

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 1, 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 Shinji Matsumoto TEL 0859-22-7477
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	20,099	68.1	2,830	–	3,055	–	1,994	–
Six months ended September 30, 2021	11,958	51.3	(1,418)	–	(480)	–	(282)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	64.09		–	
Six months ended September 30, 2021	(9.08)		–	

(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, 2022	28,511	21,437	75.2	688.90
As of March 31, 2022	27,470	20,356	74.1	654.15

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2022	–	0.00	–	30.00	30.00
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	30.00	30.00

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 attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	42,920	33.3	6,140	337.7	6,384	118.5	4,175	117.9	134.16

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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: No
- 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, 2022	31,121,520 shares	As of March 31, 2022	31,121,520 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	2,279 shares	As of March 31, 2022	2,208 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, 2022	31,119,280 shares	Six months ended September 30, 2021	31,119,331 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	9,912,584	10,743,838
Notes and accounts receivable - trade	3,767,856	3,613,098
Merchandise and finished goods	1,416,694	1,816,162
Work in process	37,905	51,971
Raw materials and supplies	540,832	618,524
Other	128,925	288,461
Allowance for doubtful accounts	(299)	(336)
Total current assets	15,804,497	17,131,718
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,006,807	3,893,505
Machinery, equipment and vehicles, net	2,031,524	1,891,508
Tools, furniture and fixtures, net	296,244	285,900
Land	2,855,362	2,855,157
Leased assets, net	8,144	6,922
Construction in progress	9,471	2,997
Total property, plant and equipment	9,207,552	8,935,989
Intangible assets	142,219	130,010
Investments and other assets		
Other	2,321,415	2,319,203
Allowance for doubtful accounts	(5,250)	(5,250)
Total investments and other assets	2,316,165	2,313,953
Total non-current assets	11,665,936	11,379,952
Total assets	27,470,433	28,511,670
Liabilities		
Current liabilities		
Notes and accounts payable - trade	922,666	977,491
Current portion of long-term borrowings	239,880	239,880
Accounts payable - other	952,012	680,359
Income taxes payable	908,371	1,045,942
Provision for bonuses	767,274	815,426
Other	830,216	895,427
Total current liabilities	4,620,419	4,654,525
Non-current liabilities		
Long-term borrowings	485,980	366,040
Retirement benefit liability	1,815,031	1,865,151
Other	192,302	187,979
Total non-current liabilities	2,493,313	2,419,170
Total liabilities	7,113,732	7,073,695

(Thousands of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	1,217,800	1,217,800
Capital surplus	1,323,161	1,323,161
Retained earnings	17,799,692	18,831,515
Treasury shares	(4,158)	(4,685)
Total shareholders' equity	20,336,495	21,367,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,980	10,222
Foreign currency translation adjustment	(6,118)	39,238
Remeasurements of defined benefit plans	20,344	20,724
Total accumulated other comprehensive income	20,206	70,184
Total net assets	20,356,701	21,437,975
Total liabilities and net assets	27,470,433	28,511,670

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, 2021	Six months ended September 30, 2022
Net sales	11,958,758	20,099,935
Cost of sales	6,118,171	8,328,774
Gross profit	5,840,587	11,771,161
Selling, general and administrative expenses	7,258,828	8,940,831
Operating profit (loss)	(1,418,241)	2,830,330
Non-operating income		
Interest income	77	64
Dividend income	2,366	3,440
Rental income from land and buildings	26,726	25,873
Subsidy income	889,520	177,209
Other	25,343	22,712
Total non-operating income	944,032	229,298
Non-operating expenses		
Interest expenses	659	286
Other	5,982	4,331
Total non-operating expenses	6,641	4,617
Ordinary profit (loss)	(480,850)	3,055,011
Extraordinary income		
Gain on sale of non-current assets	309	190
Gain on liquidation of subsidiaries and associates	–	2,277
Total extraordinary income	309	2,467
Extraordinary losses		
Loss on retirement of non-current assets	3,109	5,919
Loss on sale of investment securities	–	400
Total extraordinary losses	3,109	6,319
Profit (loss) before income taxes	(483,650)	3,051,159
Income taxes	(201,055)	1,056,702
Profit (loss)	(282,595)	1,994,457
Profit (loss) attributable to owners of parent	(282,595)	1,994,457

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit (loss)	(282,595)	1,994,457
Other comprehensive income		
Valuation difference on available-for-sale securities	(243)	4,242
Foreign currency translation adjustment	2,722	45,356
Remeasurements of defined benefit plans, net of tax	2,790	380
Total other comprehensive income	5,269	49,978
Comprehensive income	(277,326)	2,044,435
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(277,326)	2,044,435

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(483,650)	3,051,159
Depreciation	599,648	551,472
Increase (decrease) in allowance for doubtful accounts	(527)	37
Increase (decrease) in provision for bonuses	2,695	48,152
Increase (decrease) in retirement benefit liability	57,701	50,697
Interest and dividend income	(2,443)	(3,504)
Interest expenses	659	286
Increase (decrease) in provision for point card certificates	(8,675)	–
Loss (gain) on sale of investment securities	–	400
Loss (gain) on sale of non-current assets	(309)	(190)
Loss on retirement of non-current assets	3,109	5,919
Subsidy income	(889,520)	(177,209)
Loss (gain) on liquidation of subsidiaries and associates	–	(2,277)
Decrease (increase) in trade receivables	998,643	158,712
Decrease (increase) in inventories	(201,262)	(489,159)
Increase (decrease) in trade payables	(408,509)	54,712
Other, net	134,497	(358,385)
Subtotal	(197,943)	2,890,822
Interest and dividends received	2,443	3,504
Interest paid	(659)	(286)
Subsidies received	930,071	191,049
Income taxes refund (paid)	219,509	(904,931)
Net cash provided by (used in) operating activities	953,421	2,180,158
Cash flows from investing activities		
Proceeds from sale of investment securities	–	600
Purchase of property, plant and equipment	(215,827)	(262,010)
Proceeds from sale of property, plant and equipment	2,727	3,701
Purchase of intangible assets	(9,291)	(11,485)
Payments of leasehold and guarantee deposits	(14,929)	(8,252)
Proceeds from refund of leasehold and guarantee deposits	7,165	16,068
Other, net	(21,287)	(40,946)
Net cash provided by (used in) investing activities	(251,442)	(302,324)
Cash flows from financing activities		
Repayments of long-term borrowings	(119,940)	(119,940)
Repayments of finance lease liabilities	(1,222)	(1,222)
Purchase of treasury shares	(306)	(527)
Dividends paid	(933,580)	(933,579)
Net cash provided by (used in) financing activities	(1,055,048)	(1,055,268)
Effect of exchange rate change on cash and cash equivalents	3,522	8,688
Net increase (decrease) in cash and cash equivalents	(349,547)	831,254
Cash and cash equivalents at beginning of period	7,309,405	9,912,584
Cash and cash equivalents at end of period	6,959,858	10,743,838