

FY2025(1Q)
(First quarter of the fiscal year ending March 31, 2025)
Consolidated Business Results

August 1,2024
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 1,636 people |
| Group companies | Consolidated subsidiary 17 companies (domestic 16・overseas 1) |
| Net sales | 64.0 Billion Yen (FY2024 :Year ended March 31, 2024) |

March 31th,2024

FY2025(1Q)Highlight

Results of FY2025 (1Q) (April-June)

Net sales 112.1% (YoY) / Ordinary profit 111.8% (YoY)

Ordinary profit margin increased 1.7 points YoY to 62.6

● Although the selling and administrative expenses ratio increased due to factors such as rising salary levels, an increase in gross profit margin following price revisions and a recovery in inbound demand led to both sales and profits reaching record highs for the first quarter.

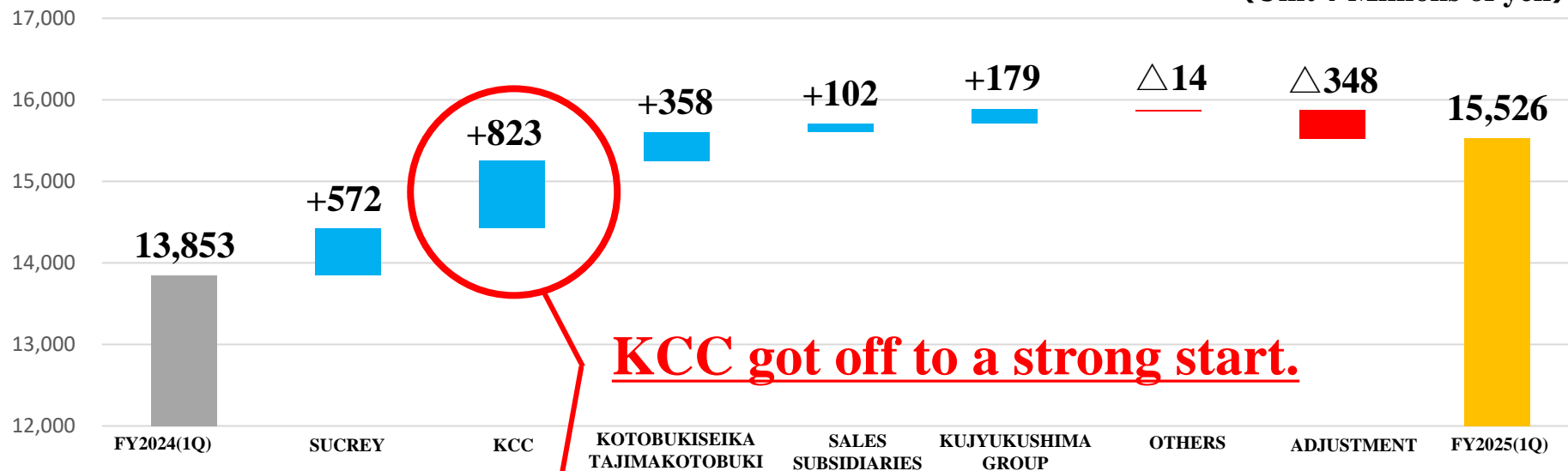
● Inbound sales (international airports sales) were 2,305 million yen.
(Starting from 1Q under review, inbound sales include sales outside immigration gates of international airports.)

● We opened six new stores and rebranded one store during the period under review, including the simultaneous opening of three stores in the new commercial facility “EAToLUMINE” inside the ticket gate of JR Shinjuku Station in April this year.

FY2025(1Q) increase or decrease of amount

【Net sales】

(Unit : Millions of yen)



【Operating profit】

(Unit : Millions of yen)



FY2025(1Q) Topics ① (Inbound sales)

Inbound sales reached a record high in 1Q thanks to inbound demand recovery

【International airports sales(Inbound sales)*1 】

※ FY2025 1Q-4Q is forecast

| (Millikons of Yen) | 1Q | 2Q | 3Q | 4Q | 1Q-4Q |
|--------------------|--------------|--------------|--------------|--------------|--------------|
| FY2025 | 2,305 | | | | 8,500 |
| FY2024 | 1,519 | 1,606 | 1,966 | 2,033 | 7,126 |
| FY2023 | 85 | 167 | 640 | 1,084 | 1,977 |



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



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

*1 Starting from this first quarter, inbound sales figures have been revised to include sales outside the clean areas of the international terminal.

FY2025(1Q) Topics ② New Brand “woofie”

Grand opening of “EAToLUMINE” inside the ticket gate of JR Shinjuku Station on April 17, 2024



“woofie EAToLUMINE Shinjuku Store” opened on April 17, 2024

FY2025(1Q) Topics ③ New Brand “canarina”

“EAToLUMINE” grand open inside the ticket gate of JR Shinjuku Station on April 17, 2024



“canarina EAToLUMINE Shinjuku Store” opened on April 17, 2024

FY2025(1Q) Topics ④ New Brand “Ramely”

Kujukushima Group opened a store of the new brand “Ramely” at “Ippin Higashi Dori” in JR Hakata Station on June 28, 2024. *Rebranding of an existing store



“Ramely” opened on June 28, 2024

FY2025(1Q) Topics ⑤ New Stores of Existing Brands



Opened on April 17, 2024
“Okada-kinsei Anbataya EAToLUMINE Shinjuku Store”



Opened on April 12, 2024
“Hakata Makkana Ichigo at Fukuoka Airport”



Opened on April 26, 2024
“THE TAILOR Sogo Yokohama Store”



Opened on April 26, 2024
“Tokyo Milk Cheese Factory Sogo Yokohama Store”

Results of FY2025 1Q (YoY)

Net sales +12.1% (YoY), Ordinary profit +11.8% (YoY)

| (Millions of Yen, %) | FY2024(1Q) | | FY2025(1Q) | | YoY(Change) | YoY(%) |
|--------------------------|---------------|---------------|---------------|---------------|--------------|-------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 13,853 | — | 15,526 | — | 1,673 | 12.1 |
| Gross profit | 8,435 | 60.9 | 9,715 | 62.6 | 1,279 | 15.2 |
| SG&A expenses | 5,376 | 38.8 | 6,287 | 40.5 | 910 | 16.9 |
| Operating profit | 3,058 | 22.1 | 3,428 | 22.1 | 369 | 12.1 |
| Ordinary profit | 3,083 | 22.3 | 3,447 | 22.2 | 364 | 11.8 |
| Net profit | 2,068 | 14.9 | 2,265 | 14.6 | 196 | 9.5 |
| EPS (yen) | 13.30 | | 14.56 | | 1.27 | |

Results of FY2025 (1Q) (SEGMENTS)

KCC got off to a good start with strong performance.

| (Millions of Yen,%) | Net sales | | | | Operating profit | | |
|---------------------------------|-----------------|----------------|-------------|--------|------------------|----------------|-------------|
| | FY20234 (1Q) | FY2025 (1Q) | YoY(Change) | YoY(%) | FY2024 (1Q) | FY2025 (1Q) | YoY(Change) |
| SUCREY | 5,772 | 6,345 | 572 | 9.9 | 1,204 | 1,301 | 96 |
| KCC | 3,599 | 4,423 | 823 | 22.9 | 529 | 868 | 338 |
| KOTOBUKISEIKA TAJIMAKOTOBUKI | 3,001 | 3,359 | 358 | 11.9 | 662 | 652 | △ 9 |
| SALES SUBSIDIARIES | 1,638 | 1,740 | 102 | 6.2 | 199 | 215 | 15 |
| KUJYUKUSHIMA GROUP | 1,385 | 1,564 | 178 | 12.9 | 155 | 181 | 26 |
| OTHERS | 146 | 132 | △ 13 | △ 9.4 | 5 | 0 | △ 4 |
| SEGMENTS TOTAL | 15,544 | 17,566 | 2,022 | 13.0 | 2,757 | 3,220 | 462 |
| ADJUSTMENT | △ 1,691 | △ 2,039 | △ 348 | 20.6 | 301 | 208 | △ 93 |
| TOTAL | 13,853 | 15,526 | 1,673 | 12.1 | 3,058 | 3,428 | 369 |

Supplemental Explanation of Results by Segment

| | |
|---|---|
| Sucrey | <p>Sucrey focused on inbound measures by expanding sales floors at major international airports and providing customer service in foreign languages, while working to improve brand appeal by adding new seasonal and other products, with mainstay products as the core, at directly managed stores and stores opened at events. In terms of store openings and closings, we opened three new stores and closed three stores in total, including the opening of a store of the new brand “wooffie” in JR Shinjuku Station “EAToLUMINE” in May this year. In terms of production, our initiatives included establishing Shizuoka Factory (scheduled to start operation in August this year) to increase the production capacity and optimize the production system. As a result, net sales were 6,345 million yen (up 9.9% YOY) and operating profit was 1,301 million yen (up 8.0% YOY).</p> |
| KCC | <p>KCC focused on inbound measures, as well as on further improving the brand value of LeTAO and developing metropolitan area brands. We worked to strengthen sales of mainstay products and new limited sweets at each store, such as strengthening sales of “Honey Milk Cake Miaulait,” a limited sweet available only at LeTAO PATHOS in Hokkaido, and launching the new product “Cheese Cake Now” of “Now on Cheese” at stores outside Hokkaido. In terms of store openings, we opened two new stores in total, including a store of the new brand “canarina” in JR Shinjuku Station’s “EAToLUMINE” in May this year. As a result, net sales were 4,423 million yen (up 22.9% YOY) and operating profit was 868 million yen (up 64.0% YOY).</p> |
| Kotobuki Seika / Tajima Kotobuki | <p>Kotobuki Seika and Tajima Kotobuki promoted proposal-based marketing, including measures for mainstay products, sales floor proposals, and new product development, through close collaboration with distributors and Group companies. In the San-in region (Shimane and Tottori prefectures), we worked to strengthen our mainstay products such as “White Rabbit of Inaba” and “Tochimochi.” As a result, net sales were 3,359 million yen (up 11.9% YOY) and operating profit was 652 million yen (down 1.5% YOY).</p> |
| Sales subsidiaries | <p>Sales subsidiaries focused on expanding sales floor space for mainstay products and new products, putting emphasis on transportation hub channels. By area, we worked to strengthen sales of the mainstay product “Ogura Toast Langue de Chat” in the Tokai area, boost sales of the seasonal product “Osaka Mitarashi Mizumanju” in the Kansai area, and opened “Hakata Makkana Ichigo,” a store dedicated to Amaou strawberry sweets, at the domestic flight terminal of Fukuoka Airport in April this year. As a result, net sales were 1,740 million yen (up 6.2% YOY) and operating profit was 215 million yen (up 7.7% YOY).</p> |
| Kujukushima Group | <p>The Kujukushima Group promoted management reform, including product modification and discontinuation, organizational reform, and production line revision, by taking full advantage of the Group’s synergies for the transformation into a manufacturing and retail-oriented management style. The Group also launched the new brand “Ramely” in June this year, and opened a store for that brand by renewing the existing store at “Ippin Higashi Dori” in JR Hakata Station. As a result, net sales were 1,564 million yen (up 12.9% YOY) and operating profit came to 181 million yen (up 16.9% YOY).</p> |

Sales channel

Domestic wholesale is strong due to strong inbound sales

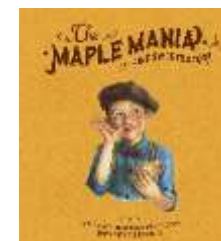
| (millions of yen,%) | FY2024(1Q) | | FY2025(1Q) | | YoY (Change) | YoY (%) |
|------------------------------|---------------|---------------|---------------|---------------|--------------|---------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 13,853 | — | 15,526 | — | 1,673 | 12.1 |
| Domestic(Wholesale)※1 | 5,910 | 42.7 | 6,968 | 44.9 | 1,057 | 17.9 |
| Domestic(Retail) | 6,523 | 47.1 | 7,175 | 46.2 | 652 | 10.0 |
| Mail Order | 1,085 | 7.8 | 1,121 | 7.2 | 35 | 3.3 |
| Other | 1 | 0.0 | 1 | 0.0 | 0 | - |
| Domestic Total ※3 | 13,520 | 97.6 | 15,266 | 98.3 | 1,746 | 12.9 |
| Overseas(Wholesale) | 213 | 1.5 | 147 | 0.9 | △ 65 | △ 30.8 |
| Overseas(Retail) | 120 | 0.9 | 113 | 0.7 | △ 7 | △ 6.0 |
| Overseas Total | 333 | 2.4 | 260 | 1.7 | △ 72 | △ 21.9 |

※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

(Overseas sales)

Overseas sales 260 million yen $\Delta 21.9\%$ (YoY)



(Unit: Million of yen)

| <u>Overseas sales</u> | FY2024 (1Q) | FY2025 (1Q) | YoY (Change) | YoY (%) |
|-----------------------|------------------------|------------------------|-------------------------------|---------------------------------|
| Taiwan (*1) | 120 | 113 | $\Delta 7$ | $\Delta 6.0$ |
| Singapore | 54 | 69 | 15 | 28.4 |
| Australia | 37 | 56 | 19 | 49.1 |
| Others | 35 | 20 | $\Delta 14$ | $\Delta 41.2$ |
| Korea (*2) | 24 | - | $\Delta 24$ | - |
| China (*2) | 61 | - | $\Delta 61$ | - |
| Total | 333 | 260 | $\Delta 73$ | $\Delta 21.9$ |

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

*2 China and South Korea ended their FC contracts in March 2024.

LeTAO Sydney shop (Grand opening on December 15, 2023 as Australia's 2nd shop)

Cost of sales ▪ Gross profit

| (Millions of Yen , %) | FY2024(1Q) | | FY2025(1Q) | | YoY(Change) | YoY(%) |
|---------------------------|---------------|---------------|---------------|---------------|--------------|-------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 13,853 | — | 15,526 | — | 1,673 | 12.1 |
| Material cost | 3,630 | 26.2 | 3,821 | 24.6 | 190 | 5.3 |
| Labor cost | 1,212 | 8.8 | 1,442 | 9.3 | 230 | 19.0 |
| Expense | 679 | 4.9 | 719 | 4.6 | 40 | 5.9 |
| Manufacturing cost | 5,522 | 39.9 | 5,984 | 38.5 | 461 | 8.4 |
| Others | △ 104 | △ 0.8 | △ 172 | △ 1.1 | △ 68 | - |
| Cost of sales | 5,417 | 39.1 | 5,811 | 37.4 | 393 | 7.3 |
| Gross profit | 8,435 | 60.9 | 9,715 | 62.6 | 1,279 | 15.2 |

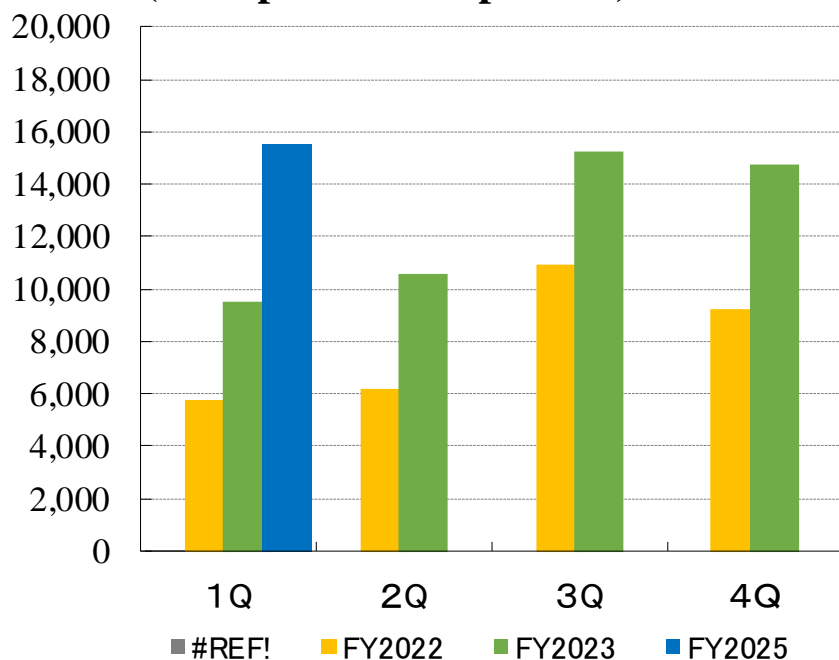
SG&A expenses /Operating profit

| (Millions of Yen,%) | FY2024(1Q) | | FY2025(1Q) | | YoY(Change) | YoY(%) |
|--|--------------|---------------|--------------|---------------|--------------|--------------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Gross profit | 8,435 | 60.9 | 9,715 | 62.6 | 1,279 | 15.2 |
| Personnel expenses | 2,058 | 14.9 | 2,474 | 15.9 | 416 | 20.2 |
| Promotion | 765 | 5.5 | 883 | 5.7 | 117 | 15.4 |
| Freight | 458 | 3.3 | 548 | 3.5 | 90 | 19.7 |
| Advertising | 94 | 0.7 | 139 | 0.9 | 44 | 47.2 |
| Rent and Commission | 1,390 | 10.0 | 1,559 | 10.0 | 168 | 12.1 |
| Depreciation | 97 | 0.7 | 91 | 0.6 | △ 5 | △ 5.6 |
| Traveling and transportation expenses | 97 | 0.7 | 116 | 0.7 | 18 | 19.3 |
| Others | 414 | 3.0 | 472 | 3.0 | 58 | 14.2 |
| SG&A expenses | 5,376 | 38.8 | 6,287 | 40.5 | 910 | 16.9 |
| Operating profit | 3,058 | 22.1 | 3,428 | 22.1 | 369 | 12.1 |

Net sales

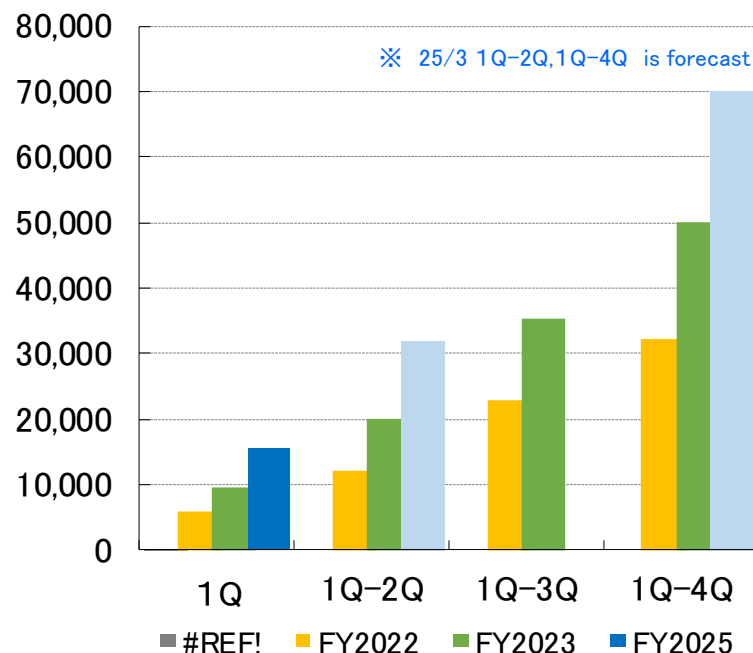
Net sales (Quarter)

(Four periods comparison)



Net sales (Cumulative)

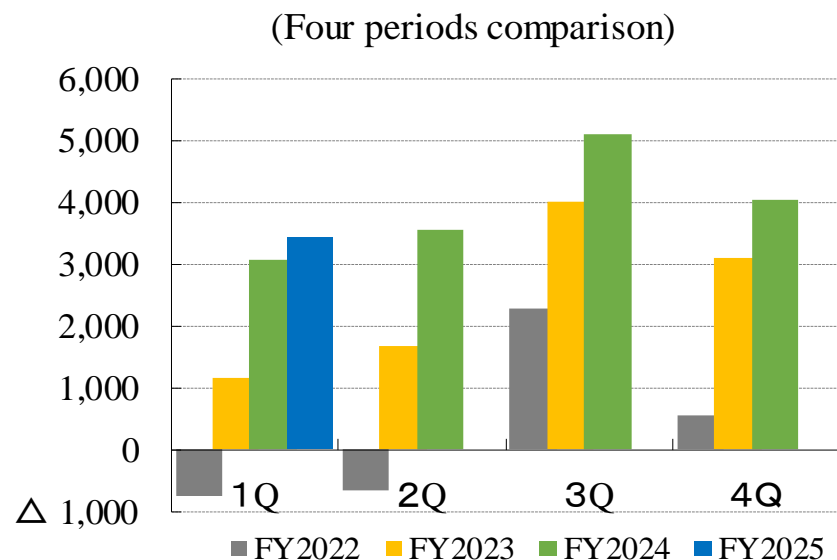
(Four periods comparison)



| (百万円) | Quarter | | | | Cumulative Quarter | | | |
|--------|---------|--------|--------|--------|--------------------|--------|--------|--------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 1Q-2Q | 1Q-3Q | 1Q-4Q |
| FY2022 | 5,758 | 6,200 | 10,962 | 9,270 | 5,758 | 11,958 | 22,921 | 32,191 |
| FY2023 | 9,515 | 10,584 | 15,270 | 14,785 | 9,515 | 20,099 | 35,370 | 50,155 |
| FY2024 | 13,853 | 15,037 | 18,144 | 16,999 | 13,853 | 28,891 | 47,036 | 64,035 |
| FY2025 | 15,526 | | | | 15,526 | 32,000 | | 70,000 |
| YoY | 112.1% | | | | 112.1% | | | |

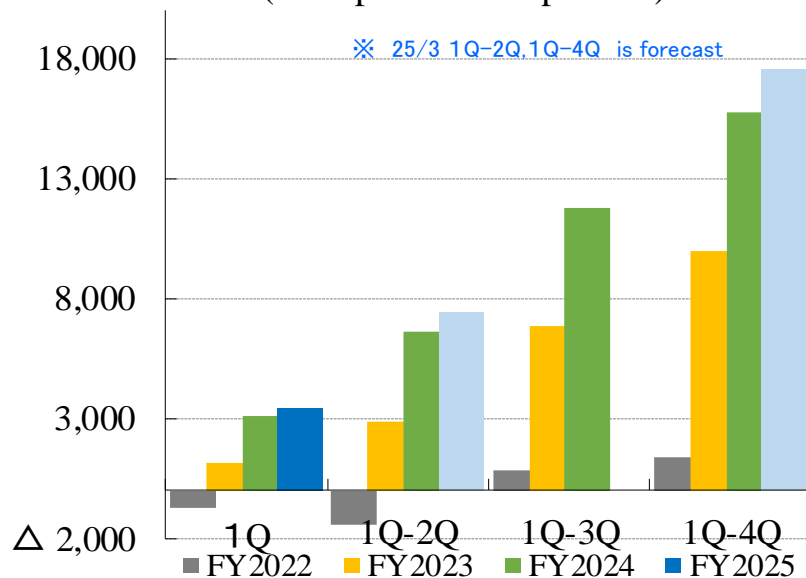
Operating profit

Operating profit (Quarter)



Operating profit (Cumulative)

(Four periods comparison)



| Millions of yen | Quarter | | | | Cumulative Quarter | | | |
|-----------------|---------|-------|-------|-------|--------------------|---------|--------|--------|
| | 1 Q | 2 Q | 3 Q | 4 Q | 1 Q | 1Q-2Q | 1Q-3Q | 1Q-4Q |
| FY2022 | △ 759 | △ 658 | 2,278 | 542 | △ 759 | △ 1,418 | 860 | 1,402 |
| FY2023 | 1,150 | 1,679 | 4,026 | 3,095 | 1,150 | 2,830 | 6,856 | 9,951 |
| FY2024 | 3,058 | 3,563 | 5,111 | 4,046 | 3,058 | 6,622 | 11,734 | 15,780 |
| FY2025 | 3,428 | | | | 3,428 | 7,420 | | 17,530 |
| YoY | 112.1% | | | | 112.1% | | | |

Balance Sheet

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

| (millions of yen, %) | FY2023 | | FY2024 | | FY2025(1Q) | | Compared to FY2024 (Change) | Compared to FY2024 (%) |
|-----------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|-----------------------------------|------------------------------|
| | amount | rate | amount | rate | amount | rate | | |
| Current assets | 25,740 | 69.7 | 34,408 | 74.0 | 30,410 | 70.1 | △ 3,997 | △ 11.6 |
| Non-current assets | 11,212 | 30.3 | 12,102 | 26.0 | 12,979 | 29.9 | 877 | 7.3 |
| Assets | 36,953 | 100.0 | 46,510 | 100.0 | 43,390 | 100.0 | △ 3,120 | △ 6.7 |
| Current liabilities | 8,095 | 21.9 | 8,824 | 19.0 | 7,766 | 17.9 | △ 1,057 | △ 12.0 |
| Non-current liabilities | 2,340 | 6.3 | 2,462 | 5.3 | 2,475 | 5.7 | 13 | 0.5 |
| Liabilities | 10,435 | 28.2 | 11,287 | 24.3 | 10,242 | 23.6 | △ 1,044 | △ 9.3 |
| Net assets | 26,517 | 71.8 | 35,223 | 75.7 | 33,147 | 76.4 | △ 2,075 | △ 5.9 |
| Liabilities and net assets | 36,953 | 100.0 | 46,510 | 100.0 | 43,390 | 100.0 | △ 3,120 | △ 6.7 |
| BPS(yen) | 170.43 | | 226.38 | | 213.04 | | △ 13.34 | △ 5.9 |
| Cash and deposits | 17,162 | | 23,689 | | 20,362 | | △ 3,326 | △ 14.0 |
| Interest-bearing dept | 440 | | 300 | | 300 | | - | - |

※ 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.

Business Forecast for FY2025

Net sales +9.3%/Operating profit+11.1% (YoY)

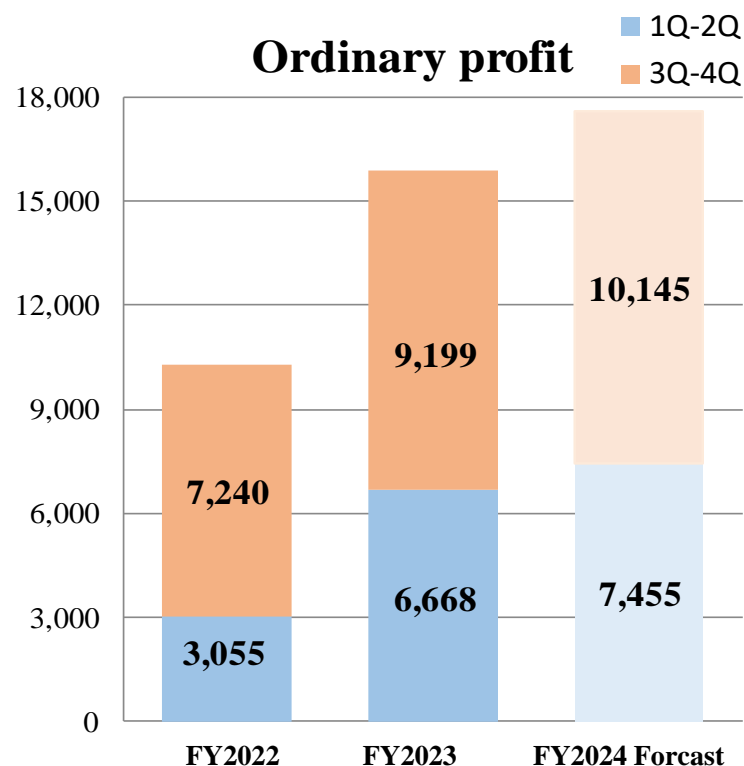
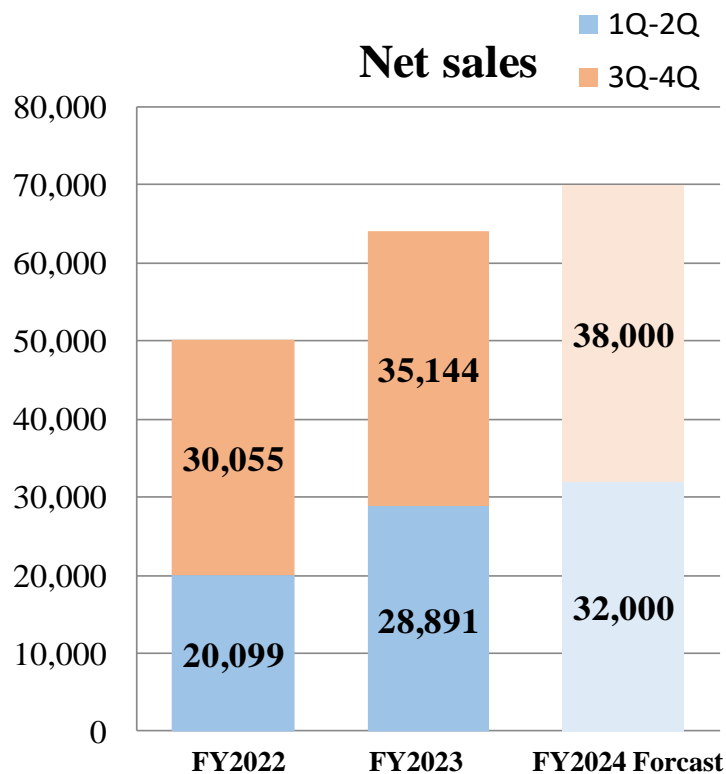
| (millions of yen,%) | FY2024 | | FY2025(Forecast) | | YoY(Change) | YoY(%) |
|----------------------|--------|---------------|------------------|---------------|-------------|--------|
| | amount | To-sales rate | amount | To-sales rate | | |
| Net sales | 64,035 | - | 70,000 | - | 5,964 | 9.3 |
| Gross profit | 39,804 | 62.2 | 43,700 | 62.4 | 3,895 | 9.8 |
| SG&A expenses | 24,023 | 37.5 | 26,170 | 37.4 | 2,146 | 8.9 |
| Operating profit | 15,780 | 24.6 | 17,530 | 25.0 | 1,749 | 11.1 |
| Ordinary profit | 15,867 | 24.8 | 17,600 | 25.1 | 1,732 | 10.9 |
| Net profit | 10,831 | 16.9 | 11,800 | 16.9 | 968 | 8.9 |
| EPS (yen) | 69.61 | | 75.84 | | 6.23 | - |
| Dividend/stock (yen) | 28.00 | | 28.00 | | - | - |
| CAPEX | 1,926 | | 3,500 | | 1,573 | 81.7 |
| Depreciation | 1,164 | | 1,400 | | 235 | 20.2 |

Business Forecast for FY2025 (SEGMENTS)

Sucrey continued driving Group performance!

| (Million of Yen, %) | Net sales | | | | Operating profit | | |
|---------------------------------------|-----------|----------------------|-------------|--------|------------------|----------------------|-------------|
| | FY2024 | FY2025 (Forecast) | YoY(Change) | YoY(%) | FY2024 | FY2025 (Forecast) | YoY(Change) |
| SUCREY | 26,455 | 29,200 | 2,744 | 10.4 | 5,843 | 7,000 | 1,156 |
| KCC | 18,052 | 19,400 | 1,347 | 7.5 | 3,818 | 4,350 | 531 |
| KOTOBUKISEIKA TAJIMAKOTOBU | 12,834 | 13,770 | 935 | 7.3 | 2,776 | 3,012 | 235 |
| SALES SUBSIDIARIES | 6,957 | 7,400 | 442 | 6.4 | 889 | 1,020 | 130 |
| KUJYUKUSHIMA GROUP | 6,382 | 6,000 | △ 382 | △ 6.0 | 783 | 500 | △ 283 |
| OTHERS | 743 | 750 | 6 | 0.9 | 87 | 80 | △ 7 |
| SEGMENTS TOTAL | 71,427 | 76,520 | 5,092 | 7.1 | 14,198 | 15,962 | 1,763 |
| ADJUSTMENT | △ 7,391 | △ 6,520 | 871 | △ 11.8 | 1,582 | 1,568 | △ 14 |
| TOTAL | 64,035 | 70,000 | 5,964 | 9.3 | 15,780 | 17,530 | 1,749 |

Business Forecast for FY2025(1Q-2Q 3Q-4Q)



(Unit:millions of yen)

| | Net sales | | | | | | Ordinary profit | | | | | |
|-------|-----------|--------|--------|--------|-----------------|--------|-----------------|--------|--------|--------|-----------------|--------|
| | FY2023 | (%) | FY2024 | (%) | FY2025 Forecast | (%) | FY2023 | (%) | FY2024 | (%) | FY2025 Forecast | (%) |
| 1Q-2Q | 20,099 | 40.1% | 28,891 | 45.1% | 32,000 | 45.7% | 3,055 | 29.7% | 6,668 | 42.0% | 7,455 | 42.4% |
| 3Q-4Q | 30,055 | 59.9% | 35,144 | 54.9% | 38,000 | 54.3% | 7,240 | 70.3% | 9,199 | 58.0% | 10,145 | 57.6% |
| total | 50,155 | 100.0% | 64,035 | 100.0% | 70,000 | 100.0% | 10,295 | 100.0% | 15,867 | 100.0% | 17,600 | 100.0% |

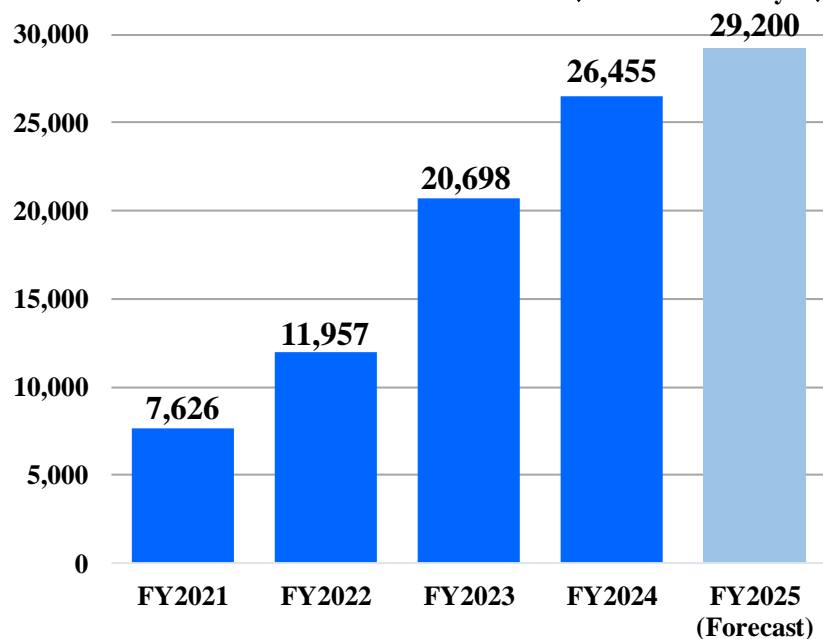
《SUCREY》

FY2025 (Forecast)

FY2025 : Net sales 29,200 million yen (+10.4%YoY) OP 7,000 million yen (+19.8%YoY)

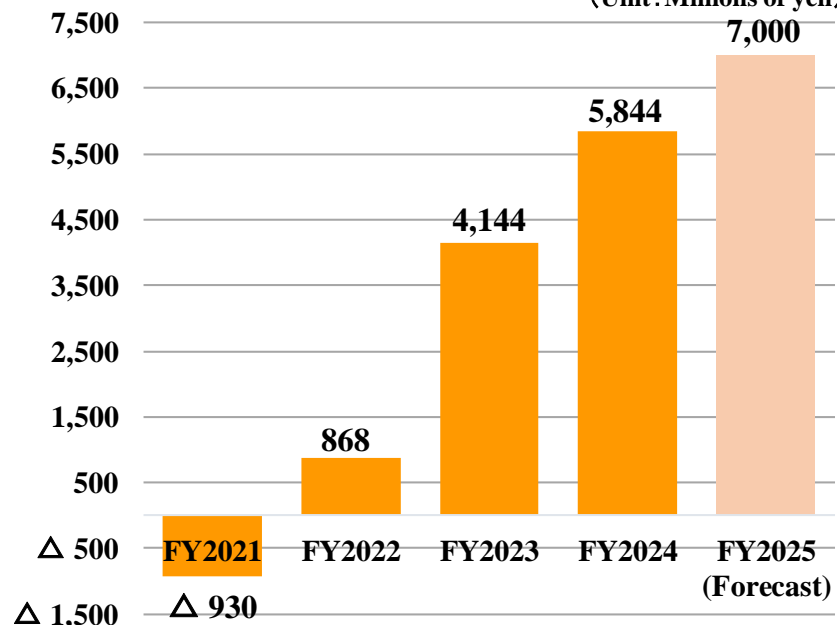
Net Sales

(Unit: Millions of yen)



Operating profit

(Unit: Millions of yen)



| (Millions of yen, %) | FY2021 | FY2022 | FY2023 | FY2024 | YoY | | FY2025 (Forecast) | YoY | |
|----------------------|--------|--------|--------|--------|----------|------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 7,626 | 11,957 | 20,698 | 26,455 | 5,757 | 27.8 | 29,200 | 2,744 | 10.4 |
| Gross profit | 4,198 | 7,270 | 13,160 | 17,037 | 3,877 | 29.5 | 19,150 | 2,112 | 12.4 |
| Gross profit rate | 55.0 | 60.8 | 63.6 | 64.4 | 0.8 | - | 65.6 | 1.2 | - |
| SG & A expenses | 5,127 | 6,402 | 9,015 | 11,193 | 2,177 | 24.2 | 12,150 | 956 | 8.5 |
| Operating profit | △ 929 | 868 | 4,144 | 5,843 | 1,699 | 41.0 | 7,000 | 1,156 | 19.8 |

《SUCREY》

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



東京ミルクチーズ工場



COCORIS“Sand Cookies”

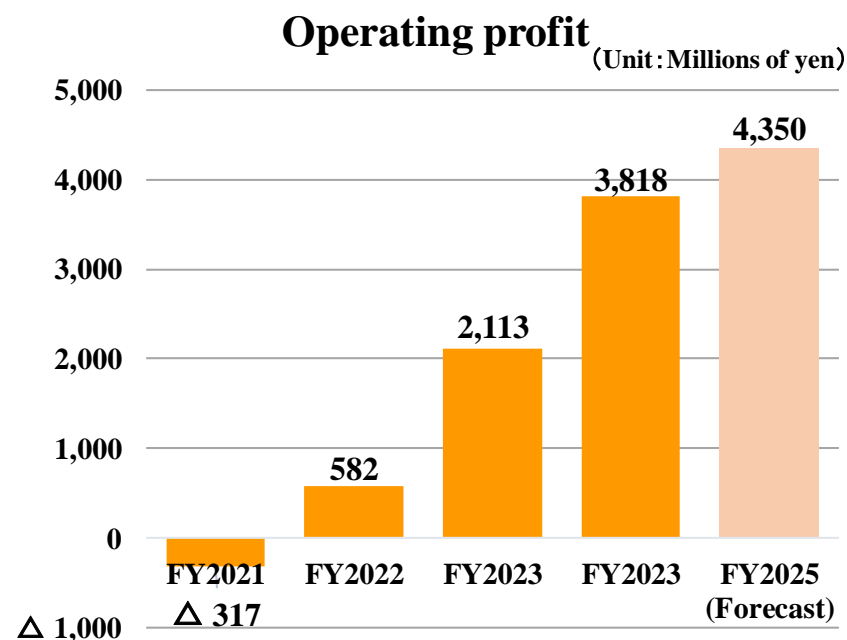
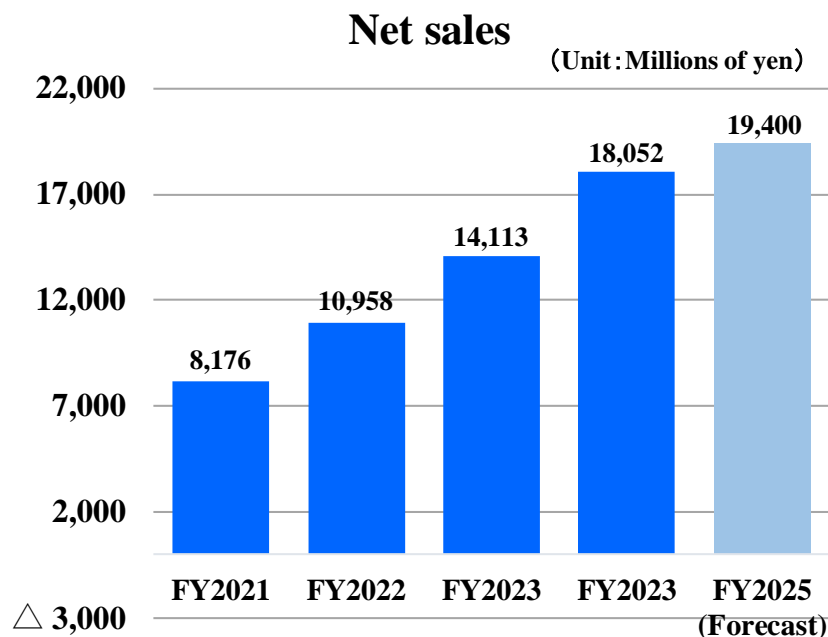


Tokyo milk cheese factory “Vanilla and Mascarpone Cookies”_23_



FY2025 (Forecast)

FY2025: Net sales 19,400 million yen (+7.5%YoY) OP 4,350 million yen (+13.9%YoY)



| (Millions of yen, %) | FY2021 | FY2022 | FY2023 | FY2024 | YoY | | FY2025 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 8,176 | 10,958 | 14,113 | 18,052 | 3,939 | 27.9 | 19,400 | 1,347 | 7.5 |
| Gross profit | 4,805 | 5,908 | 8,149 | 10,938 | 2,789 | 34.2 | 12,120 | 1,181 | 10.8 |
| Gross profit rate | 58.8 | 53.9 | 57.7 | 60.6 | 2.9 | - | 62.5 | 1.9 | - |
| SG&A expenses | 5,123 | 5,325 | 6,035 | 7,120 | 1,084 | 18.0 | 7,770 | 649 | 9.1 |
| Operating profit(Δloss) | Δ 317 | 582 | 2,113 | 3,818 | 1,705 | 80.7 | 4,350 | 531 | 13.9 |

《KCC》



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



Now on cheese ♪ Cheese cake NOW」



LeTAO 「Trois Soleils」

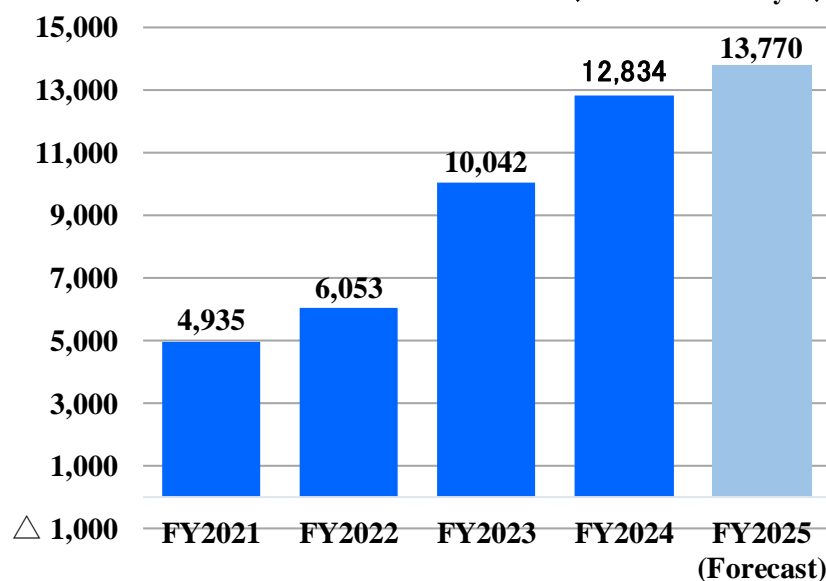
《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

FY2025 (Forecast)

FY2025: Net sales 13,770 million yen (+7.3%YoY) OP 3,012 million yen (+8.5%YoY)

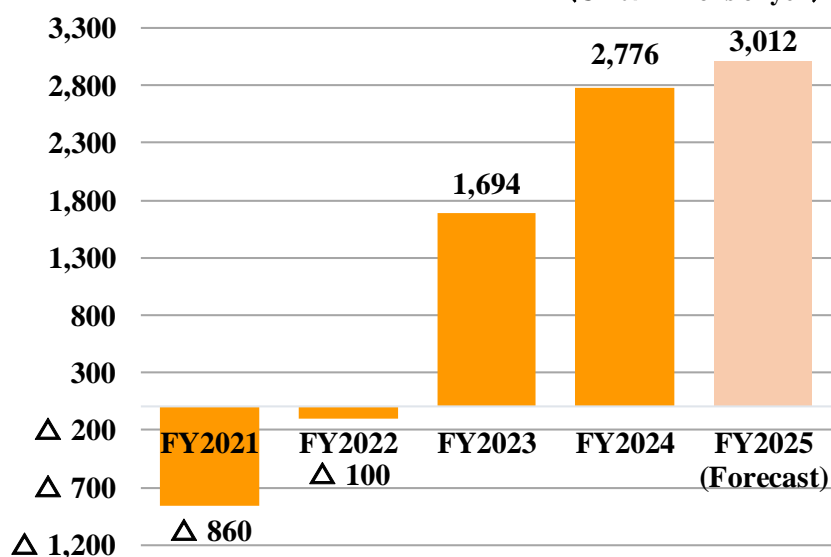
Net sales

(Unit: Millions of yen)



Operating profit

(Unit: Millions of yen)



| (Millions of yen, %) | FY2021 | FY2022 | FY2023 | FY2024 | YoY | | FY2025 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 4,935 | 6,053 | 10,042 | 12,834 | 2,792 | 27.8 | 13,770 | 935 | 7.3 |
| Gross profit | 969 | 1,773 | 3,952 | 5,355 | 1,402 | 35.5 | 5,954 | 598 | 11.2 |
| Gross profit rate | 19.6 | 29.3 | 39.4 | 41.7 | 2.4 | - | 43.2 | 1.5 | - |
| SG&A expenses | 1,829 | 1,873 | 2,258 | 2,578 | 320 | 14.2 | 2,942 | 363 | 14.1 |
| Operating profit(Δloss) | Δ 860 | Δ 100 | 1,694 | 2,776 | 1,082 | 63.9 | 3,012 | 235 | 8.5 |

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》



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



Tottori 20th Century Pear Warabimochi



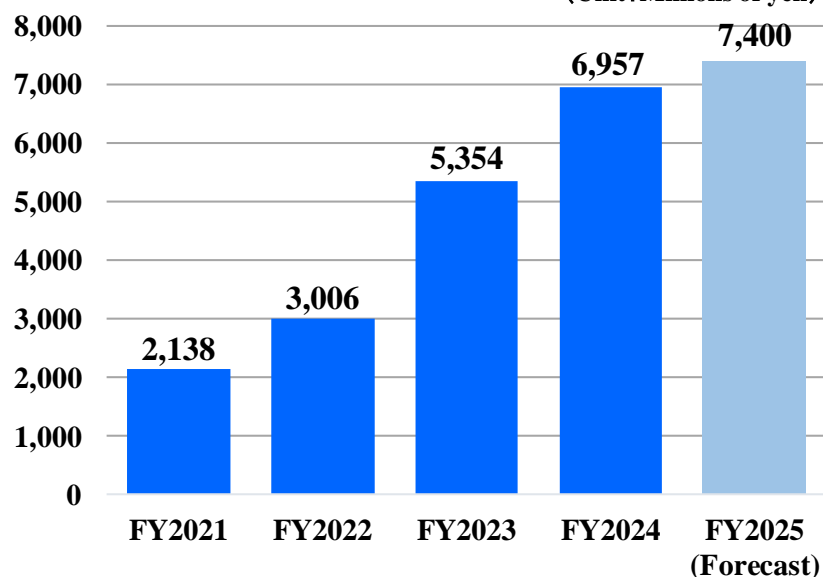
KÄnoZA "Maccha fondue"

《SALES SUBSIDIARIES》 FY2025 (Forecast)

FY2025: Net sales 7,400 million yen (+6.4%YoY) OP 1,020 million yen (+14.7%YoY)

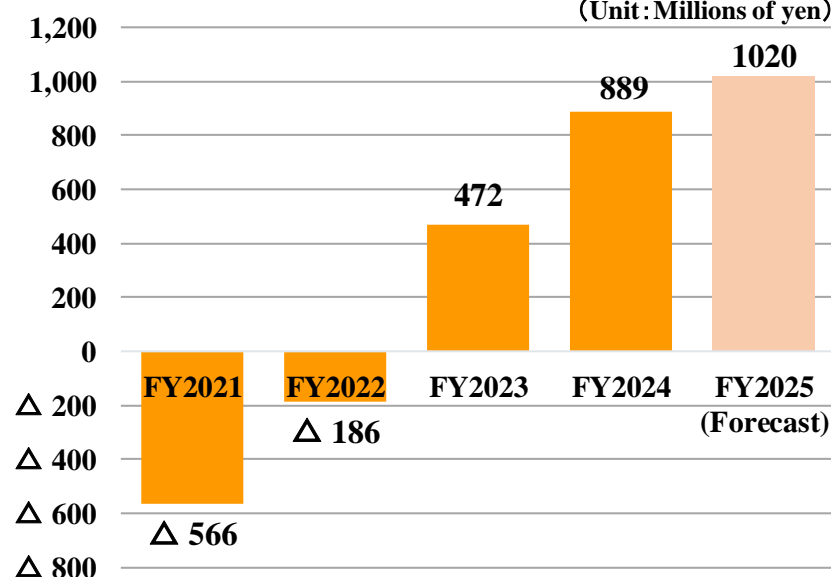
Net sales

(Unit: Millions of yen)



Operating profit

(Unit: Millions of yen)



| (Millions of yen, %) | FY2021 | FY2022 | FY2023 | FY2024 | YoY | | FY2025 (Forecast) | YoY | |
|----------------------|--------|--------|--------|--------|----------|------|----------------------|----------|------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 2,138 | 3,006 | 5,354 | 6,957 | 1,603 | 29.9 | 7,400 | 442 | 6.4 |
| Gross profit | 624 | 1,097 | 2,012 | 2,637 | 624 | 31.0 | 2,860 | 222 | 8.5 |
| Gross profit rate | 29.2 | 36.5 | 37.6 | 37.9 | 0.3 | - | 38.6 | 0.7 | - |
| SG & A expenses | 1,190 | 1,284 | 1,540 | 1,747 | 207 | 13.4 | 1,840 | 92 | 5.3 |
| Operating profit | △ 566 | △ 186 | 472 | 889 | 417 | 88.4 | 1,020 | 130 | 14.7 |

《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



KYOTO VENETO
MEETING FROM ITALY TO KYOTO



Osaka Mitarashi Water Buns



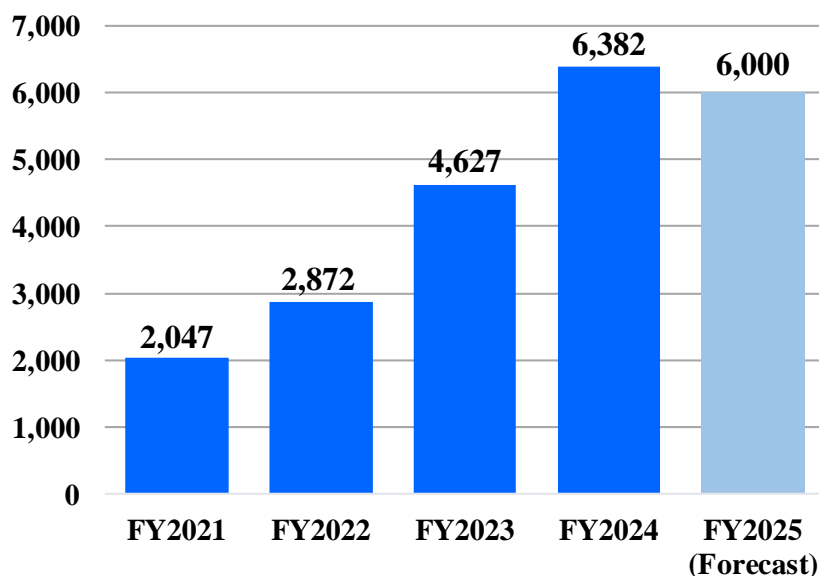
KYOTO VENETO "Chobericcha"

《KUJYUKUSHIMA GROUP》

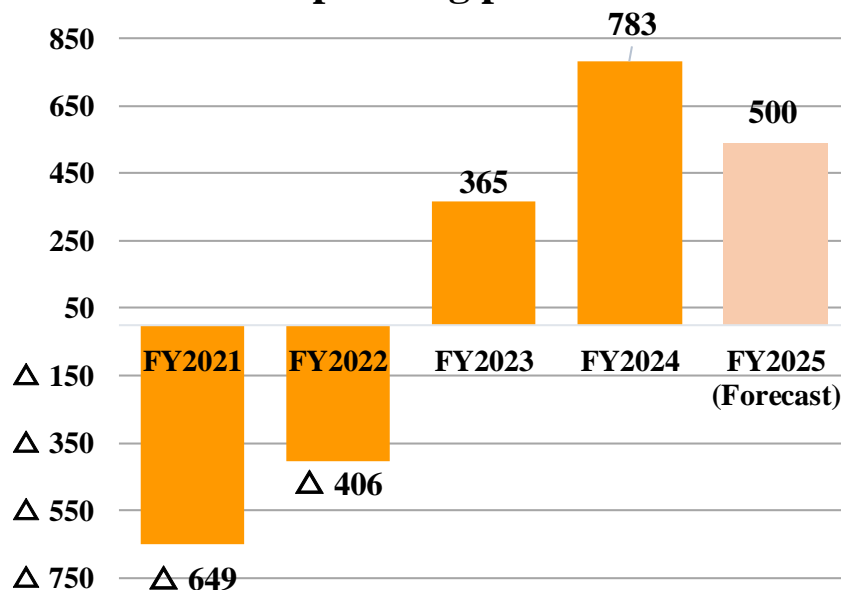
FY2025 (Forecast)

FY2025: Net sales 6,000 million yen $\Delta 6.0\%$ YoY) OP 500 million yen ($\Delta 36.2\%$ YoY)

Net sales



operating profit



| (Millions of yen, %) | FY2021 | FY2022 | FY2023 | FY2024 | YoY | | FY2025 (Forecast) | YoY | |
|----------------------------------|--------------|--------------|--------|--------|----------|-------|----------------------|--------------|---------------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 2,047 | 2,872 | 4,627 | 6,382 | 1,754 | 37.9 | 6,000 | $\Delta 382$ | $\Delta 6.0$ |
| Gross profit | 650 | 1,241 | 2,426 | 3,387 | 960 | 39.6 | 3,150 | $\Delta 237$ | $\Delta 7.0$ |
| Gross profit rate | 31.8 | 43.2 | 52.4 | 53.1 | 0.6 | - | 52.5 | $\Delta 0.6$ | - |
| SG & A expenses | 1,299 | 1,647 | 2,061 | 2,603 | 542 | 26.3 | 2,650 | 46 | 1.8 |
| Operating profit(Δ loss) | $\Delta 649$ | $\Delta 406$ | 365 | 783 | 417 | 114.3 | 500 | $\Delta 283$ | $\Delta 36.2$ |

《KUJYUKUSHIMA GROUP》



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



BUTTER&bee “Honey Butter Pound Cake [Lemon]”



Ramely “Assorted gifts”

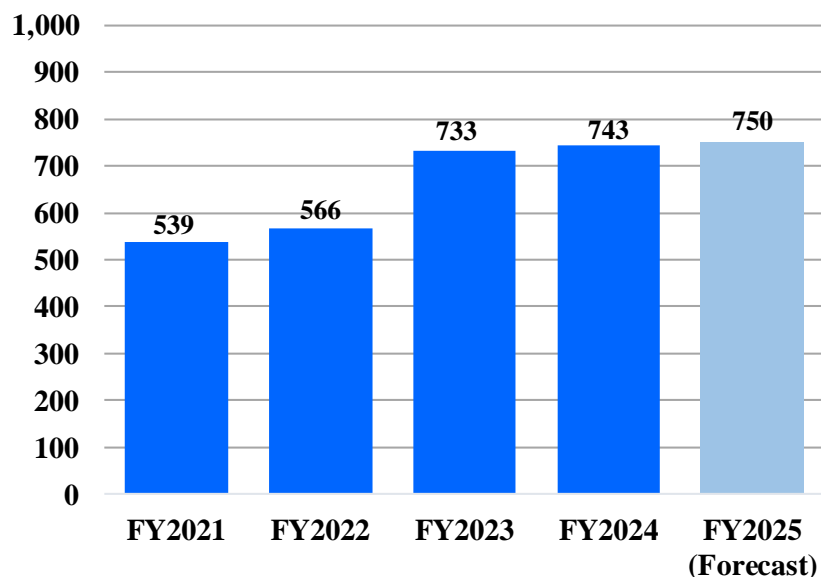
《OTHERS》

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

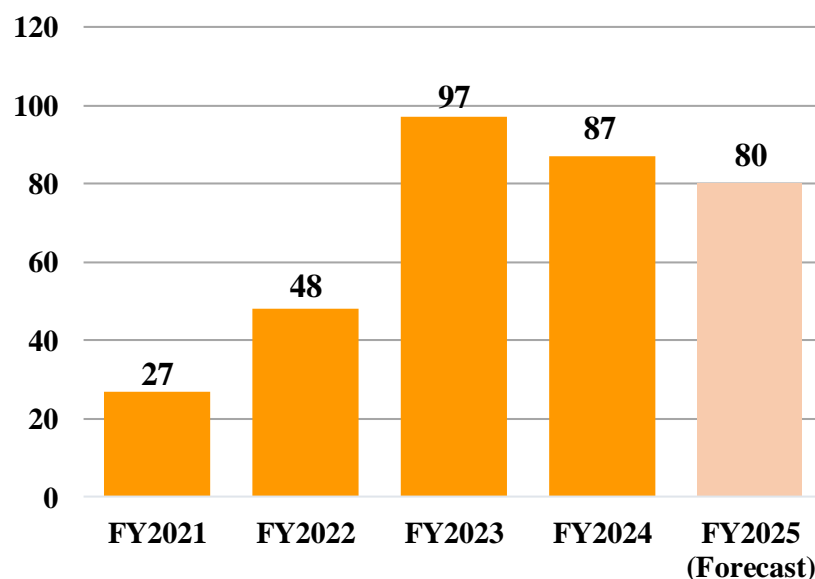
FY2025 (Forecast)

FY2025: Net sales **750** million yen (**+0.9%YoY**) OP **80** million yen (**△ 8.2% YoY**)

Net sales



Operating profit



| (Millions of yen,%) | FY2021 | FY2022 | FY2023 | FY2024 | YoY | | FY2025 (Forecast) | YoY | |
|-------------------------|--------|--------|--------|--------|----------|--------|----------------------|----------|-------|
| | | | | | (Change) | (%) | | (Change) | (%) |
| Net sales | 539 | 566 | 733 | 743 | 9 | 1.3 | 750 | 6 | 0.9 |
| Gross profit | 383 | 411 | 534 | 537 | 2 | 0.5 | 540 | 2 | 0.6 |
| Gross profit rate | 71.1 | 72.5 | 72.8 | 72.2 | △ 0.6 | - | 72.0 | △ 0.2 | - |
| SG & A expenses | 355 | 362 | 437 | 449 | 12 | 2.9 | 460 | 10 | 2.2 |
| Operating profit(Δloss) | 27 | 48 | 97 | 87 | △ 10 | △ 10.4 | 80 | △ 7 | △ 8.2 |

《OTHERS》

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

純藍

health food business(Junai)



Junai tea

Chinese New Year Gift

Corporate Vision and Basic Policies

Corporate Philosophy

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 2024

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 2024

Cho-zetsu Mach Management !

The Group will specialize in Premium Gift Sweets with an even greater pursuit of deliciousness, executing its business measures by focusing on superb speed and quickness by all standards.

Priority Measures

1. Value Up EveryDay

- ① Value Up of products by evolving their deliciousness to be the best
- ② Value Up of sales force by refining unique sales methods
- ③ Value Up of sales floors by conveying the brand's worldview to the fullest
- ④ Value Up for new brand development, new shop opening locations, and hiring

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 Information

(Identification of Materiality to Promote Sustainability Management)

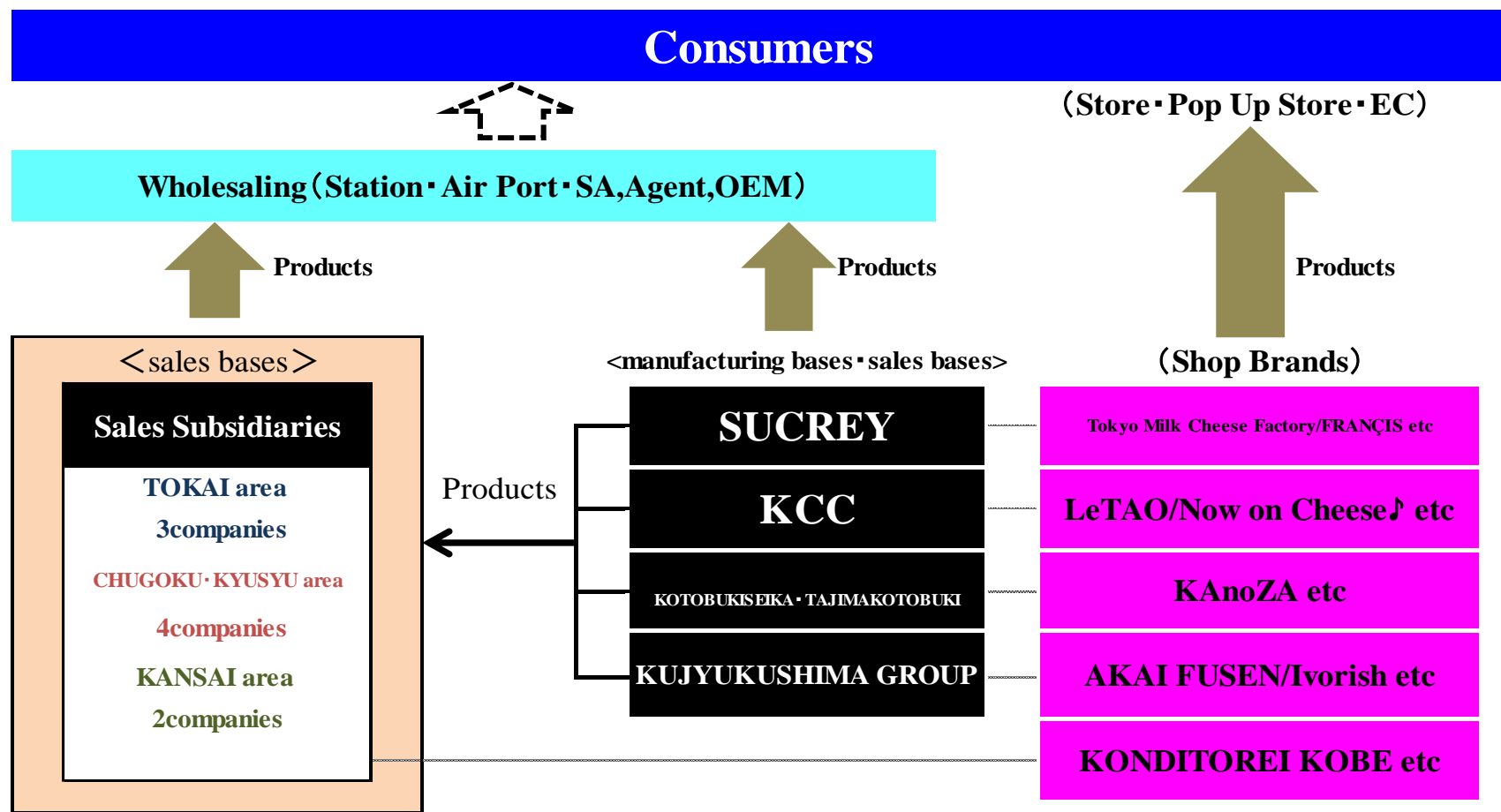
We recognize that helping to bring about a sustainable society and improve the medium- to long-term corporate value are important management issues for the Group in pursuing various business activities. Hence, we established the “Sustainability Committee” in April 2023, and announced our support for the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in the same month. We also identified materiality (material issues) in June 2024 to promote sustainability initiatives.

Kotobuki Spirits Group’s materiality (material issues)

- (1) Contribution to a sustainable and environmentally friendly society**
- (2) Provision of safe and secure products**
- (3) Recruitment and development of human resources that respect diversity**
- (4) Building sustainable supply chains**
- (5) Coexistence and co-prosperity with local communities**
- (6) Strengthening corporate governance**

Business Outline

Chart



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

Kotobuki Spirits Group Factory

(SUCREY Shizuoka factory scheduled to begin Operations in August 2024)



Main Factory



Uratsu factory



Yodoe fuctory



The first factory



Second factory



Tajima fuctory

KOTOBUKISEIKA
Main fuctory
Uratsu fuctory
Yodoe fuctory
Tajima fuctory



Fukuoka factory



Main factory



Kurokami factory



Oroshidanchi factory



KUJYUKUSHIMA GROUP
Fukuoka factory
Kurokami factory
Oroshidanchi factory (2023/12~)
Main factory



Yokohama factory



Hamamatsu factory

SUCREY
Yokohama factory
Hamamatsu factory
(Under Preparation)
Shizuoka factory



Shizuoka factory
*scheduled to begin
Operations in the August 2024

Kotobuki Spirits Group Production System

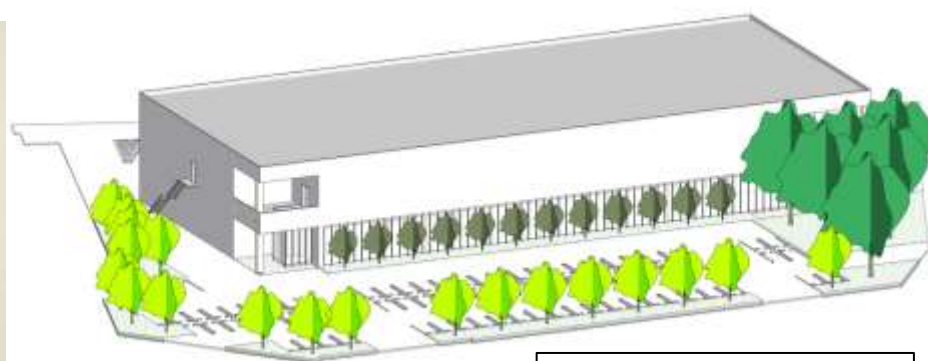
(Overview of KMF Co., Ltd. (Miyakojima City, Okinawa Prefecture))

Kotobuki Seika established a joint venture company in Miyakojima City, Okinawa Prefecture, on July 8, 2024, with Paradise Plan in order to accelerate business growth in the Okinawa area.

The plan is that KMF Co., Ltd. will establish a factory in a commercial facility to be built by Paradise Plan, and we will prepare to start production operations in July 2026.



Left: Mr. Shirouchi of the Company, Middle: Mr. Nishizato, President of Paradise Plan
Right: Mr. Kakazu, Deputy Mayor of Miyakojima City
Press conference on July 4, 2024



Overview of the commercial facility (plan)
Site area: 2,700 *tsubo*
(8,926 sq. meters)
Building area: 1,600 *tsubo*
(5,289 sq. meters)
Factory area: 1,000 *tsubo*
(3,306 sq. meters)



Shop Brands



Izumo

お菓子の壽城



Yonago



Hokkaido



東京ミルクチーズ工場



Tokyo



Sasebo・Fukuoka



Kobe



KYOTO VENETO
MEETING FROM ITALY TO KYOTO

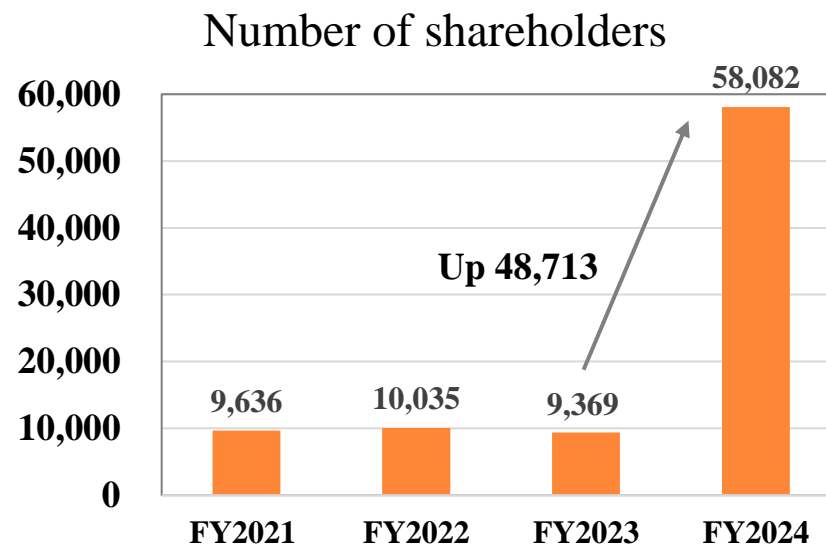
Kyoto



Status of Shares

(As of March 31, 2024)

- **Total number of authorized shares**
456,000,000 (*1)
- **Total number of issued shares**
155,607,600 (*1)
- **Number of shares per unit 100**
- **Number of shareholders 58,082**
(up 48,713 from the previous year)



(*1)As of October 1, 2023, the Company split its common stock into 5 shares. As a result, the total number of authorized shares will increase by 364,800,000 shares. The total number of issued shares has increased by 124,486,080 shares.

■ Major shareholders (top 5)

| Shareholder name | Number of shares held | Ownership (%) |
|--|-----------------------|---------------|
| S Kawagoe Co., Ltd. | 45,500,000 | 29.24 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 13,909,400 | 8.94 |
| SSBTC CRIENT OMNIBUS ACCOUNT | 7,226,201 | 4.46 |
| Custody Bank of Japan, Ltd. (trust account) | 5,562,300 | 3.64 |
| The San-in Godo Bank, Ltd. | 4,500,000 | 2.89 |

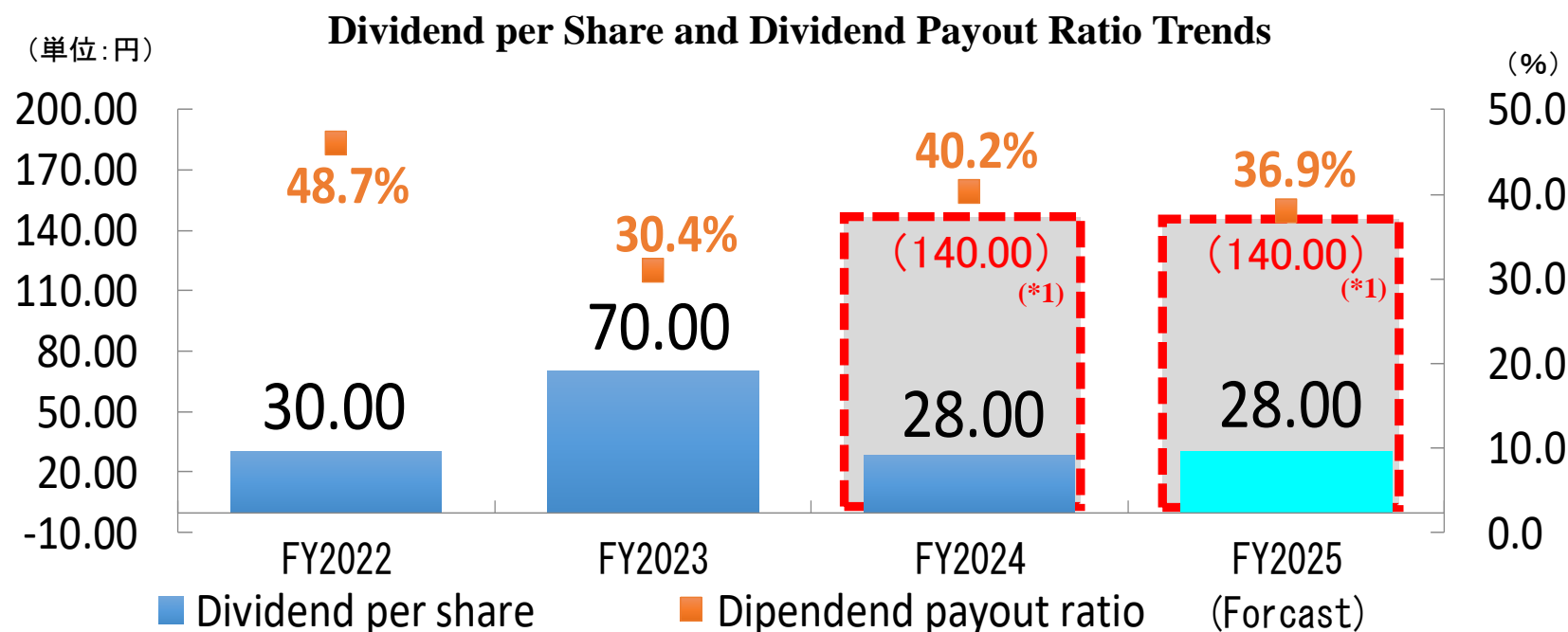
Note 1:Ownership ratio excludes 12070 shares of treasury stock

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 2025 **28** yen



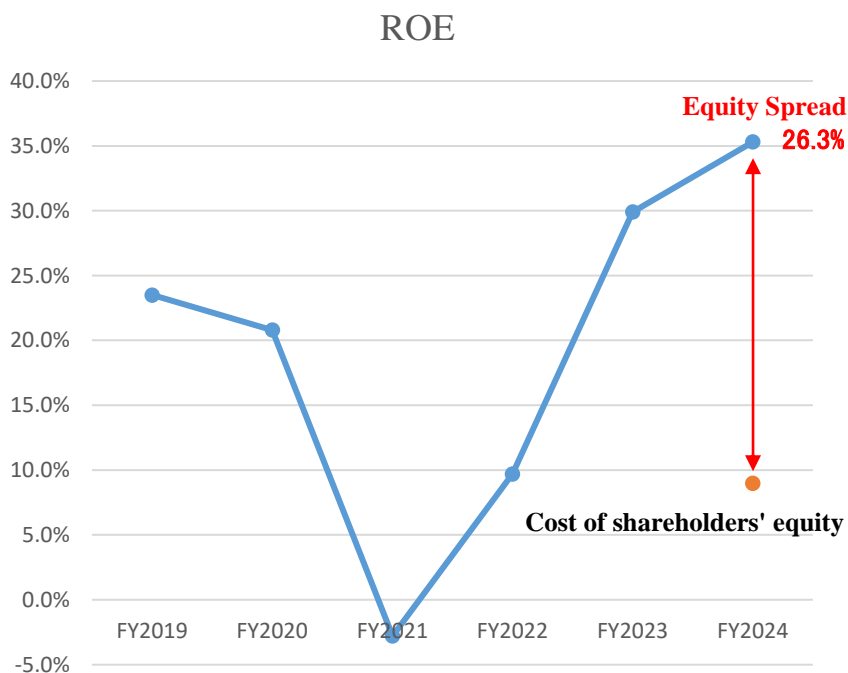
(Note) Our company implemented a stock split of 5 shares per common share effective October 1, 2023.

The dividend for the fiscal year ended March 31, 2024 and the dividend (forecast) per share for the fiscal year ending March 31, 2025 will be 140 yen on a pre-split basis.

Actions to engage in management that is conscious of cost of capital and stock price

■ Analysis of Capital Profitability

The cost of shareholders' equity is calculated using CAPM (Capital Asset Pricing Model) and is generally recognized to be around 9%. ROE was 29.9% for the fiscal year ended March 31, 2023, and 35.1% for the fiscal year ended March 31, 2024, significantly exceeding the cost of shareholders' equity. Given this situation, we have not set any improvement measures or targets at this time, but we will continue to strive to improve our capital profitability, create higher added value than our cost of shareholders' equity, and increase our corporate value.



| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| ROE | 23.5% | 20.8% | -2.8% | 9.7% | 29.9% | 35.1% |
| ROE Analysis | | | | | | |
| Net profit margin on sales | 9.7% | 9.1% | -2.5% | 6.0% | 14.0% | 16.9% |
| Total asset turnover ratio (times) | 1.69 | 1.71 | 0.90 | 1.23 | 1.56 | 1.53 |
| Financial leverage (times) | 1.43 | 1.34 | 1.28 | 1.32 | 1.37 | 1.35 |

| | 【Profitability】 | 【Asset efficiency】 | 【Financial leverage】 |
|-----|-----------------|--|--|
| ROE | = | $\frac{\text{Net profit}}{\text{Net sales}}$ | $\times \frac{\text{Net sales}}{\text{Total assets}} \times \frac{\text{Total assets}}{\text{Equity}}$ |

Cost of shareholders' equity (%) FY2024

| Risk-free rate | Beta sensitivity | Risk premium | Cost of shareholders' equity |
|--|---|---|------------------------------|
| Safe assets, interest-free interest rates *Set based on 10-year government bond yield | \times Risks Specific to the Company | \times Excess return rate expected from equity investments *Set based on past stock market returns | = 8.98% |
| Calculated from CAPM | | | |

Actions to engage in management that is conscious of cost of capital and stock price

■ PER / PBR

The PBR (Price Book-Value Ratio) at the end of the fiscal year ended March 31, 2024 was 8x, well above 1x.

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|-----|--------|--------|--------|--------|--------|--------|
| PER | 33.22 | 36.92 | - | 105.91 | 41.55 | 27.53 |
| PBR | 7.21 | 7.15 | 11.57 | 9.97 | 11.00 | 8.46 |

(Note) FY2021 PER is not shown due to net loss

■ Market capitalization



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”

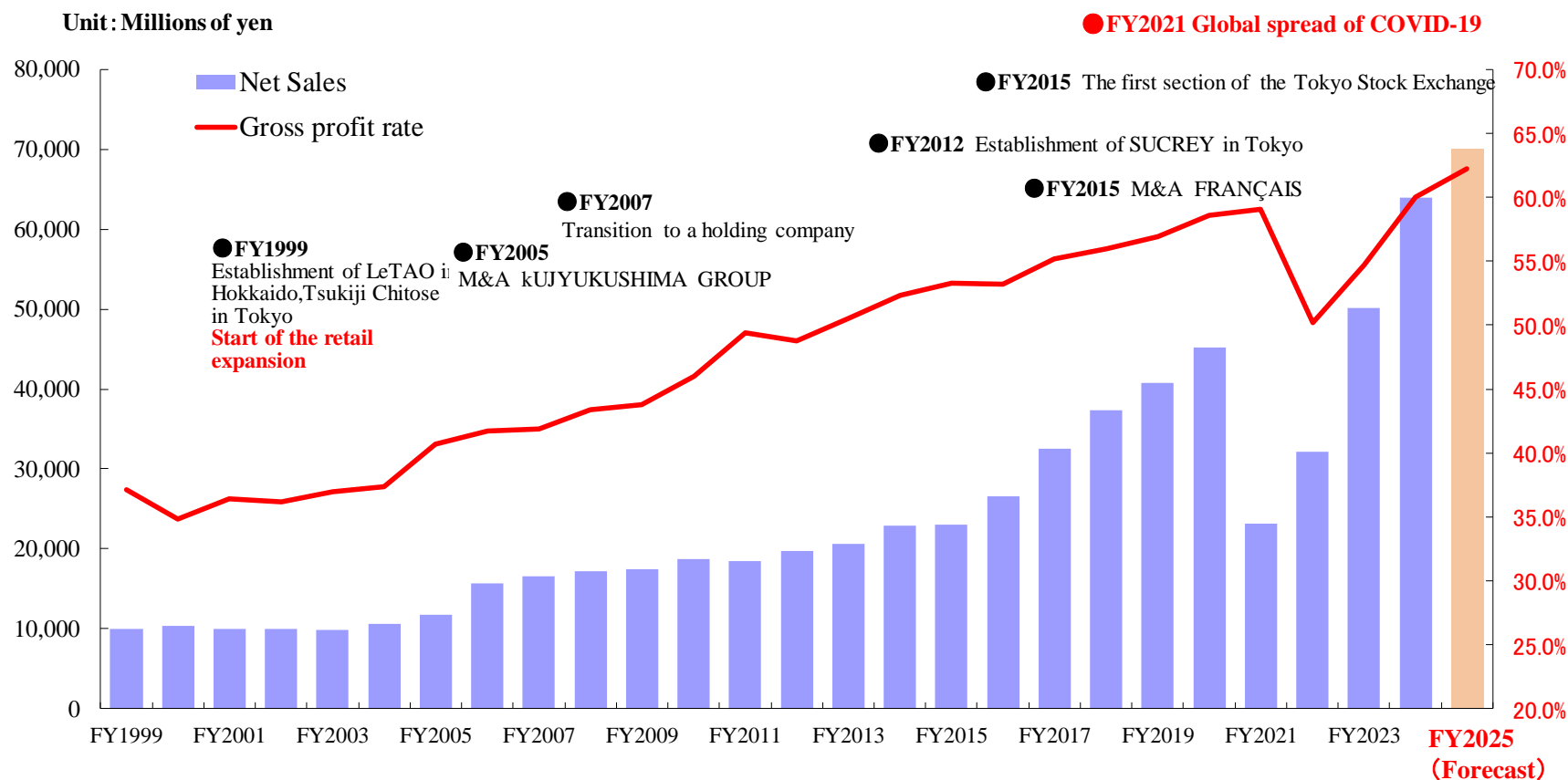


FRANCAIS confectionery

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

