

HOKUTO Corporation

Consolidated Financial Results for the Third Quarter Ended December 31, 2023

February, 2024



1. The financial report for the Third Quarter Ended December 31, 2023

2. Recent Activities

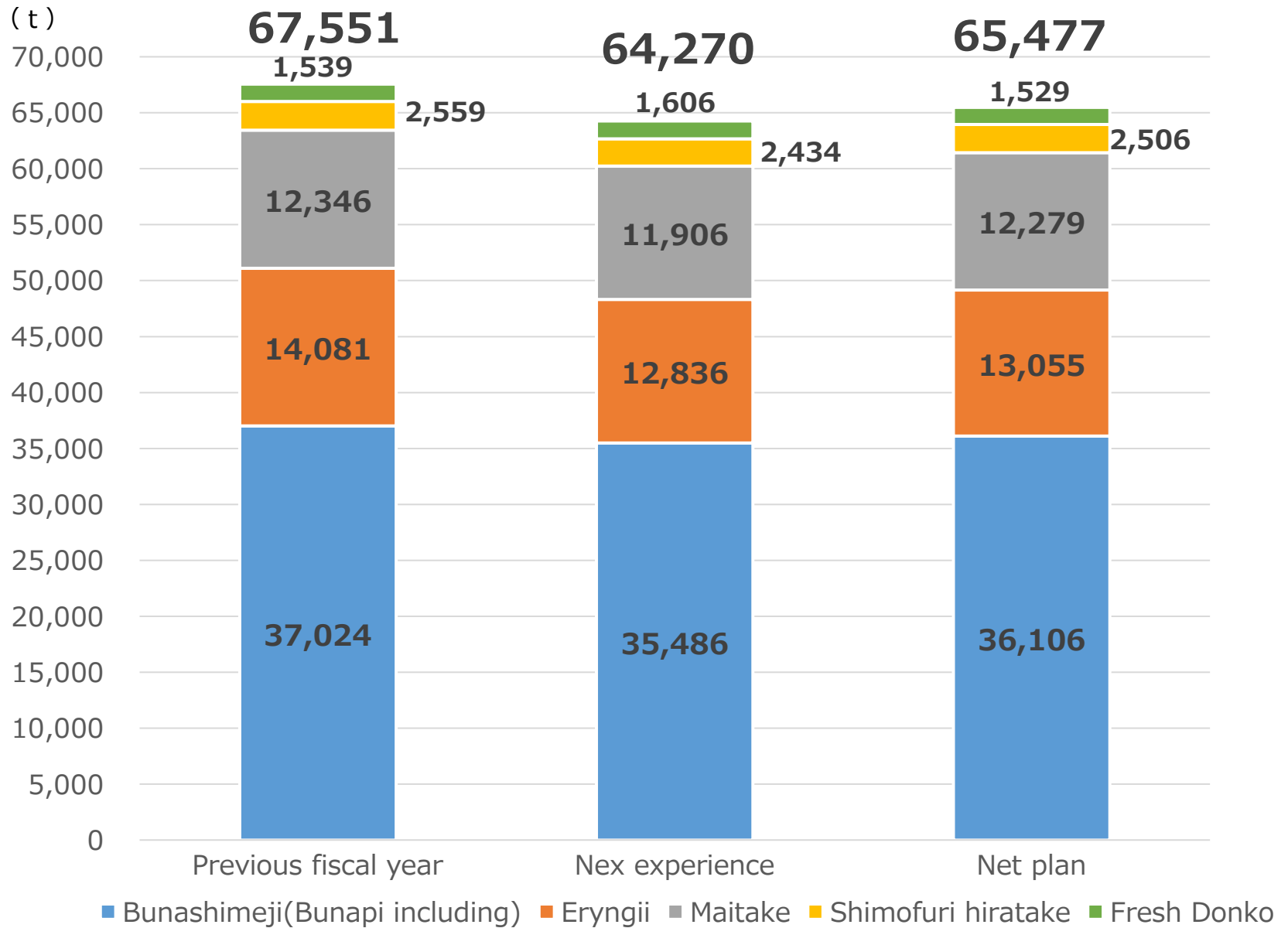
3. Reference material

In our main domestic mushroom business, prices in the vegetable market remained high, as many vegetables were in short supply due to high temperatures and drought. In this context, both net sales and operating profit increased year-on-year, with unit prices for mushrooms continuing their strong trend from the previous year, as a result of continued production adjustments.

(Millions of yen)

	3Q ended Dec. 31, 2022	3Q ended Dec. 31, 2023	YoYchange	YoY
Net sales	53,859	58,579	4,720	8.8%
Gross profit	8,889	13,556	4,666	52.5%
Gross profit margin(%)	16.5	23.1		
Selling, general and administrative expenses	11,969	12,119	150	1.3%
Operating profit	(3,080)	1,436	4,516	—
Operating profit margin(%)	(5.7)	2.5		
Ordinary profit	(2,082)	2,263	4,346	—
Ordinary profit margin(%)	(3.9)	3.9		
Profit attributable to owners of parent	(1,703)	1,473	3,177	—
Net profit margin(%)	(3.2)	2.5		
Earnings per share (Yen)	(53.90)	46.49		

▶▶ Changes in mushroom production



(Millions of yen)

		3Q ended Dec. 31, 2022	3Q ended Dec. 31, 2023	YoYchange	YoY
Mushroom business in Japan	Net sales	34,118	38,049	3,931	11.5%
	Operating profit	(1,962)	2,047	4,010	—
Mushroom business outside Japan	Net sales	4,734	5,522	788	16.6%
	Operating profit	(29)	459	489	—
Processed products business	Net sales	6,183	5,779	(403)	(6.5)%
	Operating profit	236	270	33	14.3%
Chemical products business	Net sales	8,822	9,227	405	4.6%
	Operating profit	177	178	0	0.4%

	cf. Previous year	cf. Plan
Bunashimeji	117.1%	102.5%
Eryngii	117.6%	98.1%
Maitake	116.6%	92.7%
Shimofuri hiratake	110.6%	87.0%

Unit prices for mushrooms gained strength compared to the previous year amid high prices in the vegetable market that were attributable to a decrease of the vegetable supply volume resulting from mild weather and production volume adjustments.

	cf. Previous year	cf. Plan
Bunashimeji	95.5%	98.3%
Eryngii	90.9%	99.1%
Maitake	95.8%	96.9%
Shimofuri hiratake	95.1%	97.1%

Results failed to meet the previous year or the planned targets due to adjustments in production volume.

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

		3Q ended Dec. 31, 2022	3Q ended Dec. 31, 2023	YoYchange	YoY
U.S.A. (US\$)	Net sales	16,254,939	20,361,126	4,106,187	25.3%
	Operating profit	(3,182,770)	354,351	3,537,121	—
	ROE	132.70	141.83		
Taiwan (NT\$)	Net sales	493,197,754	488,289,775	(4,907,979)	(1.0)%
	Operating profit	90,957,182	88,636,821	(2,320,361)	(2.6)%
	ROE	4.33	4.62		
Malaysia (RM)	Net sales	13,959,425	12,289,707	(1,669,718)	(12.0)%
	Operating profit	(2,005,535)	(3,503,473)	(1,497,938)	—
	ROE	30.05	30.83		

(Millions of yen)

	Initial plan	3Q ended Dec. 31, 2023	Plan difference	YoY
Net sales	60,200	58,579	(1,620)	(2.7)%
Gross profit	13,540	13,556	16	0.1%
Gross profit margin(%)	22.5	23.1		
Selling, general and administrative expenses	12,720	12,119	(600)	(4.7)%
Operating profit	820	1,436	616	75.2%
Operating profit margin(%)	1.4	2.5		
Ordinary profit	1,000	2,263	1,263	126.4%
Ordinary profit margin(%)	1.7	3.9		

Sales fell short of the plan due to sluggishness in unit prices for mushrooms. However, operating profit exceeded the plan on the back of cost curtailment achieved through production volume adjustments, etc.

(Millions of yen)

		Initial plan	3Q ended Dec. 31, 2023	Plan difference	cf. Plan
Mushroom business in Japan	Net sales	39,290	38,049	(1,240)	(3.2)%
	Operating profit	1,996	2,047	51	2.6%
Mushroom business outside Japan	Net sales	5,382	5,522	140	2.6%
	Operating profit	492	459	(32)	(6.6)%
Processed products business	Net sales	6,212	5,779	(433)	(7.0)%
	Operating profit	90	270	180	200.4%
Chemical products business	Net sales	9,320	9,227	(93)	(1.0)%
	Operating profit	180	178	(2)	(1.2)%

		Initial plan	3Q ended Dec. 31, 2023	Plan difference	YoY
U.S.A. (US\$)	Net sales	20,000,000	20,361,126	351,716	1.8%
	Operating profit	(110,000)	354,351	470,481	—
	ROE	131.80	141.83		
Taiwan (NT\$)	Net sales	505,000,000	488,289,775	(17,630,225)	(3.5)%
	Operating profit	98,000,000	88,636,821	(9,913,179)	(10.1)%
	ROE	4.30	4.62		
Malaysia (RM)	Net sales	16,410,000	12,289,707	(4,120,293)	(25.1)%
	Operating profit	(1,140,000)	(3,503,473)	(2,356,473)	—
	ROE	30.20	30.83		

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Hokuto invests in “Green Bonds” issued by Nagano Prefecture

On October 6, 2023, Hokuto decided to invest in Nagano Prefecture-issued Green Bonds as part of its ESG initiatives. Through business activities executed in accordance with this and other initiatives, we will continue our efforts to solve environmental, social, and economic issues and work toward the achievement of a sustainable society.

What are Green Bonds?

Green Bonds are issued to finance projects that represent positive steps toward climate change mitigation and adaptation to climate change. Investment in Green Bonds is considered as ESG investment.

Outline

Issue	Nagano Prefecture 2023 3rd round of publicly offered bonds (Green Bond [10-year])
Maturity	10 years
Issued amount	10 billion yen
Issue date	October 25, 2023

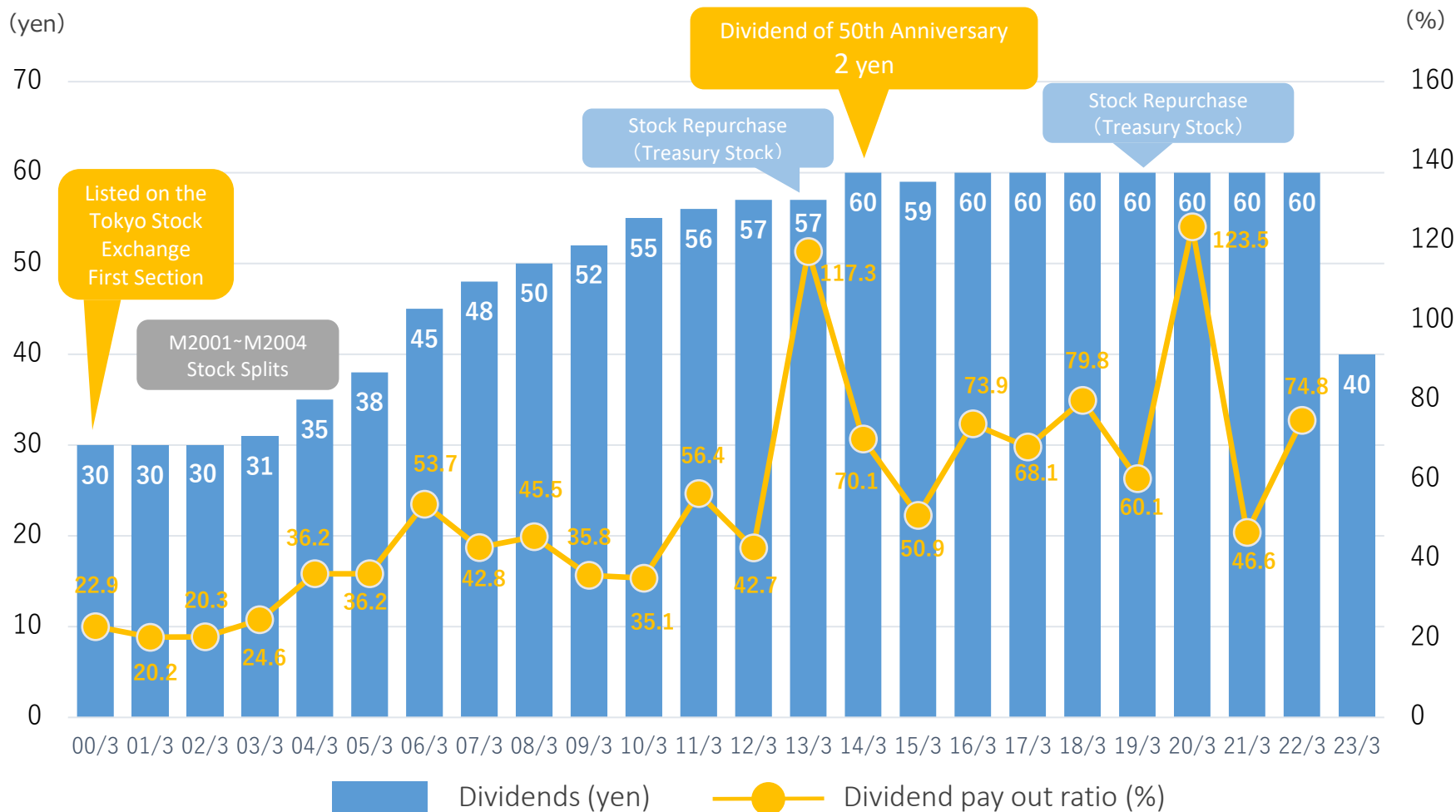
About the purchased green bonds

- ✓ The bonds have been verified by the Japan Credit Rating Agency, Ltd. as conforming with the “Green Bond Principles 2021” defined by the International Capital Market Association (ICMA) and “Ministry of the Environment Green Bond Guidelines 2022,” obtaining the highest rating of “Green 1.”
- ✓ The funds raised will be used for environmental measures implemented by Nagano Prefecture to achieve virtually zero carbon dioxide (CO₂) emissions by 2050 (mitigation) and to avoid/mitigate damage caused by natural disasters resulting from climate change (adaptation).

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Ended December 31, 2023**

2. Recent Activities

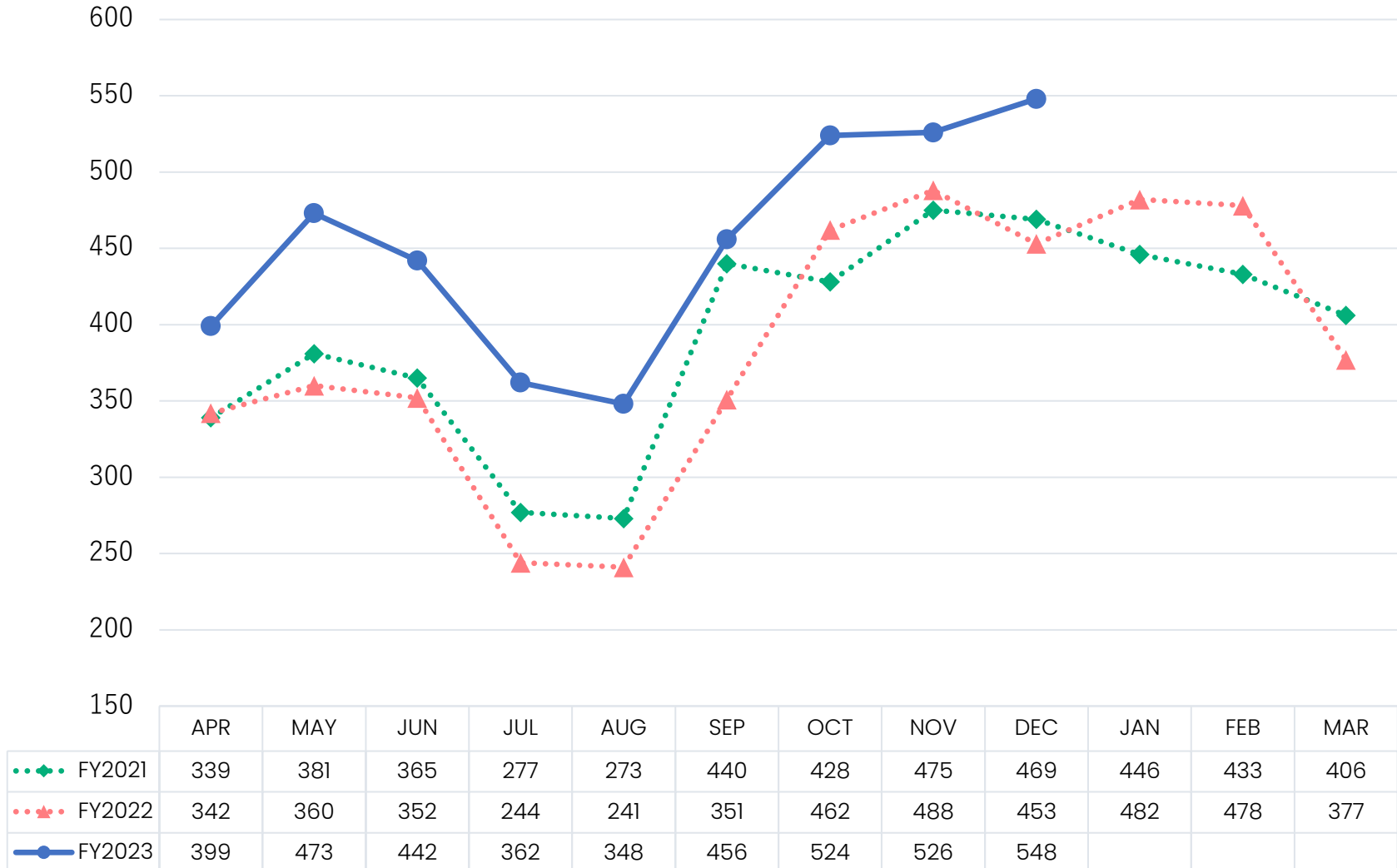
3. Reference material



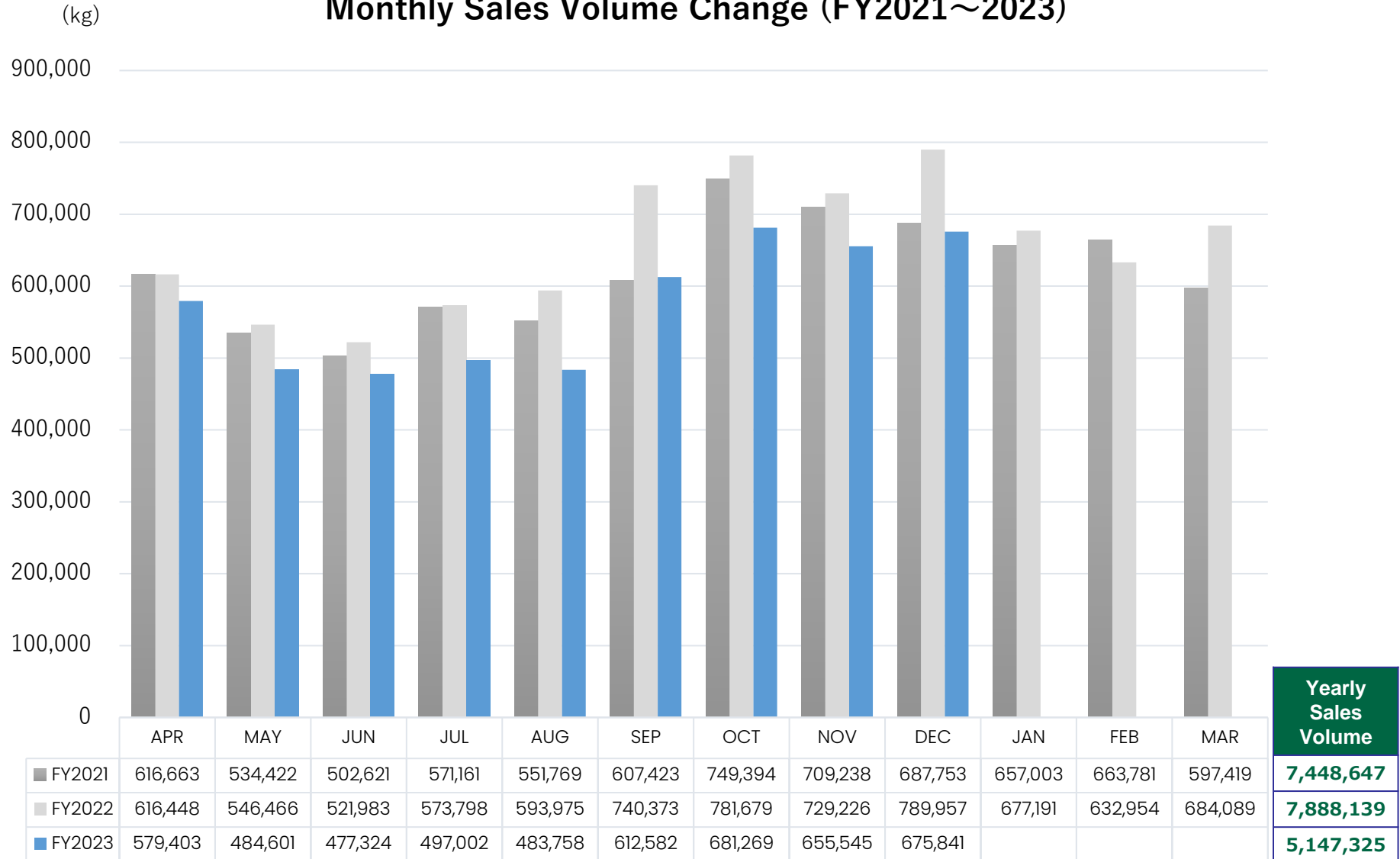
Interim dividend for the fiscal year ending March 2024 will be 10 yen.
Dividend for the end of the fiscal year not yet decided.

Monthly Price Change (FY2021~2023)

(Yen/kg)

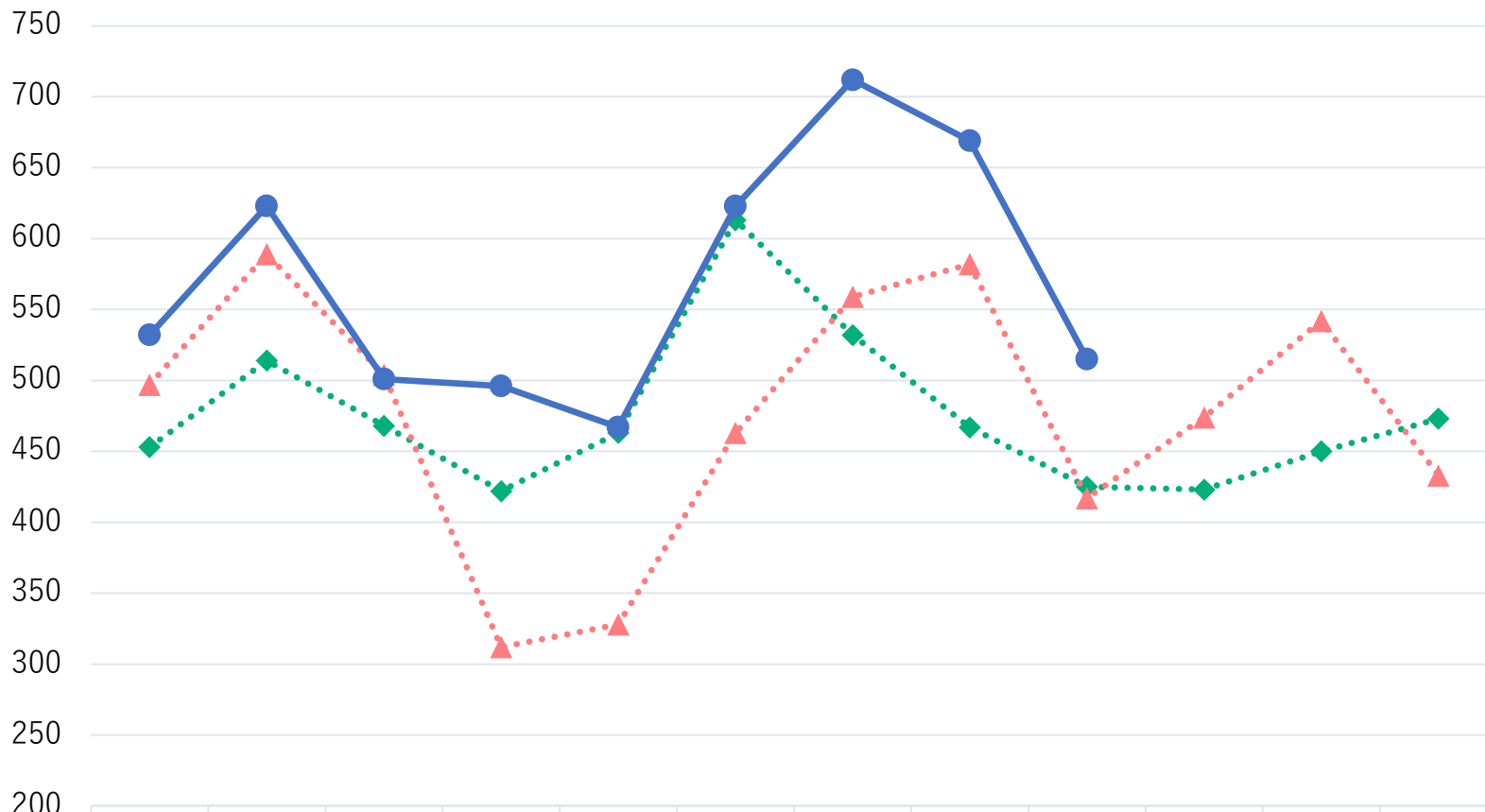


Monthly Sales Volume Change (FY2021~2023)



Monthly Price Change (FY2021~2023)

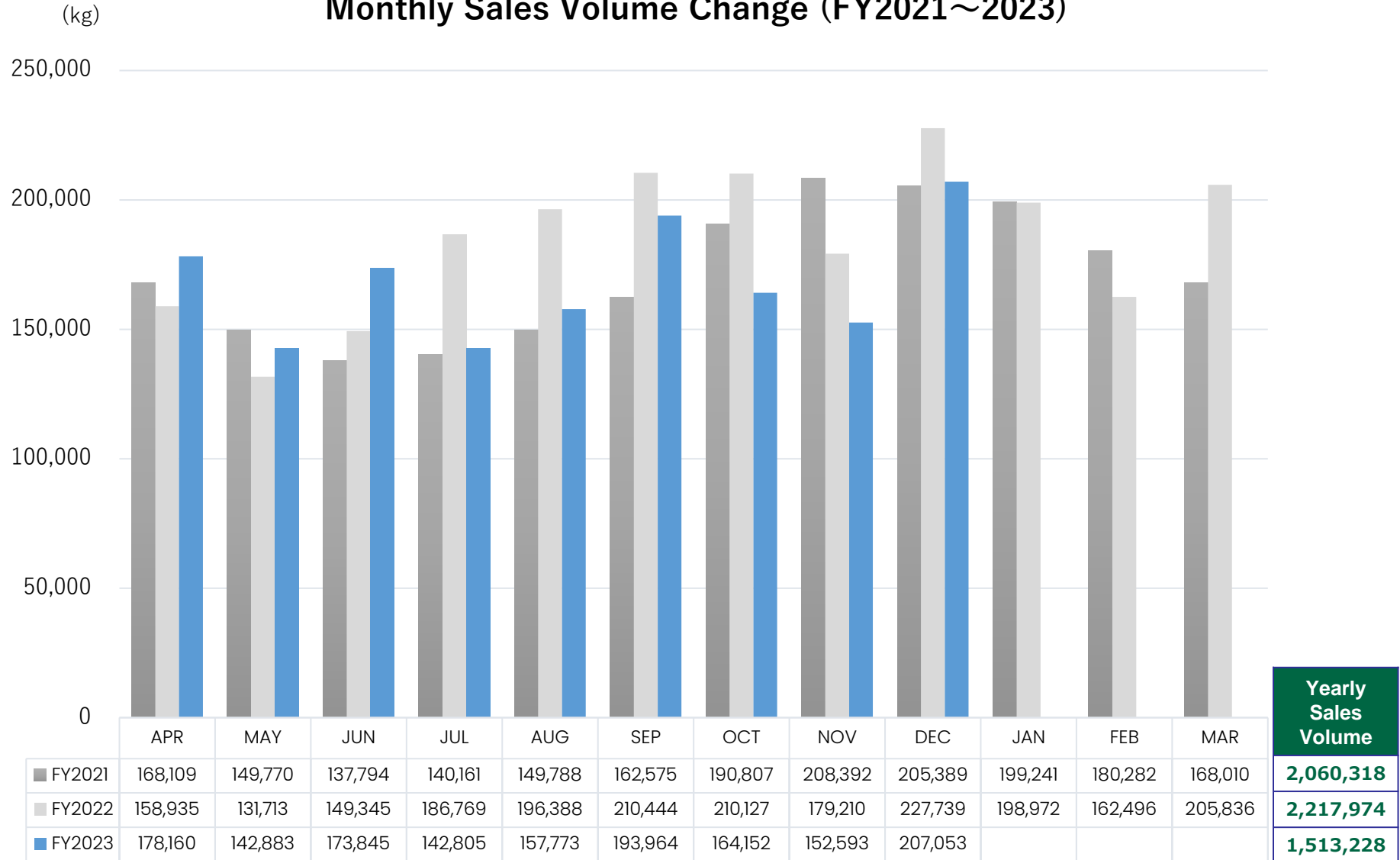
(Yen/kg)



	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			

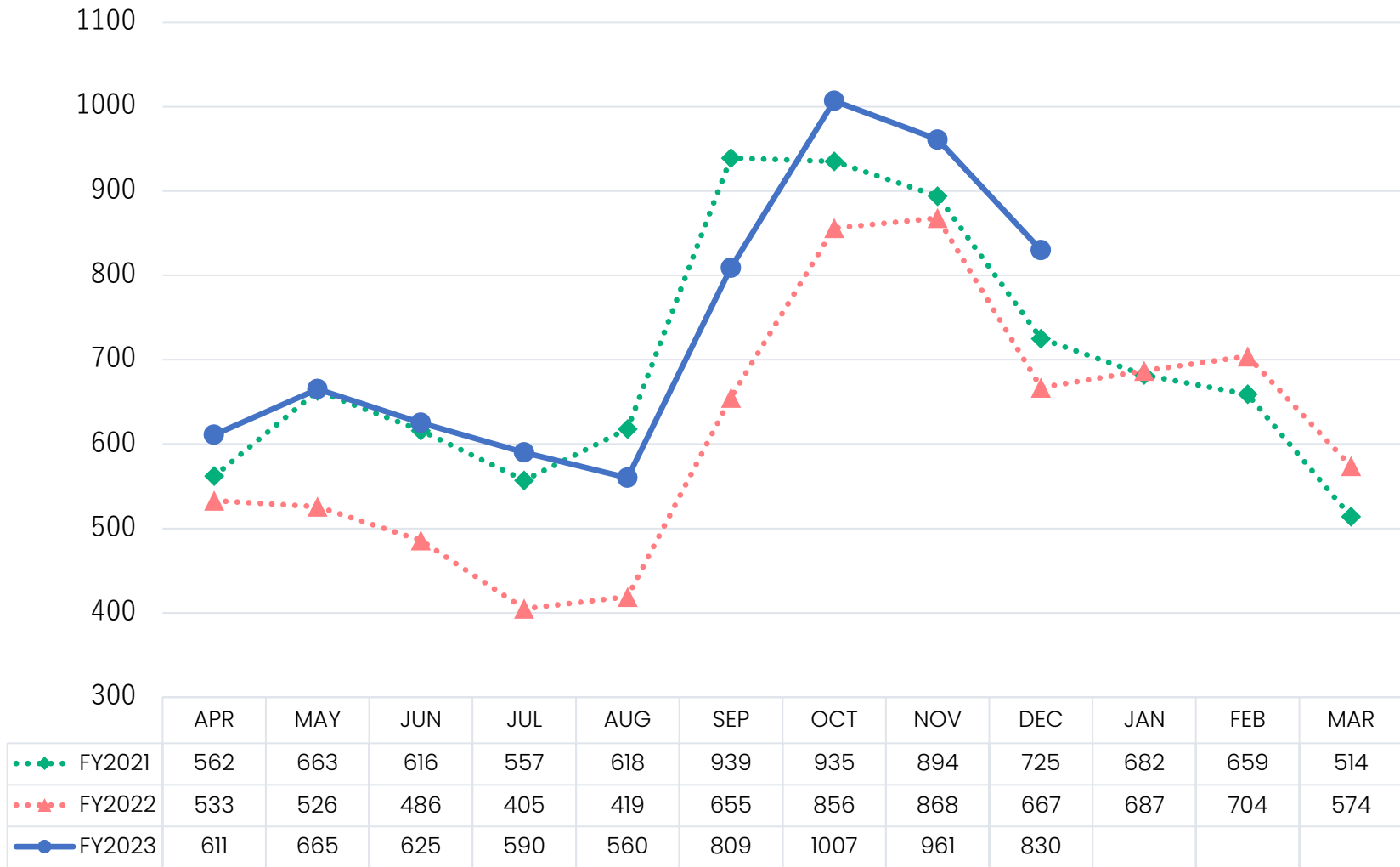
Avr. Price
474
469
570

Monthly Sales Volume Change (FY2021~2023)



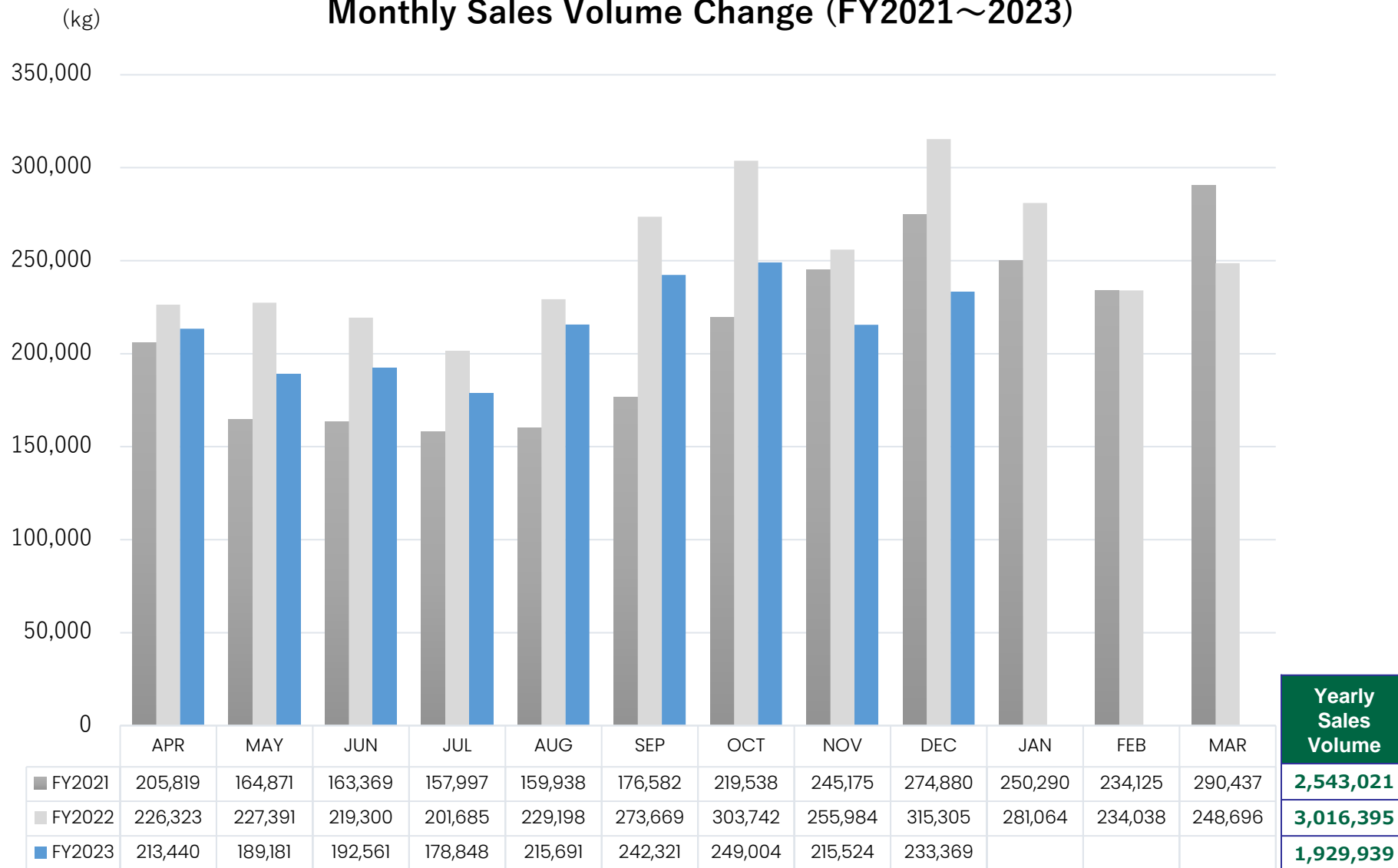
Monthly Price Change (FY2021~2023)

(Yen/kg)



Avr. Price
699
629
752

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 : 57,911 mil. yen
 (As of the end of December 2023)
 Shareholders' equity : 48,570 mil.yen
 Number of employees : 4,187
 Main business : Mushroom
 Production/Distribution/ R&D
 (As of the end of September 2023)



Hokuto Industry Corporation

•Industrial Supply
 Production/Distribution



HOKTO KINOKO COMPANY

•Mushroom Production/Distribution in
 North America



Arden Incorporated

•Retort pouch food production



TAIWAN HOKUTO CORPORATION

•Mushroom Production/Distribution in
 Taiwan



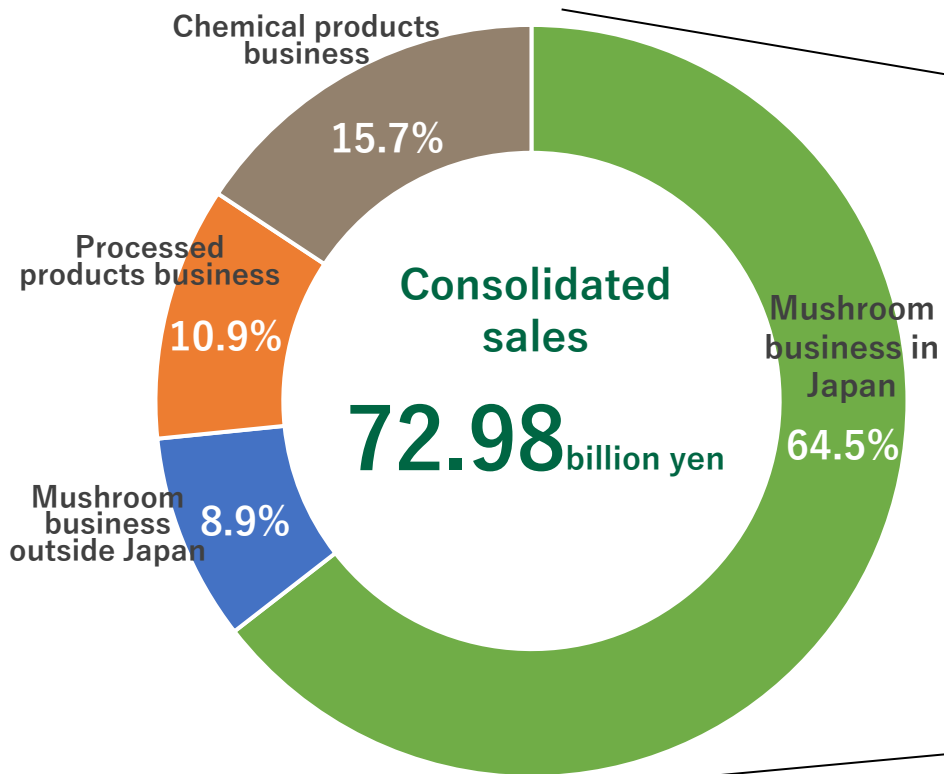
HOKTO MALAYSIA SDN.BHD.

•Mushroom Production/Distribution
 in Malaysia

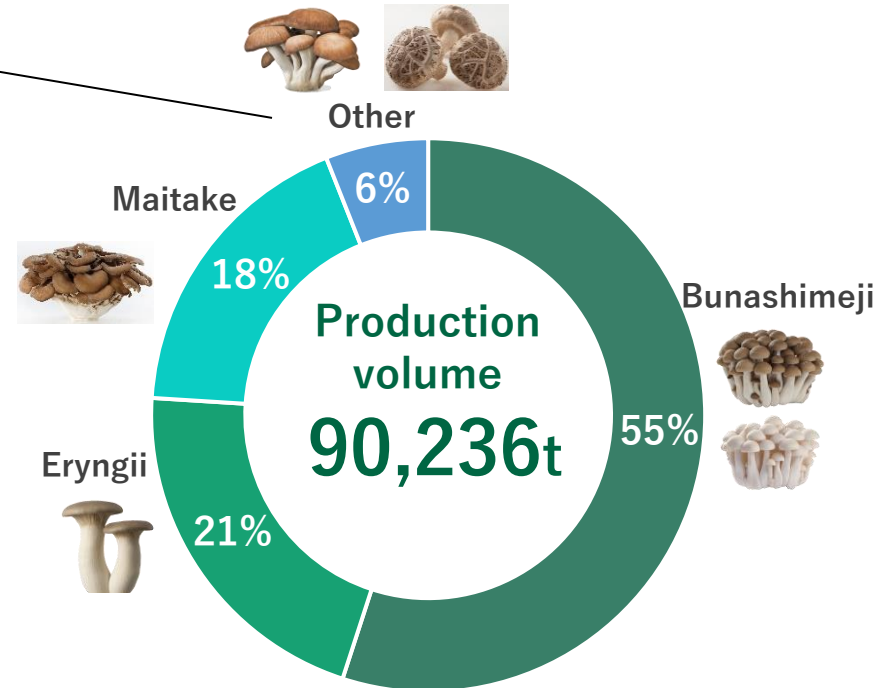
Sun Medica Co., Ltd.

Mushroom Wisdom, Inc,

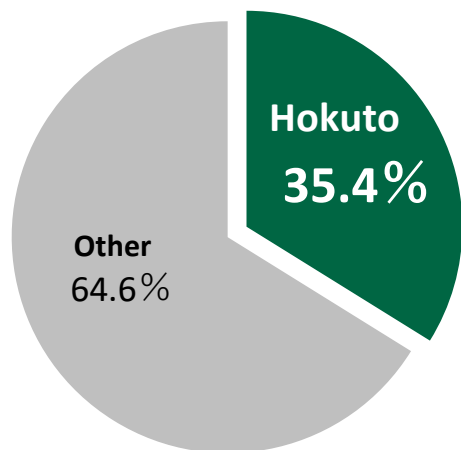
By segment



Mushroom production volume

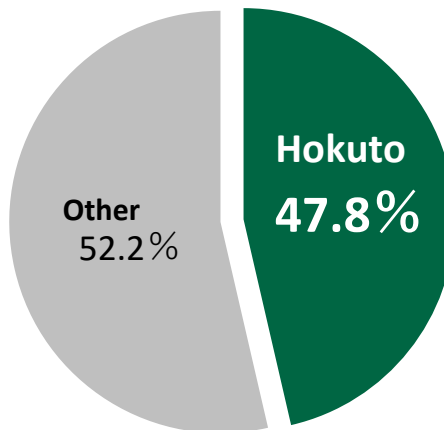


Bunashimeji



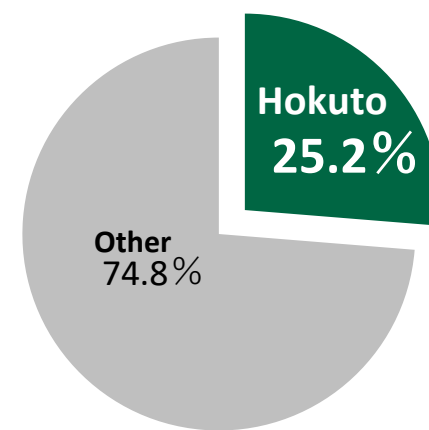
Japan total production volume
119,545 t

Eryngii



Japan total production volume
38,344 t

Maitake



Japan total production volume
54,521 t

Inquiries about IR

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HOKUTO Corporation

