

July 30, 2020

FY2021(1Q)
(First quarter of the fiscal year ending March 31, 2021)
Consolidated Business Results

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 7people/Group Total 1,520 people
Group companies	Consolidated subsidiary 18companies (domestic 16・overseas 2)
Net sales	45.2 Billion Yen (FY2020 :Year ended March 31, 2020)



The Impact of COVID-19 on business performance

The Impact of COVID-19 on business performance

<FY2021(1Q)>

- Due to the spread of COVID-19, the "emergency declaration" was issued, the movement was reduced due to the request to refrain from going out, and many commercial facilities were temporarily closed. Although we reduced costs such as reducing executive compensation and employees bonuses, the business performance in the first quarter was sales down significant and net loss.
- Net sales Apr(82.4% down YoY) May(79.0% down YoY) Jun(61.5% down YoY)
- EC channel sales up 46.2% YoY.(826 million yen)
- Overdraft limit increased from 3.2 billion yen to 7.8 billion yen.
- Subsidy income 623 million yen is Recorded on Non-operating income.

<FY2021>

- Due to the recent increase in the number of people who test positive COVID-19 in Tokyo area and major cities, the sales pace of recovery is sluggish.
- After end of the emergency declaration, all directly operated store operations resumed. In terms of production, we are still striving to reduce inventory by controlling operations.

<FY2021 Business Forecast and Dividend forecast >

- Forecast of FY2021 is undecided due to the influence of COVID-19. It will be disclosed promptly when the business forecast is available.

FY2021(1Q) Highlight

Net sales 74.4%down/Net Profit Δ 1,163million yen

Due to the spread of COVID-19, the "emergency declaration" was issued, the movement was reduced due to the request to refrain from going out, and many commercial facilities were temporarily closed.

As a result of being forced to significantly reduce the business activities, the business performance in the first quarter was net loss.

	FY2020				FY2021
	1Q (Apr-Jun)	2Q (Jul-Sep)	3Q (Oct-Dec)	4Q (Jan-Mar)	1Q (Apr-Jun)
(Unit:Millions of yen)					
Net sales (YoY)	10,627 (+23.5%)	11,761 (+20.7%)	13,287 (+17.9%)	9,506 (Δ 14.8%)	2,716 (Δ 74.4%)
Ordinary profit (loss) (YoY)	1,567 (+87.7%)	1,981 (+49.8%)	2,694 (+22.9%)	233 (Δ 86.0%)	Δ1,755 (-)
Net Profit (loss) (YoY)	1,023 (+100.5%)	1,246 (+52.3%)	1,702 (+12.4%)	130 (Δ 88.5%)	Δ1,163 (-)

FY2021(1Q) Topics ①

KCC EC sales up 56.0% YoY.
(EC sales 671 million yen)

Mother's day gifts and summer gift measures were successful



FY2021(1Q) Topics ②



Taiwan Cow Cow Kitchen got off a good start !

First Cow Cow Kitchen store in Taiwan opening at Taipei Shinkong Mitsukoshi Mall Xinyi Place (Mar.2020)



Cow Cow Kitchen Taipei Shinkong Mitsukoshi Mall Xinyi Place

Results of FY2021 1Q(YoY)

Gross profit down on account of large decrease in sales, production adjustments, we unable to cover manufacturing fixed costs

(Million of Yen,%)	FY2020(1Q)		FY2021(1Q)				FY2020(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate	YoY(Change)	YoY(%)	amount	To-sales rate
Net sales	10,627	—	2,716	—	△ 7,911	△ 74.4	45,181	—
Gross profit	6,320	59.5	611	22.5	△ 5,709	△ 90.3	26,702	59.1
SG&A expenses	4,765	44.8	3,020	111.2	△ 1,744	△ 36.6	20,248	44.8
Operating profit	1,555	14.6	△ 2,409	—	△ 3,964	—	6,455	14.3
Ordinary profit	1,567	14.8	△ 1,755	—	△ 3,323	—	6,475	14.3
Net profit	1,023	9.6	△ 1,163	—	△ 2,186	—	4,100	9.1
EPS (Yen)	32.86		△ 37.38				131.76	

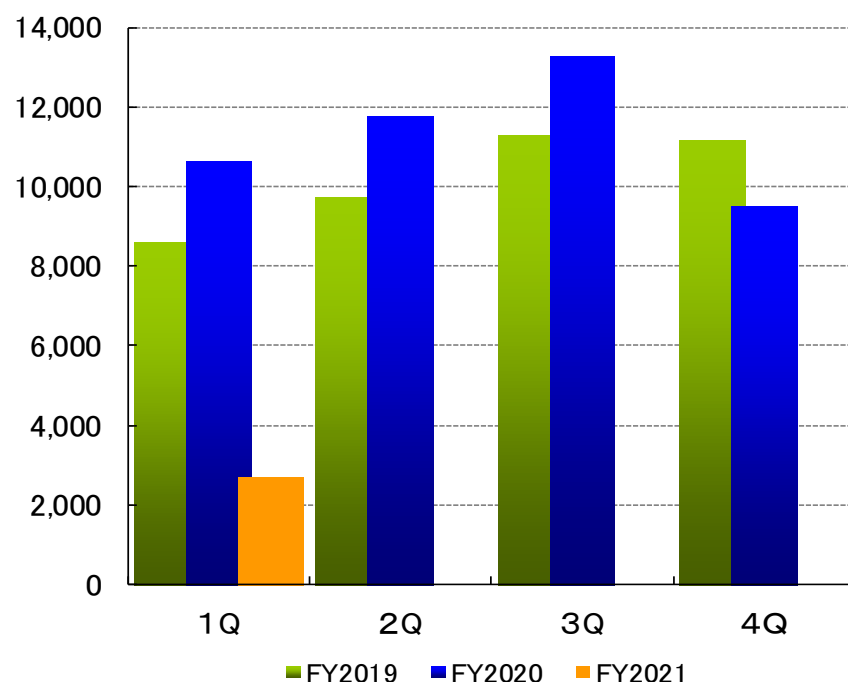
SG&A expenses /Operating profit

SG&A expenses down 1,744 million yen(YoY) on account of reductions in personnel expenses and promotion expenses and sales fluctuations

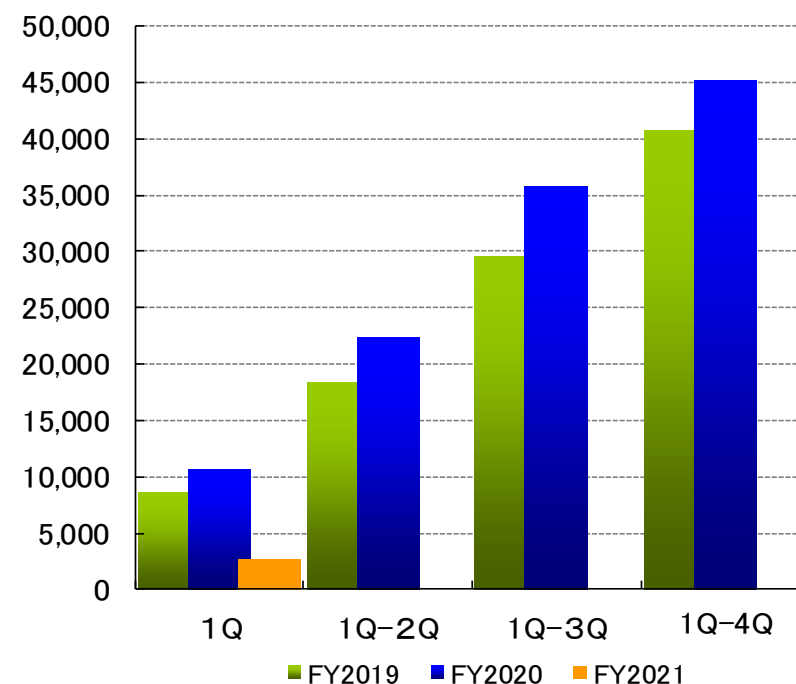
	FY2020(1Q)		FY2021(1Q)		YoY(Change)		FY2020(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate			amount	To-sales rate
(Million of Yen,%)								
Gross profit	6,320	59.5	611	22.5	△ 5,709	△ 90.3	26,702	59.1
Personal expenses	1,916	18.0	1,521	56.0	△ 395	△ 20.6	7,695	17.0
Promotion	757	7.1	335	12.3	△ 423	△ 55.8	3,567	7.9
Freight	459	4.3	234	8.6	△ 224	△ 48.9	2,026	4.5
Advertising	68	0.6	79	2.9	11	16.2	294	0.7
Rent	713	6.7	291	10.7	△ 422	△ 59.2	3,116	6.9
Depreciation	130	1.2	128	4.7	△ 1	△ 0.9	570	1.3
Traveling and transportation expenses	160	1.5	28	1.0	△ 133	△ 82.7	621	1.4
Others	562	5.3	404	14.9	△ 157	△ 28.0	2,359	5.2
SG&A expenses	4,765	44.8	3,020	111.2	△ 1,744	△ 36.6	20,248	44.8
Operating profit	1,555	14.6	△ 2,409	—	△ 3,964	—	6,455	14.3

Net sales

Net sales (Quarter) (Three periods comparison)



Net sales (Cumulative) (Three periods comparison)



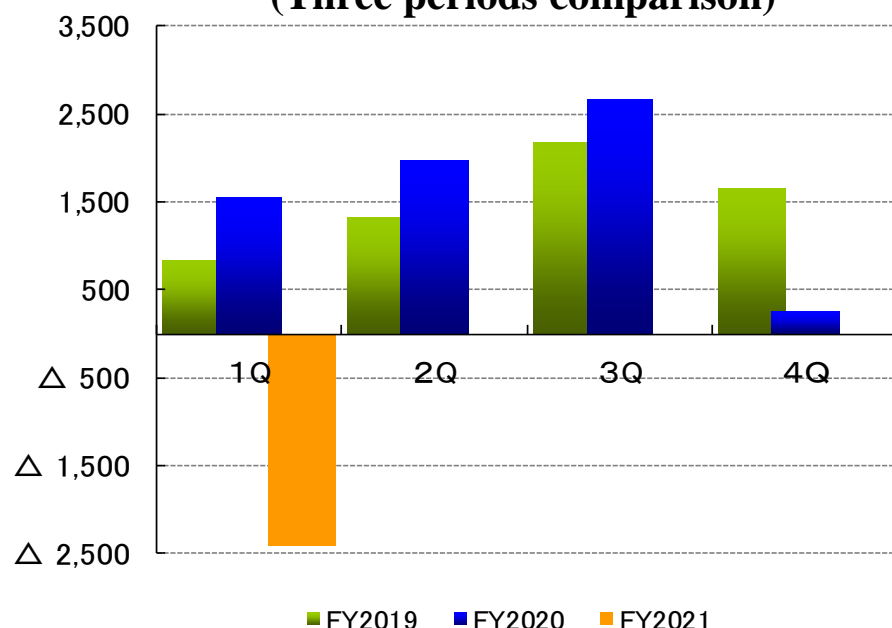
(Millions of yen)

	Quarter				Cumulative Quarter			
	1Q	2Q	3Q	4Q	1Q	1Q-2Q	1Q-3Q	1Q-4Q
FY2019	8,601	9,747	11,268	11,153	8,601	18,348	29,616	40,769
FY2020	10,627	11,761	13,287	9,506	10,627	22,388	35,675	45,181
FY2021	2,716				2,716			
YoY	△74.4%				△74.4%			

Operating profit

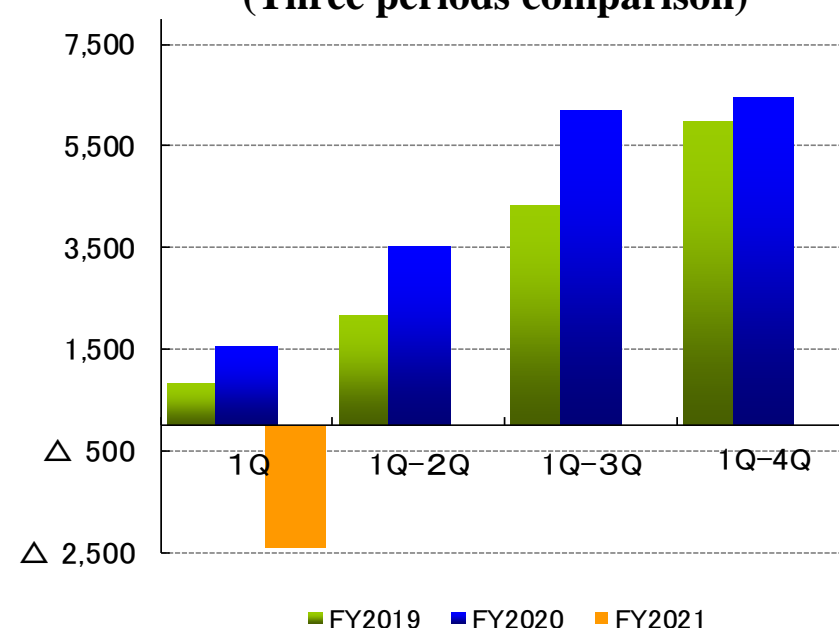
Operating profit (Quarter)

(Three periods comparison)



Operating profit (Cumulative)

(Three periods comparison)



(Millions of yen)

	Quarter				Cumulative Quarter			
	1 Q	2 Q	3 Q	4 Q	1 Q	1 Q-2 Q	1 Q-3 Q	1 Q-4 Q
FY2019	830	1,321	2,167	1,658	830	2,151	4,318	5,976
FY2020	1,555	1,964	2,672	264	1,555	3,519	6,191	6,455
FY2021	△ 2,409				△ 2,409			
YoY	-				-			

Results of FY2021 1Q (SEGMENTS)

All segments Net sales and OP are affected by COVID-19

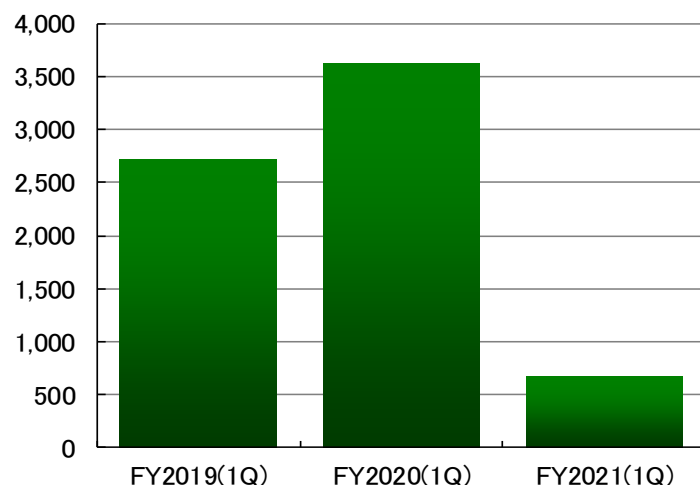
	Net sales				Operating profit		
	FY2020 (1Q)	FY2021(1Q)	YoY(Change)	YoY(%)	FY2020 (1Q)	FY2021 (1Q)	YoY(Change)
(Million of Yen,%)							
SUCREY	3,625	675	△ 2,950	△ 81.4	547	△ 789	△ 1,337
KCC	2,878	1,114	△ 1,764	△ 61.3	251	△ 517	△ 768
KOTOBUKISEIKA TAJIMAKOTOBUKI	2,690	580	△ 2,110	△ 78.4	347	△ 543	△ 890
SALES SUBSIDIARIES	1,606	208	△ 1,398	△ 87.0	163	△ 216	△ 379
KUJYUKUSHIMA GROUP	1,059	224	△ 835	△ 78.9	101	△ 291	△ 393
OTHERS	258	132	△ 126	△ 48.8	△ 30	△ 9	21
SEGMENTS TOTAL	12,117	2,933	△ 9,184	△ 75.8	1,379	△ 2,366	△ 3,745
ADJUSTMENT	△ 1,490	△ 217	1,273	△ 85.4	138	△ 43	△ 181
TOTAL	10,627	2,716	△ 7,911	△ 74.4	1,517	△ 2,409	△ 3,927

《SUCREY》

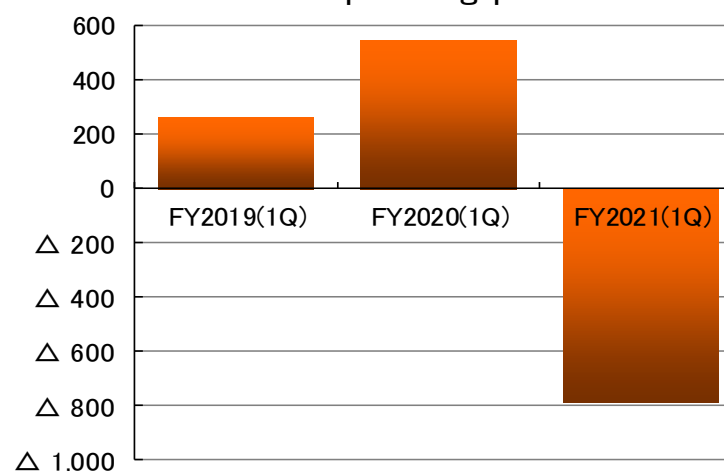
FY2021 (1Q) : Net sales **675 million yen (△81.4%YoY) OP **△789** million yen**

(Unit: Millions of yen)

Net sales



Operating profit



	FY2019(1Q)	FY2020(1Q)	FY2021(1Q)	YoY(Change)	YoY(%)
(Millions of yen, %)					
Net sales	2,718	3,625	675	△ 2,950	△ 81.4
Gross profit	1,667	2,255	108	△ 2,147	△ 95.2
Gross profit rate	61.3	62.2	16.1	△ 46.1	
SG & A expenses	1,406	1,708	898	△ 810	△ 47.4
Operating profit	261	547	△ 789	△ 1,337	—

《SUCREY》

2 brands opened at Haneda Airport terminal 1 in June



ORIENTAL CHOCOLAT by côte cour Haneda Airport terminal 1 (Jun.2020)



東京ミルクチーズ工場



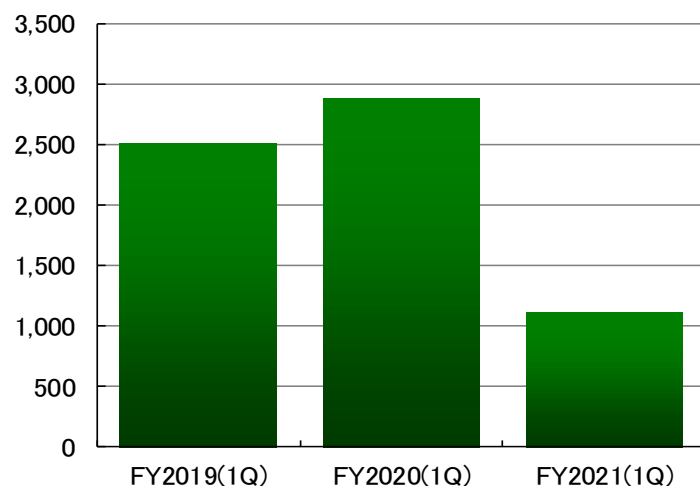
Tokyo Milk Cheese Factory Haneda Airport terminal 1 (Jun.2020) (Relocation)

《KCC》

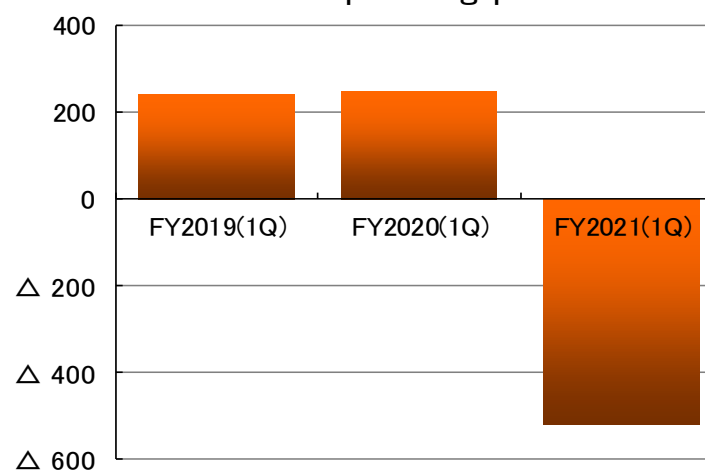
FY2021 (1Q) : Net sales 1,114million yen (△61.3%YoY) OP △517million yen

(Unit: Millions of yen)

Net sales



Operating profit



(Millions of yen, %)	FY2019(1Q)	FY2020(1Q)	FY2021(1Q)	YoY(Change)	YoY(%)
Net sales	2,502	2,878	1,114	△ 1,764	△ 61.3
Gross profit	1,541	1,737	549	△ 1,188	△ 68.4
Gross profit rate	61.6	60.4	49.3	△ 11.1	
SG & A expenses	1,298	1,486	1,066	△ 420	△ 28.3
Operating profit	243	251	△ 517	△ 768	—

《KCC》

GLACIEL Omotesando Flagship shop opened in June (Relocation open)



GLACIEL Omotesando (Jun.2020)



Fresh glass

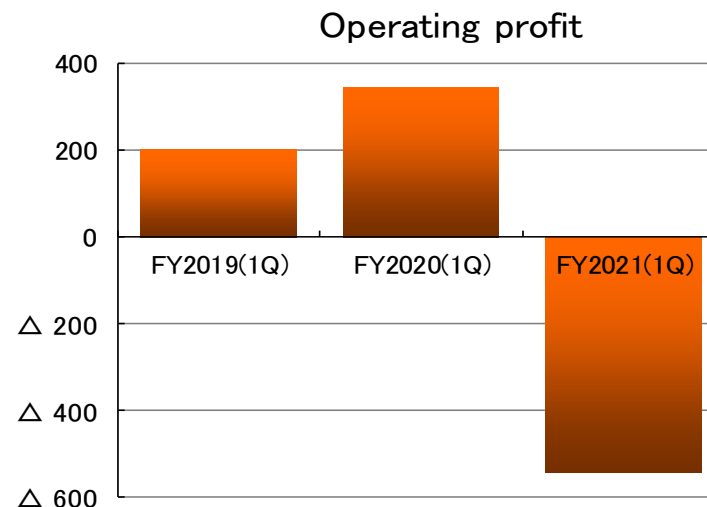
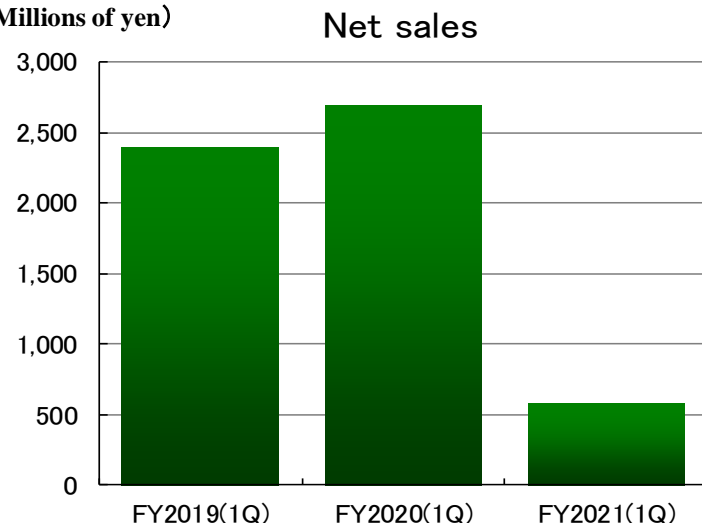


Ballon de Fruits

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

FY2021 (1Q) : Net sales **580 million yen (**△78.4%** YoY) OP **△543** million yen**

(Unit: Millions of yen)



(Millions of yen, %)	FY2019(1Q)	FY2020(1Q)	FY2021(1Q)	YoY(Change)	YoY(%)
Net sales	2,394	2,690	580	△ 2,110	△ 78.4
Gross profit	879	1,108	△ 139	△ 1,247	—
Gross profit rate	36.7	41.2	△ 24.0	△ 65.2	
SG & A expenses	675	761	404	△ 357	△ 46.9
Operating profit	204	347	△ 543	△ 890	—

《KOTOBUKISEIKA・TAJIMAKOTOBUKI》

TAJIMAKOTOBUKI EC

TAJIMAKOTOBUKI EC sells not only confectionary
but also processed food and original goods



限定200セット

おばあ農園

トラック便ギフト

おばあかふえ おりになるグッズ

何が入るかは お楽しみ!

おばあの大根漬
大根を天日干しにすることで、甘さを十分に引き出してから、醤油や味噌などで漬けた、田舎料理です。

おばあフェオリアルグッズ
おばあ漬が切り盛りする「おばあかふえ」で大人気のオリジナルグッズが入ります!何が入るかはお楽しみ!

トラックBOX
おばあ漬の味、スリッパに入れたら、お楽しみ!

セット内容

おばあのごちそう味噌
おばあ漬の味と独特の香りを味噌に調合しました。野菜などにそのまま付けたり、料理の味付けにも使える万能味噌です。

ほたるいかなご
ほたるいかなごは最高級トピッククラスの遠海産物で、ほたるいかなごのままだと、お楽しみになりました。ごはんとのおかずもバッチリです。

おばあのかき揚げ
大粒で香り高く、山椒の粉と油とで知られる「おばあのかき揚げ」をふんだんに使用し、煮付けた贅沢な食品。ごはんとお弁当にも最適です。

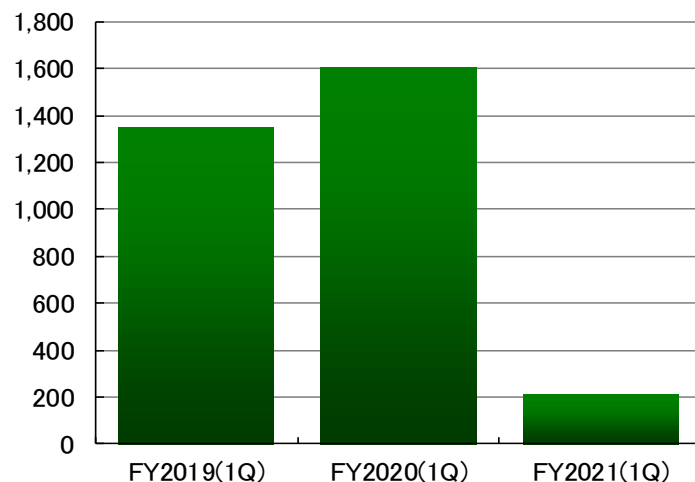
おばあのかき揚げ
おばあのかき揚げは、おばあ漬の味と独特の香りを味噌に調合しました。野菜などにそのまま付けたり、料理の味付けにも使える万能味噌です。

《SALES SUBSIDIARIES》

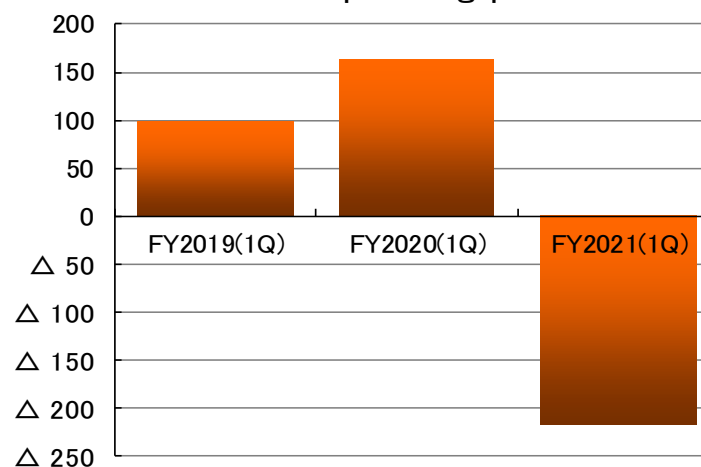
FY2021 (1Q) : Net sales **208million yen (△87.0%YoY) OP **△216**million yen**

(Unit: Millions of yen)

Net sales



Operating profit



(Millions of yen, %)	FY2019(1Q)	FY2020(1Q)	FY2021(1Q)	YoY(Change)	YoY(%)
Net sales	1,347	1,606	208	△ 1,398	△ 87.0
Gross profit	471	582	46	△ 535	△ 92.0
Gross profit rate	35.0	36.2	22.2	△ 14.0	
SG & A expenses	372	419	263	△ 156	△ 37.3
Operating profit	99	163	△ 216	△ 379	—

《SALES SUBSIDIARIES》

Hida Kotobukian



Tokai Kotobuki



Mie Kotobukian



Kotobukian



Kotobukikoujyuan



Minami Kotobukiseika



Kotobukidou



Setouchi Kotobuki



Hanafukudou

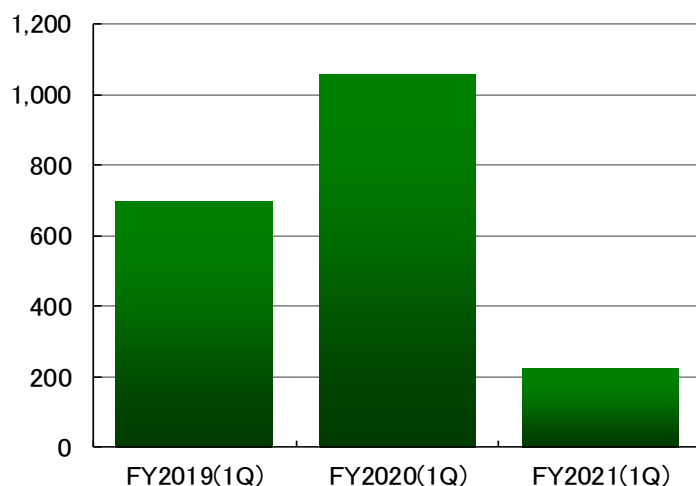


《KUJYUKUSHIMA GROUP》

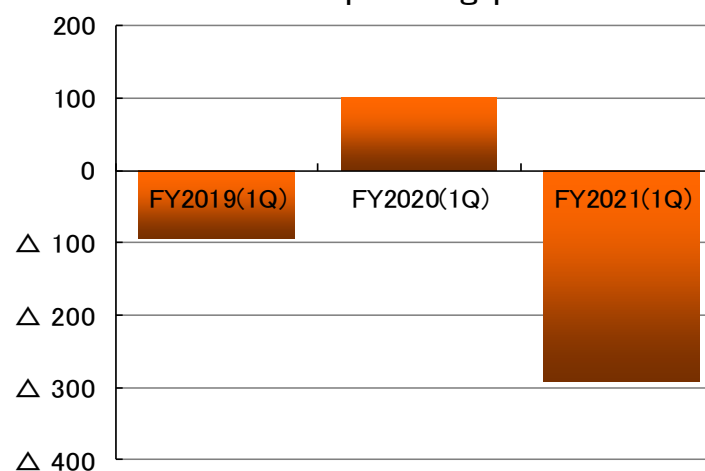
FY2021 (1Q) : Net sales **224million yen (△78.9%YoY) OP **△291**million yen**

(Unit: Millions of yen)

Net sales

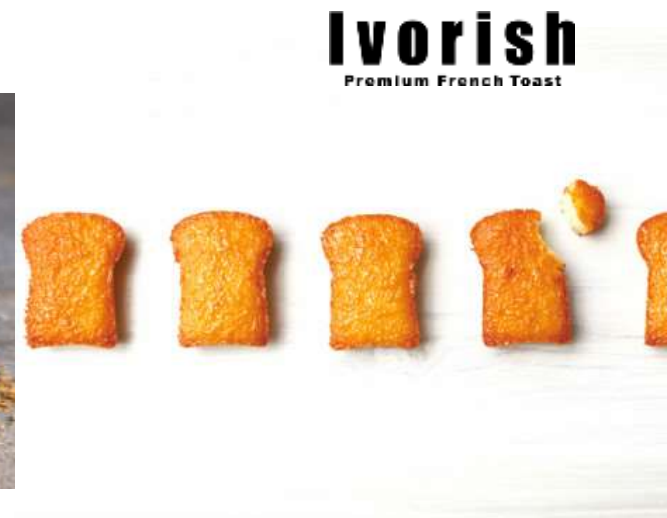


Operating profit



(Millions of yen, %)	FY2019(1Q)	FY2020(1Q)	FY2021(1Q)	YoY(Change)	YoY(%)
Net sales	695	1,059	224	△ 835	△ 78.9
Gross profit	276	517	△ 39	△ 556	—
Gross profit rate	39.7	48.8	△ 17.3	△ 66.2	
SG & A expenses	371	416	252	△ 164	△ 39.4
Operating profit	△ 95	101	△ 291	△ 393	—

《KUJYUKUSHIMA GROUP》



九十九島せんぺい



赤い風船



I LOVE CUSTARD
アイラブカスタード ヌフヌフ



MISTER CARAMELIST



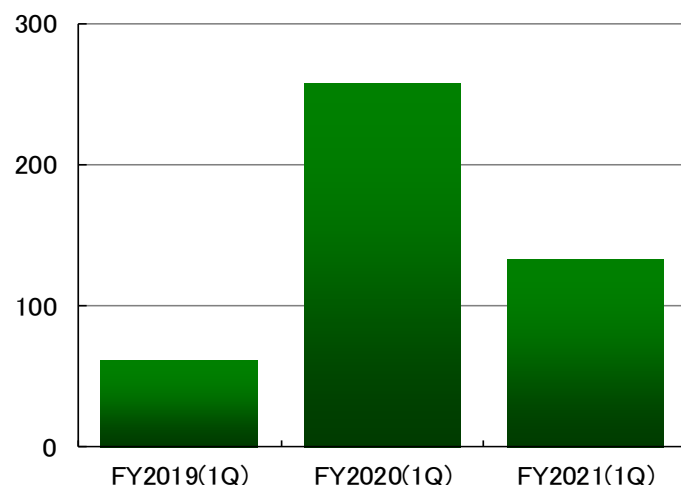
《OTHERS》

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

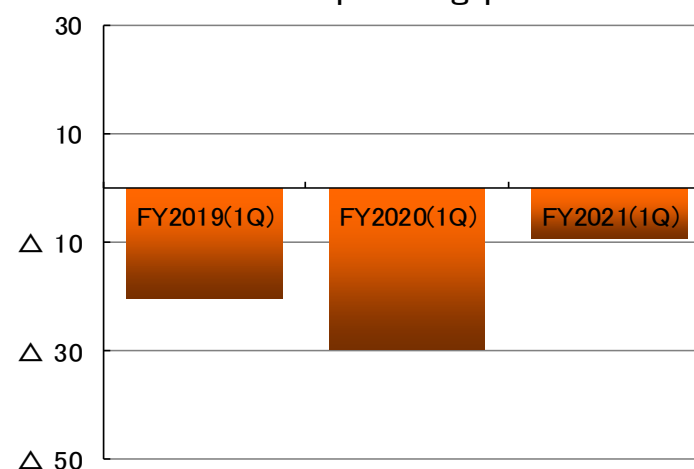
FY2021 (1Q) : Net sales **132 million yen (△48.8%YoY) OP **△9** million yen**

(Unit: Millions of yen)

Net sales



Operating profit



(Millions of yen, %)	FY2019(1Q)	FY2020(1Q)	FY2021(1Q)	YoY(Change)	YoY(%)
Net sales	61	258	132	△ 126	△ 48.8
Gross profit	34	151	96	△ 55	△ 36.6
Gross profit rate	55.8	58.6	72.6	13.9	
SG & A expenses	54	181	105	△ 76	△ 42.0
Operating profit	△ 20	△ 30	△ 9	21	—

※Others segment contains Honey Sucrey (Hong Kong) from FY2020

《OTHERS》

Taiwan confectionery business



Cow Cow Kitchen

Taipei Shinkong Mitsukoshi Mall Xinyi Place

純藍

health food business(Junai)



Junai Tea

Memo



Berry UP!

Strawberry is always in your heart.



Balance Sheet

Decrease in current assets are mainly due to decrease in cash and deposits and account receivable

(Millions of yen,%)	FY2019		FY2020		FY2021(1Q)		(Change)	(%)
	amount	rate	amount	rate	amount	rate		
Current assets	13,202	50.9	13,444	50.1	9,155	39.8	△ 4,289	△ 31.9
Non-current assets	12,751	49.1	13,370	49.9	13,820	60.2	450	3.4
Assets	25,954	100.0	26,814	100.0	22,975	100.0	△ 3,839	△ 14.3
Current liabilities	5,804	22.4	3,846	14.3	2,404	10.5	△ 1,443	△ 37.5
Non-current liabilities	1,855	7.1	1,803	6.7	1,827	8.0	24	1.3
Liabilities	7,659	29.5	5,649	21.1	4,230	18.4	△ 1,419	△ 25.1
Net assets	18,294	70.5	21,165	78.9	18,745	81.6	△ 2,420	△ 11.4
Liabilities and net assets	25,954	100.0	26,814	100.0	22,975	100.0	△ 3,839	△ 14.3
BPS(Yen)	587.87		680.11		602.34		△ 77.77	△ 11.4
Cash and deposits	5,660		8,291		5,330		△ 2,961	△ 35.7
Interest-bearing debt	433		180		120		△ 60	△ 33.4

Strategy (consideration of influence of COVID-19)

Regarding the outlook for FY2021, the situation has changed completely from last year's situation that the economy was on a gradual recovery trend.

The impact on consumption is immeasurable, and it is a serious situation that we have never experienced.

Under such an unprecedented circumstance, we quickly grasp the rapidly changing domestic and overseas market trends and consumer needs, and put the following measures into two stages to bring together the collective efforts of all employees.

◆ Emergency phase (Until the end of COVID-19 epidemic)

Emergency measures

◆ Recovery phase (After the end of COVID-19 epidemic)

Strategic measures

Strategy (consideration of influence of COVID-19)

◆Emergency phase (Until the end of COVID-19 epidemic)

Our top priority is the safety and health of employees and stakeholders . 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.

〈Emergency measures〉

- ① Thorough COVID-19 infection prevention**
- ② Cost reduction and ensure liquidity of funds**
- ③ Inventory adjustment** (To provide more fresh and more delicious Sweets to our customers.)
- ④ Preparation for new brand and new product development and promotion of proposal sales** (Prepare for the end of COVID-19)
- ⑤ Strengthen EC Channel**

Strategy (consideration of influence of COVID-19)

◆ Recovery phase (After the end of COVID-19 epidemic)

Consumer environment is expected to gradually recover after the demand for refraining from going out and the government's emergency economic measures are taken, but it is expected that the slump in personal consumption will inevitably affect business results. We will take the following measures as immediate priority measures in order to promptly recover business activities and put them on a growth trajectory after the situation has subsided.

〈Strategic measures〉

- ① Improvement of organizational strength by ^{※1}Cho-Genbashugi
- ② Cultivate main brands / main products and
Create new brands / new sales channels
- ③ ^{※2}WSR in Tokyo area
- ④ Inbound countermeasures
- ⑤ Overseas expansion

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

※2 WSR is a standard of Kotobuki Spirits. **WSR** ~World Surprising Resort~

New shops Information



EXPASA EBINA (Jul.2020)
(Wholesale)

KCC (Tokyo Station)



GRANSTA TOKYO
(Aug.2020)

TOKYO GIFT PALETTE (Aug.2020)

SUCREY (Tokyo Station)



GRANSTA TOKYO
(Aug.2020)

TOKYO GIFT PALETTE (Aug.2020)

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》

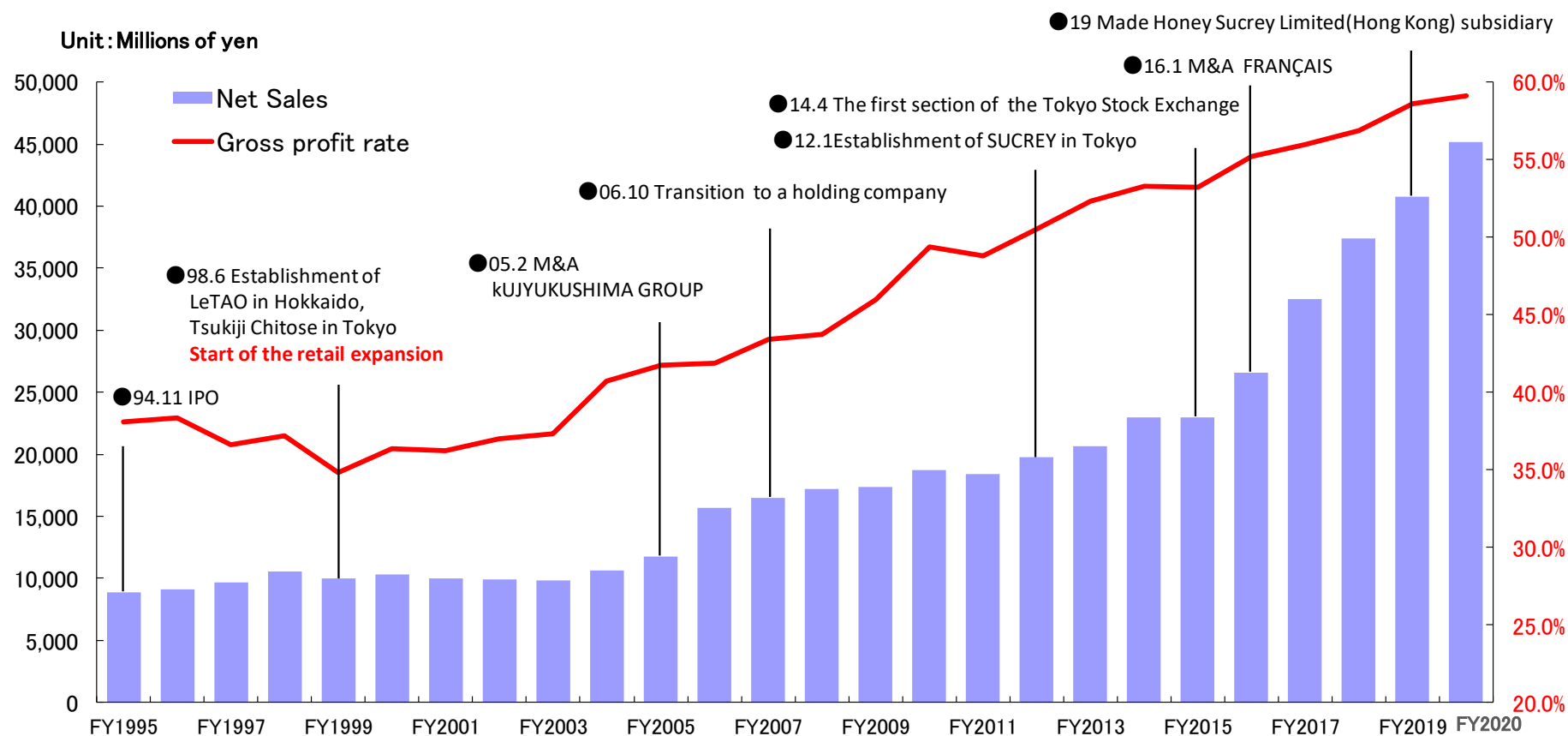
KOZUCHI national convention is held once a year for the purpose of sharing achievements with fellows.



Transition of Kotobuki Spirits ①

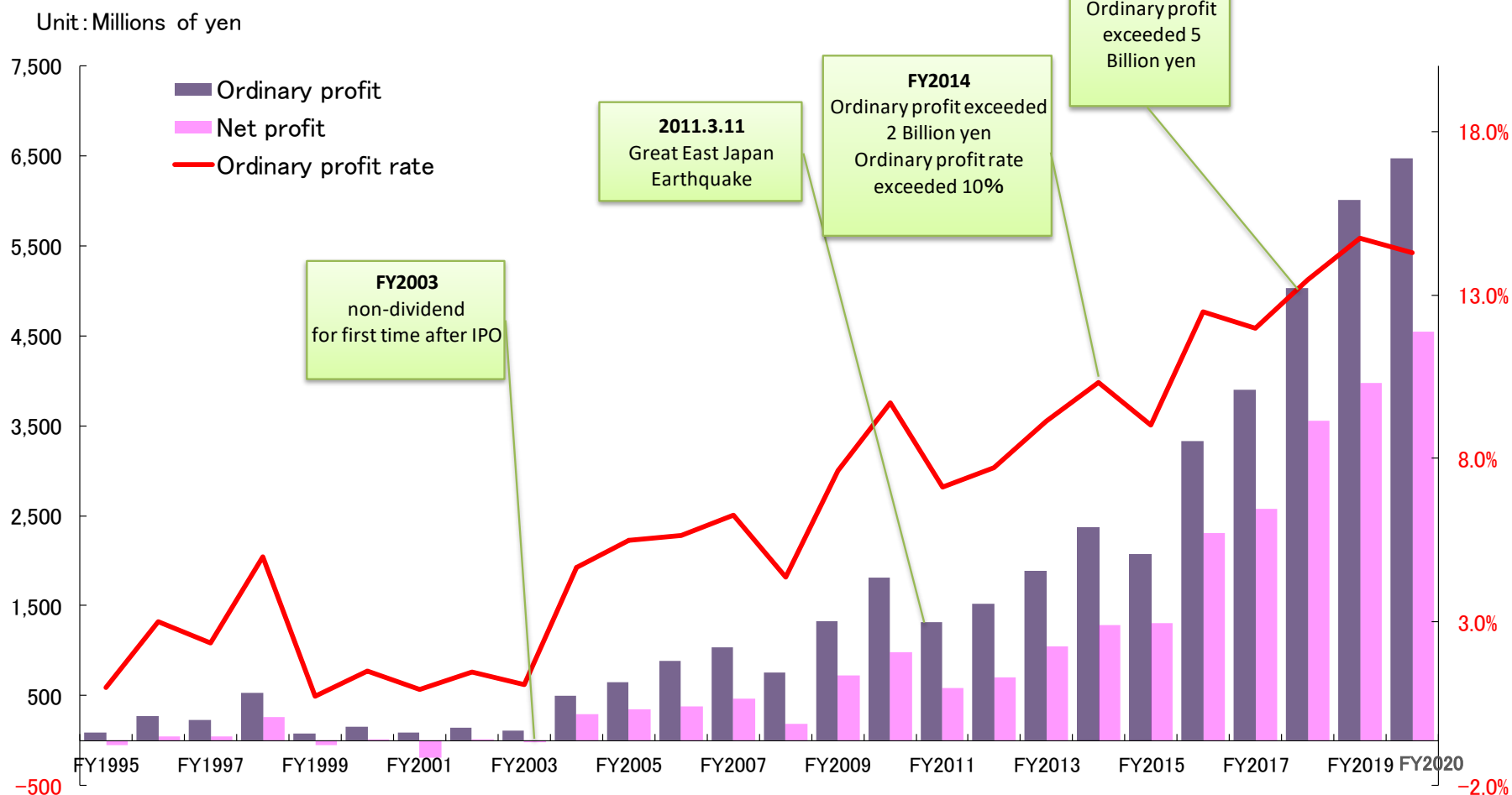
High profit management

Business model has changed from the manufacturing wholesale to the manufacturing retail.
We continue to challenge to organization reform ,business reconstruction and M&A.



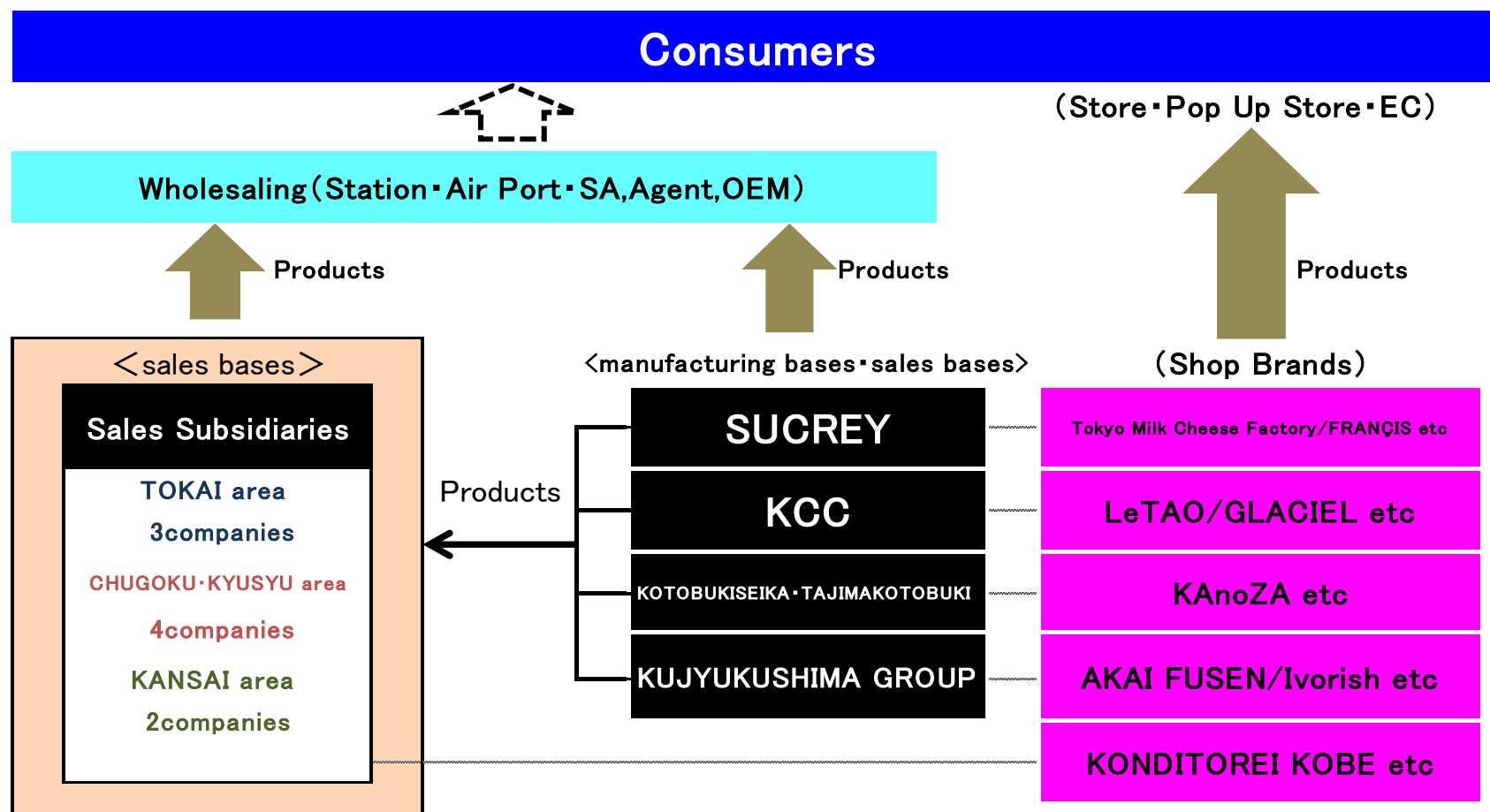
Transition of Kotobuki Spirits ②

Ordinary profit rate exceeded 10% in FY2014.
Ordinary profit exceeded 5 Billion yen in FY 2018.



Business Outline

Chart



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

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
★ Nostalgic Sweets Atelier ★

Double Fromage

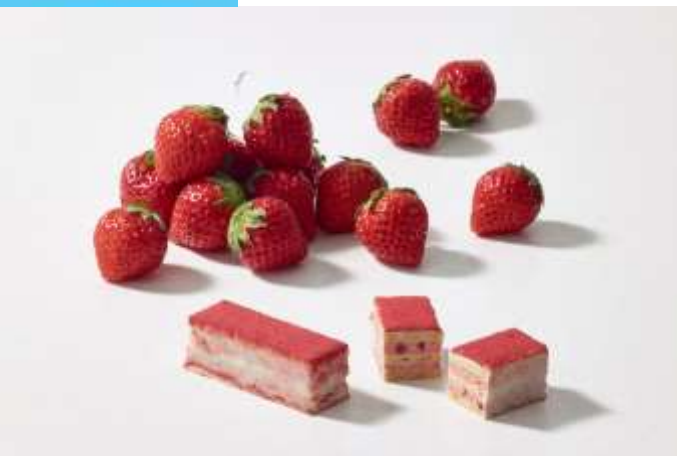


希聖堂株式会社

Inabano Shirousagi



Salt and Camembert Cookie



Mille Feuille



Butter Financier



Kujyukushima Senpei

Memo

The
MAPLE MANIA.
FINE SWEETS STORE

WE PROMISE TO MAKE EVERY SWEETS LOVER
HAPPY WITH OUR PRODUCTS

