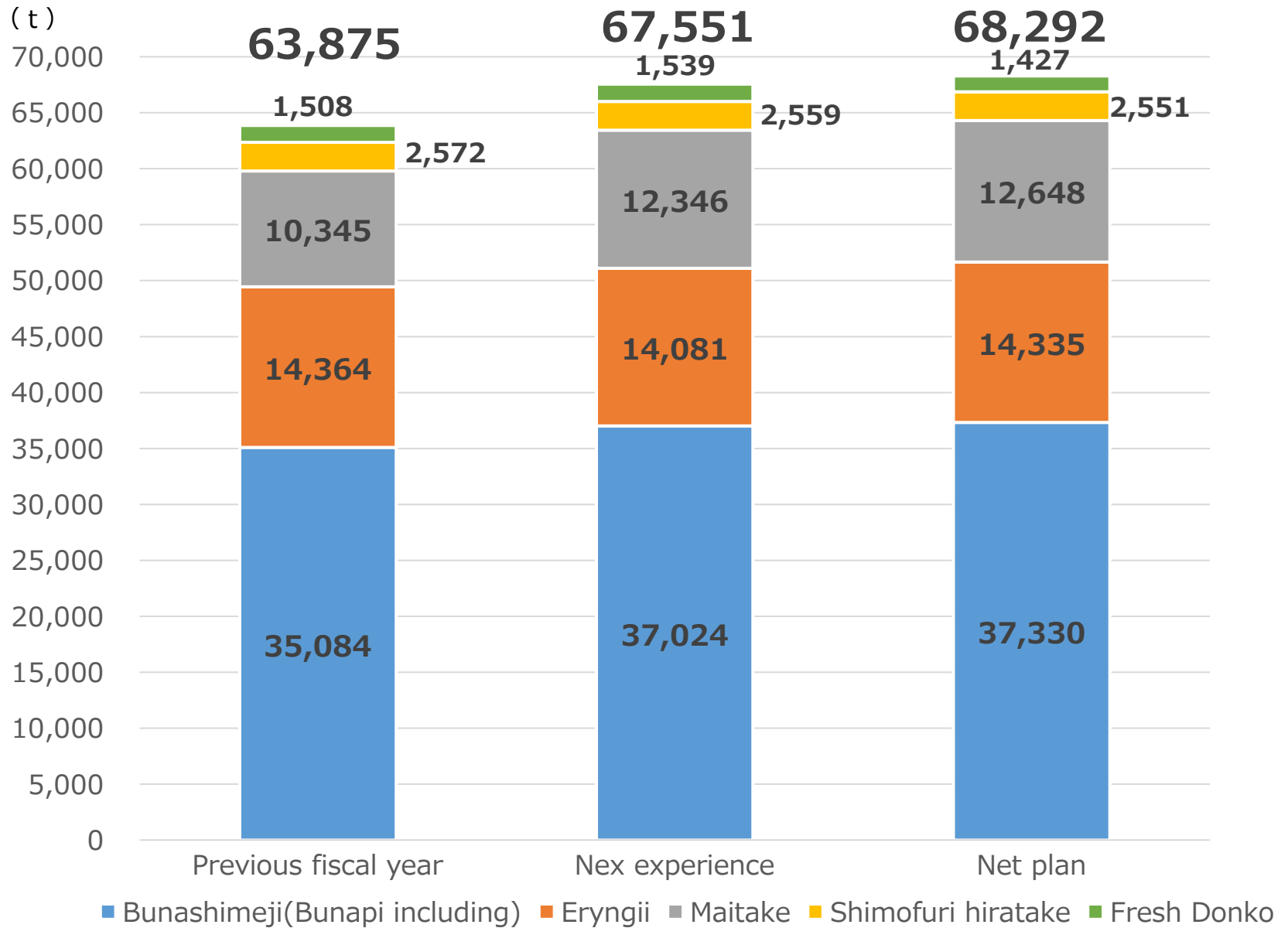
(Millions of yen)

	Mushroom business in Japan		Mushroom business outside Japan		Processed products business		Chemical products business	
	3Q ended Dec. 31, 2022	YoY	3Q ended Dec. 31, 2022	YoY	3Q ended Dec. 31, 2022	YoY	3Q ended Dec. 31, 2022	YoY
Net sales	34,118	100.6%	4,734	103.4%	6,183	104.9%	8,822	108.1%
Operating profit	△1,962	—	△29	—	236	62.4%	177	116.5%

(Millions of yen)

	3Q ended Dec. 31, 2021	3Q ended Dec. 31, 2022	YoYchange	YoY
Net sales	52,539	53,859	1,319	102.5%
Gross profit	12,910	8,889	△4,020	68.9%
Gross profit margin	24.6%	16.5%		
Selling, general and administrative expenses	11,470	11,969	499	104.4%
Operating profit	1,440	△3,080	△4,520	—
Operating profit margin	2.7%	△5.7%		
Ordinary profit	1,965	△2,082	△4,047	—
Ordinary profit margin	3.7%	△3.9%		
Profit attributable to owners of parent	1,253	△1,703	△2,956	—
Net profit margin	2.4%	△3.2%		
Earnings per share	39.77	△53.90		

▶▶ Changes in mushroom production



(Millions of yen)

		3Q ended Dec. 31, 2021	3Q ended Dec. 31, 2022	YoYchange	YoY
Mushroom business in Japan	Net sales	33,904	34,118	213	100.6%
	Operating profit	1,823	△1,962	△3,785	—
Mushroom business outside Japan	Net sales	4,577	4,734	156	103.4%
	Operating profit	591	△29	△621	—
Processed products business	Net sales	5,896	6,183	287	104.9%
	Operating profit	379	236	△142	62.4%
Chemical products business	Net sales	8,160	8,822	661	108.1%
	Operating profit	152	177	25	116.5%

	cf. Previous year	cf. Plan
Bunashimeji	96.3%	89.3%
Eryngii	99.4%	91.9%
Maitake	81.9%	78.7%
Shimofuri hiratake	92.0%	81.0%

A fine weather streak coupled with high temperatures have kept vegetable prices—and unit mushroom prices—at low levels, although vegetable prices picked up temporarily as a result of cooler-than-normal temperatures starting in October.

	cf. Previous year	cf. Plan
Bunashimeji	106.2%	99.3%
Eryngii	98.8%	98.6%
Maitake	120.2%	97.8%
Shimofuri hiratake	99.5%	100.3%

Production of bunashimeji and maitake mushrooms expanded after Mie Mushroom Centers began full-capacity operation.

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

		3Q ended Dec. 31, 2021	3Q ended Dec. 31, 2022	YoYchange	YoY
U.S.A (US\$)	Net sales	17,460,856	16,254,939	△ 1,205,917	93.1%
	Operating profit	△ 276,965	△ 3,182,770	△ 2,905,805	—
	ROE	115.02	132.70		
Taiwan (NT\$)	Net sales	509,844,377	493,197,754	△ 16,646,623	96.7%
	Operating profit	126,264,335	90,957,182	△ 35,307,153	72.0%
	ROE	4.15	4.33		
Malaysia (RM)	Net sales	15,903,953	13,959,425	△ 1,944,528	87.8%
	Operating profit	△ 286,246	△ 2,005,535	△ 1,719,289	—
	ROE	27.58	30.05		

(Millions of yen)

	Revised Plan	3Q ended Dec. 31, 2022	Plan difference	cf. Plan
Net sales	55,383	53,859	△1,524	97.2%
Gross profit	10,328	8,889	△1,438	86.1%
Gross profit margin	18.6%	16.5%		
Selling, general and administrative expenses	12,143	11,969	△174	98.6%
Operating profit	△1,815	△3,080	△1,264	—
Operating profit margin	△3.3%	△5.7%		
Ordinary profit	122	△2,082	△2,205	—
Ordinary profit margin	0.2%	△3.9%		

Both net sales and operating profit fell short of the figures shown in the revised plan.

(Millions of yen)

		Revised Plan	3Q ended Dec. 31, 2022	Plan difference	cf. Plan
Mushroom business in Japan	Net sales	35,449	34,118	△1,330	96.2%
	Operating profit	△596	△1,962	△1,366	—
Mushroom business outside Japan	Net sales	4,791	4,734	△56	98.8%
	Operating profit	△44	△29	14	—
Processed products business	Net sales	6,498	6,183	△315	95.1%
	Operating profit	247	236	△10	95.7%
Chemical products business	Net sales	8,644	8,822	178	102.1%
	Operating profit	146	177	31	121.5%

		Initial plan	3Q ended Dec. 31, 2022	Plan difference	cf. Plan
U.S.A (US\$)	Net sales	14,940,000	16,254,939	1,314,939	108.8%
	Operating profit	△ 3,060,000	△ 3,182,770	△ 122,770	—
	ROE	116.00	132.70		
Taiwan (NT\$)	Net sales	517,000,000	493,197,754	△23,802,246	95.4%
	Operating profit	88,000,000	90,957,182	2,957,182	103.4%
	ROE	4.00	4.33		
Malaysia (RM)	Net sales	18,110,000	13,959,425	△4,150,575	77.1%
	Operating profit	440,000	△2,005,535	△2,445,535	—
	ROE	27.00	30.05		

Previously announced forecasts (Announced November 11) (Millions of yen)

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (yen)
75,200	△960	990	320	10.12



Revised forecasts (Announced February 10)

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share (yen)
73,600	△2,630	△1,670	△1,590	△50.29

Previously announced forecasts (Announced November 11) (Millions of yen)

Net sales	Operating profit	Ordinary profit	Profit	Earnings per share (yen)
52,000	△1,470	920	580	18.35



Revised forecasts (Announced February 10)

Net sales	Operating profit	Ordinary profit	Profit	Earnings per share (yen)
50,400	△2,970	△2,390	△1,960	△61.99

1. The financial report for the third quarter Ended December 31, 2022

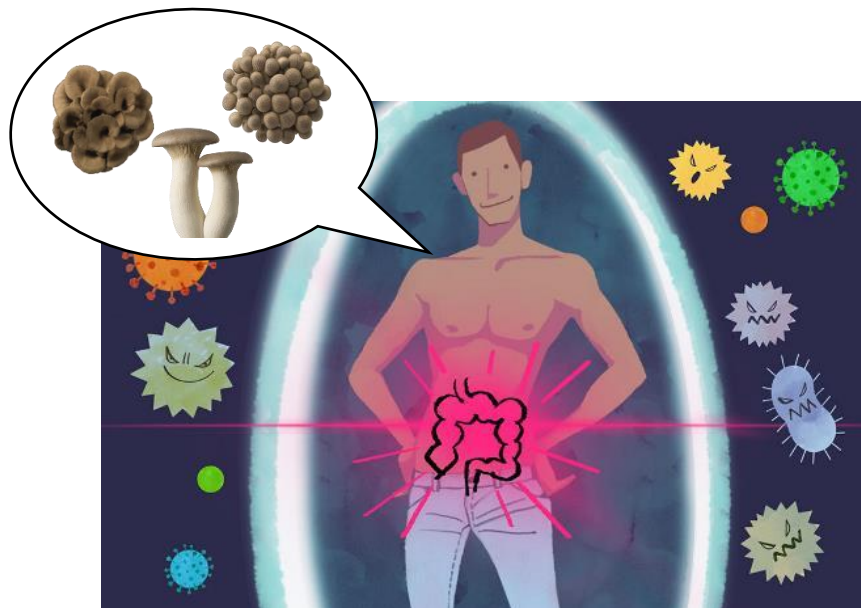
2. Recent Activities

3. Reference material

[Joint research by HOKUTO Corporation and Metagen, Inc.]

Clinical trials have demonstrated that continuous consumption of mushrooms helps improve immune functions.

As a society, we have been compelled to live with an acute awareness of the risk of infections over the last few years. This is one reason why many consumers today look to foods that can enhance immune functions when selecting a food item. It is said that some 70% of the cells associated with immune functions are found in the intestines. In view of the close link between the intestinal environment and the immune system, keeping a good intestinal environment is believed to be helpful in improving immune function. In our joint research, we conducted clinical trials to assess the effects of mushroom intake on the intestinal environment and prevention of infections.



Continuous consumption of mushrooms for four weeks has been shown to increase the levels of short-chain fatty acids ⁽¹⁾ and promote IgA production ⁽²⁾ in the intestines, resulting in enhanced immunity in humans.

On December 21, 2022, the results of this research were accepted for publication in the scientific journal "Frontiers in Nutrition."

(Published on January 9, 2023: [Frontiers | Dietary supplement of mushrooms promotes SCFA production and moderately associates with IgA production: A pilot clinical study \(frontiersin.org\)](https://www.frontiersin.org/journal/10.3389/fnut.2023.1088111))

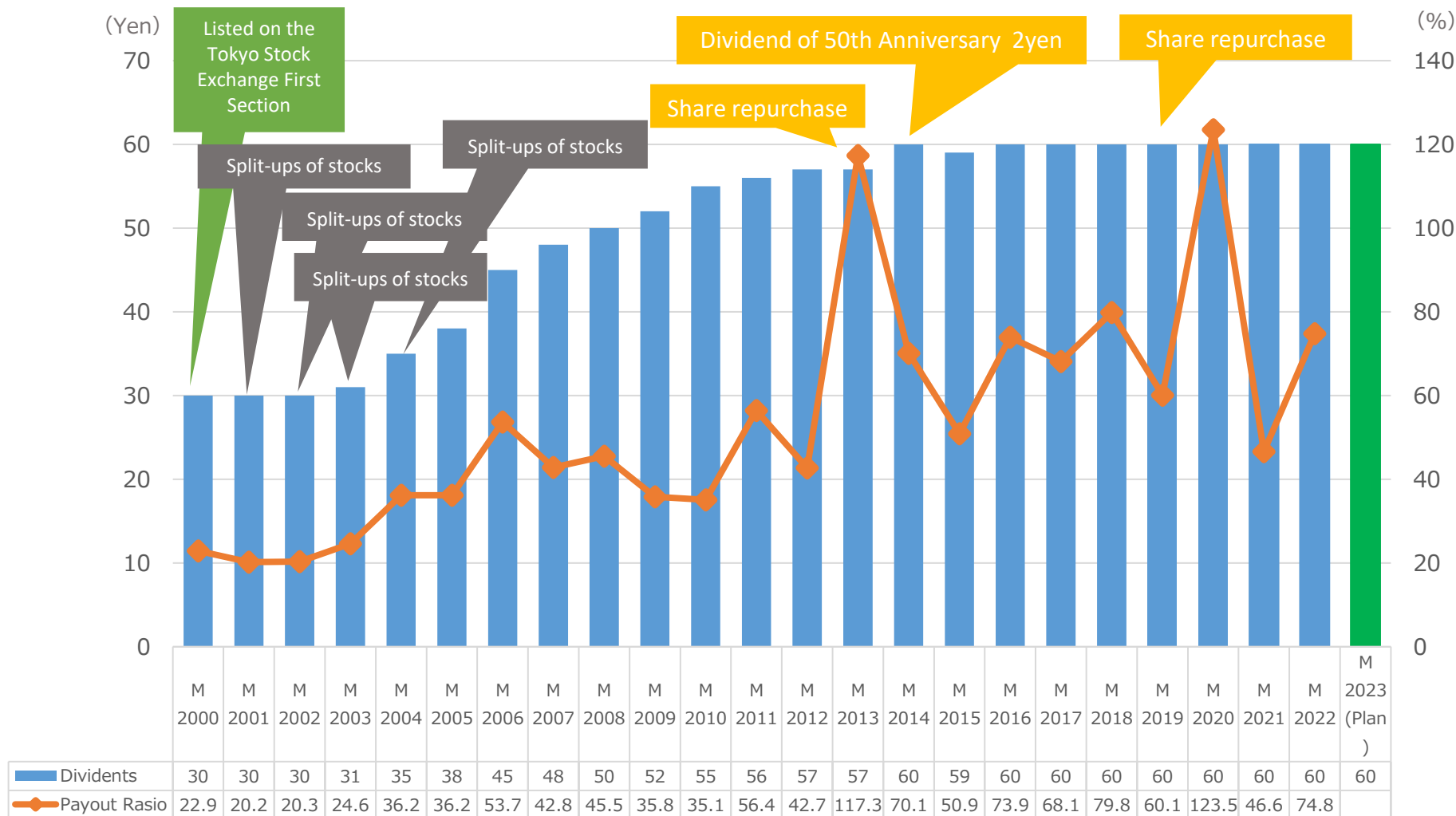
- (1) Short-chain fatty acids, which are one of the important substances produced by intestinal bacteria, are known to control obesity, improve sleep, prevent depression, and improve immune function through the intestinal environment.
- (2) Immunoglobulin A is an antibody that works on the body's mucous membranes to stop bacteria and viruses from entering the body. It is known to assist in the defense against infection.

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▶▶ About Dividends

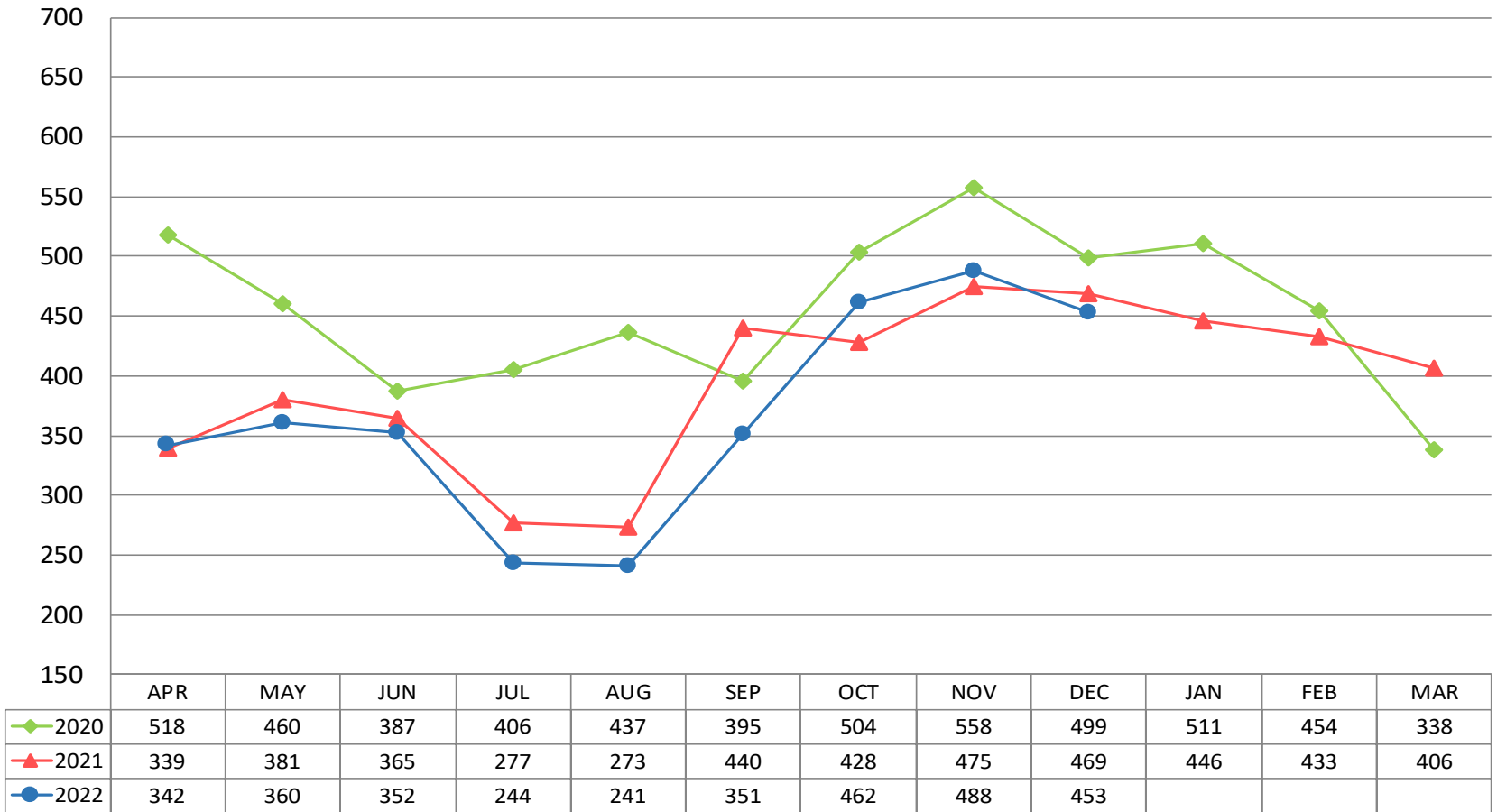


Maintain stable dividends In regards to the future
(Plan to defer for the current fiscal year)

▶▶ (Ref) Change of Bunashimeji Market Price

(Yen/kg)

Monthly Price Change (2020~2022)

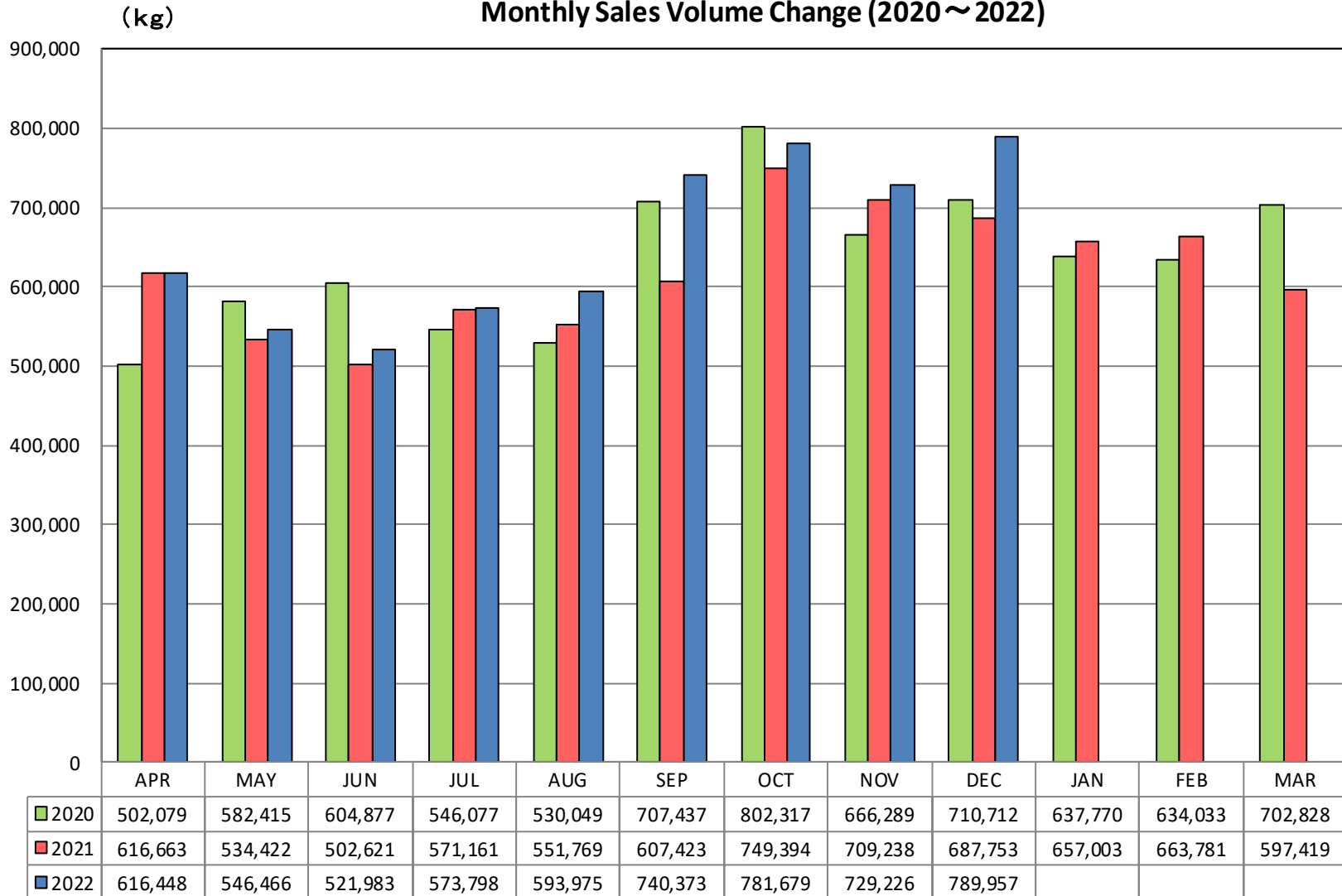


Avr. Price
456
399
375

▶▶ (Ref) Change of Bunashimeji Sales Volume



Monthly Sales Volume Change (2020~2022)



Yearly Sales Volume
7,626,883
7,448,647
5,893,905

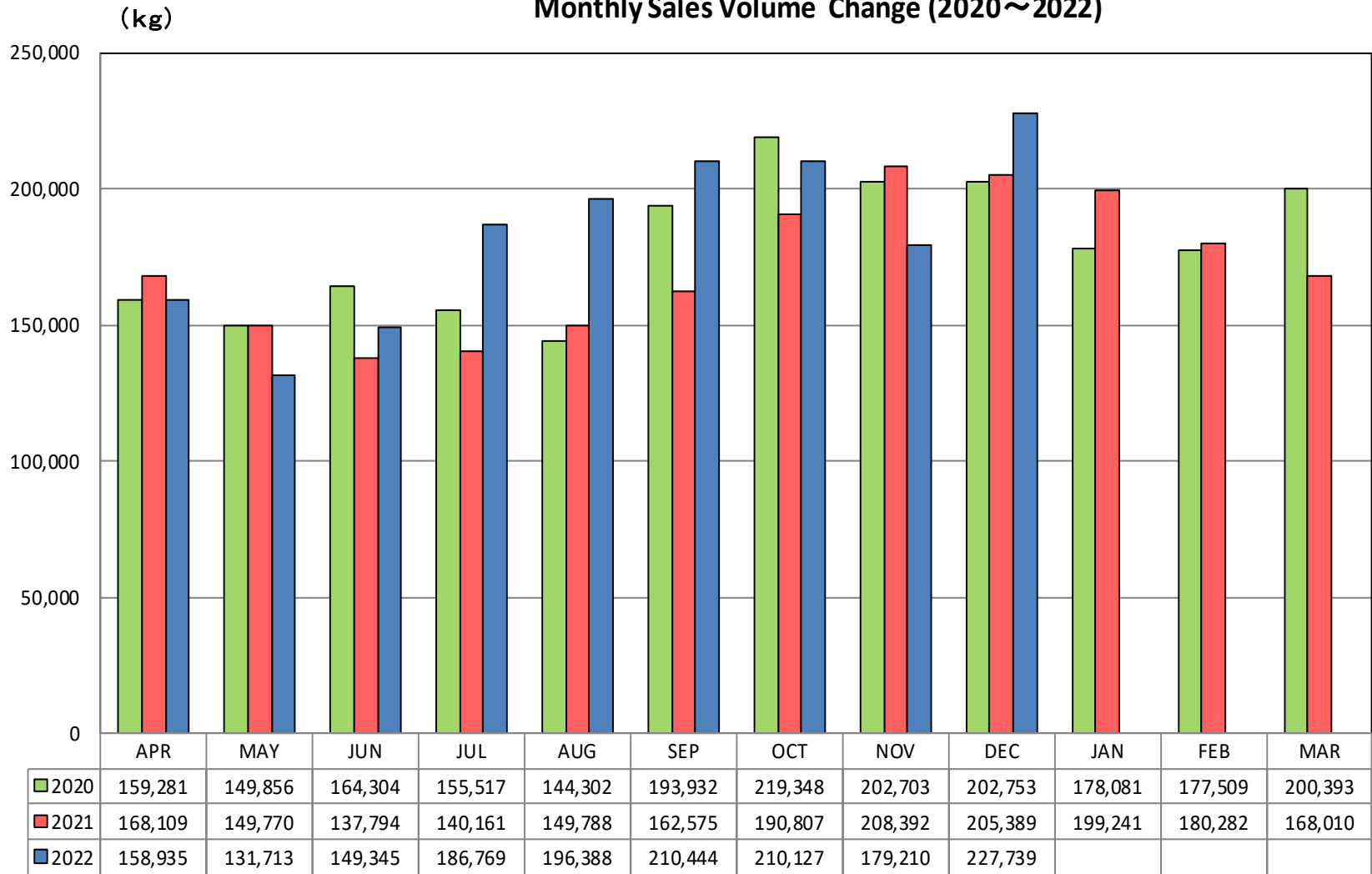
Monthly Price Change (2020~2022)

(Yen/kg)



Avr. Price
525
474
466

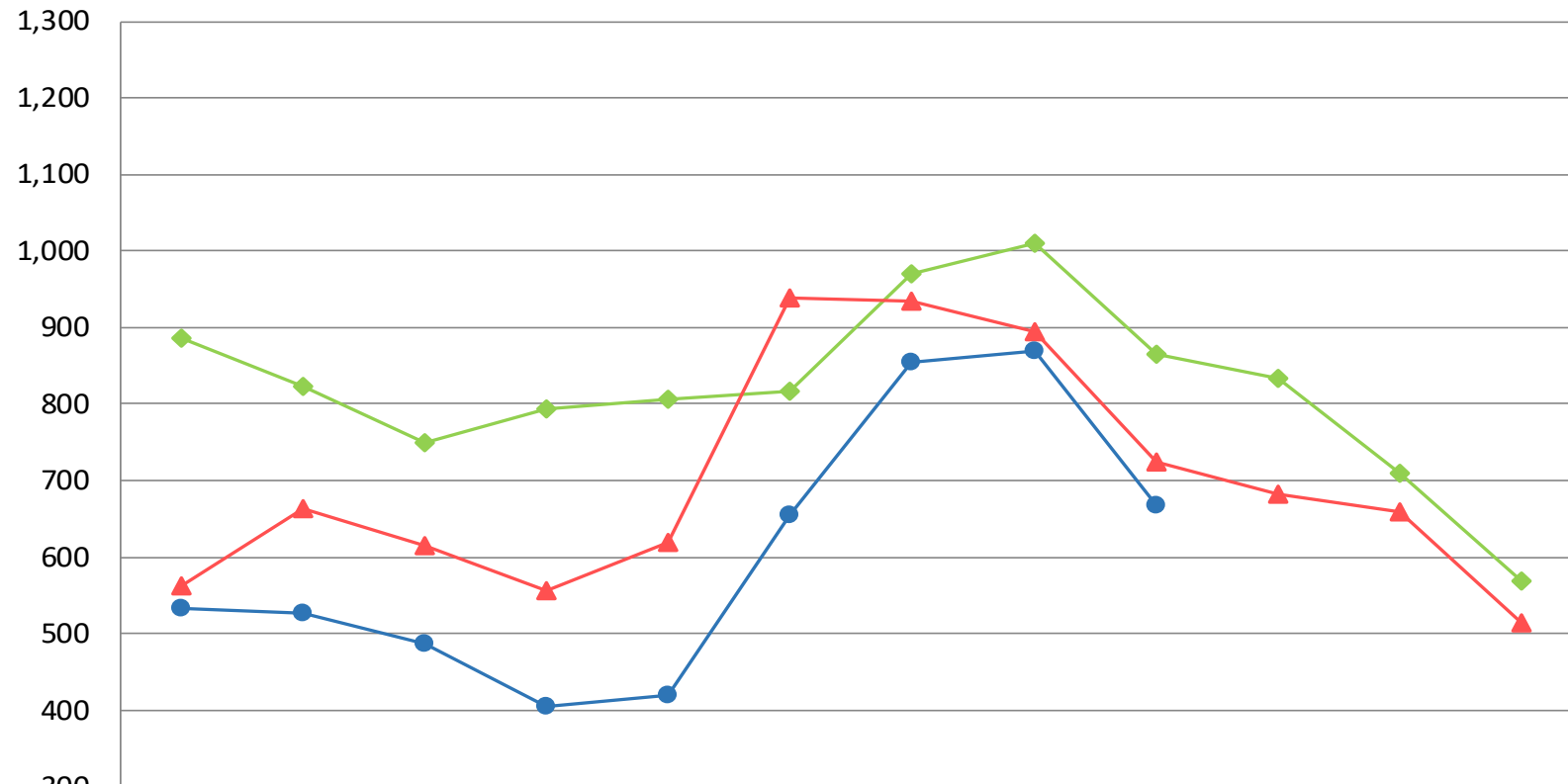
Monthly Sales Volume Change (2020~2022)



Yearly Sales Volume
2,147,979
2,060,318
1,650,670

Monthly Price Change (2020~2022)

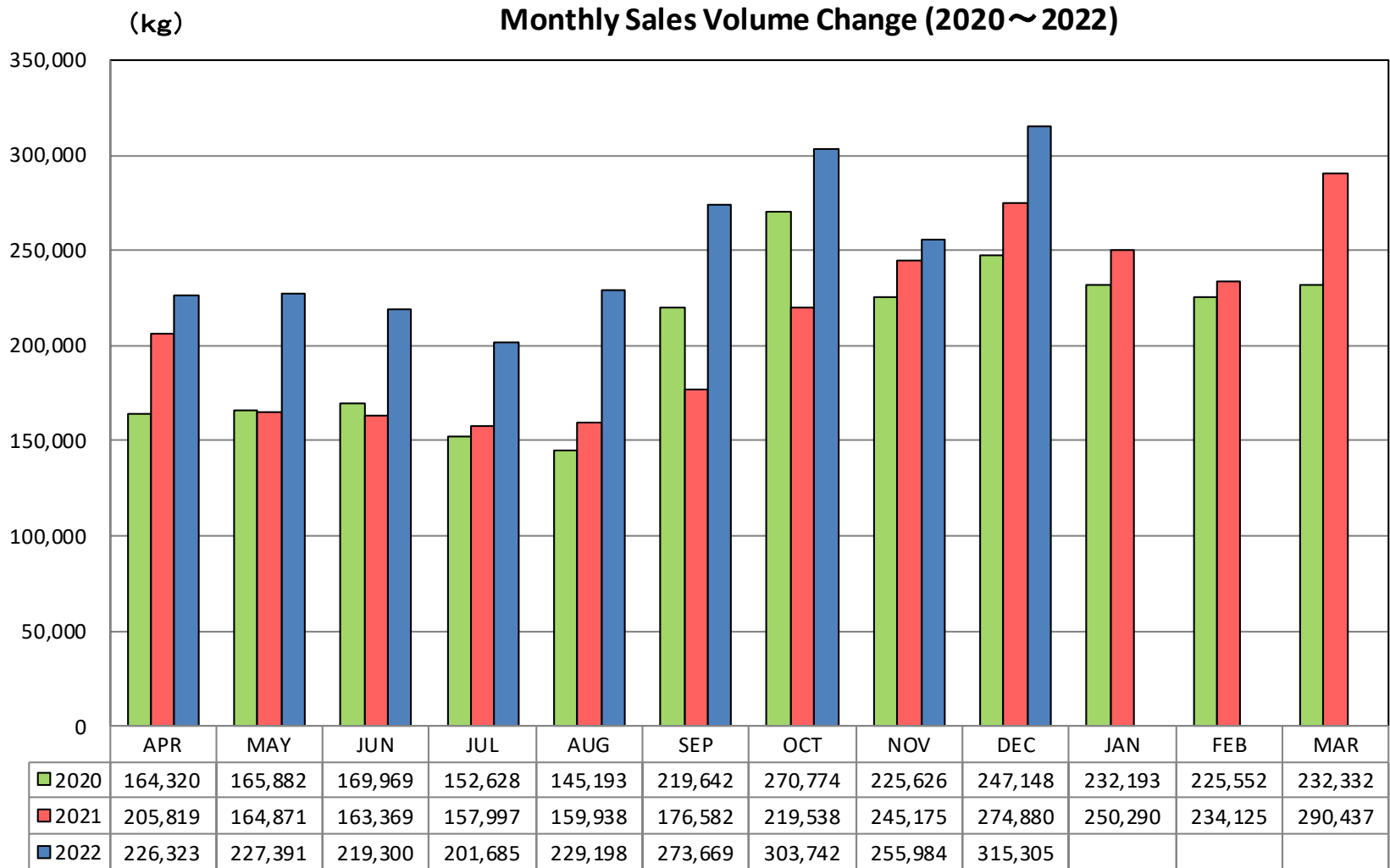
(Yen/kg)



	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	405	419	655	856	868	667			

Avr. Price
823
699
620

▶▶ (Ref) Change of Maitake Sales Volume





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 : 62,648 mil. yen
 (As of the end of December 2022)
 Shareholders' equity : 50,063 mil.yen
 Number of employees : 4,207
 Main business : Mushroom
 Production/Distribution/ R&D
 (As of the end of September 2022)



Hokuto Industry Corporation

• Industrial Supply
 Production/Distribution



HOKTO KINOKO COMPANY

• Mushroom Production/Distribution in
 North America



TAIWAN HOKUTO CORPORATION

• Mushroom Production/Distribution in
 Taiwan



Arden Incorporated

• Retort pouch food production



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HOKUTO Corporation

