

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

February 1, 2021

Company name: Kotobuki Spirits Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2222 URL <https://www.kotobukispirits.co.jp/>
 Representative: PRESIDENT Seigo Kawagoe
 Inquiries: Managing Director, Corporate Planning Shinji Matsumoto TEL 0859-22-7477
 Scheduled date to file Quarterly Securities Report: February 12, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2020	16,306	(54.3)	(2,307)	–	(302)	–	(174)	–
Nine months ended December 31, 2019	35,674	20.5	6,190	43.4	6,242	43.5	3,970	39.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2020	(5.60)	–
Nine months ended December 31, 2019	127.59	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	25,009	19,732	78.9	634.07
As of March 31, 2020	26,814	21,164	78.9	680.11

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2020	–	0.00	–	40.00	40.00
Year ending March 31, 2021	–	0.00	–		
Year ending March 31, 2021 (Forecast)				30.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	23,140	(48.8)	(3,400)	–	(1,370)	–	(900)	–	(28.92)

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of December 31, 2020	31,121,520 shares	As of March 31, 2020	31,121,520 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	2,027 shares	As of March 31, 2020	1,905 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2020	31,119,548 shares	Nine months ended December 31, 2019	31,119,644 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	8,291,162	5,325,437
Notes and accounts receivable - trade	2,761,061	3,915,848
Merchandise and finished goods	1,439,981	1,202,206
Work in process	40,902	95,089
Raw materials and supplies	597,887	620,735
Other	313,941	866,461
Allowance for doubtful accounts	(745)	(638)
Total current assets	13,444,189	12,025,138
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,653,471	4,454,319
Machinery, equipment and vehicles, net	2,805,610	2,568,867
Tools, furniture and fixtures, net	432,168	395,399
Land	2,887,139	2,887,139
Leased assets, net	735	11,198
Construction in progress	14,899	—
Total property, plant and equipment	10,794,022	10,316,922
Intangible assets	154,243	158,440
Investments and other assets		
Other	2,432,994	2,524,538
Allowance for doubtful accounts	(11,235)	(15,515)
Total investments and other assets	2,421,759	2,509,023
Total non-current assets	13,370,024	12,984,385
Total assets	26,814,213	25,009,523
Liabilities		
Current liabilities		
Notes and accounts payable - trade	635,316	1,134,695
Current portion of long-term borrowings	180,017	149,393
Accounts payable - other	866,114	898,753
Income taxes payable	900,009	17,227
Provision for bonuses	606,358	189,660
Provision for point card certificates	8,052	16,992
Other	650,382	436,770
Total current liabilities	3,846,248	2,843,490
Non-current liabilities		
Long-term borrowings	—	542,960
Retirement benefit liability	1,616,529	1,692,991
Other	186,635	198,052
Total non-current liabilities	1,803,164	2,434,003
Total liabilities	5,649,412	5,277,493

	(Thousands of yen)	
	As of March 31, 2020	As of December 31, 2020
Net assets		
Shareholders' equity		
Share capital	1,217,800	1,217,800
Capital surplus	1,323,161	1,323,161
Retained earnings	18,655,835	17,236,848
Treasury shares	(2,376)	(2,955)
Total shareholders' equity	21,194,420	19,774,854
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(3,221)	(4,439)
Foreign currency translation adjustment	(15,157)	(31,989)
Remeasurements of defined benefit plans	(11,241)	(6,396)
Total accumulated other comprehensive income	(29,619)	(42,824)
Total net assets	21,164,801	19,732,030
Total liabilities and net assets	26,814,213	25,009,523

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	35,674,966	16,306,411
Cost of sales	14,468,817	8,361,106
Gross profit	21,206,149	7,945,305
Selling, general and administrative expenses	15,015,270	10,252,568
Operating profit (loss)	6,190,879	(2,307,263)
Non-operating income		
Interest income	69	54
Dividend income	4,913	4,003
Rental income from land and buildings	15,479	33,975
Subsidy income	—	1,869,592
Other	44,659	106,021
Total non-operating income	65,120	2,013,645
Non-operating expenses		
Interest expenses	1,278	721
Other	12,582	8,362
Total non-operating expenses	13,860	9,083
Ordinary profit (loss)	6,242,139	(302,701)
Extraordinary income		
Gain on sales of non-current assets	116	7,782
Total extraordinary income	116	7,782
Extraordinary losses		
Loss on sales of non-current assets	289	5
Loss on retirement of non-current assets	13,846	9,848
Impairment loss	132,193	7,143
Total extraordinary losses	146,328	16,996
Profit (loss) before income taxes	6,095,927	(311,915)
Income taxes	2,125,454	(137,713)
Profit (loss)	3,970,473	(174,202)
Profit (loss) attributable to owners of parent	3,970,473	(174,202)

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss)	3,970,473	(174,202)
Other comprehensive income		
Valuation difference on available-for-sale securities	(7,736)	(1,218)
Foreign currency translation adjustment	(5,375)	(16,832)
Remeasurements of defined benefit plans, net of tax	5,097	4,845
Total other comprehensive income	(8,014)	(13,205)
Comprehensive income	3,962,459	(187,407)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,962,459	(187,407)