



# Financial Results

## FY 2023 3Q

February 6, 2024





愛と喜びのある食卓をいつまでも

Lasting love and joy at your table



## Highlights

- In the cumulative third quarter of the fiscal year (April to December 2023), our net sales reached ¥14,304 million, showing a growth of 8.5% compared to the same period in the previous year, and our operating profit was ¥1,087 million, a decrease of 7.7%.
- Store sales during the cumulative third quarter of the fiscal year were directly-managed stores showing a 0.2% increase compared to the previous year, and franchise stores displaying a 15.0% increase. The total number of stores increased by 10 compared to the end of the previous consolidated fiscal year, with 1 directly-managed store and 9 franchise stores.
- Existing store customer numbers showed a decrease of 3.4% compared to the same period in the previous year during the cumulative third quarter, and a 7.3% decrease during the third quarter of the current fiscal year (October to December 2023). The existing store customer unit price increased by 6.9% during the cumulative third quarter due to price increases.
- For the E-commerce segment, sales increased by 1.4% compared to the same period in the previous year during the cumulative third and a 5.3% decrease during the third quarter of the current fiscal.
- In response to customers' comments that "product prices are too high," prices of 48 standard products from Kuze Fuku & Co. and St.Cousair were lowered on December 7, 2023. Customers' willingness to buy recovered, and the number of existing store sales improved by 4.1% in the single month of December.
- Wholesale sales experienced steady growth with an increase of 10.3% compared to the same period in the previous year during the cumulative third quarter, and an 7.8% increase during the second quarter of the current fiscal year.
- Global sales showed an increase of 25.1% compared to the same period in the previous year during the cumulative third quarter and an increase of 65.1% during the third quarter of the current fiscal year due to the recovery of sales to major retail chains in the U.S. and the recording of sales of Portlandia Foods brand products acquired in June 2023.

※“Existing stores” is defined as stores that have been open for 18 months or more.

## Consolidated Results Summary

Existing store sales slowed from the beginning of fall 2023 due to a reactionary decline from the previous year's exposure on a national TV program and customers' increasing thriftiness due to soaring food prices. The cumulative 3Q sales maintained an increase of 8.5%, but operating profit declined by -7.7%.

Unit: ¥K	3Q Cumulative Period (2023/4~2023/12)			3Q Accounting Period (2023/10~2023/12)		
		Previous Period Results	YoY Change		Previous Period Results	YoY Change
Net Sales	14,304,263	13,183,128	+8.5%	5,285,263	5,055,894	+4.5%
Cost of Goods Sold	8,863,951	7,977,850	+11.1%	3,400,013	3,082,092	+10.3%
Gross Profit	5,440,311	5,205,277	+4.5%	1,885,250	1,973,802	▲4.5%
Gross Profit Margin	38.0%	39.5%	▲1.5pt	35.7%	39.0%	▲3.3pt
SG&A	4,352,314	4,027,095	+8.1%	1,543,721	1,463,580	+5.5%
Operating Profit	1,087,997	1,178,182	▲7.7%	341,528	510,222	▲33.1%
Operating Profit Margin	7.6%	8.9%	▲1.3pt	6.5%	10.1%	▲3.6pt
Ordinary Profit	1,132,799	1,207,945	▲6.2%	316,723	523,120	▲39.5%
Profit attributable to owners of parent	724,578	789,142	▲8.2%	199,616	327,275	▲39.0%



## Sales by Sales Channel

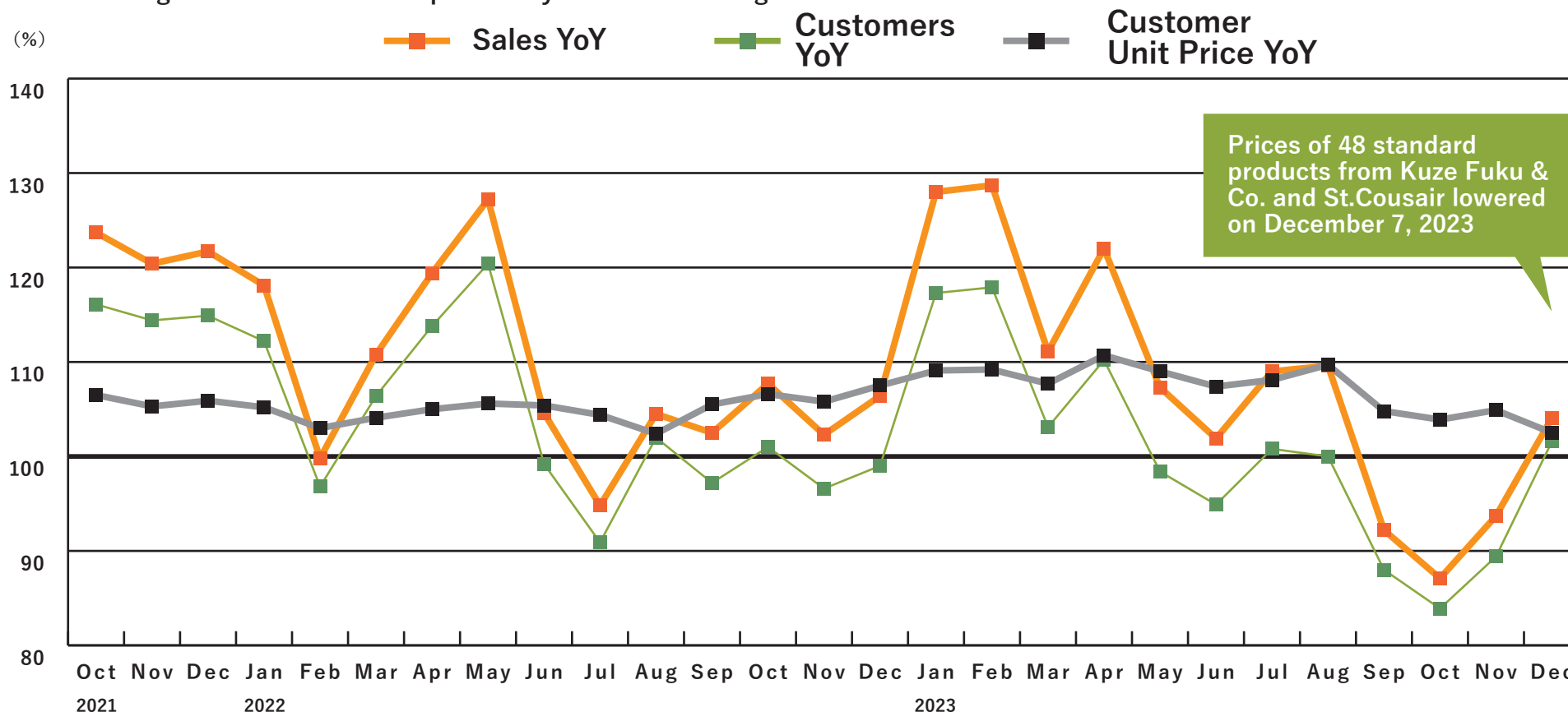
- Stores** ..... In the cumulative third quarter of the fiscal year, directly-managed stores saw a 0.2% increase compared to the same period in the previous year, while franchise stores had an 15.0% increase. Existing store sales increased 3.4% during the cumulative third quarter of the fiscal year, but declined 3.0% during the third quarter due to a reactionary decline from the previous year's exposure on a national TV program and customers' increasing thriftiness due to soaring food prices. The number of stores increased by 10 (1 directly managed 9 franchise stores) from the end of the previous fiscal year.
   
(Directly-managed and Franchises)
- E-Commerce** ..... As in the case of stores, E-commerce sales increased by 1.4% during the cumulative third quarter of the fiscal year and decreased by 5.3% the third quarter due to a reactionary decline from the previous year's exposure on a national TV program and customers' growing consciousness due to soaring food prices.
- Wholesale** ..... Wholesale sales performed well with an 10.3% increase during the cumulative third quarter compared to the same period in previous year, and an 7.8% increase during the third quarter.
- Global** ..... Global sales showed an increase of 25.1% compared to the same period in the previous year during the cumulative third quarter and increase of 65.1% during the third quarter of the current fiscal year due to the recovery of sales to major retail chains in the U.S. the recording of sales of Portlandia Foods brand products acquired in June 2023.

Unit: ¥K	3Q Cumulative Period (2023/4~2023/12)					3Q Accounting Period (2023/10~2023/12)				
		Composition ratio	Previous Period Results		YoY Change		Composition ratio	Previous Period Results		YoY Change
				Composition ratio					Composition ratio	
Directly-managed Stores	4,781,506	33.4%	4,770,988	36.2%	+0.2%	1,742,367	33.0%	1,875,109	37.1%	▲7.1%
Franchises	5,250,280	36.7%	4,565,784	34.6%	+15.0%	1,944,451	36.8%	1,782,919	35.3%	+9.1%
E-Commerce	844,242	5.9%	832,833	6.3%	+1.4%	316,617	6.0%	334,484	6.6%	▲5.3%
Wholesale	2,550,091	17.8%	2,311,791	17.5%	+10.3%	890,385	16.8%	826,342	16.3%	+7.8%
Global	878,142	6.2%	701,731	5.3%	+25.1%	391,442	7.4%	237,039	4.7%	+65.1%
Total	14,304,263	100.0%	13,183,128	100.0%	+8.5%	5,285,263	100.0%	5,055,894	100.0%	+4.5%

※“Existing stores” is defined as stores that have been open for 18 months or more.

## Existing stores\* Sales, Customers, and Sales per Customer

- Existing store customer numbers decreased by 3.4% in the cumulative third quarter of the fiscal year (April to December 2023) compared to the same period in the previous year. During the third quarter (October to December 2023), there was a 7.3% decrease. The primary reasons for this decline were a reactionary decline from the previous year's exposure on a national TV program, as well as customers' increasing thriftiness due to soaring food prices.
- In response to customers' comments that "product prices are too high," prices of 48 standard products from Kuze Fuku & Co. and St.Cousair were lowered on December 7, 2023. Customers' willingness to buy recovered, and the number of existing store customers improved by 1.6% in the single month of December.

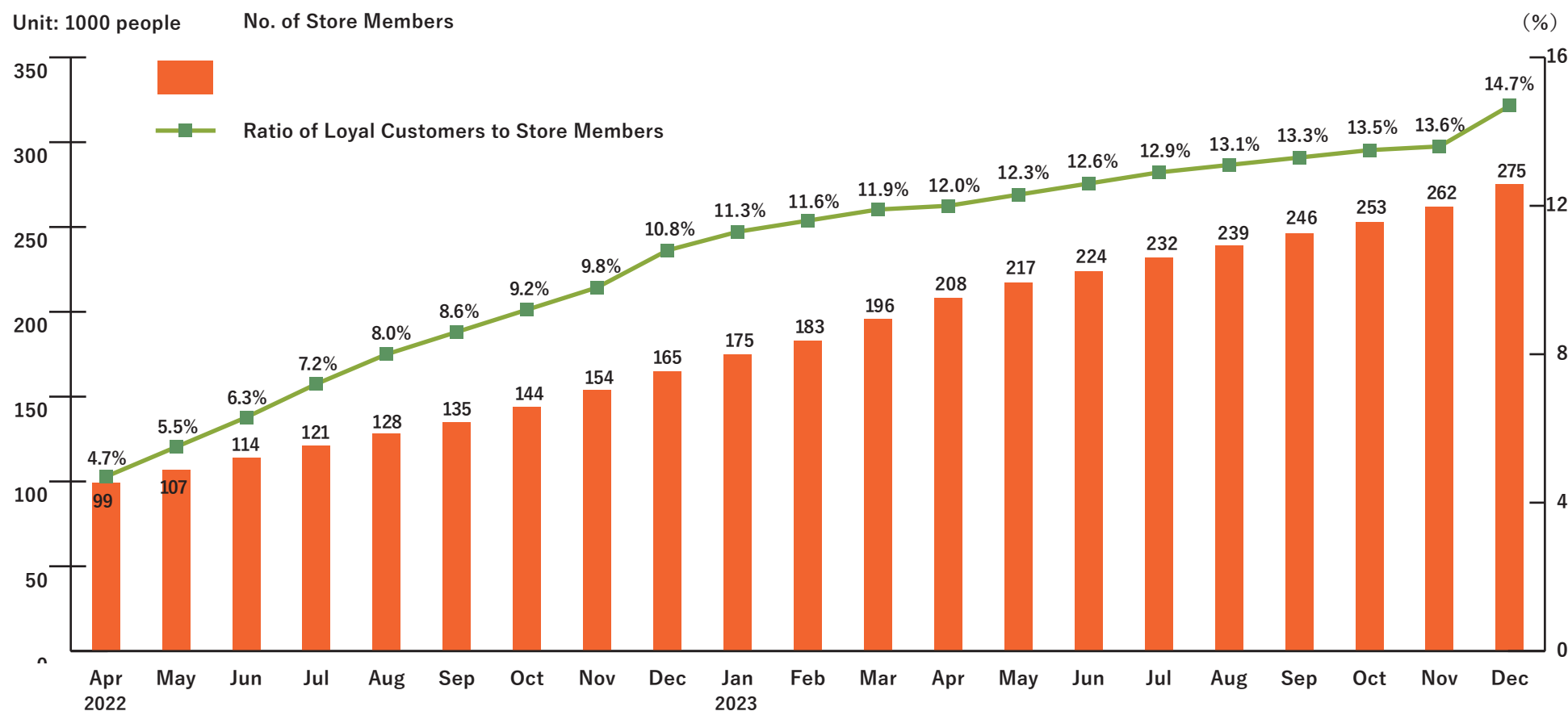


※“Existing stores” is defined as stores that have been open for 18 months or more.



## Number of Store Members and Ratio of Loyal Customers

- The official app was launched in April 2021. Since then, the number of customers registered on the app has increased steadily.
- In order to increase the number of customers who become fans of the Company, the needs of customers are being explored in depth through interviews and surveys at the Company's retail stores. The ratio of loyal customers to total store members is increasing.



※1. The above graph shows the number of customer members who use the stores, not including e-commerce members. ※2. Among customer members registered on our official app, "loyal customers" are defined as those whose total purchase amount for the 7 months starting from the base date (the end of each month) exceeds the base amount determined by us.

## Number of stores by business type

During the 3Q cumulative period (Apr-December 2023), 9 new Kuze Fuku stores were opened (9 franchise stores) and 1 new MeKEL store was opened (1 directly managed store). No stores were closed during the 3Q cumulative period.

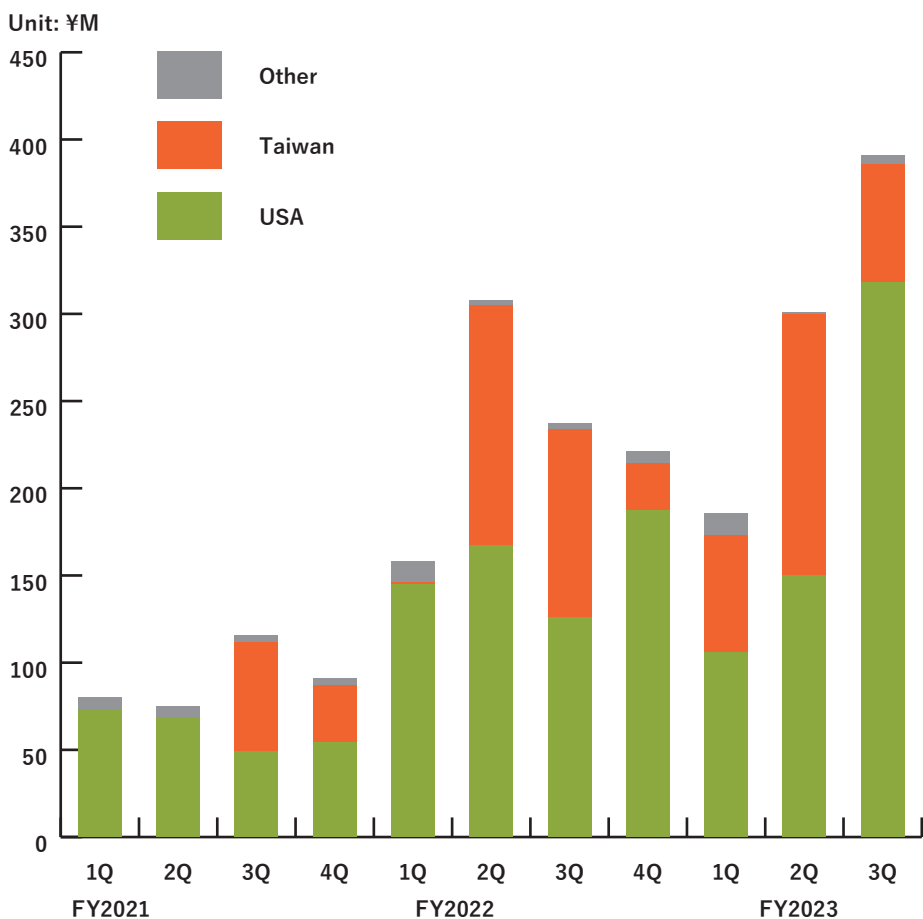
Unit: stores		Number of stores 12/31/2022	Number of stores 3/31/2023	End of December 2023 (2023/4~2023/12)		
				Opened	Closed	Number of stores
St.Cousair	Directly-managed	12	12	-	-	12
	Franchise	4	4	-	-	4
	Total	16	16	-	-	16
Kuze Fuku & Co.	Directly-managed	42	39	-	-	39
	Franchise	98	103	9	-	112
	Total	140	142	9	-	151
MeKEL	Directly-managed	-	-	1	-	1
	Franchise	-	-	-	-	-
	Total	-	-	1	-	1
All	Directly-managed	54	51	1	-	52
	Franchise	102	107	9	-	116
	Total	156	158	10	-	168



# Global Status: Sales by Country

During the cumulative third quarter of the fiscal year (April to December 2023), the country-specific sales showed an increase of 135 million yen in the United States and an increase of 38 million yen in Taiwan.

## Sales by country (※1, 2)



## Highlights

### USA

- Sales in the current third quarter (October to December 2023) (※3) increased by 192 million yen compared to the same period in the previous year due to a recovery in sales to major retail chains in the U.S. and sales of Portlandia Foods brand products acquired in June 2023.
- The average exchange rate for the US dollar used for the translation of the financial results of the US subsidiary during the cumulative second quarter of the fiscal year was 138.24 yen, whereas in the same period of the previous year, it was 128.30 yen.

### Taiwan

- Sales increased in 3Q of the previous fiscal year due to participation in a sales promotion event for a major U.S. retail chain, which is scheduled to be held in 4Q of the current fiscal year, and sales are expected to be recorded in 4Q accordingly.

### Others

- In addition to Australia and Hong Kong, the company started business with a customer in Canada in the current third quarter.

※1. Figures are based on country of last sale. ※2. The above figures have not been reviewed by an external auditor.  
※3. This includes the period from July 2023 to September 2023 for the U.S. subsidiary.

# SG&A Expenses

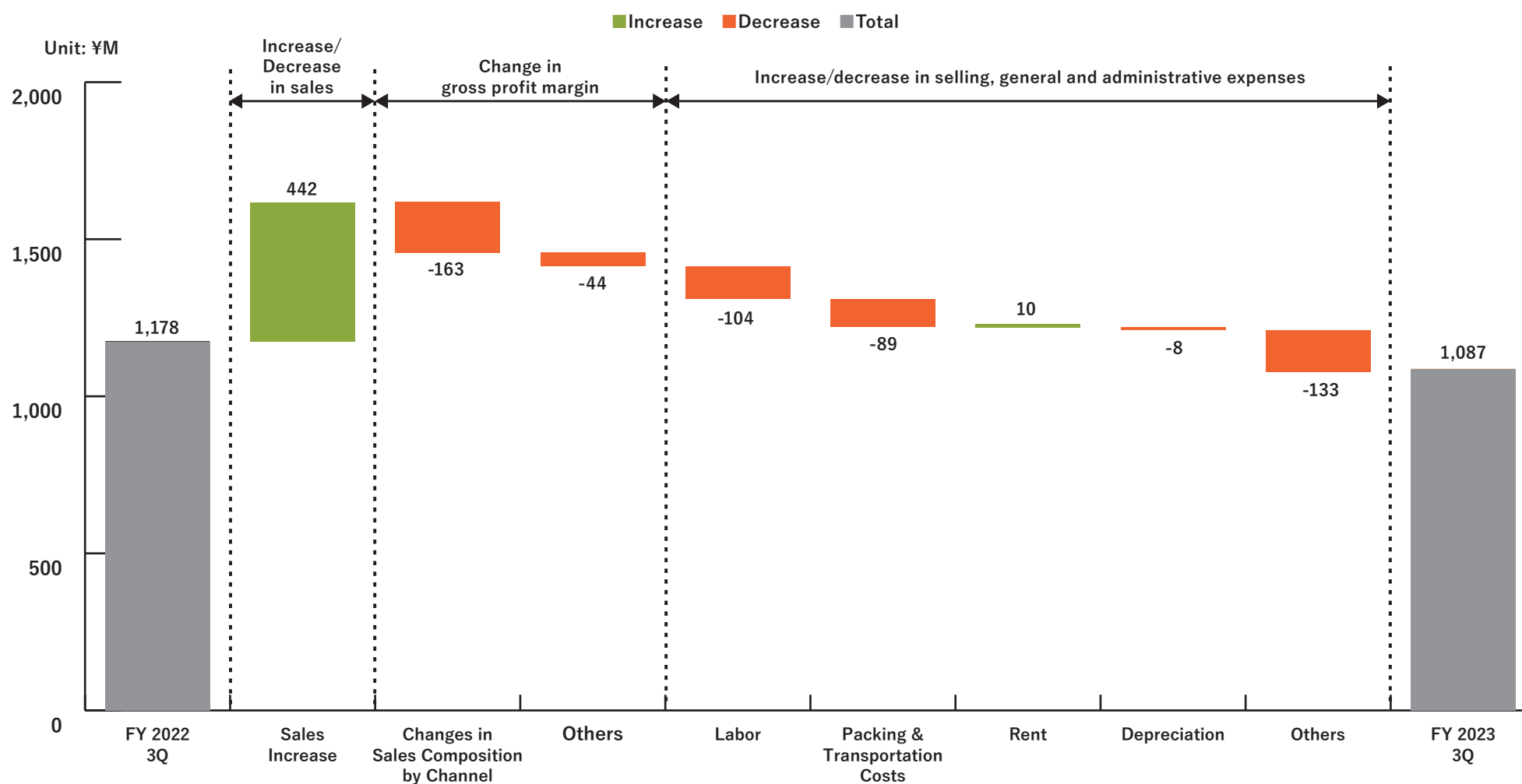
- **Labor** ..... Increased by ¥104M due to base increase (increase in fixed costs) new hires.
- **Other** ..... Increased due to branding and marketing expenses, shareholder-related expenses, internal IT-related expenses, and M&A-related expenses.

Unit: ¥K	3Q Cumulative Period (2023/4~2023/12)					3Q Accounting Period (2023/10~2023/12)				
		Composition Ratio	Previous Period Results		YoY Change		Composition Ratio	Previous Period Results		YoY Change
				Composition Ratio					Composition Ratio	
Labor	1,762,141	12.3%	1,657,440	12.6%	+6.3%	595,995	11.3%	596,276	11.8%	▲0.0%
Packing and transportation costs	892,262	6.2%	803,250	6.1%	+11.1%	332,928	6.3%	292,924	5.8%	+13.7%
Rent	462,116	3.2%	472,128	3.6%	▲2.1%	167,552	3.2%	186,156	3.7%	▲10.0%
Depreciation & Amortization	126,273	0.9%	118,206	0.9%	+6.8%	51,301	1.0%	43,029	0.9%	+19.2%
Others	1,109,520	7.8%	976,068	7.4%	+13.7%	395,943	7.5%	345,193	6.8%	+14.7%
<b>Total</b>	<b>4,352,314</b>	<b>30.4%</b>	<b>4,027,095</b>	<b>30.5%</b>	<b>+7.3%</b>	<b>1,543,721</b>	<b>29.2%</b>	<b>1,463,580</b>	<b>28.9%</b>	<b>+5.5%</b>



# Consolidated Operating Profit YoY

The decrease in gross margin in the first nine months of the year (Apr-Dec 2023) was mainly due to changes in the sales composition ratio by channel.



## Percentage of Progress toward Consolidated Earnings Forecast

The progress of group performance and sales by channel against the full-year forecast is as follows.

### ■ Percentage of progress toward Consolidated Earnings Forecast

Unit: ¥M	3Q Cumulative Period (2023/4~2023/12)		
		Earnings Forecast	Progress Rate
Net sales	14,304	19,711	72.6%
Operating profit	1,087	1,681	64.7%
<i>Operating Profit Margin</i>	7.6%	8.5%	
Ordinary profit	1,132	1,661	68.2%
Profit attributable to owners of parent	724	1,096	66.1%

### ■ Percentage of progress toward Sales Forecast by Sales Channel

Unit: ¥M	3Q Cumulative Period (2023/4~2023/12)		
		Earnings Forecast	Progress Rate
Directly-managed stores	4,781	6,382	74.9%
Franchises	5,250	7,133	73.6%
E-Commerce	844	1,264	66.8%
Wholesale	2,550	3,399	75.0%
Global	878	1,530	57.4%
Total	14,304	19,711	72.6%

## Balance sheet

Inventories decreased compared to the same period of the previous year due to the recovery of sales in December 2023.

Unit: ¥K	December 31, 2022	March 31, 2023	December 31, 2023		
				YoY	Prior Period End Ratio
Cash and deposits	3,248,262	3,317,671	2,397,569	▲26.2%	▲27.7%
Accounts receivable	2,196,420	1,728,233	2,666,728	+21.4%	+54.3%
Inventory	1,774,638	1,635,730	1,620,868	▲8.7%	▲0.9%
Other current assets	135,348	132,815	126,512	▲6.5%	▲4.7%
Allowance for Doubtful Receivables	-62	-92	-71		
Total current assets	7,354,607	6,814,358	6,811,608	▲7.4%	0.0%
Total fixed assets	2,552,256	2,360,079	2,946,391	+15.4%	+24.8%
Total assets	9,906,864	9,174,438	9,758,000	▲1.5%	+6.4%
Total liabilities	5,877,254	4,948,426	4,995,991	▲15.0%	+1.0%
Total net assets	4,029,609	4,226,011	4,762,008	+18.2%	+12.7%
Equity Ratio	40.7%	46.0%	48.8%	+8.1pt	+2.7pt

## ROIC•ROE

- High ROIC due to new store openings, particularly Franchises, as well as growing sales in non-store channels (e-commerce, wholesale, and global)

### ■ ROIC (Last 12 months)

16.9%

Previous consolidated  
fiscal year: 19.1%

#### Calculation Formula

$$\frac{\text{Operating income} \times (1 - \text{effective tax rate})}{(\text{Shareholders' equity} + \text{favorable liabilities}) (\times)}$$

### ■ ROE (Last 12 months)

22.6%

Previous consolidated  
fiscal year: 28.0%

#### Calculation Formula

$$\frac{\text{Net income attributable to owners of the parent}}{\text{Shareholders' equity} (\times)}$$

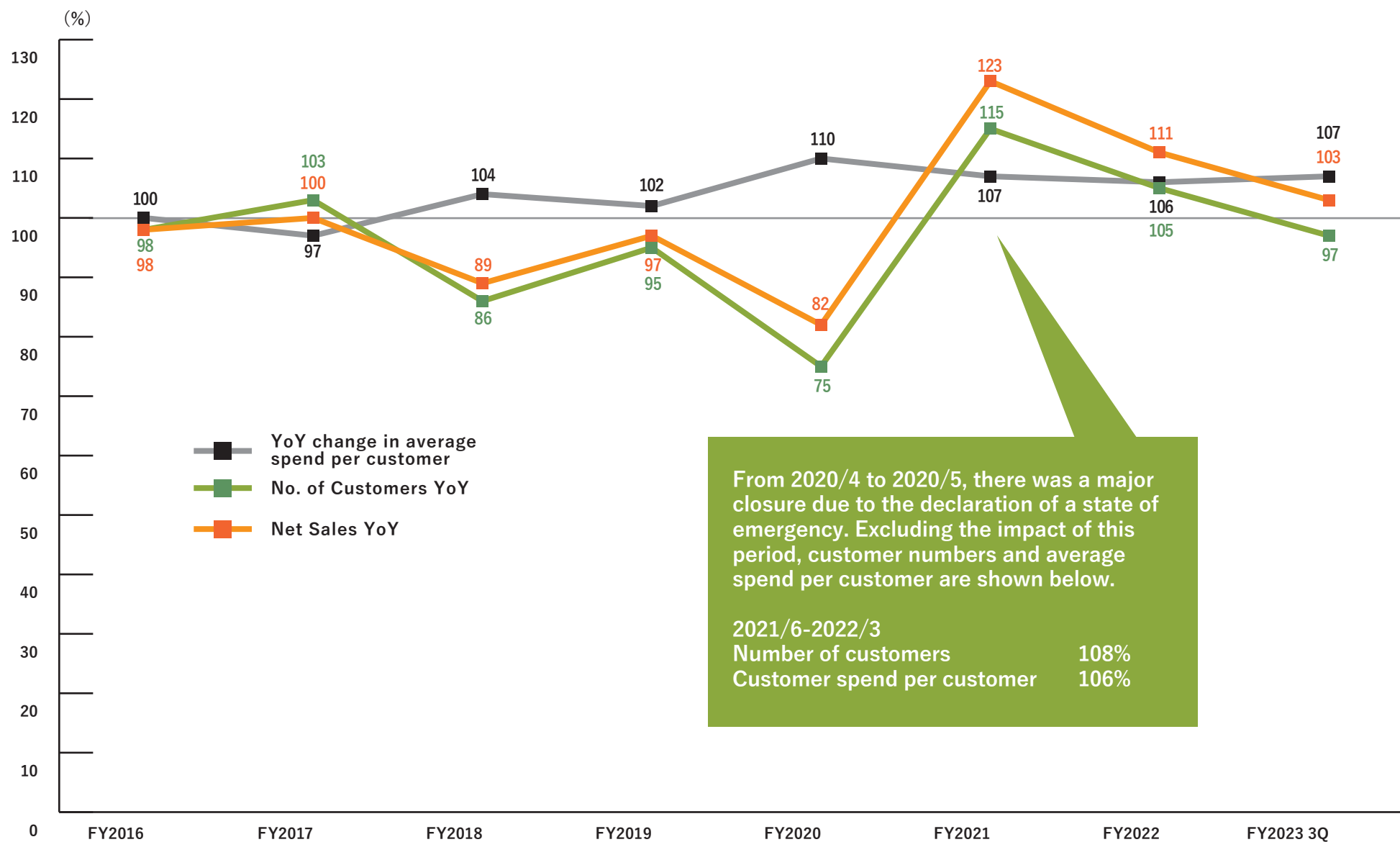
※ Calculation is based on the average of the balances at the beginning and end of the most recent 12-month accounting period. With regard to the increase in shareholders' equity due to the public offering at the time of the listing on the Growth Market in December 2022, the calculation of each indicator is based on the assumption that the public offering was made at the beginning of each computation period.



## Caution

**Please be aware that actual performance and results may differ significantly from these forecasts due to future changes in domestic and overseas economic conditions, internal and external factors, and various other external and internal factors.**

## Existing stores (※1・2) Number of customers and average spend per customer compared to last year

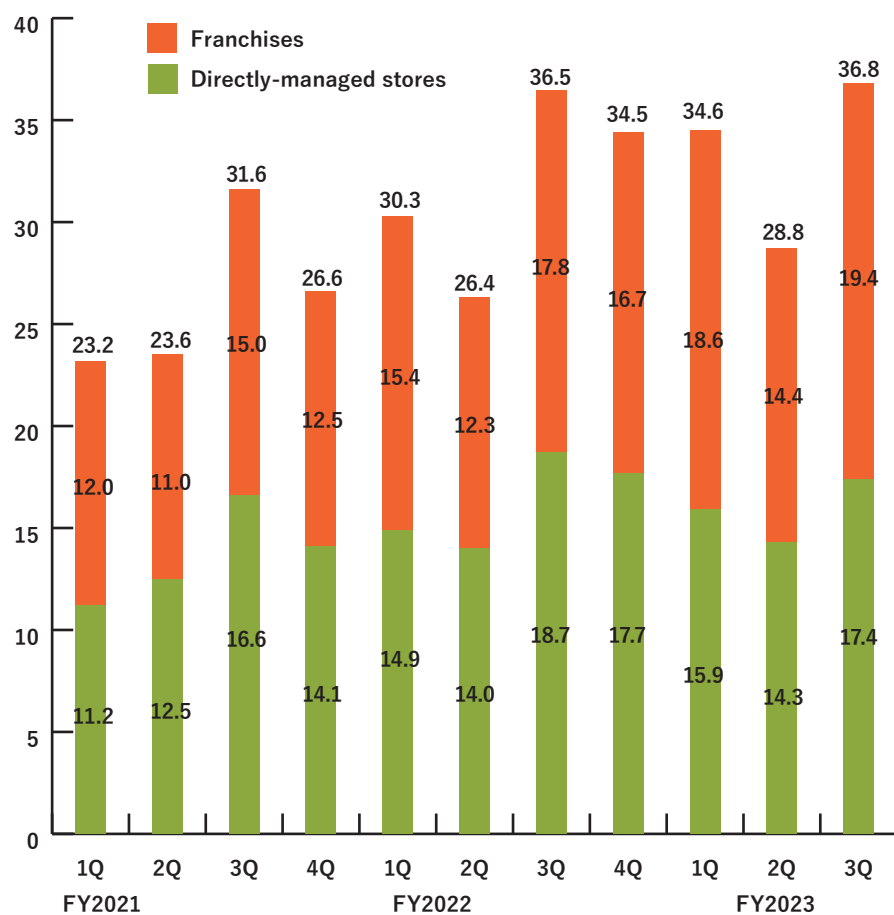


※1. "Existing stores" is defined as stores that have been open for at least 18 months. ※2. Comparison of sales, number of customers, and average spend per customer are calculated for stores that have been open for at least 18 months as of the beginning of each fiscal year.

## Performance by Sales Channel( Stores & EC)

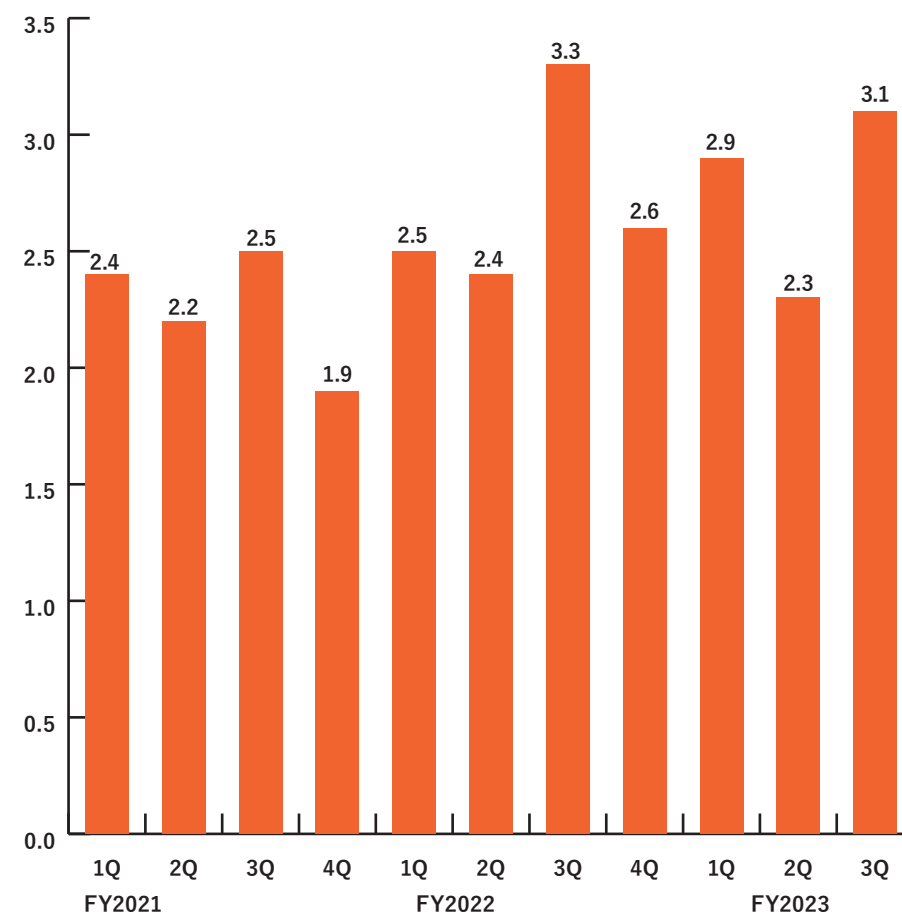
### ■ Quarterly sales(store)

Unit: ¥100M



### ■ Quarterly sales(E-commerce)

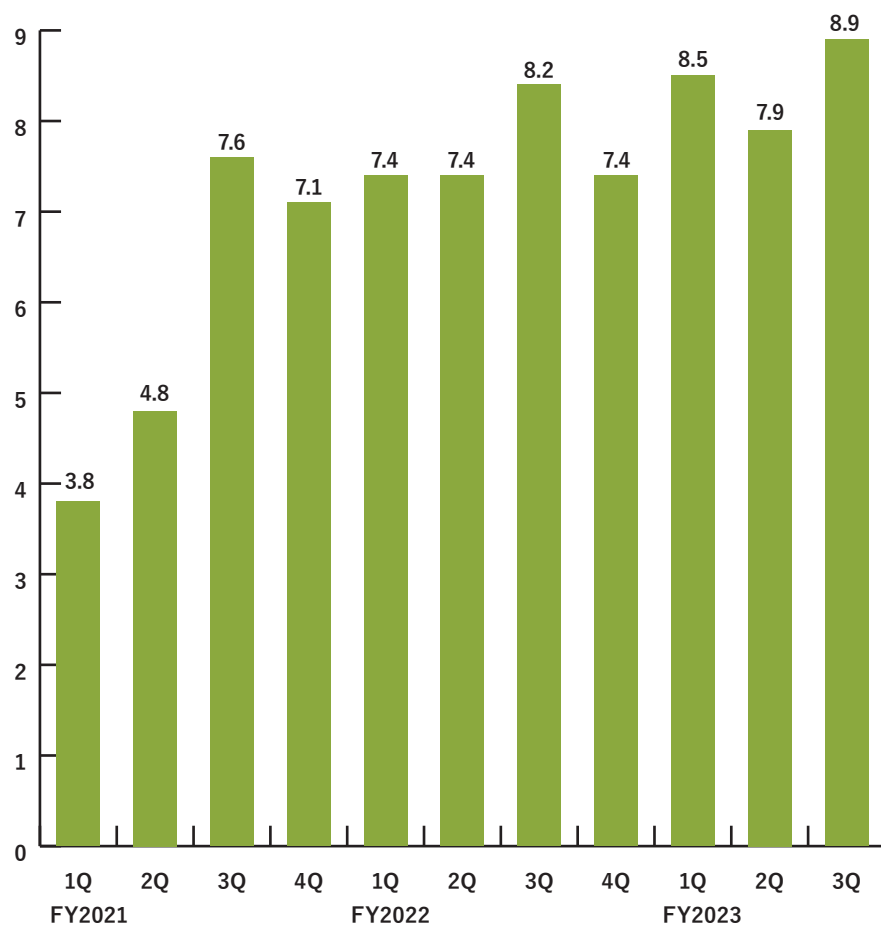
Unit: ¥100M



## Performance by Sales Channel( Wholesale and Global)

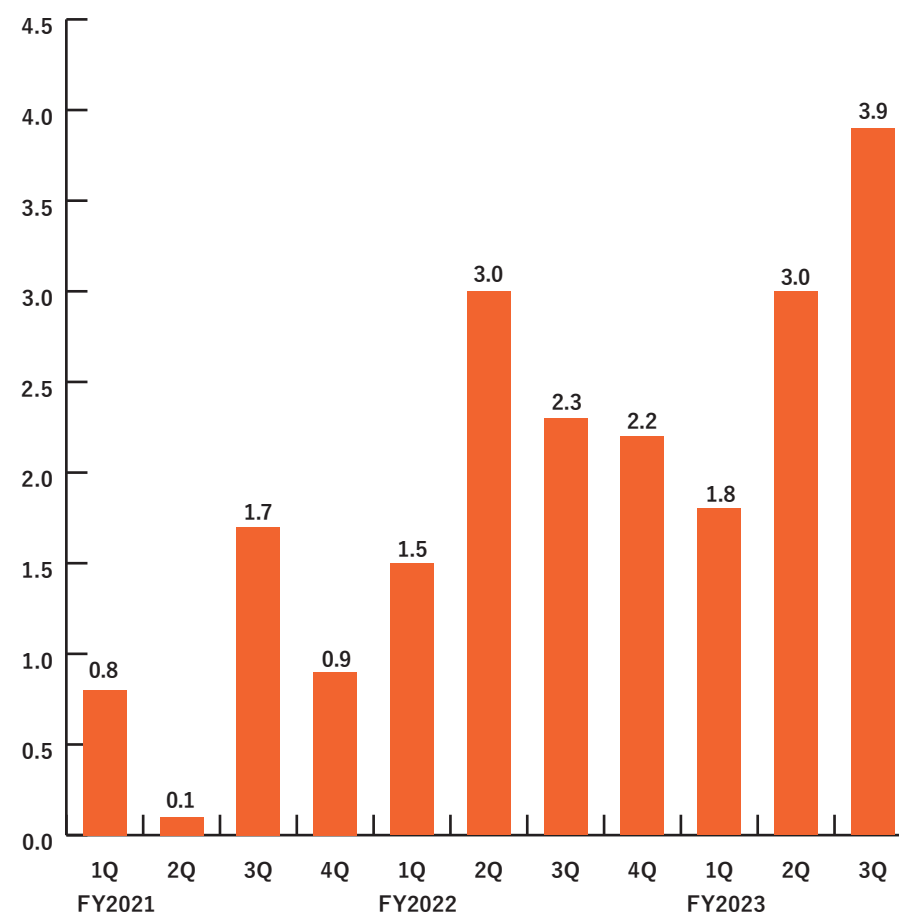
### ■ Quarterly sales(Wholesale)

Unit: ¥100M



### ■ Quarterly sales(Global)

Unit: ¥100M





# Quarterly Consolidated Results

Unit: ¥K	FY 2023					
	1Q		2Q		3Q	
		Composition ratio		Composition ratio		Composition ratio
Net sales	4,806,138	100.0%	4,212,860	100.0%	5,285,263	100.0%
Gross profit	1,933,554	40.2%	1,621,506	38.5%	1,885,250	35.7%
Operating profit	502,632	10.5%	243,836	5.8%	341,528	6.5%

Unit: ¥K	FY 2022							
	1Q		2Q		3Q		4Q	
		Composition ratio		Composition ratio		Composition ratio		Composition ratio
Net sales	4,198,020	100.0%	3,929,212	100.0%	5,055,894	100.0%	4,682,521	100.0%
Gross profit	1,728,763	41.2%	1,502,712	38.2%	1,973,802	39.0%	1,824,796	39.0%
Operating profit	444,886	10.6%	223,073	5.7%	510,222	10.1%	421,606	9.0%

Unit: ¥K	FY 2021							
	1Q		2Q		3Q		4Q	
		Composition ratio		Composition ratio		Composition ratio		Composition ratio
Net sales	3,038,023	100.0%	3,154,253	100.0%	4,304,157	100.0%	3,668,625	100.0%
Gross profit	1,256,263	41.4%	1,355,158	43.0%	1,760,638	40.9%	1,408,964	38.4%
Operating profit	262,915	8.7%	302,264	9.6%	503,547	11.7%	247,726	6.8%

# New product information: FY 2023 3Q St.Cousair



Seasonal

Winter Jam  
Series  
3 Types

Salty Caramel



Renewal

All Fruit  
Jam  
6 Types

All Fruit  
Apple Jam



Seasonal

Lucky  
Bags  
6 Types

2024 Lucky Bag  
Dragon Rouge



New  
Release

Original  
Teas  
6 Types

Darjeeling Tea  
Apple Tea



Niagara Blanc  
2023

# New product information: FY 2023 3Q Kuze Fuku & Co.



10th  
Anniversary  
Limited  
Item

Salmon Mentai  
Flakes  
Domestic Coho Salmon



10th  
Anniversary  
Limited  
Item

Kuze Fuku & Co.  
10th Anniversary Limited  
Shichimi Chili Seasoning



10th  
Anniversary  
Limited  
Item

Kuze Fuku & Co.  
10th Anniversary Limited  
Traditional Umami Dashi



Seasonal  
Lucky Bag  
3 Types

2024 Lucky Bag  
Red Dragon



Salted Tuna  
Flakes



Non-fried  
Cup Noodles  
4 Types

Kuze Fuku & Co.  
Sapporo Ichiban  
Soy Sauce Ramen

## New product information: FY 2023 3Q MeKEL



**Shimesaba Sakaiminato Kelp L100/12**  
(Frozen side dishes)



**magokoro**  
(frozen side dishes)



**Azuki Amanatto Ochichimame**  
(sweets)



Direct  
Import  
Thai Seasoning  
9 Types

**Chicken Rice Paste**



Direct  
Import  
Thai Seasoning  
9 Types

**Massan Curry Paste**



Direct  
Import  
Thai Seasoning  
9 Types

**Gapao Rice Base**



## New product information: FY 2023 3Q KUZE FUKU & SONS



KUZE FUKU  
&  
SONS

**Vegetable Umami Dashi  
Soup Base & Seasoning**



KUZE FUKU  
&  
SONS

**Spicy Yuzu Ranch Dressing**

## New Store information: FY 2023 3Q



Kuze  
Fuku  
& Co.

Kuze Fuku & Co.  
Plenty Seishin-Chūō



Kuze  
Fuku  
& Co.

Kuze Fuku & Co.  
AEON Mall Tendō

## Promotions/Events: FY 2023 3Q



Kuze  
Fuku  
& Co.

10th anniversary thanks &  
Let's continue together



Kuze  
Fuku  
& Co.

Fan Meeting!



サンク  
ゼール

Harvest Festival 2023  
St.Cousair WINE FESTA



MeKEL

Garage Sale



MeKEL

Christmas Party &  
Asian Party

# Efforts to Revise Prices and Further Improve Value



## Product development based on customer feedback

Measures to deal with continued inflation and soaring raw material prices



Strengthening the "Food SPA" business in a way that is beneficial to all three parties.

## Product development based on customer feedback

If it was a little cheaper, I could always have it on hand, but I only buy it when I can afford it.



The price and quality are probably worth it, but I think it's expensive if you want to eat it every day and keep a supply of it at home.

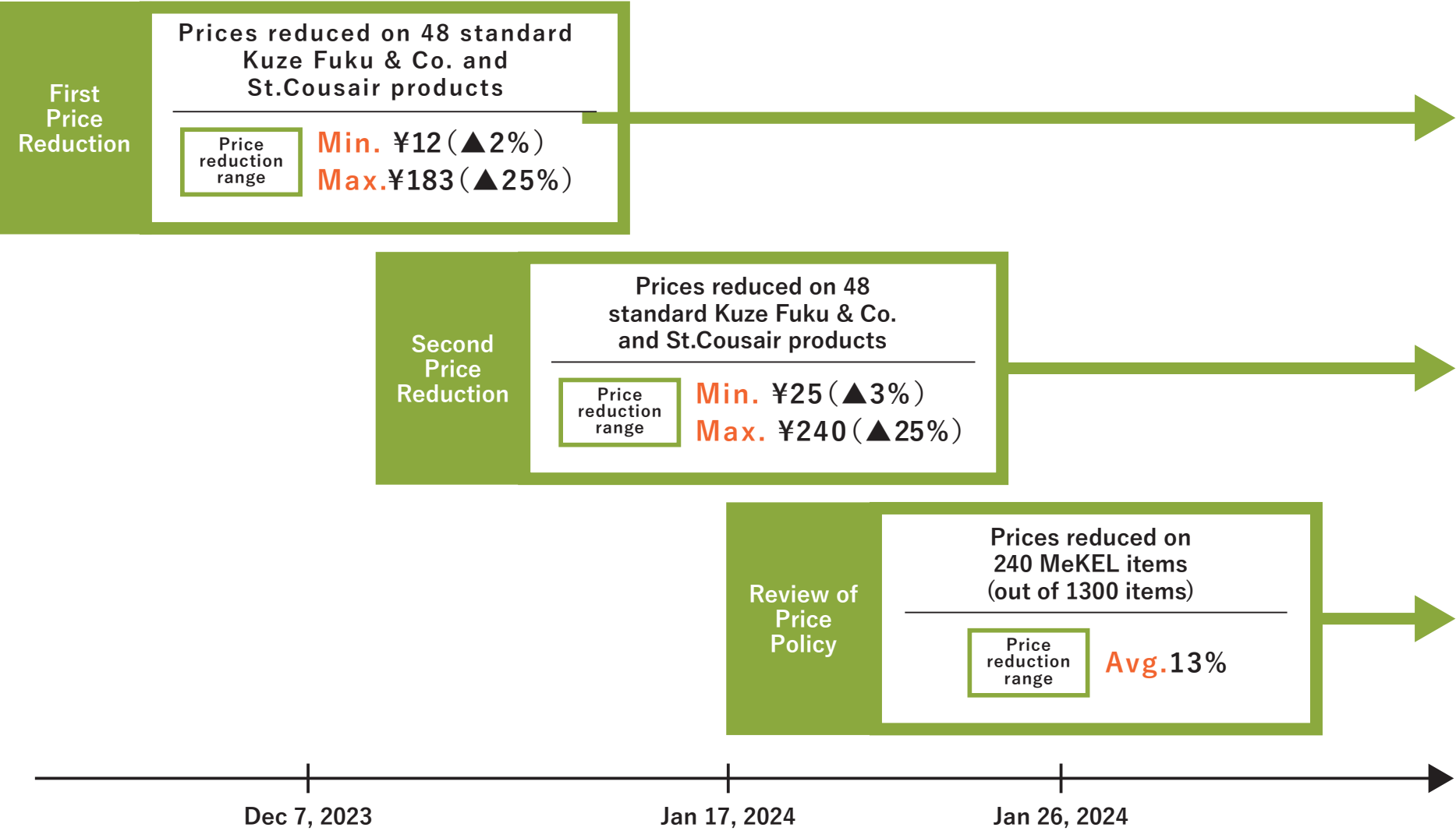


Even when you don't have a lot of side dishes, you can enjoy it with your main dish and feel satisfied.



# Implemented price reductions in response to customer feedback

Prices of products from St.Cousair, Kuze Fuku & Co. and MeKEL stores will be gradually reduced.



## Review of first price revision



Iburigakko  
Tartar Sauce

¥745 ▶ ¥650



Dashi Soy Sauce  
Rice Topping

¥702 ▶ ¥590



Nori Seaweed  
Spread

¥592 ▶ ¥540



Garlic & Tomato  
Sauce

¥646 ▶ ¥495



Lobster Tomato  
Cream Sauce

¥938 ▶ ¥789



Peanut  
Spread

¥561 ▶ ¥453

## Review of the first price revision

### Kuze Fuku & Co.



Old Price

¥5,676 (tax incl.)

Revised Price

→ ¥4,460 (tax incl.)

Difference - ¥1,216

### St.Cousair



Old Price

¥4,676 (tax incl.)

Revised Price

→ ¥4,062 (tax incl.)

Difference - ¥614

## Review of the first price revision: Customer feedback (by age group)

### Comments on increasing frequency of use at the dining table

I eat it every day, so the cheaper it can be, the happier I am.

I've been eating it carefully and in small portions until now, but I think I'll be a little bolder with it.

It was so cheap that I ended up purchasing some items that were thankfully in stock.

### Reactions to favorite products

I'm glad that the onion mustard mayonnaise sauce that I usually use has also been reduced in price. I have the impression that it has become considerably cheaper.

I'm very happy that standard products are cheaper. I would like to continue to use it more and more.

### Recommendations

How about making it a limited-time item, like the large items sold at Costco, and keeping the price the same?

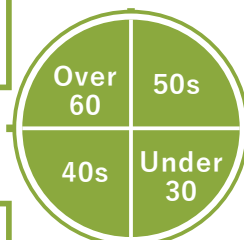
In order to make the prices cheaper and as an ecological measure, I would like to see the products sold even cheaper, for example, in tube form instead of bottled products, so that they are not heavy when consumers take them home.

### Omni-channel

I go to the shop to buy products because I don't want to waste money on shipping, but sometimes I am concerned about products that are only available online and haven't been able to buy them. If there is a service such as shop pick-up in the future, I think I will use it more often. (It would be nice if it didn't cost anything, but if it did, the fee would be about 100-200 yen, which is lower than the shipping cost.)

### Reducing height of threshold

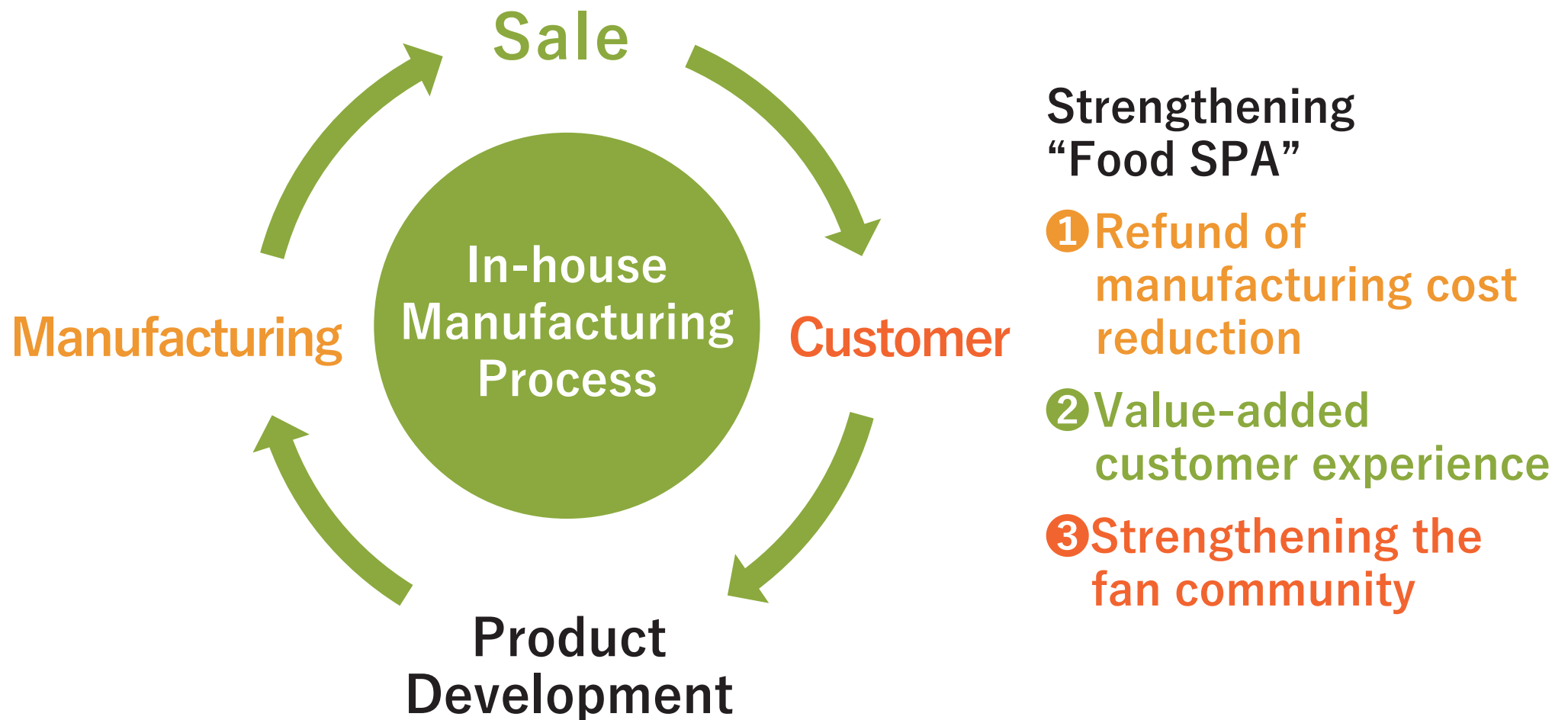
Kuze Fuku was relatively expensive and I was hesitant to buy anything as a gift, but when I saw the reduced price I wanted to take the opportunity to try it.





## Product development based on customer feedback

A series of elements necessary for product development, manufacturing and sales can be controlled in-house.



## Product development based on customer feedback

Even after the price revision, we plan to sequentially roll out value improvement measures to increase customer satisfaction.

### ■ Further pursuit of price and value based on “customer feedback”



## Completion of a new product development lab



## Product Development Lab

Scheduled for completion in February 2024

## Improve gross profit margin

Plans to reduce manufacturing costs in order to improve gross profit margins; consideration will also be given to optimising wholesale selling prices to franchisees, based on future sales improvements.

### ① Reduction in Production costs

- The company has started to reduce manufacturing costs, with advice from external product development advisers, and expects to gradually realise the benefits of cost reductions from February 2024 onwards.
- At present, cost reductions of around JPY 50 million per year are expected. The number of items covered will be expanded and further cost reductions will be pursued in the future.

### ② Optimisation of Franchise Wholesale Prices

- To mitigate the impact on franchise stores of the price reductions in products from December 2023 onwards, the wholesale sales price from the Company to franchise shops is set lower than the normal level for products with reduced prices.
- Based on the improvement in the number of customers and sales at franchise shops, we will consider optimising such wholesale price settings.