

FY2022(1Q-3Q)
(Third quarter of the fiscal year ending March 31, 2022)
Consolidated Business Results

February 3,2022
Kotobuki Spirits Co.,Ltd.





Company Overview

| | |
|------------------------|--|
| Firm name | Kotobuki Spirits Co.,Ltd. |
| Securities code | 2222 (Tokyo Stock Exchange 1st section) |
| Address | 2028, Hatagasaki, Yonago-shi, Tottori, 683-0845, Japan |
| Establishment | April 25th,1952 |
| Capital | 1.2 Billion 17.8 Million yen |
| President | Seigo Kawagoe |
| Employees | Kotobuki Spirits 7 people/Group Total 1,558 people |
| Group companies | Consolidated subsidiary 18 companies (domestic 16・overseas 2) |
| Net sales | 23.2 Billion Yen (FY2021 :Year ended March 31, 2021) |

FY2022(1Q-3Q) Highlight

Recorded the highest profit in the 3Q of FY2022

It returned to the surplus in the FY2022(1Q-3Q)

<3Q(Oct-Dec) >

Net sales 130.5%(YoY) 82.5%(Compared to FY2020)

Ordinary profit 2,698million yen (YoY163.2% Compared to FY2020 100.1%)

Ordinary profit rate increased 4.9 points (YoY) to 24.6%

<1Q-3Q(Apr-Dec) >

Net sales 140.6%(YoY) 64.3%(Compared to FY2020)

Ordinary profit 2,217million yen (FY2021 Δ 303million yen)

FY2022(1Q-3Q) Highlight

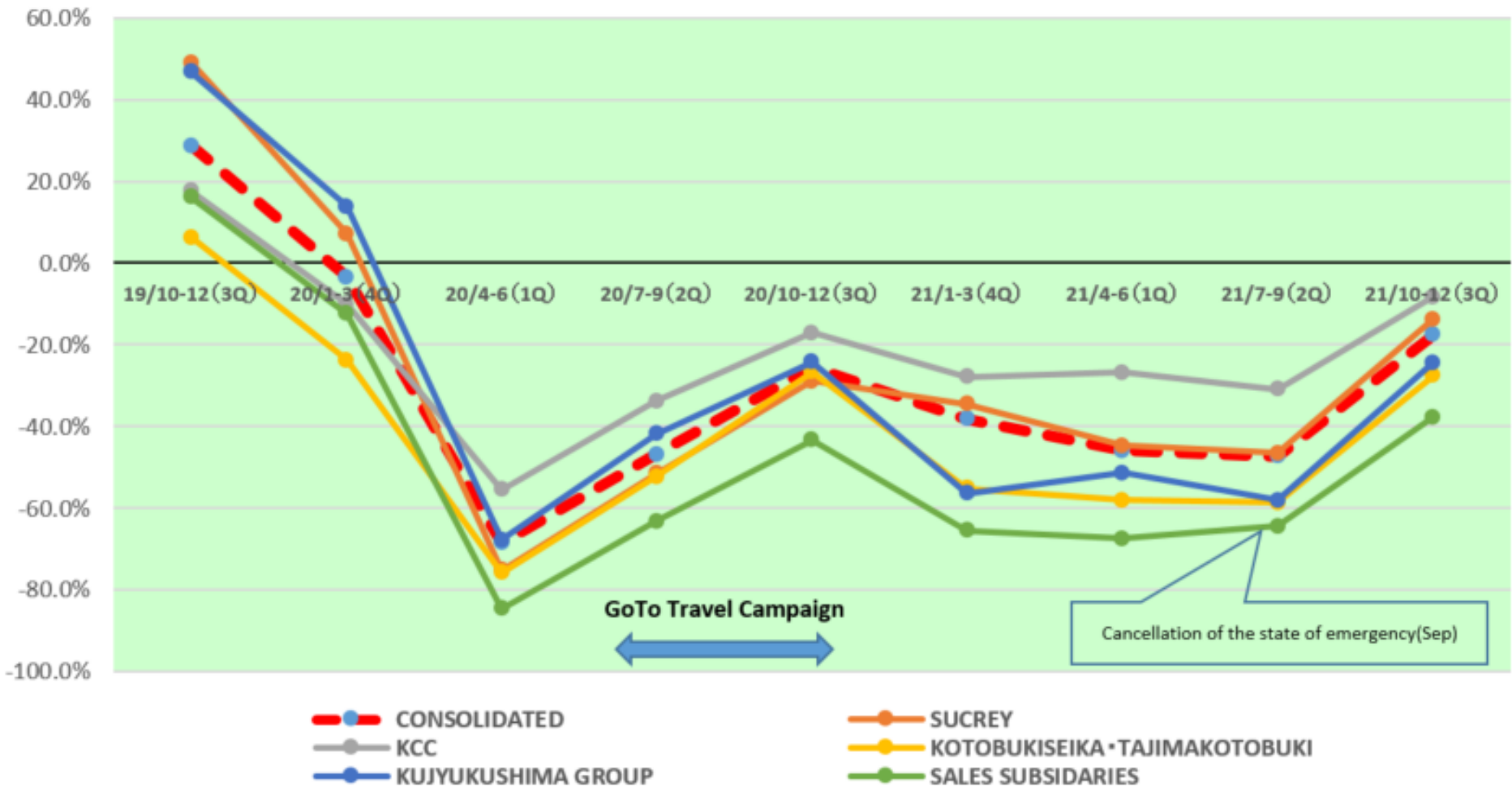
● During the third quarter of the current fiscal year, while inbound sales was still disappearing, the number of people gradually returned due to the cancellation of the state of emergency, and sales recovered to 82.5% compared to FY2020(3Q). On the profit side, as a result of the successful development of the December sales and the increase in profit margin due to improvements in productivity and sales efficiency, etc. Quarterly ordinary profit and net profit each slightly updated their highest quarterly earnings.

● As a result, ordinary profit was 2,217 million yen and net profit was 1,477 million yen, in FY2022(1Q-3Q) both turning into surplus for the first time in two terms.

| | FY2020 | | FY2021 | | FY2022 | |
|-----------------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|
| | 3Q (Oct-Dec) | 1Q-3Q (Apr-Dec) | 3Q (Oct-Dec) | 1Q-3Q (Apr-Dec) | 3Q (Oct-Dec) | 1Q-3Q (Apr-Dec) |
| (Unit:Millions of yen) | | | | | | |
| Net sales | 13,287 | 35,675 | 8,402 | 16,306 | 10,963 | 22,921 |
| (Compared to two years ago) | | | | | (Δ17.5%) | (Δ35.7%) |
| (YoY) | | | | | (+30.5%) | (+40.6%) |
| Ordinary profit(Δloss) | 2,694 | 6,242 | 1,653 | Δ 303 | 2,698 | 2,217 |
| (Compared to two years ago) | | | | | (+0.1%) | (Δ64.5%) |
| Ordinary profit rate | 20.3% | 17.5% | 19.7% | — | 24.6% | 9.7% |
| Net profit(Δloss) | 1,702 | 3,970 | 1,116 | Δ 174 | 1,760 | 1,477 |
| (Compared to two years ago) | | | | | (+3.4%) | (Δ62.8%) |

Sales change in quarterly

Compared to FY2020 sales





The Impact of COVID-19 on business performance

The Impact of COVID-19 on business performance

<FY2022(1Q-3Q)>

●Sales trends

In October, it was sluggish due to the reaction of the GoTo travel campaign that was carried, but it gradually recovered after November. Especially in December, the recovery to 95.9% compared to the FY2020(1Q-3Q) was achieved by actively taking measures to capture demand for Christmas, homecoming, and New Year's greetings. (Compared to FY2020(1Q-3Q) and FY2021(1Q-3Q):%) <except for overseas subsidiaries>

| | Apr | May | Jun | Jul | Aug | Sep |
|---------------------------|--------|--------|--------|--------|--------|--------|
| Compared to FY2021(1Q-3Q) | 222.5% | 145.0% | 43.9% | 44.3% | 17.4% | △0.7% |
| Compared to FY2020(1Q-3Q) | △43.2% | △48.5% | △44.7% | △37.6% | △54.0% | △48.9% |
| | Oct | Nov | Dec | | | |
| Compared to FY2021(1Q-3Q) | 1.3% | 25.2% | 51.5% | | | |
| Compared to FY2020(1Q-3Q) | △33.3% | △22.1% | △4.1% | | | |

●Due to production adjustments factories took holidays. Recorded subsidy income of 1,281 million yen as non-operating income, including employment adjustment subsidies. (392 million yen in 3Q)

<January>

●Sales in January were less than 70% of FY2020.

<FY2022 Business forecast and Dividend forecast >

●Due to uncertainties about market environment , there was no change in the forecast of 2022 that announced on November 4,2021.

FY2022 (1Q-3Q) Topics ①

Sales in the Tokyo Station area revived in December!

In the Tokyo Station area, which has been aggressively opening stores under the new brand, sales in this area exceeded 2019 in December due to the strengthening of measures to stimulate demand.



SUCREY

Butter Butler TOKYO GIFT PALETTE (Pop up)



SUCREY

COCORIS GRANSTA TOKYO



SUCREY

The MAPLE MANIA Tokyo Station (Pop up)



KCC

PISTA & TOKYO TOKYO GIFT PALETTE



KCC

ANBATAYA TOKYO GIFT PALETTE



KCC

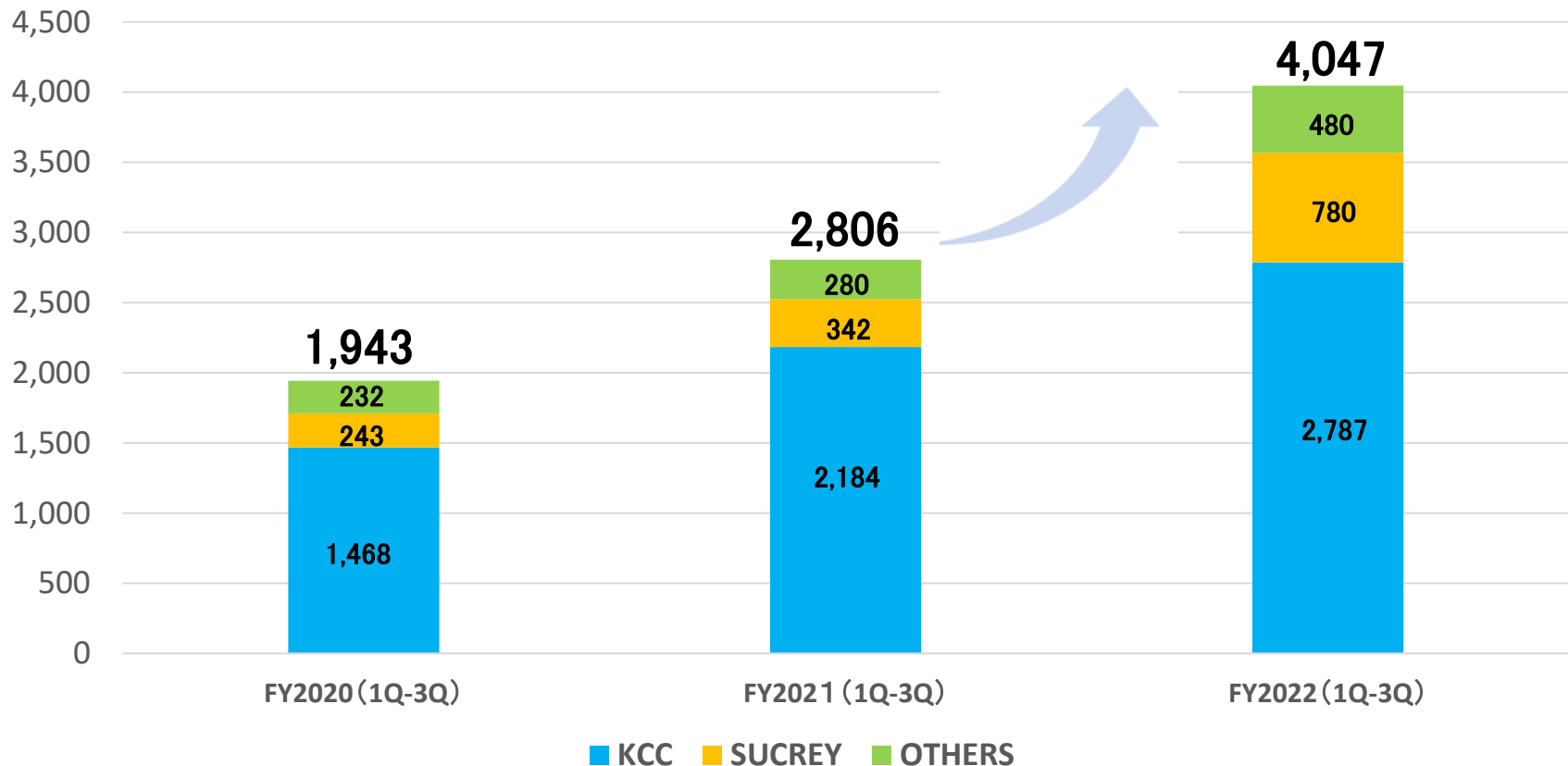
Now on Cheese Hello, Tokyo Station!

FY2022 (1Q-3Q) Topics ②

Mail-order sales grew due to promotions and strengthening of royal customer measures
(1Q-3Q group total sales 4,047 million Yen +44.2% YoY)

Mail-order sales

(Unit: Millions of yen)





FY2022 (1Q-3Q) Topics ③

Overseas sales FY2022 (1Q-3Q) 1,355million yen (+26.4% YoY)

Overseas sales increased due to the effect of opening stores in China



Fromage Double - Best Seller - MEL&SYD
\$37.99



Chocolat Double - SYD ONLY
\$37.99

Overseas sales

(Unit: Millions of yen)

| | FY2021 (1Q-3Q) | FY2022 (1Q-3Q) | YoY(Change) | YoY(%) |
|---------------------------|-------------------|-------------------|-------------|--------------|
| HongKong ^{※1,※2} | 36 | - | △ 36 | - |
| Taiwan ^{※1} | 286 | 325 | 39 | 13.6% |
| Korea | 124 | 147 | 23 | 18.6% |
| Singapore | 165 | 147 | △ 18 | △10.8% |
| China | 432 | 681 | 250 | 57.8% |
| Others | 29 | 54 | 25 | 87.9% |
| TOTAL | 1,072 | 1,355 | 283 | 26.4% |

LeTAO EC site(Australia)

- ※1 Hong Kong and Taiwan are consolidated subsidiaries. Other areas are FC.
- ※2 Hong Kong business closed in February last year.
The local subsidiary Honey Sucrey Limited is currently in the process of liquidation.

Results of FY2022 1Q-3Q (YonY)

It returned to the surplus in the FY2022(1Q-3Q)

| (Millions of Yen,%) | FY2021(1Q-3Q) | | FY2022(1Q-3Q) | | YoY(Change) | YoY(%) | FY2021(1Q-4Q) | |
|-------------------------|---------------|---------------|---------------|---------------|-------------|--------|---------------|---------------|
| | amount | To-sales rate | amount | To-sales rate | | | amount | To-sales rate |
| Net sales | 16,306 | — | 22,921 | — | 6,615 | 40.6 | 23,205 | — |
| Gross profit | 7,945 | 48.7 | 12,426 | 54.2 | 4,481 | 56.4 | 11,640 | 50.2 |
| SG&A expenses | 10,253 | 62.9 | 11,566 | 50.5 | 1,313 | 12.8 | 14,531 | 62.6 |
| Operating profit(Δloss) | Δ 2,307 | — | 860 | 3.8 | 3,168 | — | Δ 2,890 | — |
| Ordinary profit(Δloss) | Δ 303 | — | 2,217 | 9.7 | 2,520 | — | Δ 322 | — |
| Net profit(Δloss) | Δ 174 | — | 1,477 | 6.4 | 1,652 | — | Δ 570 | — |
| EPS(Yen) | Δ 5.60 | | 47.47 | | 53.07 | | Δ 18.30 | |

Impact of the New Revenue Recognition Standard on Business Performance

The impact of this changes are shown in the table below due to the application of “New Revenue Recognition Standard ”.(Changes in digestion type sales transaction, delivery service for mail order, points of our own EC site, etc...) The gross profit rate decreased by 2.6 points and the SG&A expense rate decreased by 2.3 points.

| (Millions of yen,%) | FY2022 (1Q-3Q) | | | | amount of impact |
|--------------------------|----------------|---------------|---------------|---------------|------------------|
| | Before | To-sales rate | After | To-sales rate | |
| Net sales | 22,242 | — | 22,921 | — | 679 |
| Cost of sales | 9,607 | 43.2 | 10,495 | 45.8 | 889 |
| Gross profit | 12,635 | 56.8 | 12,426 | 54.2 | △ 209 |
| SG&A expenses | 11,749 | 52.8 | 11,566 | 50.5 | △ 183 |
| Freight | 1,200 | 5.4 | 762 | 3.3 | △ 438 |
| Rent | 1,841 | 8.3 | 814 | 3.6 | △ 1,026 |
| Commission expenses | 455 | 2.0 | 1,762 | 7.7 | 1,307 |
| Others | 8,254 | 37.1 | 8,228 | 35.9 | △ 26 |
| Operating profit | 887 | 4.0 | 860 | 3.8 | △ 26 |

● In addition to the above, the balance of retained earnings at the beginning of the period decreased by 24 million yen.

Results of FY2022 (1Q-3Q) (SEGMENTS)

Major segments sales have recovered. Sales of SUCREY increased significantly

| | Net sales | | | | Operating profit(Δloss) | | |
|---|-------------------|-------------------|--------------|--------------|-------------------------|-------------------|--------------|
| | FY2021 (1Q-3Q) | FY2022 (1Q-3Q) | YoY(Change) | YoY(%) | FY2021 (1Q-3Q) | FY2022 (1Q-3Q) | YoY(Change) |
| (Millions of Yen,%) | | | | | | | |
| SUCREY | 4,969 | 8,507 | 3,538 | 71.2 | Δ 894 | 573 | 1,468 |
| KCC | 5,502 | 7,475 | 1,973 | 35.9 | Δ 398 | 243 | 641 |
| <small>KOTOBUKISEIKA TAJIMAKOTOBUKI</small> | 4,016 | 4,713 | 696 | 17.3 | Δ 398 | 61 | 459 |
| SALES SUBSIDIARIES | 1,643 | 2,223 | 580 | 35.3 | Δ 401 | Δ 117 | 284 |
| KUJYUKUSHIMA GROUP | 1,579 | 2,063 | 485 | 30.7 | Δ 408 | Δ 295 | 113 |
| OTHERS | 372 | 371 | Δ 1 | Δ 0.4 | 2 | 9 | 6 |
| SEGMENTS TOTAL | 18,081 | 25,351 | 7,271 | 40.2 | Δ 2,497 | 473 | 2,971 |
| ADJUSTMENT | Δ 1,774 | Δ 2,430 | Δ 655 | 36.9 | 190 | 387 | 197 |
| TOTAL | 16,306 | 22,921 | 6,615 | 40.6 | Δ 2,307 | 860 | 3,168 |

Sales channel

Domestic retail sales increased compared to FY2021 (1Q-3Q)

| (Millions of yen, %) | FY2021(1Q-3Q) | | FY2022(1Q-3Q) | | YoY (Change) | YoY (%) |
|--------------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 16,306 | — | 22,921 | — | 6,615 | 40.6 |
| Mail Order | 2,806 | 17.2 | 4,047 | 17.7 | 1,240 | 44.2 |
| (LeTAO Mail Order) | 2,184 | 13.4 | 2,787 | 12.2 | 603 | 27.6 |
| Retail(Domestic)^{※1} | 6,625 | 40.6 | 10,700 | 46.7 | 4,075 | 61.5 |
| Wholesale(Domestic) | 5,796 | 35.5 | 6,815 | 29.7 | 1,019 | 17.6 |
| (Inbound sales) | 77 | 0.5 | 100 | 0.4 | 22 | 29.1 |
| Overseas | 1,072 | 6.6 | 1,355 | 5.9 | 283 | 26.4 |
| Others^{※2} | 7 | 0.0 | 5 | 0.0 | △ 2 | △ 27.2 |

※1 Retail(Domestic)are shops and Pop up stores.

※2 Others are health food business and property insurance agency business.

Cost of sales ▪ Gross profit

Gross profit margin increased 5.5 points due to sales recovery and productivity improvement

| (Millions of Yen,%) | FY2021(1Q-3Q) | | FY2022(1Q-3Q) | | YoY(Change) | YoY(%) | FY2021(1Q-4Q) | |
|---------------------------|---------------|---------------|---------------|---------------|--------------|-------------|---------------|-------------|
| | amount | To-sales rate | amount | To-sales rate | | | 通期 | 売上比 |
| Net sales | 16,306 | — | 22,921 | — | 6,615 | 40.6 | 23,205 | — |
| Material cost | 3,879 | 23.8 | 5,203 | 22.7 | 1,325 | 34.2 | 5,104 | 22.0 |
| Labor cost | 2,492 | 15.3 | 2,783 | 12.1 | 290 | 11.6 | 3,506 | 15.1 |
| Expense | 1,384 | 8.5 | 1,420 | 6.2 | 36 | 2.6 | 1,853 | 8.0 |
| Manufacturing cost | 7,755 | 47.6 | 9,406 | 41.0 | 1,651 | 21.3 | 10,463 | 45.1 |
| Others | 606 | 3.7 | 1,089 | 4.8 | 483 | 79.8 | 1,101 | 4.7 |
| Cost of sales | 8,361 | 51.3 | 10,495 | 45.8 | 2,134 | 25.5 | 11,565 | 49.8 |
| Gross profit | 7,945 | 48.7 | 12,426 | 54.2 | 4,481 | 56.4 | 11,640 | 50.2 |

SG&A expenses / Operating profit

SG&A rate decreased by 12.4 points due to sales recovery and cost control

| | FY2021(1Q-3Q) | | FY2022(1Q-3Q) | | YoY(Change) | | FY2021(1Q-4Q) | |
|---------------------------------------|---------------|---------------|---------------|---------------|-------------|--------|---------------|---------------|
| | amount | To-sales rate | amount | To-sales rate | | | amount | To-sales rate |
| (Millions of Yen,%) | | | | | | | | |
| Gross profit | 7,945 | 48.7 | 12,426 | 54.2 | 4,481 | 56.4 | 11,640 | 50.2 |
| Personnel expenses | 4,635 | 28.4 | 4,962 | 21.6 | 327 | 7.1 | 6,428 | 27.7 |
| Promotion | 1,290 | 7.9 | 1,616 | 7.0 | 326 | 25.2 | 1,969 | 8.5 |
| Freight | 992 | 6.1 | 762 | 3.3 | ※ Δ 230 | Δ 23.2 | 1,382 | 6.0 |
| Advertising | 178 | 1.1 | 209 | 0.9 | 31 | 17.4 | 276 | 1.2 |
| Rent | 1,374 | 8.4 | 814 | 3.6 | ※ Δ 559 | Δ 40.7 | 1,957 | 8.4 |
| Depreciation | 393 | 2.4 | 319 | 1.4 | Δ 74 | Δ 18.8 | 529 | 2.3 |
| Traveling and transportation expenses | 129 | 0.8 | 163 | 0.7 | 34 | 25.9 | 185 | 0.8 |
| Commission expenses | 319 | 2.0 | 1,762 | 7.7 | ※ 1,443 | 452.3 | 500 | 2.2 |
| Others | 943 | 5.8 | 959 | 4.2 | ※ 16 | 1.7 | 1,304 | 5.6 |
| SG&A expenses | 10,253 | 62.9 | 11,566 | 50.5 | ※ 1,313 | 12.8 | 14,531 | 62.6 |
| Operating profit(ΔLoss) | Δ 2,307 | — | 860 | 3.8 | 3,168 | — | Δ 2,890 | — |

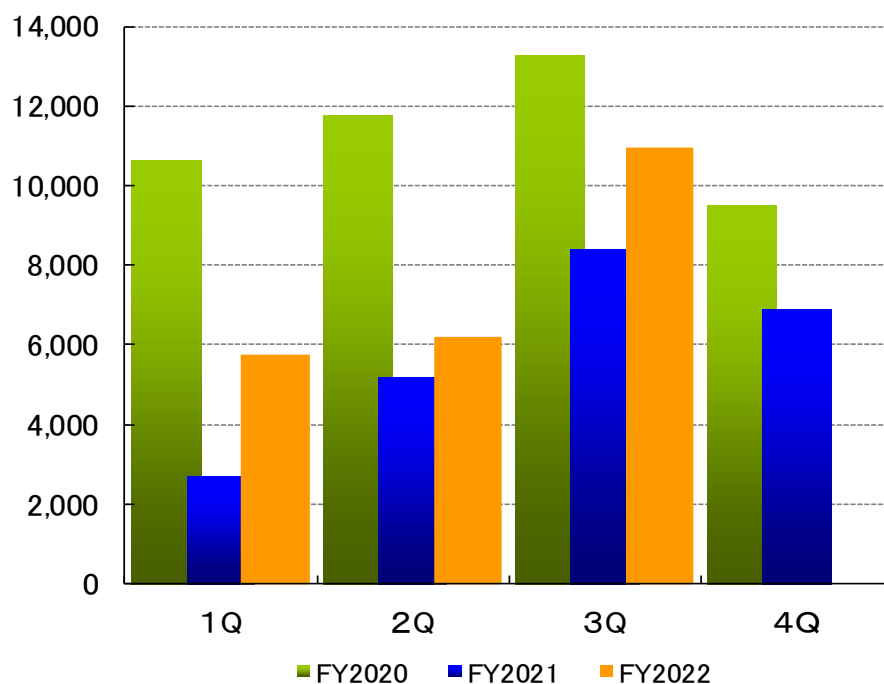
※ Accounting subjects affected by New Revenue Recognition Standard . Please see P10 for details.

● The increase in personnel expenses was mainly due to the reaction to the reduction in executive compensation and bonuses implemented in the previous fiscal year.

Net sales

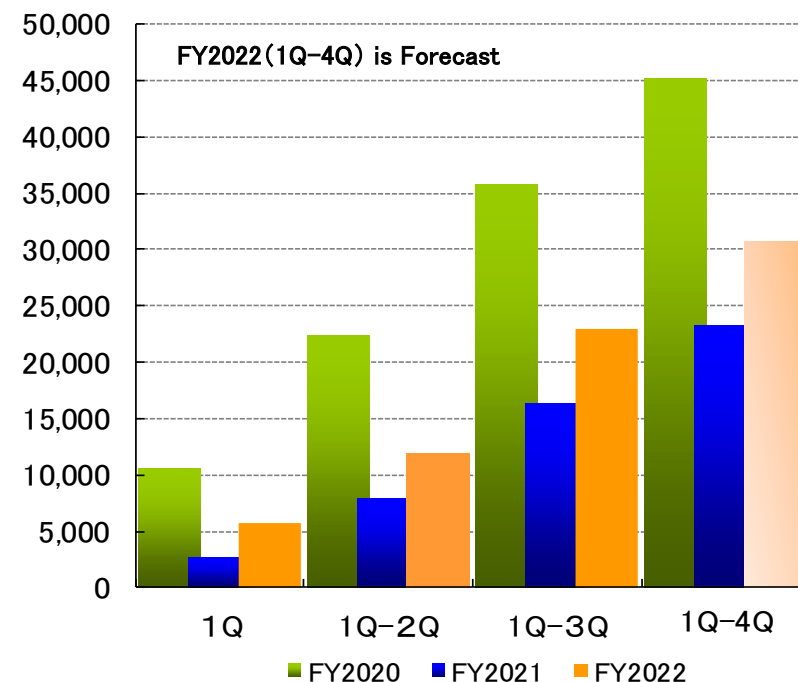
Net sales (Quarter)

(Three periods comparison)



Net sales (Cumulative)

(Three periods comparison)



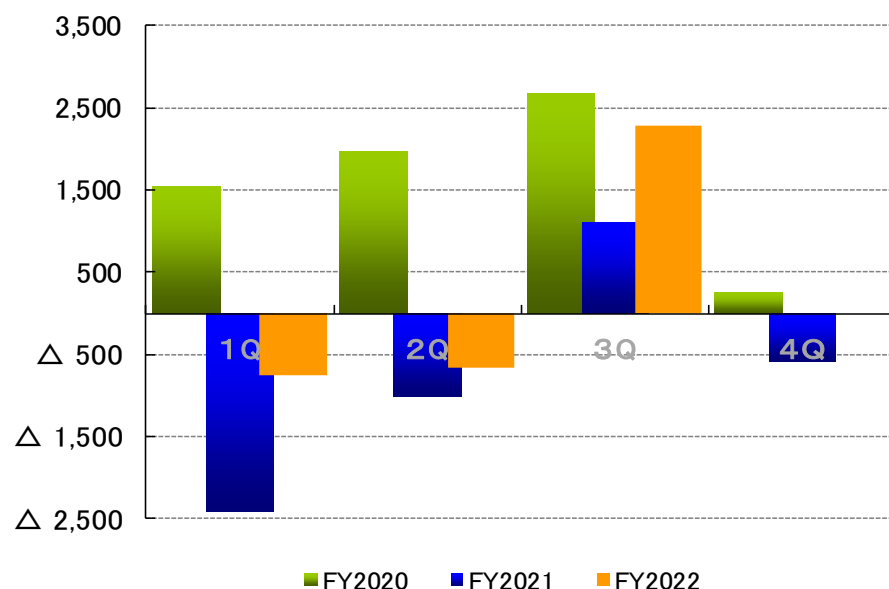
(Millions of yen)

| | Quarter | | | | Cumulative Quarter | | | |
|--------------------|---------|--------|--------|-------|--------------------|--------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 1Q-2Q | 1Q-3Q | 1Q-4Q |
| FY2020 | 10,627 | 11,761 | 13,287 | 9,506 | 10,627 | 22,388 | 35,675 | 45,181 |
| FY2021 | 2,716 | 5,189 | 8,402 | 6,898 | 2,716 | 7,905 | 16,306 | 23,205 |
| FY2022 | 5,758 | 6,200 | 10,963 | - | 5,758 | 11,959 | 22,921 | 30,700 |
| Compared to FY2020 | △45.8% | △47.3% | △17.5% | - | △45.8% | △46.6% | △35.7% | △32.1% |
| YoY | 112.0% | 19.5% | 30.5% | - | 112.0% | 51.3% | 40.6% | 32.3% |

Operating profit

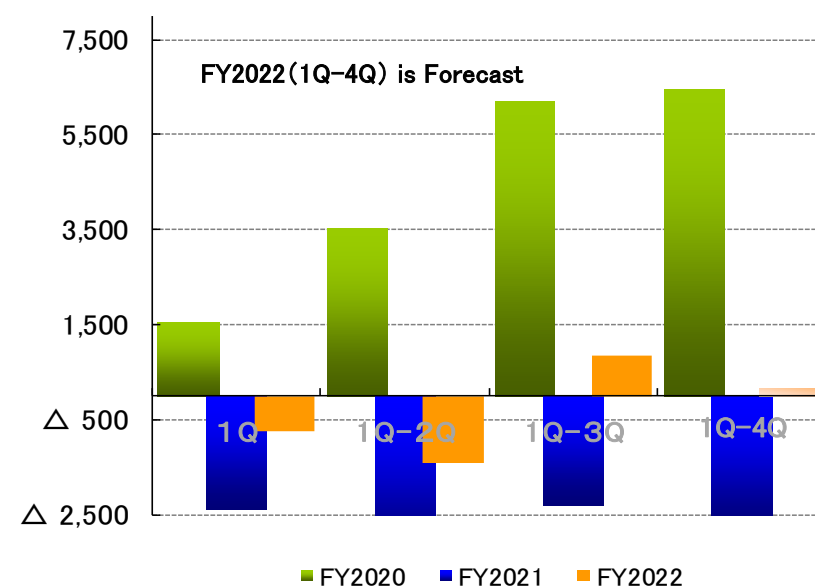
Operating profit (Quarter)

(Three periods comparison)



Operating profit (Cumulative)

(Three periods comparison)



(Millions of yen)

| | Quarter | | | | Cumulative Quarter | | | |
|--------------------|---------|---------|---------|-------|--------------------|---------|---------|---------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 1Q-2Q | 1Q-3Q | 1Q-4Q |
| FY2020 | 1,555 | 1,964 | 2,672 | 264 | 1,555 | 3,519 | 6,191 | 6,455 |
| FY2021 | △ 2,409 | △ 1,012 | 1,114 | △ 583 | △ 2,409 | △ 3,421 | △ 2,307 | △ 2,890 |
| FY2022 | △ 759 | △ 659 | 2,279 | - | △ 759 | △ 1,418 | 860 | 150 |
| Compared to FY2020 | - | - | △ 14.7% | - | - | - | △ 86.1% | △ 97.7% |
| YoY | - | - | 104.6% | - | - | - | - | - |

Balance Sheet

The increase in current assets was mainly due to the increase in trade receivables

| (Millions of yen,%) | FY2020 | | FY2021 | | FY2022(3Q) | | Compared to FY2021 (Change) | Compared to FY2021 (%) |
|----------------------------|---------------|--------------|---------------|--------------|---------------|--------------|-----------------------------------|------------------------------|
| | amount | rate | amount | rate | amount | rate | | |
| Current assets | 13,444 | 50.1 | 12,615 | 50.4 | 15,380 | 56.4 | 2,766 | 21.9 |
| Non-current assets | 13,370 | 49.9 | 12,437 | 49.6 | 11,870 | 43.6 | △ 567 | △ 4.6 |
| Assets | 26,814 | 100.0 | 25,052 | 100.0 | 27,250 | 100.0 | 2,198 | 8.8 |
| Current liabilities | 3,846 | 14.3 | 3,077 | 12.3 | 4,829 | 17.7 | 1,752 | 56.9 |
| Non-current liabilities | 1,803 | 6.7 | 2,634 | 10.5 | 2,543 | 9.3 | △ 91 | △ 3.4 |
| Liabilities | 5,649 | 21.1 | 5,711 | 22.8 | 7,372 | 27.1 | 1,661 | 29.1 |
| Net assets | 21,165 | 78.9 | 19,342 | 77.2 | 19,878 | 72.9 | 537 | 2.8 |
| Liabilities and net assets | 26,814 | 100.0 | 25,052 | 100.0 | 27,250 | 100.0 | 2,198 | 8.8 |
| BPS(Yen) | 680.11 | | 621.53 | | 638.78 | | 17.25 | 2.8 |
| CAPEX | 2,041 | | 540 | | 289 | | | |
| Depreciation | 1,459 | | 1,420 | | 905 | | | |
| Overdraft limit | 3,250 | | 7,800 | | 7,800 | | | |

Business Forecast for FY2022

Operating loss turn into surplus in FY2022

| | FY2021 | | FY2022(Forecast) | | YoY(Change) | YoY(%) |
|-------------------------|---------|---------------|------------------|---------------|-------------|--------|
| | amount | To-sales rate | amount | To-sales rate | | |
| (millions of yen,%) | | | | | | |
| Net sales | 23,205 | – | 30,700 | – | 7,495 | 32.3 |
| Gross profit | 11,640 | 50.2 | 16,280 | 53.0 | 4,640 | 39.9 |
| SG&A expenses | 14,531 | 62.6 | 16,130 | 52.5 | 1,599 | 11.0 |
| Operating profit(Δloss) | Δ 2,890 | – | 150 | 0.5 | 3,040 | – |
| Ordinary profit(Δloss) | Δ 322 | – | 1,450 | 4.7 | 1,772 | – |
| Net profit(Δloss) | Δ 570 | – | 947 | 3.1 | 1,517 | – |
| EPS(yen) | Δ 18.30 | | 30.43 | | 48.73 | – |
| Dividend/stock (yen) | 30.00 | | 30.00 | | – | – |
| CAPEX | 540 | | 400 | | Δ 140 | Δ 25.9 |
| Depreciation | 1,420 | | 1,230 | | Δ 190 | Δ 13.4 |

Business Forecast for FY2022(3Q-4Q)

We do not anticipate the emergency declaration in FY2022(3Q-4Q), and assume that the market environment would gradually recover.

| (millions of yen,%) | FY2021(3Q-4Q) | | FY2022(3Q-4Q) | | YoY(Change) | YoY(%) |
|---------------------|---------------|---------------|---------------|---------------|-------------|--------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 15,300 | – | 18,741 | – | 3,441 | 22.5 |
| Gross profit | 8,640 | 56.5 | 10,439 | 55.7 | 1,800 | 20.8 |
| SG&A expenses | 8,109 | 53.0 | 8,871 | 47.3 | 762 | 9.4 |
| Operating profit | 531 | 3.5 | 1,568 | 8.4 | 1,037 | 195.5 |
| Ordinary profit | 1,634 | 10.7 | 1,931 | 10.3 | 297 | 18.2 |
| Net profit | 720 | 4.7 | 1,230 | 6.6 | 509 | 70.7 |

| (millions of yen,%) | FY2020(3Q-4Q) | | FY2022(3Q-4Q) | | Compared to FY2020(Change) | Compared to FY2020(%) |
|---------------------|---------------|---------------|---------------|---------------|----------------------------|-----------------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 22,793 | – | 18,741 | – | △ 4,052 | △ 17.8 |
| Gross profit | 13,442 | 59.0 | 10,439 | 55.7 | △ 3,003 | △ 22.3 |
| SG&A expenses | 10,506 | 46.1 | 8,871 | 47.3 | △ 1,635 | △ 15.6 |
| Operating profit | 2,936 | 12.9 | 1,568 | 8.4 | △ 1,368 | △ 46.6 |
| Ordinary profit | 2,927 | 12.8 | 1,931 | 10.3 | △ 996 | △ 34.0 |
| Net profit | 1,832 | 8.0 | 1,230 | 6.6 | △ 602 | △ 32.9 |

Business Forecast for FY2022 (SEGMENTS)

| | Net sales | | | | Operating profit | | |
|---------------------------------|-----------|----------------------|-------------|--------|------------------|----------------------|-------------|
| | FY2021 | FY2022 (Forecast) | YoY(Change) | YoY(%) | FY2021 | FY2022 (Forecast) | YoY(Change) |
| (Million of Yen,%) | | | | | | | |
| SUCREY | 7,627 | 11,390 | 3,763 | 49.3 | △ 930 | 227 | 1,157 |
| KCC | 8,177 | 9,716 | 1,539 | 18.8 | △ 317 | 172 | 489 |
| KOTOBUKISEIKA TAJIMAKOTOBUKI | 4,935 | 6,283 | 1,348 | 27.3 | △ 860 | △ 246 | 614 |
| SALES SUBSIDIARIES | 2,139 | 3,229 | 1,090 | 51.0 | △ 566 | △ 143 | 423 |
| KUJYUKUSHIMA GROUP | 2,047 | 2,698 | 651 | 31.8 | △ 649 | △ 535 | 114 |
| OTHERS | 539 | 528 | △ 11 | △ 2.1 | 27 | 34 | 7 |
| SEGMENTS TOTAL | 25,464 | 33,844 | 8,380 | 32.9 | △ 3,295 | △ 491 | 2,804 |
| ADJUSTMENT | △ 2,259 | △ 3,144 | △ 885 | 39.2 | 405 | 641 | 236 |
| TOTAL | 23,205 | 30,700 | 7,495 | 32.3 | △ 2,890 | 150 | 3,040 |

Progress rate of Business Forecast for FY2022

Progress rate: Sales 74.7%, Ordinary income 152.9%

| | FY2022(1Q-3Q) | | FY2022(1Q-4Q) Forecast | | Progress rate |
|------------------------|---------------|---------------|---------------------------|---------------|---------------|
| | amount | To-sales rate | amount | To-sales rate | |
| (millions of yen,%) | | | | | |
| Net sales | 22,921 | — | 30,700 | — | 74.7 |
| Gross profit | 12,426 | 54.2 | 16,280 | 53.0 | 76.3 |
| SG&A expenses | 11,566 | 50.5 | 16,130 | 52.5 | 71.7 |
| Operating profit | 860 | 3.8 | 150 | 0.5 | 573.7 |
| Ordinary profit | 2,217 | 9.7 | 1,450 | 4.7 | 152.9 |
| Net profit | 1,477 | 6.4 | 947 | 3.1 | 156.0 |

● Business Forecast for FY2022 disclosed on November 4, 2021.

3Q cumulative progress rate for past full-year results

| | Net sales | Ordinary profit |
|--------|-----------|-----------------|
| FY2020 | 79.0% | 96.4% |
| FY2021 | 70.3% | — |

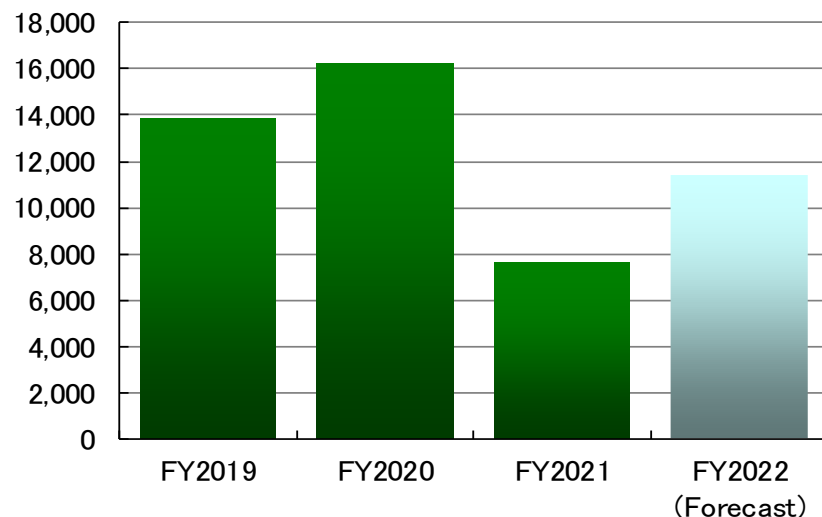
《SUCREY》

FY2022 (Forecast)

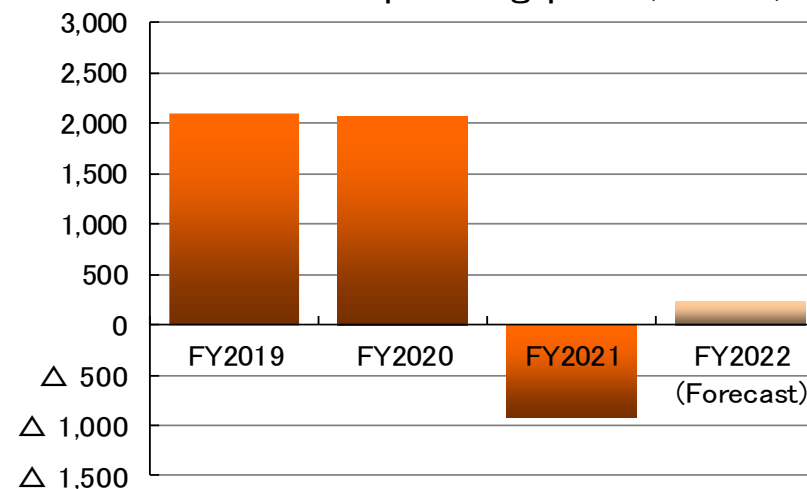
FY2022 : Net sales **11,390** million yen (**+49.3%** YoY) OP **227** million yen (FY2021 Δ 930million yen)

(Unit: Millions of yen)

Net sales



Operating profit(Δ loss)



| (Millions of yen,%) | FY2019 | FY2020 | FY2021 | YoY | | FY2022 (Forecast) | YoY | |
|----------------------------------|--------|--------|--------------|----------------|---------------|----------------------|----------|------|
| | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 13,860 | 16,199 | 7,627 | Δ 8,572 | Δ 52.9 | 11,390 | 3,763 | 49.3 |
| Gross profit | 8,682 | 9,893 | 4,198 | Δ 5,695 | Δ 57.6 | 6,639 | 2,441 | 58.1 |
| Gross profit rate | 62.6 | 61.1 | 55.0 | Δ 6.0 | | 58.3 | 3.2 | |
| SG&A expenses | 6,592 | 7,834 | 5,128 | Δ 2,706 | Δ 34.5 | 6,412 | 1,284 | 25.0 |
| Operating profit(Δ loss) | 2,090 | 2,059 | Δ 930 | Δ 2,989 | - | 227 | 1,157 | - |

《SUCREY》

FiOLATTE

- Level up of existing shops, pop up, mail-order and wholesale
- Continue to focus on brands development and new brands development
- We opened a new sweets brand FiOLATTE that with the theme of latte art in Shinagawa station in December 2021



FiOLATTE ecute Shinagawa

Financier

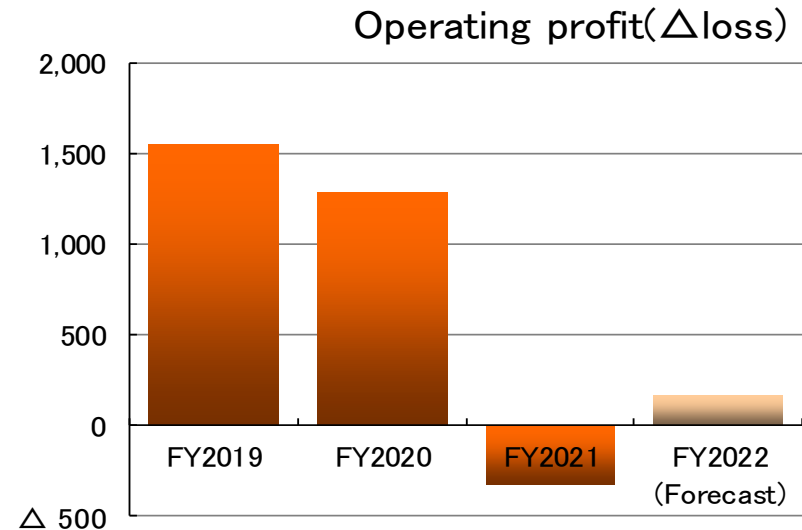
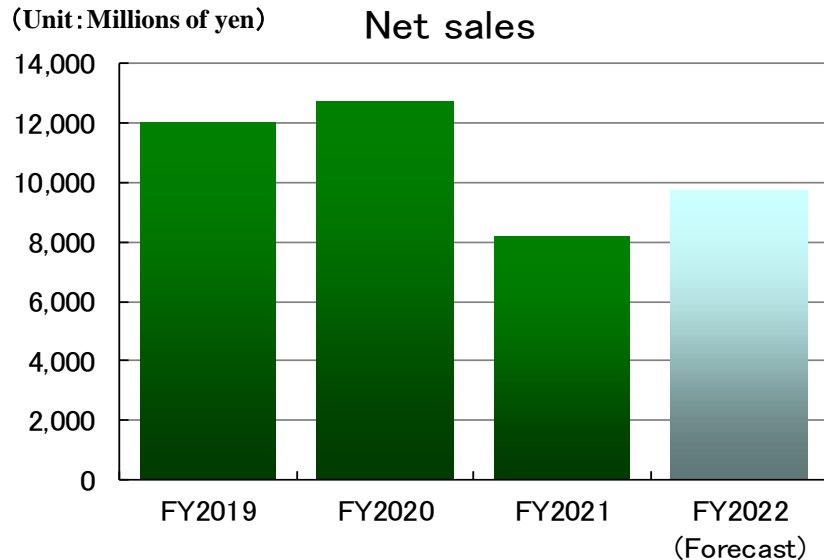
Baked cake

Dacquoise sand



FY2022 (Forecast)

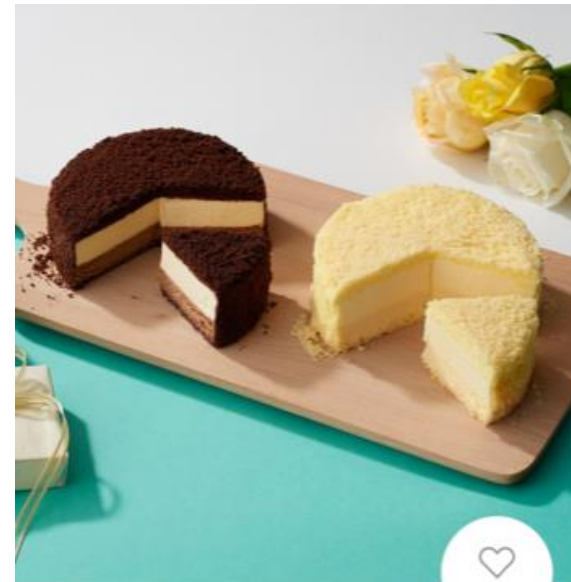
FY2022: Net sales 9,716 million yen (+18.8%YoY) OP 172 million yen (FY2021 Δ317million yen)



| (Millions of yen,%) | FY2019 | FY2020 | FY2021 | YoY | | FY2022 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|----------|--------|----------------------|----------|-------|
| | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 12,012 | 12,700 | 8,177 | Δ 4,523 | Δ 35.6 | 9,716 | 1,539 | 18.8 |
| Gross profit | 7,479 | 7,758 | 4,806 | Δ 2,952 | Δ 38.1 | 5,138 | 332 | 6.9 |
| Gross profit rate | 62.3 | 61.1 | 58.8 | Δ 2.3 | | 52.9 | Δ 5.9 | |
| SG&A expenses | 5,927 | 6,466 | 5,123 | Δ 1,343 | Δ 20.8 | 4,966 | Δ 157 | Δ 3.1 |
| Operating profit(Δloss) | 1,553 | 1,292 | Δ 317 | Δ 1,609 | - | 172 | 489 | - |

《KCC》

LeTAO Strengthen measures for seasonal events at mail-order, directly managed
Focus on developing Tokyo area brands (PISTA & TOKYO/Now on Cheese ♪)



LeTAO

[ルタオ]人気チーズケーキ食べ比べセット

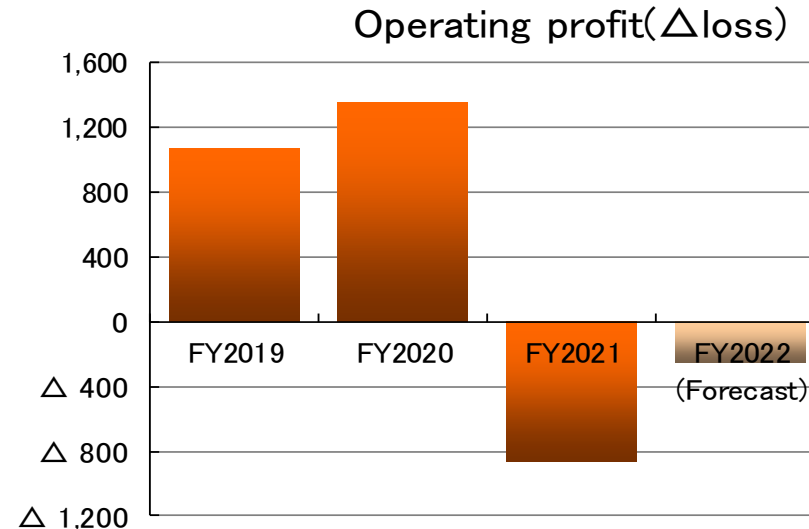
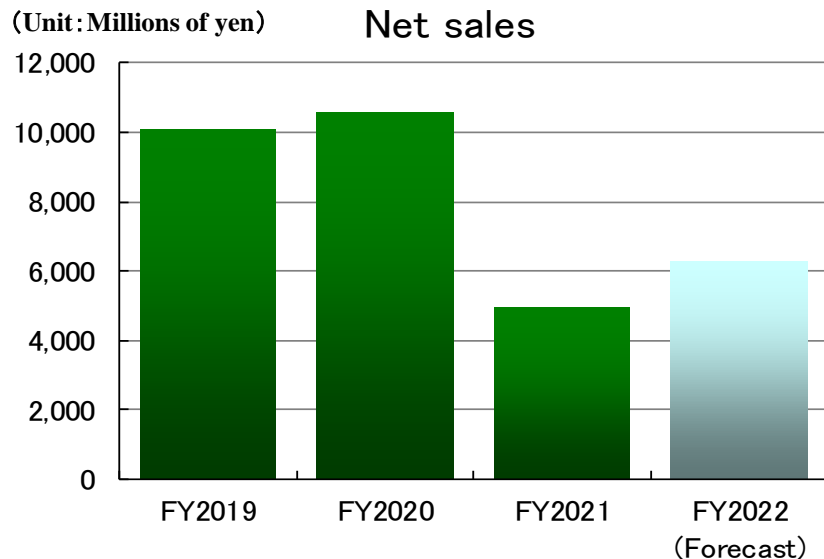
¥4,090 送料込み

自分用に購入 友だちにギフト

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

FY2022 (Forecast)

FY2022: Net sales 6,283 million yen (+27.3%YoY) OP Δ 246 million yen (FY2021 Δ 860million yen)



| (Millions of yen,%) | FY2019 | FY2020 | FY2021 | YoY | | FY2022 (Forecast) | YoY | |
|----------------------------------|--------|--------|--------------|----------------|---------------|----------------------|----------|------|
| | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 10,080 | 10,572 | 4,935 | Δ 5,637 | Δ 53.3 | 6,283 | 1,348 | 27.3 |
| Gross profit | 3,866 | 4,199 | 969 | Δ 3,229 | Δ 76.9 | 1,773 | 804 | 82.9 |
| Gross profit rate | 38.4 | 39.7 | 19.6 | Δ 20.1 | | 28.2 | 8.6 | |
| SG&A expenses | 2,793 | 2,847 | 1,829 | Δ 1,017 | Δ 35.7 | 2,019 | 190 | 10.4 |
| Operating profit(Δ loss) | 1,073 | 1,352 | Δ 860 | Δ 2,212 | - | Δ 246 | 614 | - |

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

Strengthen new products development

- Development of new products on existing lines
- Focus on developing new genres such as protein bars for major drug stores

お菓子の壽城



Kotobuki Castle



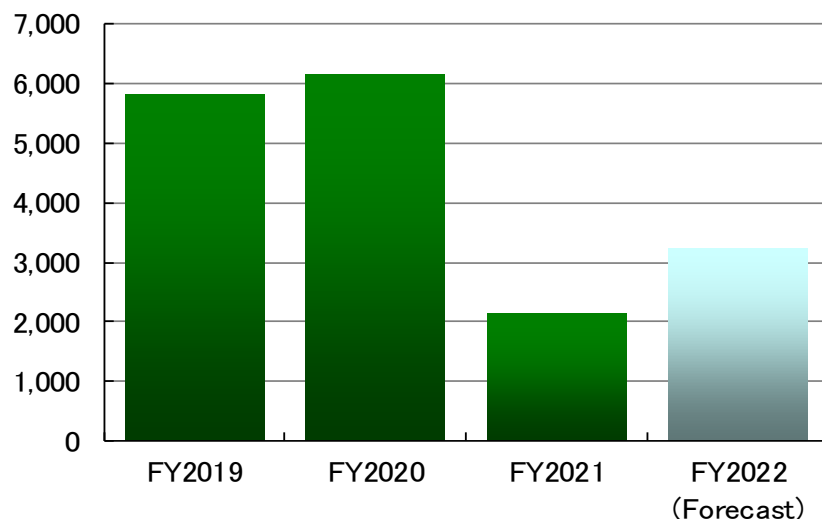
Aka tochi mochi

《SALES SUBSIDIARIES》 FY2022 (Forecast)

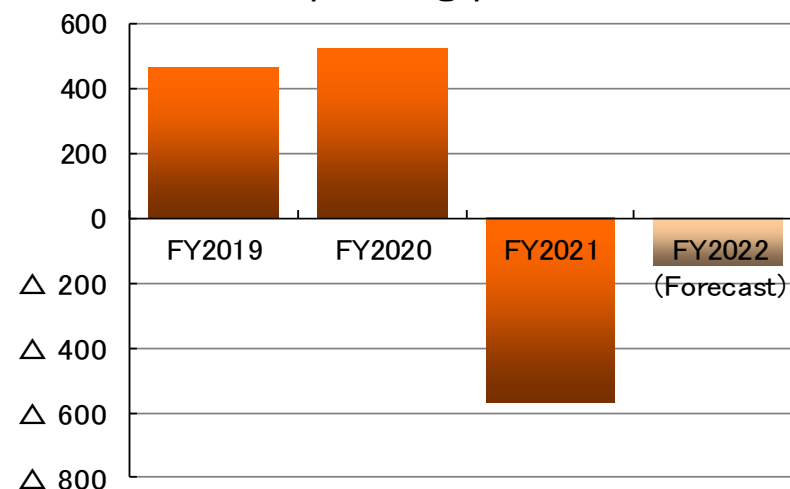
FY2022: Net sales 3,229 million yen (+51.0%YoY) OP Δ 143 million yen (FY2021 Δ 566 million yen)

(Unit: Millions of yen)

Net sales



Operating profit



| (Millions of yen,%) | FY2019 | FY2020 | FY2021 | YoY | | FY2022 (Forecast) | YoY | |
|----------------------------------|--------|--------|--------------|----------------|---------------|----------------------|----------|------|
| | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 5,829 | 6,176 | 2,139 | Δ 4,037 | Δ 65.4 | 3,229 | 1,090 | 51.0 |
| Gross profit | 2,057 | 2,224 | 625 | Δ 1,599 | Δ 71.9 | 1,157 | 532 | 85.2 |
| Gross profit rate | 35.3 | 36.0 | 29.2 | Δ 6.8 | | 35.8 | 6.6 | |
| SG&A expenses | 1,590 | 1,700 | 1,191 | Δ 509 | Δ 30.0 | 1,300 | 109 | 9.2 |
| Operating profit(Δ loss) | 467 | 523 | Δ 566 | Δ 1,090 | - | Δ 143 | 423 | - |

《SALES SUBSIDIARIES》

- Launch new products that meet private demand at major transportation hubs
- Strengthen sales of premium sweets at EC (KYOTO VENETO&KONDIKTOREI KOBE)



KYOTO VENETO Gemini



Hanafukudo Hakata Makkana Ichigono Parfait cheesecake

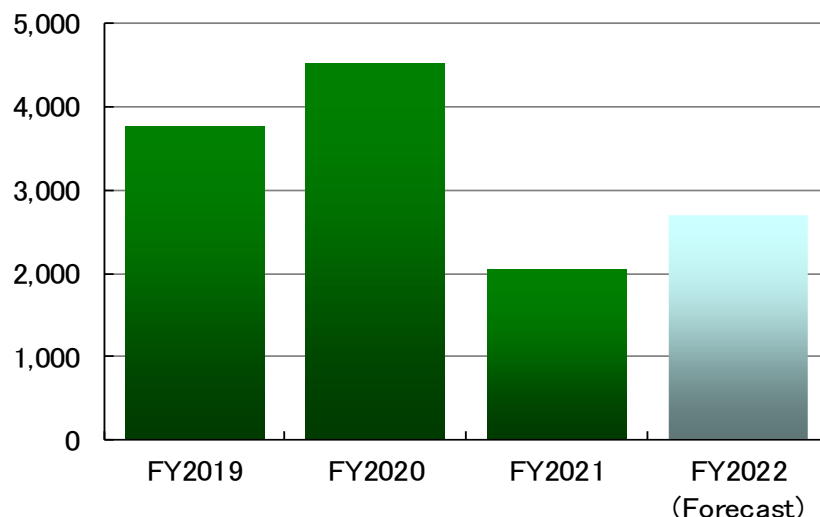
《 KUJYUKUSHIMA GROUP 》

FY2022 (Forecast)

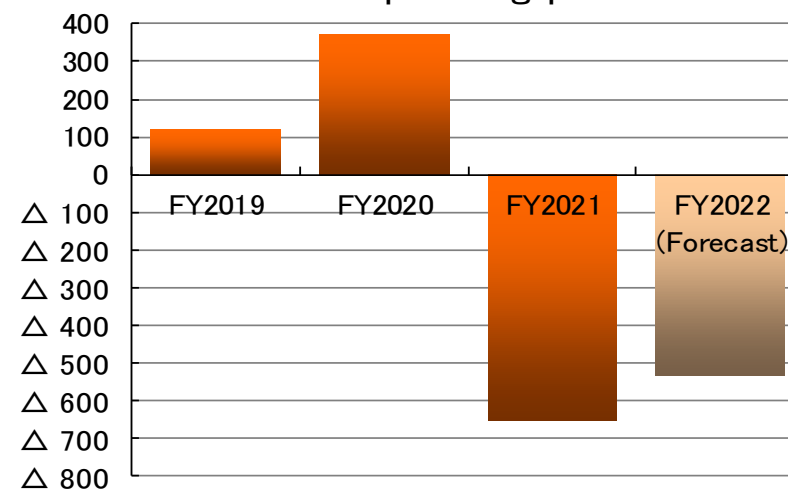
FY2022: Net sales 2,698 million yen (+31.8%YoY) OP Δ 535 million yen (FY2021 Δ 649million yen)

(Unit: Millions of yen)

Net sales



Operating profit



| (Millions of yen,%) | FY2019 | FY2020 | FY2021 | YoY | | FY2022 (Forecast) | YoY | |
|----------------------------------|--------|--------|--------------|----------------|---------------|----------------------|----------|------|
| | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 3,759 | 4,522 | 2,047 | Δ 2,475 | Δ 54.7 | 2,698 | 651 | 31.8 |
| Gross profit | 1,709 | 2,127 | 650 | Δ 1,477 | Δ 69.4 | 1,082 | 432 | 66.4 |
| Gross profit rate | 45.5 | 47.0 | 31.8 | Δ 15.3 | | 40.1 | 8.3 | |
| SG&A expenses | 1,589 | 1,753 | 1,300 | Δ 453 | Δ 25.9 | 1,617 | 317 | 24.4 |
| Operating profit(Δ loss) | 120 | 374 | Δ 649 | Δ 1,023 | - | Δ 535 | 114 | - |

《 KUJYUKUSHIMA GROUP 》



Focus on shops and pop up shops

- In the Huis Ten Bosch area, taking measures such as original events and selling premium fresh sweets.



Tante Annie Flagship shop



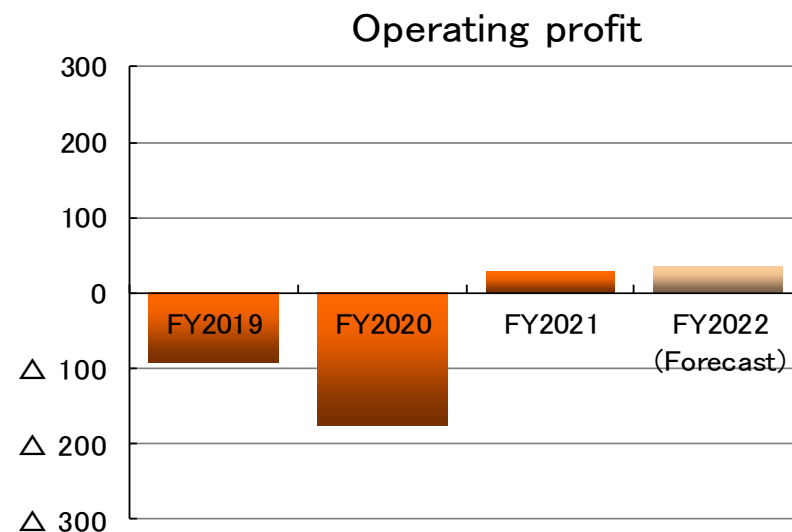
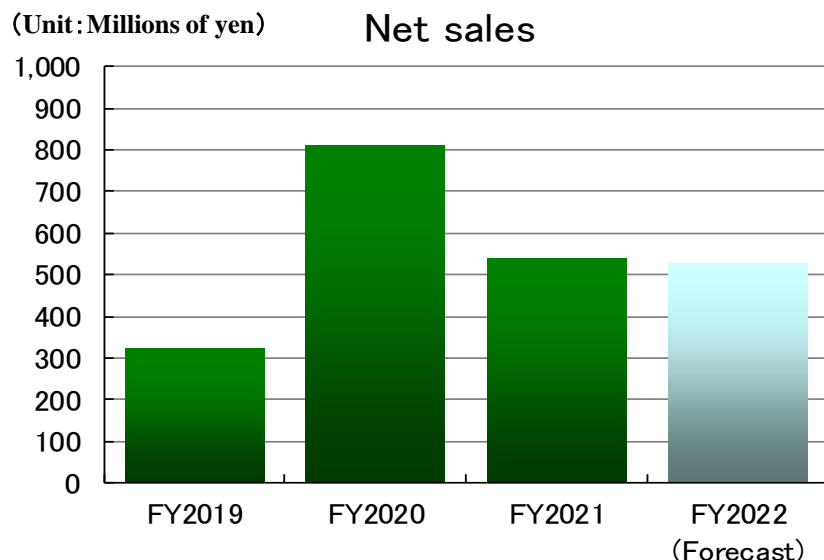
Fresh mini kaas cake

《OTHERS》

< Health food business, Taiwan confectionery business, Hong Kong confectionery business, General insurance agency >

FY2022 (Forecast)

FY2022: Net sales 528 million yen (Δ2.1%YoY) OP 34 million yen (+24.6%YoY)



| (Millions of yen,%) | FY2019 | FY2020 | FY2021 | YoY | | FY2022 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|----------|--------|----------------------|----------|-------|
| | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 321 | 812 | 539 | Δ 273 | Δ 33.6 | 528 | Δ 11 | Δ 2.1 |
| Gross profit | 191 | 529 | 383 | Δ 146 | Δ 27.6 | 373 | Δ 10 | Δ 2.6 |
| Gross profit rate | 59.6 | 65.1 | 71.1 | 5.9 | | 70.6 | Δ 0.4 | |
| SG&A expenses | 283 | 706 | 356 | Δ 350 | Δ 49.6 | 339 | Δ 17 | Δ 4.7 |
| Operating profit(Δloss) | Δ 91 | Δ 177 | 27 | 204 | - | 34 | 7 | 24.6 |

《OTHERS》

純藍

Taiwan confectionery business



THE MAPLE MANIA
Taiwan Shin Kong Mitsukoshi A11 Pop up shop

Health food business(Junai)



Confirmed inactivating effect of indigo-derived extract on COVID-19 (SARS-CoV-2)
Demonstrated by joint research between Kotobuki Spirits Co., Ltd. and Nara Medical University

IR release(Japanese)(Jan,2021)



Kotobuki Spirits Management Slogan in 2022

Revive all Japan!

Contribute to the revival of happiness of people all over Japan
and
the revival of the Japanese economy

Strategy (consideration of influence of COVID-19)

1. Kotobuki revival 10

Kotobuki revival 10

- ①Improvement of stores
- ②Improvement of sales staff
- ③Active measures for annual events
- ④New pop up market(Shopping mall, Outlet mall)
- ⑤Cover the demand of self-consumption and celebration sweets
- ⑥Challenge to high customer satisfaction with high value sweets
- ⑦Creating EC fans
- ⑧Hometown tax payment sales
- ⑨Prepare for the recovery of inbound market
- ⑩Establish the success model in overseas market

2. Improvement of organizational strength by Cho-Genbashugi

We will strive to develop human resources based on corporate philosophy and improve employee satisfaction, and strive to create an organization that is highly adaptable to change and highly competitive.

※1 Cho-Genbashugi is our management style that profit groups are central.

Corporate Philosophy

To create happiness, provide happiness

Policy

Today, I make an enthusiastic fan

Vision

General Producer of the Sweets



Philosophy Management of KOZUCHI

We have introduced a business management method of Amoeba Management since FY1996.

We made a Management philosophy notebook “KOZUCHI” in 2003.

Every person who works for Kotobuki Spirits Group put KOZUCHI philosophy into practice in everyday work.

《KOZUCHI national convention》

KOZUCHI national convention is held once a year for the purpose of sharing achievements with fellows. FY2021, in order to prevent the spread of COVID-19 infection, each company held a presentation and then shared a video in the in-house newsletter.

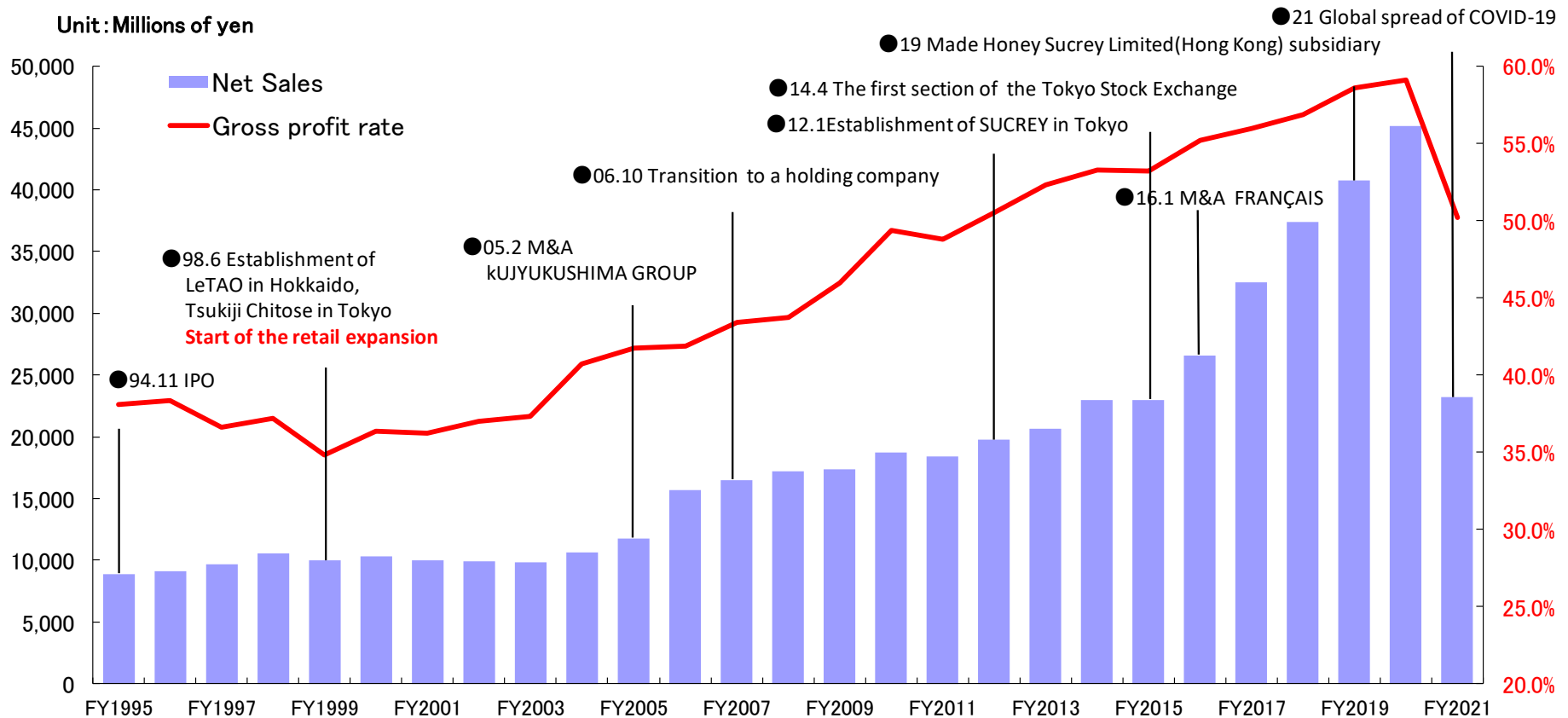


Transition of Kotobuki Spirits ①

High profit management

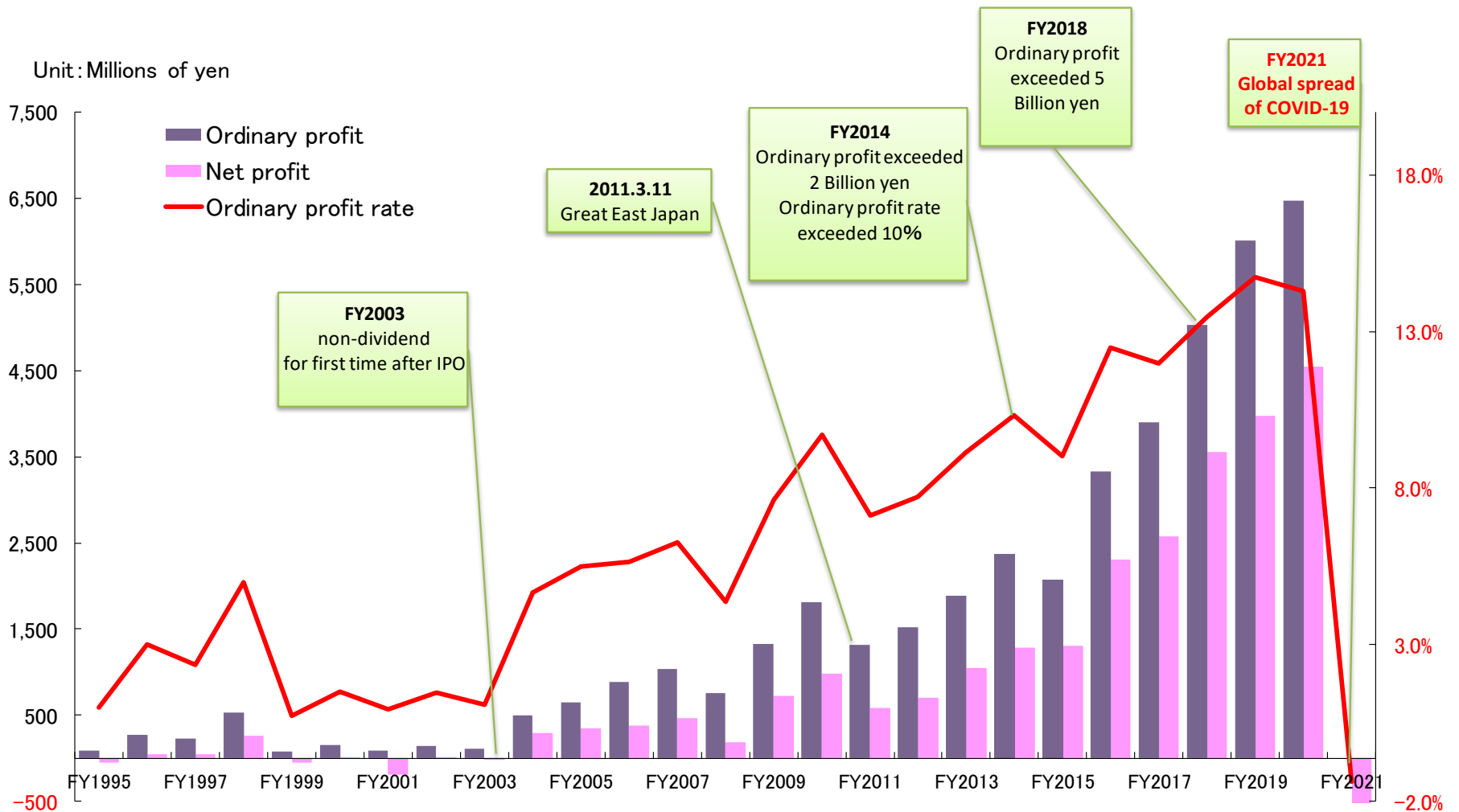
Business model has changed from the manufacturing wholesale to the manufacturing retail.

Gross profit margin downed sharply in FY2021 due to spread of COVID-19.



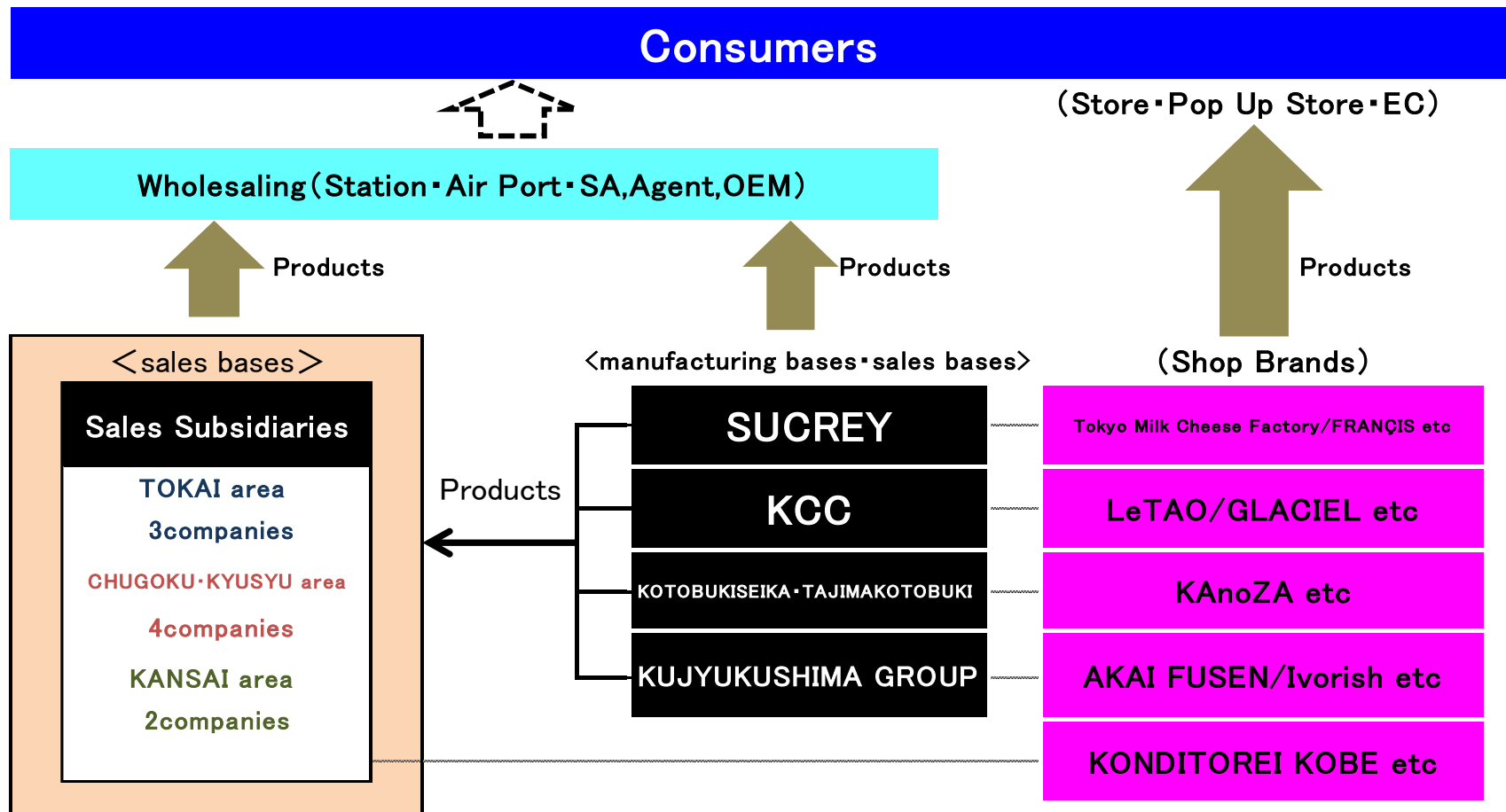
Transition of Kotobuki Spirits ②

Recorded net loss in FY2021 due to the spread of COVID-19



Business Outline

Chart



※ Except for KOTOBUKI SPIRITS (holding company) and OTHER segments.

Shop Brands



Izumo

お菓子の壽城



Yonago



Hokkaido

Ivorish

Premium French Toast

Fukuoka • Tokyo



Akai Fusen
PATISSERIE

Sasebo • Fukuoka



IN KOBE
VERLIEBTES GEMÜT IN DIE
SÜßWAREN
LEGEND.
"Meisterstück Gästegluck"
KONFITOREI
KOBE

Kobe



東京ミルクチーズ工場

Tokyo



FRANÇAJS



Main Sweets



Nostalgic Modern.
LeTAO
★Northern Sweets Manner★

Double Fromage



Inabano Shirousagi



Salt and Camembert Cookie



Mille Feuille



Butter Financier



Kujyukushima Senpei