

FY2024(1Q-2Q)
(Second quarter of the fiscal year ending March 31, 2024)
Consolidated Business Results

November 2,2023
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 8 people/Group Total 1,644 people
Group companies	Consolidated subsidiary 17 companies (domestic 16•overseas 1)
Net sales	50.1 Billion Yen (FY2023 :Year ended March 31, 2023)

September 30th,2023

FY2024(1Q-2Q)Highlight

Results of FY2024 (1Q-2Q) (April-September)

Both sales and profits hit record highs for the first time in four periods!

Ordinary profit margin increased 7.9 percentage points year on year to 23.1%, significantly improving profitability

● Backed by the recovery in the flow of people with the lifting of movement restrictions, net sales was 28,891 million yen (143.7% YoY), operating profit was 6,622 million yen (234.0% YoY), ordinary profit was 6,668 million yen (218.3% YoY), and net profit was 4,453 million yen (223.3% YoY), all increasing with new record highs for 1Q-2Q.

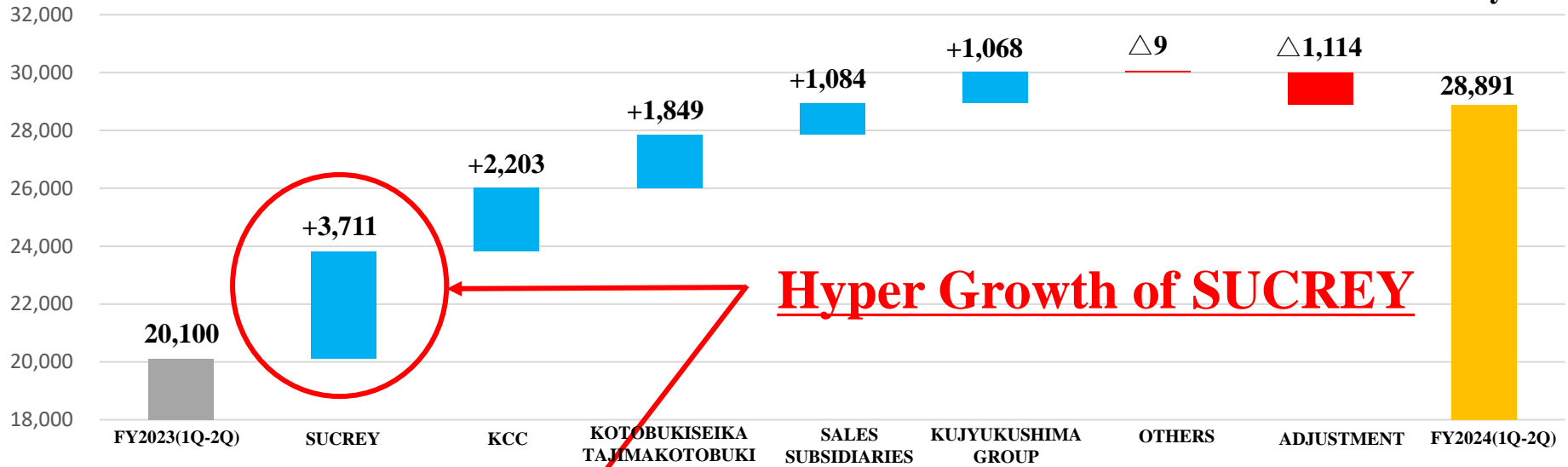
● SUCREY's net sales was 11,713 million yen (146.4% YoY) and operating profit was 2,412 million yen (197.2% YoY), driving the Group's growth.

● Inbound sales (International airport sales) was 3,133 million yen (108.7% compared to FY2020), surpassing the pre-COVID-19 level.

FY2024(1Q-2Q) increase or decrease of amount

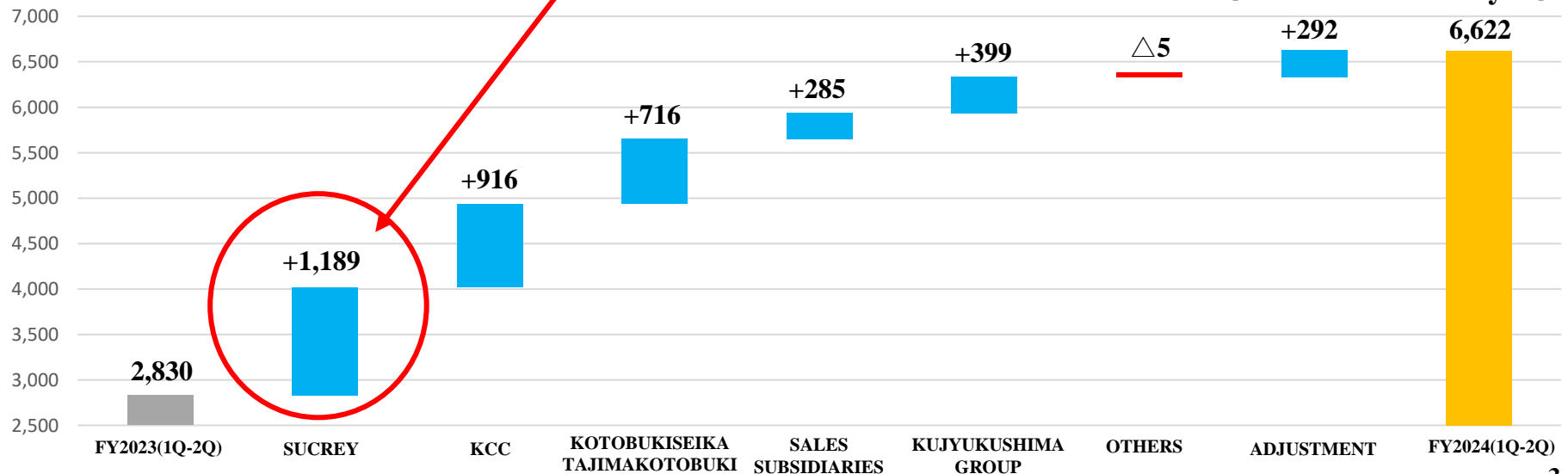
【Net sales】

(Unit : Millions of yen)



【Operating profit】

(Unit : Millions of yen)



FY2024(1Q-2Q) Topics ① SUCREY new store opening in Tokyo Station area

SUCREY promoted further active development in the Tokyo station area, including the opening of the new brand “THE DROS Gransta Tokyo Store”



The DROS Gransta Tokyo (New Opening in June 2023)



**The Maple Mania Gransta Tokyo
(Renewal Opening in June 2023)**



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

FY2024(1Q-2Q) Topics ② New store openings in favorable locations

“The Maple Mania” opened in a prime location of the Keio Department Store Shinjuku Main Store, and “Tokyo Milk Cheese Factory” opened in LAZONA Kawasaki Plaza.



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

**Tokyo Milk Cheese Factory LAZONA Kawasaki Plaza
(New Opening on Sep 22, 2023)**

(Stores in the Tokyo Station area)

The number of group permanent stores in the Tokyo Station area expanded from three in FY2020 to 14. (As of the end of September 2023)

	Brand	SEGMENTS	Location	Opening Date
1	(New)The Maple Mania	SUCREY	GRANSTA TOKYO	June,2023 ※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	KUUYUKUSHIMA GROUP	GRANSTA TOKYO	April,2022
6	(New)The DROS	SUCREY	GRANSTA TOKYO	June,2023
7	(New)Mr.maple	SUCREY	GRANSTA TOKYO	June,2023
8	Okada-kinsei Anbataya	KCC	TOKYO GIFT PALETTE	August,2020
9	PISTA & TOKYO	KCC	TOKYO GIFT PALETTE	August,2020
10	FRANÇAIS	SUCREY	TOKYO GIFT PALETTE	August,2020 ※reopen
11	nekochef	SUCREY	TOKYO GIFT PALETTE	August,2020
12	ichigoshop by FRANÇAIS	SUCREY	TOKYO GIFT PALETTE	April,2021
13	Butter Butler	SUCREY	TOKYO GIFT PALETTE	June,2021
14	cote cour	SUCREY	TOKYO GIFT PALETTE	November,2022



(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 2Q exceeded the pre-COVID-19 level.

※ 24/3 1Q-4Q is forecast

(Millikons of Yen)	1Q	2Q	3Q	4Q	1Q-4Q
FY2024	1,520	1,613			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
LeTAO



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

(Overseas sales)

Overseas sales 705million yen -14.2%(YoY)
The decrease in Singapore was due to timing of shipments, with local sales down slightly.



(Unit: Million of yen)

<u>Overseas sales</u>	FY2023 (1Q-2Q)	FY2024 (1Q-2Q)	YoY (Change)	YoY(%)
Taiwan※1	295	269	△ 26	△ 8.9
Korea	63	48	△ 15	△ 23.2
Singapore	232	91	△ 141	△ 60.9
China	123	124	0	0.3
Australia	54	98	44	82.6
Others	55	75	21	37.9
Total	821	705	△ 117	△ 14.2

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

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

Results of FY2024 1Q-2Q (YoY)

Net sales +43.7% (YoY), Ordinary profit +118.3% (YoY)

Profitability increased mainly due to a higher operating rate and improvement in efficiency in sales

(Millions of Yen, %)	FY2023(1Q-2Q)		FY2024(1Q-2Q)		YoY(Change)		FY2023(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate			amount	To-sales rate
Net sales	20,100	—	28,891	—	8,791	43.7	50,155	—
Gross profit	11,771	58.6	17,732	61.4	5,961	50.6	30,107	60.0
SG&A expenses	8,941	44.5	11,110	38.5	2,169	24.3	20,155	40.2
Operating profit	2,830	14.1	6,622	22.9	3,792	134.0	9,952	19.8
Ordinary profit	3,055	15.2	6,668	23.1	3,613	118.3	10,296	20.5
Net profit (*1)	1,994	9.9	4,453	15.4	2,459	123.3	7,018	14.0
EPS (Yen)	12.82 (*2)		28.62 (*2)		15.80	—	45.10 (*2)	

(*1) Quarterly net profit = Quarterly net profit attributable to owners of the parent

(*2) Our company implemented a stock split of 5 shares per common share effective October 1, 2023.

The EPS figures for the fiscal year ended March 2023 are calculated assuming that a stock split took place at the beginning of the fiscal year ended March 2023.

Results of FY2024(1Q-2Q) (SEGMENTS)

Main segments on recovery trend(especially SUCREY)

(Millions of Yen,%)	Net sales				Operating profit(Δloss)		
	FY2023 (1Q-2Q)	FY2024 (1Q-2Q)	YoY(Change)	YoY(%)	FY2023 (1Q-2Q)	FY2024 (1Q-2Q)	YoY(Change)
SUCREY	8,002	11,713	3,711	46.4	1,223	2,412	1,189
KCC	5,536	7,738	2,203	39.8	451	1,367	916
KOTOBUKISEIKA TAJIMAKOTOBUKI	4,390	6,239	1,849	42.1	628	1,344	716
SALES SUBSIDIARIES	2,289	3,373	1,084	47.4	132	417	285
KUJYUKUSHIMA GROUP	1,847	2,915	1,068	57.8	Δ 1	397	399
OTHERS (※1)	326	317	Δ 9	Δ 2.8	36	31	Δ 5
SEGMENTS TOTAL	22,390	32,296	9,905	44.2	2,469	5,969	3,500
ADJUSTMENT	Δ 2,290	Δ 3,404	Δ 1,114	48.6	362	654	292
TOTAL	20,100	28,891	8,791	43.7	2,830	6,622	3,792

(※1) “Others” include non-life insurance agency business, health food business and overseas confectionery business (Taiwan).

Sales channel

Backed by the recovery in the flow of people, domestic wholesale and retail sales increased sharply

(millions of yen,%)	FY2023(1Q-2Q)		FY2024(1Q-2Q)		YoY (Change)	YoY (%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	20,100	—	28,891	—	8,791	43.7
Domestic(Wholesale)※1	6,985	34.8	12,697	43.9	5,712	81.8
Domestic(Retail)	9,989	49.7	13,426	46.5	3,436	34.4
Mail Order	2,302	11.5	2,062	7.1	△ 240	△ 10.4
Other ※2	2	0.0	2	0.0	0	11.7
Domestic Total ※3	19,279	95.9	28,187	97.6	8,908	46.2
Overseas(Wholesale)	526	2.6	436	1.5	△ 90	△ 17.2
Overseas(Retail)	295	1.5	269	0.9	△ 26	△ 8.9
Overseas Total	821	4.1	705	2.4	△ 117	△ 14.2

※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-2Q)		FY2024(1Q-2Q)		YoY(change) YoY(%)		FY2023(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate			amount	To-sales rate
Net sales	20,100	—	28,891	—	8,791	43.7	50,155	-
Material cost	4,471	22.2	7,044	24.4	2,573	57.6	10,754	21.4
Labor cost	2,071	10.3	2,612	9.0	542	26.2	4,454	8.9
Expense	1,078	5.4	1,313	4.5	235	21.8	2,380	4.7
Manufacturing cost	7,619	37.9	10,969	38.0	3,350	44.0	17,587	35.1
Others	710	3.5	190	0.7	△ 519	△ 73.2	2,461	4.9
Cost of sales	8,329	41.4	11,159	38.6	2,830	34.0	20,049	40.0
Gross profit	11,771	58.6	17,732	61.4	5,961	50.6	30,107	60.0

SG&A expenses /Operating profit

SG&A expenses rate decreased by 6.0 points due to sales recovery and cost control

(Millions of Yen, %)	FY2023(1Q-2Q)		FY2024(1Q-2Q)		YoY(change)	YoY(%)	FY2023(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate			amount	To-sales rate
Gross profit	11,771	58.6	17,732	61.4	5,961	50.6	30,107	60.0
Personnel expenses	3,530	17.6	4,186	14.5	656	18.6	7,432	14.8
Promotion	1,232	6.1	1,679	5.8	447	36.3	3,012	6.0
Freight	670	3.3	972	3.4	302	45.1	1,580	3.1
Advertising	173	0.9	163	0.6	△ 10	△ 5.7	395	0.8
Rent	620	3.1	681	2.4	60	9.7	1,314	2.6
Depreciation	195	1.0	202	0.7	7	3.5	407	0.8
Traveling and transportation expenses	154	0.8	211	0.7	57	36.8	373	0.7
Commission	1,623	8.1	2,176	7.5	553	34.1	3,969	7.9
Others	743	3.7	840	2.9	97	13.0	1,672	3.3
SG&A expenses	8,941	44.5	11,110	38.5	2,169	24.3	20,155	40.2
Operating profit	2,830	14.1	6,622	22.9	3,792	—	9,952	19.8

Achievement rate of Business Forecast

Net sales +18.9%, operating profit +61.5%

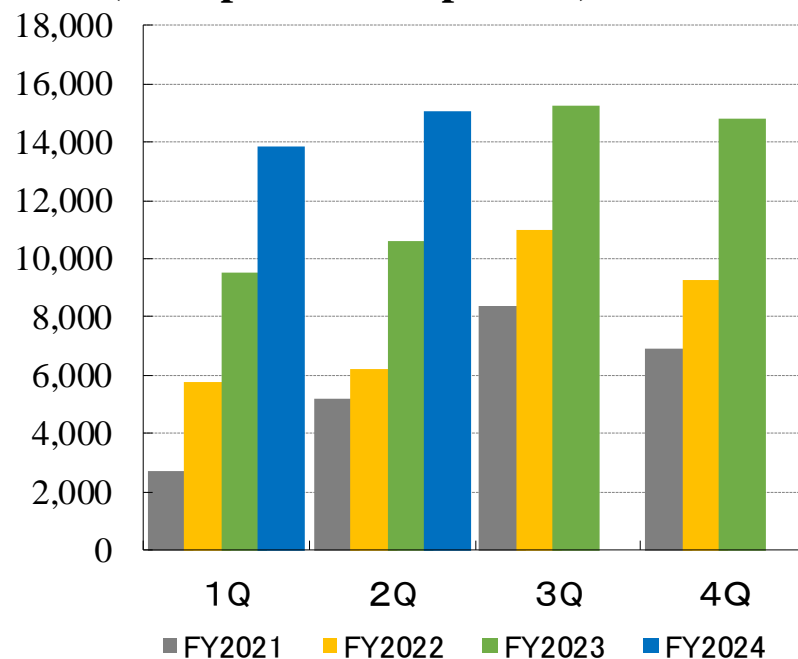
(millions of yen,%)	FY2024(1Q-2Q) Business Forecast ※		FY2024(1Q-2Q)		YoY (Change)	achievement (%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	24,300	—	28,891	—	4,591	118.9
Gross profit	14,590	60.0	17,732	61.4	3,142	121.5
SG&A expenses	10,490	43.2	11,110	38.5	620	105.9
Operating profit	4,100	16.9	6,622	22.9	2,522	161.5
Ordinary profit	4,125	17.0	6,668	23.1	2,543	161.6
Net profit	2,765	11.4	4,453	15.4	1,688	161.0

※FY2024 Business Forecast announced in May 15, 2023.

Net sales

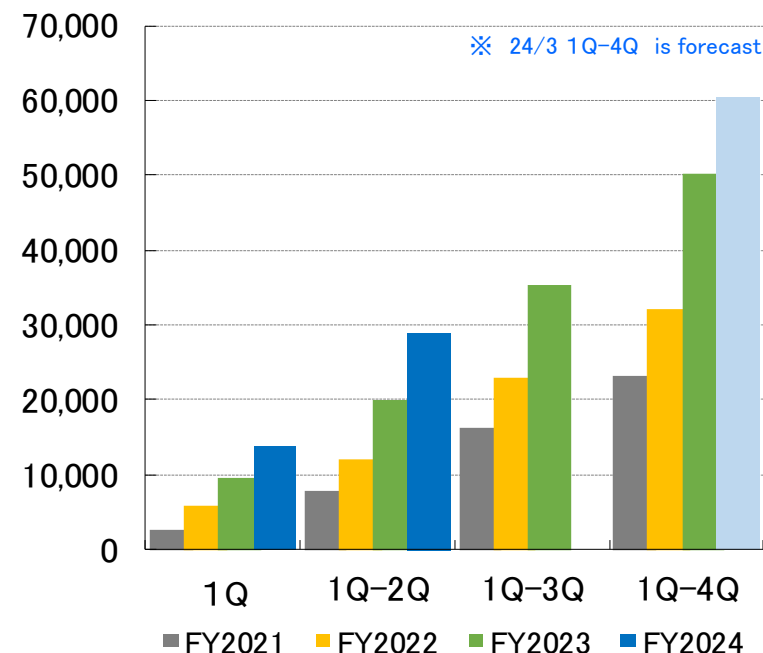
Net sales (Quarter)

(Four periods comparison)



Net sales (Cumulative)

(Four periods comparison)

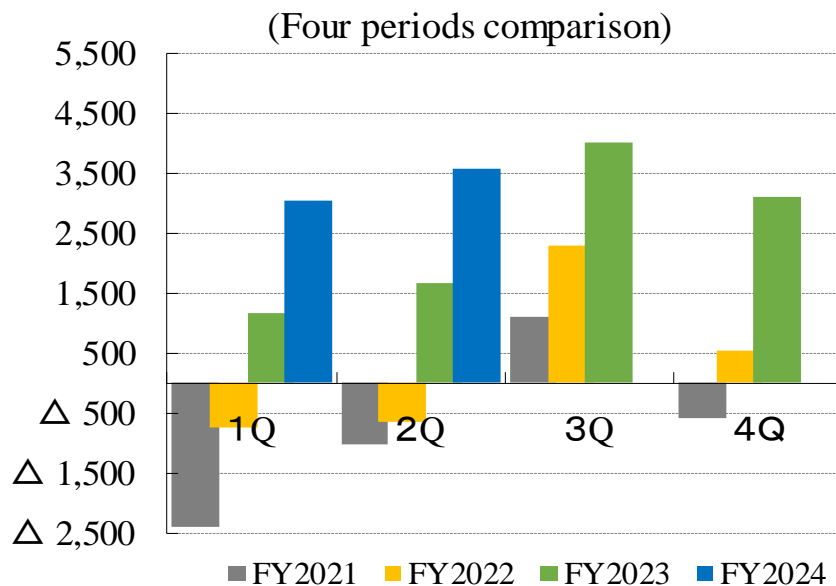


Millions of yen	Quarter				Cumulative Quarter			
	1Q	2Q	3Q	4Q	1Q	1Q-2Q	1Q-3Q	1Q-4Q
FY2021	2,716	5,189	8,402	6,898	2,716	7,905	16,306	23,205
FY2022	5,758	6,200	10,963	9,270	5,758	11,959	22,921	32,192
FY2023	9,515	10,585	15,270	14,785	9,515	20,100	35,370	50,155
FY2024	13,853	15,038	-	-	13,853	28,891	-	60,461
YoY	145.6%	142.1%	-	-	145.6%	143.7%	-	-

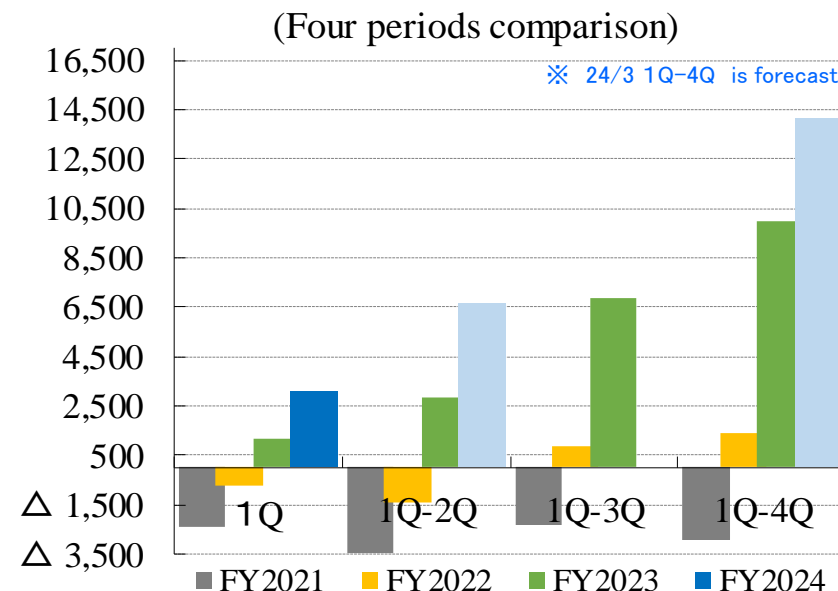
※ 24/3 1Q-4Q is forecast

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	3,564			3,059	6,622		14,192
YoY	265.9%	212.1%			265.9%	234.0%		

Balance Sheet

Increase in current assets was mainly due to an increase in Inventory

(millions of yen, %)	FY2022		FY2023		FY2024(1Q-2Q)		Compared to FY2023 (Change)	Compared to FY2023 (%)
	amount	rate	amount	rate	amount	rate		
Current assets	15,804	57.5	25,741	69.7	26,919	70.1	1,178	4.6
Non-current assets	11,666	42.5	11,212	30.3	11,495	29.9	282	2.5
Assets	27,470	100.0	36,953	100.0	38,414	100.0	1,460	4.0
Current liabilities	4,620	16.8	8,095	21.9	7,204	18.8	△ 892	△ 11.0
Non-current liabilities	2,493	9.1	2,340	6.3	2,386	6.2	46	1.9
Liabilities	7,114	25.9	10,436	28.2	9,590	25.0	△ 846	△ 8.1
Net assets	20,357	74.1	26,518	71.8	28,824	75.0	2,306	8.7
Liabilities and net assets	27,470	100.0	36,953	100.0	38,414	100.0	1,460	4.0
BPS (yen)	130.83		170.43		185.25		14.82	8.7
CAPEX	403		573		721		148	25.9
Depreciation	1,220		1,137		540		△ 597	△ 52.5

※ Our company implemented a stock split of 5 shares per common share effective October 1, 2023.

BPS figures are calculated assuming that a stock split took place.

Statements of Cash Flows

Cash and deposits increased 5,498 million yen year-on-year to 16,242 million yen.

(Millions of yen, %)	FY2022	FY2023		FY2024	YoY(change)	YoY(%)
	1Q-4Q	1Q-2Q	1Q-4Q	1Q-2Q		
Cash flows from operating activities	4,293	2,180	9,086	3,067	887	40.7
Cash flows from investing activities	△ 527	△ 302	△ 1,616	△ 737	△ 435	143.7
Free Cash flows	3,767	1,878	7,470	2,331	453	24.1
Cash flows from financing activities	△ 1,176	△ 1,055	△ 1,223	△ 2,261	△ 1,206	114.2
Effect of exchange rate change on cash and cash equivalents	13	9	3	10	1	11.9
Cash increase / decrease	2,603	831	6,250	79	△ 752	-
Cash and cash equivalents (Beginning of period)	7,309	9,913	9,913	16,162	6,250	63.0
Cash and cash equivalents (End of period)	9,913	10,744	16,162	16,242	5,498	51.2
Interest-bearing debt	726	606	440	360	△ 246	△ 40.6

Business Forecast for FY2024

Net sales +20.5%/Operating profit+42.6% (YoY)

(millions of yen, %)	FY2023		FY2024(Forecast)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	50,155	-	60,461	-	10,306	20.5
Gross profit	30,107	60.0	37,112	61.4	7,005	23.3
SG&A expenses	20,155	40.2	22,920	37.9	2,765	13.7
Operating profit	9,952	19.8	14,192	23.5	4,240	42.6
Ordinary profit	10,296	20.5	14,263	23.6	3,967	38.5
Net profit	7,018	14.0	9,560	15.8	2,542	36.2
EPS (yen)	45.10 ^(※)		61.44		16.3	-
Dividend/stock (yen)	14.00 ^(※)		25.00		11.0	-
CAPEX	573		2,000		1,427	249.1
Depreciation	1,137		1,250		113	9.9

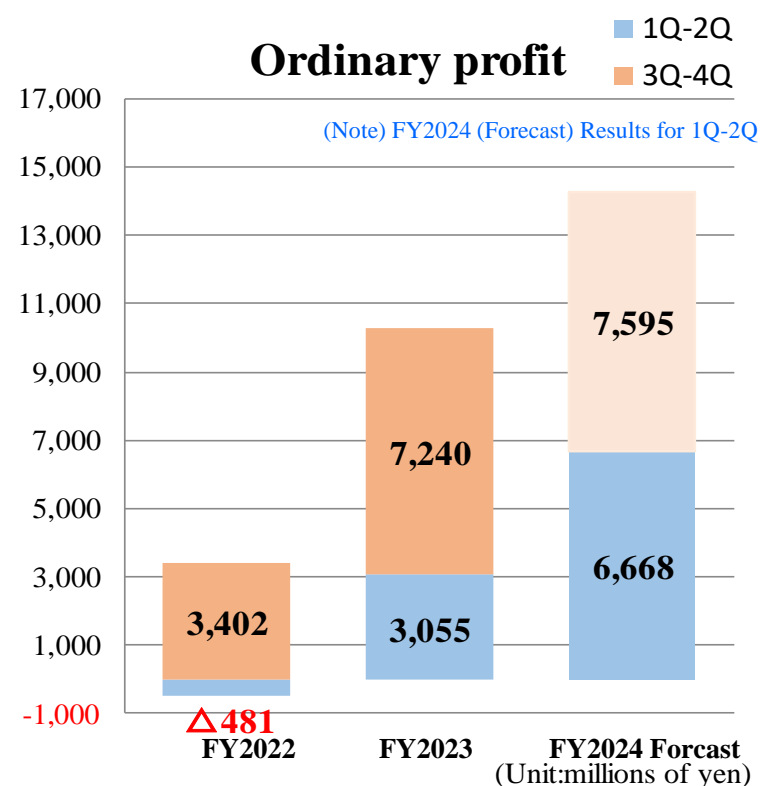
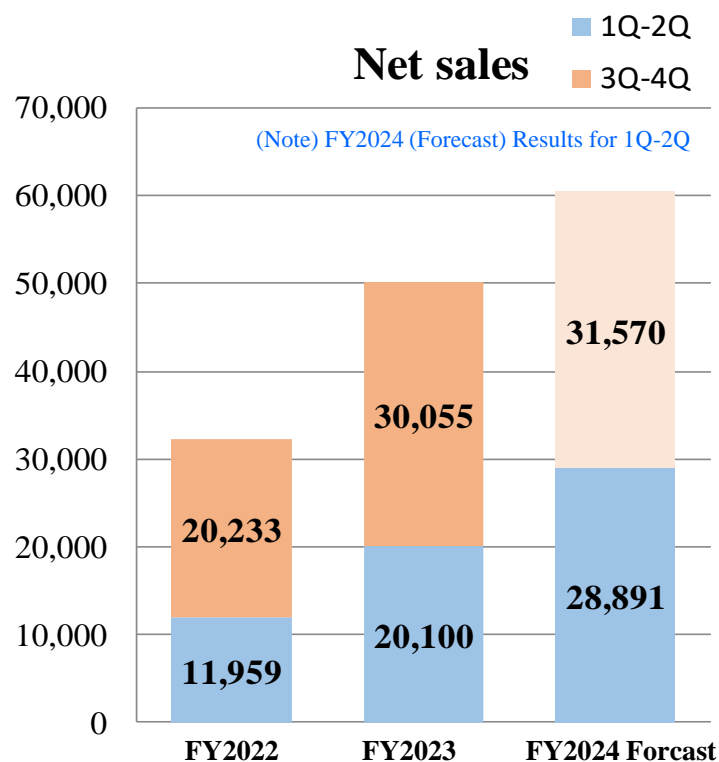
(※) The EPS figures and dividends per share for the fiscal year ended March 2023 are calculated assuming that a stock split took place at the beginning of the fiscal year ended March 2023.

Business Forecast for FY2024 (SEGMENTS)

Aiming for higher sales and profits in Main segments

(Million of Yen, %)	Net sales				Operating profit		
	FY2023	FY2024 (Forecast)	YoY(Change)	YoY(%)	FY2023	FY2024 (Forecast)	YoY(Change)
SUCREY	20,699	25,736	5,037	24.3	4,144	5,750	1,606
KCC	14,114	16,580	2,466	17.5	2,113	3,097	984
KOTOBUKISEIKA TAJIMAKOTOBUKI	10,042	11,985	1,943	19.3	1,694	2,446	752
SALES SUBSIDIARIES	5,354	6,463	1,109	20.7	472	769	297
KUJYUKUSHIMA GROUP	4,628	5,701	1,073	23.2	366	722	356
OTHERS	734	710	△ 24	△ 3.3	97	95	△ 2
SEGMENTS TOTAL	55,570	67,175	11,605	20.9	8,887	12,879	3,992
ADJUSTMENT	△ 5,415	△ 6,714	△ 1,299	24.0	1,065	1,313	248
TOTAL	50,155	60,461	10,306	20.5	9,952	14,192	4,240

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



	Net sales						Ordinary profit					
	FY2022	(%)	FY2023	(%)	FY2024 Forecast	(%)	FY2022	(%)	FY2023	(%)	FY2024 Forecast	(%)
1Q-2Q	11,959	37.1%	20,100	40.1%	28,891	47.8%	△ 481	-	3,055	29.7%	6,668	46.8%
3Q-4Q	20,233	62.9%	30,055	59.9%	31,570	52.2%	3,402	-	7,240	70.3%	7,595	53.2%
total	32,192	100.0%	50,155	100.0%	60,461	100.0%	2,921	-	10,296	100.0%	14,263	100.0%

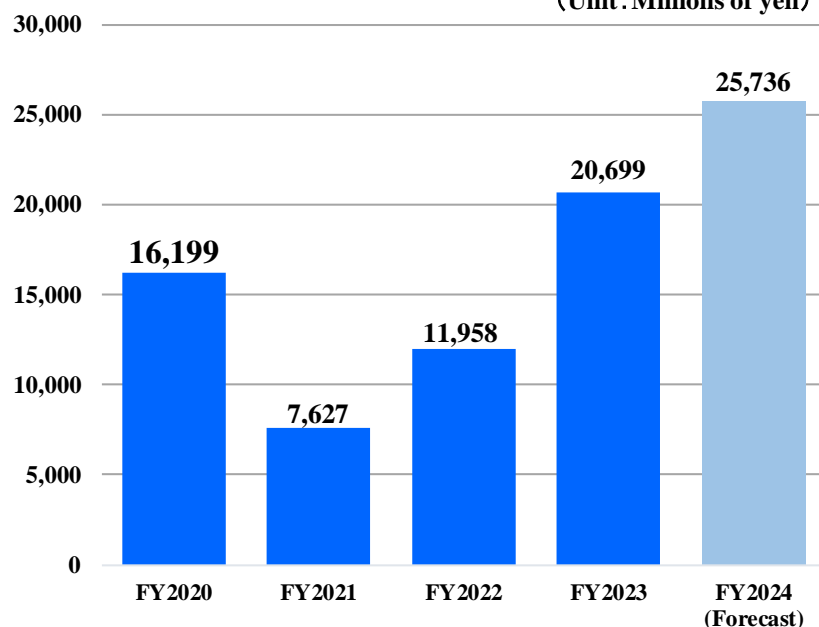
《SUCREY》

FY2024 (Forecast)

FY2024 : Net sales **25,736** million yen (**+24.3%**YoY) OP **5,750** million yen (**+38.7%**YoY)

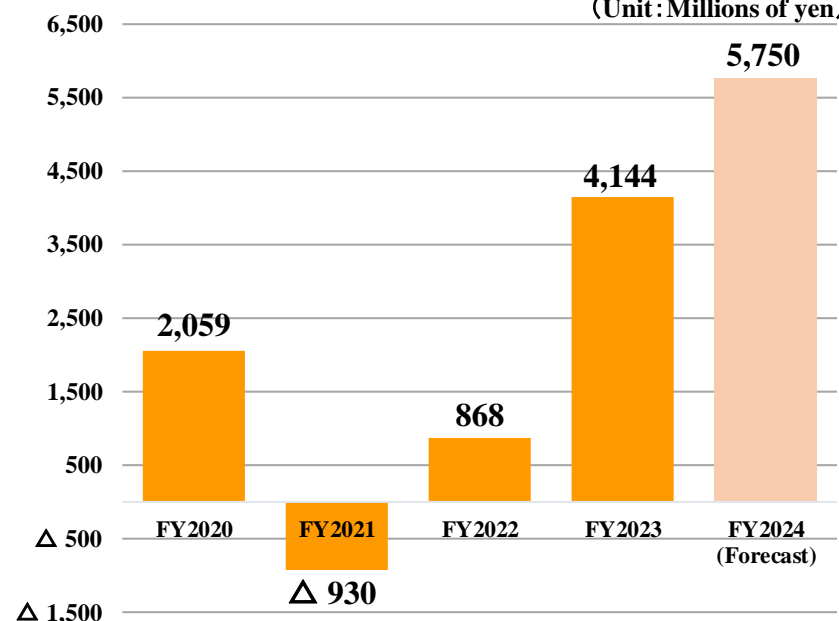
Net Sales

(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	25,736	5,037	24.3
Gross profit	9,893	4,198	7,271	13,160	5,890	81.0	16,494	3,334	25.3
Gross profit rate	61.1	55.0	60.8	63.6	2.8	-	64.1	0.5	-
SG&A expenses	7,834	5,128	6,402	9,016	2,614	40.8	10,744	1,728	19.2
Operating profit(Δloss)	2,059	Δ 930	868	4,144	3,276	377.2	5,750	1,606	38.7

《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)**

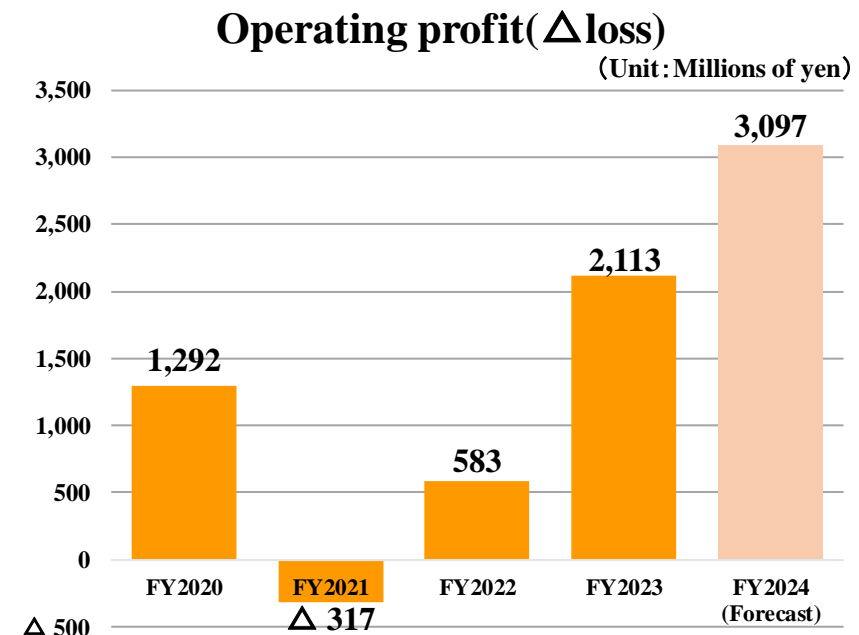
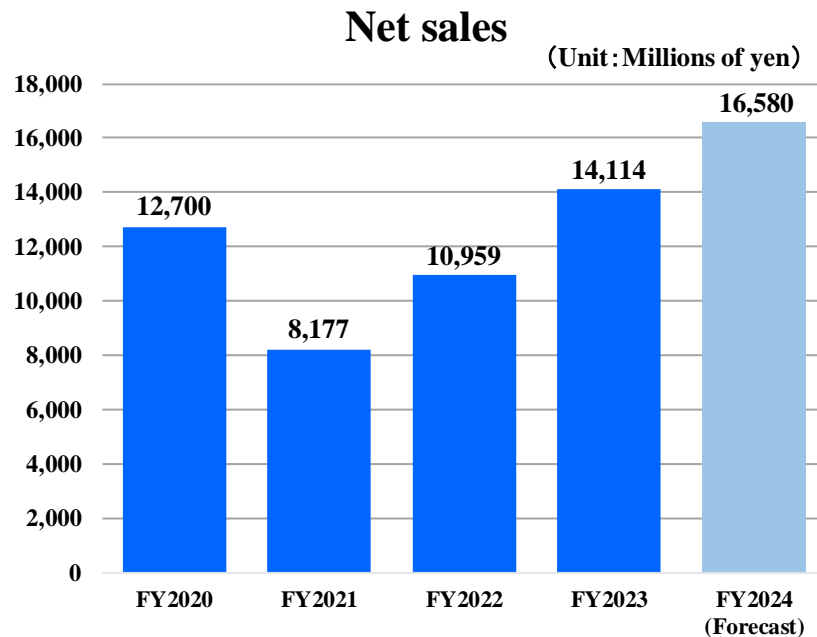


**Vanilla & Mascarpone Cookies
Tokyo Milk Cheese Factory's seasonal product**



FY2024 (Forecast)

FY2024: Net sales 16,580 million yen (+17.5%YoY) OP 3,097 million yen (+46.5%YoY)



(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	16,580	2,466	17.5
Gross profit	7,758	4,806	5,908	8,149	2,241	37.9	9,846	1,697	20.8
Gross profit rate	61.1	58.8	53.9	57.7	3.8	-	59.4	1.6	-
SG&A expenses	6,466	5,123	5,325	6,036	710	13.3	6,749	713	11.8
Operating profit(Δloss)	1,292	Δ 317	583	2,113	1,531	262.7	3,097	984	46.5

《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」

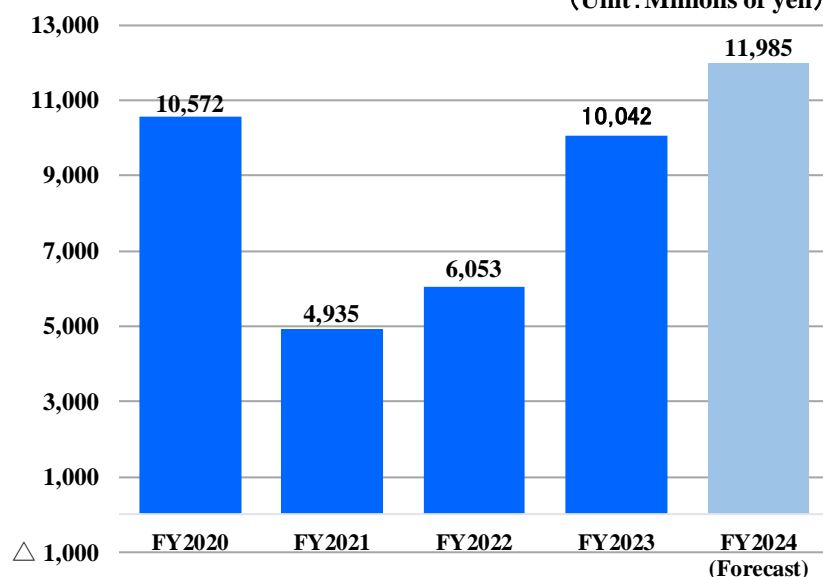
《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

FY2024 (Forecast)

FY2024: Net sales 11,985 million yen (+19.4%YoY) OP 2,447 million yen (+44.4%YoY)

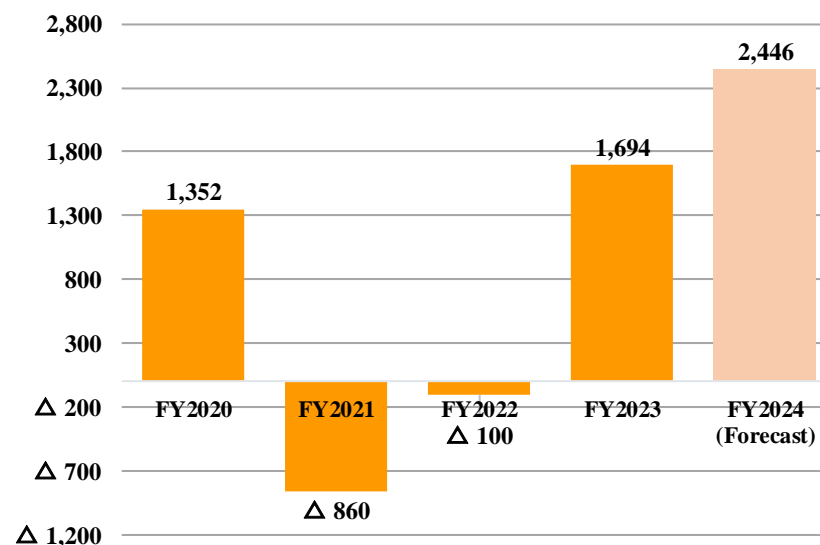
Net sales

(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	10,572	4,935	6,053	10,042	3,989	65.9	11,985	1,943	19.4
Gross profit	4,199	969	1,774	3,953	2,179	122.8	4,903	951	24.1
Gross profit rate	39.7	19.6	29.3	39.4	10.1	-	40.9	1.6	-
SG&A expenses	2,847	1,829	1,874	2,258	384	20.5	2,456	198	8.8
Operating profit(Δloss)	1,352	Δ 860	Δ 100	1,694	1,795	-	2,447	753	44.4

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

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



Inabano Shirousagi

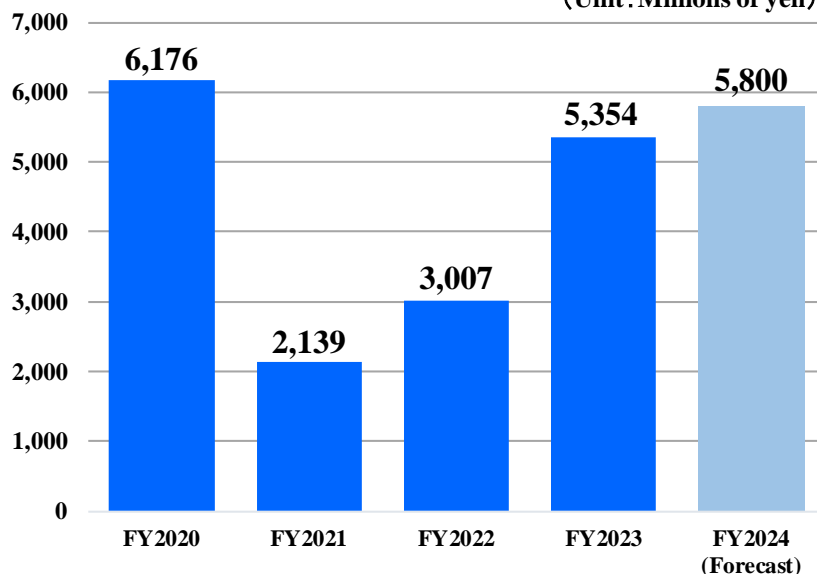


《SALES SUBSIDIARIES》 FY2024 (Forecast)

FY2024: Net sales 6,463 million yen (+20.7%YoY) OP 768 million yen (+62.8%YoY)

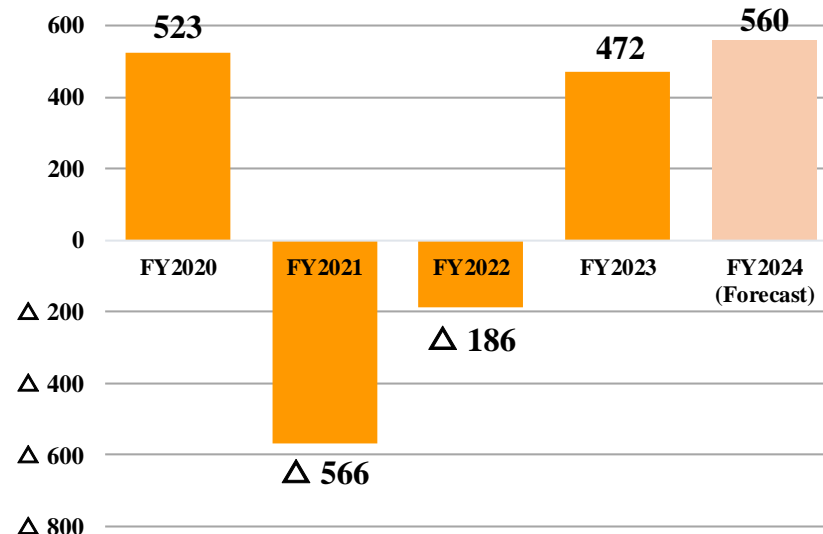
Net sales

(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	6,463	1,109	20.7
Gross profit	2,224	625	1,098	2,013	915	83.3	2,426	413	20.5
Gross profit rate	36.0	29.2	36.5	37.6	1.1	-	37.5	-	-
SG&A expenses	1,700	1,191	1,284	1,541	257	20.0	1,658	117	7.6
Operating profit(Δloss)	523	Δ 566	Δ 186	472	658	-	768	296	62.8

《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



Hanafukudo “Hakata Green Onion Tempura Ebi Senbei”



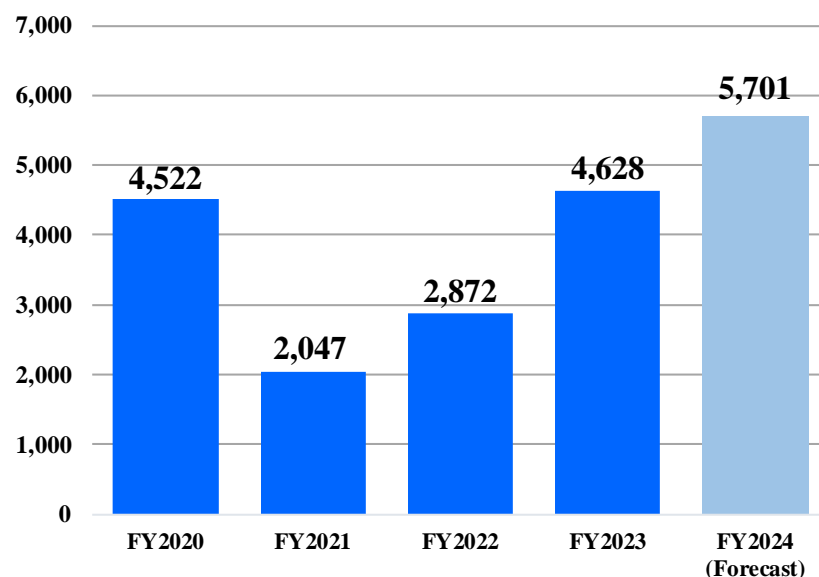
Kotobukikoujuan Seasonal Products
Osaka Lemon Squash Warabi-mochi

《 KUJYUKUSHIMA GROUP 》

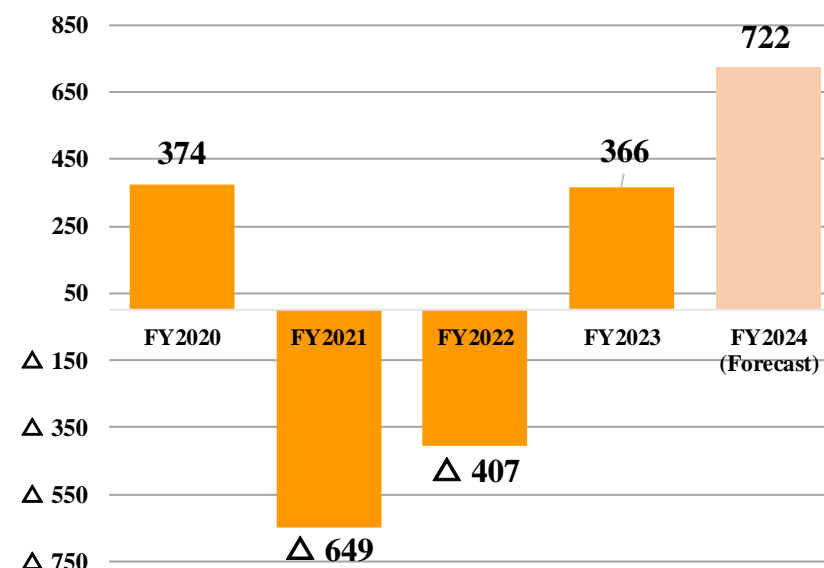
FY2024 (Forecast)

FY2024: Net sales 5,701 million yen (+23.2%YoY) OP 722 million yen (+97.6%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	5,701	1,073	23.2
Gross profit	2,127	650	1,241	2,427	1,186	95.5	3,035	608	25.1
Gross profit rate	47.0	31.8	43.2	52.4	9.2	-	53.2	0.8	-
SG&A expenses	1,753	1,300	1,648	2,061	414	25.1	2,313	252	12.2
Operating profit(Δloss)	374	Δ 649	Δ 407	366	772	-	722	356	97.6

《 KUJYUKUSHIMA GROUP 》

nuts and butter sweets
I'm LILY
 HAKATA

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



New brand “I'm LILY”

Opened in “Ippin Nishi Dori” within JR Hakata Station on October 6.

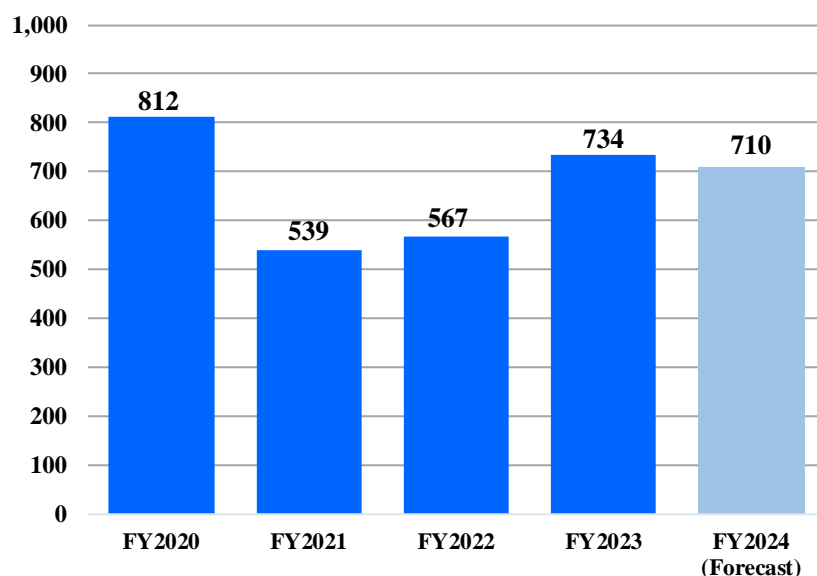
《OTHERS》

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

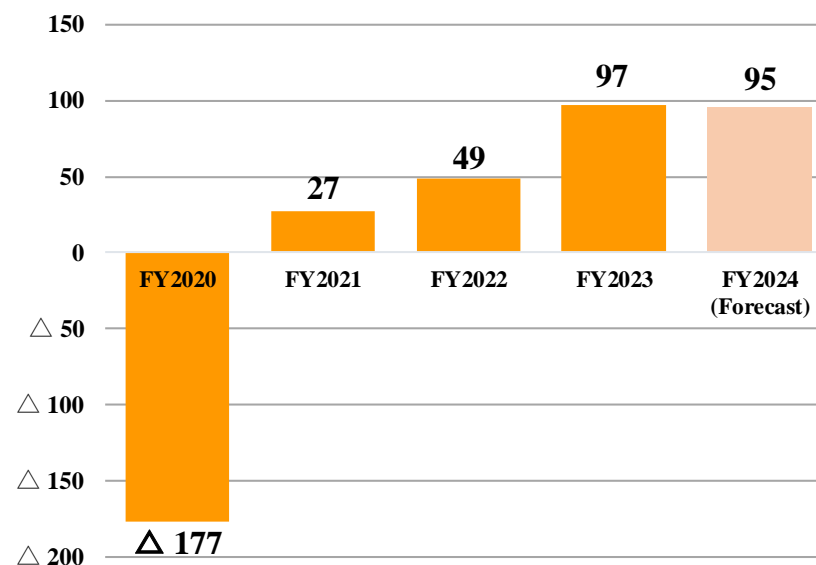
FY2024 (Forecast)

FY2024: Net sales 710 million yen (Δ3.3%YoY) OP 96 million yen (Δ1.7% YoY)

Net sales



Operating profit(Δloss)



(Millions of yen,%)	FY2020	FY2021	FY2022	FY2023	YoY		FY2024 (Forecast)	YoY	
					(Change)	(%)		(Change)	(%)
Net sales	812	539	567	734	167	29.5	710	Δ 24	Δ 3.3
Gross profit	529	383	411	534	123	30.0	505	Δ 30	Δ 5.5
Gross profit rate	65.1	71.1	72.5	72.8	0.3	-	71.1	Δ 1.7	-
SG&A expenses	706	356	362	437	75	20.7	409	Δ 28	Δ 6.4
Operating profit(Δloss)	Δ 177	27	49	97	48	98.9	96	Δ 2	Δ 1.7

《OTHERS》

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

純藍

Taiwan confectionery business



LeTAO Taiwan



Mid-Autumn Festival 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 Information

(KCC's First Factory receives FSSC 22000 certification)

On September 1, 2023, KCC's First Factory acquired FSSC 22000 certification making it the fourth manufacturing base for Kotobuki Spirits group to do so, following KCC's Second Factory, the SUCREY's Yokohama Factory, and the Hamamatsu Factory. We will continue our quality improvement activities in order to provide safe and secure products that will please our customers.



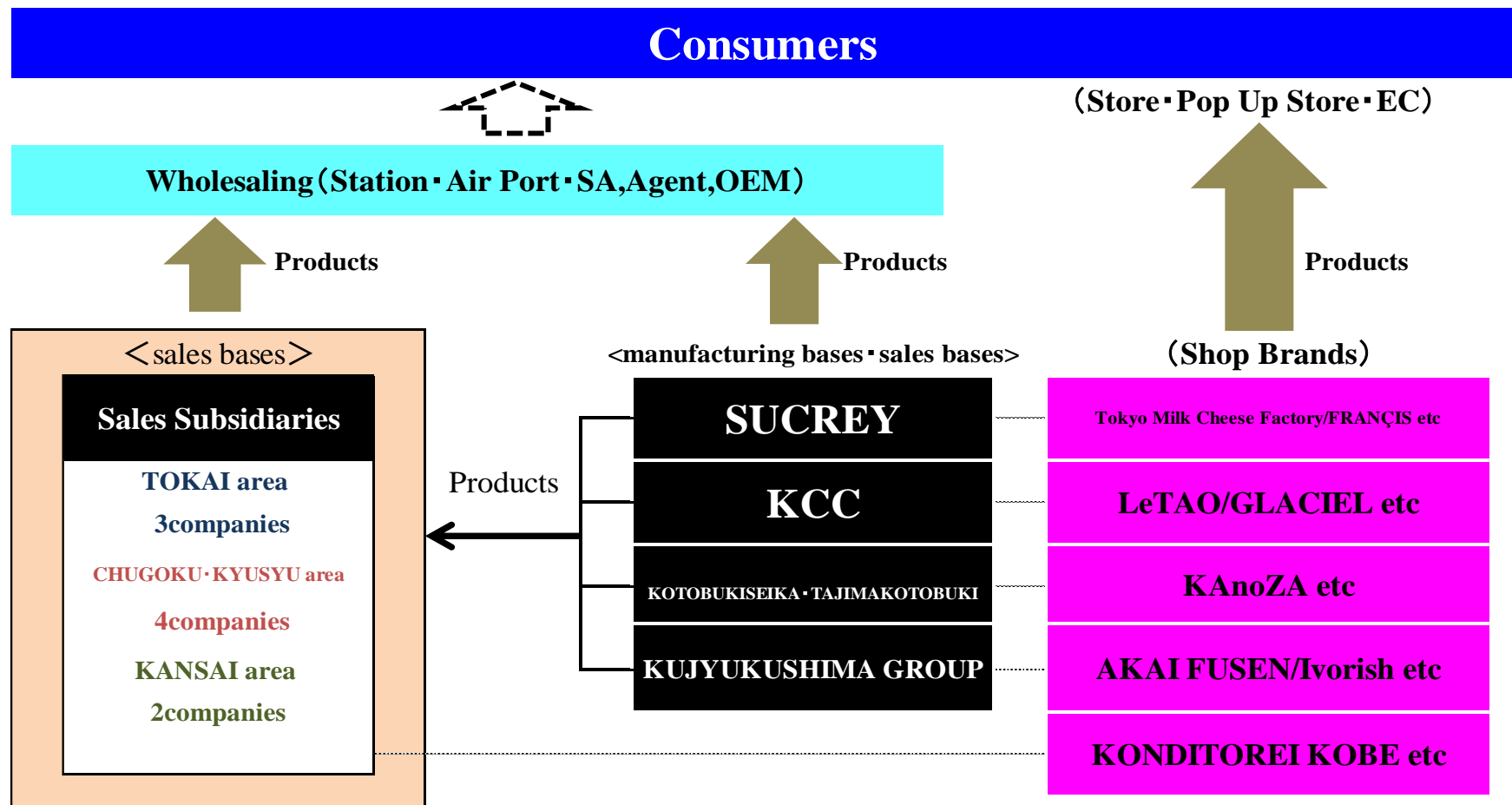
External appearance of KCC's First Factory

※ FSSC 22000 is an international standard for food safety management systems that reinforces ISO 22000 with additional requirements.

It is approved as one of the benchmark standards by the Global Food Safety Initiative (GFSI).

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



KUJYUKUSHIMA GROUP

- Fukuoka factory
- Main factory
- Kurokami factory



SUCREY

- Yokohama factory
- Hamamatsu factory

Shop Brands



Izumo

お菓子の壽城



Yonago



Hokkaido



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




FRANCAIS

Mille Feuille





Butter Financier





Kujyukushima Senpei

Status of Shares

(As of September 30, 2023)

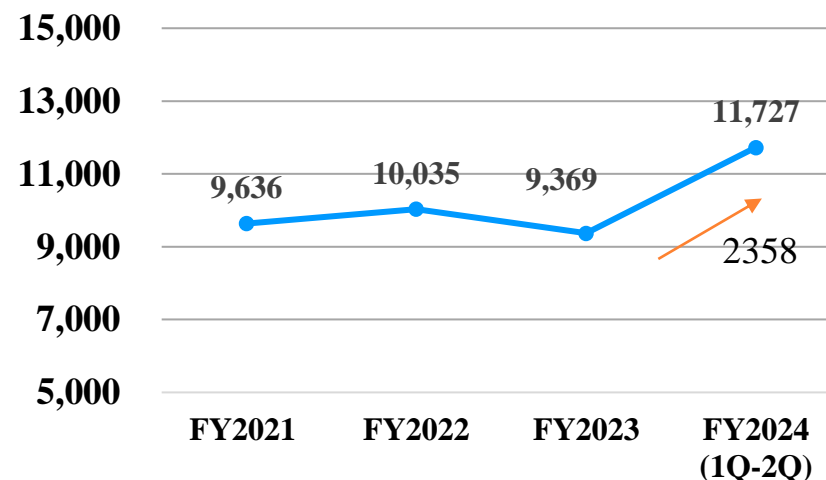
■ Total number of authorized shares
91,200,000

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

■ Number of shares per unit **100**

■ Number of shareholders **11,727**
(up 2,358 from the previous year)

Number of shareholders



■ 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)	3,088,100	9.92
Custody Bank of Japan, Ltd. (trust account)	1,832,600	5.89
The San-in Godo Bank, Ltd.	900,000	2.89
Torigin Lease Co., Ltd.	701,000	2.25

Note 1: Ownership ratio excludes 2,414 shares of treasury stock

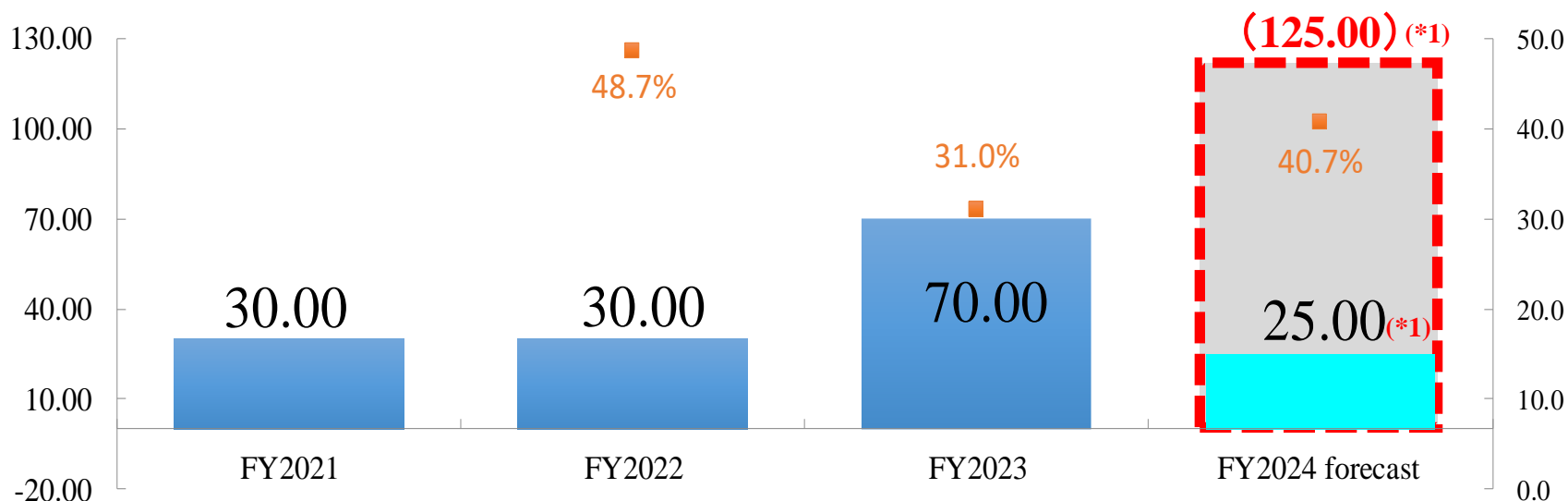
Shareholder Return

■ 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 **25** 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.

■ Dividend per share

■ Dividend payout ratio

(*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 125 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	100 shares or more	Group products of 3,000 yen equivalent
<u>500 shares or more</u> less than 1,000 shares	Group products of 4,000 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”

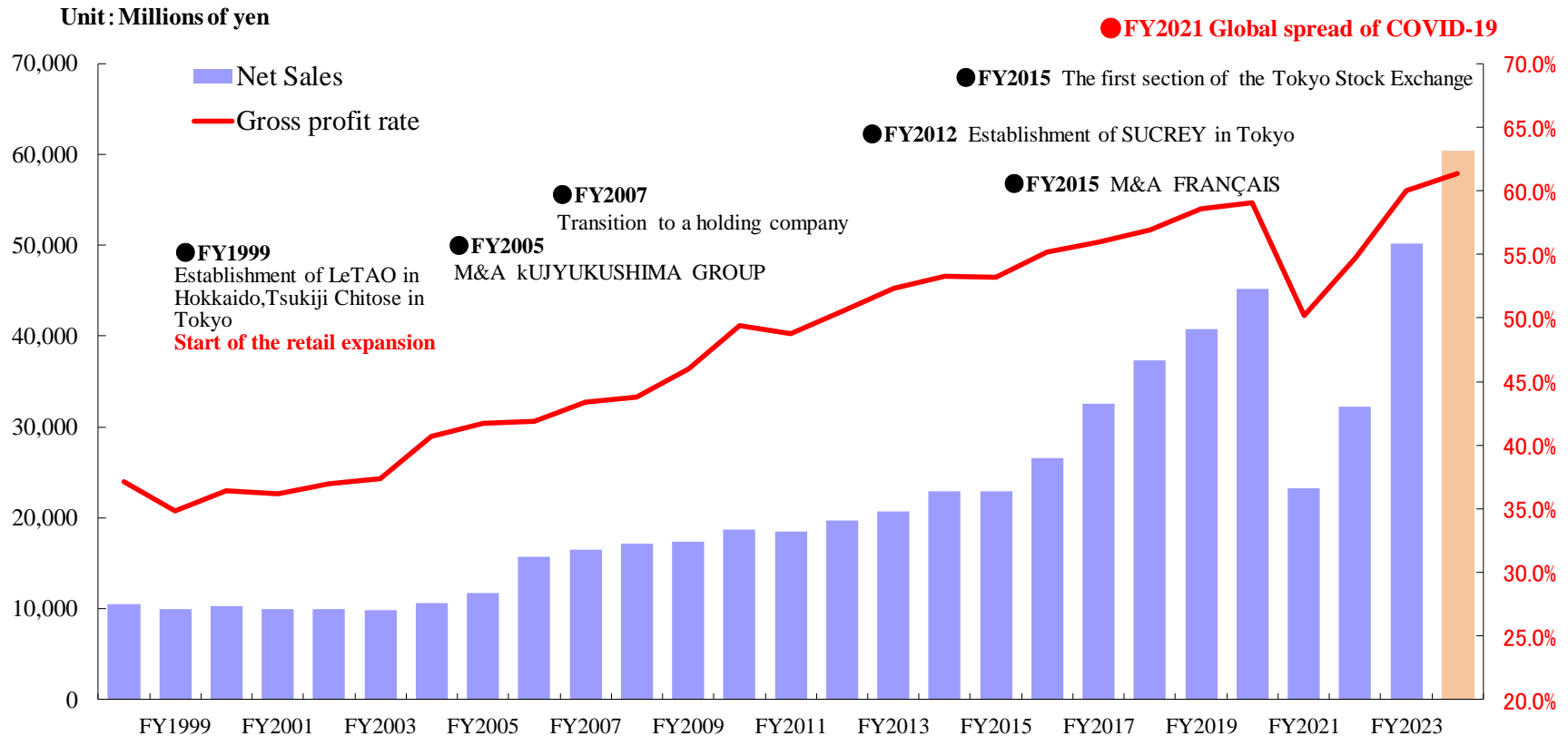


FRANCAIS confectionery

Transition of Kotobuki Spirits ①

High profit management

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

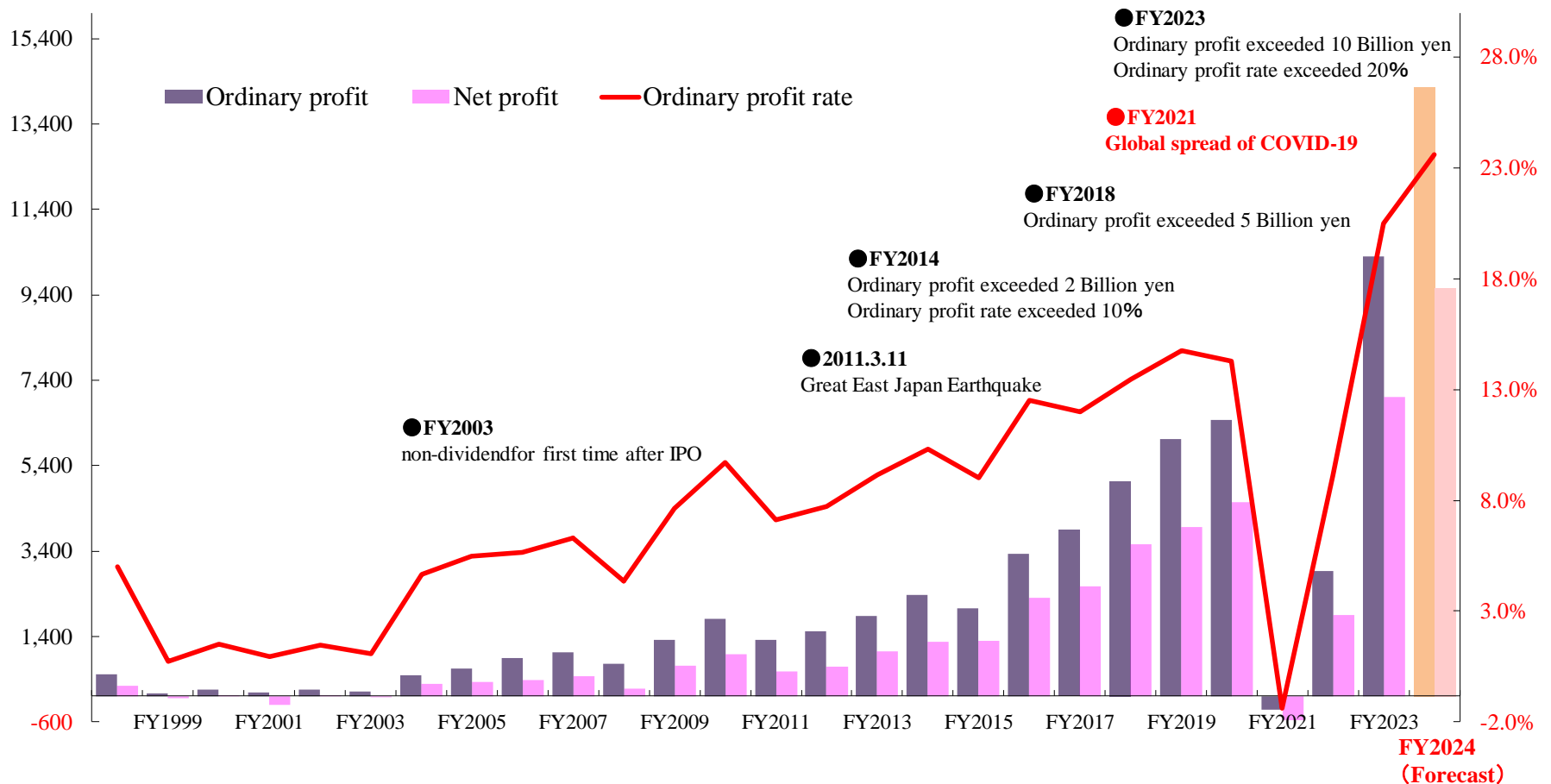


FY2024
(Forecast)

Transition of Kotobuki Spirits ②

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

Unit: Millions of yen



FY2024 (Forecast)