

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 1, 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 to file Quarterly Securities Report: November 14, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	28,891	43.7	6,622	134.0	6,668	118.3	4,453	123.3
Six months ended September 30, 2022	20,099	68.1	2,830	–	3,055	–	1,994	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	28.62		–	
Six months ended September 30, 2022	12.82		–	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2023	38,413	28,824	75.0	185.25
As of March 31, 2023	36,953	26,517	71.8	170.43

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	0.00	–	70.00	70.00
Year ending March 31, 2024	–	0.00			
Year ending March 31, 2024 (Forecast)			–	25.00	–

### 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
Full year	60,461	20.5	14,192	42.6	14,263	38.5	9,560	36.2	61.44

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2023	155,607,600 shares	As of March 31, 2023	155,607,600 shares
--------------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of September 30, 2023	12,070 shares	As of March 31, 2023	11,750 shares
--------------------------	---------------	----------------------	---------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	155,595,770 shares	Six months ended September 30, 2022	155,596,400 shares
-------------------------------------	--------------------	-------------------------------------	--------------------

## Quarterly consolidated financial statements

### Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	17,162,263	17,241,730
Notes and accounts receivable - trade	6,074,313	5,291,446
Merchandise and finished goods	1,583,653	2,791,244
Work in process	61,458	99,754
Raw materials and supplies	648,392	746,831
Other	210,983	748,309
Allowance for doubtful accounts	(294)	(374)
Total current assets	25,740,768	26,918,940
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,811,177	3,917,227
Machinery, equipment and vehicles, net	1,738,068	1,756,712
Tools, furniture and fixtures, net	292,314	317,674
Land	2,855,157	2,855,157
Leased assets, net	10,539	8,780
Construction in progress	43,147	137,996
Total property, plant and equipment	8,750,402	8,993,546
Intangible assets	100,803	96,989
Investments and other assets		
Other	2,366,943	2,409,932
Allowance for doubtful accounts	(5,772)	(5,772)
Total investments and other assets	2,361,171	2,404,160
Total non-current assets	11,212,376	11,494,695
Total assets	36,953,144	38,413,635
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	1,562,871	1,646,005
Current portion of long-term borrowings	140,150	60,180
Accounts payable - other	1,177,247	1,250,571
Income taxes payable	2,755,368	2,228,189
Provision for bonuses	932,111	1,063,122
Other	1,527,725	955,895
Total current liabilities	8,095,472	7,203,962
Non-current liabilities		
Long-term borrowings	300,000	300,000
Retirement benefit liability	1,849,604	1,896,865
Other	190,530	188,785
Total non-current liabilities	2,340,134	2,385,650
Total liabilities	10,435,606	9,589,612

(Thousands of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Share capital	1,217,800	1,217,800
Capital surplus	1,323,161	1,323,161
Retained earnings	23,855,214	26,129,887
Treasury shares	(5,312)	(6,050)
Total shareholders' equity	26,390,863	28,664,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,926	36,324
Foreign currency translation adjustment	31,148	49,616
Remeasurements of defined benefit plans	80,601	73,285
Total accumulated other comprehensive income	126,675	159,225
Total net assets	26,517,538	28,824,023
Total liabilities and net assets	36,953,144	38,413,635

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	20,099,935	28,891,341
Cost of sales	8,328,774	11,159,171
Gross profit	11,771,161	17,732,170
Selling, general and administrative expenses	8,940,831	11,109,748
Operating profit	2,830,330	6,622,422
Non-operating income		
Interest income	64	122
Dividend income	3,440	3,044
Rental income from land and buildings	25,873	25,834
Other	199,921	21,974
Total non-operating income	229,298	50,974
Non-operating expenses		
Interest expenses	286	107
Other	4,331	5,250
Total non-operating expenses	4,617	5,357
Ordinary profit	3,055,011	6,668,039
Extraordinary income		
Gain on sale of non-current assets	190	409
Gain on liquidation of subsidiaries and associates	2,277	–
Total extraordinary income	2,467	409
Extraordinary losses		
Loss on retirement of non-current assets	5,919	2,796
Loss on sale of investment securities	400	–
Total extraordinary losses	6,319	2,796
Profit before income taxes	3,051,159	6,665,652
Income taxes	1,056,702	2,212,637
Profit	1,994,457	4,453,015
Profit attributable to owners of parent	1,994,457	4,453,015

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	1,994,457	4,453,015
Other comprehensive income		
Valuation difference on available-for-sale securities	4,242	21,398
Foreign currency translation adjustment	45,356	18,468
Remeasurements of defined benefit plans, net of tax	380	(7,316)
Total other comprehensive income	49,978	32,550
Comprehensive income	2,044,435	4,485,565
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,044,435	4,485,565

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,051,159	6,665,652
Depreciation	551,472	539,601
Increase (decrease) in allowance for doubtful accounts	37	80
Increase (decrease) in provision for bonuses	48,152	131,011
Increase (decrease) in retirement benefit liability	50,697	36,125
Interest and dividend income	(3,504)	(3,166)
Interest expenses	286	107
Loss (gain) on sale of investment securities	400	–
Loss (gain) on sale of non-current assets	(190)	(409)
Loss on retirement of non-current assets	5,919	2,796
Subsidy income	(177,209)	(4,325)
Loss (gain) on liquidation of subsidiaries and associates	(2,277)	–
Decrease (increase) in trade receivables	158,712	785,814
Decrease (increase) in inventories	(489,159)	(1,341,891)
Increase (decrease) in trade payables	54,712	82,405
Other, net	(358,385)	(1,165,252)
Subtotal	2,890,822	5,728,548
Interest and dividends received	3,504	3,166
Interest paid	(286)	(107)
Subsidies received	191,049	4,325
Income taxes refund (paid)	(904,931)	(2,668,535)
Net cash provided by (used in) operating activities	2,180,158	3,067,397
Cash flows from investing activities		
Proceeds from sale of investment securities	600	–
Purchase of property, plant and equipment	(262,010)	(666,847)
Proceeds from sale of property, plant and equipment	3,701	2,777
Purchase of intangible assets	(11,485)	(16,023)
Payments of leasehold and guarantee deposits	(8,252)	(30,778)
Proceeds from refund of leasehold and guarantee deposits	16,068	23,210
Other, net	(40,946)	(49,178)
Net cash provided by (used in) investing activities	(302,324)	(736,839)
Cash flows from financing activities		
Repayments of long-term borrowings	(119,940)	(79,970)
Repayments of finance lease liabilities	(1,222)	(1,759)
Purchase of treasury shares	(527)	(738)
Dividends paid	(933,579)	(2,178,342)
Net cash provided by (used in) financing activities	(1,055,268)	(2,260,809)
Effect of exchange rate change on cash and cash equivalents	8,688	9,718
Net increase (decrease) in cash and cash equivalents	831,254	79,467
Cash and cash equivalents at beginning of period	9,912,584	16,162,263
Cash and cash equivalents at end of period	10,743,838	16,241,730