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May 11, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under IFRS)

Company name: YUKIGUNI MAITAKE CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 1375
 URL: <https://www.maitake.co.jp/>
 Representative: Masafumi Yuzawa, President and CEO, Representative Director
 Inquiries: Takenori Sakurai, Senior Executive Officer (Chief Financial Officer)
 Telephone: +81-25-778-0162
 Scheduled date of annual general meeting of shareholders: June 27, 2023
 Scheduled date to commence dividends payment: June 7, 2023
 Scheduled date to file annual securities report: June 28, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal year Ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated Operating Results (Cumulative)

(Percentages indicate year-on-year changes.)

	Total income		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	42,204	-10.4	2,191	-56.0	1,794	-60.7	1,182	-60.5
March 31, 2022	47,081	-8.4	4,975	-36.4	4,564	-35.9	2,991	-36.9

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2023	1,181	-60.5	1,125	-62.0	29.63	29.62
March 31, 2022	2,989	-37.0	2,965	-38.9	74.92	74.90

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to total income
Fiscal year ended	%	%	%
March 31, 2023	11.3	5.2	5.2
March 31, 2022	30.3	12.7	10.6

(Reference)

	Core operating profit		Core EBITDA		Core EBITDA margin
Fiscal year ended	Millions of yen	%	Millions of yen	%	%
March 31, 2023	2,562	-54.2	4,663	-38.4	15.0
March 31, 2022	5,590	-32.6	7,564	-26.3	23.3

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2023	33,304	10,409	10,409	31.3	261.08
March 31, 2022	36,096	10,470	10,471	29.0	262.65

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	3,101	-2,996	-2,767	1,060
March 31, 2022	5,606	-2,554	-3,107	3,723

2. Cash Dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to equity attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	-	14.00	-	16.00	30.00	1,196	40.0	12.1
Fiscal year ended March 31, 2023	-	14.00	-	6.00	20.00	797	67.5	7.6
Fiscal year ending March 31, 2024 (Forecast)	-	1.00	-	1.00	2.00		65.4	

Note: The year-end dividend per share for the fiscal year ended March 31, 2022 has been changed from ¥16 to ¥6. For details, please refer to the “Dividend of Surplus” released on May 11, 2023.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Total income		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	42,389	0.4	673	-69.3	228	-87.3	121	-89.7

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Full year	121	-89.7	3.05

(Reference)

	Core Operating Profit		Core EBITDA		Core EBITDA Margin
	Millions of yen	%	Millions of yen	%	%
Full year	995	-61.1	3,182	-31.8	9.6

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2023	39,910,700 shares
As of March 31, 2022	39,910,700 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2023	27,311 shares
As of March 31, 2022	40,000 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Fiscal year ended March 31, 2023	39,870,700 shares
Fiscal year ended March 31, 2022	39,905,333 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	29,515	-2.8	1,147	-71.1	1,017	-72.7	146	-92.5
March 31, 2022	30,357	-5.2	3,965	-36.8	3,722	-33.7	1,953	-78.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2023	3.68	3.68
March 31, 2022	48.96	48.94

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	47,239	25,131	53.2	630.13
March 31, 2022	51,190	26,172	51.1	656.38

Reference: Equity

As of March 31, 2023: ¥25,131 million
As of March 31, 2022: ¥26,170 million

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Caution concerning forward-looking statements)

The forward-looking statements, such as forecasts of financial results, included in this document are based on information available to the management as of the date of the document and certain assumptions that the management considers reasonable. The Company does not promise that forecasts will be achieved. Actual results may differ significantly due to a range of factors.

(Other special comments)

- (1) The Company and its consolidated subsidiaries (together, “the Group”) apply the International Financial Reporting Standards (hereinafter “IFRS”).
- (2) Core operating profit = Operating profit – IAS41 “Agriculture” applying effects – Other income and expenses – One-time income and expenses
- (3) Core EBITDA = Core operating profit + Depreciation + Amortization
- (4) Core EBITDA margin = Core EBITDA / Revenue
- (5) The effect of applying IAS 41 "Agriculture" is to apply IAS 41 "Agriculture" to the production process of mushrooms, from preparation to harvest, and to measure the mushrooms as biological assets at fair value less costs to sell. The gains or losses from the changes in fair value are considered as the impact amount.
- (6) Other income and expenses are mainly impairment losses and loss on disposal of fixed assets.
- (7) One-time income and expenses are income and expenses that are not incurred in the normal course of business (For example, listing-related expenses, etc., which were adjustment items in the financial statements for the previous fiscal year, are included). Currently, there are no one-time income and expenses incurred.
- (8) Core operating profit, Core EBITDA and Core EBITDA margin are not indicators defined by IFRS, but the Group assumes these indicators are useful for investors to evaluate the Group’s performance. These financial indicators exclude some expenses and non-recurring gains / losses that are not expected to occur after listing. Core operating profit, Core EBITDA, Core EBITDA margin should not be considered as indicators to replace the other indicators shown in accordance with IFRS because they do not include some of the items that affect the profit for the period, so they are subject to significant restrictions as means of analysis. Core operating profit, Core EBITDA, Core EBITDA margin disclosed by the Group may be less useful in comparison with the same or similar indicators of other competitors because they are calculated according to a different method from those of such other companies.

(How to obtain supplementary financial results briefing materials and financial results briefing details)

A presentation for institutional investors and analysts is scheduled to be held on Tuesday, May 23, 2023 in a hybrid format of on-site and webcast. Supplementary financial results briefing materials are disclosed on TD net and are posted on our website on May 11, 2023.

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I. Qualitative Information for the Fiscal Year Ended March 31, 2023

1. Analysis of Operating Results

During the consolidated fiscal year, the Japanese economy showed a gradual recovery in economic activities due to the easing of action restrictions to prevent the spread of new coronavirus infection, but the situation remained severe and unstable due to the unstable international situation caused by Russia's invasion of Ukraine, soaring energy prices and prolonged yen's depreciation.

In the business environment surrounding the Group's operations, consumers are becoming more defensive to protect their household budgets as a result of a series of price hikes for food and daily necessities in response to soaring crude oil prices and other factors. Also, the Group's profit has also been squeezed by rising costs due to soaring utility unit prices and the impact of raw material price hikes.

In such an environment, the Group is working to establish a foundation as a comprehensive premium mushroom manufacturer by leveraging the Company's production technology, know-how, and sales capabilities that have been cultivated over the years in accordance with its medium-term business plan formulated in November, 2021. In addition to this, we have developed and promoted the functional properties of mushrooms, especially maitake mushrooms, to contribute to the health of consumers through the provision of safe and secure products and to develop our business in order to contribute to the realization of a healthy society.

After about 6 years of development, we succeeded in developing and mass-producing a new in-house strain of white maitake mushroom, which was difficult to cultivate due to its delicate nature and there were many high hurdles to its stable production, and we launched "Yukiguni Maitake Kiwami White" in September 2022. We will continue to expand our lineup of premium mushrooms following "Yukiguni Maitake Kiwami White".

As a result of the above, total income was ¥42,204 million (-10.4% year-on-year), of which revenue was ¥31,016 million (-4.4% year-on-year), operating profit was ¥2,191 million (-56.0% year-on-year) and profit attributable to owners of the parent was ¥1,181 million (-60.5% year-on-year).

In the current consolidated cumulative period, gains arising from changes in fair value related to the application of IFRS Agricultural Accounting (IAS 41) were included in total income of ¥11,188 million (-23.6% year-on-year) and in the cost of sales of ¥11,473 million (-23.8% year-on-year), respectively.

[Business results for the fiscal year ended March 31, 2023]

	(Millions of yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	% Change year-on-year
Revenue	32,444	31,016	(4.4)
Gains arising from changes in fair value	14,636	11,188	(23.6)
Total income	47,081	42,204	(10.4)
Operating profit	4,975	2,191	(56.0)
Profit before tax	4,564	1,794	(60.7)
Profit attributable to owners of parent	2,989	1,181	(60.5)

The status of revenue by business segment during the current consolidated fiscal year is as follows.

[Mushroom business]

1) Maitake

In order to make the attractiveness of maitake more widely known to consumers, a series of TV commercials were aired in the Kanto and Kansai areas as part of the "Your nearest and dearest" series.

In addition, the Company conducted joint projects with other food product manufacturers to propose ways of eating and introduced recipes using SNS. Sales volume was almost the same as the previous year, but unit sales price lower than the previous year, partly due to increased production by competing companies. As a result, revenue of the Maitake business was ¥17,919 million (-4.3% year-on-year).

2) Eringi

We maintained a stable supply by improving production quality, introduced highly convenient pillow products, and proposed a ready-made meal menu using boiled eringi mushrooms. Sales volume slightly declined from the previous year, but unit sales price remained almost the same as the previous year. As a result of the above, revenue of the Eringi business was ¥3,127 million (-1.1% year-on-year).

3) Buna-shimeji

While keeping a close eye on the fruit and vegetable market and market trends, we flexibly introduced products with different quantities, such as single stock products and double stock products, depending on the supply-demand balance. Sales volume was slightly lower than the previous year, but unit sales price was slightly higher than the previous year. As a result, revenue from the Buna-shimeji business was ¥6,097 million (-3.6% year-on-year).

4) Other mushrooms

Sales of Button mushrooms were weak compared to the previous year due to a temporary unstable production situation that prevented us from meeting the strong demand in the market. As a result of the above, revenue from other mushroom businesses was ¥3,504 million (-7.8% year-on-year).

[Other]

Revenue in the “Other” business is mainly derived from sales of health foods and the sales of culture medium activators handled by Mizuho Norin. The production and sales volume of culture medium activator decreased, although sales of health foods remained steady compared to the previous year. As a result of the above, revenue from other businesses was ¥367 million (-13.2% year-on-year).

Revenue by business segment is as follows.

	(Millions of yen)		
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	% Change year-on-year
Mushroom business	32,021	30,649	(4.3)
Maitake	18,732	17,919	(4.3)
Eringi	3,161	3,127	(1.1)
Buna-shimeji	6,328	6,097	(3.6)
Other mushrooms	3,799	3,504	(7.8)
Other	422	367	(13.2)
Total Revenue	32,444	31,016	(4.4)

2. Analysis of Financial Position

[Assets]

Total assets at the end of the current consolidated fiscal year (as of March 31, 2023) were ¥33,304 million (-¥2,791 million from the end of the previous consolidated fiscal year). This was mainly due to a decrease of ¥2,662 million in cash and cash equivalents, while inventories increased by ¥173 million. Non-current assets were ¥26,124 million (-¥236 million from the end of the previous consolidated fiscal year). This was mainly due to decreases of ¥203 million in property, plant and equipment, ¥84 million in right-of-use assets and ¥87 million in assets related to retirement benefits assets, while deferred tax assets increased by ¥117 million.

[Liabilities]

Total liabilities at the end of the current consolidated fiscal year were ¥22,895 million (-¥2,730 million from the end of the previous consolidated fiscal year). Current liabilities were ¥6,592 million (-¥1,417 million from the end of the previous consolidated fiscal year). This was mainly due to decreases of ¥725 million in trade and other payables and ¥790 million in income taxes payable. Non-current liabilities were

¥16,302 million (-¥1,312 million from the end of the previous consolidated fiscal year). This was mainly due to a decrease of ¥1,243 million in borrowings as a result of scheduled repayments etc.

[Equity]

Total equity at the end of the current consolidated fiscal year was ¥10,409 million (-¥61 million from the end of the previous consolidated fiscal year). This was mainly due to a ¥70 million decrease in retained earnings resulting from the recording of ¥1,181 million in profit and the payment of ¥1,196 million in dividends from surplus.

3. Analysis of Cash Flows

The balance of cash and cash equivalents at the end of the current consolidated fiscal year decreased by ¥2,662 million from the end of the previous consolidated fiscal year to ¥1,060 million. The status of each cash flow and their factors are as follows:

[Net cash flows from operating activities]

The amount of funds provided as a result of operating activities was ¥3,101 million (the amount provided was ¥5,606 million in the same period of the previous year). This was mainly due to profit before tax of ¥1,794 million, depreciation and amortization of ¥2,112 million, and interest expenses of ¥383 million, while income taxes paid totaled ¥1,497 million.

[Net cash flows from investing activities]

Funds used as a result of investment activities were ¥2,996 million (the amount used was ¥2,554 million in the same period of the previous year). This was mainly due to ¥2,919 million in expenditures for the acquisition of property, plant and equipment in connection with the reinforcement and renewal of production facilities, etc.

[Net cash flows from financing activities]

Funds used as a result of financing activities were ¥2,767 million (the amount used was ¥3,107 million in the same period of the previous year). This was mainly due to the repayment of long-term borrowings of ¥1,348 million due to scheduled repayments and cash dividends paid of ¥1,195 million.

4. Explanations about Forward-Looking Information Including Forecast of Consolidated Financial Results

1) Outlook for the Group as a whole

The environment surrounding our group, in Japan, faces challenges due to social structural factors, such as the shrinking of the overall food market due to the declining birthrate, aging population, and other factors, as well as difficulties in securing labor force due to the decrease in the domestic working population. In addition, the rising cost of raw materials and energy-related costs due to soaring crude oil prices and other factors have become more pronounced, putting significant pressure on profit for the period under review. Furthermore, the situation caused by Russia's invasion of Ukraine, with no end in sight, is expected to have an ongoing impact on corporate activities, such as instability in the domestic and overseas economies, and we need to continue to monitor the situation closely.

In this environment, for the fiscal year ending March 31, 2024, the Group expects that procurement and other costs will remain high to a certain degree, that there will be no significant change in the severe external environment, and that profit pressure due to cost increases will continue to a certain degree.

Even in this difficult environment, our group will strive to build a strong business foundation through continuous technological innovation, promote the value of mushrooms such as maitake mushrooms and their health functionality, and contribute to the maintenance and improvement of health that supports people's happiness and affluent lives by providing safe, reliable, and high-quality products.

Based on the above, for FYE March 31, 2024, we forecast total income of JPY 42,389 million (+0.4% year-on-year), operating profit of JPY 673 million (-69.3% year-on-year), profit before tax of JPY 228 million (-87.3% year-on-year), and profit attributable to owners of the parent of JPY 121 million (-89.7% year-on-year).

2) Total income

Revenue and gains arising from changes in fair value* and their combined total are projected for each of the major mushroom products, based on current performance, market trends, and the Group's outlook on the effects of its measures.

* The “gains arising from changes in fair value” represents the gain recognized in income on the increase in value (fair value due to biological assets) of the raw mushroom products created in the course of production. Such fair value gains or losses are included in “Gains from changes in fair value”. Gains arising from changes in fair value are included in income and cost of sales. The fair value gains recorded as income are the profits included in the current period’s production, and the fair value gains recorded as cost of sales are the profits included in the current period’s sales, which are affected by changes in production volume, sales volume, sales prices, etc. Since the application of International Accounting Standards will result in the recording of the sum of normal sales and accrual profit in the total income, the corresponding cost of sales will also be the sum of normal cost of sales and accrual profit.

[Maitake]

In the maitake mushroom business, we expect the overall maitake mushroom market to remain flat, due to increased awareness of the need to protect household budgets as a result of a series of food price hikes, and an increase in volume of maitake mushrooms due to increased production by other competing companies. Under these circumstances, the Company will strive to expand its share in the retail market by taking advantage of its unique strengths, such as its extensive product lineup including white maitake mushrooms and value-added products. To this end, we will implement detailed sales activities by analyzing and monitoring customers, confirming each sales policy for individual targets, and implementing sales promotion measures tailored to each target.

In addition, we will conduct "multilayered" and "complex" promotions to attract a wide range of consumers according to the different characteristics of our target customers, aiming to attract a wide range of age groups. In particular, we will utilize the beautiful appearance of white maitake mushrooms to raise awareness of the mushrooms, especially among younger consumers, and actively promote the appeal and deliciousness of white maitake mushrooms.

As a result, the sales volume of maitake mushrooms (fresh mushrooms) is expected to increase by 0.5% from the current consolidated fiscal year ended March 31, 2023, and the unit sales price is expected to slightly exceed the current consolidated fiscal year level due to demand creation and value improvement. Based on the above, revenue of the maitake business is expected to be ¥19,077 million (+6.5% year-on-year).

[Eringi]

We will strengthen our proposals for eringi offering a wide range of items, from small packages to large packages, to meet seasonal events and consumer needs. In addition, we will continue to expand our product lineup by strengthening cooperation between production and sales. As a result, sales volume of eringi (fresh mushrooms) is expected to increase by 5.1% from the current consolidated fiscal year, and the unit sales price is expected to exceed the current consolidated fiscal year level due to demand creation and value enhancement. Based on the above, we project revenue of ¥3,345 million (+7.0% year-on-year) for the eringi business.

[Buna-shimeji]

With regard to buna-shimeji mushrooms, we will assemble and propose sales measures focusing on single stock products. As a result, we expect sales volume of buna-shimeji mushrooms (fresh mushrooms) to increase by 2.9%, almost the same as in the current consolidated fiscal year, and the unit sales price to slightly exceed the level of the current consolidated fiscal year. Based on the above, we project revenue of ¥6,546 million (+7.3% year-on-year) in the buna-shimeji business.

[Other mushrooms]

Other mushrooms mainly consist of button mushrooms, and hon-shimeji mushrooms and hatake-shimeji

mushrooms produced and sold by Mizuho Norin Co., Ltd. In particular, the recognition of button mushrooms in Japan, including their delicious taste and cooking methods, is not yet high. Continuing from the previous fiscal year, we will strive to create new demand for button mushrooms by leveraging the sales know-how we have cultivated over the years. Therefore, in order to strengthen our mushroom business both domestically and internationally, and to meet the growing needs of our customers, we have decided to establish the Okayama Bio Center (which was absorbed and merged the former Mitsukura Norin Co. Ltd. as of April 1, 2023). We will also continue to improve product quality and stabilize production volume. Based on the above, the Company expects revenue from other mushrooms to be ¥3,785 million (+8.0% year-on-year).

Based on the above, we expect revenue to be ¥33,157 million (+6.9% year-on-year) and gains arising from changes in fair value recognized in accordance with IFRS Agricultural Accounting (IAS 41) to be ¥9,231 million (-17.5% year-on-year), respectively, and total income, which is the sum of these figures, is expected to be ¥42,389 million (+0.4% year-on-year).

3) Cost of Sales and Gross Profit

Cost of sales is forecasted in consideration of production, sales, and personnel plans, trends in raw material prices, and capital investment plans.

For the FYE March, 2024, we expect raw materials cost and utility expenses to increase due to a significant increase in energy-related costs. Meanwhile, in the mushroom business, the Company is promoting continuous improvement of production processes by developing varieties with high production efficiency in conjunction with research and development, improving production efficiency by automating inoculation and packaging processes, improving packaging materials, and reusing raw materials.

As a result, “material cost, labor cost, etc.” (cost of goods sold by the Group, excluding gains arising from changes in fair value recognized in accordance with IFRS Agricultural Accounting (IAS 41)) is expected to be ¥22,729 million (+12.8% year-on-year), and gain arising from changes in fair value related to the application of IFRS Agricultural Accounting (IAS 41) is expected to be ¥9,529 million (-16.9% year-on-year), respectively.

Based on the above, we forecast cost of sales of ¥32,321 million (+2.0% year-on-year) and gross profit of ¥10,067 million (-4.3% year-on-year).

4) SG&A, Other Income, Other Expenses and Operating Profit

For the fiscal year ending March 31, 2024, we expect an increase in direct sales activities, which could not be conducted under the spread of the COVID-19, an increase in sales promotion expenses due to the implementation of sales promotion measures centering on white maitake mushrooms, and an increase in labor costs due to a pay rise, etc. Based on the above, SG&A expenses are projected to be ¥9,313 million (+12.8% year-on-year). In addition, other income and other expenses are expected to be recorded, resulting in a projected operating profit of ¥673 million (-69.3% year-on-year).

5) Financial income, Financial expenses, Profit, Profit attributable to owners of parent

For financial income and expenses, the related gains and losses are calculated based on the planned values related to the balance of financial assets and borrowings.

Based on the above, financial income is expected to be ¥0 million, assuming only dividend income and other income that normally accrues, and financial expenses are expected to be ¥445 million (+11.2% year-on-year), assuming higher interest expenses, and profit before tax is expected to be ¥228 million (-87.3% year-on-year), profit is expected to be ¥121 million (-89.7% year-on-year), and profit attributable to owners of the parent is expected to be ¥121 million (-89.7% year-on-year), respectively.

The financial results forecast is based on the information available at this time, and the actual financial results may differ due to various factors.

II. Basic Policy Regarding Selection of Accounting Standards

Our corporate group applies International Financial Reporting Standards (IFRS) since the fiscal year ended March 31, 2019 in order to enable the international comparison of financial information and improve convenience in the capital markets.

III. Consolidated Financial Statements and Significant Notes

1. Consolidated Statements of Financial Position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	3,723	1,060
Trade and other receivables	1,958	1,907
Inventories	1,249	1,422
Biological assets	2,693	2,662
Income taxes receivable	-	21
Other current assets	111	105
Total current assets	9,735	7,180
Non-current assets		
Property, plant and equipment	19,170	18,966
Investment property	97	95
Goodwill and intangible assets	5,291	5,285
Right-of-use assets	322	238
Retirement benefit asset	400	313
Other financial assets	141	191
Deferred tax assets	873	990
Other non-current assets	64	42
Total non-current assets	26,361	26,124
Total assets	36,096	33,304

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Trade and other payables	2,602	1,877
Income taxes payable	1,484	693
Employee benefit accruals	1,620	1,683
Current portion of long-term borrowings	1,321	1,509
Lease liabilities	191	152
Provisions	82	140
Other financial liabilities	26	21
Other current liabilities	681	515
Total current liabilities	8,010	6,592
Non-current liabilities		
Borrowings	17,314	16,070
Lease liabilities	222	156
Provisions	17	20
Other financial liabilities	57	54
Other non-current liabilities	2	0
Total non-current liabilities	17,615	16,302
Total liabilities	25,625	22,895
Equity		
Share capital	100	100
Capital surplus	(6,006)	(6,012)
Retained earnings	16,411	16,341
Treasury shares	(48)	(33)
Other components of equity	15	14
Total equity attributable to owners of parent	10,471	10,409
Non-controlling interests	(1)	(0)
Total equity	10,470	10,409
Total liabilities and equity	36,096	33,304

2. Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Income		
Revenue	32,444	31,016
Gains arising from changes in fair value	14,636	11,188
Total income	47,081	42,204
Cost of sales (*1)	33,731	31,688
Gross profit	13,349	10,516
Selling, general and administrative expenses	8,142	8,258
Other income	48	75
Other expenses	279	141
Operating profit	4,975	2,191
Finance income	4	4
Finance expenses	415	400
Profit before tax	4,564	1,794
Income tax expense	1,573	612
Profit	2,991	1,182
Profit attributable to		
Owners of parent	2,989	1,181
Non-controlling interests	1	0
Earnings per share		
Basic earnings per share (Yen)	74.92	29.63
Diluted earnings per share (Yen)	74.90	29.62

Management believes that the information of “material costs, labor costs, etc.” facilitates comparison between the Group and competitors by users of financial statements. Therefore, we disclose the information voluntarily as a note in the summarized consolidated statements of income. “Material costs, labor costs, etc.” are the production costs of finished goods and purchasing costs of other goods sold by the Group, excluding the gains arising from changes in fair value recognized under IAS 41 “Agriculture”.

(*1) Components of cost of sales		
Material costs, labor costs, etc.	18,680	20,214
Gains arising from changes in fair value	15,051	11,473
Total	33,731	31,688

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	2,991	1,182
Other comprehensive income (After tax effect deduction)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(23)	(58)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(2)	2
Total of items that will not be reclassified to profit or loss	(25)	(56)
Total other comprehensive income (After tax effect deduction)	(25)	(56)
Comprehensive income	2,965	1,125
Comprehensive income attributable to		
Owners of parent	2,963	1,124
Non-controlling interests	1	0

3. Consolidated Statement of Changes in Equity

(Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total
Balance at beginning of period	119	(6,026)	15,117	-	21	9,233	(2)	9,230
Profit	-	-	2,989	-	-	2,989	1	2,991
Other comprehensive income	-	-	-	-	(25)	(25)	-	(25)
Comprehensive income	-	-	2,989	-	(25)	2,963	1	2,965
Purchase of treasury shares	-	-	-	(48)	-	(48)	-	(48)
Share-based remuneration transactions	-	-	-	-	-	-	-	-
Capital reduction	(19)	19	-	-	-	-	-	-
Dividends of surplus	-	-	(1,676)	-	-	(1,676)	-	(1,676)
Transfer from other components of equity to retained earnings	-	-	(19)	-	19	-	-	-
Total	(19)	19	(1,695)	(48)	19	(1,724)	-	(1,724)
Balance at end of period	100	(6,006)	16,411	(48)	15	10,471	(1)	10,470
Profit	-	-	1,181	-	-	1,181	0	1,182
Other comprehensive income	-	-	-	-	(56)	(56)	-	(56)
Comprehensive income	-	-	1,181	-	(56)	1,124	0	1,125
Purchase of treasury shares	-	-	-	-	-	-	-	-
Share-based remuneration transactions	-	(6)	-	15	-	9	-	9
Capital reduction	-	-	-	-	-	-	-	-
Dividends of surplus	-	-	(1,196)	-	-	(1,196)	-	(1,196)
Transfer from other components of equity to retained earnings	-	-	(55)	-	55	-	-	-
Total	-	(6)	(1,251)	15	55	(1,187)	-	(1,187)
Balance at end of period	100	(6,012)	16,341	(33)	14	10,409	(0)	10,409

4. Consolidated Statements of Cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before tax	4,564	1,794
Depreciation and amortization	1,984	2,112
Impairment losses	174	6
Interest expenses	397	383
Commission for syndicate loan	17	17
Loss (gain) on sale of fixed assets	(0)	(6)
Loss on retirement of fixed assets	56	105
Decrease (increase) in trade and other receivables	64	49
Decrease (increase) in inventories	141	(173)
Decrease (increase) in biological assets	211	30
Increase (decrease) in trade and other payables	115	81
Decrease (increase) in retirement benefit asset	13	(2)
Increase (decrease) in employee benefit liabilities	(133)	63
Other	203	244
Subtotal	7,813	4,707
Interest paid	(90)	(91)
Payments of commission for syndicate loan	(18)	(17)
Income taxes paid	(2,097)	(1,497)
Income taxes refund	0	-
Net cash provided by (used in) operating activities	5,606	3,101
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,564)	(2,919)
Proceeds from sale of property, plant and equipment	1	7
Purchase of intangible assets	(7)	(14)
Other	16	(70)
Net cash provided by (used in) investing activities	(2,554)	(2,996)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,000	1,500
Repayments of short-term borrowings	(1,000)	(1,500)
Repayments of long-term borrowings	(1,156)	(1,348)
Repayments of lease liabilities	(228)	(223)
Purchase of treasury shares	(48)	-
Dividends paid	(1,673)	(1,195)
Other	(0)	(0)
Net cash provided by (used in) financing activities	(3,107)	(2,767)
Effect of exchange rate changes on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(54)	(2,662)
Cash and cash equivalents at beginning of period	3,777	3,723
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(0)
Cash and cash equivalents at end of period	3,723	1,060

5. Notes to Summarized Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Segment Information)

(1) Reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available and regular evaluation by the Board of Directors, chief operating decision maker, is being performed in order to make decisions about resources to be allocated and to assess its performance.

The mushroom business is listed as a reporting segment as the Group has a comprehensive strategy for products and services and is expanding its business activities. "Other" includes businesses that are not included in the reportable segment.

The Group aggregates Maitake business, Eringi business, Buna-shimeji business, etc. as a reportable segment, "mushroom business," in terms of similarity of economic characteristics such as revenue trends, and the following features are all similar in this segment: (a) the nature of products and services, (b) the nature of the production processes, (c) the type of customers of the products and the services, (d) the method used to deliver the products or provide the services, and (e) the nature of regulatory environment.

Description of the reportable segment is as follows:

	Description of business
Mushroom business	Production and sales of Maitake, Eringi, Buna-shimeji and other mushrooms

(2) Reportable segments information

The accounting methods of reportable business segments are the same as the Group's accounting policies. Figures reported as segment profit are based on operating profit reported in the summarized consolidated statements of income. Revenues from intersegment transactions are based on the current market prices.

Fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Mushroom business	Others	Total	Adjustment items (*1)	Per consolidated financial statements
Revenue					
Revenue from external customers	32,021	422	32,444	-	32,444
Intersegment revenue	-	1	1	(1)	-
Total revenue	32,021	423	32,445	(1)	32,444
Segment profit (loss)	4,884	90	4,975	0	4,975
Finance income					4
Finance expenses					415
Profit before tax					4,564
Others					
Gains arising from changes in fair value included in total income	14,636	-	14,636	-	14,636
Gains arising from changes in fair value included in cost of sales	15,051	-	15,051	-	15,051
Depreciation and amortization	1,968	5	1,974	10	1,984
Impairment losses	174	-	174	-	174

(*1) Adjustment items for segment profit (loss) include corporate expenses that are not allocated to each business segment.

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Mushroom business	Others	Total	Adjustment items (*1)	Per consolidated financial statements
Revenue					
Revenue from external customers	30,649	367	31,016	-	31,016
Intersegment revenue	-	-	-	-	-
Total revenue	30,649	367	31,016	-	31,016
Segment profit (loss)	2,140	60	2,201	(9)	2,191
Finance income					4
Finance expenses					400
Profit before tax					1,794
Others					
Gains arising from changes in fair value included in total income	11,188	-	11,188	-	11,188
Gains arising from changes in fair value included in cost of sales	11,473	-	11,473	-	11,473
Depreciation and amortization	2,095	14	2,110	2	2,112
Impairment losses	6	-	6	-	6

(*1) Adjustment items for segment profit (loss) include corporate expenses that are not allocated to each business segment.

(Earnings per Share)

Calculation of basic earnings per share and diluted earnings per share are described below.

(Unit)	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,989	1,181
Profit not attributable to common shareholders of parent (Millions of yen)	-	-
Profit used for calculation of basic earnings per share (Millions of yen)	2,989	1,181
Average number of common shares during the period (Thousand shares)	39,905	39,870
Basic earnings per share (Yen)	74.92	29.63
Diluted earnings per share		
Profit used for calculation of basic earnings per share (Millions of yen)	2,989	1,181
Adjustment (Millions of yen)	-	-
Profit used for calculation of diluted earnings per share (Millions of yen)	2,989	1,181
Average number of common shares during the period (Thousand shares)	39,905	39,870
Increase of shares due to stock acquisition rights (Thousand shares)	10	-
Increase of shares due to restricted stock compensation plan (Thousand shares)	-	6
Average number of common shares during the period after dilution (Thousand shares)	39,915	39,877
Diluted earnings per share (Yen)	74.90	29.62

(Significant Subsequent Events)

Not applicable.