

FY2024(1Q)
(First quarter of the fiscal year ending March 31, 2024)
Consolidated Business Results

August 1,2023
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

FY2024(1Q)Highlight

Results of FY2024 (1Q) (April-June)

Net sales **145.6%** (YoY)/Ordinary profit **236.8%** (YoY)

Ordinary profit rate **22.3%** (improved + 8.6 points YoY)

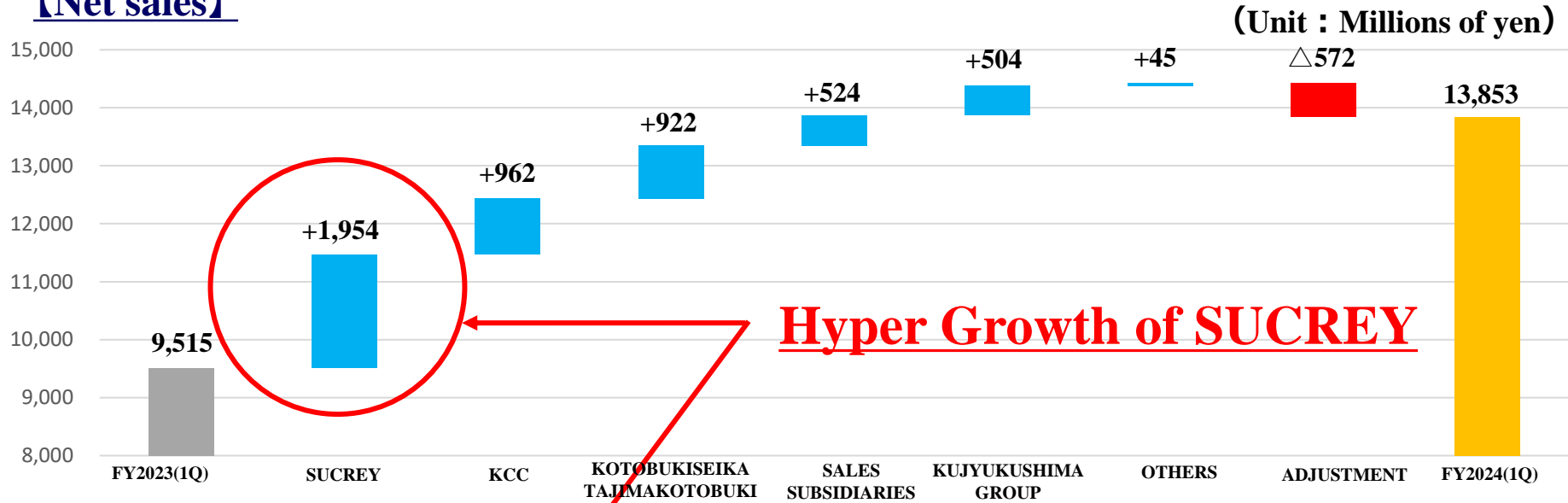
● Backed by the recovery in the flow of people with the lifting of movement restrictions, net sales was 13,853 million yen (145.6% YoY), operating profit was 3,059 million yen (265.9% YoY), ordinary profit was 3,084 million yen (236.8% YoY), and net profit was 2,069 million yen (246.6% YoY), all increasing with new record highs for 1Q.

● SUCREY's net sales was 5,772 million yen (151.2% YoY) and operating profit was 1,204 million yen (207.7% YoY), driving the Group's growth.

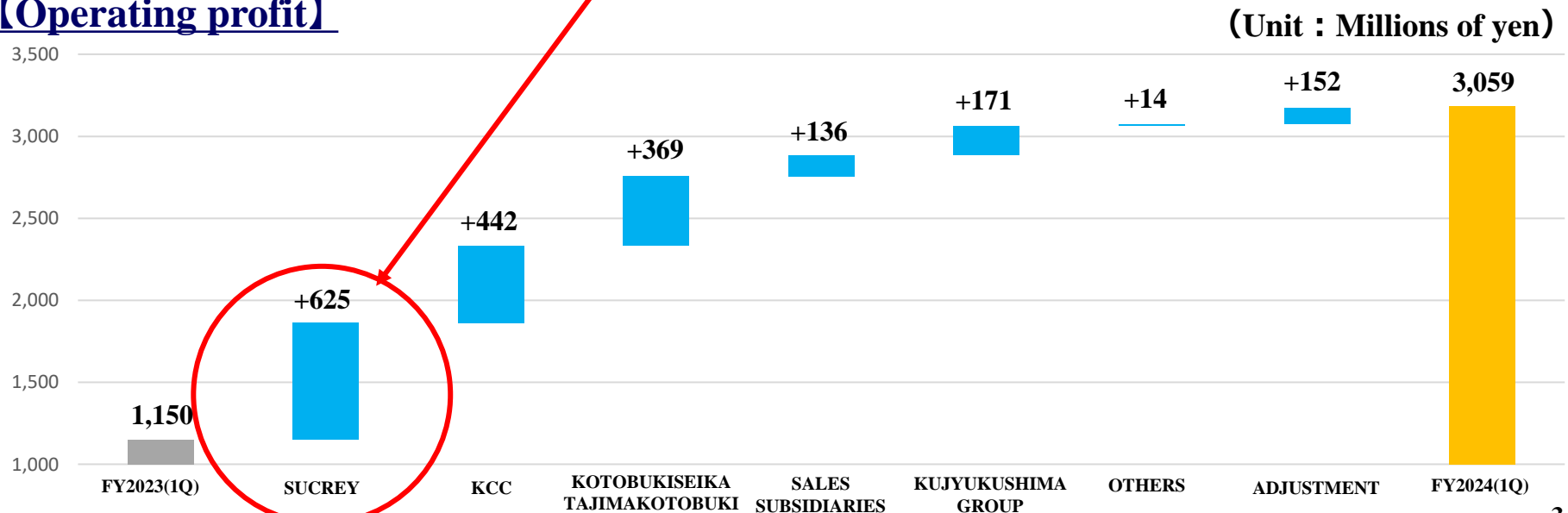
● Inbound sales (International airport sales) was 1,520 million yen (101.3% compared to FY2020), generally recovering up to the pre-COVID-19 level.

FY2024(1Q) increase or decrease of amount

【Net sales】



【Operating profit】



FY2024(1Q) Topics ① SUCREY new store opening in Tokyo Station area

Opening of SUCREY's new brand The DROS Gransta Tokyo
Promoted premium branding at a prime location in Tokyo Station



The DROS Gransta Tokyo (New Opening in June 2023)



Baked cake (Cream Cheese & Almond)

FY2024(1Q) Topics ① SUCREY new store opening in Tokyo Station area

Opening of SUCREY's new brand Mr. Maple Gransta Tokyo

Developed as a successor tenant of THE MAPLE MANIA relocated and reopened



Mr. Maple Gransta Tokyo (New Opening in June 2023)



FY2024(1Q) Topics ② SUCREY relocation in Tokyo Station area

THE MAPLE MANIA moved to and reopened at a more favorable location in Gransta Tokyo



THE MAPLE MANIA Gransta Tokyo (Relocation and reopening on June 19, 2023)

FY2024(1Q) Topics ③ SUCREY new store opening in department store area

THE MAPLE MANIA opened in a prime location in the Keio Department Store Shinjuku Main Store



**THE MAPLE MANIA Keio Department Store Shinjuku Store
(New Opening on May 25, 2023)**

FY2024(1Q) Topics ④ Group ranked exclusively in the Tokyo Station souvenir ranking

Ranking of souvenirs sold in Gransta Tokyo and ecute Tokyo were announced! - “Top 10 Sweets Sales Ranking of Tokyo Station-Exclusive Classic Gifts” and the “Flash News! Top 3 New Product Sales Ranking” in the Gransta Tokyo Marunouchizaka area reopened on June 15, 2023.

“Top 10 Sweets Sales Ranking of Tokyo Station-Exclusive Classic Gifts”



**No.1 Sandwich Cookie Hazelnuts and Raspberries
COCORIS**

**No.4 Cheesecake Sandwich
Now on Cheese ♪**



**No.5 French Toast Financier Triple
TOKYO STATION LIMITED/ Ivorish**

**No.8 Tokyo Station-exclusive assorted gift packs
Tokyo Milk Cheese Factory**

Gransta Tokyo Marunouchizaka area “Flash News! Top 3 New Product Sales Ranking”



**No.1 Maple Rum Cake
Mr. Maple by THE MAPLE MANIA**



**No.3 French Toast Pudding
TOKYO STATION LIMITED/ Ivorish**

(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.

Inbound sales in FY2024 (1Q) generally recovered to the pre-COVID-19 level.

※ 24/3 1Q-4Q is forecast

(Millikons of Yen)	1Q	2Q	3Q	4Q	1Q-4Q
FY2024	1,520				5,000
FY2023	86	167	640	1,085	1,978
FY2020	1,502	1,381	1,645	846	5,375



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

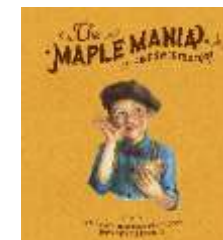


Narita airport Fa-So-La TAX FREE STORE AKIHABARA
LeTAO

(Overseas sales)

Overseas sales 333 million yen +0.6%(YoY)

Overseas sales also were in a gradual recovery trend with the convergence of COVID-19.



(Unit: Million of yen)

<u>Overseas sales</u>	FY2023 (1Q)	FY2024 (1Q)	YoY (Change)	YoY(%)
Taiwan※1	88	120	32	37.0
Korea	47	25	△ 22	△ 47.7
Singapore	90	54	△ 36	△ 39.5
China	70	61	△ 9	△ 13.1
Australia	16	38	22	131.3
Others	20	35	15	75.0
Total	331	333	2	0.6

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

Tokyo Milk Cheese Factory MITSUKOSHI BCG BCG (Grand opening on July 21, 2023)

Results of FY2024 1Q (YoY)

Net sales +45.6% (YoY), Ordinary profit +136.8% (YoY)

(Millions of Yen,%)	FY2023(1Q)		FY2024(1Q)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	9,515	—	13,853	—	4,338	45.6
Gross profit	5,532	58.1	8,436	60.9	2,903	52.5
SG&A expenses	4,382	46.1	5,377	38.8	995	22.7
Operating profit	1,150	12.1	3,059	22.1	1,908	165.9
Ordinary profit	1,302	13.7	3,084	22.3	1,781	136.8
Net profit	839	8.8	2,069	14.9	1,230	146.6
EPS (yen)	26.96		66.49		39.53	

Results of FY2024(1Q) (SEGMENTS)

All segments on recovery trend(especially SUCREY)

(Millions of Yen,%)	Net sales				Operating profit(Δloss)		
	FY2023 (1Q)	FY2024 (1Q)	YoY(Change)	YoY(%)	FY2023 (1Q)	FY2024 (1Q)	YoY(Change)
SUCREY	3,819	5,772	1,954	51.2	580	1,204	625
KCC	2,638	3,600	962	36.4	88	530	442
KOTOBUKISEIKA TAJIMAKOTOBUKI	2,080	3,002	922	44.3	294	663	369
SALES SUBSIDIARIES	1,115	1,639	524	47.0	64	200	136
KUJYUKUSHIMA GROUP	881	1,386	504	57.2	Δ 15	156	171
OTHERS	101	147	45	44.4	Δ 9	5	14
SEGMENTS TOTAL	10,634	15,544	4,910	46.2	1,001	2,757	1,756
ADJUSTMENT	Δ 1,119	Δ 1,691	Δ 572	51.1	149	301	152
TOTAL	9,515	13,853	4,338	45.6	1,150	3,059	1,908

Sales channel

(millions of yen,%)	FY2023(1Q)		FY2024(1Q)		YoY (Change)	YoY (%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	9,515	—	13,853	—	4,338	45.6
Domestic(Wholesale)	3,242	34.1	5,911	42.7	2,669	82.3
Domestic(Retail) ※1	4,694	49.3	6,523	47.1	1,829	39.0
Mail Order	1,247	13.1	1,085	7.8	△ 162	△ 13.0
Other ※2	1	0.0	1	0.0	0	9.0
Domestic Total	9,184	96.5	13,520	97.6	4,336	47.2
Overseas(Wholesale) ※3	244	2.6	213	1.5	△ 31	△ 12.5
Overseas(Retail)	88	0.9	120	0.9	32	37.0
Overseas Total	331	3.5	333	2.4	2	0.6

※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 increased by 2.8 points YoY mainly due to the recovery of the operating rate and improvement of efficiency in production amid the rising trend of material cost.

(Millions of Yen,%)	FY2023(1Q)		FY2024(1Q)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	9,515	—	13,853	—	4,338	45.6
Material cost	2,187	23.0	3,631	26.2	1,444	66.0
Labor cost	1,038	10.9	1,212	8.8	174	16.8
Expense	511	5.4	679	4.9	169	33.1
Manufacturing cost	3,736	39.3	5,522	39.9	1,787	47.8
Others	247	2.6	△ 105	△ 0.8	△ 352	-
Cost of sales	3,983	41.9	5,418	39.1	1,435	36.0
Gross profit	5,532	58.1	8,436	60.9	2,903	52.5

SG&A expenses /Operating profit

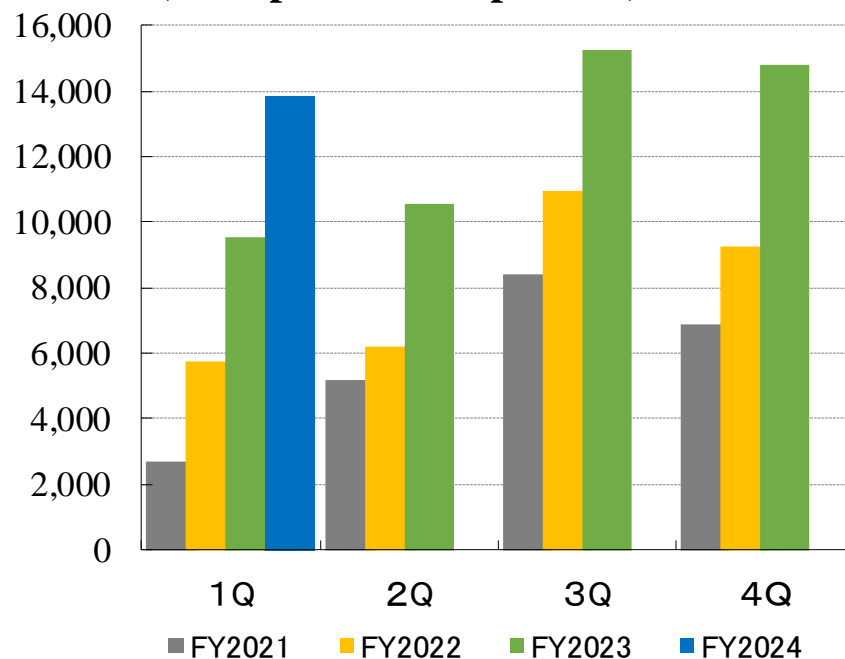
SG&A expenses rate decreased by 7.3 points due to sales recovery and cost control

(Millions of Yen, %)	FY2023(1Q)		FY2024(1Q)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
Gross profit	5,532	58.1	8,436	60.9	2,903	52.5
Personnel expenses	1,740	18.3	2,058	14.9	318	18.3
Promotion	605	6.4	766	5.5	161	26.5
Freight	308	3.2	458	3.3	150	48.6
Advertising	104	1.1	95	0.7	△ 9	△ 8.5
Rent	294	3.1	329	2.4	36	12.1
Depreciation	96	1.0	97	0.7	2	1.7
Traveling and transportation expenses	76	0.8	97	0.7	21	27.9
Commission	801	8.4	1,061	7.7	260	32.4
Others	358	3.8	414	3.0	56	15.8
SG&A expenses	4,382	46.1	5,377	38.8	995	22.7
Operating profit	1,150	12.1	3,059	22.1	1,908	165.9

Net sales

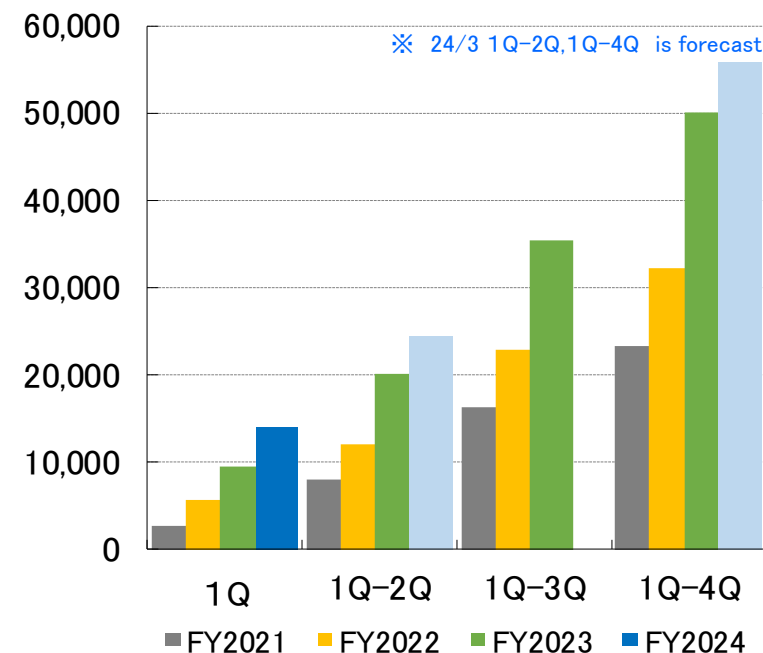
Net sales (Quarter)

(Four periods comparison)



Net sales (Cumulative)

(Four periods comparison)

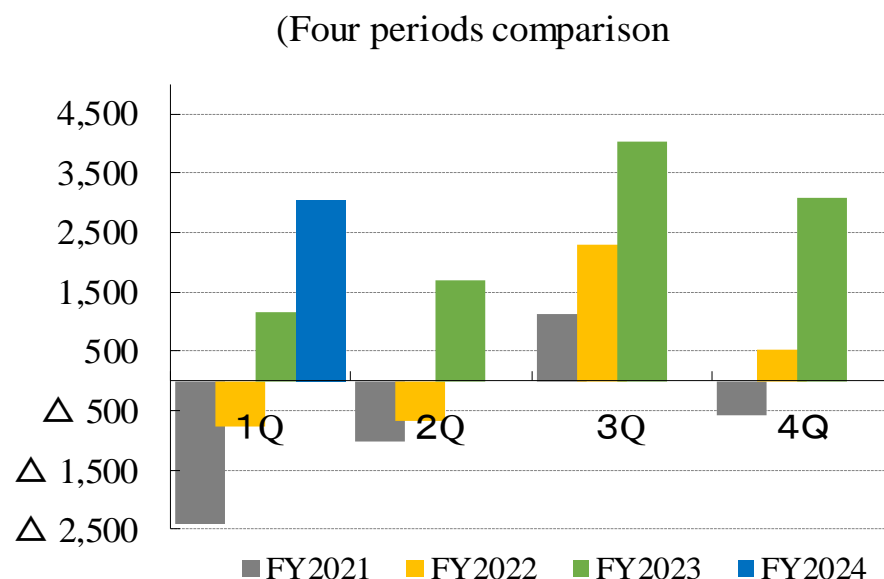


(百万円)	Quarter				Cumulative Quarter			
	1Q	2Q	3Q	4Q	1Q	1Q-2Q	1Q-3Q	1Q-4Q
FY2021	2,716	5,189	8,402	6,898	2,716	7,905	16,306	23,205
FY2022	5,758	6,200	10,963	9,270	5,758	11,959	22,921	32,192
FY2023	9,515	10,585	15,270	14,785	9,515	20,100	35,370	50,155
FY2024	13,853	-	-	-	13,853	24,300	-	55,870
YoY	145.6%	-	-	-	145.6%	-	-	-

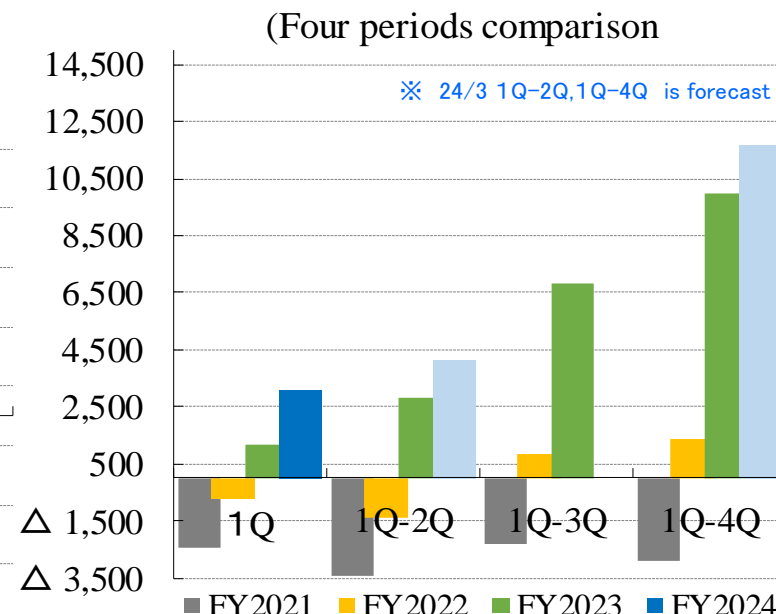
※ 24/3 1Q-2Q,1Q-4Q is forecast

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
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
FY2024	3,059				3,059	4,100		11,670
YoY	265.9%				265.9%			

Balance Sheet

The decrease in current assets was mainly due to a decrease in trade receivables and cash and deposits due to seasonal fluctuations.

	FY2022		FY2023		FY2024(1Q)		Compared to FY2023 (Change)	Compared to FY2023 (%)
	amount	rate	amount	rate	amount	rate		
(millions of yen, %)								
Current assets	15,804	57.5	25,741	69.7	24,278	68.2	△ 1,463	△ 5.7
Non-current assets	11,666	42.5	11,212	30.3	11,324	31.8	111	1.0
Assets	27,470	100.0	36,953	100.0	35,601	100.0	△ 1,352	△ 3.7
Current liabilities	4,620	16.8	8,095	21.9	6,811	19.1	△ 1,285	△ 15.9
Non-current liabilities	2,493	9.1	2,340	6.3	2,367	6.6	27	1.1
Liabilities	7,114	25.9	10,436	28.2	9,178	25.8	△ 1,258	△ 12.1
Net assets	20,357	74.1	26,518	71.8	26,423	74.2	△ 94	△ 0.4
Liabilities and net assets	27,470	100.0	36,953	100.0	35,601	100.0	△ 1,352	△ 3.7
BPS (yen)	654.15		852.13		849.11		△ 3.02	△ 0.4
Cash and deposits	9,913		17,162		16,047		△ 1,115	△ 6.5
Interest-bearing dept	726		440		397		△ 43	△ 9.7

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		50.45	(※1)	-	-
Dividend/stock (yen)	70.00		14.00	(※1)	-	-
CAPEX	573		2,000		1,427	249.1
Depreciation	1,137		1,250		113	9.9

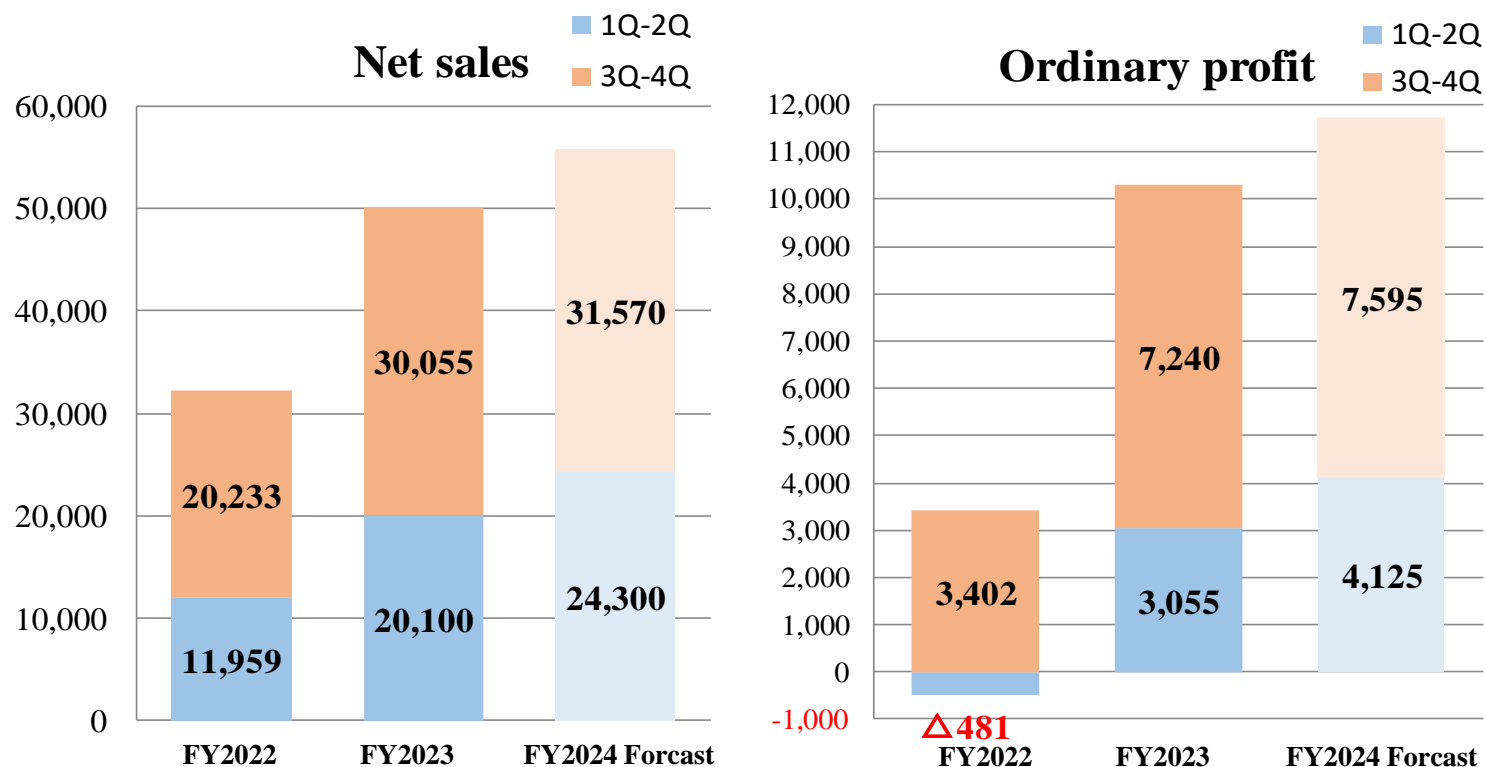
(※1) Refer to “Implementation of stock split” on page 45. EPS on a pre-stock split converted basis is 252.26 yen with a dividend per share of 70 yen.

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

Business Forecast for FY2024(1Q-2Q 3Q-4Q)



(Unit:millions of yen)

	Net sales					Ordinary profit						
	FY2022	(%)	FY2023	(%)	FY2024 Forecast	(%)	FY2022	(%)	FY2023	(%)	FY2024 Forecast	(%)
1Q-2Q	11,959	37.1%	20,100	40.1%	24,300	43.5%	△ 481	-	3,055	29.7%	4,125	35.2%
3Q-4Q	20,233	62.9%	30,055	59.9%	31,570	56.5%	3,402	-	7,240	70.3%	7,595	64.8%
total	32,192	100.0%	50,155	100.0%	55,870	100.0%	2,921	-	10,296	100.0%	11,720	100.0%

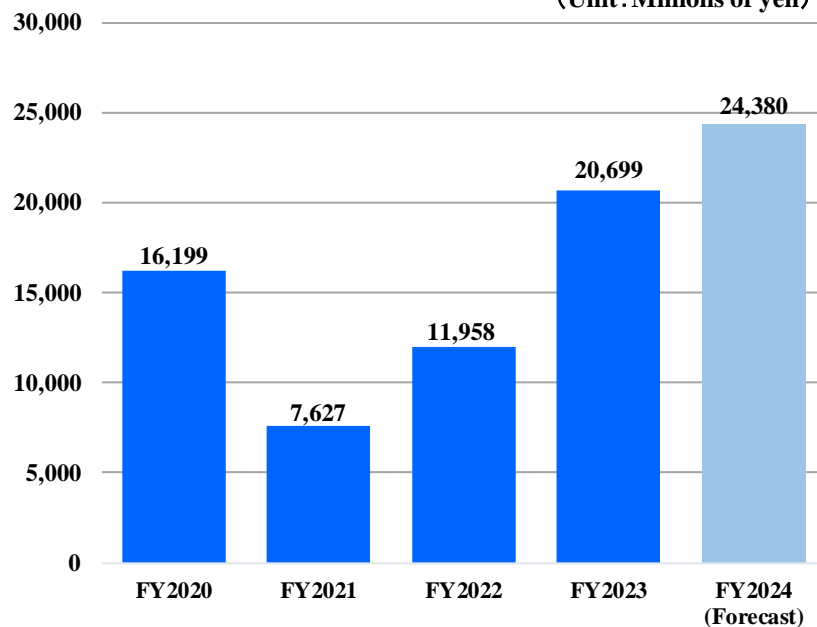
《SUCREY》

FY2024 (Forecast)

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

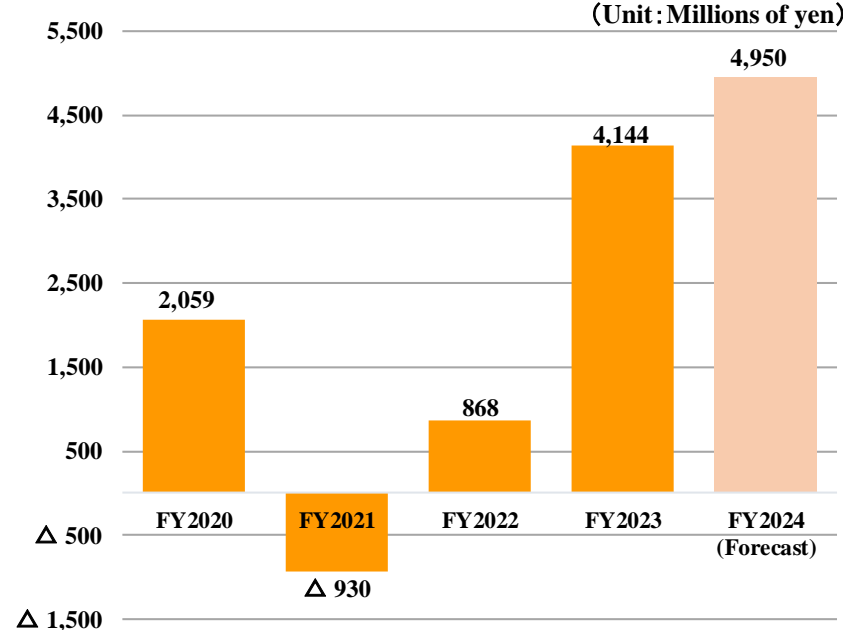
Net Sales

(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.



**Cookie (Gorgonzola & Almond)
The DROS Gransta Tokyo (New Opening in June 2023)**



**Vanilla & Mascarpone Cookies
Tokyo Milk Cheese Factory's seasonal product**

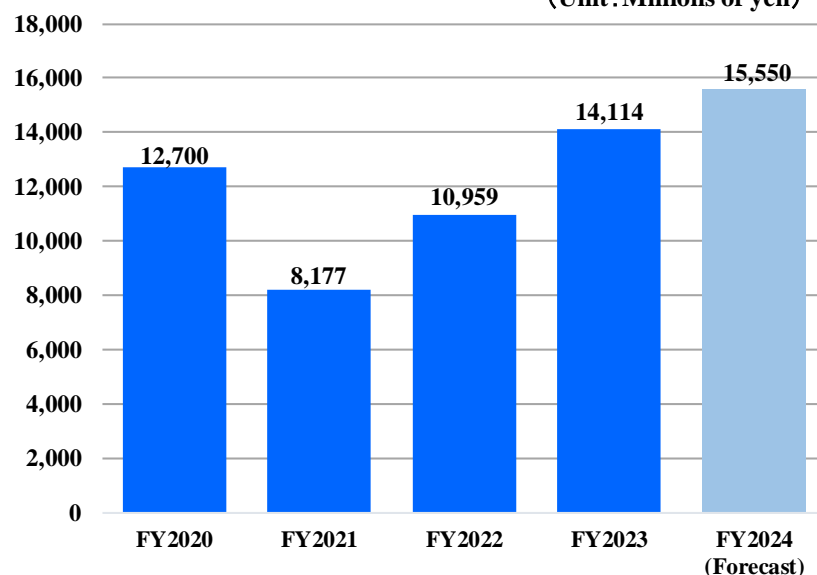


FY2024 (Forecast)

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

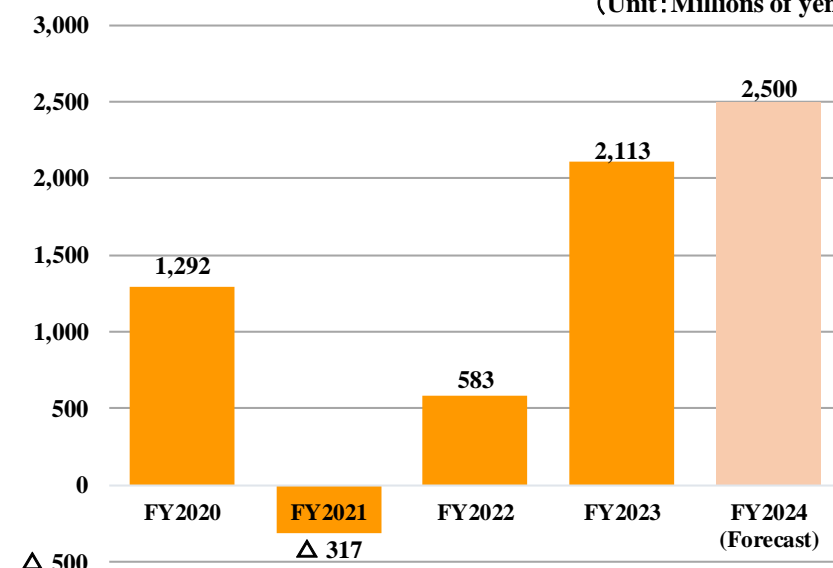
Net sales

(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



**Released June 26th
LeTAO 25th Anniversary Product「Fromaneige」**

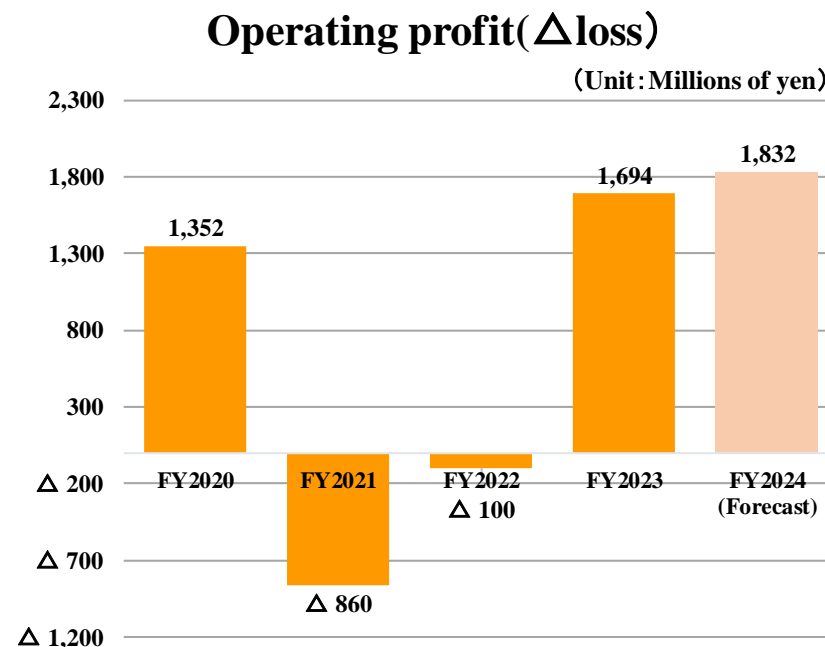
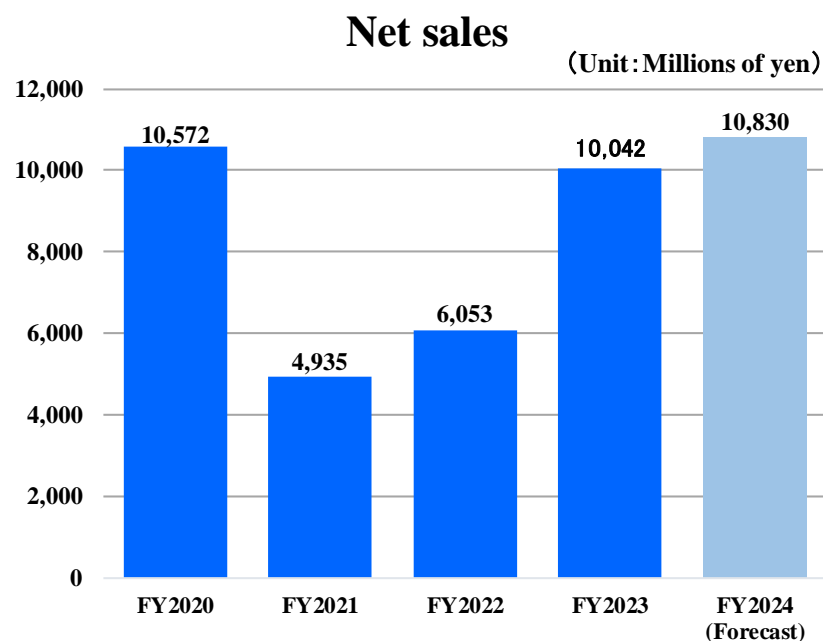


LeTAO Main Product 「Double Fromage」

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

FY2024 (Forecast)

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



(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



Inabano Shirousagi

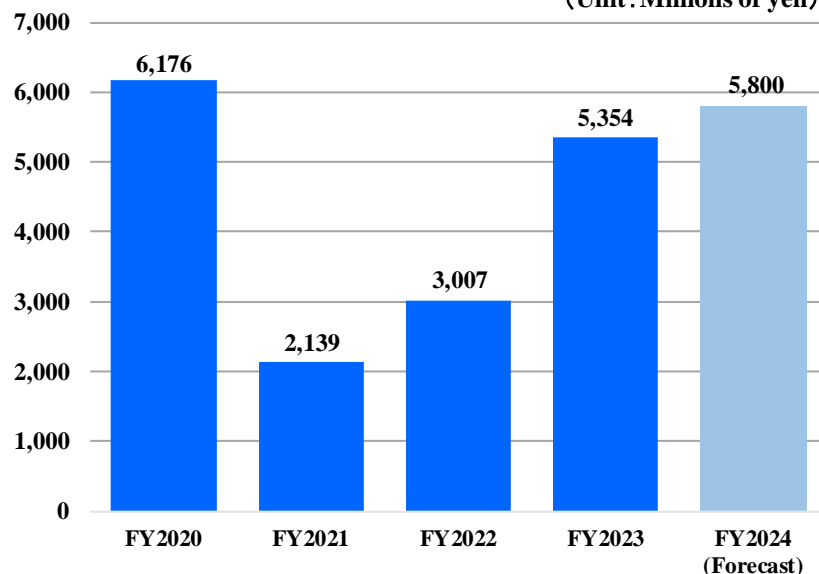


《SALES SUBSIDIARIES》 FY2024 (Forecast)

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

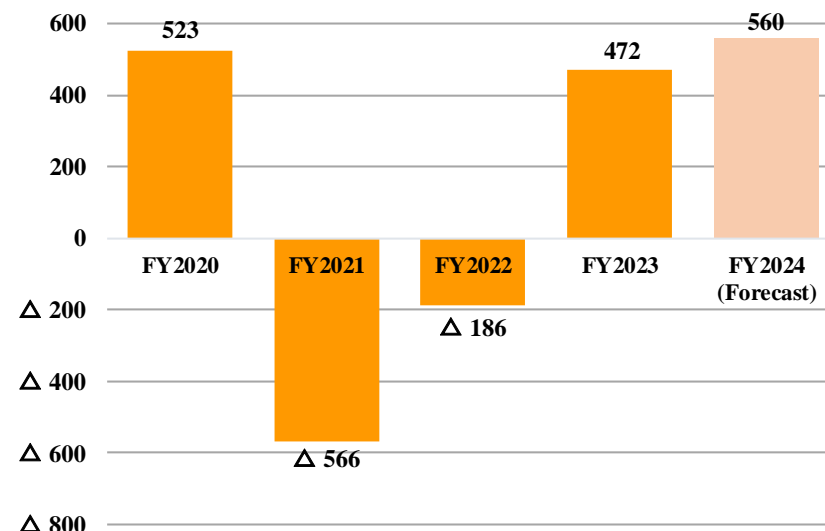
Net sales

(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



(Fukuoka)Makkenaichigo no Langue de chat



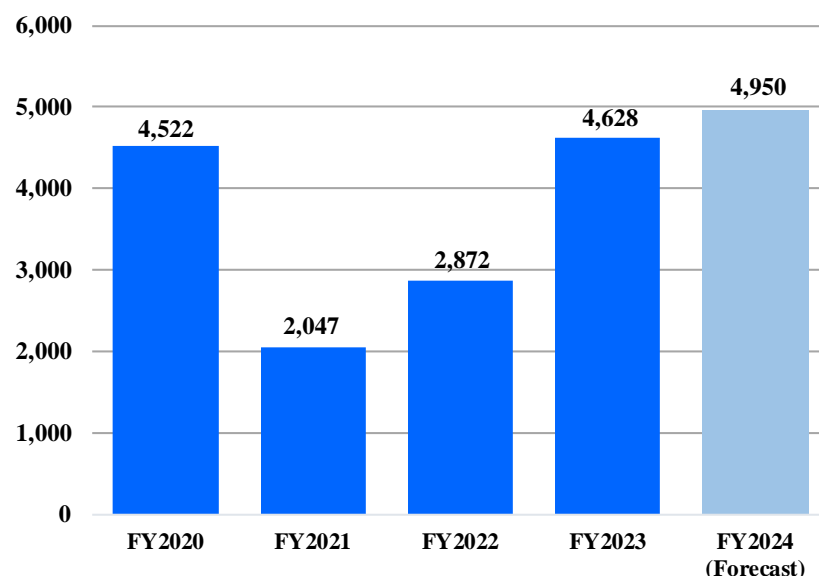
(kansai) Main Product Renewal
French Toast Langue de chat

《 KUJYUKUSHIMA GROUP 》

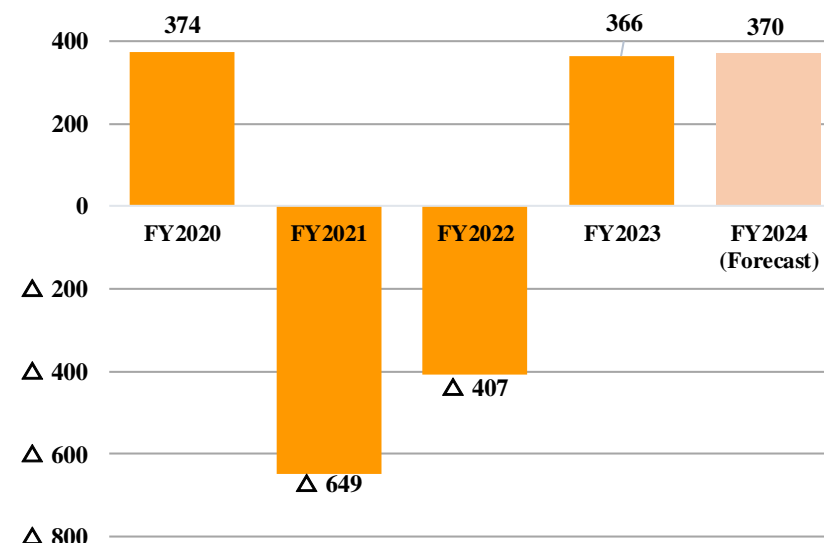
FY2024 (Forecast)

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 》

Ivorish
Premium French Toast

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



Tokyo Station limited products
「French toast pudding」



Ivorish Gransta Tokyo

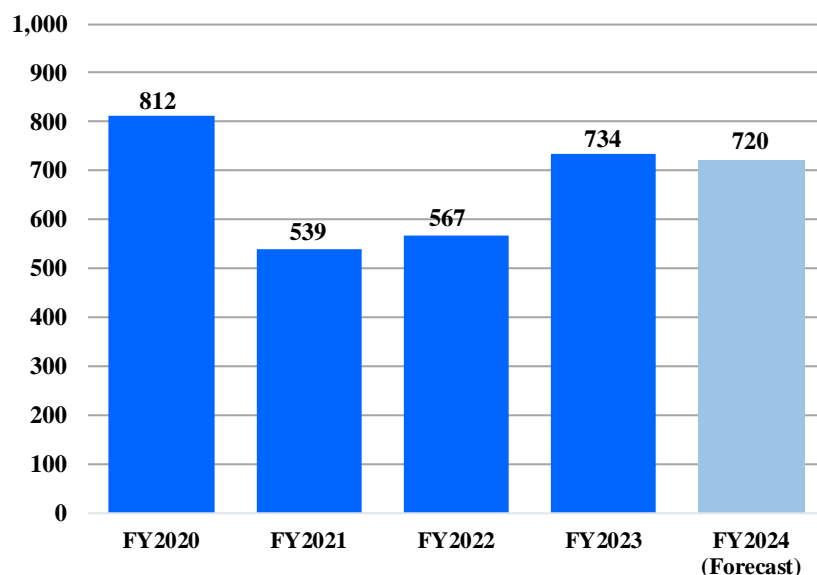
《OTHERS》

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

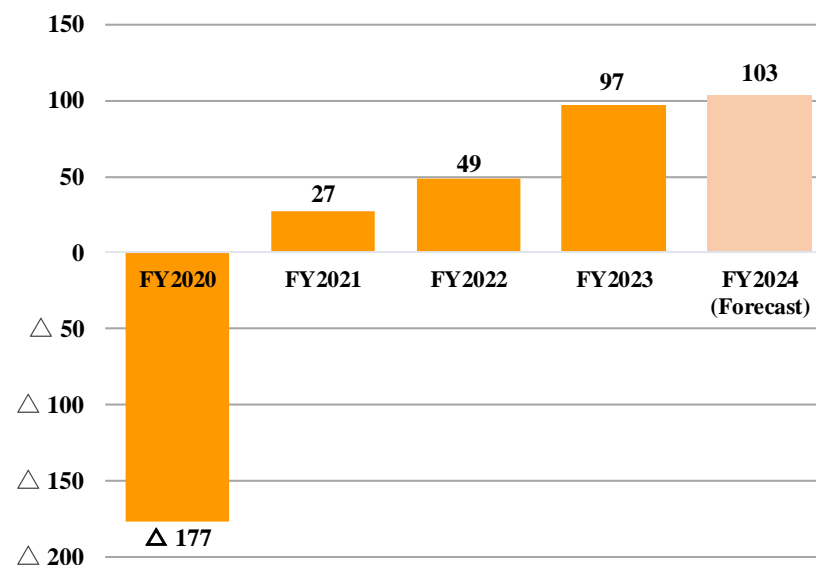
FY2024 (Forecast)

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

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

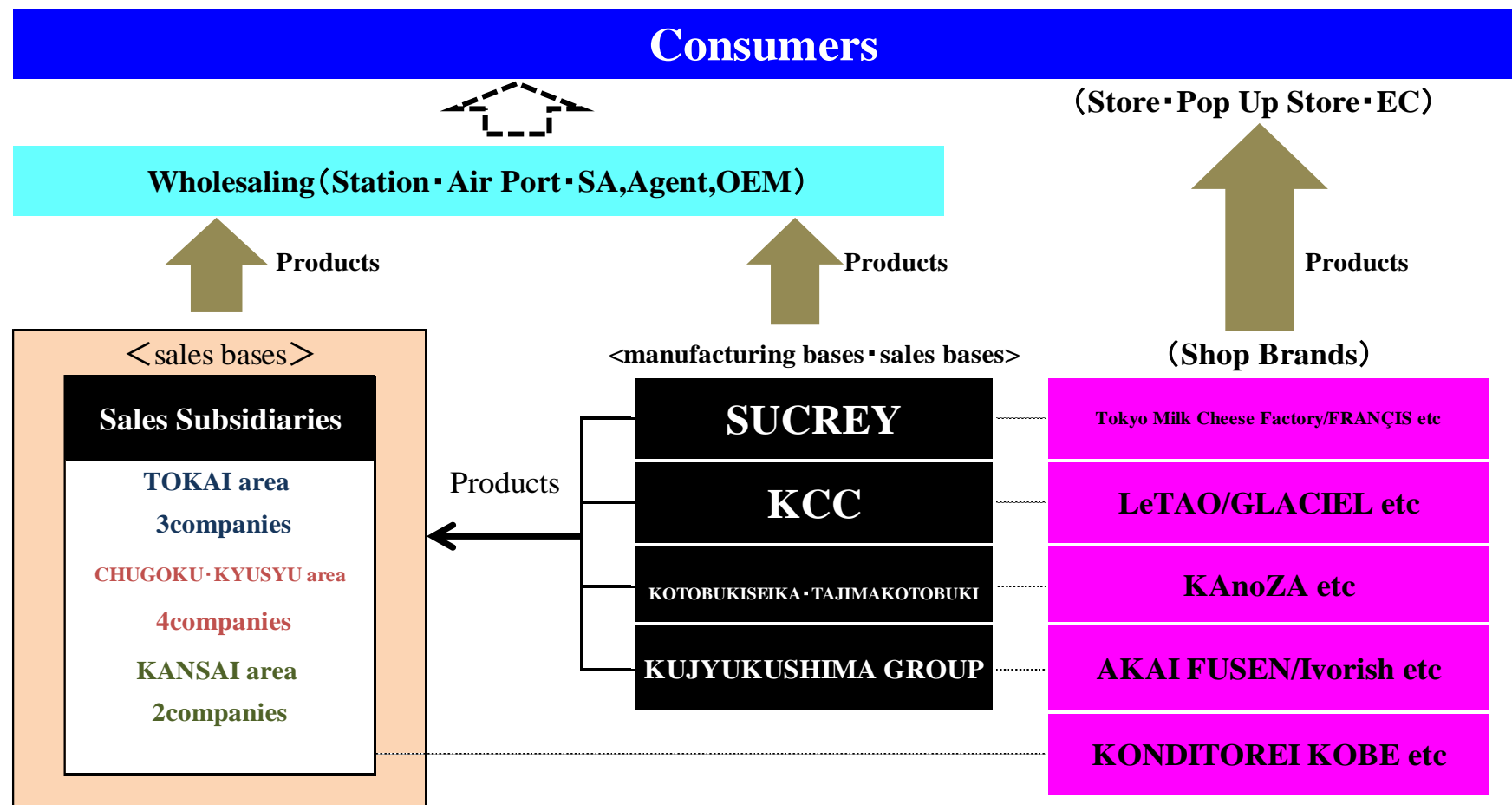
Sucrey's Hamamatsu Factory receive the FSSC 22000 certification

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



Kurokami factory



KUJYUKUSHIMA GROUP

- Fukuoka factory
- Main factory
- Kurokami factory



Yokohama factory



Hamamatsu factory



SUCREY

- Yokohama factory
- Hamamatsu 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



FRANÇAIS



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

Implementation of stock split

1. Purpose of the stock split

The purpose of the stock split is to reduce the amount per investment unit so as to develop an environment that allows all investors to invest easier, as well as to increase the liquidity of the Company's shares and further expand the investor base.

2. Overview of the stock split

(1) Method of the stock split

The Company will split common stock held by shareholders listed or recorded in the closing register of shareholders on the record date of Saturday, September 30, 2023, in the ratio of 5 shares for each share held.

(2) Number of shares to be increased by the stock split

Total number of issued shares before the stock split	31,121,520 shares
Number of shares to be increased by the stock split	124,486,080 shares
Total number of issued shares after the stock split	155,607,600 shares
Total number of authorized shares after the stock split	456,000,000 shares

(3) Schedule

Announcement of the record date Thursday, September 14, 2023 **(scheduled)**

Record date of stock split Saturday, September 30, 2023 **(technically on September 29)**

Effective date Sunday, October 1, 2023

Status of Shares

(As of March 31, 2023)

■ Total number of authorized shares
91,200,000

■ Total number of issued shares **31,121,520**

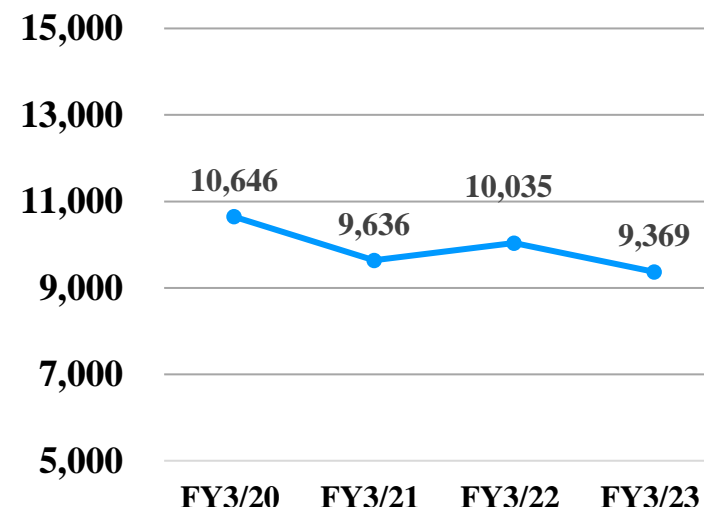
■ Number of shares per unit **100**

■ Number of shareholders **9,369**
(down 666 from the previous year)

■ Major shareholders (top 5)

Shareholder name	Number of shares held	Ownership (%)
S Kawagoe Co., Ltd.	9,100,000	29.24
The Master Trust Bank of Japan, Ltd. (trust account)	3,412,500	10.96
Custody Bank of Japan, Ltd. (trust account)	2,154,300	6.92
The San-in Godo Bank, Ltd.	900,000	2.89
Torigin Lease Co., Ltd.	706,000	2.26

Number of shareholders



Note 1: Ownership ratio excludes 2,350 shares of treasury stock

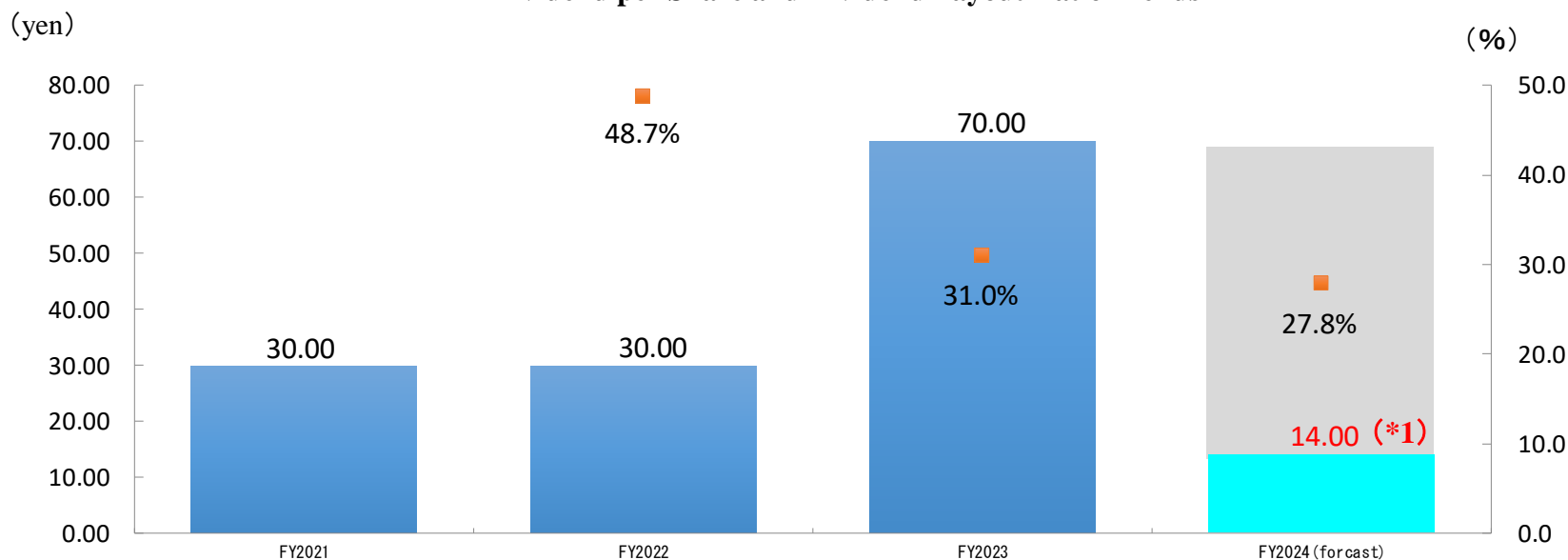
Shareholder Return

■ Dividend policy

Our basic policy is to return profits by comprehensively taking into account internal reserves, performance levels, payout ratio and other factors so that we can return profits stably over the long term.

■ Dividend per share forecast for the fiscal year ending March 2024 14 yen (*1)

Dividend per Share and Dividend Payout Ratio Trends



* Dividend payout ratio is not shown for FY3/21 because a dividend was paid even though the company made a loss.

(*1) The Company will perform a stock split of 5 shares per common share on the effective date of October 1, 2023. The dividend per share forecast is calculated based on the number of issued shares after the split. The dividend forecast amount will be 70 yen per share when converted through retroactive adjustment before the split.

Shareholder Benefit Program

In conjunction with the stock split, the Company will review the post-split shareholder benefit program and start applying the revised program to shareholders listed or recorded in the register of shareholders as of March 31, 2024.

Current		After revision	
Number of shares held	Details	Number of shares held	Details
100 shares or more <u>less than 500 shares</u>	Group products of 2,000 yen equivalent		
<u>500 shares or more</u> less than 1,000 shares	Group products of 4,000 yen equivalent		
		100 shares or more	Group products of 3,000 yen equivalent
1,000 shares or more	Group products of 4,000 yen equivalent + Directly managed store coupons of 3,000 yen equivalent (Alternatives may be sent)		

History (1)

April 1952	(27th year of Showa era)	Kotobuki Seika Co., Ltd. was established in Kakuban-cho in the city of Yonago in Tottori, and began manufacturing candy and other confectionery products.
April 1959	(34th year of Showa era)	Entered the tourism and souvenir confectionery business.
November 1968	(43rd year of Showa era)	Introduced the famous confectionery “ Inaba no Shirousagi ” to work on upgrading tourist souvenir confectionery.
April 1972	(47th year of Showa era)	Established Kotobuki Co., Ltd. in the city of Kaga in Ishikawa. Later, established sales subsidiaries one by one, mainly in western Japan, to expand the sales network nationwide.
May 1979	(54th year of Showa era)	Moved to a newly constructed main plant in its current location (city of Yonago in Tottori).
March 1987	(62nd year of Showa era)	Established Tajima Kotobuki Co., Ltd. in Shinonsen-cho, Mikata-gun, Hyogo.
1988	(63rd year of Showa era)	Aimed to differentiate from other companies based on the concept of “Kashi,” a type of confectionery that is written using a Chinese character without the grass radical (meaning a focus on fruits), which uses locally produced fruit and is sold only locally. [The director of the taste of travel]
April 1993	(5th year of Heisei era)	In the city of Yonago in Tottori, established a large sales facility called “ Kotobuki Castle ,” where visitors can observe the manufacturing process. Started retail business in earnest.
November 1994	(6th year of Heisei era)	Listed on JASDAQ.
April 1996	(8th year of Heisei era)	In the city of Chitose in Hokkaido, established Kotobuki Chocolate Company Limited (now KCC Co., Ltd.) and entered into Hokkaido in earnest. Added chocolate and langue de chat items to serve as a manufacturing base.



“White Rabbit of Inaba”



Kotobuki Seika Co., Ltd., Main Plant



Kotobuki Castle

History (2)

June 1998	(10th year of Heisei era)	Acquired a 100-year-old long-established trademark and established Tsukiji Chitose Co., Ltd. in Chuo City, Tokyo. Began developing the Tokyo Japanese confectionery brand. In the city of Otaru in Hokkaido, KCC Co., Ltd. established “ Otaru Western Confectionery LeTAO. ” Launched a retail specialty store for Western confectionery.
February 2005	(17th year of Heisei era)	By taking over the business, the company inherited the confectionery manufacturing and sales business from Kujukushima SK Farm Co., Ltd. and three other companies, and started Kujukushima Group Co., Ltd.
October 2006	(18th year of Heisei era)	Changed the company name to Kotobuki Spirits Co., Ltd. and shifted to a pure holding company structure through a company split.
December 2011	(23rd year of Heisei era)	Established Sucrey Co., Ltd. in Minato City, Tokyo.
January 2012	(24th year of Heisei era)	Tsukiji Chitose Co., Ltd. was dissolved after transferring part of its business to Sucrey Co., Ltd.
November 2012	(24th year of Heisei era)	Established KCC International Taiwan Co., Ltd. in Taipei, Taiwan.
April 2013	(25th year of Heisei era)	Listed on the Second Section of the Tokyo Stock Exchange.
April 2014	(26th year of Heisei era)	Listed on the First Section of the Tokyo Stock Exchange.
September 2014	(26th year of Heisei era)	Established JunAi Inc. in Minato City, Tokyo.
January 2016	(28th year of Heisei era)	Acquired all shares of FRANCAIS Co., Ltd. and made it a subsidiary.
April 2017	(29th year of Heisei era)	Sucrey Co., Ltd. absorbed FRANCAIS Co., Ltd.
April 2022	(4th year of Reiwa era)	Moved to the Prime Market following the market segment review of the Tokyo Stock Exchange.



Otaru Western
Confectionery LeTAO



“Kujukushima Senpei”

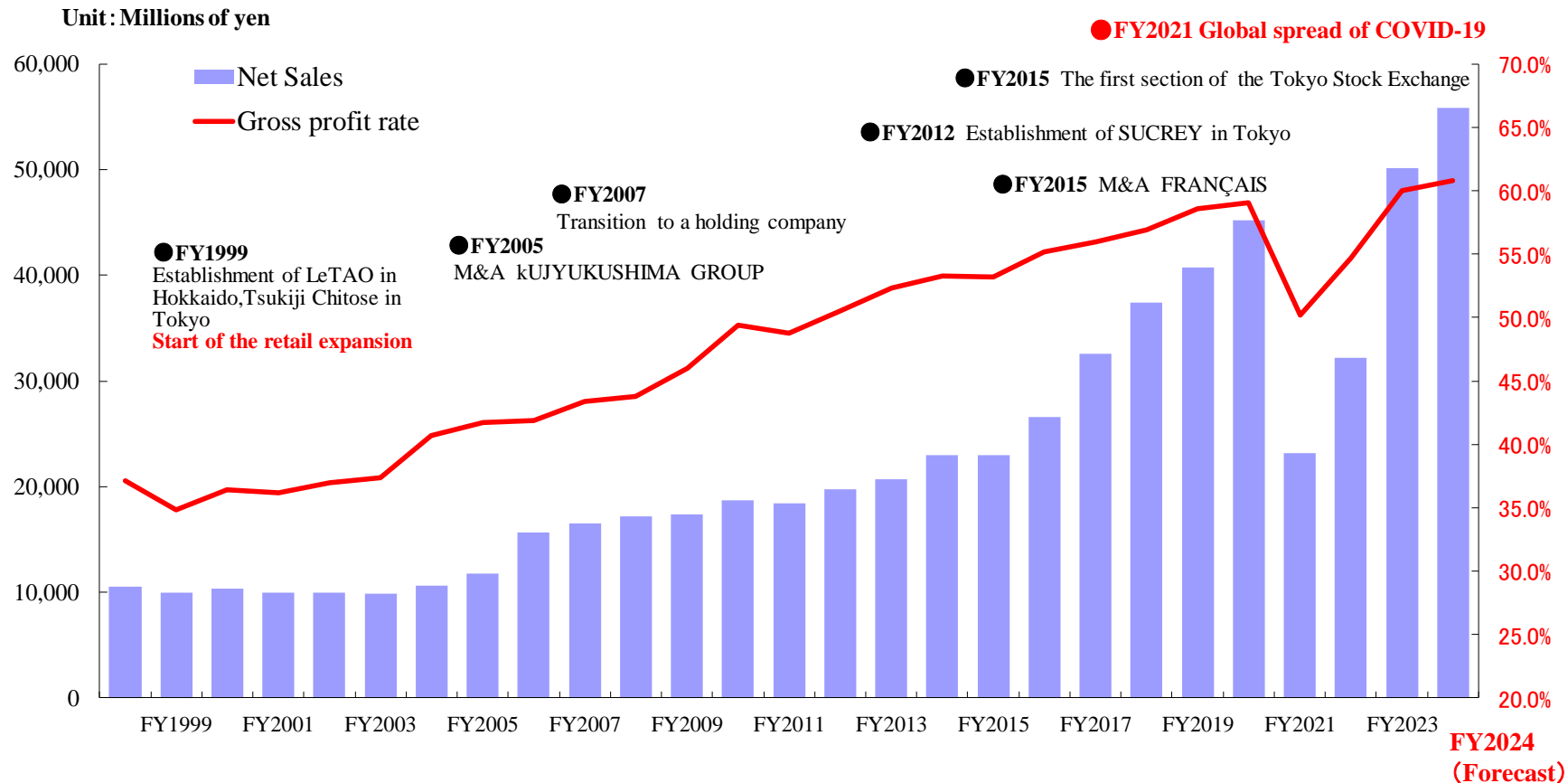


FRANCAIS confectionery

Transition of Kotobuki Spirits ①

High profit management

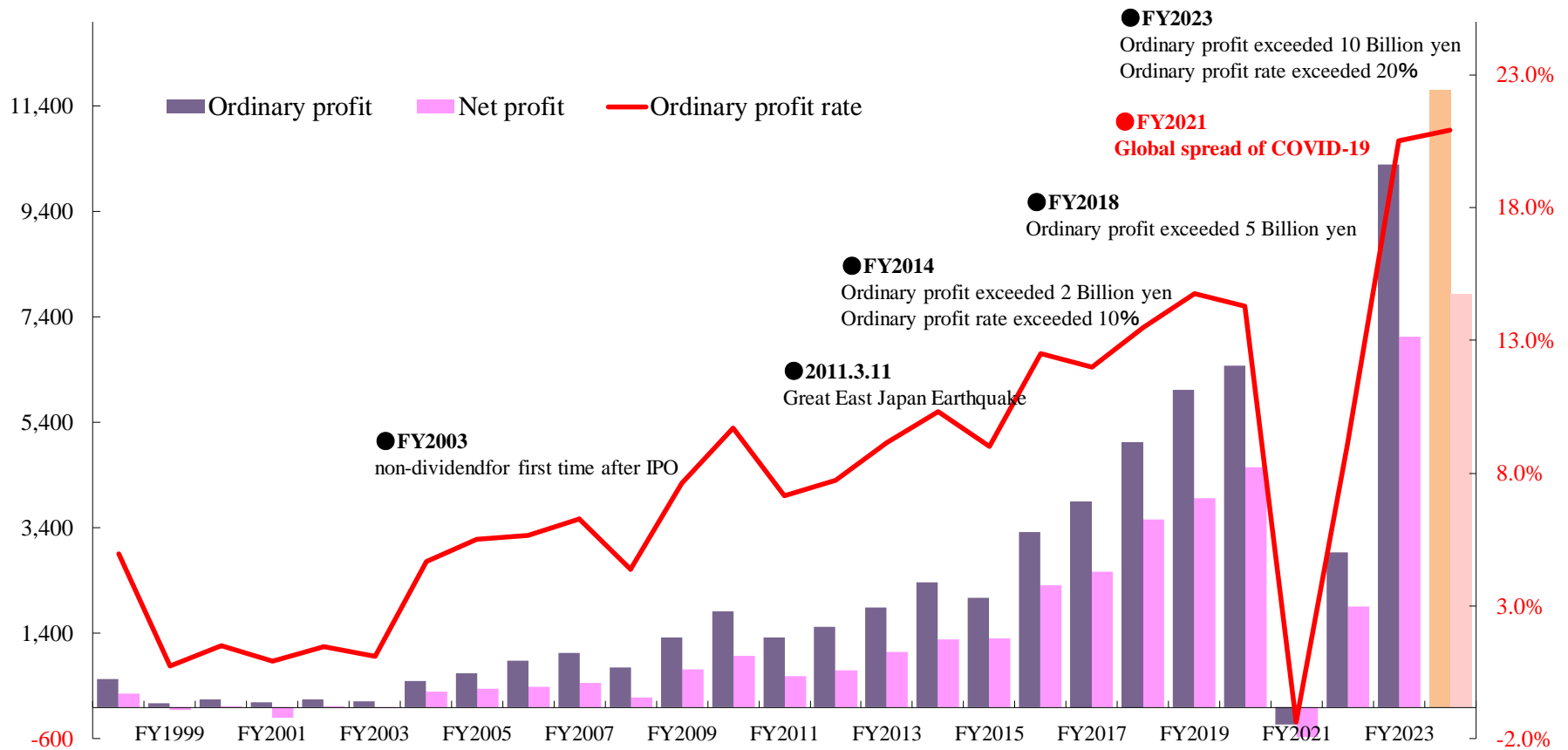
●FY2023 Net sales exceeded 50 Billion yen Gross profit rate exceeded 60%



Transition of Kotobuki Spirits ②

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

Unit: Millions of yen



FY2024
 (Forecast)