

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

August 4, 2021

Company name: Kotobuki Spirits Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2222 URL <http://www.kotobukispirits.co.jp/>
 Representative: PRESIDENT Seigo Kawagoe
 Inquiries: Managing Director, Corporate Planning Shinji Matsumoto TEL 0859-22-7477
 Scheduled date to file Quarterly Securities Report: August 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2021	5,758	112.0	(759)	–	(311)	–	(191)	–
Three months ended June 30, 2020	2,715	(74.4)	(2,409)	–	(1,755)	–	(1,163)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	(6.16)	–
Three months ended June 30, 2020	(37.38)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2021	23,776	18,190	76.5	584.55
As of March 31, 2021	25,052	19,341	77.2	621.53

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	30.00	30.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
 (changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2021	31,121,520 shares	As of March 31, 2021	31,121,520 shares
---------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of June 30, 2021	2,208 shares	As of March 31, 2021	2,164 shares
---------------------	--------------	----------------------	--------------

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

Three months ended June 30, 2021	31,119,345 shares	Three months ended June 30, 2020	31,119,607 shares
----------------------------------	-------------------	----------------------------------	-------------------

Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	7,309,405	7,276,307
Notes and accounts receivable - trade	2,889,677	1,721,816
Merchandise and finished goods	861,540	1,247,308
Work in process	61,368	58,972
Raw materials and supplies	580,020	563,041
Other	913,470	516,689
Allowance for doubtful accounts	(667)	(654)
Total current assets	12,614,813	11,383,479
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,268,125	4,228,153
Machinery, equipment and vehicles, net	2,410,815	2,292,983
Tools, furniture and fixtures, net	349,125	352,230
Land	2,887,139	2,887,139
Leased assets, net	10,587	9,976
Construction in progress	2,312	16,705
Total property, plant and equipment	9,928,103	9,787,186
Intangible assets	151,437	140,985
Investments and other assets		
Other	2,373,437	2,480,078
Allowance for doubtful accounts	(15,507)	(15,507)
Total investments and other assets	2,357,930	2,464,571
Total non-current assets	12,437,470	12,392,742
Total assets	25,052,283	23,776,221
Liabilities		
Current liabilities		
Notes and accounts payable - trade	838,006	497,294
Current portion of long-term borrowings	239,880	239,880
Accounts payable - other	668,485	548,270
Income taxes payable	99,040	4,006
Provision for bonuses	697,316	356,431
Provision for point card certificates	8,675	—
Other	525,578	1,346,125
Total current liabilities	3,076,980	2,992,006
Non-current liabilities		
Long-term borrowings	725,860	665,890
Retirement benefit liability	1,711,820	1,731,341
Other	195,874	196,334
Total non-current liabilities	2,633,554	2,593,565
Total liabilities	5,710,534	5,585,571

(Thousands of yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	1,217,800	1,217,800
Capital surplus	1,323,161	1,323,161
Retained earnings	16,841,423	15,692,309
Treasury shares	(3,852)	(4,158)
Total shareholders' equity	19,378,532	18,229,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(2,918)
Foreign currency translation adjustment	(23,868)	(24,045)
Remeasurements of defined benefit plans	(12,895)	(11,499)
Total accumulated other comprehensive income	(36,783)	(38,462)
Total net assets	19,341,749	18,190,650
Total liabilities and net assets	25,052,283	23,776,221

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	2,715,673	5,758,304
Cost of sales	2,104,615	2,928,587
Gross profit	611,058	2,829,717
Selling, general and administrative expenses	3,020,489	3,589,162
Operating loss	(2,409,431)	(759,445)
Non-operating income		
Interest income	25	41
Dividend income	2,598	2,363
Rental income from land and buildings	7,392	13,437
Subsidy income	623,840	423,063
Other	22,979	13,038
Total non-operating income	656,834	451,942
Non-operating expenses		
Interest expenses	556	302
Other	2,217	3,263
Total non-operating expenses	2,773	3,565
Ordinary loss	(1,755,370)	(311,068)
Extraordinary income		
Gain on sale of non-current assets	7,277	–
Total extraordinary income	7,277	–
Extraordinary losses		
Loss on sale of non-current assets	5	–
Loss on retirement of non-current assets	1,300	461
Total extraordinary losses	1,305	461
Loss before income taxes	(1,749,398)	(311,529)
Income taxes	(586,081)	(119,817)
Loss	(1,163,317)	(191,712)
Loss attributable to owners of parent	(1,163,317)	(191,712)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Loss	(1,163,317)	(191,712)
Other comprehensive income		
Valuation difference on available-for-sale securities	2,009	(2,898)
Foreign currency translation adjustment	(15,555)	(177)
Remeasurements of defined benefit plans, net of tax	1,615	1,396
Total other comprehensive income	(11,931)	(1,679)
Comprehensive income	(1,175,248)	(193,391)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,175,248)	(193,391)