

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: Kotobuki Spirits Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2222 URL <https://www.kotobukispirits.co.jp/>
 Representative: PRESIDENT Seigo Kawagoe
 Inquiries: Managing Director, Corporate Planning Shinji Matsumoto TEL 0859-22-7477
 Scheduled date of ordinary general meeting of shareholders: June 24, 2022
 Scheduled date to file Securities Report: June 27, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

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	%
Year ended March 31, 2022	32,191	38.7	1,402	–	2,921	–	1,915	–
Year ended March 31, 2021	23,204	(48.6)	(2,890)	–	(321)	–	(569)	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2022	61.56	–	9.7	11.1	4.4
Year ended March 31, 2021	(18.30)	–	(2.8)	(1.2)	(12.5)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	27,470	20,356	74.1	654.15
As of March 31, 2021	25,052	19,341	77.2	621.53

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2022	4,293	(526)	(1,176)	9,912
Year ended March 31, 2021	82	(605)	(462)	7,309

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2021	–	0.00	–	30.00	30.00	933	–	4.6
Year ended March 31, 2022	–	0.00	–	30.00	30.00	933	48.7	4.7
Year ending March 31, 2023 (Forecast)	–	0.00	–	30.00	30.00		27.5	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	19,180	60.4	1,850	–	1,870	–	1,220	–	39.20
Full year	42,000	30.5	5,160	267.8	5,200	78.0	3,400	77.5	109.26

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2022	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 March 31, 2022	2,208 shares	As of March 31, 2021	2,164 shares
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Average number of shares during the period

Year ended March 31, 2022	31,119,322 shares	Year ended March 31, 2021	31,119,517 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	7,309,405	9,912,584
Notes and accounts receivable - trade	2,889,677	3,767,856
Merchandise and finished goods	861,540	1,416,694
Work in process	61,368	37,905
Raw materials and supplies	580,020	540,832
Other	913,470	128,925
Allowance for doubtful accounts	(667)	(299)
Total current assets	12,614,813	15,804,497
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,729,258	11,786,527
Accumulated depreciation	(7,461,133)	(7,779,720)
Buildings and structures, net	4,268,125	4,006,807
Machinery, equipment and vehicles	7,194,065	7,249,984
Accumulated depreciation	(4,783,250)	(5,218,460)
Machinery, equipment and vehicles, net	2,410,815	2,031,524
Tools, furniture and fixtures	1,940,171	1,979,682
Accumulated depreciation	(1,591,046)	(1,683,438)
Tools, furniture and fixtures, net	349,125	296,244
Land	2,887,139	2,855,362
Leased assets	12,216	12,216
Accumulated depreciation	(1,629)	(4,072)
Leased assets, net	10,587	8,144
Construction in progress	2,312	9,471
Total property, plant and equipment	9,928,103	9,207,552
Intangible assets		
Other	151,437	142,219
Total intangible assets	151,437	142,219
Investments and other assets		
Investment securities	133,354	141,986
Deferred tax assets	1,380,170	1,360,753
Other	859,913	818,676
Allowance for doubtful accounts	(15,507)	(5,250)
Total investments and other assets	2,357,930	2,316,165
Total non-current assets	12,437,470	11,665,936
Total assets	25,052,283	27,470,433

(Thousands of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	838,006	922,666
Current portion of long-term borrowings	239,880	239,880
Accounts payable - other	668,485	952,012
Income taxes payable	99,040	908,371
Provision for bonuses	697,316	767,274
Provision for point card certificates	8,675	–
Other	525,578	830,216
Total current liabilities	3,076,980	4,620,419
Non-current liabilities		
Long-term borrowings	725,860	485,980
Retirement benefit liability	1,711,820	1,815,031
Asset retirement obligations	55,809	56,385
Deferred tax liabilities	8,328	8,328
Other	131,737	127,589
Total non-current liabilities	2,633,554	2,493,313
Total liabilities	5,710,534	7,113,732
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	17,799,692
Treasury shares	(3,852)	(4,158)
Total shareholders' equity	19,378,532	20,336,495
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(20)	5,980
Foreign currency translation adjustment	(23,868)	(6,118)
Remeasurements of defined benefit plans	(12,895)	20,344
Total accumulated other comprehensive income	(36,783)	20,206
Total net assets	19,341,749	20,356,701
Total liabilities and net assets	25,052,283	27,470,433

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	23,204,841	32,191,705
Cost of sales	11,564,509	14,568,923
Gross profit	11,640,332	17,622,782
Selling, general and administrative expenses	14,530,518	16,219,979
Operating profit (loss)	(2,890,186)	1,402,803
Non-operating income		
Interest income	33	77
Dividend income	4,003	4,197
Purchase discounts	339	487
Rental income from land and buildings	47,224	52,825
Subsidy income	2,409,841	1,425,956
Other	118,636	50,058
Total non-operating income	2,580,076	1,533,600
Non-operating expenses		
Interest expenses	753	1,168
Sales discounts	1,087	1,034
Depreciation	3,634	3,027
Other	6,207	9,733
Total non-operating expenses	11,681	14,962
Ordinary profit (loss)	(321,791)	2,921,441
Extraordinary income		
Gain on sale of non-current assets	7,937	383
Total extraordinary income	7,937	383
Extraordinary losses		
Loss on sale of non-current assets	6	2,795
Loss on retirement of non-current assets	45,333	10,899
Impairment losses	115,001	30,282
Total extraordinary losses	160,340	43,976
Profit (loss) before income taxes	(474,194)	2,877,848
Income taxes - current	182,404	962,586
Income taxes - deferred	(86,970)	(409)
Total income taxes	95,434	962,177
Profit (loss)	(569,628)	1,915,671
Profit (loss) attributable to owners of parent	(569,628)	1,915,671

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit (loss)	(569,628)	1,915,671
Other comprehensive income		
Valuation difference on available-for-sale securities	3,201	6,000
Foreign currency translation adjustment	(8,711)	17,750
Remeasurements of defined benefit plans, net of tax	(1,654)	33,239
Total other comprehensive income	(7,164)	56,989
Comprehensive income	(576,792)	1,972,660
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(576,792)	1,972,660

Consolidated statements of changes in equity

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,217,800	1,323,161	18,655,835	(2,376)	21,194,420
Changes during period					
Dividends of surplus			(1,244,784)		(1,244,784)
Loss attributable to owners of parent			(569,628)		(569,628)
Purchase of treasury shares				(1,476)	(1,476)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(1,814,412)	(1,476)	(1,815,888)
Balance at end of period	1,217,800	1,323,161	16,841,423	(3,852)	19,378,532

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(3,221)	(15,157)	(11,241)	(29,619)	21,164,801
Changes during period					
Dividends of surplus					(1,244,784)
Loss attributable to owners of parent					(569,628)
Purchase of treasury shares					(1,476)
Net changes in items other than shareholders' equity	3,201	(8,711)	(1,654)	(7,164)	(7,164)
Total changes during period	3,201	(8,711)	(1,654)	(7,164)	(1,823,052)
Balance at end of period	(20)	(23,868)	(12,895)	(36,783)	19,341,749

Fiscal year ended March 31, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,217,800	1,323,161	16,841,423	(3,852)	19,378,532
Cumulative effects of changes in accounting policies			(23,822)		(23,822)
Restated balance	1,217,800	1,323,161	16,817,601	(3,852)	19,354,710
Changes during period					
Dividends of surplus			(933,580)		(933,580)
Loss attributable to owners of parent			1,915,671		1,915,671
Purchase of treasury shares				(306)	(306)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	982,091	(306)	981,785
Balance at end of period	1,217,800	1,323,161	17,799,692	(4,158)	20,336,495

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	(20)	(23,868)	(12,895)	(36,783)	19,341,749
Cumulative effects of changes in accounting policies					(23,822)
Restated balance	(20)	(23,868)	(12,895)	(36,783)	19,317,927
Changes during period					
Dividends of surplus					(933,580)
Loss attributable to owners of parent					1,915,671
Purchase of treasury shares					(306)
Net changes in items other than shareholders' equity	6,000	17,750	33,239	56,989	56,989
Total changes during period	6,000	17,750	33,239	56,989	1,038,774
Balance at end of period	5,980	(6,118)	20,344	20,206	20,356,701

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(474,194)	2,877,848
Depreciation	1,420,044	1,220,356
Impairment losses	115,001	30,282
Increase (decrease) in allowance for doubtful accounts	4,160	(10,643)
Increase (decrease) in provision for bonuses	90,958	69,958
Increase (decrease) in retirement benefit liability	75,575	153,644
Interest and dividend income	(4,036)	(4,274)
Interest expenses	753	1,168
Increase (decrease) in provision for point card certificates	623	(8,675)
Loss (gain) on sale of non-current assets	(7,931)	2,412
Loss on retirement of non-current assets	45,333	10,899
Subsidy income	(2,409,841)	(1,425,956)
Decrease (increase) in trade receivables	(124,562)	(872,726)
Decrease (increase) in inventories	577,405	(489,770)
Decrease (increase) in other current assets	(291,012)	361,932
Increase (decrease) in trade payables	202,570	84,425
Increase (decrease) in other current liabilities	(122,710)	399,625
Increase (decrease) in other non-current liabilities	532	(1,706)
Increase (decrease) in accrued consumption taxes	(147,122)	221,730
Other, net	1,957	(22,186)
Subtotal	(1,046,497)	2,598,343
Interest and dividends received	4,036	4,274
Interest paid	(681)	(1,168)
Subsidies received	2,281,864	1,545,227
Income taxes paid	(1,155,821)	146,785
Net cash provided by (used in) operating activities	82,901	4,293,461
Cash flows from investing activities		
Purchase of property, plant and equipment	(588,280)	(432,916)
Proceeds from sale of property, plant and equipment	27,233	15,499
Purchase of intangible assets	(75,082)	(40,447)
Proceeds from divestments	50	54
Payments for investments in capital	–	(10)
Payments of leasehold and guarantee deposits	(17,092)	(25,321)
Proceeds from refund of leasehold and guarantee deposits	122,903	22,104
Net cash provided by (used in) investing	(74,820)	(65,834)
Net cash provided by (used in) investing activities	(605,088)	(526,871)

(Thousands of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	1,000,000	–
Repayments of long-term borrowings	(214,277)	(239,880)
Repayments of finance lease liabilities	(2,364)	(2,443)
Purchase of treasury shares	(1,476)	(306)
Dividends paid	(1,244,784)	(933,580)
Net cash provided by (used in) financing activities	(462,901)	(1,176,209)
Effect of exchange rate change on cash and cash equivalents	3,331	12,798
Net increase (decrease) in cash and cash equivalents	(981,757)	2,603,179
Cash and cash equivalents at beginning of period	8,291,162	7,309,405
Cash and cash equivalents at end of period	7,309,405	9,912,584