

**FY2021(1Q-3Q)**  
**(Third quarter of the fiscal year ending March 31, 2021)**  
**Consolidated Business Results**

**February 1, 2021**  
**Kotobuki Spirits Co.,Ltd.**





# Company Overview

<b>Firm name</b>	<b>Kotobuki Spirits Co.,Ltd.</b>
<b>Securities code</b>	<b>2222 (Tokyo Stock Exchange 1st section)</b>
<b>Address</b>	<b>2028, Hatagasaki, Yonago-shi, Tottori, 683-0845, Japan</b>
<b>Establishment</b>	<b>April 25th,1952</b>
<b>Capital</b>	<b>1.2 Billion 17.8 Million yen</b>
<b>President</b>	<b>Seigo Kawagoe</b>
<b>Employees</b>	<b>Kotobuki Spirits 8people/Group Total 1,635 people</b>
<b>Group companies</b>	<b>Consolidated subsidiary 18companies (domestic 16・overseas 2)</b>
<b>Net sales</b>	<b>45.2 Billion Yen (FY2020)</b>



## **The Impact of COVID-19 on business performance**

# The Impact of COVID-19 on business performance

<FY2021(1Q-3Q)>

- In the first half of the period, the announcement of an "emergency declaration" forced a drastic reduction in business activities. In the 3Q, sales recovered gradually due to the resumption of economic activity and "GoTo Travel Campaign". However, COVID-19 spread again, the situation remains unpredictable.

**Net sales (YoY) <Except for overseas companies>**

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
YoY(%)	△82.4%	△79.0%	△61.5%	△56.7%	△60.8%	△48.6%	△34.1%	△37.8%	△36.7%

- The cumulative loss decreased due to the return to the black in the 3Q. We continue to strive to reduce costs by reducing executive compensation and employee bonuses as well as all cost. Recorded subsidy income of 1.87 billion yen as non-operating income, including employment adjustment subsidies.
- Cash and deposits decreased by 2.97 billion yen from the beginning of the period to 5.32 billion yen. Borrowed 680 million yen through the new corona system loan. (Interest-free loan) No borrowing from the overdraft limit. (7.8 billion yen) We will continue to strive to improve cash flow by curbing capex, reducing inventories, utilizing employment adjustment subsidies, and reducing costs.

<FY2021(4Q~)>

- Due to the suspension of the GoTo travel Campaign and the recurrence order of the "emergency declaration" targeting 11 prefectures in Japan, The business environment is deteriorating again.

<Forecast FY2021>

- No change from the Forecast FY2021 announced on November 4, 2020.

## FY2021(1Q-3Q) Highlight

**(3Q) Net sales 36.8%down/Net profit 1,116million yen**

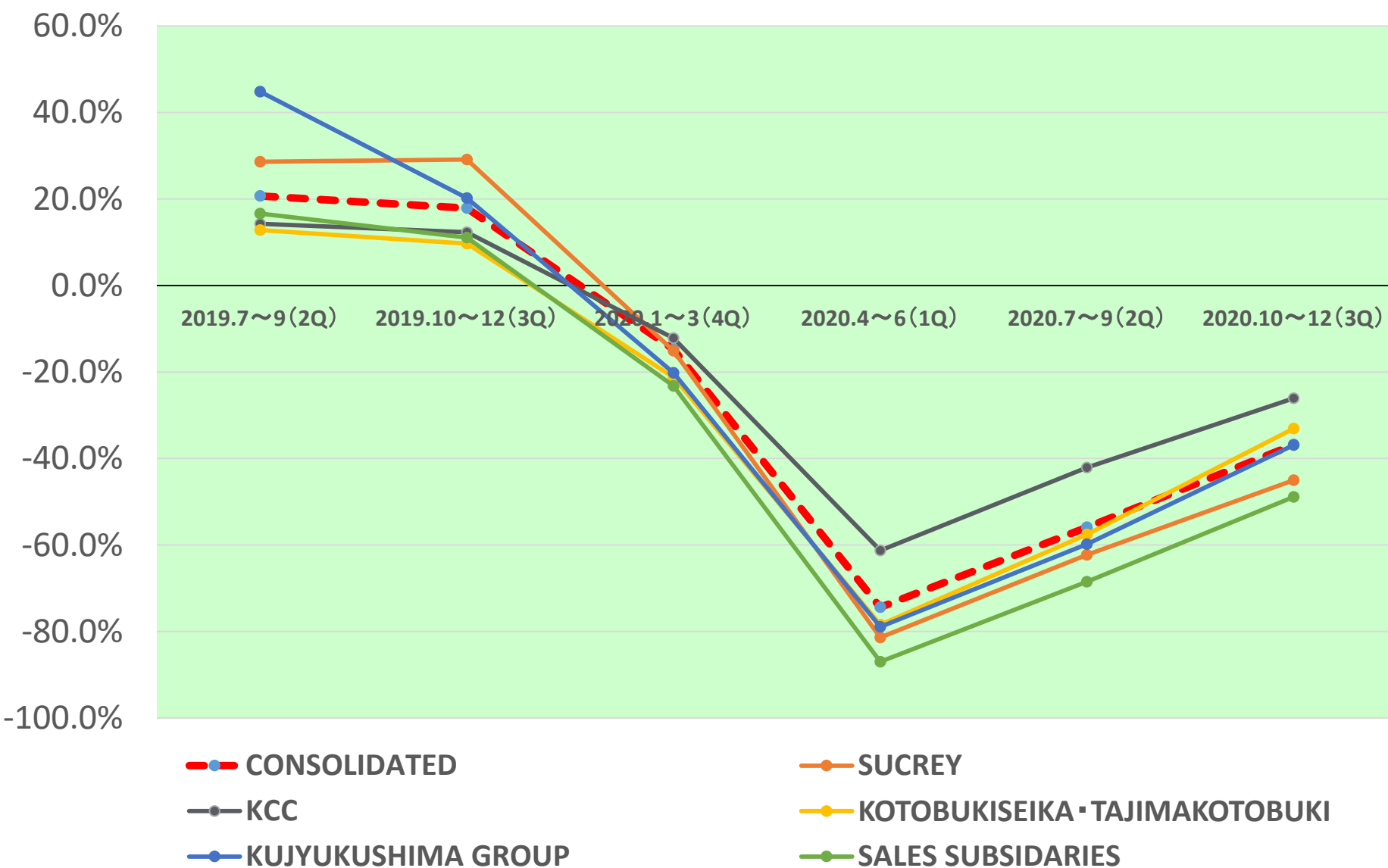
**(1Q-3Q) Net sales 54.3%down/Net loss 174million yen**

●In the third quarter period, sales were gradually recovery due to the addition of GoTo Travel campaign to and from Tokyo.The decline in sales recovered compared to 1Q and 2Q, and net income returned to the black.

●(1Q-3Q)Mail-Order sales 2.8billion yen (44.4%up YoY) and 2.18billion yen of them LeTAO(KCC).

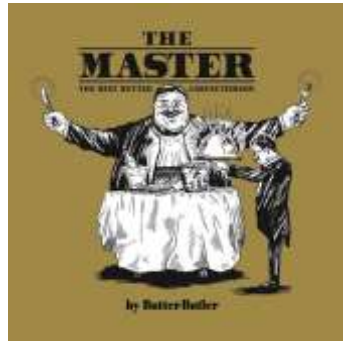
	FY2020			FY2021			
	2Q (Jul-Sep)	3Q (Oct-Dec)	4Q (Jan-Mar)	1Q (Apr-Jun)	2Q (Jul-Sep)	3Q (Oct-Dec)	1Q-3Q (Apr-Dec)
(Unit: Million of yen)							
<b>Net sales</b> (YoY)	<b>11,761</b> (+20.7%)	<b>13,287</b> (+17.9%)	<b>9,506</b> (△14.8%)	<b>2,716</b> (△74.4%)	<b>5,189</b> (△55.9%)	<b>8,402</b> (△36.8%)	<b>16,306</b> (△54.3%)
<b>Ordinary Profit</b> (YoY)	<b>1,981</b> (+49.8%)	<b>2,694</b> (+22.9%)	<b>233</b> (△86.0%)	<b>△ 1,755</b> (—)	<b>△ 201</b> (—)	<b>1,653</b> (△38.6%)	<b>△ 303</b> (—)
<b>Net profit</b> (YoY)	<b>1,246</b> (+52.3%)	<b>1,702</b> (+12.4%)	<b>130</b> (△88.5%)	<b>△ 1,163</b> (—)	<b>△ 127</b> (—)	<b>1,116</b> (△34.4%)	<b>△ 174</b> (—)

# Net sales change in quarterly



# FY2021 (1Q-3Q) Topics ①

## SUCREY opened 2 new shops at Yokohama Takashimaya (Dec)



**THE MASTER by Butter Butler**



**Rum raisin Butter Sand**



**FRANÇAIS**



**Yokohama Mille-Feuille**



# FY2021(1Q-3Q) Topics ②

KCC Mail-order sales up 48.8% YoY (Sales 2,184million yen)





# FY2021 (1Q-3Q) Topics ③

Overseas sales (1Q-3Q) 1,072million yen 21.0%down (YoY)

China sales 432million yen 104.8%up (YoY)



Cow Cow Kitchen Shanghai IFC



Cow Cow Kitchen Shenzhen Uniwalk

(Unit: Million of Yen, %)

	FY2020 (1Q-3Q)	FY2020 (1Q-3Q)	YoY (Change)	YoY (%)
HongKong	309	36	△ 273	△88.5%
Taiwan	295	286	△ 9	△3.0%
Korea	138	124	△ 14	△10.1%
Singapore	223	165	△ 58	△26.0%
China	211	432	221	104.8%
Others	180	29	△ 152	△84.0%
Total	1,356	1,072	△ 285	△21.0%

※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.

# Results of FY2021 1Q-3Q (YoY)

**Due to significant sales decreasing and production adjustment  
gross margin down**

(Million of Yen,%)	FY2020(1Q-3Q)		FY2021(1Q-3Q)				FY2020(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate	YoY(Change)	YoY(%)	amount	To-sales rate
<b>Net sales</b>	<b>35,675</b>	<b>—</b>	<b>16,306</b>	<b>—</b>	<b>△ 19,369</b>	<b>△ 54.3</b>	<b>45,181</b>	<b>—</b>
<b>Gross profit</b>	<b>21,206</b>	<b>59.4</b>	<b>7,945</b>	<b>48.7</b>	<b>△ 13,261</b>	<b>△ 62.5</b>	<b>26,702</b>	<b>59.1</b>
<b>SG&amp;A expenses</b>	<b>15,015</b>	<b>42.1</b>	<b>10,253</b>	<b>62.9</b>	<b>△ 4,763</b>	<b>△ 31.7</b>	<b>20,248</b>	<b>44.8</b>
<b>Operating profit</b>	<b>6,191</b>	<b>17.4</b>	<b>△ 2,307</b>	<b>—</b>	<b>△ 8,498</b>	<b>—</b>	<b>6,455</b>	<b>14.3</b>
<b>Ordinary profit</b>	<b>6,242</b>	<b>17.5</b>	<b>△ 303</b>	<b>—</b>	<b>△ 6,545</b>	<b>—</b>	<b>6,475</b>	<b>14.3</b>
<b>Net profit</b>	<b>3,970</b>	<b>11.1</b>	<b>△ 174</b>	<b>—</b>	<b>△ 4,145</b>	<b>—</b>	<b>4,100</b>	<b>9.1</b>
<b>EPS (Yen)</b>	<b>127.59</b>		<b>△ 5.60</b>		<b>△ 133.19</b>		<b>131.76</b>	

# Results of FY2021 1Q-3Q(SEGMENTS)

	Net sales				Operating profit		
	FY2020 (1Q-3Q)	FY2021 (1Q-3Q)	YoY(Change)	YoY(%)	FY2020 (1Q-3Q)	FY2021 (1Q-3Q)	YoY(Change)
(Million of Yen,%)							
SUCREY	12,752	4,969	△ 7,783	△ 61.0	1,986	△ 894	△ 2,880
KCC	9,444	5,502	△ 3,942	△ 41.7	1,119	△ 398	△ 1,517
KOTOBUKISEIKA TAJIMAKOTOBUKI	8,956	4,016	△ 4,940	△ 55.2	1,448	△ 398	△ 1,846
SALES SUBSIDIARIES	5,073	1,643	△ 3,430	△ 67.6	568	△ 401	△ 970
KUJYUKUSHIMA GROUP	3,665	1,579	△ 2,086	△ 56.9	466	△ 408	△ 873
OTHERS	639	372	△ 267	△ 41.7	△ 112	2	115
SEGMENTS TOTAL	40,529	18,081	△ 22,448	△ 55.4	5,475	△ 2,497	△ 7,972
ADJUSTMENT	△ 4,854	△ 1,774	3,080	△ 63.4	716	190	△ 526
TOTAL	35,675	16,306	△ 19,369	△ 54.3	6,191	△ 2,307	△ 8,498

# SG&A expenses /Operating profit

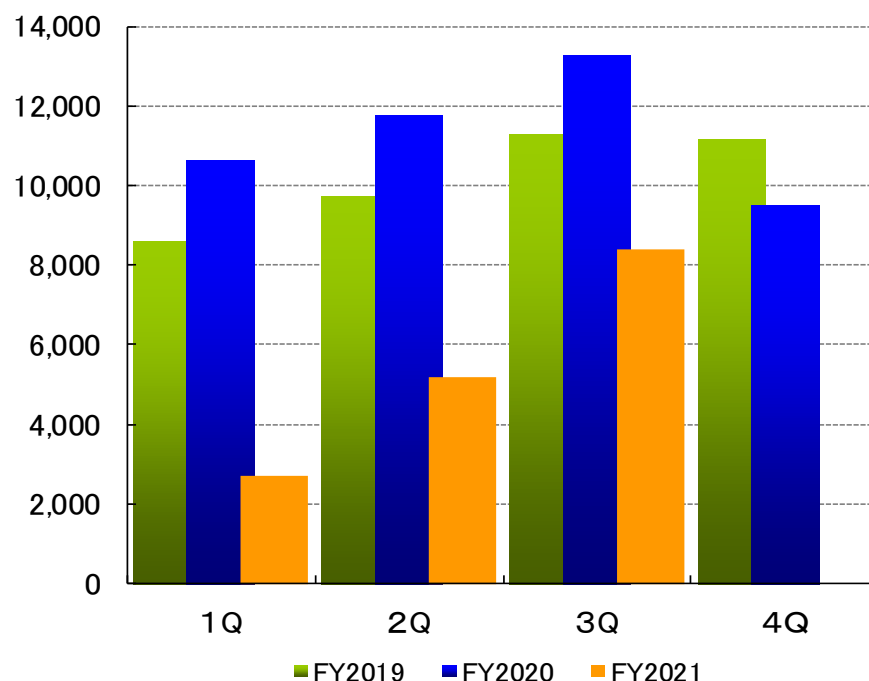
## SG&A expenses down 31.7% (YoY)

(Million of Yen,%)	FY2020(1Q-3Q)		FY2021(1Q-3Q)				FY2020(1Q-4Q)	
	amount	To-sales rate	amount	To-sales rate	YoY(Change)	YoY(%)	amount	To-sales rate
<b>Gross profit</b>	<b>21,206</b>	<b>59.4</b>	<b>7,945</b>	<b>48.7</b>	<b>△ 13,261</b>	<b>△ 62.5</b>	<b>26,702</b>	<b>59.1</b>
Personal expenses	5,826	16.3	4,635	28.4	△ 1,191	△ 20.4	7,695	17.0
Promotion	2,530	7.1	1,290	7.9	△ 1,240	△ 49.0	3,567	7.9
Freight	1,514	4.2	992	6.1	△ 522	△ 34.5	2,026	4.5
Advertising	192	0.5	178	1.1	△ 15	△ 7.6	294	0.7
Rent	2,415	6.8	1,374	8.4	△ 1,042	△ 43.1	3,116	6.9
Depreciation	395	1.1	393	2.4	△ 2	△ 0.6	570	1.3
Traveling and transportation expenses	468	1.3	129	0.8	△ 338	△ 72.3	621	1.4
Others	1,676	4.7	1,262	7.7	△ 414	△ 24.7	2,359	5.2
<b>SG&amp;A expenses</b>	<b>15,015</b>	<b>42.1</b>	<b>10,253</b>	<b>62.9</b>	<b>△ 4,763</b>	<b>△ 31.7</b>	<b>20,248</b>	<b>44.8</b>
<b>Operating profit</b>	<b>6,191</b>	<b>17.4</b>	<b>△ 2,307</b>	<b>-</b>	<b>△ 8,498</b>	<b>-</b>	<b>6,455</b>	<b>14.3</b>

# Net sales

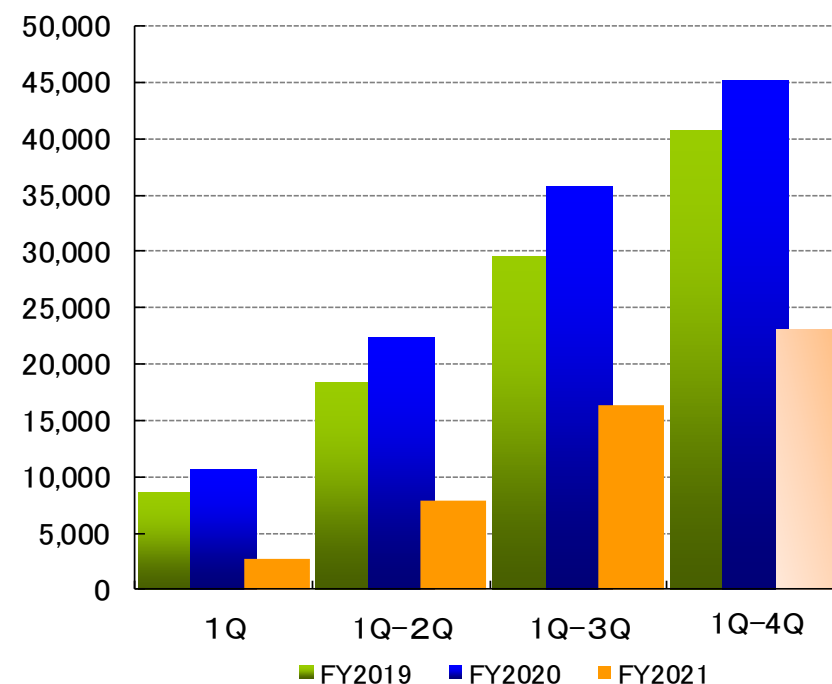
## Net sales (Quarter)

(Three periods comparison)



## Net sales (Cumulative)

(Three periods comparison)



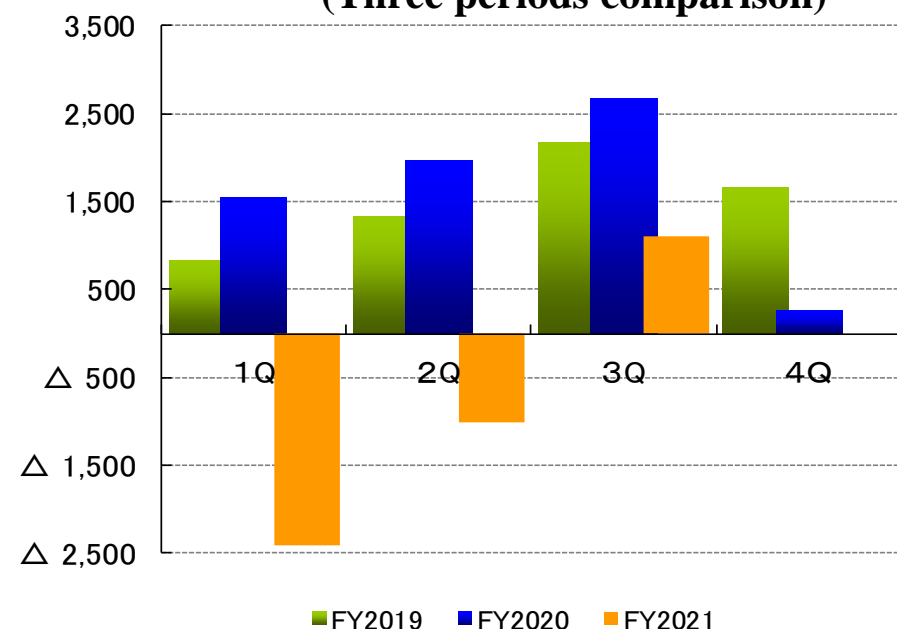
(Millions of yen)

	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	5,189	8,402	-	2,716	7,905	16,306	23,140
YoY	△74.4%	△55.9%	△36.8%	-	△74.4%	△64.7%	△54.3%	△48.8%

# Operating profit

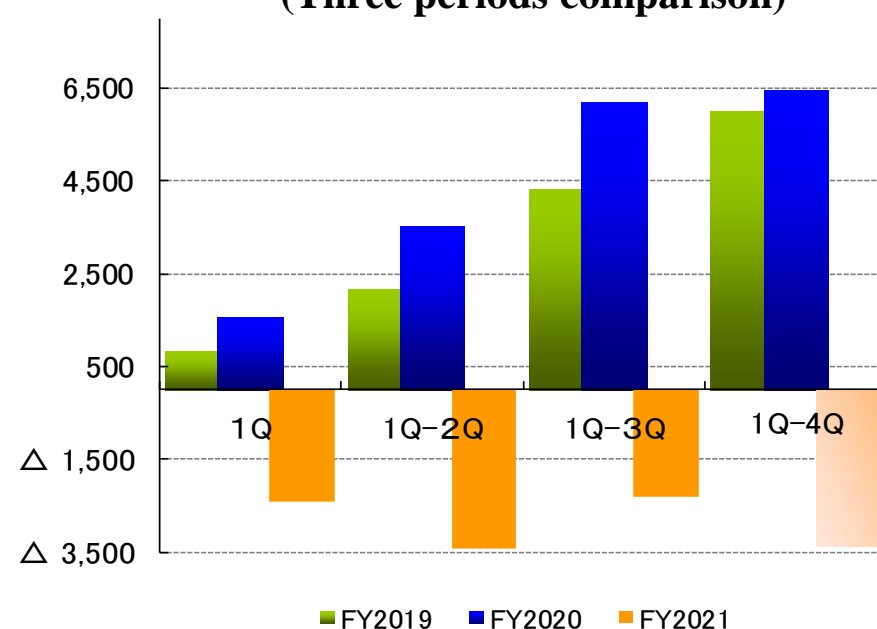
## Operating profit (Quarter)

(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	△ 1,012	1,114		△ 2,409	△ 3,421	△ 2,307	△ 3,400
YoY	-	-	△ 58.3%		-	-	-	-



# Balance Sheet

(Millions of yen, %)	FY2019		FY2020		FY2021(3Q)		(Change)	(%)
	amount	rate	amount	rate	amount	rate		
<b>Current assets</b>	13,202	50.9	13,444	50.1	12,025	48.1	△ 1,419	△ 10.6
<b>Non-current assets</b>	12,751	49.1	13,370	49.9	12,984	51.9	△ 386	△ 2.9
<b>Assets</b>	25,954	100.0	26,814	100.0	25,010	100.0	△ 1,805	△ 6.7
<b>Current liabilities</b>	5,804	22.4	3,846	14.3	2,843	11.4	△ 1,003	△ 26.1
<b>Non-current liabilities</b>	1,855	7.1	1,803	6.7	2,434	9.7	631	35.0
<b>Liabilities</b>	7,659	29.5	5,649	21.1	5,277	21.1	△ 372	△ 6.6
<b>Net assets</b>	18,294	70.5	21,165	78.9	19,732	78.9	△ 1,433	△ 6.8
<b>Liabilities and net assets</b>	25,954	100.0	26,814	100.0	25,010	100.0	△ 1,805	△ 6.7
<b>BPS(Yen)</b>	587.87		680.11		634.07		△ 46.04	△ 6.8
<b>Cash and deposits</b>	5,660		8,291		5,325		△ 2,966	△ 35.8
<b>Borrowings</b>	433		180		692		512	284.6

# Business Forecast for FY2021

	FY2020		FY2021(Forecast)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
(million of yen,%)						
Net sales	45,181	—	23,140	—	△ 22,041	△ 48.8
Gross profit	26,702	59.1	11,100	48.0	△ 15,602	△ 58.4
SG&A expenses	20,248	44.8	14,500	62.7	△ 5,748	△ 28.4
Operating profit	6,455	14.3	△ 3,400	—	△ 9,855	—
Ordinary profit	6,475	14.3	△ 1,370	—	△ 7,845	—
Net profit	4,100	9.1	△ 900	—	△ 5,000	—
EPS(yen)	131.76		△ 28.92		△ 160.68	—
Dividend/stock (yen)	40.00		30.00		△ 10.00	△ 25.0
CAPEX	2,041		500		△ 1,541	△ 75.5
Depreciation	1,459		1,400		△ 59	△ 4.1

# Business Forecast for FY2021(3Q-4Q)

**We aim to be profitable in the second half of the year!**

(million of yen,%)	FY2020(3Q-4Q)		FY2021(3Q-4Q)		YoY(Change)	YoY(%)
	amount	To-sales rate	amount	To-sales rate		
Net sales	22,793	—	15,235	—	△ 7,558	△ 33.2
Gross profit	13,442	59.0	8,099	53.2	△ 5,343	△ 39.7
SG&A expenses	10,506	46.1	8,078	53.0	△ 2,428	△ 23.1
Operating profit	2,936	12.9	21	0.1	△ 2,915	△ 99.3
Ordinary profit	2,927	12.8	586	3.8	△ 2,341	△ 80.0
Net profit	1,832	8.0	390	2.6	△ 1,442	△ 78.7

# Business Forecast for FY2021 (SEGMENTS)

	Net sales				Operating profit		
	FY2020	FY2021 (Forecast)	YoY(Change)	YoY(%)	FY2020	FY2021 (Forecast)	YoY(Change)
(Million of Yen,%)							
SUCREY	16,199	7,286	△ 8,913	△ 55.0	2,059	△ 1,164	△ 3,223
KCC	12,700	8,201	△ 4,499	△ 35.4	1,292	△ 617	△ 1,909
KOTOBUKISEIKA TAJIMAKOTOBUKI	10,572	5,002	△ 5,570	△ 52.7	1,352	△ 867	△ 2,219
SALES SUBSIDIARIES	6,176	2,444	△ 3,732	△ 60.4	523	△ 469	△ 992
KUJYUKUSHIMA GROUP	4,522	1,983	△ 2,539	△ 56.1	374	△ 693	△ 1,067
OTHERS	812	508	△ 304	△ 37.4	△ 177	8	185
SEGMENTS TOTAL	50,980	25,424	△ 25,556	△ 50.1	5,423	△ 3,802	△ 9,225
ADJUSTMENT	△ 5,800	△ 2,284	3,516	△ 60.6	1,032	402	△ 630
TOTAL	45,181	23,140	△ 22,041	△ 48.8	6,455	△ 3,400	△ 9,855

## **Strategy (consideration of influence of COVID-19)**

### **1. First step of early recovery, we aim to profitable in the second half of the year.**

**① Under the Covid-19 epidemic , respond quickly to changes in consumer needs and improve brand power.**

- **Products**: Strengthen sales private demand and eat on the spot  
                     Growth of main brands and main sweets  
                     Development of new brands・new sweets
- **Shops**: Strengthen product appeal by improving displays, POP, etc.  
                     Go To Travel countermeasures
- **Sales**: level up of customer service
- **EC/Mail order** :Royal customer , EC mall , SNS and Catalog gift countermeasures
- **Other channel**: Suburban store, SA and Department store
- **Strengthening measures seasonal event sales (Christmas, New Year holidays, Valentine's day and White day, etc.)**

## **Strategy (consideration of influence of COVID-19)**

**1. First step of early recovery, we aim to profitable in the second half of the year.**

### **② Improve loss and cash flow by reducing costs, etc.**

#### **● Reduction of labor costs**

- Reduction of officer compensation , employee bonus and other expenses
- Improve business efficiency

#### **● Ensuring proper inventory**

- Top priority is selling fresh and delicious sweets to our customers

#### **● Restraint of Capex**

**○ Overdraft limit is 7.8 Billion yen. (FY2020 3.25 Billion yen)**

**Confirm the recovery of business performance, Consider additional measures.**



# Strategy (consideration of influence of COVID-19)

## 2. To the next growth stage, we prepare for after end of Covid-19.

### <Strategic measures>

- ① Tokyo area expansion
- ② Inbound countermeasures
- ③ Overseas expansion

Tokyo area



EXPASA Ebina

Inbound



Multilingual POP

Overseas



Cow Cow Kitchen  
Thailand Siam Paragon

## 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》

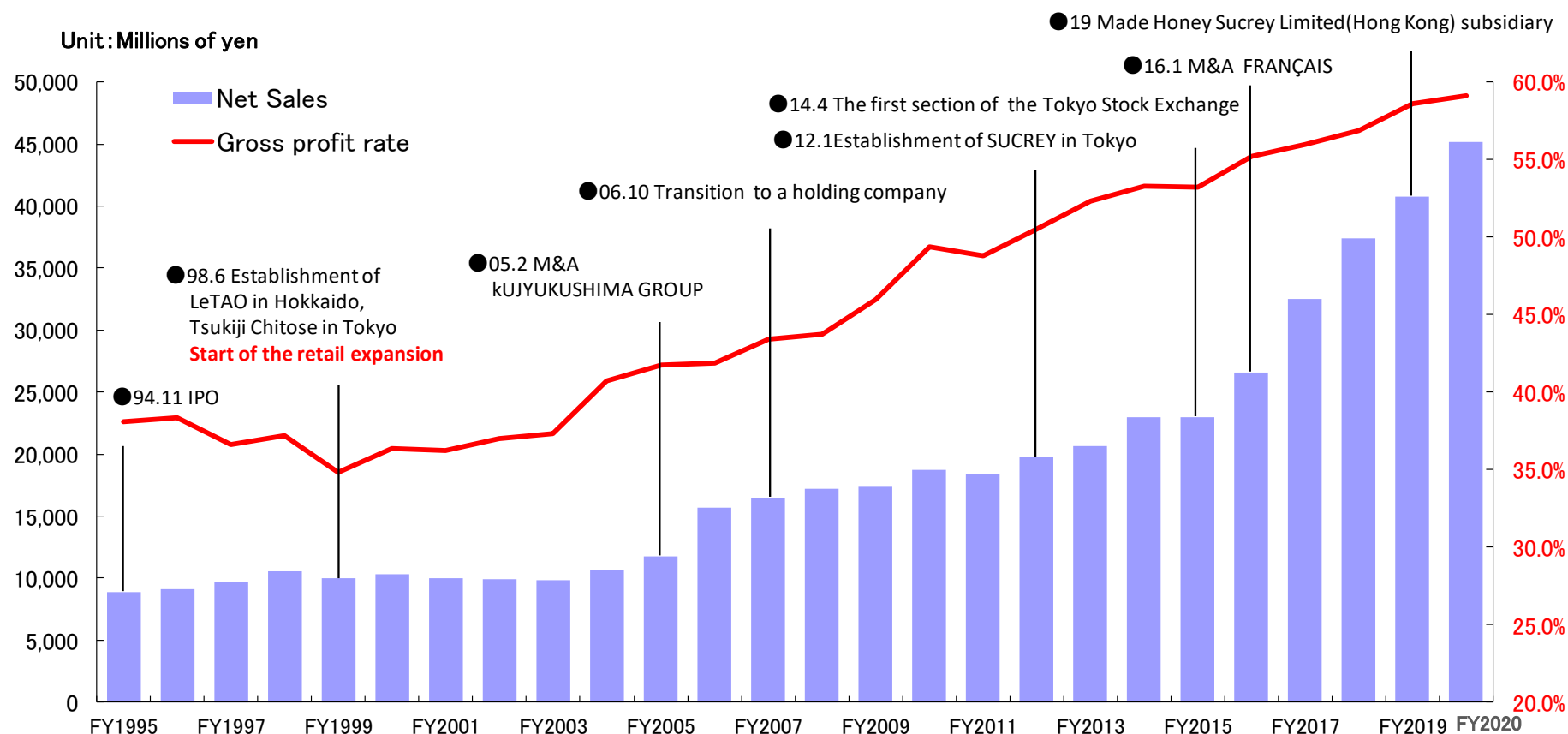
KOZUCHI national convention is held once a year for the purpose of sharing achievements with fellows.



# Transition of Kotobuki Spirits ①

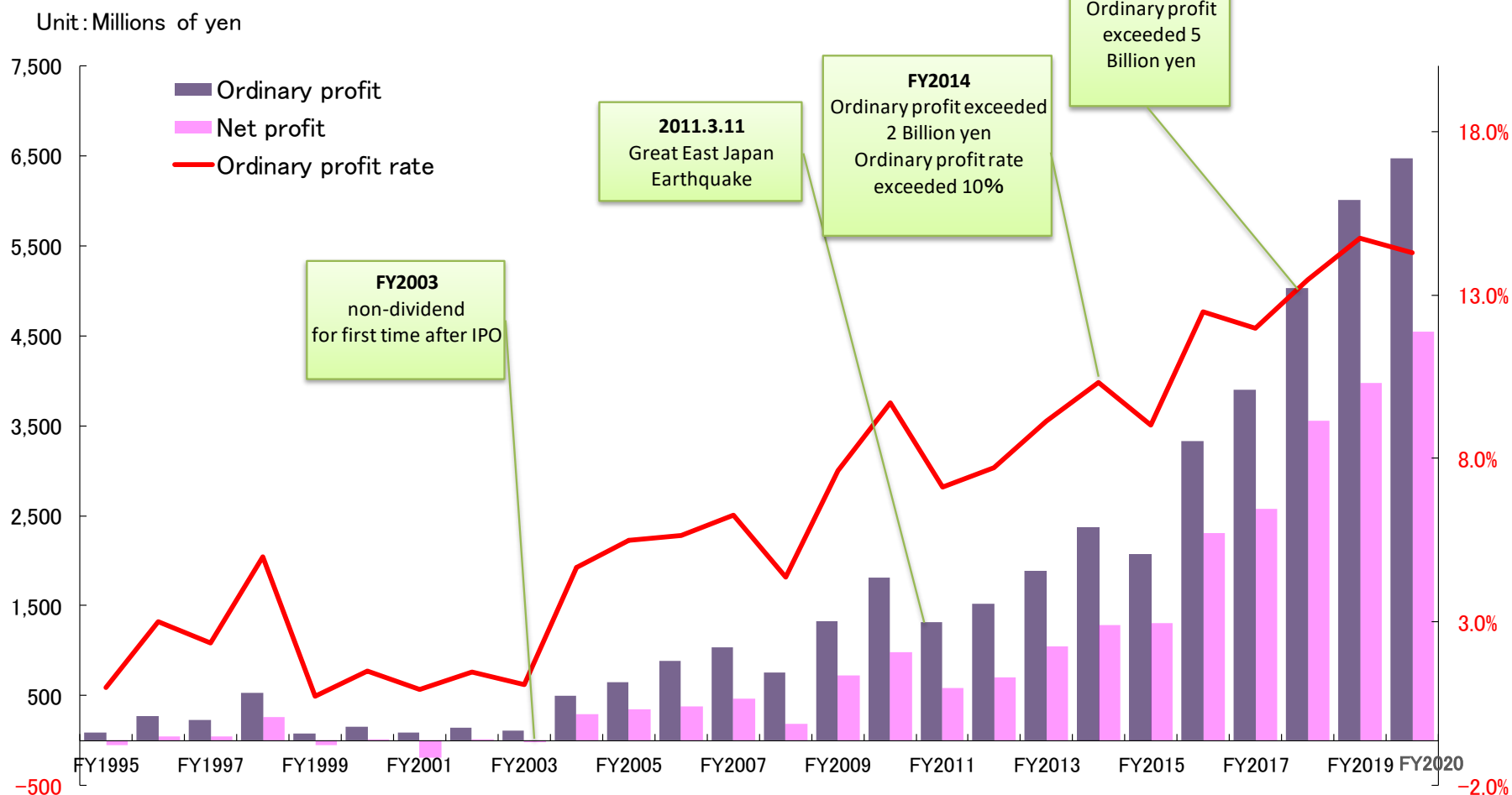
## High profit management

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



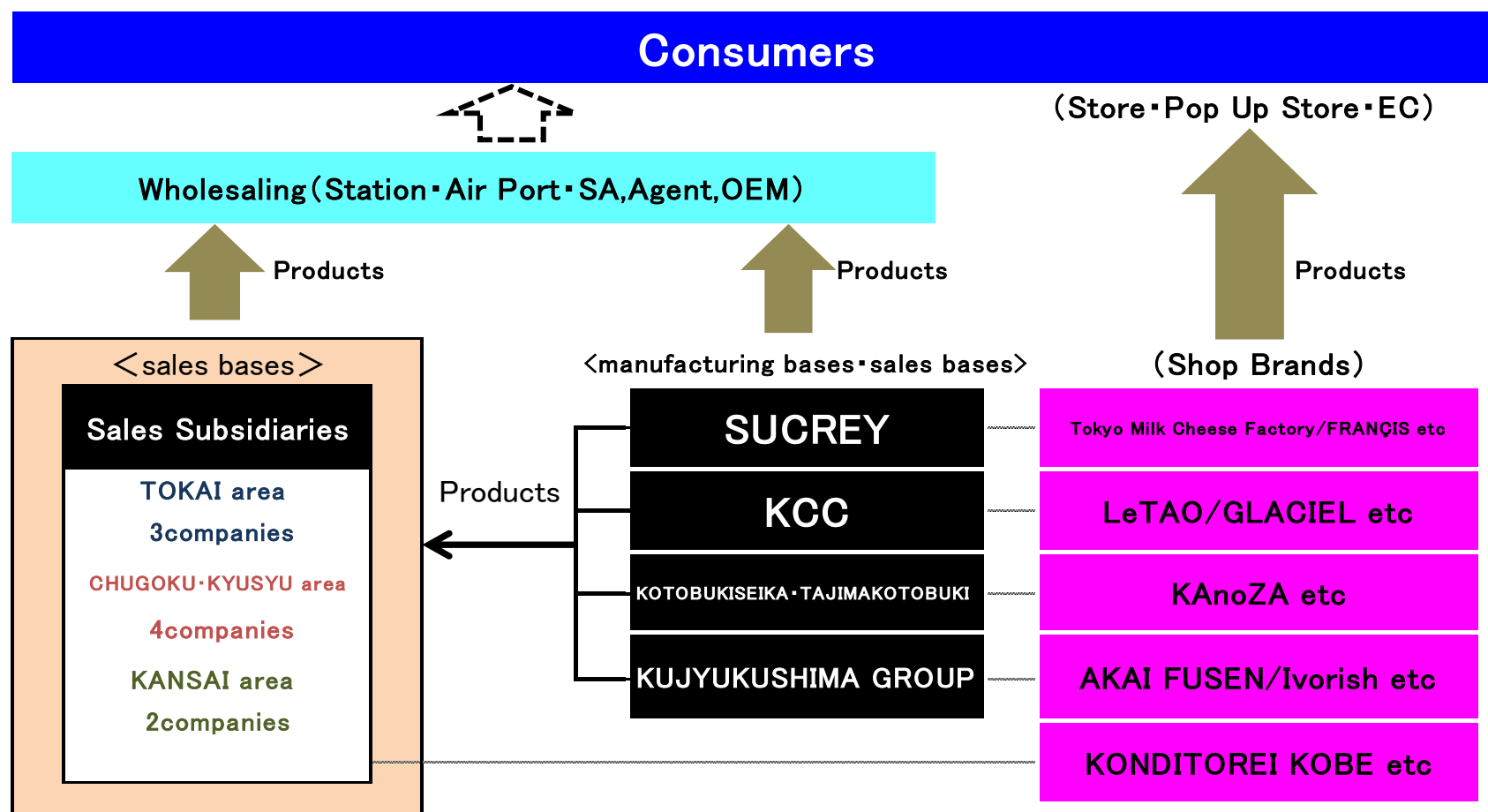
# Transition of Kotobuki Spirits ②

**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 Museum ★

**Double Fromage**



希聖堂株式会社

**Inabano Shirousagi**



**Salt and Camembert Cookie**



**Mille Feuille**



**Butter Financier**



**Kujyukushima Senpei**