

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

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 of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 26, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023 | 50,155 | 55.8 | 9,951 | 609.4 | 10,295 | 252.4 | 7,018 | 266.4 |
| Year ended March 31, 2022 | 32,191 | 38.7 | 1,402 | – | 2,921 | – | 1,915 | – |

| | 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, 2023 | 225.52 | – | 29.9 | 32.0 | 19.8 |
| Year ended March 31, 2022 | 61.56 | – | 9.7 | 11.1 | 4.4 |

(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, 2023 | 36,953 | 26,517 | 71.8 | 852.13 |
| As of March 31, 2022 | 27,470 | 20,356 | 74.1 | 654.15 |

(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, 2023 | 9,085 | (1,615) | (1,223) | 16,162 |
| Year ended March 31, 2022 | 4,293 | (526) | (1,176) | 9,912 |

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, 2022 | – | 0.00 | – | 30.00 | 30.00 | 933 | 48.7 | 4.7 |
| Year ended March 31, 2023 | – | 0.00 | – | 70.00 | 70.00 | 2,178 | 31.0 | 9.3 |
| Year ending March 31, 2024 (Forecast) | – | 0.00 | – | 70.00 | 70.00 | | 27.7 | |

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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 |
| Six months ending September 30, 2023 | 24,300 | 20.9 | 4,100 | 44.9 | 4,125 | 35.0 | 2,765 | 38.6 | 88.85 |
| Full year | 55,870 | 11.4 | 11,670 | 17.3 | 11,720 | 13.8 | 7,850 | 11.9 | 252.26 |

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

Yes

(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:

No

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, 2023 | 31,121,520 shares | As of March 31, 2022 | 31,121,520 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at the end of the period

| | | | |
|----------------------|--------------|----------------------|--------------|
| As of March 31, 2023 | 2,350 shares | As of March 31, 2022 | 2,208 shares |
|----------------------|--------------|----------------------|--------------|

Average number of shares during the period

| | | | |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2023 | 31,119,253 shares | Year ended March 31, 2022 | 31,119,322 shares |
|---------------------------|-------------------|---------------------------|-------------------|

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,912,584 | 17,162,263 |
| Notes and accounts receivable - trade | 3,767,856 | 6,074,313 |
| Merchandise and finished goods | 1,416,694 | 1,583,653 |
| Work in process | 37,905 | 61,458 |
| Raw materials and supplies | 540,832 | 648,392 |
| Other | 128,925 | 210,983 |
| Allowance for doubtful accounts | (299) | (294) |
| Total current assets | 15,804,497 | 25,740,768 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 11,786,527 | 11,831,344 |
| Accumulated depreciation | (7,779,720) | (8,020,167) |
| Buildings and structures, net | 4,006,807 | 3,811,177 |
| Machinery, equipment and vehicles | 7,249,984 | 7,305,020 |
| Accumulated depreciation | (5,218,460) | (5,566,952) |
| Machinery, equipment and vehicles, net | 2,031,524 | 1,738,068 |
| Tools, furniture and fixtures | 1,979,682 | 2,021,838 |
| Accumulated depreciation | (1,683,438) | (1,729,524) |
| Tools, furniture and fixtures, net | 296,244 | 292,314 |
| Land | 2,855,362 | 2,855,157 |
| Leased assets | 12,216 | 17,592 |
| Accumulated depreciation | (4,072) | (7,053) |
| Leased assets, net | 8,144 | 10,539 |
| Construction in progress | 9,471 | 43,147 |
| Total property, plant and equipment | 9,207,552 | 8,750,402 |
| Intangible assets | | |
| Other | 142,219 | 100,803 |
| Total intangible assets | 142,219 | 100,803 |
| Investments and other assets | | |
| Investment securities | 141,986 | 153,861 |
| Deferred tax assets | 1,360,753 | 1,435,886 |
| Other | 818,676 | 777,196 |
| Allowance for doubtful accounts | (5,250) | (5,772) |
| Total investments and other assets | 2,316,165 | 2,361,171 |
| Total non-current assets | 11,665,936 | 11,212,376 |
| Total assets | 27,470,433 | 36,953,144 |

(Thousands of yen)

| | As of March 31, 2022 | As of March 31, 2023 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 922,666 | 1,562,871 |
| Current portion of long-term borrowings | 239,880 | 140,150 |
| Accounts payable - other | 952,012 | 1,177,247 |
| Income taxes payable | 908,371 | 2,755,368 |
| Provision for bonuses | 767,274 | 932,111 |
| Other | 830,216 | 1,527,725 |
| Total current liabilities | 4,620,419 | 8,095,472 |
| Non-current liabilities | | |
| Long-term borrowings | 485,980 | 300,000 |
| Retirement benefit liability | 1,815,031 | 1,849,604 |
| Asset retirement obligations | 56,385 | 56,958 |
| Deferred tax liabilities | 8,328 | 8,328 |
| Other | 127,589 | 125,244 |
| Total non-current liabilities | 2,493,313 | 2,340,134 |
| Total liabilities | 7,113,732 | 10,435,606 |
| 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 | 23,855,214 |
| Treasury shares | (4,158) | (5,312) |
| Total shareholders' equity | 20,336,495 | 26,390,863 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5,980 | 14,926 |
| Foreign currency translation adjustment | (6,118) | 31,148 |
| Remeasurements of defined benefit plans | 20,344 | 80,601 |
| Total accumulated other comprehensive income | 20,206 | 126,675 |
| Total net assets | 20,356,701 | 26,517,538 |
| Total liabilities and net assets | 27,470,433 | 36,953,144 |

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

(Thousands of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 32,191,705 | 50,155,352 |
| Cost of sales | 14,568,923 | 20,048,698 |
| Gross profit | 17,622,782 | 30,106,654 |
| Selling, general and administrative expenses | 16,219,979 | 20,154,877 |
| Operating profit | 1,402,803 | 9,951,777 |
| Non-operating income | | |
| Interest income | 77 | 114 |
| Dividend income | 4,197 | 5,915 |
| Purchase discounts | 487 | 734 |
| Rental income from land and buildings | 52,825 | 51,569 |
| Subsidy income | 1,425,956 | 247,241 |
| Other | 50,058 | 50,354 |
| Total non-operating income | 1,533,600 | 355,927 |
| Non-operating expenses | | |
| Interest expenses | 1,168 | 655 |
| Depreciation | 3,027 | 2,056 |
| Other | 10,767 | 9,310 |
| Total non-operating expenses | 14,962 | 12,021 |
| Ordinary profit | 2,921,441 | 10,295,683 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 383 | 303 |
| Gain on liquidation of subsidiaries and associates | – | 2,277 |
| Total extraordinary income | 383 | 2,580 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 2,795 | – |
| Loss on retirement of non-current assets | 10,899 | 8,673 |
| Impairment losses | 30,282 | 11,176 |
| Loss on sale of investment securities | – | 400 |
| Total extraordinary losses | 43,976 | 20,249 |
| Profit before income taxes | 2,877,848 | 10,278,014 |
| Income taxes - current | 962,586 | 3,370,373 |
| Income taxes - deferred | (409) | (110,515) |
| Total income taxes | 962,177 | 3,259,858 |
| Profit | 1,915,671 | 7,018,156 |
| Profit attributable to owners of parent | 1,915,671 | 7,018,156 |

Consolidated statements of comprehensive income

(Thousands of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Profit | 1,915,671 | 7,018,156 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,000 | 8,946 |
| Foreign currency translation adjustment | 17,750 | 37,266 |
| Remeasurements of defined benefit plans, net of tax | 33,239 | 60,257 |
| Total other comprehensive income | 56,989 | 106,469 |
| Comprehensive income | 1,972,660 | 7,124,625 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,972,660 | 7,124,625 |

Consolidated statements of changes in equity

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) |
| Profit (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) |
| Profit (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 |

Fiscal year ended March 31, 2023

(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 | 17,799,692 | (4,158) | 20,336,495 |
| Changes during period | | | | | |
| Dividends of surplus | | | (933,579) | | (933,579) |
| Profit (loss) attributable to owners of parent | | | 7,018,156 | | 7,018,156 |
| Purchase of treasury shares | | | | (1,154) | (1,154) |
| Change in scope of consolidation | | | (29,055) | | (29,055) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | | | 6,055,522 | (1,154) | 6,054,368 |
| Balance at end of period | 1,217,800 | 1,323,161 | 23,855,214 | (5,312) | 26,390,863 |

| | 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 | 5,980 | (6,118) | 20,344 | 20,206 | 20,356,701 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (933,579) |
| Profit (loss) attributable to owners of parent | | | | | 7,018,156 |
| Purchase of treasury shares | | | | | (1,154) |
| Change in scope of consolidation | | | | | (29,055) |
| Net changes in items other than shareholders' equity | 8,946 | 37,266 | 60,257 | 106,469 | 106,469 |
| Total changes during period | 8,946 | 37,266 | 60,257 | 106,469 | 6,160,837 |
| Balance at end of period | 14,926 | 31,148 | 80,601 | 126,675 | 26,517,538 |

Consolidated statements of cash flows

(Thousands of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 2,877,848 | 10,278,014 |
| Depreciation | 1,220,356 | 1,137,412 |
| Impairment losses | 30,282 | 11,176 |
| Increase (decrease) in allowance for doubtful accounts | (10,643) | 517 |
| Increase (decrease) in provision for bonuses | 69,958 | 164,837 |
| Increase (decrease) in retirement benefit liability | 153,644 | 126,287 |
| Interest and dividend income | (4,274) | (6,029) |
| Interest expenses | 1,168 | 655 |
| 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 | 2,412 | (303) |
| Loss on retirement of non-current assets | 10,899 | 8,673 |
| Subsidy income | (1,425,956) | (247,241) |
| Loss (gain) on liquidation of subsidiaries and associates | – | (2,277) |
| Decrease (increase) in trade receivables | (872,726) | (2,305,376) |
| Decrease (increase) in inventories | (489,770) | (297,569) |
| Decrease (increase) in other current assets | 361,932 | (49,384) |
| Increase (decrease) in trade payables | 84,425 | 640,480 |
| Increase (decrease) in other current liabilities | 399,625 | 414,990 |
| Increase (decrease) in other non-current liabilities | (1,706) | (3,664) |
| Increase (decrease) in accrued consumption taxes | 221,730 | 505,252 |
| Other, net | (22,186) | 18,880 |
| Subtotal | 2,598,343 | 10,395,730 |
| Interest and dividends received | 4,274 | 6,029 |
| Interest paid | (1,168) | (655) |
| Subsidies received | 1,545,227 | 264,984 |
| Income taxes paid | 146,785 | (1,580,457) |
| Net cash provided by (used in) operating activities | 4,293,461 | 9,085,631 |
| Cash flows from investing activities | | |
| Payments into time deposits | – | (1,000,000) |
| Proceeds from sale of investment securities | – | 600 |
| Purchase of property, plant and equipment | (432,916) | (559,543) |
| Proceeds from sale of property, plant and equipment | 15,499 | 7,466 |
| Purchase of intangible assets | (40,447) | (20,716) |
| Payments of leasehold and guarantee deposits | (25,321) | (15,775) |
| Proceeds from refund of leasehold and guarantee deposits | 22,104 | 45,211 |
| Net cash provided by (used in) investing | (65,790) | (72,926) |
| Net cash provided by (used in) investing activities | (526,871) | (1,615,683) |

(Thousands of yen)

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from financing activities | | |
| Repayments of long-term borrowings | (239,880) | (285,710) |
| Repayments of finance lease liabilities | (2,443) | (2,981) |
| Purchase of treasury shares | (306) | (1,154) |
| Dividends paid | (933,580) | (933,579) |
| Net cash provided by (used in) financing activities | (1,176,209) | (1,223,424) |
| Effect of exchange rate change on cash and cash equivalents | 12,798 | 3,155 |
| Net increase (decrease) in cash and cash equivalents | 2,603,179 | 6,249,679 |
| Cash and cash equivalents at beginning of period | 7,309,405 | 9,912,584 |
| Cash and cash equivalents at end of period | 9,912,584 | 16,162,263 |