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Company name: HOKUTO Corporation

Representative: President, Masayoshi Mizuno

(Stock code: 1379, Tokyo Stock Exchange Prime Market)

Inquiries: Public & Investor Relations: Satoshi Maeda

(TEL: +81-026-259-5955)

(URL: <https://www.hokto-kinoko.co.jp/lang/en/>)

Aiming for Net-Zero CO₂ Emissions by Switching Steam Boiler Fuel:

Hokuto's Komoro Mushroom Center to Start Using Carbon-Offset City Gas (Emission Factor Adjusted), in a First for Nagano Prefecture

HOKUTO Corporation (Head Office: Nagano City, Nagano Prefecture; President: Masayoshi Mizuno; hereinafter, "Hokuto" or the "Company") has switched the fuel used for production equipment at its Komoro Mushroom Center, a mushroom production site in Komoro City, Nagano Prefecture, from A-grade heavy oil to city gas, achieving a significant reduction in CO₂ emissions.

Hokuto has now decided to start using Nagano Prefecture's first carbon-offset city gas (emission factor adjusted) supplied by Nagano Toshi Gas Co., Ltd. (Head Office: Nagano City, Nagano Prefecture; President: Kiyoshi Nakayama). This change is aimed at achieving net zero CO₂ emissions at the Komoro Mushroom Center.

This initiative represents a leading example of local companies working together to promote decarbonization, which the two companies will outline in today's press conference.

1. Initiative summary

- (1) Significant reduction of CO₂ emissions by switching fuel: In the first stage, we will switch the fuel used at the Komoro Mushroom Center from A-grade heavy oil to city gas to reduce annual CO₂ emissions.

- (2) Net-zero CO₂ emissions: In the second stage, we will start using Nagano Prefecture's first carbon-offset city gas (emission factor adjusted), which will offset the remaining annual CO₂ emissions after fuel switching. The goal is to achieve net-zero CO₂ emissions from the fuel used for the Komoro Mushroom Center's steam boilers.
- (3) Promotion of decarbonization through local cooperation: This initiative showcases how collaboration between Japan's largest integrated mushroom group and a gas company that is a core part of the region's energy infrastructure can help to advance the transition from low-carbon operations to full decarbonization.

2. Background and purpose

Hokuto places the realization of a sustainable society at the core of its management philosophy and promotes environmental, social, and governance (ESG)-focused management. We recognize that reducing direct greenhouse gas (GHG) emissions from our plants (Scope 1) is an urgent priority in addressing climate change, and have established specific reduction targets as part of our medium-term management plan. This latest initiative is key to achieving these targets and also represents a first step toward decarbonization through collaboration with a local company.

3. Summary of the press conference

(1) Background to the fuel switch at Hokuto's Komoro Mushroom Center

- Until now, we have used A-grade heavy oil to power the boilers supplying steam for stable mushroom production at Hokuto's Komoro Mushroom Center. In conjunction with the renewal of the boiler equipment, we decided to switch the fuel to city gas.
- The medium-pressure city gas main was previously laid up to the nearby public road. We arranged for a major infrastructure project to extend this by roughly 700 meters to reach the Mushroom Center and replaced the old A-grade heavy oil-fired boilers with the latest, clean, city gas-fired boilers.

(2) Expected CO₂ reduction from the fuel switch at Hokuto's Komoro Mushroom Center

- This fuel switch will significantly reduce CO₂ emissions when the boilers are fired, making a substantial contribution to preventing global warming and protecting the atmosphere.
- The switch will reduce CO₂ emissions by approximately 32.1%, which is equivalent to the amount of CO₂ emissions by around 250 Japanese households in a year. Other emissions reductions are summarized in Table 1.

Table 1: Reductions in annual CO₂ emissions from the fuel switch

	Volume used	CO ₂ emissions
Before fuel switch: A-grade heavy oil	730,000 L/year	1,978.3 t CO ₂
After fuel switch: City gas	655,000 m ³ /year	1,342.8 t CO ₂
Reduction amount	—	−635.5 t CO ₂
% reduction versus A-grade heavy oil	—	−32.1%

Notes: 1. The CO₂ emission factors are 2.71 t CO₂/kL for A-grade heavy oil and 2.05 t CO₂/1,000 m³ for city gas

2. With reference to the emission factors announced by Japan's Ministry of the Environment in the Accounting and Reporting System based on the Act on Promotion of Global Warming Countermeasures

3. Annual CO₂ emissions per household are 2.47 t CO₂ based on the Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector in FY2023 (Final Figures) from the Ministry of the Environment released in June 2025. This was rounded to approximately 2.5 t CO₂ per year for conversion purposes.

(3) Hokuto's Komoro Mushroom Center to Start Using Carbon-Offset City Gas (Emission Factor Adjusted), in a First for Nagano Prefecture

- The fuel switch from A-grade heavy oil to city gas at the Komoro Mushroom Center is not the only environmental initiative implemented by Hokuto. We have decided to use carbon-offset city gas (emission factor adjusted) from the menu of supply options formulated by Nagano Toshi Gas as new solutions at our Komoro Mushroom Center for the first time in Nagano Prefecture.
- With this carbon-offset city gas (emission factor adjusted), the CO₂ emissions generated when the gas is burned are offset using carbon credits guaranteed by a reliable third-party organization. This means that under Japan's Mandatory Greenhouse Gas Accounting and Reporting System, the CO₂ emissions factor after adjustment is zero. It is therefore possible to count these emissions as effectively zero (net zero).
- The amount of CO₂ emissions that can be considered as net zero is 1,342.8 t CO₂/year. This is equivalent to the annual CO₂ emissions by around 540 Japanese households. (Please refer to Table 2.)
- Hokuto decided to introduce the menu after determining that the proposal from Nagano Toshi Gas was entirely consistent with its vision of realizing a sustainable society through its corporate activities. It is an honor to be working together with Nagano Toshi Gas, a core local energy supplier, to promote decarbonization in the region, in a first for Nagano Prefecture.
- Our decision is not just a simple fuel switch, but expresses our determination to reduce the environmental impact of Hokuto's business activities to net zero. We will continue to pursue

possibilities to continue our business activities in harmony with the global environment.

Table 2: Annual CO₂ emissions reductions with the introduction of carbon-offset city gas (emission factor adjusted)

	Volume used	CO ₂ emissions
After fuel switch: City gas	655,000 m ³ /year	1,342.8 t CO ₂
Carbon-offset city gas (emission factor adjusted)	—	0 t CO ₂

4. Reference materials

(1) Overview of Hokuto's Komoro Mushroom Center

Address: 483-12 Wada, Komoro-shi, Nagano 384-0093

Number of employees: 114

Products: Fresh donko shiitake mushrooms



(2) Company overviews

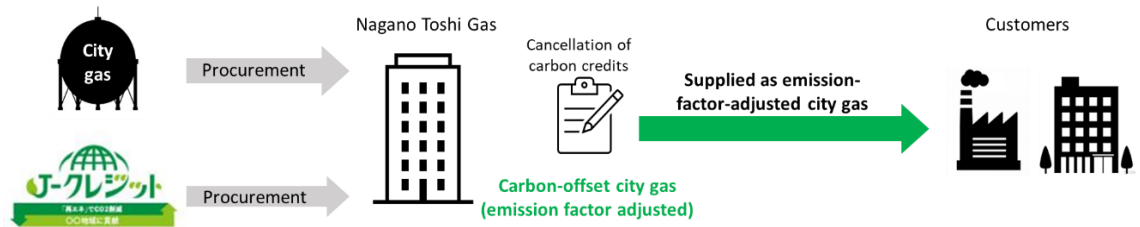
Company name	HOKUTO CORPORATION	Nagano Toshi Gas Co., Ltd.
Head Office address	138-1 Minamihori, Nagano-shi, Nagano	1017, Tsuruga, Nagano-shi, Nagano
Representative	Masayoshi Mizuno, President	Kiyoshi Nakayama, President and Representative Director
Business description	Research and development, production, and sales of mushrooms	Manufacturing, supply, and sales of city gas, sales of gas equipment, etc.
Website	https://www.hokto-kinoko.co.jp/lang/en/	https://www.nagano-toshi-gas.co.jp/

(3) Overview of carbon-offset city gas (emission factor adjusted)

Carbon-offset city gas (emission factor adjusted) is an environmentally conscious type of city gas that offsets the CO₂ emitted during its use by applying carbon credits generated from GHG reduction or removal projects elsewhere. By offsetting CO₂ emissions from city gas combustion with J-Credits, companies aim to achieve net-zero emissions. The Scheme helps them achieve GHG emissions

reduction targets (Scope 1) and also leads to promotion of ESG assessment and business management with a view to decarbonization.

Supply scheme process



J-Credit Scheme

Under the J-Credit Scheme, the government certifies the amount of GHG emissions reduced or removed by sinks through efforts to introduce energy-saving devices, use renewable energy sources, and manage forests, as “credits.” The Scheme is jointly operated by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries.