

FY2023 (year ended March 31, 2023) Consolidated Business Results

**May 16,2023
Kotobuki Spirits Co.,Ltd.**





Company Overview

| | |
|------------------------|--|
| Firm name | Kotobuki Spirits Co.,Ltd. |
| Securities code | 2222 (Tokyo Stock Exchange Prime Market) |
| 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 1,512 people |
| Group companies | Consolidated subsidiary 17 companies (domestic 16•overseas 1) |
| Net sales | 50.1 Billion Yen (FY2023 :Year ended March 31, 2023) |

March 31th,2023

FY2023(1Q-4Q)Highlight

Ordinary Profit 10,296 million yen 352.4% (YoY)

Ordinary profit rate 20.5%

● Net sales 50,155 million yen 155.8% (YoY) and net profit 7,018 million yen 366.4% YoY), both reaching record highs for the first time in three years. And, Net Sales exceeded 50 billion yen for the first time.

● (SUCREY) Net sales 20,699 million yen 173.1%(YoY) and operating profit 4,144 million yen 477.2% (YoY), It contributed significantly to the performance of the group.

● Inbound sales (wholesale sales at international terminal stores) 1,978 million yen (36.8% compared to FY2020), Sales are on a recovery trend due to the easing of travel restrictions from October last year.

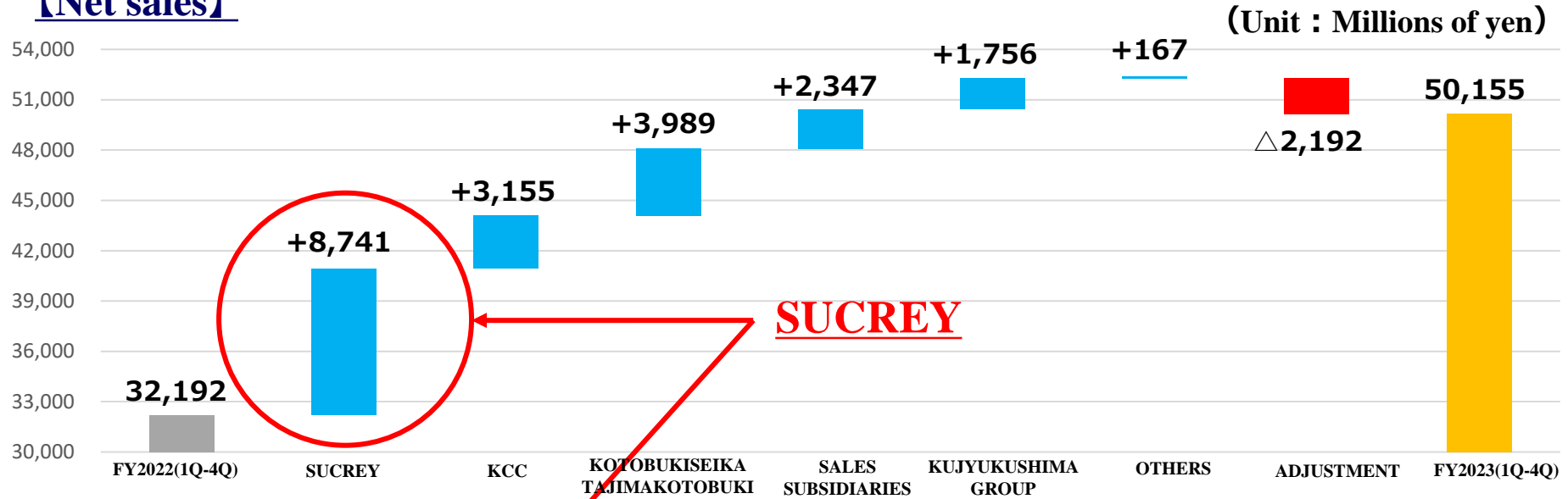
Overview of annual results

Achieved record high performance in all indicators

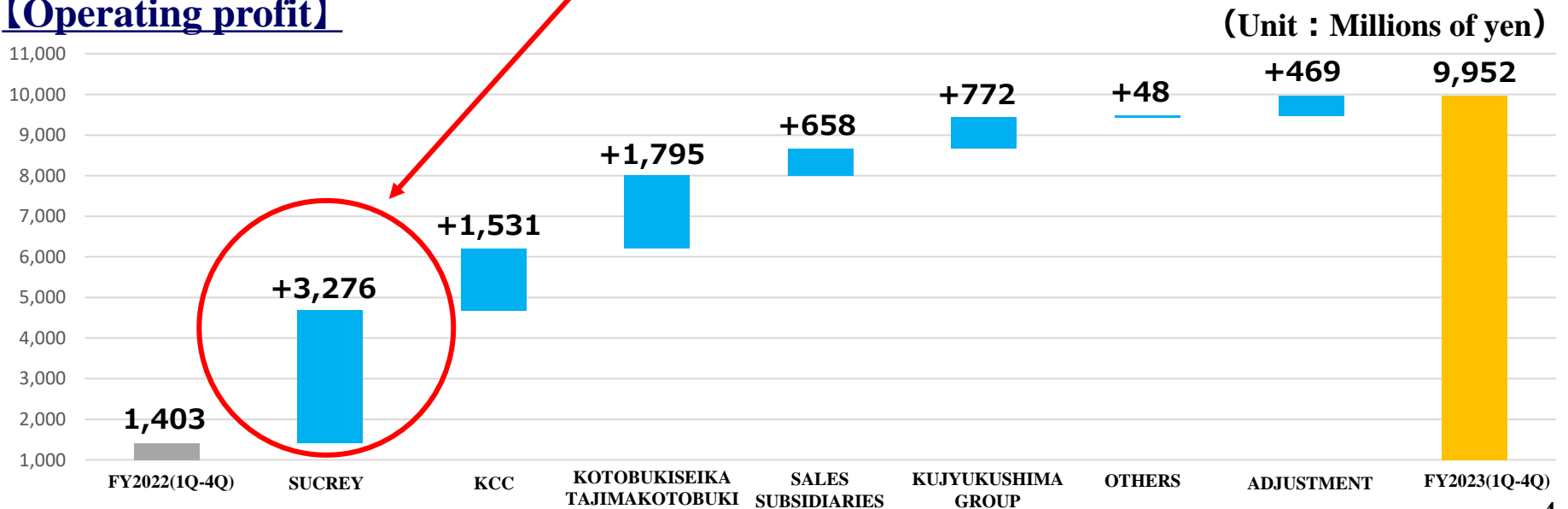
| (millions of yen, %) | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Net Sales | 40,769 | 45,181 | 23,205 | 32,192 | 50,155 |
| (YoY) | (+9.1%) | (+10.8%) | (Δ48.6%) | (+38.7%) | (+55.8%) |
| Operating profit | 5,976 | 6,455 | Δ2,890 | 1,403 | 9,952 |
| (YoY) | (+19.2%) | (+8.0%) | (—) | (—) | (+609.4%) |
| Ordinary profit | 6,012 | 6,475 | Δ322 | 2,921 | 10,296 |
| (YoY) | (+19.1%) | (+7.7%) | (—) | (—) | (+252.4%) |
| Net profit | 3,972 | 4,100 | Δ570 | 1,916 | 7,018 |
| (YoY) | (+12.4%) | (+3.2%) | (—) | (—) | (+266.4%) |
| Ordinary profit rate(%) | 14.7 | 14.3 | Δ1.4 | 9.1 | 20.5 |
| EPS (Yen) | 127.64 | 131.76 | Δ18.3 | 61.56 | 225.52 |
| BPS (Yen) | 587.87 | 680.11 | 621.53 | 654.15 | 852.13 |
| ROE (%) | 23.5 | 20.8 | Δ2.8 | 9.7 | 29.9 |

FY2023(1Q-4Q) increase or decrease of amount

【Net sales】

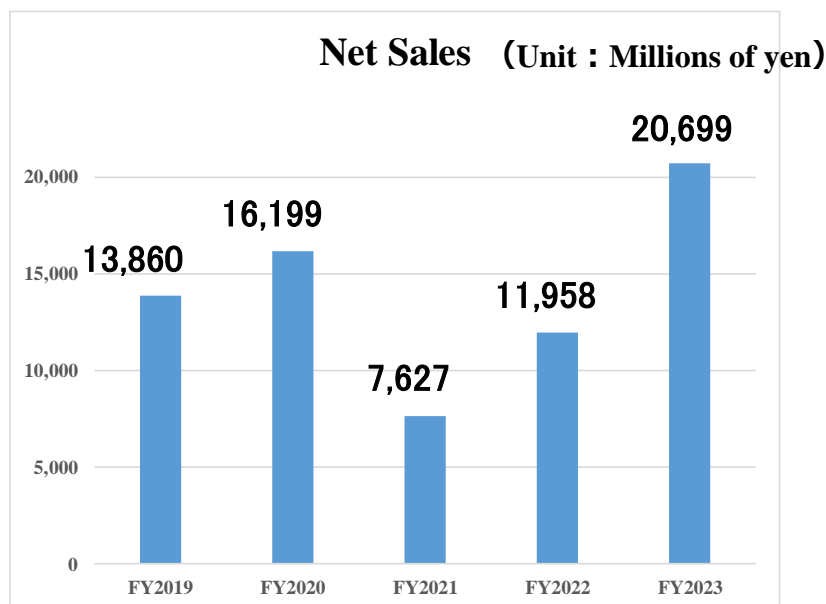


【Operating profit】



FY2023 Topics ① (SUCREY had a big impact on good performance)

SUCREY exceeded 20 billion yen in sales



The Maple Mania lalaport Expocity Popup shop

| (millions of yen,) | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | YoY(Change) | YoY(%) |
|---------------------|---------------|---------------|--------------|---------------|---------------|--------------|--------------|
| Net Sales | 13,860 | 16,199 | 7,627 | 11,958 | 20,699 | 8,741 | 73.1% |
| Domestic(Wholesale) | 3,740 | 4,666 | 1,196 | 1,846 | 4,310 | 2,464 | 133.5% |
| Domestic(Retail) | 9,086 | 10,423 | 5,294 | 8,033 | 13,568 | 5,535 | 68.9% |
| Mail Order | 276 | 356 | 647 | 1,265 | 1,712 | 447 | 35.4% |
| Overseas(Wholesale) | 492 | 437 | 319 | 436 | 633 | 197 | 45.2% |
| Others | 266 | 318 | 169 | 378 | 476 | 98 | 25.9% |

FY2023 Topics ② (Sales expansion in Tokyo Station)

Shops in the Tokyo Station area will expand from 3 stores in FY2020 to 12 stores in FY2023)

| | Brand | SEGMENTS | Location | Opening Date |
|----|---------------------------|-------------------|--------------------|---------------------|
| 1 | The Maple Mania | SUCREY | GRANSTA TOKYO | July,2016 ※reopen |
| 2 | Tokyo Milk Cheese Factory | SUCREY | GRANSTA TOKYO | April,2022 ※reopen |
| 3 | COCORIS | SUCREY | GRANSTA TOKYO | August,2020 |
| 4 | Now on Cheese ♪ | KCC | GRANSTA TOKYO | August,2020 |
| 5 | Ivorish | KUYUKUSHIMA GROUP | GRANSTA TOKYO | April,2022 |
| 6 | Okada-kinsei Anbataya | KCC | TOKYO GIFT PALETTE | August,2020 |
| 7 | PISTA & TOKYO | KCC | TOKYO GIFT PALETTE | August,2020 |
| 8 | FRANÇAIS | SUCREY | TOKYO GIFT PALETTE | August,2020 ※reopen |
| 9 | nekochef | SUCREY | TOKYO GIFT PALETTE | August,2020 |
| 10 | ichigoshop by FRANÇAIS | SUCREY | TOKYO GIFT PALETTE | April,2021 |
| 11 | Butter Butler | SUCREY | TOKYO GIFT PALETTE | June,2021 |
| 12 | cote cour | SUCREY | TOKYO GIFT PALETTE | November,2022 |



**Okadakinsei Anbataya
Tokyo Gift Palet**



COCORIS Gransta Tokyo



Ivorish Gransta Tokyo

(Inbound sales)

【International airports sales(Inbound sales)】

Due to the less strict of travel restrictions from October last year, shops at major international terminals have reopened.

| (Millions of Yen) | 1Q | 2Q | 3Q | 4Q | 1Q-4Q |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| FY2023 | 86 | 167 | 640 | 1,085 | 1,978 |
| FY2020 | 1,501 | 1,383 | 1,645 | 846 | 5,375 |



Narita airport Fa-So-La TAX FREE STORE AKIHABARA
THE MAPLE MANIA



Narita airport Fa-So-La TAX FREE STORE AKIHABARA
LeTAO

(Overseas sales)

Overseas sales 1,957 million yen +5.0%(YoY)

Taiwan/Singapore sales increased

First store in Australia strong start

China decreased sales due to lockdown



(Unit: Million of yen)

| <u>Overseas sales</u> | FY2022 (1Q-4Q) | FY2023 (1Q-4Q) | YoY (Change) | YoY(%) |
|-----------------------|---------------------------|---------------------------|-------------------------|---------------|
| Taiwan ※1 | 500 | 657 | 157 | 31.3 |
| Korea | 247 | 213 | △ 34 | △ 14.0 |
| Singapore | 185 | 453 | 268 | 145.1 |
| China | 828 | 349 | △ 479 | △ 57.8 |
| Australia | - | 128 | 128 | - |
| Others | 103 | 157 | 53 | 51.7 |
| Total | 1,864 | 1,957 | 93 | 5.0 |

※1 Taiwan is consolidated subsidiaries. Other areas are FC.

(Mail-order sales)

(1Q-4Q group total mail-order sales 5,798 million yen Δ 3.6% YoY)

Although stay home consumption decreased , SUCREY sales increased



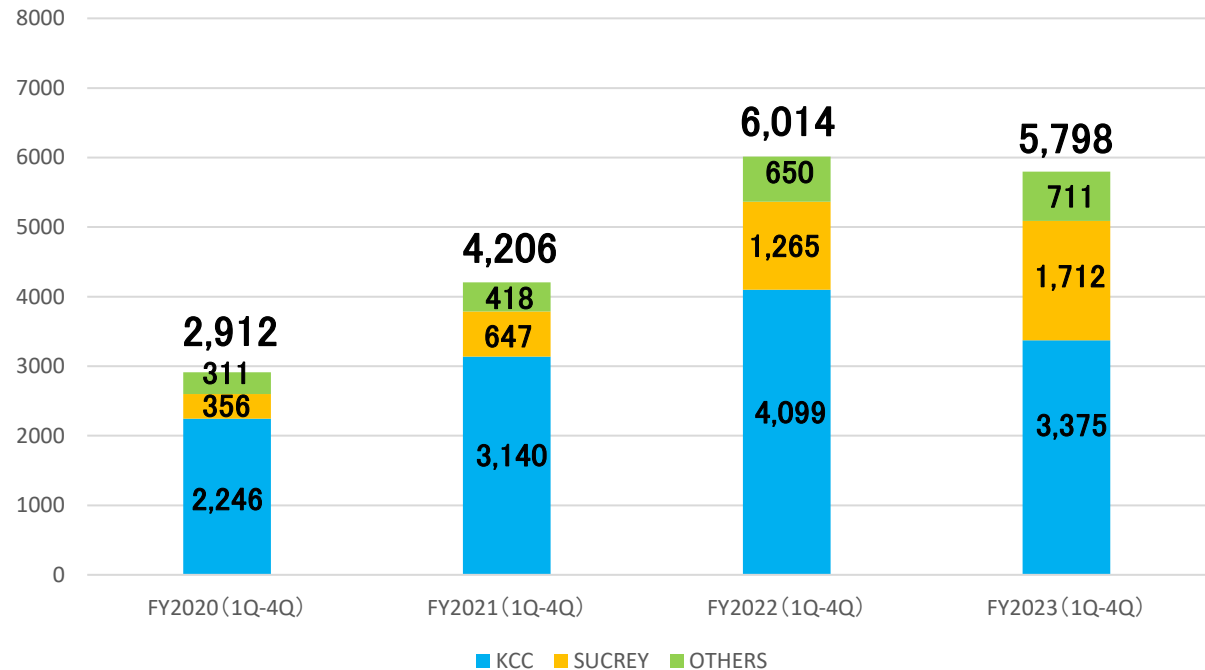
SUCREY online shop



LeTAO online shop

Mail-order sales

(Unit : Million of yen)



Results of FY2023 (YoY)

Ordinary profit rate 20.5% (+11.4Point YoY)

| (Millions of Yen, %) | FY2022(1Q-4Q) | | FY2023(1Q-4Q) | | YoY(Change) | YoY(%) |
|--------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 32,192 | — | 50,155 | — | 17,964 | 55.8 |
| Gross profit | 17,623 | 54.7 | 30,107 | 60.0 | 12,484 | 70.8 |
| SG&A expenses | 16,220 | 50.4 | 20,155 | 40.2 | 3,935 | 24.3 |
| Operating profit | 1,403 | 4.4 | 9,952 | 19.8 | 8,549 | 609.4 |
| Ordinary profit | 2,921 | 9.1 | 10,296 | 20.5 | 7,374 | 252.4 |
| Net profit | 1,916 | 6.0 | 7,018 | 14.0 | 5,102 | 266.4 |
| EPS (yen) | 61.56 | | 225.52 | | 163.96 | |
| ROE (%) | 9.7 | | 29.9 | | 20.2 | |

Results of FY2023 (Compared to FY2020)

Compared to FY2020(1Q-4Q), Net sales +11.0%, ordinary profit +59.0%

| (Millions of Yen, %) | FY2020(1Q-4Q) | | FY2023(1Q-4Q) | | Compared to FY2020 | |
|--------------------------|---------------|---------------|---------------|---------------|--------------------|--------------|
| | amount | To-sales rate | amount | To-sales rate | (Change) | (%) |
| Net sales | 45,181 | — | 50,155 | — | 4,975 | 11.0 |
| Gross profit | 26,702 | 59.1 | 30,107 | 60.0 | 3,404 | 12.7 |
| SG&A expenses | 20,248 | 44.8 | 20,155 | 40.2 | △ 93 | △ 0.5 |
| Operation profit | 6,455 | 14.3 | 9,952 | 19.8 | 3,497 | 54.2 |
| Ordinary profit | 6,475 | 14.3 | 10,296 | 20.5 | 3,821 | 59.0 |
| Net profit | 4,100 | 9.1 | 7,018 | 14.0 | 2,918 | 71.2 |
| EPS (yen) | 131.76 | | 225.52 | | 93.76 | |
| ROE (%) | 9.7 | | 29.9 | | 20.2 | |

Impact of the New Revenue Recognition Standard on Business Performance

Gross profit rate Δ 1.6 point / SG&A expense rate Δ 1.0point

| (Millions of Yen,%) | FY2023 (1Q-4Q) | | | | amount of impact |
|----------------------------|----------------|---------------|---------------|---------------|------------------|
| | Before | To-sales rate | After | To-sales rate | |
| Net sales | 48,712 | — | 50,155 | — | 1,443 |
| Cost of sales | 18,713 | 38.4 | 20,049 | 40.0 | 1,336 |
| Gross profit | 29,999 | 61.6 | 30,107 | 60.0 | 108 |
| SG&A expenses | 20,049 | 41.2 | 20,155 | 40.2 | 106 |
| Promotion | 3,032 | 6.2 | 3,012 | 6.0 | Δ 19 |
| Freight | 2,085 | 4.3 | 1,580 | 3.1 | Δ 506 |
| Rent | 3,669 | 7.5 | 1,314 | 2.6 | Δ 2,355 |
| Commission expenses | 983 | 2.0 | 3,969 | 7.9 | 2,986 |
| Others | 10,280 | 21.1 | 10,279 | 20.5 | Δ 0 |
| Operating profit | 9,950 | 20.4 | 9,952 | 19.8 | 2 |

●The above impact amount is due to the application of “New Revenue Recognition Standard”.Due to changes in digestion type sales transaction,delivery service for mail order,points of our own EC site,etc.The impact on operating loss is minor.

Compared to FY2020, pre-application of New Revenue Recognition Standard

Gross profit rate +2.5 point compared to FY2020

| (Millions of yen, %) | FY2020(1Q-4Q) | | FY2023(1Q-4Q) | | Compared to FY2020 | |
|---------------------------------------|---------------|---------------|---------------|---------------|--------------------|-------------|
| | amount | To-sales rate | amount | To-sales rate | (change) | (%) |
| Net sales | 45,181 | - | 48,712 | - | 3,531 | 7.8 |
| Cost of sales | 18,478 | 40.9 | 18,713 | 38.4 | 235 | 1.3 |
| Gross profit | 26,702 | 59.1 | 29,999 | 61.6 | 3,297 | 12.3 |
| SG&A expenses | 20,248 | 44.8 | 20,049 | 41.2 | △ 199 | △ 1.0 |
| Personnel expenses | 7,695 | 17.0 | 7,432 | 15.3 | △ 263 | △ 3.4 |
| Advertising | 294 | 0.7 | 395 | 0.8 | 101 | 34.1 |
| Freight | 2,026 | 4.5 | 2,085 | 4.3 | 59 | 2.9 |
| Traveling and transportation expenses | 621 | 1.4 | 373 | 0.8 | △ 248 | △ 40.0 |
| Promotion | 3,567 | 7.9 | 3,032 | 6.2 | △ 535 | △ 15.0 |
| Rent | 3,116 | 6.9 | 3,669 | 7.5 | 553 | 17.8 |
| Commission expenses | 578 | 1.3 | 983 | 2.0 | 405 | 70.1 |
| Depreciation | 570 | 1.3 | 407 | 0.8 | △ 163 | △ 28.6 |
| Others | 1,781 | 3.9 | 1,673 | 3.4 | △ 108 | △ 6.1 |
| Operating profit | 6,455 | 14.3 | 9,950 | 20.4 | 3,496 | 54.2 |

Results of FY2023 (SEGMENTS)

All segments on recovery trend(especially SUCREY)

| (Millions of Yen,%) | Net sales | | | | Operating profit(Δloss) | | |
|---|-------------------|-------------------|----------------|-------------|-------------------------|-------------------|--------------|
| | FY2022 (10-40) | FY2023 (10-40) | YoY(Change) | YoY(%) | FY2022 (10-40) | FY2023 (10-40) | YoY(Change) |
| SUCREY | 11,958 | 20,699 | 8,741 | 73.1 | 868 | 4,144 | 3,276 |
| KCC | 10,959 | 14,114 | 3,155 | 28.8 | 583 | 2,113 | 1,531 |
| KOTOBUKISEIKA TAJIMAKOTOBUKI | 6,053 | 10,042 | 3,989 | 65.9 | Δ 100 | 1,694 | 1,795 |
| SALES SUBSIDIARIES | 3,007 | 5,354 | 2,347 | 78.1 | Δ 186 | 472 | 658 |
| KUJYUKUSHIMA GROUP | 2,872 | 4,628 | 1,756 | 61.1 | Δ 407 | 366 | 772 |
| OTHERS | 567 | 734 | 167 | 29.5 | 49 | 97 | 48 |
| SEGMENTS TOTAL | 35,415 | 55,570 | 20,155 | 56.9 | 807 | 8,887 | 8,080 |
| ADJUSTMENT | Δ 3,223 | Δ 5,415 | Δ 2,192 | 68.0 | 596 | 1,065 | 469 |
| TOTAL | 32,192 | 50,155 | 17,964 | 55.8 | 1,403 | 9,952 | 8,549 |

Sales channel

| (millions of yen,%) | FY2022(1Q-4Q) | | FY2023(1Q-4Q) | | YoY (Change) | YoY (%) |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 32,192 | — | 50,155 | — | 17,964 | 55.8 |
| Domestic(Wholesale) | 8,982 | 27.9 | 17,275 | 34.4 | 8,293 | 92.3 |
| Domestic(Retail) ※1 | 15,325 | 47.6 | 25,118 | 50.1 | 9,793 | 63.9 |
| Mail Order | 6,014 | 18.7 | 5,798 | 11.6 | △ 216 | △ 3.6 |
| Other ※2 | 7 | 0.0 | 7 | 0.0 | △ 0 | △ 2.2 |
| Domestic Total | 30,328 | 94.2 | 48,198 | 96.1 | 17,870 | 58.9 |
| Overseas(Wholesale) ※3 | 1,363 | 4.2 | 1,300 | 2.6 | △ 64 | △ 4.7 |
| Overseas(Retail) | 500 | 1.6 | 657 | 1.3 | 157 | 31.3 |
| Overseas Total | 1,864 | 5.8 | 1,957 | 3.9 | 93 | 5.0 |

※1 Retail are shops and Pop up stores.

※2 Other is insurance agency business.

※3 Overseas wholesale consists shipment sales to overseas and FC royalties

Cost of sales ▪ Gross profit

Gross profit rate improved significantly due to the normalization of factory operations following the recovery in sales.

| (Millions of Yen,%) | FY2022(1Q-4Q) | | FY2023(1Q-4Q) | | YoY(Change) | YoY(%) |
|---------------------------|---------------|---------------|---------------|---------------|---------------|-------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 32,192 | — | 50,155 | — | 17,964 | 55.8 |
| Material cost | 7,178 | 22.3 | 10,754 | 21.4 | 3,576 | 49.8 |
| Labor cost | 3,807 | 11.8 | 4,454 | 8.9 | 646 | 17.0 |
| Expense | 2,140 | 6.6 | 2,380 | 4.7 | 240 | 11.2 |
| Manufacturing cost | 13,126 | 40.8 | 17,587 | 35.1 | 4,462 | 34.0 |
| Others | 1,443 | 4.5 | 2,461 | 4.9 | 1,018 | 70.5 |
| Cost of sales | 14,569 | 45.3 | 20,049 | 40.0 | 5,480 | 37.6 |
| Gross profit | 17,623 | 54.7 | 30,107 | 60.0 | 12,484 | 70.8 |

SG&A expenses /Operating profit

SG&A expenses rate decreased by 10.2 points due to sales recovery and cost control

| (Millions of Yen, %) | FY2022(1Q-4Q) | | FY2023(1Q-4Q) | | YoY(Change) | YoY(%) |
|--|---------------|---------------|---------------|---------------|---------------|--------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Gross profit | 17,623 | 54.7 | 30,107 | 60.0 | 12,484 | 70.8 |
| Personnel expenses | 6,793 | 21.1 | 7,432 | 14.8 | 640 | 9.4 |
| Promotion | 2,293 | 7.1 | 3,012 | 6.0 | 720 | 31.4 |
| Freight | 1,047 | 3.3 | 1,580 | 3.1 | 533 | 50.9 |
| Advertising | 349 | 1.1 | 395 | 0.8 | 46 | 13.3 |
| Rent | 1,110 | 3.4 | 1,314 | 2.6 | 204 | 18.4 |
| Depreciation | 433 | 1.3 | 407 | 0.8 | △ 26 | △ 5.9 |
| Traveling and transportation expenses | 245 | 0.8 | 373 | 0.7 | 127 | 52.0 |
| Commission | 2,584 | 8.0 | 3,969 | 7.9 | 1,385 | 53.6 |
| Others | 1,368 | 4.2 | 1,672 | 3.3 | 304 | 22.3 |
| SG&A expenses | 16,220 | 50.4 | 20,155 | 40.2 | 3,935 | 24.3 |
| Operating profit | 1,403 | 4.4 | 9,952 | 19.8 | 8,549 | 609.4 |

Achievement rate of Business Forecast

Net sales +8.1%, operating profit +25.2%

| | FY2023 Business Forecast ※ | | FY2023 | | YoY (Change) | achievement (%) |
|--------------------------|----------------------------|---------------|---------------|---------------|--------------|-----------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| (millions of yen,%) | | | | | | |
| Net sales | 46,400 | — | 50,155 | — | 3,755 | 108.1 |
| Gross profit | 27,700 | 59.7 | 30,107 | 60.0 | 2,407 | 108.7 |
| SG&A expenses | 19,750 | 42.6 | 20,155 | 40.2 | 405 | 102.1 |
| Operating profit | 7,950 | 17.1 | 9,952 | 19.8 | 2,002 | 125.2 |
| Ordinary profit | 8,280 | 17.8 | 10,296 | 20.5 | 2,016 | 124.3 |
| Net profit | 5,413 | 11.7 | 7,018 | 14.0 | 1,605 | 129.7 |

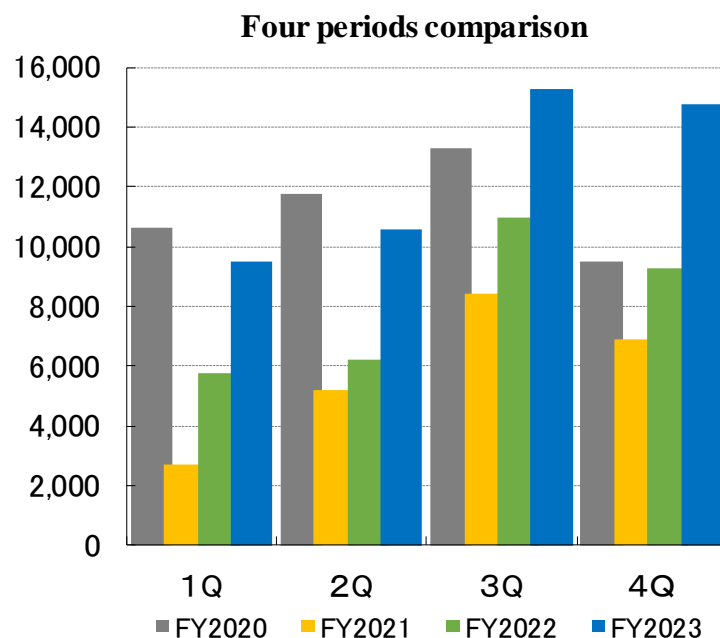
※FY2023 Business Forecast announced in Feb 2, 2023.

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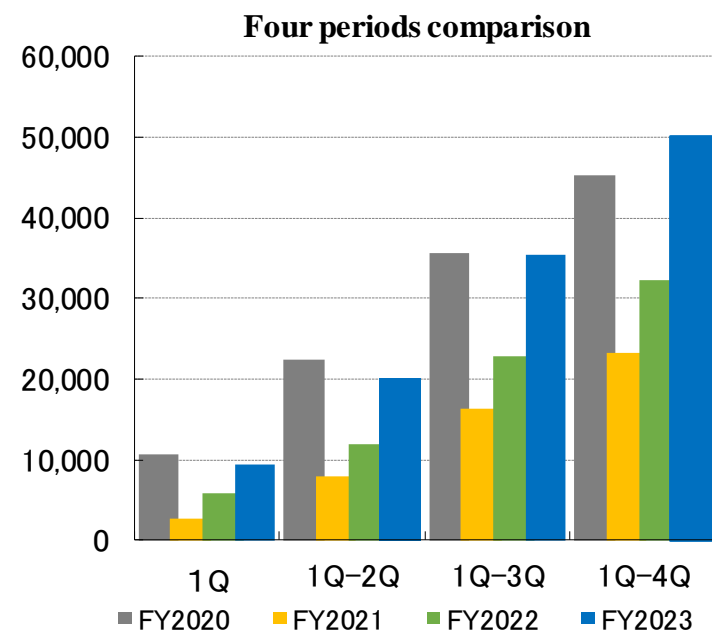


Net sales

Net sales (Quarter) (Four periods comparison)



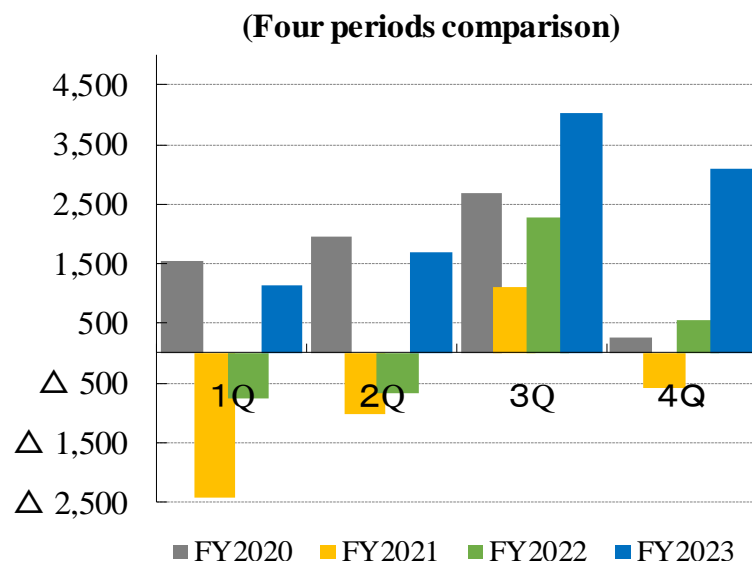
Net sales (Cumulative) (Four periods comparison)



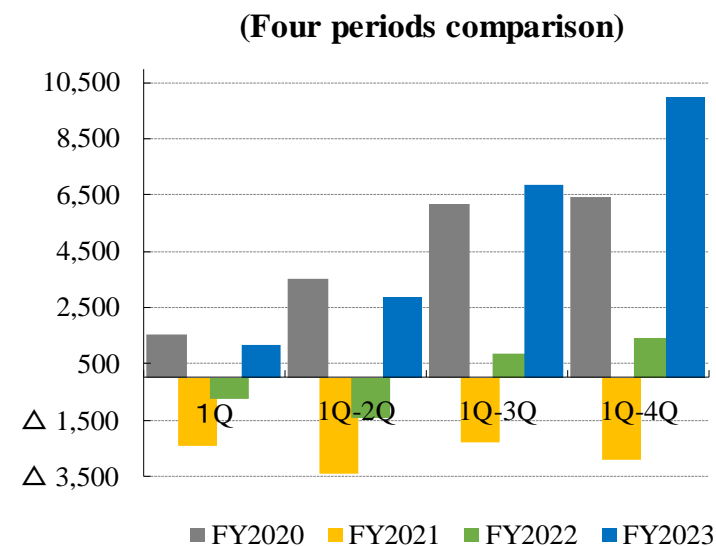
| Millions of yen | Quarter | | | | Cumulative Quarter | | | |
|--------------------|--------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 1Q-2Q | 1Q-3Q | 1Q-4Q |
| FY2020 | 10,627 | 11,761 | 13,287 | 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 | 9,270 | 5,758 | 11,959 | 22,921 | 32,192 |
| FY2023 | 9,515 | 10,585 | 15,270 | 14,785 | 9,515 | 20,100 | 35,370 | 50,155 |
| Compared to FY2020 | △10.5% | △10.0% | 14.9% | 55.5% | △10.5% | △10.2% | △0.9% | 11.0% |
| YoY | 65.2% | 70.7% | 39.3% | 59.5% | 65.2% | 68.1% | 54.3% | 55.8% |

Operating profit

Operating profit (Quarter)



Operating profit (Cumulative)



| (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 | 542 | △ 759 | △ 1,418 | 860 | 1,403 |
| FY2023 | 1,150 | 1,680 | 4,026 | 3,095 | 1,150 | 2,830 | 6,856 | 9,952 |
| compared to FY2020 | △26.0% | △14.5% | 50.6% | - | △26.0% | △19.4% | 10.7% | 54.2% |
| YoY | - | - | 76.7% | 470.8% | - | - | 696.8% | 609.4% |

Balance Sheet

The increase in current assets was due to an increase in cash and deposits and inventory

| | FY2021 | | FY2022 | | FY2023 | | Compared to FY2022 (Change) | Compared to FY2022 (%) |
|-----------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|-----------------------------------|------------------------------|
| | amount | rate | amount | rate | amount | rate | | |
| (millions of yen, %) | | | | | | | | |
| Current assets | 12,615 | 50.4 | 15,804 | 57.5 | 25,741 | 69.7 | 9,936 | 62.9 |
| Non-current assets | 12,437 | 49.6 | 11,666 | 42.5 | 11,212 | 30.3 | △ 454 | △ 3.9 |
| Assets | 25,052 | 100.0 | 27,470 | 100.0 | 36,953 | 100.0 | 9,483 | 34.5 |
| Current liabilities | 3,077 | 12.3 | 4,620 | 16.8 | 8,095 | 21.9 | 3,475 | 75.2 |
| Non-current liabilities | 2,634 | 10.5 | 2,493 | 9.1 | 2,340 | 6.3 | △ 153 | △ 6.1 |
| Liabilities | 5,711 | 22.8 | 7,114 | 25.9 | 10,436 | 28.2 | 3,322 | 46.7 |
| Net assets | 19,342 | 77.2 | 20,357 | 74.1 | 26,518 | 71.8 | 6,161 | 30.3 |
| Liabilities and net assets | 25,052 | 100.0 | 27,470 | 100.0 | 36,953 | 100.0 | 9,483 | 34.5 |
| BPS (yen) | 621.53 | | 654.15 | | 852.13 | | 197.98 | 30.3 |
| CAPEX | 540 | | 403 | | 573 | | 170 | 42.2 |
| Depreciation | 1,420 | | 1,220 | | 1,137 | | △ 83 | △ 6.8 |

Statements of Cash Flows

Cash and deposits increased by 6,250 million yen from the beginning of the period

| (Millions of yen, %) | FY2021 | FY2022 | FY2023 | YoY(Change) | YoY(%) |
|---|--------|---------|---------|-------------|--------|
| Cash flows from operating activities | 83 | 4,293 | 9,086 | 4,792 | 111.6 |
| Cash flows from investing activities | △ 605 | △ 527 | △ 1,616 | △ 1,089 | 206.7 |
| Free Cash flows | △ 522 | 3,767 | 7,470 | 3,703 | 98.3 |
| Cash flows from financing activities | △ 463 | △ 1,176 | △ 1,223 | △ 47 | 4.0 |
| Effect of exchange rate change on cash and cash equivalents | 3 | 13 | 3 | △ 10 | △ 75.3 |
| Cash increase / decrease | △ 982 | 2,603 | 6,250 | 3,647 | 140.1 |
| Cash and cash equivalents (Beginning of period) | 8,291 | 7,309 | 9,913 | 2,603 | 35.6 |
| Cash and cash equivalents (End of period) | 7,309 | 9,913 | 16,162 | 6,250 | 63.0 |
| Interest-bearing debt | 966 | 726 | 440 | △ 286 | △ 39.4 |

Business Forecast for FY2024

Net sales +11.4%/Operating profit+17.3% (YoY)

| (millions of yen,%) | FY2023 | | FY2024(Forecast) | | YoY(Change) | YoY(%) |
|-----------------------------|---------------|---------------|------------------|---------------|--------------|--------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 50,155 | - | 55,870 | - | 5,715 | 11.4 |
| Gross profit | 30,107 | 60.0 | 33,970 | 60.8 | 3,863 | 12.8 |
| SG&A expenses | 20,155 | 40.2 | 22,300 | 39.9 | 2,145 | 10.6 |
| Operating profit | 9,952 | 19.8 | 11,670 | 20.9 | 1,718 | 17.3 |
| Ordinary profit | 10,296 | 20.5 | 11,720 | 21.0 | 1,424 | 13.8 |
| Net profit | 7,018 | 14.0 | 7,850 | 14.1 | 832 | 11.9 |
| EPS (yen) | 225.52 | | 252.26 | | 26.74 | 11.9 |
| Dividend/stock (yen) | 70.00 | | 70.00 | | - | - |
| CAPEX | 573 | | 1,200 | | 627 | 109.5 |
| Depreciation | 1,137 | | 1,200 | | 63 | 5.5 |

Business Forecast for FY2024 (SEGMENTS)

Aiming for higher sales and profits in all segments

| (Million of Yen, %) | Net sales | | | | Operating profit | | |
|---------------------------------------|-----------|----------------------|-------------|--------|------------------|----------------------|-------------|
| | FY2023 | FY2024 (Forecast) | YoY(Change) | YoY(%) | FY2023 | FY2024 (Forecast) | YoY(Change) |
| SUCREY | 20,699 | 24,380 | 3,681 | 17.8 | 4,144 | 4,950 | 806 |
| KCC | 14,114 | 15,550 | 1,436 | 10.2 | 2,113 | 2,500 | 387 |
| KOTOBUKISEIKA TAJIMAKOTOBU | 10,042 | 10,830 | 788 | 7.8 | 1,694 | 1,832 | 138 |
| SALES SUBSIDIARIES | 5,354 | 5,800 | 446 | 8.3 | 472 | 560 | 88 |
| KUJYUKUSHIMA GROUP | 4,628 | 4,950 | 322 | 7.0 | 366 | 370 | 4 |
| OTHERS | 734 | 720 | △ 14 | △ 1.9 | 97 | 103 | 6 |
| SEGMENTS TOTAL | 55,570 | 62,230 | 6,660 | 12.0 | 8,887 | 10,315 | 1,428 |
| ADJUSTMENT | △ 5,415 | △ 6,360 | △ 945 | 17.5 | 1,065 | 1,355 | 290 |
| TOTAL | 50,155 | 55,870 | 5,715 | 11.4 | 9,952 | 11,670 | 1,718 |

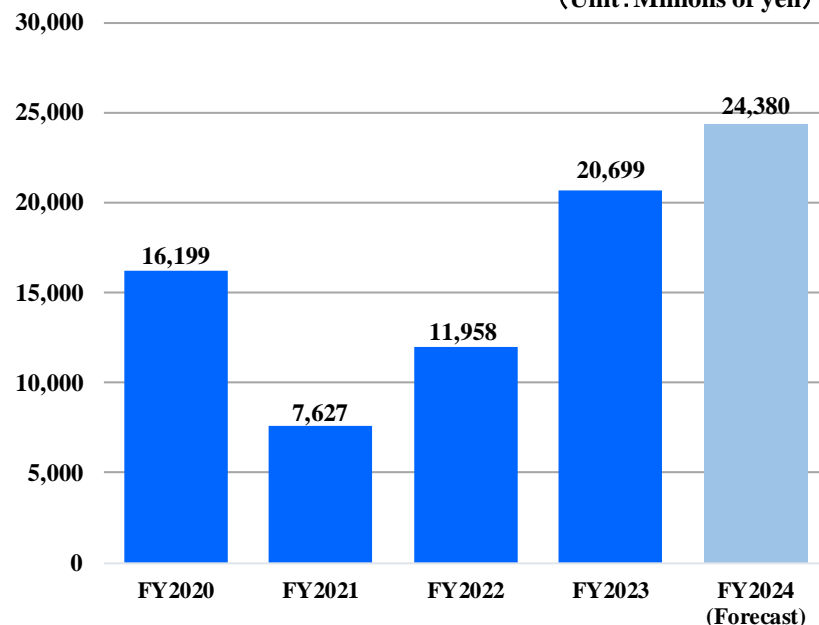
《SUCREY》

FY2024 (Forecast)

FY2024 : Net sales **24,380** million yen (**+17.8%**YoY) OP **4,950** million yen (**+19.4%**YoY)

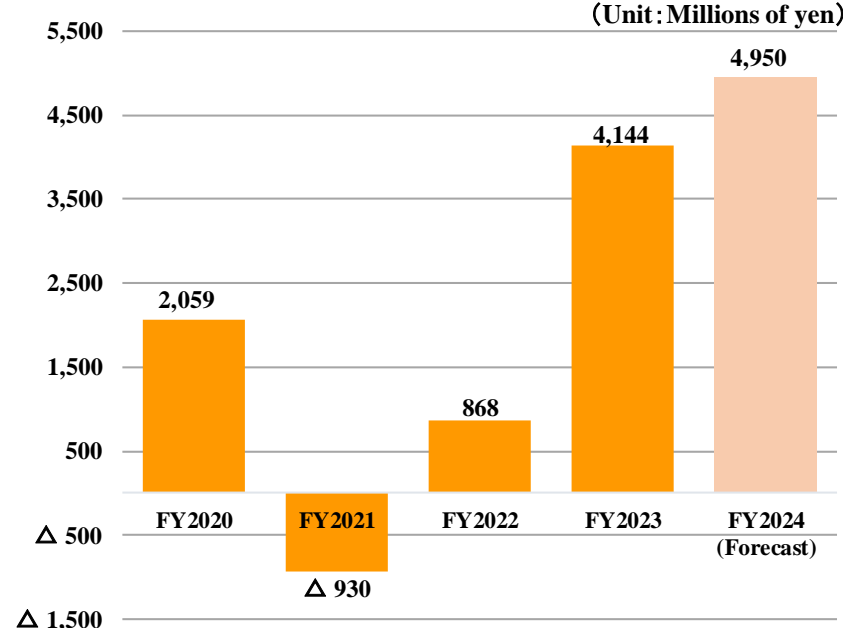
Net Sales

(Unit: Millions of yen)



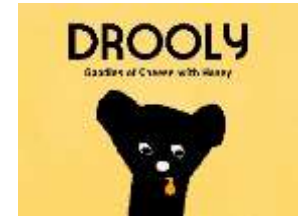
Operating profit(Δloss)

(Unit: Millions of yen)



| (Millions of yen,%) | FY2020 | FY2021 | FY2022 | FY2023 | YoY | | FY2024 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|-------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 16,199 | 7,627 | 11,958 | 20,699 | 8,741 | 73.1 | 24,380 | 3,681 | 17.8 |
| Gross profit | 9,893 | 4,198 | 7,271 | 13,160 | 5,890 | 81.0 | 15,500 | 2,340 | 17.8 |
| Gross profit rate | 61.1 | 55.0 | 60.8 | 63.6 | 2.8 | 4.6 | 63.6 | - | - |
| SG&A expenses | 7,834 | 5,128 | 6,402 | 9,016 | 2,614 | 40.8 | 10,550 | 1,534 | 17.0 |
| Operating profit(Δloss) | 2,059 | Δ 930 | 868 | 4,144 | 3,276 | 377.2 | 4,950 | 806 | 19.4 |

《SUCREY》



Accelerate growth to improve brand value and achieve sales of 35 billion yen in the fiscal year ending March 31, 2026.



DROOLY Hanshin Department Store Umeda Main Shop

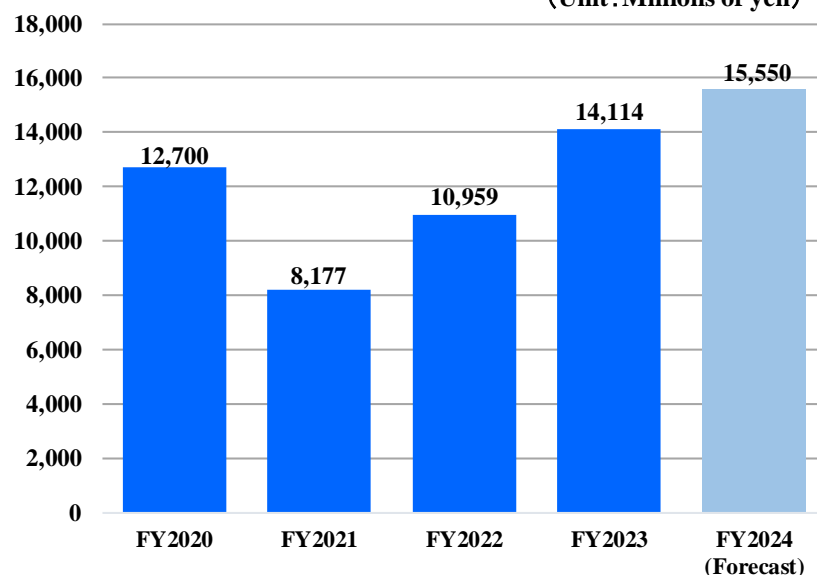


FY2024 (Forecast)

FY2024: Net sales 15,550 million yen (+10.2%YoY) OP 2,500 million yen (+18.3%YoY)

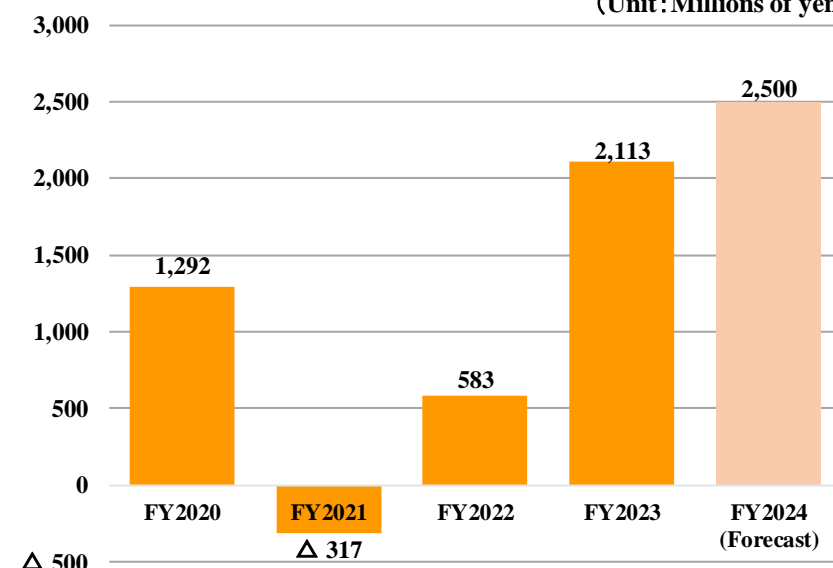
Net sales

(Unit: Millions of yen)



Operating profit(Δloss)

(Unit: Millions of yen)



| (Millions of yen,%) | FY2020 | FY2021 | FY2022 | FY2023 | YoY | | FY2024 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|-------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 12,700 | 8,177 | 10,959 | 14,114 | 3,155 | 28.8 | 15,550 | 1,436 | 10.2 |
| Gross profit | 7,758 | 4,806 | 5,908 | 8,149 | 2,241 | 37.9 | 9,000 | 851 | 10.4 |
| Gross profit rate | 61.1 | 58.8 | 53.9 | 57.7 | 3.8 | 7.1 | 57.9 | - | - |
| SG&A expenses | 6,466 | 5,123 | 5,325 | 6,036 | 710 | 13.3 | 6,500 | 464 | 7.7 |
| Operating profit(Δloss) | 1,292 | Δ 317 | 583 | 2,113 | 1,531 | 262.7 | 2,500 | 387 | 18.3 |

《KCC》



Focusing on further improving the brand value of LeTAO, which has reached its 25th anniversary ,and development of metropolitan area brands



LeTAO Main Store



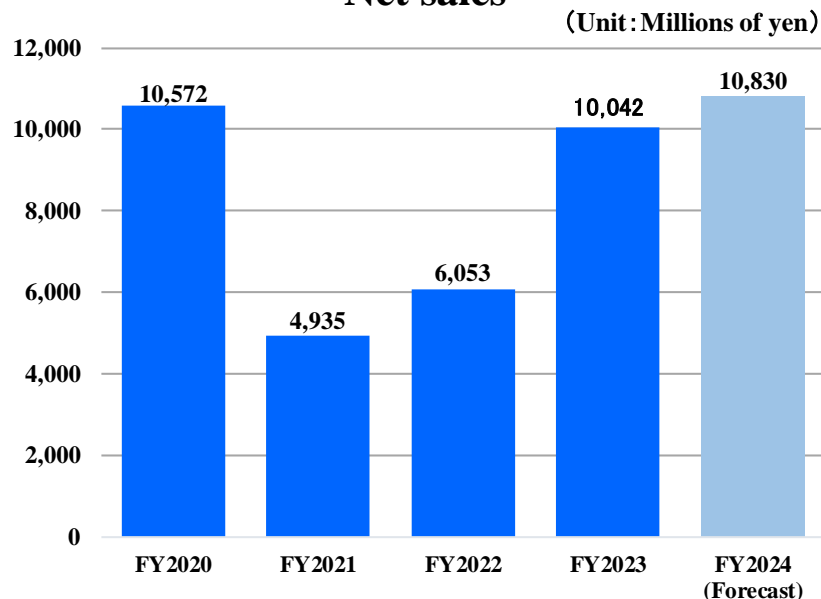
Double Fromage

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

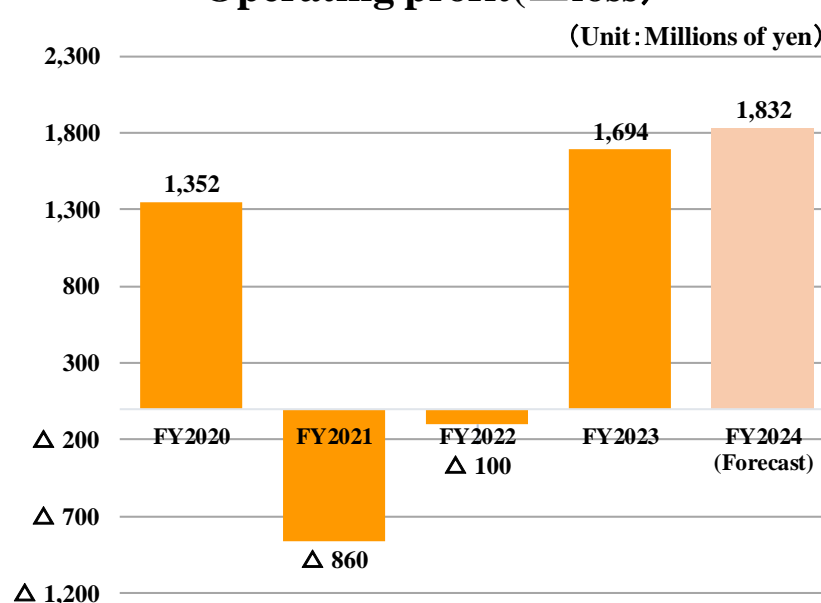
FY2024 (Forecast)

FY2024: Net sales 10,830 million yen (+7.8%YoY) OP 1,832 million yen (+8.1%YoY)

Net sales



Operating profit(Δloss)



| (Millions of yen,%) | FY2020 | FY2021 | FY2022 | FY2023 | YoY | | FY2024 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|-------|----------------------|----------|-----|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 10,572 | 4,935 | 6,053 | 10,042 | 3,989 | 65.9 | 10,830 | 788 | 7.8 |
| Gross profit | 4,199 | 969 | 1,774 | 3,953 | 2,179 | 122.8 | 4,264 | 311 | 7.9 |
| Gross profit rate | 39.7 | 19.6 | 29.3 | 39.4 | 10.1 | 34.3 | 39.4 | - | - |
| SG&A expenses | 2,847 | 1,829 | 1,874 | 2,258 | 384 | 20.5 | 2,432 | 174 | 7.7 |
| Operating profit(Δloss) | 1,352 | Δ 860 | Δ 100 | 1,694 | 1,795 | - | 1,832 | 138 | 8.1 |

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

Sales expansion of mainstay products and new products development and strengthening relationships with distributors

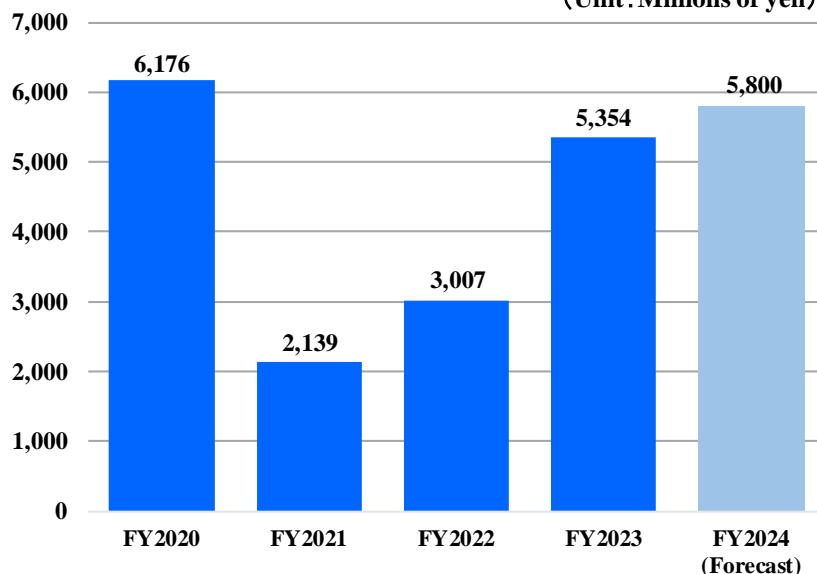


《SALES SUBSIDIARIES》 FY2024 (Forecast)

FY2024: Net sales 5,800 million yen (+8.3%YoY) OP 560 million yen (+18.6%YoY)

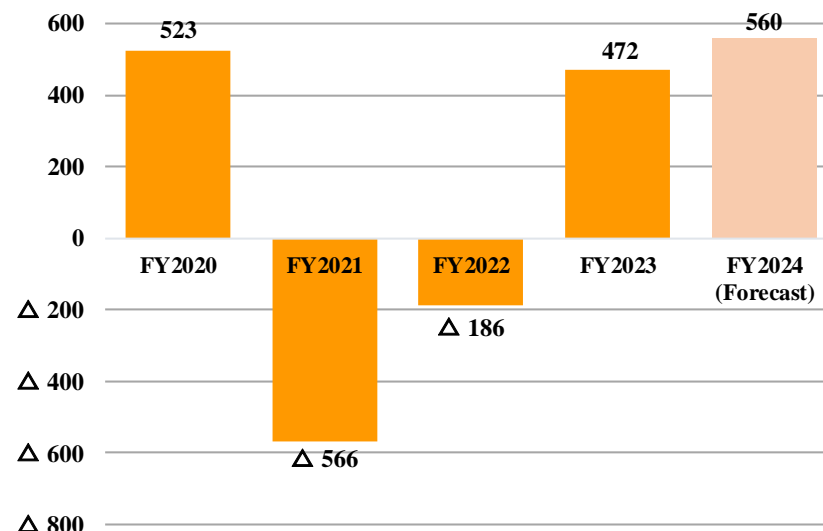
Net sales

(Unit: Millions of yen)



Operating profit(Δloss)

(Unit: Millions of yen)



| (Millions of yen,%) | FY2020 | FY2021 | FY2022 | FY2023 | YoY | | FY2024 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 6,176 | 2,139 | 3,007 | 5,354 | 2,347 | 78.1 | 5,800 | 446 | 8.3 |
| Gross profit | 2,224 | 625 | 1,098 | 2,013 | 915 | 83.3 | 2,180 | 167 | 8.3 |
| Gross profit rate | 36.0 | 29.2 | 36.5 | 37.6 | 1.1 | 3.0 | 37.6 | - | - |
| SG&A expenses | 1,700 | 1,191 | 1,284 | 1,541 | 257 | 20.0 | 1,620 | 79 | 5.1 |
| Operating profit(Δloss) | 523 | Δ 566 | Δ 186 | 472 | 658 | - | 560 | 88 | 18.6 |

《SALES SUBSIDIARIES》

Acquisition of new sales floors with new products and focus on expanding sales floor space for main sweets for the revival of the souvenir market of major transportation channels



NAGOYA Ogura Toast Cheesecake



Hanafukudo 「Makkana Ichigo Series」



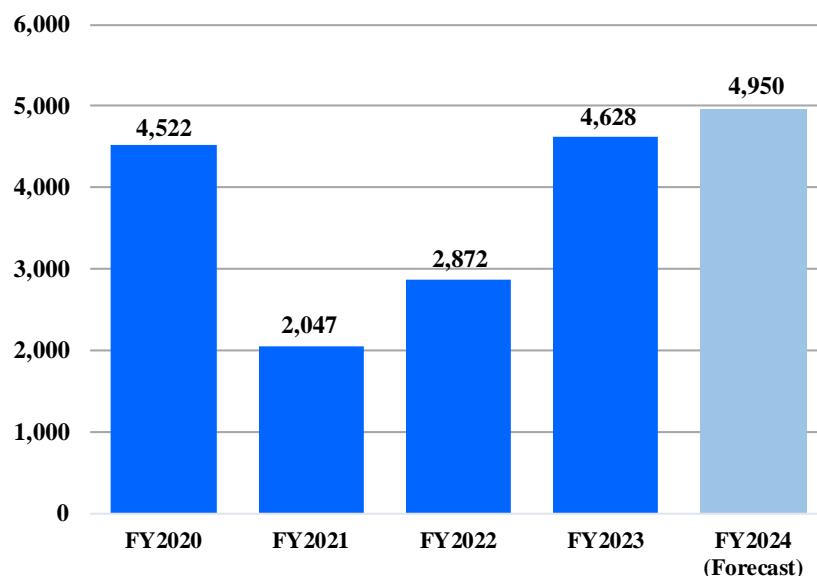
OSAKA Don PuddingTalt

《 KUJYUKUSHIMA GROUP 》

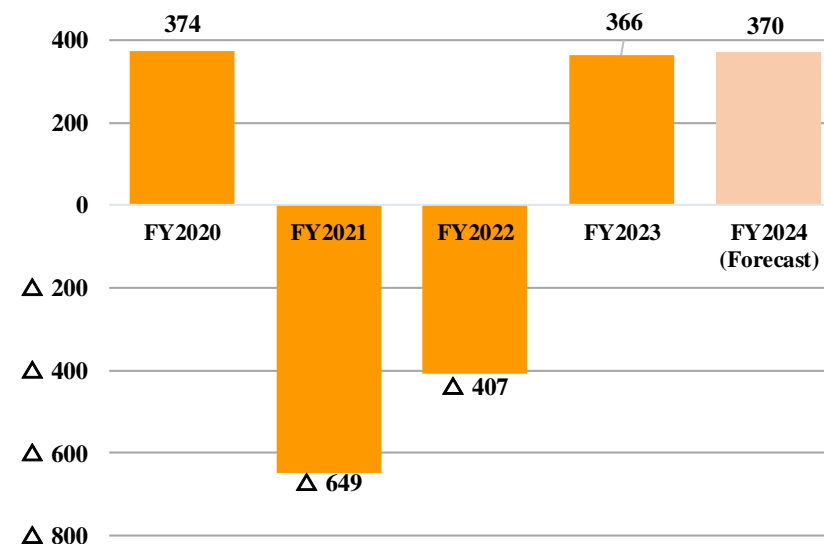
FY2024 (Forecast)

FY2024: Net sales 4,950 million yen (+7.0%YoY) OP 370 million yen (+1.2%YoY)

Net sales



operating profit(Δloss)



| (Millions of yen,%) | FY2020 | FY2021 | FY2022 | FY2023 | YoY | | FY2024 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|------|----------------------|----------|-----|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 4,522 | 2,047 | 2,872 | 4,628 | 1,756 | 61.1 | 4,950 | 322 | 7.0 |
| Gross profit | 2,127 | 650 | 1,241 | 2,427 | 1,186 | 95.5 | 2,590 | 163 | 6.7 |
| Gross profit rate | 47.0 | 31.8 | 43.2 | 52.4 | 9.2 | 21.4 | 52.3 | - | - |
| SG&A expenses | 1,753 | 1,300 | 1,648 | 2,061 | 414 | 25.1 | 2,220 | 159 | 7.7 |
| Operating profit(Δloss) | 374 | Δ 649 | Δ 407 | 366 | 772 | - | 370 | 4 | 1.2 |

《 KUJYUKUSHIMA GROUP 》

MISTER CAMELIST

Executing organizational reform by utilizing the synergy of Kotobuki Spirits group.
Transitioning to a manufacturing and retail-oriented management style to aim for growth.



Mister Caramelist Hakata



Main product : Caramel Galette

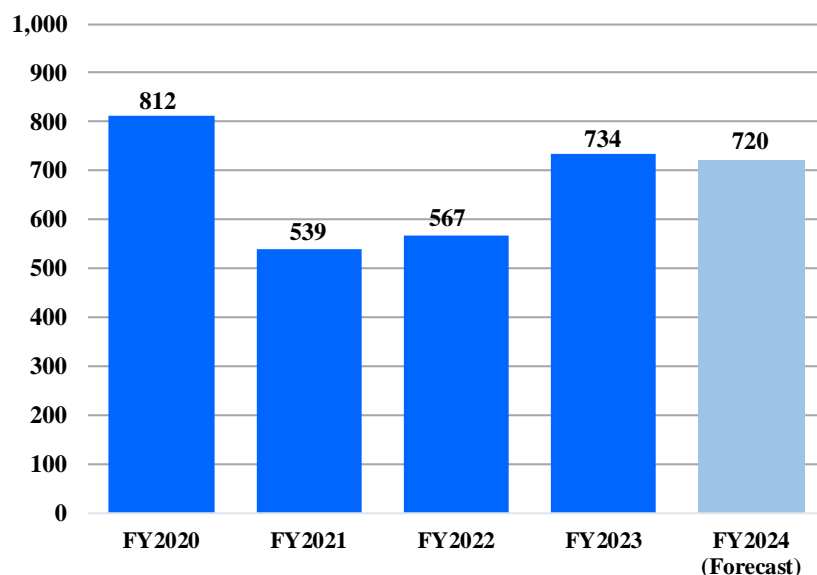
《OTHERS》

< Health food business, Taiwan confectionary business,
Insurance agency >

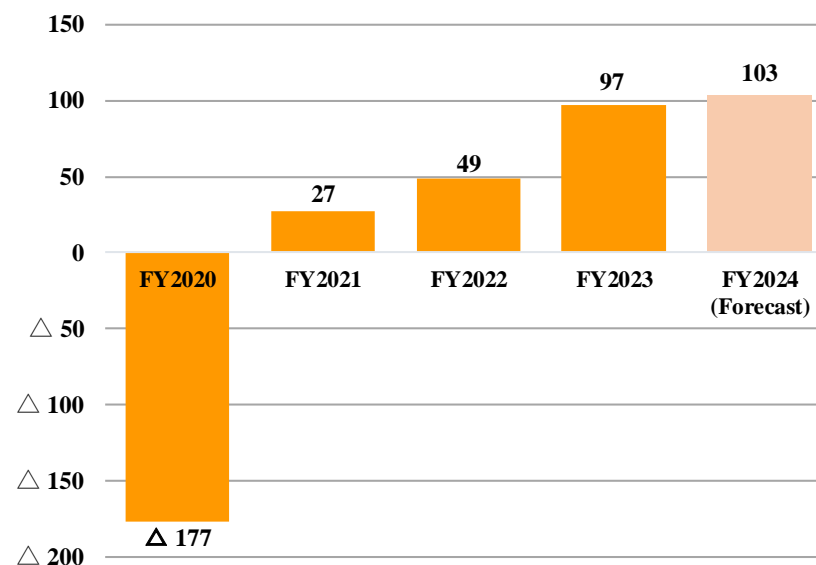
FY2024 (Forecast)

FY2024: Net sales 720 million yen ($\Delta 1.9\%$ YoY) OP 103 million yen ($+6.0\%$ YoY)

Net sales



Operating profit(Δ loss)



| (Millions of yen,%) | FY2020 | FY2021 | FY2022 | FY2023 | YoY | | FY2024 (Forecast) | YoY | |
|----------------------------------|--------------|--------|--------|--------|----------|------|----------------------|-------------|--------------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 812 | 539 | 567 | 734 | 167 | 29.5 | 720 | Δ 14 | Δ 1.9 |
| Gross profit | 529 | 383 | 411 | 534 | 123 | 30.0 | 511 | Δ 23 | Δ 4.4 |
| Gross profit rate | 65.1 | 71.1 | 72.5 | 72.8 | 0.3 | 0.4 | 71.0 | - | - |
| SG&A expenses | 706 | 356 | 362 | 437 | 75 | 20.7 | 408 | Δ 29 | Δ 6.7 |
| Operating profit(Δ loss) | Δ 177 | 27 | 49 | 97 | 48 | 98.9 | 103 | 6 | 6.0 |

《OTHERS》

< Health food business, Taiwan confectionery business, Insurance agency >

純藍

Taiwan confectionery business



3/22 New Open Tokyo Milk Cheese Factory
Shinkou Mitsukoshi Department Store A8



Tokyo Milk Cheese Factory new year Gift

health food business(Junai)



Junai tea

Corporate Vision and Basic Policies

Corporate Vision

To Create happiness, Provide happiness

The corporate vision of our group was created by the late Shoichi Kawagoe, the founder of our company, and his predecessors, who overcame many trials and tribulations. While the pursuit of profit is not the only purpose of a company, in order for the company to continue to develop forever into the future, we must always place the highest priority on "making people happy," and the creation of products that will please our customers, continuing to provide services that will please our customers, contributing to local communities, and coexistence and co-prosperity are the company's raison d'etre and the mission of our company group.

Basic Policies

Today, I make an enthusiastic fan.

All employees of our group have a basic policy of "Making enthusiastic fans" in order to realize our corporate vision, which is to strive to make one enthusiastic fan of our company today, with whom we can build a lifelong relationship through a single confectionery item or by serving one customer.

Practice of "All-Participation-type Management" based on corporate vision

Based on our corporate vision, the Group aims to create a dynamic and attractive corporate group and increase its corporate value over the medium to long term by practicing "**all-participation-type management**," in which each and every employee participates in management with a sense of ownership.

<<About the Corporate Vision Notebook, "Kozuchi">>

The Group has created a corporate vision notebook, "Kozuchi," which clearly states its management philosophy (Philosophy), and strives to ensure that all employees are familiar with the corporate vision and thoroughly adhere to corporate ethics. The corporate vision notebook, "Kozuchi," is used in morning meetings, training sessions, and study groups held at each workplace unit. In addition, a "National Convention for Kozuchi Presentation" is held once a year to share the results of the implementation of the corporate vision with all employees and to produce even greater results.



National Convention for Kozuchi Presentation in January 2023

Vision (direction to aim for)

"General Producer of the Sweets "

creating original brands and store brands of sweets from all over the country.

- Creating stores and confectionery with originality by pursuing "Local" and "Specialty" with a thorough focus on deliciousness and quality under the theme of **"Creation of higher value"**.
- Adapting the brand portfolio to meet the demand for a variety of **Premium Gift Sweets**, from souvenirs and personal gifts that match the market characteristics of each region to sweets to be enjoyed at home.



Future Management Policies

Management Slogan for 2023

The first year of Hyper GROWTH!

As consumer activity moves toward normalization, the Group will mobilize all of its group resources to put it on a superb growth trajectory, specializing in Premium Gift Sweets with an even greater pursuit of deliciousness and executing its business measures with superb speed and power.

Priority Measures

1. Promotion of priority measures for hyper growth

Priority Measures For Superb Growth

- (1) Special evolution of product, sales, and sales space capabilities with hyper growth
- (2) Recruiting and co-developing human resources for hyper growth
- (3) Brand development and sales space acquisition with hyper growth
- (4) Preparing for a resurgence in inbound tourism sales growth with hyper growth and building a successful overseas model
- (5) Production system for hyper growth, hyper evolution of logistics

2. Promotion of "all-participation-type super field-oriented" management

Promoting "all-participation-type super field-oriented" management, based on the thorough implementation of our corporate vision, to improve our human resources and organizational capabilities.

Future Management Policies

Middle-term/long-term target indicators

Long-term Target Indicators

Ordinary Profit rate : 30%

Middle-term Target Indicators

(SUCREY)

① Net Sales : 35,000 millions yen

(Group All)

② Inbound Sales : 10,000 millions yen

Memo



ESG

Endorsement of TCFD Recommendation , and Establishes a “Sustainability Committee”

Kotobuki Spirits Co.,Ltd. endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2023.

Accordingly, the Company will disclose information regarding four elements -- governance, strategy, risk management, and metrics and targets -- in accordance with the TCFD recommendations by proactively disclosing climate change-related financial information, as follows. In addition, we established the “Sustainability Committee” in April 2023.



ESG

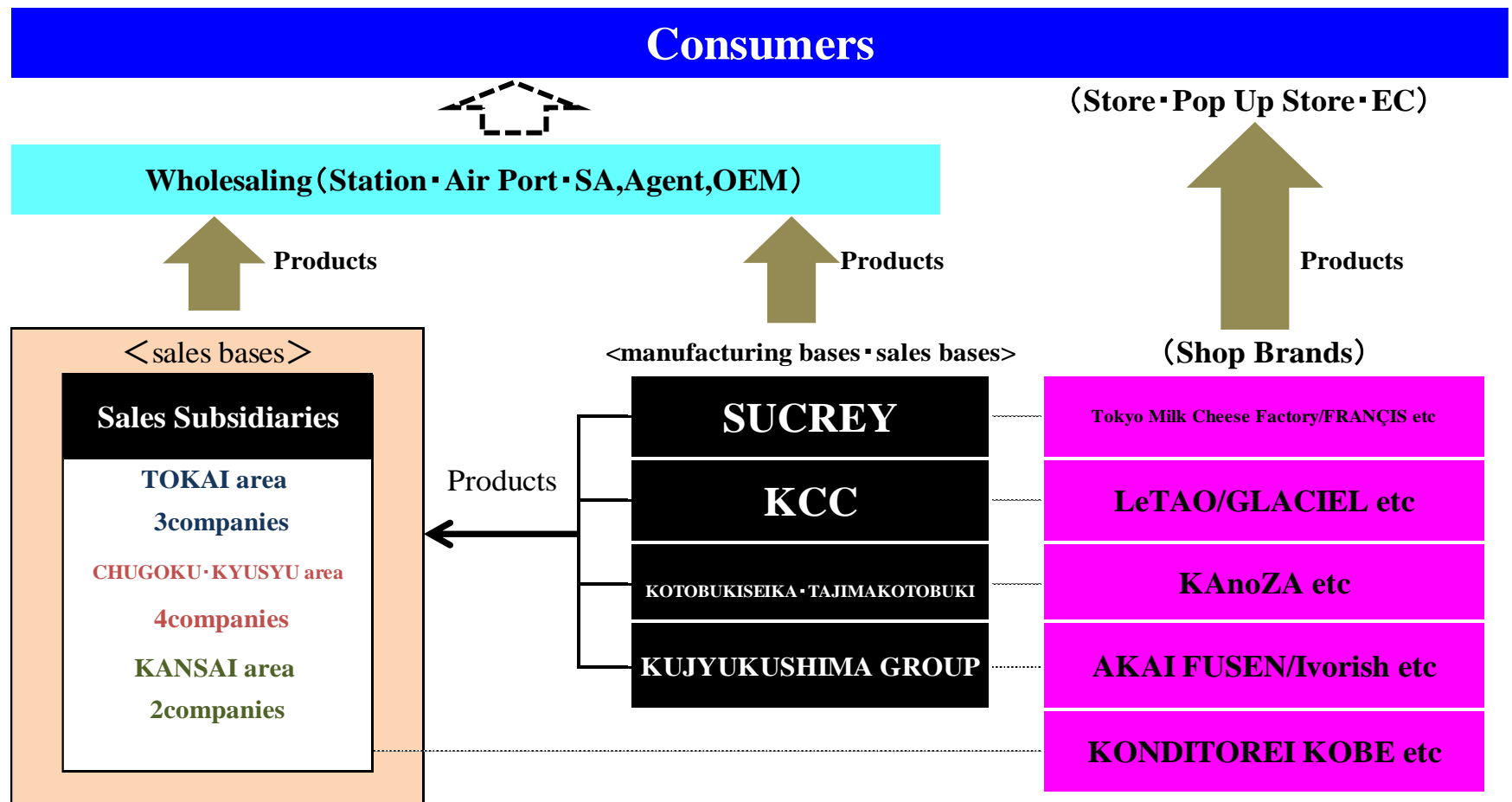
Sucrey's Hamamatsu Factory receive the FSSC 22000 certification

On November 8, 2022, the Sucrey's Hamamatsu Factory acquired FSSC 22000 certification, making it the third manufacturing base for Kotobuki Spirits group, following the KCC's Second Factory and the Sucrey's Yokohama Factory.



Business Outline

Chart



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

Kotobuki Spirits Group Factory



Main Factory



Uratsu factory



Yodoe factory




The first factory



Second factory



Tajima factory

 **KOTOBUKISEIKA**
 Main factory
 Uratsu factory
 Yodoe factory
 Tajima factory

 **KCC**
 The first factory
 Second factory



Fukuoka factory



Main factory




Yokohama factory




Hamamatsu factory



Kurokami factory

 **SUCREY**
 Yokohama factory
 Hamamatsu factory

 **KUJYUKUSHIMA GROUP**
 Fukuoka factory
 Main factory
 Kurokami factory

Shop Brands



Izumo

お菓子の壽城



Yonago



Hokkaido

Ivorish

Premium French Toast

Fukuoka・Tokyo



Sasebo・Fukuoka



東京ミルクチーズ工場

Tokyo



Kobe



Main Sweets



Nostalgic Modern
LeTAO
Nichest Sweets Artist

Double Fromage



 寿製菓株式会社

Inabano Shirousagi



Salt and Camembert Cookie



Mille Feuille



Butter Financier

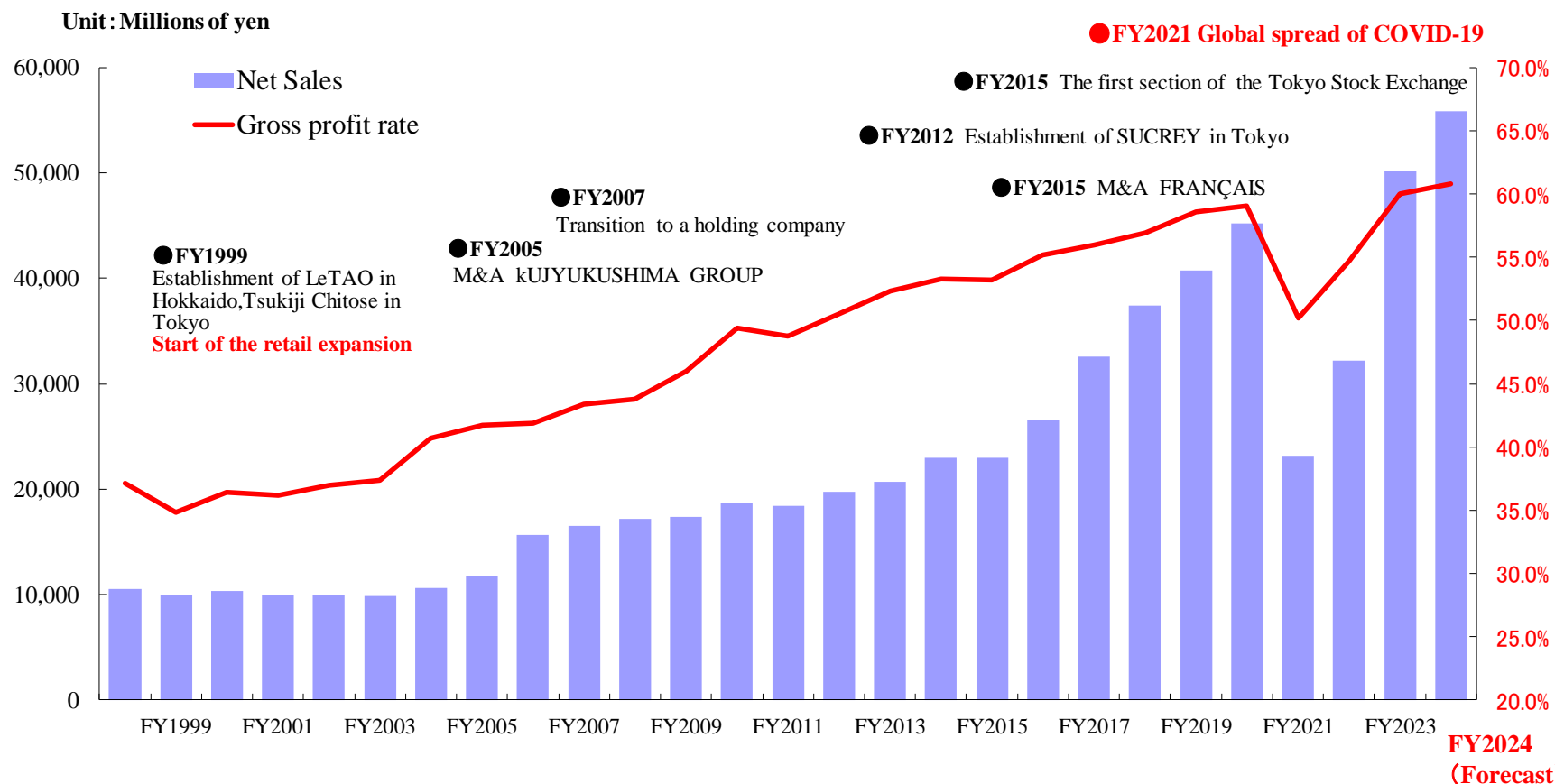


Kujyukushima Senpei

Transition of Kotobuki Spirits ①

High profit management

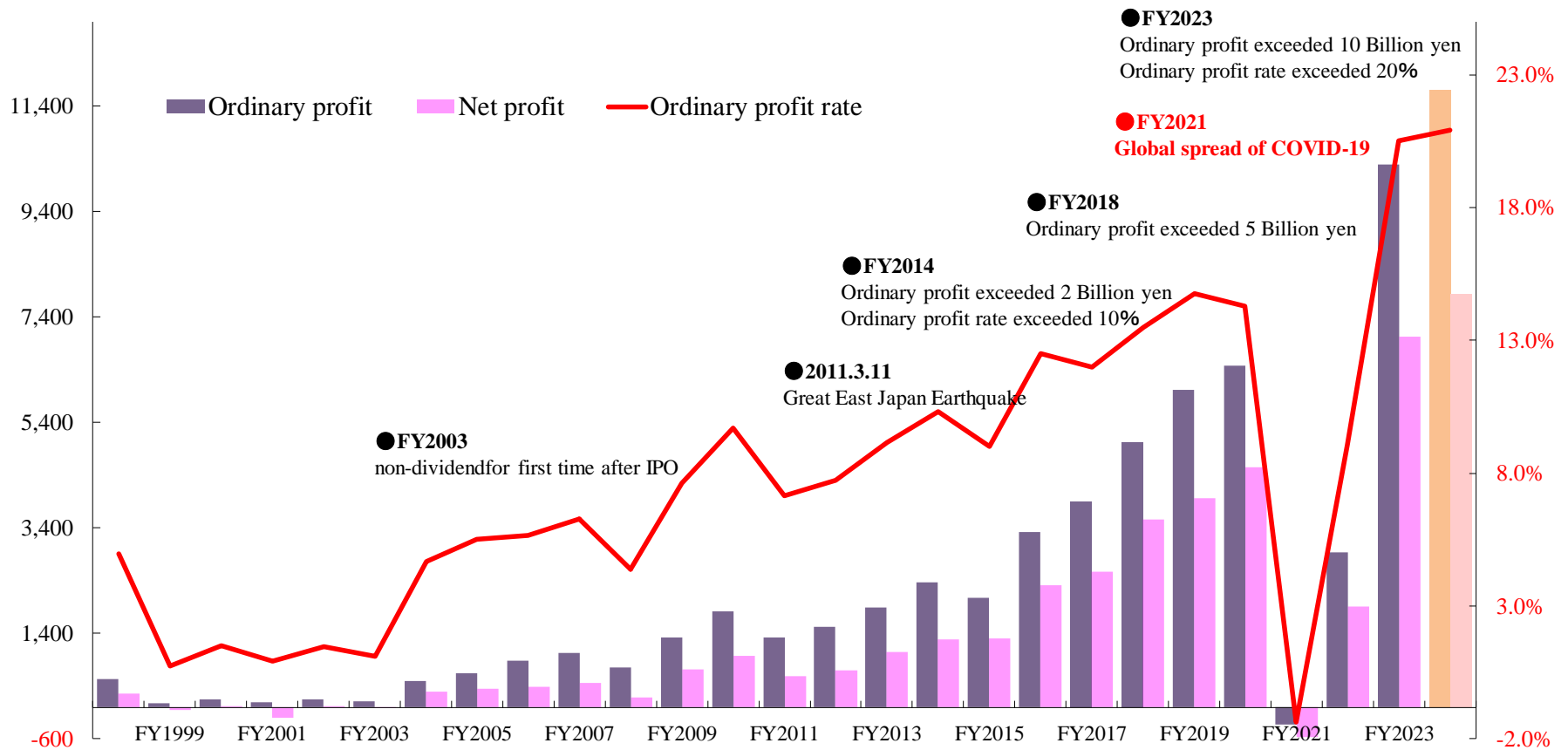
●FY2023 Net sales exceeded 50 Billion yen Gross profit rate exceeded 60%



Transition of Kotobuki Spirits ②

●FY2023 Ordinary profit exceeded 10 Billion yen
 Ordinary profit rate exceeded 20%

Unit: Millions of yen



FY2024 (Forecast)