

FY2022(1Q-2Q)
(Second quarter of the fiscal year ending March 31, 2022)
Consolidated Business Results

November 5,2021
Kotobuki Spirits Co.,Ltd.





Company Overview

Firm name	Kotobuki Spirits Co.,Ltd.
Securities code	2222 (Tokyo Stock Exchange 1st section)
Address	2028, Hatagasaki, Yonago-shi, Tottori, 683-0845, Japan
Establishment	April 25th,1952
Capital	1.2 Billion 17.8 Million yen
President	Seigo Kawagoe
Employees	Kotobuki Spirits 7 people/Group Total 1,558 people
Group companies	Consolidated subsidiary 18 companies (domestic 16・overseas 2)
Net sales	23.2 Billion Yen (FY2021 : Year ended March 31, 2021)



The Impact of COVID-19 on business performance

The Impact of COVID-19 on business performance

<FY2022(1Q-2Q)>

●Sales trends

(Compared to FY2020(1Q-2Q) and FY2021(1Q-2Q):%) <except for overseas subsidiaries>

	Apr	May	Jun	Jul	Aug	Sep
Compared to FY2021 (1Q-2Q)	222.5%	145.0%	43.9%	44.3%	17.4%	△0.7%
Compared to FY2020 (1Q-2Q)	△43.2%	△48.5%	△44.7%	△37.6%	△54.0%	△48.9%

●Due to production adjustments factories took holidays. Recorded subsidy income of 889 million yen as non-operating income, including employment adjustment subsidies.

●Cash decreased by 350 million yen from the beginning of the term.(End of the period :cash 6.96 billion yen) We did not borrow from the overdraft limit (7.8 billion yen)

<October>

●Due to the cancellation of emergency declaration, sales in October recovered to about 65% of two years ago.

<FY2022 Business forecast and Dividend forecast >

●We do not anticipate the emergency declaration, and assume that the market environment would gradually recover.Dividend forecast is 30yen. (This forecast may fluctuate depending on COVID-19 epidemic.)

FY2022(1Q-2Q) Highlight

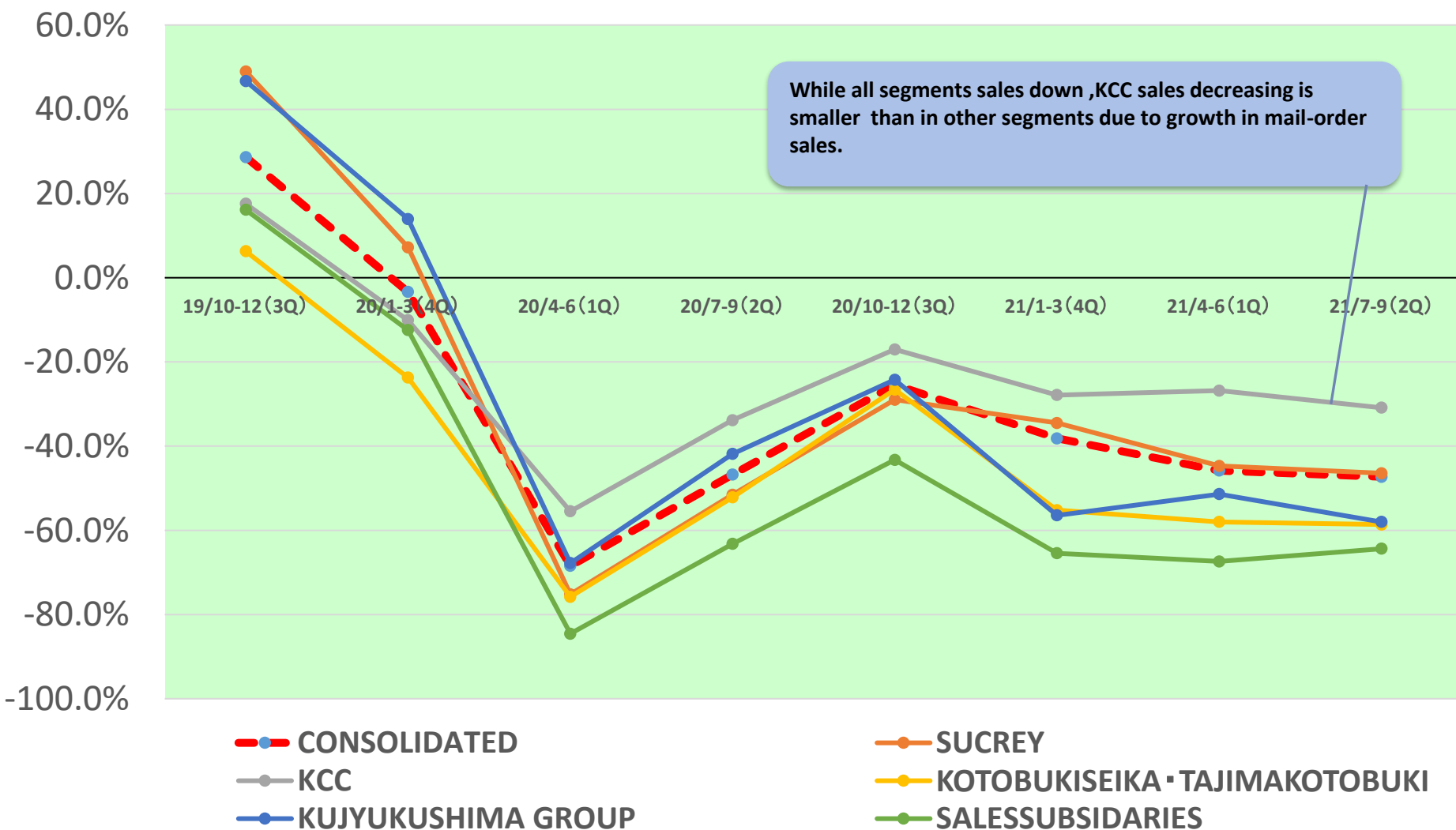
Net sales +51.3%(YoY) Δ 46.6% (Compared to FY2020(1Q-2Q))
Net loss 283 million yen (FY2021(1Q-2Q) Net loss 1,290 million yen)

- Net sales increased 51.3% YoY due to the reaction to the same period last year, which was most affected by the spread of COVID-19 infection. Demand for souvenirs continued to be sluggish due to the intermittent issuance of “emergency declaration”.
- Net loss reduced by 1,007 million yen from FY2021(1Q-2Q).

	FY2021				FY2022		
	1Q (Apr-Jun)	2Q (Jul-Sep)	3Q (Oct-Dec)	4Q (Jan-Mar)	1Q (Apr-Jun)	2Q (Jul-Sep)	1Q-2Q (Apr-Sep)
(Unit: Millions of yen)							
Net sales	2,716	5,189	8,402	6,898	5,758	6,200	11,959
(Compared to two years ago)	(Δ 68.4%)	(Δ 46.8%)	(Δ 25.4%)	(Δ 38.1%)	(Δ 45.8%)	(Δ 47.3%)	(Δ 46.6%)
(YoY)	(Δ 74.4%)	(Δ 55.9%)	(Δ 36.8%)	(Δ 27.4%)	(+112.0%)	(+19.5%)	(+51.3%)
Ordinary profit(Δ loss)	Δ 1,755	Δ 201	1,653	Δ 19	Δ 311	Δ 170	Δ 481
(YoY)	(—)	(—)	(Δ 38.6%)	(—)	(—)	(—)	(—)
Net profit(Δ loss)	Δ 1,163	Δ 127	1,116	Δ 395	Δ 192	Δ 91	Δ 283
(YoY)	(—)	(—)	(Δ 34.4%)	(—)	(—)	(—)	(—)

Sales change in quarterly

Compared to FY2020 sales

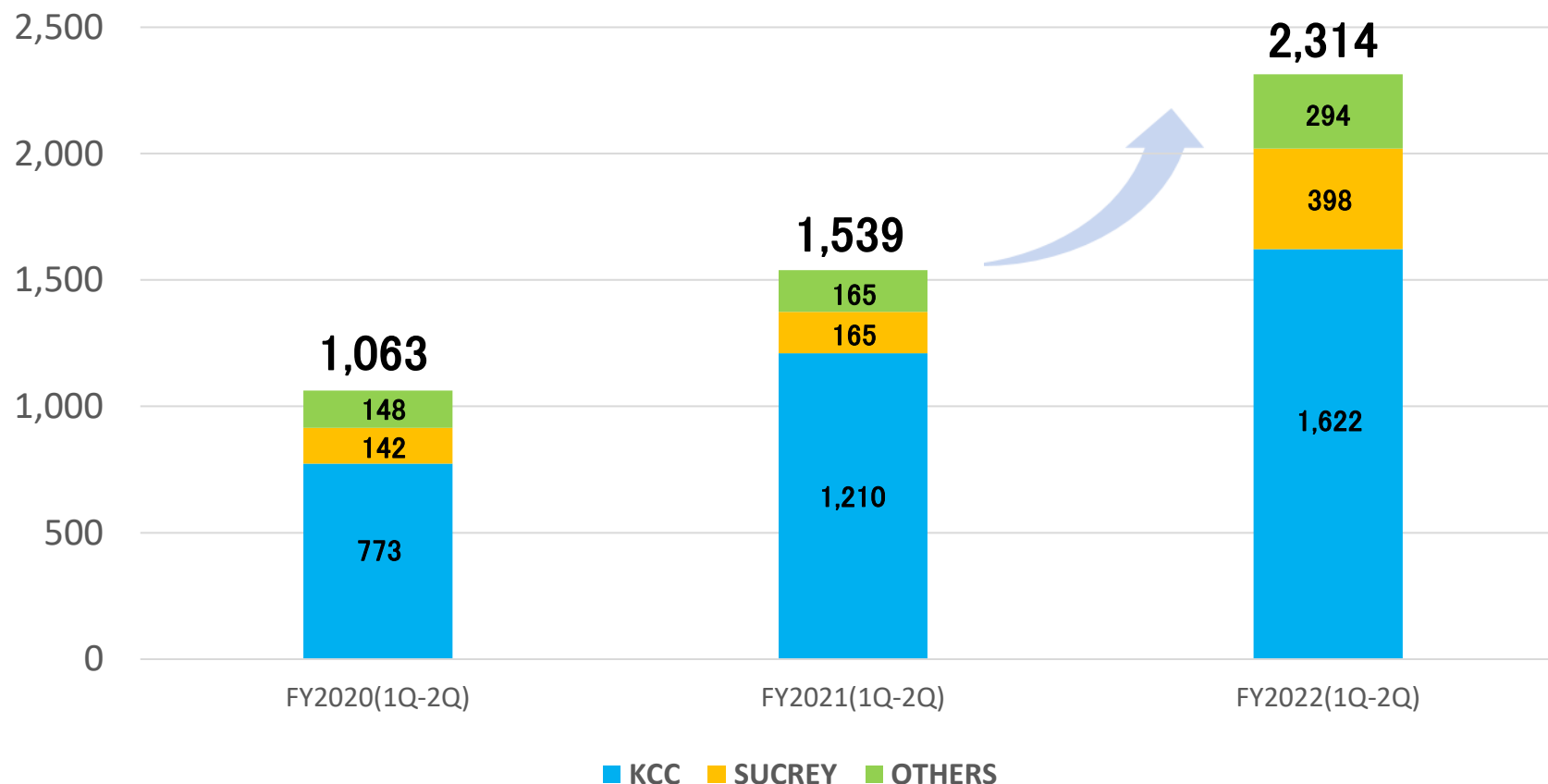


FY2022 (1Q-2Q) Topics ①

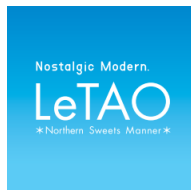
Mail-order sales grew due to promotions and strengthening of royal customer measures
(1Q-2Q group total sales 2,314 million Yen +50.3% YoY)

Mail-order sales

(Unit: Millions of yen)



FY2022 (1Q-2Q) Topics ②



Overseas sales FY2022 (1Q-2Q) 800million yen (+26.5% YoY)

Overseas sales increased due to the effect of opening stores in China



LeTAO Taiwan Mid-Autumn Festival Gift

Overseas sales

(Unit: Millions of yen)

	FY2021 (1Q-2Q)	FY2022 (1Q-2Q)	YoY(Change)	YoY(%)
HongKong ^{※1,※2}	36	—	△ 36	—
Taiwan ^{※1}	181	185	5	2.5%
Korea	77	83	6	8.1%
Singapore	67	79	12	17.2%
China	256	421	165	64.6%
Others	15	31	16	103.4%
Total	632	800	168	26.5%

※1 Hong Kong and Taiwan are consolidated subsidiaries. Other areas are FC.

※2 Hong Kong business closed in February last year.
The local subsidiary Honey Sucrey Limited is currently in the process of liquidation.

FY2022 (1Q-2Q) Topics ③

A new brands store that opened at Tokyo Station last year won the top sales in the sales floors!

- KCC: PISTA&TOKYO TOKYO GIFT PALETTE **No.1**
- SUCREY: COCORIS GRANSTA TOKYO **No.1**



PISTA & TOKYO
TOKYO GIFT PALETTE



COCORIS
GRANSTA TOKYO

Results of FY2022 1Q-2Q (YoY)

Operating loss decreased by 2,003 million yen (YoY)

(Millions of Yen,%)	FY2021(1Q-2Q)		FY2022(1Q-2Q)				FY2021(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate	YoY(Change)	YoY(%)	amount	To-sales rate
Net sales	7,905	—	11,959	—	4,054	51.3	23,205	—
Gross profit	3,001	38.0	5,841	48.8	2,840	94.6	11,640	50.2
SG&A expenses	6,422	81.2	7,259	60.7	837	13.0	14,531	62.6
Operating profit(Δloss)	Δ 3,421	—	Δ 1,418	—	2,003	—	Δ 2,890	—
Ordinary profit(Δloss)	Δ 1,956	—	Δ 481	—	1,475	—	Δ 322	—
Net profit(Δloss)	Δ 1,290	—	Δ 283	—	1,007	—	Δ 570	—
EPS (Yen)	Δ 41.46		Δ 9.08		32.38		Δ 18.30	

Impact of the New Revenue Recognition Standard on Business Performance

Gross profit margin Δ 3.1 point / SG&A expense rate Δ 3.4 point

(Millions of yen,%)	FY2022 (1Q-2Q)				amount of impact
	Before	To-sales rate	After	To-sales rate	
Net sales	11,585	—	11,959	—	374
Cost of sales	5,582	48.2	6,118	51.2	536
Gross profit	6,003	51.8	5,841	48.8	Δ 163
SG&A expenses	7,426	64.1	7,259	60.7	Δ 167
Operating profit(Δloss)	Δ 1,423	—	Δ 1,418	—	4

● The above impact amount is due to the application of “New Revenue Recognition Standard”. Due to changes in digestion type sales transaction, delivery service for mail order, points of our own EC site, etc. The impact on operating profit is 4 million yen.

● In addition to the above, the balance of retained earnings at the beginning of the period decreased by 24 million yen.

Results of FY2022(1Q-2Q) (SEGMENTS)

Sales increased in major segments, operating loss decreased

	Net sales				Operating profit(△loss)		
	FY2021 (1Q-2Q)	FY2022 (1Q-2Q)	YoY(Change)	YoY(%)	FY2021 (1Q-2Q)	FY2022 (1Q-2Q)	YoY(Change)
(Millions of Yen,%)							
SUCREY	2,259	4,257	1,998	88.5	△ 1,129	△ 403	727
KCC	2,789	4,107	1,318	47.2	△ 739	△ 275	464
KOTOBUKISEIKA TAJIMAKOTOBUKI	1,889	2,408	520	27.5	△ 728	△ 317	411
SALES SUBSIDIARIES	752	1,138	386	51.4	△ 403	△ 192	211
KUJYUKUSHIMA GROUP	729	1,043	314	43.1	△ 464	△ 392	72
OTHERS	250	219	△ 31	△ 12.3	△ 1	4	4
SEGMENTS TOTAL	8,668	13,173	4,505	52.0	△ 3,464	△ 1,574	1,890
ADJUSTMENT	△ 764	△ 1,215	△ 451	59.1	43	156	113
TOTAL	7,905	11,959	4,054	51.3	△ 3,421	△ 1,418	2,003

Sales channel

Domestic retail sales increased compared to FY2021 (1Q-2Q)

	FY2021(1Q-2Q)		FY2022(1Q-2Q)		YoY (Change)	YoY (%)
	amount	To-sales rate	amount	To-sales rate		
(Millions of yen,%)						
Net sales	7,905	—	11,959	—	4,054	51.3
Mail Order	1,539	19.5	2,314	19.4	775	50.3
(LeTAO Mail Order)	1,210	15.3	1,622	13.6	413	34.1
Retail(Domestic)^{※1}	2,975	37.6	5,413	45.3	2,439	82.0
Wholesale(Domestic)	2,722	34.4	3,429	28.7	707	26.0
(Inbound sales)	33	0.4	72	0.6	40	122.6
Overseas	632	8.0	800	6.7	168	26.5
Others^{※2}	3	0.0	2	0.0	△ 1	△ 29.1

※1 Retail(Domestic)are shops and Pop up stores.

※2 Others are health food business and property insurance agency business.

Cost of sales ▪ Gross profit

Gross profit margin improved compare to FY2021(1Q-2Q)

(Millions of Yen,%)	FY2021(1Q-2Q)		FY2022(1Q-2Q)		YoY(Change)		FY2021(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate			amount	To-sales rate
Net sales	7,905	—	11,959	—	4,054	51.3	23,205	—
Material cost	1,660	21.0	2,746	23.0	1,087	65.5	5,104	22.0
Labor cost	1,752	22.2	1,815	15.2	63	3.6	3,506	15.1
Expense	874	11.1	900	7.5	26	3.0	1,853	8.0
Manufacturing cost	4,285	54.2	5,461	45.7	1,176	27.4	10,463	45.1
Others	619	7.8	657	5.5	39	6.2	1,101	4.7
Cost of sales	4,904	62.0	6,118	51.2	1,214	24.8	11,565	49.8
Gross profit	3,001	38.0	5,841	48.8	2,840	94.6	11,640	50.2

SG&A expenses /Operating profit

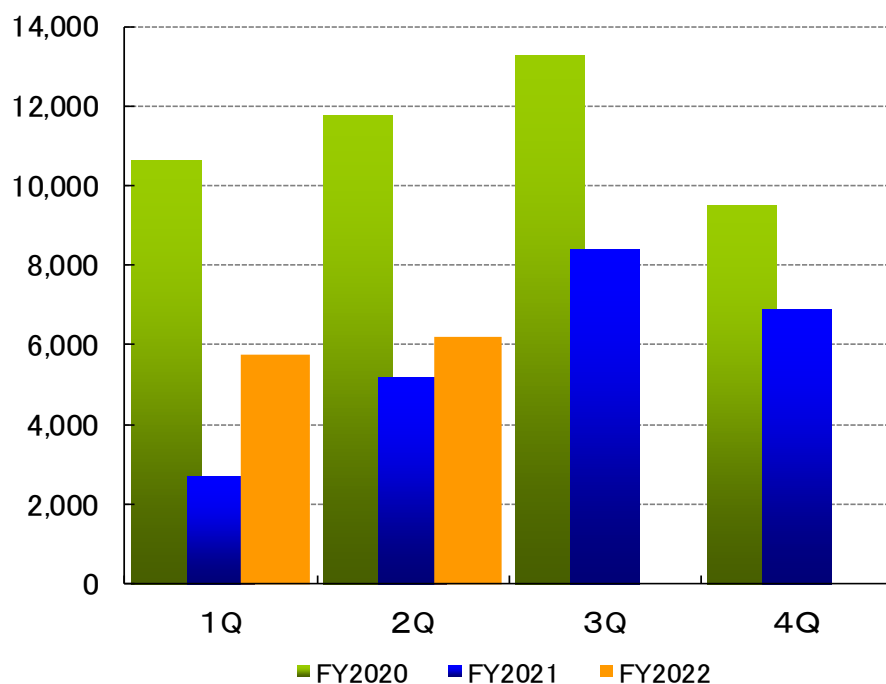
Impact of the New Revenue Recognition Standard of SG&A expenses downed 167 million yen
(Breakdown: Freight△286 million yen, Rent△526 million yen, Commission expenses+661 million yen, Others△16 million yen)

	FY2021(1Q-2Q)		FY2022(1Q-2Q)				FY2021(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate	YoY(Change)	YoY(%)	amount	To-sales rate
(Millions of Yen,%)								
Gross profit	3,001	38.0	5,841	48.8	2,840	94.6	11,640	50.2
Personnel expenses	3,092	39.1	3,332	27.9	239	7.7	6,428	27.7
Promotion	735	9.3	961	8.0	225	30.7	1,969	8.5
Freight	555	7.0	441	3.7	△ 114	△ 20.6	1,382	6.0
Advertising	124	1.6	139	1.2	15	12.1	276	1.2
Rent	751	9.5	494	4.1	△ 256	△ 34.2	1,957	8.4
Depreciation	256	3.2	211	1.8	△ 44	△ 17.4	529	2.3
Traveling and transportation expenses	77	1.0	99	0.8	22	29.1	185	0.8
Commission expenses	211	2.7	951	8.0	740	349.8	500	2.2
Others	620	7.8	630	5.3	10	1.7	1,304	5.6
SG&A expenses	6,422	81.2	7,259	60.7	837	13.0	14,531	62.6
Operating profit	△ 3,421	—	△ 1,418	—	2,003	—	△ 2,890	—

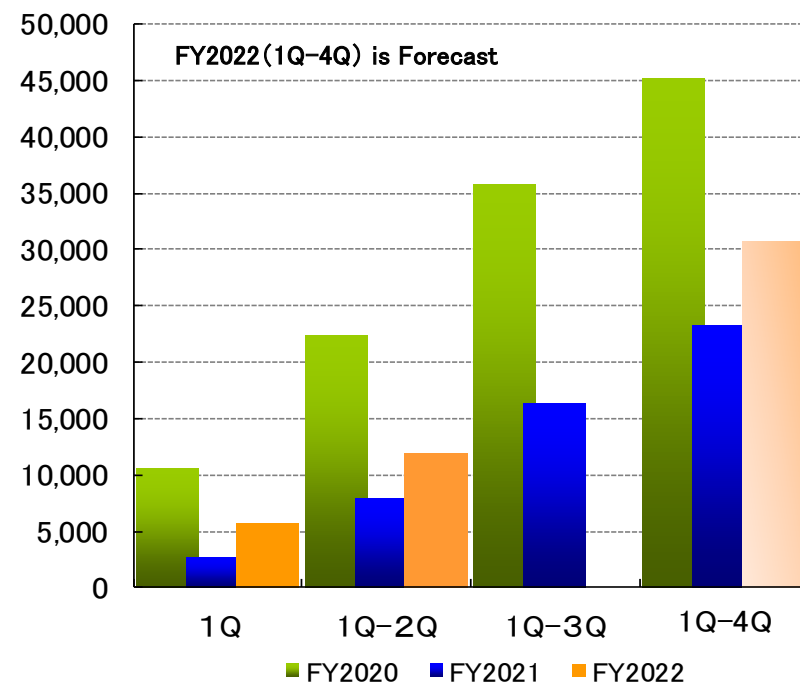
The increase in personnel expenses was mainly due to the reaction to the reduction in executive compensation and bonuses implemented in the previous fiscal year.

Net sales

Net sales (Quarter) (Three periods comparison)



Net sales (Cumulative) (Three periods comparison)



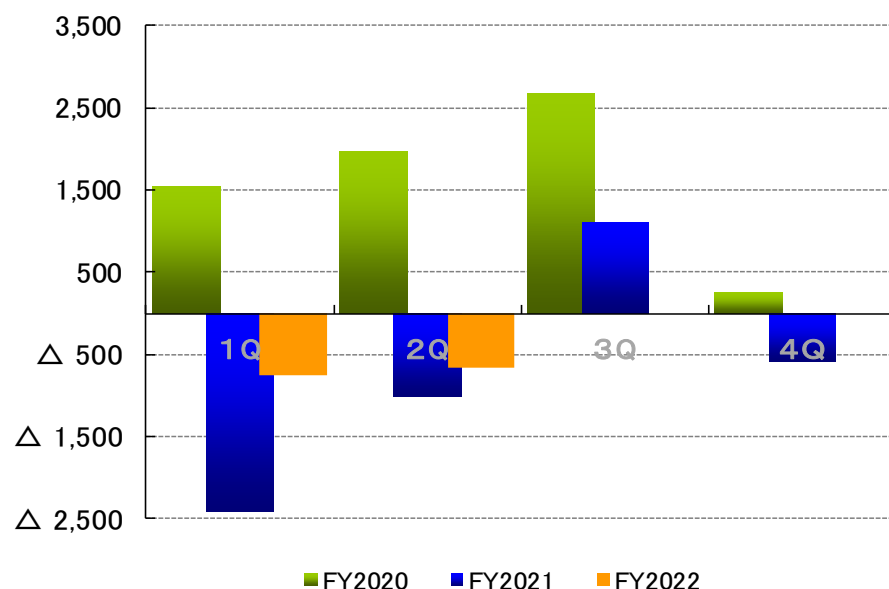
(Millions of yen)

	Quarter				Cumulative Quarter			
	1Q	2Q	3Q	4Q	1Q	1Q-2Q	1Q-3Q	1Q-4Q
FY2020	10,627	11,761	13,287	9,506	10,627	22,388	35,675	45,181
FY2021	2,716	5,189	8,402	6,898	2,716	7,905	16,306	23,205
FY2022	5,758	6,200			5,758	11,959		30,700
Compared to FY2020	△45.8%	△47.3%			△45.8%	△46.6%		△32.1%
YoY	112.0%	19.5%			112.0%	51.3%		32.3%

Operating profit

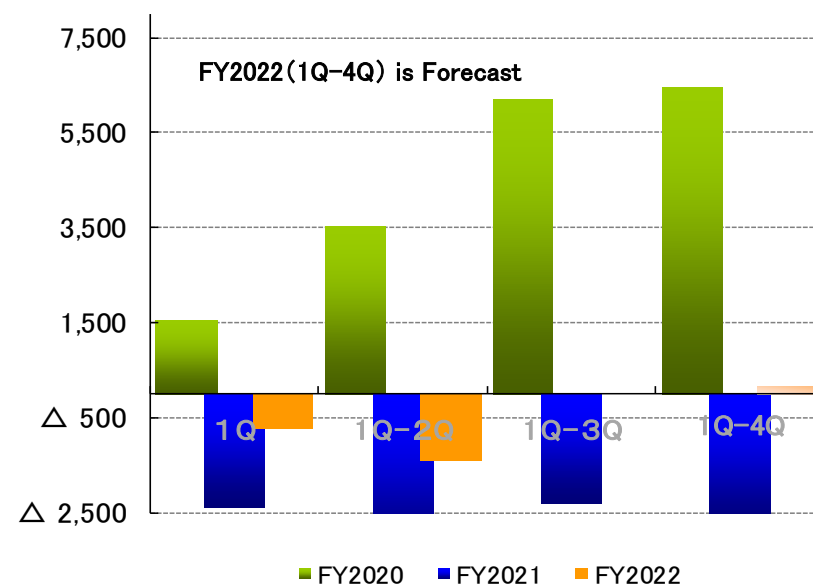
Operating profit (Quarter)

(Three periods comparison)



Operating profit (Cumulative)

(Three periods comparison)



(Millions of yen)

	Quarter				Cumulative Quarter			
	1Q	2Q	3Q	4Q	1Q	1Q-2Q	1Q-3Q	1Q-4Q
FY2020	1,555	1,964	2,672	264	1,555	3,519	6,191	6,455
FY2021	△ 2,409	△ 1,012	1,114	△ 583	△ 2,409	△ 3,421	△ 2,307	△ 2,890
FY2022	△ 759	△ 659			△ 759	△ 1,418		150
Compared to FY2020	-	-			-	-		△ 97.7%
YoY	-	-			-	-		-

Balance Sheet

The decrease in current assets was due to the decrease in trade receivables

(Millions of yen, %)	FY2020		FY2021		FY2022(2Q)		Compared to FY2021 (Change)	Compared to FY2021 (%)
	amount	rate	amount	rate	amount	rate		
Current assets	13,444	50.1	12,615	50.4	10,778	46.8	△ 1,836	△ 14.6
Non-current assets	13,370	49.9	12,437	49.6	12,258	53.2	△ 179	△ 1.4
Assets	26,814	100.0	25,052	100.0	23,036	100.0	△ 2,016	△ 8.0
Current liabilities	3,846	14.3	3,077	12.3	2,363	10.3	△ 714	△ 23.2
Non-current liabilities	1,803	6.7	2,634	10.5	2,566	11.1	△ 67	△ 2.5
Liabilities	5,649	21.1	5,711	22.8	4,930	21.4	△ 781	△ 13.7
Net assets	21,165	78.9	19,342	77.2	18,107	78.6	△ 1,235	△ 6.4
Liabilities and net assets	26,814	100.0	25,052	100.0	23,036	100.0	△ 2,016	△ 8.0
BPS(Yen)	680.11		621.53		581.85		△ 39.68	△ 6.4
CAPEX	2,041		540		184			
Depreciation	1,459		1,420		600			
Overdraft limit	3,250		7,800		7,800			

Statements of Cash Flows

Cash and deposits decreased by 350 million yen from the beginning of the period

(Millions of yen,%)	FY2020	FY2021		FY2022	YoY(Change)	YoY(%)
	1Q-4Q	1Q-2Q	1Q-4Q	1Q-2Q		
Cash flows from operating activities	6,578	△ 2,045	83	953	2,999	△ 146.6
Cash flows from investing activities	△ 2,446	△ 526	△ 605	△ 251	274	△ 52.2
Free Cash flows	4,132	△ 2,571	△ 522	702	3,273	△ 127.3
Cash flows from financing activities	△ 1,500	△ 1,087	△ 463	△ 1,055	32	△ 2.9
Effect of exchange rate change on cash and cash equivalents	△ 1	1	3	4	3	591.9
Cash increase / decrease	2,632	△ 3,657	△ 982	△ 350	3,308	△ 90.4
Cash and cash equivalents(Beginning of period)	5,660	8,291	8,291	7,309	△ 982	△ 11.8
Cash and cash equivalents(End of period)	8,291	4,634	7,309	6,960	2,326	50.2
Interest-bearing debt	180	340	966	846	506	148.9

Memo



Berry UP!

Strawberry is always in your heart.



Business Forecast for FY2022

Operating loss turn into surplus in FY2022

	FY2021		FY2022(Forecast)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
(millions of yen,%)						
Net sales	23,205	—	30,700	—	7,495	32.3
Gross profit	11,640	50.2	16,280	53.0	4,640	39.9
SG&A expenses	14,531	62.6	16,130	52.5	1,599	11.0
Operating profit(Δloss)	Δ 2,890	—	150	0.5	3,040	—
Ordinary profit(Δloss)	Δ 322	—	1,450	4.7	1,772	—
Net profit(Δloss)	Δ 570	—	947	3.1	1,517	—
EPS(yen)	Δ 18.30		30.43		48.73	—
Dividend/stock (yen)	30.00		30.00		—	—
CAPEX	540		400		Δ 140	Δ 25.9
Depreciation	1,420		1,230		Δ 190	Δ 13.4

Business Forecast for FY2022(3Q-4Q)

We do not anticipate the emergency declaration in FY2022(3Q-4Q), and assume that the market environment would gradually recover.

(millions of yen,%)	FY2021(3Q-4Q)		FY2022(3Q-4Q)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	15,300	—	18,741	—	3,441	22.5
Gross profit	8,640	56.5	10,439	55.7	1,800	20.8
SG&A expenses	8,109	53.0	8,871	47.3	762	9.4
Operating profit	531	3.5	1,568	8.4	1,037	195.5
Ordinary profit	1,634	10.7	1,931	10.3	297	18.2
Net profit	720	4.7	1,230	6.6	509	70.7

(millions of yen,%)	FY2020(3Q-4Q)		FY2022(3Q-4Q)		Compared to FY2020(Change)	Compared to FY2020(%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	22,793	—	18,741	—	△ 4,052	△ 17.8
Gross profit	13,442	59.0	10,439	55.7	△ 3,003	△ 22.3
SG&A expenses	10,506	46.1	8,871	47.3	△ 1,635	△ 15.6
Operating profit	2,936	12.9	1,568	8.4	△ 1,368	△ 46.6
Ordinary profit	2,927	12.8	1,931	10.3	△ 996	△ 34.0
Net profit	1,832	8.0	1,230	6.6	△ 602	△ 32.9

Business Forecast for FY2022 (SEGMENTS)

	Net sales				Operating profit		
	FY2021	FY2022 (Forecast)	YoY(Change)	YoY(%)	FY2021	FY2022 (Forecast)	YoY(Change)
(Million of Yen,%)							
SUCREY	7,627	11,390	3,763	49.3	△ 930	227	1,157
KCC	8,177	9,716	1,539	18.8	△ 317	172	489
KOTOBUKISEIKA TAJIMAKOTOBUKI	4,935	6,283	1,348	27.3	△ 860	△ 246	614
SALES SUBSIDIARIES	2,139	3,229	1,090	51.0	△ 566	△ 143	423
KUJYUKUSHIMA GROUP	2,047	2,698	651	31.8	△ 649	△ 535	114
OTHERS	539	528	△ 11	△ 2.1	27	34	7
SEGMENTS TOTAL	25,464	33,844	8,380	32.9	△ 3,295	△ 491	2,804
ADJUSTMENT	△ 2,259	△ 3,144	△ 885	39.2	405	641	236
TOTAL	23,205	30,700	7,495	32.3	△ 2,890	150	3,040

Business Forecast for FY2022 (3Q-4Q) (SEGMENTS)

	Net sales				Operating profit		
	FY2021 (3Q-4Q)	FY2022 (3Q-4Q) (Forecast)	YoY(Change)	YoY(%)	FY2021 (3Q-4Q)	FY2022 (3Q-4Q) (Forecast)	YoY(Change)
(Million of Yen,%)							
SUCREY	5,368	7,133	1,765	32.9	200	630	430
KCC	5,387	5,609	222	4.1	422	447	25
KOTOBUKISEIKA TAJIMAKOTOBUKI	3,047	3,875	828	27.2	△ 132	71	203
SALES SUBSIDIARIES	1,387	2,091	704	50.8	△ 163	49	212
KUJYUKUSHIMA GROUP	1,318	1,655	337	25.5	△ 185	△ 143	42
OTHERS	289	309	20	6.8	28	30	2
SEGMENTS TOTAL	16,795	20,671	3,875	23.1	169	1,083	914
ADJUSTMENT	△ 1,495	△ 1,929	△ 434	29.0	362	485	123
TOTAL	15,300	18,741	3,441	22.5	531	1,568	1,037

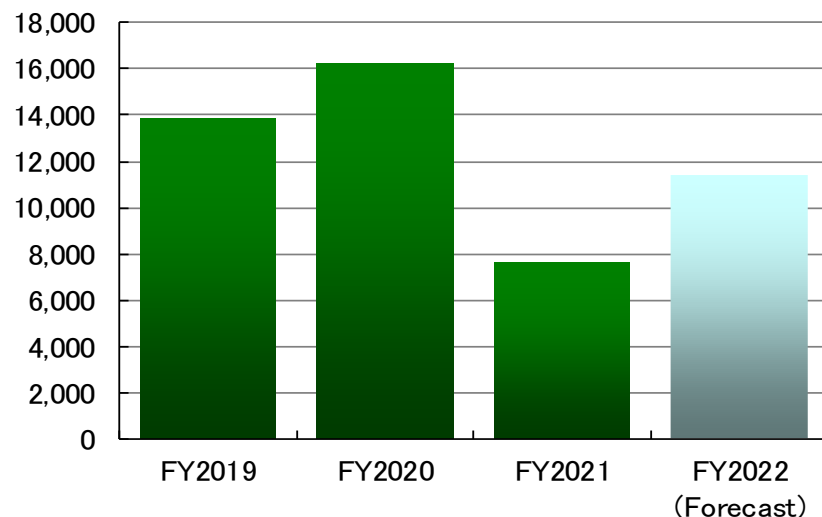
《SUCREY》

FY2022 (Forecast)

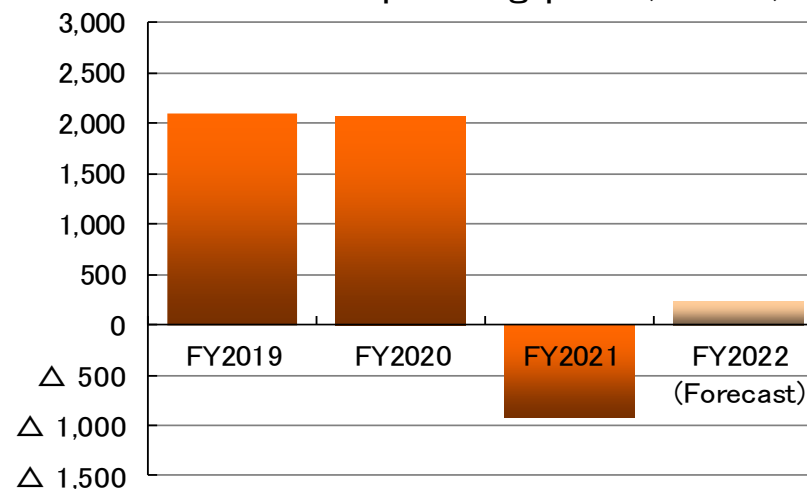
FY2022 : Net sales 11,390 million yen (+49.3% YoY) OP 227 million yen (FY2021 Δ 930 million yen)

(Unit: Millions of yen)

Net sales



Operating profit(Δ loss)



(Millions of yen, %)	FY2019	FY2020	FY2021	YoY		FY2022 (Forecast)	YoY	
				(Change)	(%)		(Change)	(%)
Net sales	13,860	16,199	7,627	Δ 8,572	Δ 52.9	11,390	3,763	49.3
Gross profit	8,682	9,893	4,198	Δ 5,695	Δ 57.6	6,639	2,441	58.1
Gross profit rate	62.6	61.1	55.0	Δ 6.0		58.3	3.2	
SG&A expenses	6,592	7,834	5,128	Δ 2,706	Δ 34.5	6,412	1,284	25.0
Operating profit(Δ loss)	2,090	2,059	Δ 930	Δ 2,989	—	227	1,157	—

《SUCREY》

- Level up of existing shops, pop up, mail-order and wholesale
- Continue to focus on brands development and new brands development



Tokyo Milk Cheese Factory Okazaki SA pop up shop(2021.Jun~Aug)

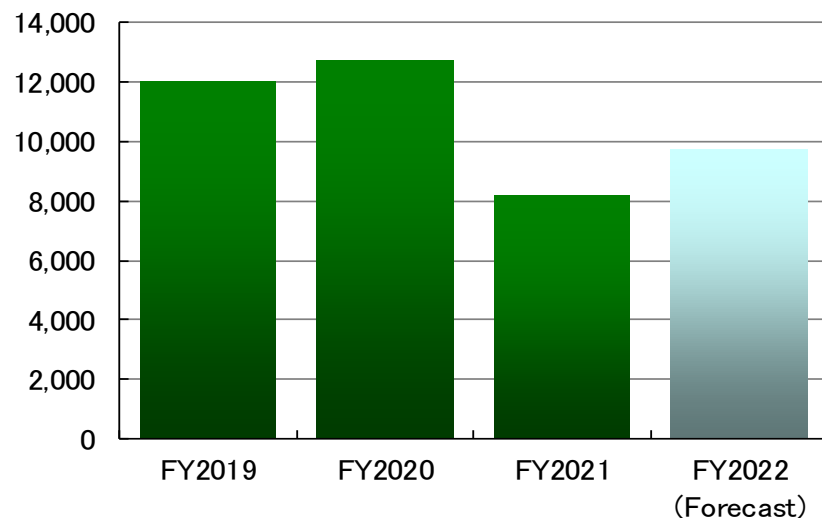


FY2022 (Forecast)

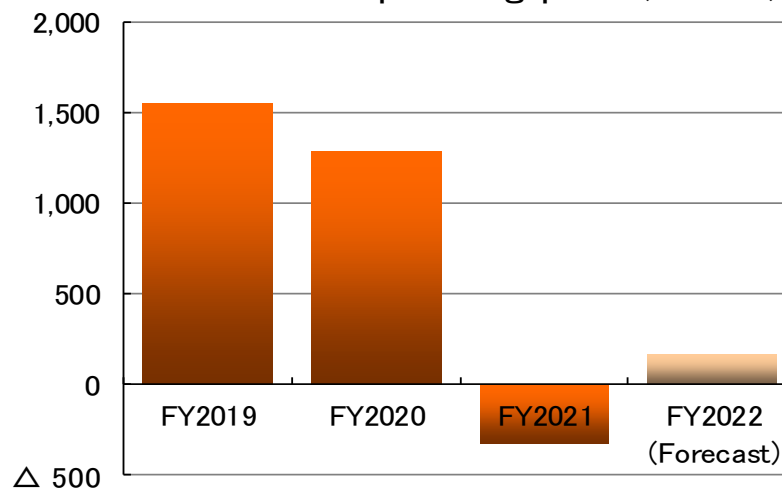
FY2022: Net sales 9,716 million yen (+18.8%YoY) OP 172 million yen (FY2021 Δ317million yen)

(Unit: Millions of yen)

Net sales



Operating profit(Δloss)



(Millions of yen, %)	FY2019	FY2020	FY2021	YoY		FY2022 (Forecast)	YoY	
				(Change)	(%)		(Change)	(%)
Net sales	12,012	12,700	8,177	Δ 4,523	Δ 35.6	9,716	1,539	18.8
Gross profit	7,479	7,758	4,806	Δ 2,952	Δ 38.1	5,138	332	6.9
Gross profit rate	62.3	61.1	58.8	Δ 2.3		52.9	Δ 5.9	
SG&A expenses	5,927	6,466	5,123	Δ 1,343	Δ 20.8	4,966	Δ 157	Δ 3.1
Operating profit(Δloss)	1,553	1,292	Δ 317	Δ 1,609	—	172	489	—

《ケイシイシイ》

LeTAO Strengthen measures for seasonal events at mail-order, directly managed stores, and special events

Focus on developing Tokyo area brands (PISTA & TOKYO/Now on Cheese ♪)

Nostalgic Modern.
LeTAO
Northern Sweets Manner



期間限定	ドゥーブルフロマージュ使用	ショコラドゥーブル使用	ミルク
 MELON DOUBLE Sundae メロンドゥーブルサンデー 北海道産赤肉メロンの甘み広がるメロンドゥーブルをトッピングしたサンデー。赤肉メロンの甘みと十勝産ジャージーミルクのミルクレーンソフトクリームが相性抜群です。 税込¥627【全店共通】 【税込】 プレミアム〜25店舗限定 / 小・中・大 税込¥627 / 大 税込¥627	 LeTAO Sundae -HOKKAIDO Strawberry Sauce- ルタオサンデー 〜北海道苺ソース〜 十勝ジャージーミルクのソフトにルタオ人気のチーズケーキと北海道産苺を使用したソースをトッピングしました。 税込¥594【全店共通】 【税込】 プレミアム〜25店舗限定 / 小・中・大 税込¥594 / 大 税込¥594	 LeTAO Sundae -Caramel chocolate- ルタオサンデー 〜キャラメルショコラ〜 北海道十勝のジャージーミルクソフトクリームにショコラドゥーブルとキャラメルソースをトッピングしました。 税込¥594【全店共通】 【税込】 プレミアム〜25店舗限定 / 小・中・大 税込¥594 / 大 税込¥594	 Crème Glacée Jersey Milk クレームグラッセ 〜ジャージーミルク〜 北海道十勝のジャージーミルクに隠し味でマスカルポーネを使用したソフトクリーム。 税込¥388【全店共通】 【税込】 プレミアム〜25店舗限定 / 小・中・大 税込¥388 / 大 税込¥388

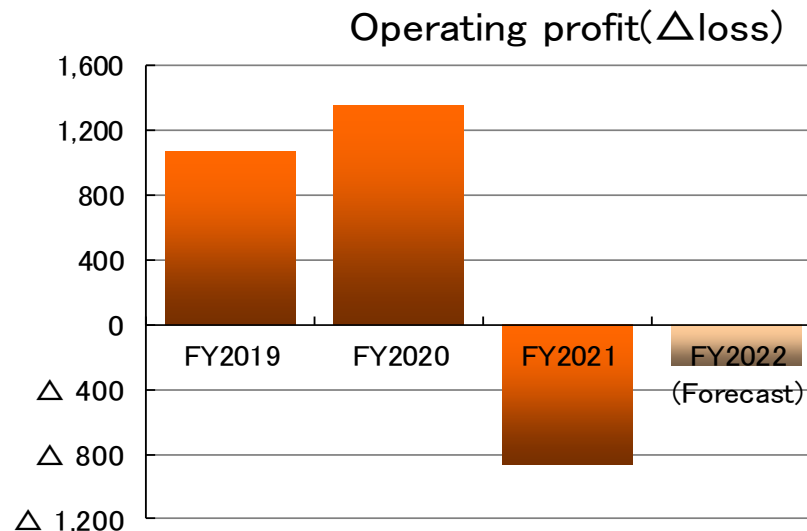
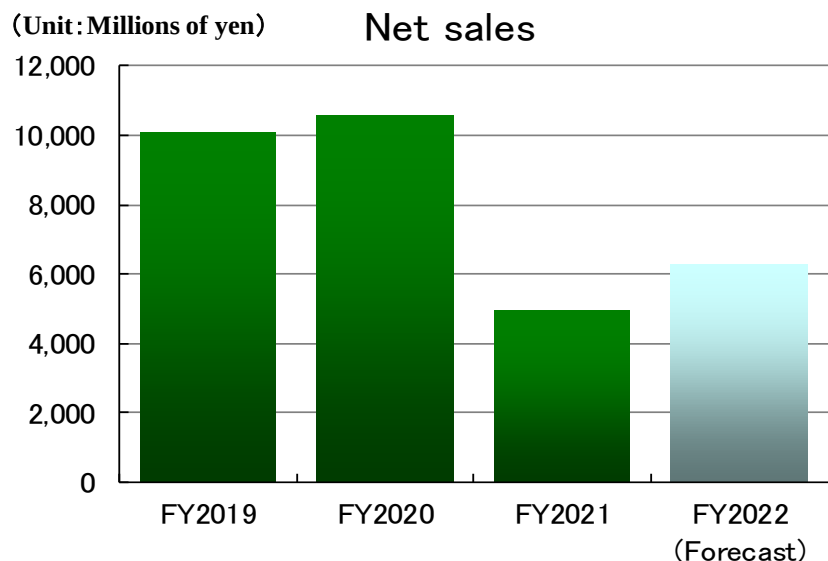
Nostalgic Modern.
LeTAO
Northern Sweets Manner

Keio Department store Shinjuku pop up shop

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

FY2022 (Forecast)

FY2022: Net sales 6,283 million yen (+27.3%YoY) OP Δ 246 million yen (FY2021 Δ 860million yen)



(Millions of yen,%)	FY2019	FY2020	FY2021	YoY		FY2022 (Forecast)	YoY	
				(Change)	(%)		(Change)	(%)
Net sales	10,080	10,572	4,935	Δ 5,637	Δ 53.3	6,283	1,348	27.3
Gross profit	3,866	4,199	969	Δ 3,229	Δ 76.9	1,773	804	82.9
Gross profit rate	38.4	39.7	19.6	Δ 20.1		28.2	8.6	
SG & A expenses	2,793	2,847	1,829	Δ 1,017	Δ 35.7	2,019	190	10.4
Operating profit(Δ loss)	1,073	1,352	Δ 860	Δ 2,212	-	Δ 246	614	-

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

- Strengthen sales Inabano Shirousagi that won Indie souvenirs Grandprix by Mercari
- Focus on developing new genres such as protein bars for major drug stores



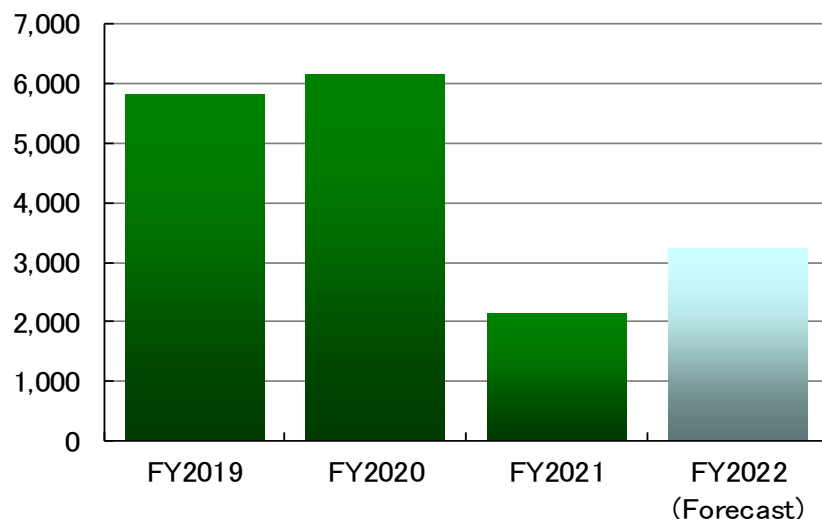
Inabano Shirousagi

《SALES SUBSIDIARIES》 FY2022 (Forecast)

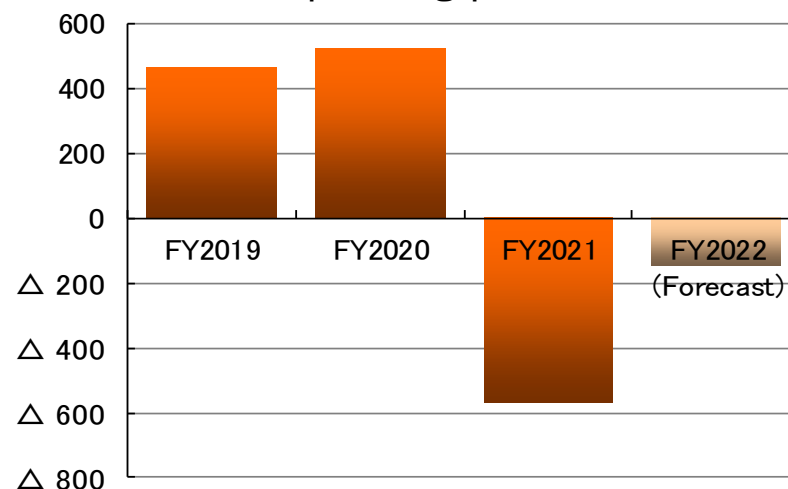
FY2022: Net sales 3,229 million yen (+51.0% YoY) OP Δ 143 million yen (FY2021 Δ 566 million yen)

(Unit: Millions of yen)

Net sales



Operating profit



(Millions of yen, %)	FY2019	FY2020	FY2021	YoY		FY2022 (Forecast)	YoY	
				(Change)	(%)		(Change)	(%)
Net sales	5,829	6,176	2,139	Δ 4,037	Δ 65.4	3,229	1,090	51.0
Gross profit	2,057	2,224	625	Δ 1,599	Δ 71.9	1,157	532	85.2
Gross profit rate	35.3	36.0	29.2	Δ 6.8		35.8	6.6	
SG&A expenses	1,590	1,700	1,191	Δ 509	Δ 30.0	1,300	109	9.2
Operating profit(Δ loss)	467	523	Δ 566	Δ 1,090	-	Δ 143	423	-

《SALES SUBSIDIARIES》

- Launch new products that meet private demand at major transportation hubs
- Strengthen sales of premium sweets at EC (KYOTO VENETO&KONDITIONEIRI KOBE)



KYOTO VENETO Gemini



Hanafukudo Hakata Makkana Ichigono Parfait cheesecake

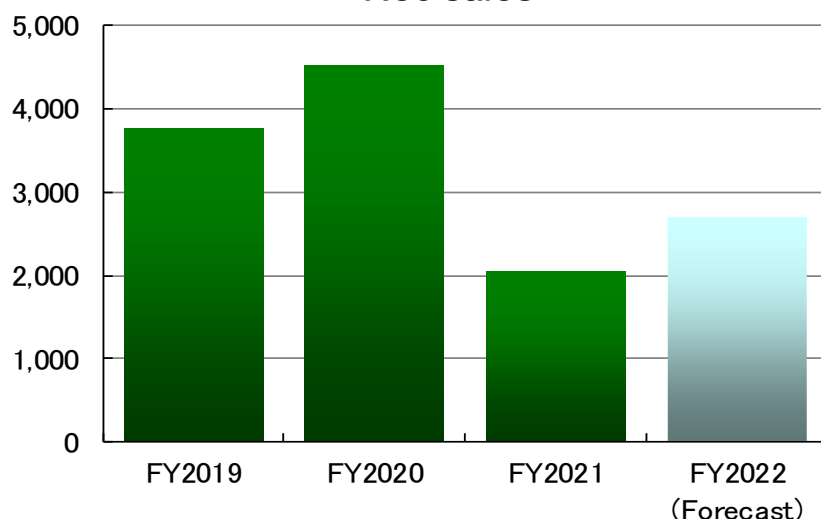
《KUJYUKUSHIMA GROUP》

FY2022 (Forecast)

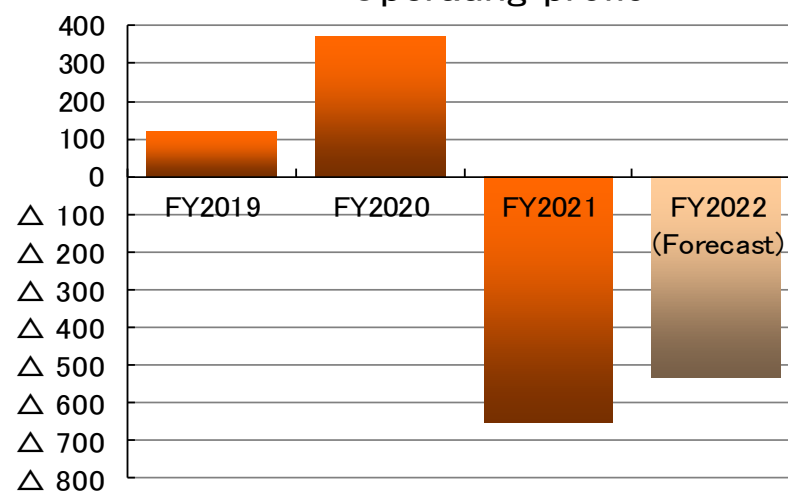
FY2022: Net sales 2,698 million yen (+31.8%YoY) OP Δ 535 million yen (FY2021 Δ 649million yen)

(Unit: Millions of yen)

Net sales



Operating profit



(Millions of yen, %)	FY2019	FY2020	FY2021	YoY		FY2022 (Forecast)	YoY	
				(Change)	(%)		(Change)	(%)
Net sales	3,759	4,522	2,047	Δ 2,475	Δ 54.7	2,698	651	31.8
Gross profit	1,709	2,127	650	Δ 1,477	Δ 69.4	1,082	432	66.4
Gross profit rate	45.5	47.0	31.8	Δ 15.3		40.1	8.3	
SG&A expenses	1,589	1,753	1,300	Δ 453	Δ 25.9	1,617	317	24.4
Operating profit(Δ loss)	120	374	Δ 649	Δ 1,023	—	Δ 535	114	—

《KUJYUKUSHIMA GROUP》



- Focus on strengthening “Kujoyukushima Senpei”, which celebrated its 70th anniversary, and developing a new Hakata brand
- Ivorish opened a gift shop in Hakata Hankyu in April 2021



Kujoyukushima Senpei 70th anniversary limited design package



Ivorish french toast sandwich Hakata Hankyu limited edition

《OTHERS》

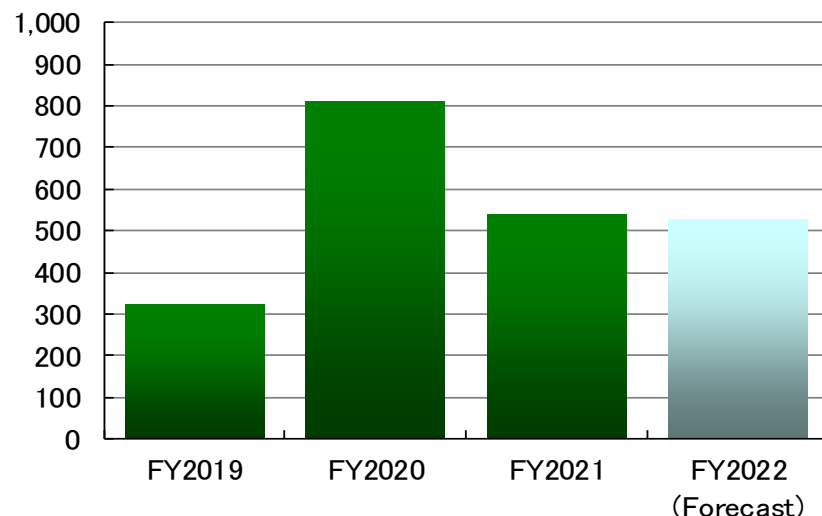
< Health food business, Taiwan confectionary business,
Hong Kong confectionary business, General insurance agency >

FY2022 (Forecast)

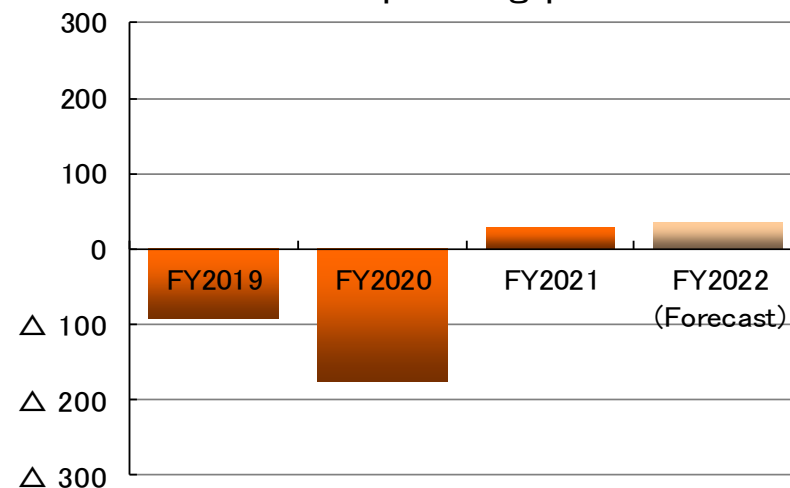
FY2022: Net sales 528 million yen (Δ2.1%YoY) OP 34 million yen (+24.6%YoY)

(Unit: Millions of yen)

Net sales



Operating profit



(Millions of yen,%)	FY2019	FY2020	FY2021	YoY		FY2022 (Forecast)	YoY	
				(Change)	(%)		(Change)	(%)
Net sales	321	812	539	Δ 273	Δ 33.6	528	Δ 11	Δ 2.1
Gross profit	191	529	383	Δ 146	Δ 27.6	373	Δ 10	Δ 2.6
Gross profit rate	59.6	65.1	71.1	5.9		70.6	Δ 0.4	
SG&A expenses	283	706	356	Δ 350	Δ 49.6	339	Δ 17	Δ 4.7
Operating profit(Δloss)	Δ 91	Δ 177	27	204	—	34	7	24.6

《OTHERS》

純藍

Taiwan confectionery business



THE MAPLE MANIA

Taiwan Shin Kong Mitsukoshi A11 Pop up shop

Health food business(Junai)



Confirmed inactivating effect of indigo-derived extract on COVID-19 (SARS-CoV-2)

Demonstrated by joint research between Kotobuki Spirits Co., Ltd. and Nara Medical University

IR release(Japanese)(Jan,2021)



Kotobuki Spirits Management Slogan in 2021

OVER THE OVER

**We break through the limit.
It's the time to crawl up from the bottom.**

Strategy (consideration of influence of COVID-19)

1.Ten measures of new Kotobuki

Improving brand value

Focus on stimulating and creating customer's demand and creating new growth engines

**Ten measures of
new Kotobuki**

- ①Improvement of products**
- ②Improvement of sales staff**
- ③Improvement of stores**
- ④Prepare for the recovery of souvenir & inbound market**
- ⑤New market(Shopping mall, Outlet mall, Department store)**
- ⑥Cover the demand of self-consumption**
- ⑦Strengthening mail-order sales**
- ⑧New genre(health food business(Junai), Protein bar)**
- ⑨Various services to our customer's needs(Seasonal event)**
- ⑩Establish the success model in overseas market**

Strategy (consideration of influence of COVID-19)

2. Improvement of organizational strength by ^{※1}Cho-Genbashugi

We will strive to develop human resources based on corporate philosophy and improve employee satisfaction, and strive to create an organization that is highly adaptable to change and highly competitive.

※1 Cho-Genbashugi is our management style that profit groups are central.

3. Countermeasures of during the emergency phase

We will continue to take infection prevention measures in accordance with the policies of the government and local governments.

For the time being, we will be forced to significantly reduce our business activities, so we will strengthen our management structure by making thorough efforts to reduce costs and control expenses.

Corporate Philosophy

To create happiness, provide happiness

Policy

Today, I make an enthusiastic fan

Vision

General Producer of the Sweets



Philosophy Management of KOZUCHI

We have introduced a business management method of Amoeba Management since FY1996.

We made a Management philosophy notebook “KOZUCHI” in 2003.

Every person who works for Kotobuki Spirits Group put KOZUCHI philosophy into practice in everyday work.

《KOZUCHI national convention》

KOZUCHI national convention is held once a year for the purpose of sharing achievements with fellows. FY2021, in order to prevent the spread of COVID-19 infection, each company held a presentation and then shared a video in the in-house newsletter.

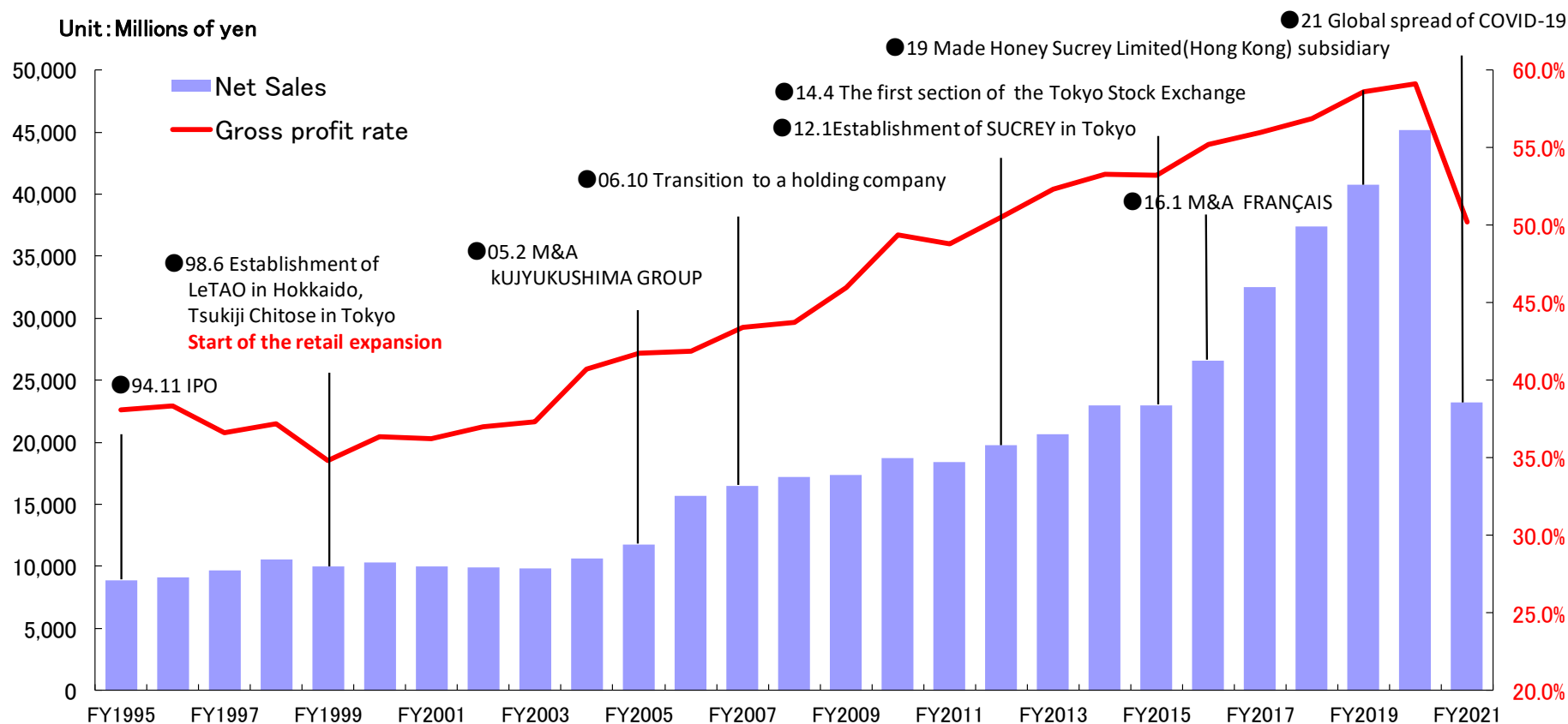


Transition of Kotobuki Spirits ①

High profit management

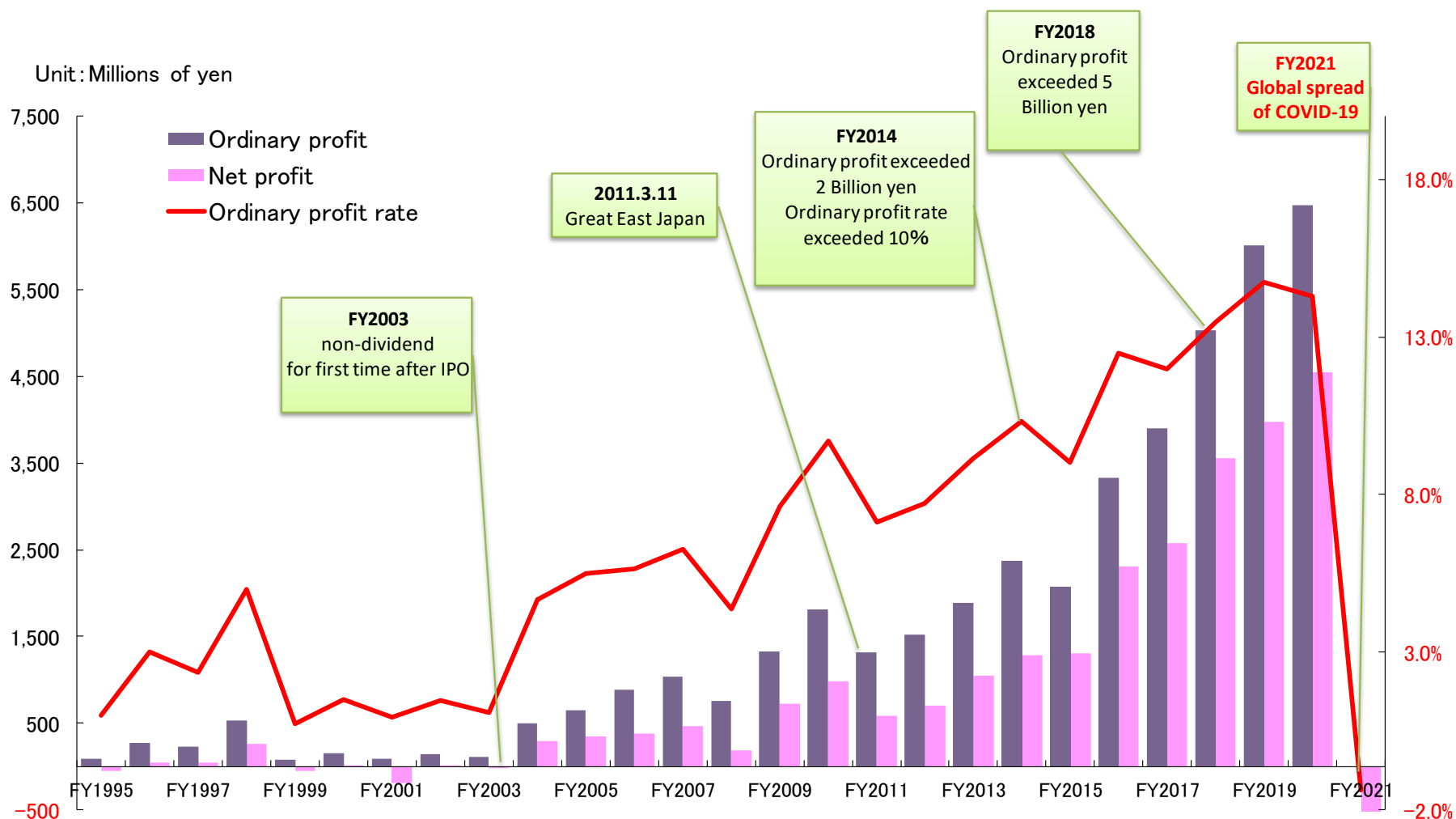
Business model has changed from the manufacturing wholesale to the manufacturing retail.

Gross profit margin downed sharply in FY2021 due to spread of COVID-19.



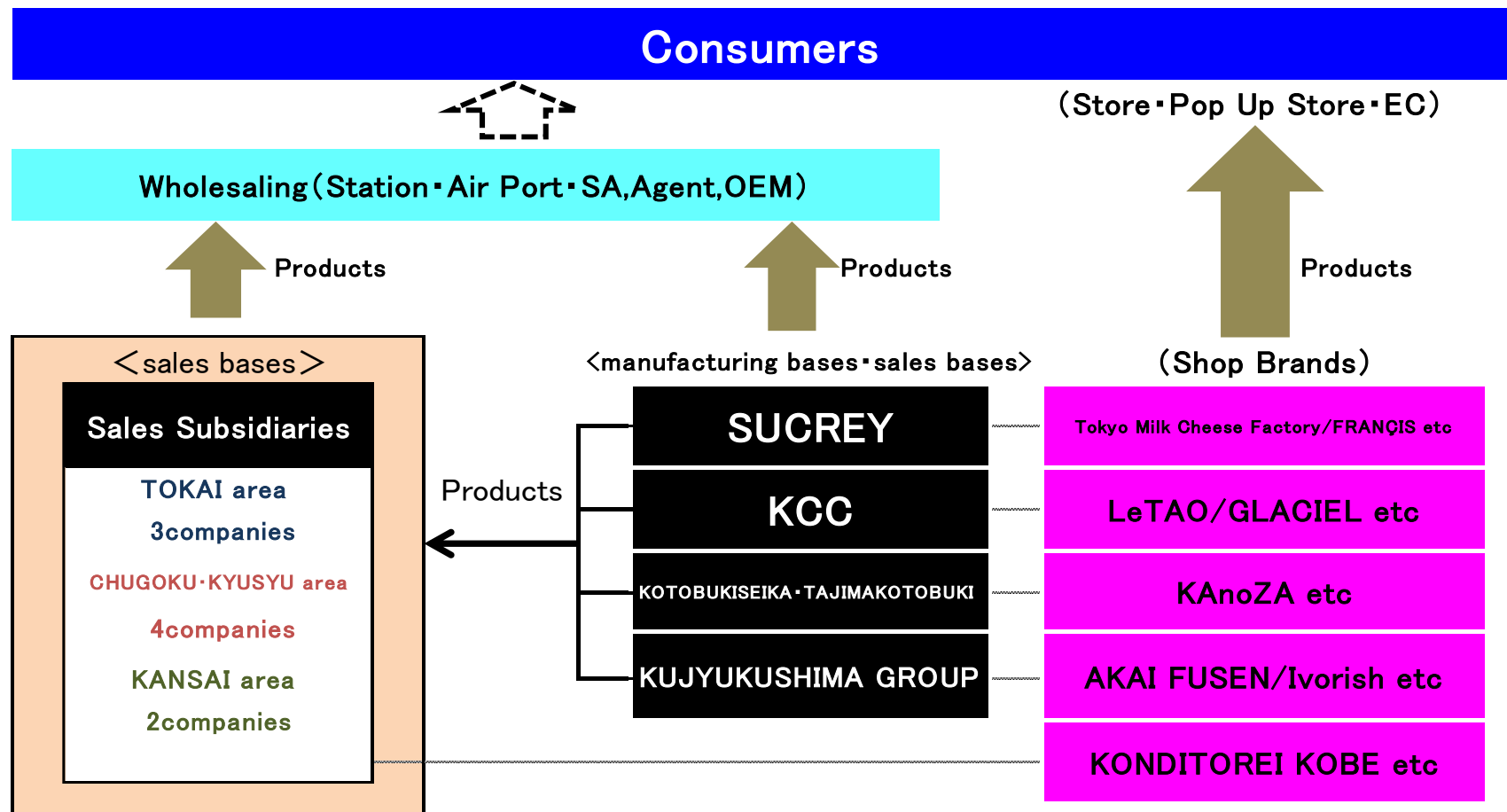
Transition of Kotobuki Spirits ②

Recorded net loss in FY2021 due to the spread of COVID-19



Business Outline

Chart



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

Shop Brands

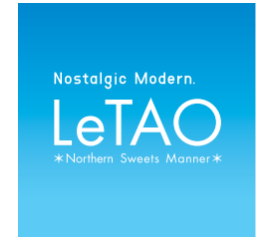


Izumo

お菓子の壽城



Yonago



Hokkaido

Ivorish

Premium French Toast

Fukuoka • Tokyo



Sasebo • Fukuoka



東京ミルクチーズ工場



Tokyo



FRANÇAIS



Kobe



Main Sweets



Nostalgic Modern.
LeTAO
★Northern Sweets Manner★

Double Fromage



 寿製菓株式会社

Inabano Shirousagi



Salt and Camembert Cookie



Mille Feuille



Butter Financier



Kujyukushima Senpei