

Translation

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

November 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: November 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 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	%
Six months ended September 30, 2021	11,958	51.3	(1,418)	–	(480)	–	(282)	–
Six months ended September 30, 2020	7,904	(64.7)	(3,420)	–	(1,955)	–	(1,290)	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	(9.08)	–
Six months ended September 30, 2020	(41.46)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2021	23,036	18,106	78.6	581.85
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	–	0.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	30.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	30,700	32.3	150	–	1,450	–	947	–	30.43

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2021	31,121,520 shares	As of March 31, 2021	31,121,520 shares
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Number of treasury shares at the end of the period

As of September 30, 2021	2,208 shares	As of March 31, 2021	2,164 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	31,119,331 shares	Six months ended September 30, 2020	31,119,571 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	7,309,405	6,959,858
Notes and accounts receivable - trade	2,889,677	1,893,835
Merchandise and finished goods	861,540	1,089,353
Work in process	61,368	51,385
Raw materials and supplies	580,020	564,169
Other	913,470	219,894
Allowance for doubtful accounts	(667)	(147)
Total current assets	12,614,813	10,778,347
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,268,125	4,142,759
Machinery, equipment and vehicles, net	2,410,815	2,183,574
Tools, furniture and fixtures, net	349,125	336,511
Land	2,887,139	2,887,139
Leased assets, net	10,587	9,365
Construction in progress	2,312	17,742
Total property, plant and equipment	9,928,103	9,577,090
Intangible assets	151,437	136,714
Investments and other assets		
Other	2,373,437	2,559,717
Allowance for doubtful accounts	(15,507)	(15,507)
Total investments and other assets	2,357,930	2,544,210
Total non-current assets	12,437,470	12,258,014
Total assets	25,052,283	23,036,361
Liabilities		
Current liabilities		
Notes and accounts payable - trade	838,006	429,608
Current portion of long-term borrowings	239,880	239,880
Accounts payable - other	668,485	432,697
Income taxes payable	99,040	8,506
Provision for bonuses	697,316	700,011
Provision for point card certificates	8,675	–
Other	525,578	552,452
Total current liabilities	3,076,980	2,363,154
Non-current liabilities		
Long-term borrowings	725,860	605,920
Retirement benefit liability	1,711,820	1,765,287
Other	195,874	195,285
Total non-current liabilities	2,633,554	2,566,492
Total liabilities	5,710,534	4,929,646

(Thousands of yen)

	As of March 31, 2021	As of September 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	15,601,426
Treasury shares	(3,852)	(4,158)
Total shareholders' equity	19,378,532	18,138,229
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(263)
Foreign currency translation adjustment	(23,868)	(21,146)
Remeasurements of defined benefit plans	(12,895)	(10,105)
Total accumulated other comprehensive income	(36,783)	(31,514)
Total net assets	19,341,749	18,106,715
Total liabilities and net assets	25,052,283	23,036,361

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	7,904,784	11,958,758
Cost of sales	4,904,017	6,118,171
Gross profit	3,000,767	5,840,587
Selling, general and administrative expenses	6,421,732	7,258,828
Operating loss	(3,420,965)	(1,418,241)
Non-operating income		
Interest income	42	77
Dividend income	2,601	2,366
Rental income from land and buildings	20,612	26,726
Subsidy income	1,407,056	889,520
Other	41,122	25,343
Total non-operating income	1,471,433	944,032
Non-operating expenses		
Interest expenses	675	659
Other	5,781	5,982
Total non-operating expenses	6,456	6,641
Ordinary loss	(1,955,988)	(480,850)
Extraordinary income		
Gain on sale of non-current assets	7,277	309
Total extraordinary income	7,277	309
Extraordinary losses		
Loss on sale of non-current assets	5	–
Loss on retirement of non-current assets	5,986	3,109
Total extraordinary losses	5,991	3,109
Loss before income taxes	(1,954,702)	(483,650)
Income taxes	(664,632)	(201,055)
Loss	(1,290,070)	(282,595)
Loss attributable to owners of parent	(1,290,070)	(282,595)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Loss	(1,290,070)	(282,595)
Other comprehensive income		
Valuation difference on available-for-sale securities	4,849	(243)
Foreign currency translation adjustment	(17,787)	2,722
Remeasurements of defined benefit plans, net of tax	3,229	2,790
Total other comprehensive income	(9,709)	5,269
Comprehensive income	(1,299,779)	(277,326)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,299,779)	(277,326)

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Loss before income taxes	(1,954,702)	(483,650)
Depreciation	695,043	599,648
Increase (decrease) in allowance for doubtful accounts	4,082	(527)
Increase (decrease) in provision for bonuses	(221,292)	2,695
Increase (decrease) in retirement benefit liability	55,791	57,701
Interest and dividend income	(2,643)	(2,443)
Interest expenses	675	659
Increase (decrease) in provision for point card certificates	(60)	(8,675)
Loss (gain) on sale of non-current assets	(7,272)	(309)
Loss on retirement of non-current assets	5,986	3,109
Subsidy income	(1,407,056)	(889,520)
Decrease (increase) in trade receivables	981,176	998,643
Decrease (increase) in inventories	545,032	(201,262)
Increase (decrease) in trade payables	(70,194)	(408,509)
Other, net	(1,016,594)	134,497
Subtotal	(2,392,028)	(197,943)
Interest and dividends received	2,643	2,443
Interest paid	(609)	(659)
Subsidies received	1,237,775	930,071
Income taxes refund (paid)	(892,882)	219,509
Net cash provided by (used in) operating activities	(2,045,101)	953,421
Cash flows from investing activities		
Purchase of property, plant and equipment	(452,095)	(215,827)
Proceeds from sale of property, plant and equipment	9,698	2,727
Purchase of intangible assets	(66,272)	(9,291)
Payments of leasehold and guarantee deposits	(10,841)	(14,929)
Proceeds from refund of leasehold and guarantee deposits	34,836	7,165
Other, net	(40,876)	(21,287)
Net cash provided by (used in) investing activities	(525,550)	(251,442)
Cash flows from financing activities		
Proceeds from long-term borrowings	280,000	–
Repayments of long-term borrowings	(120,198)	(119,940)
Repayments of finance lease obligations	(1,143)	(1,222)
Purchase of treasury shares	(579)	(306)
Dividends paid	(1,244,784)	(933,580)
Net cash provided by (used in) financing activities	(1,086,704)	(1,055,048)
Effect of exchange rate change on cash and cash equivalents	509	3,522
Net increase (decrease) in cash and cash equivalents	(3,656,846)	(349,547)
Cash and cash equivalents at beginning of period	8,291,162	7,309,405
Cash and cash equivalents at end of period	4,634,316	6,959,858