

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 14, 2024

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 Shinji Matsumoto TEL 0859-22-7477
 Scheduled date of ordinary general meeting of shareholders: June 25, 2024
 Scheduled date to file Securities Report: June 26, 2024
 Scheduled date to commence dividend payments: June 26, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

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	%
Year ended March 31, 2024	64,035	27.7	15,780	58.6	15,867	54.1	10,831	54.3
Year ended March 31, 2023	50,155	55.8	9,951	609.4	10,295	252.4	7,018	266.4

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	69.61	–	35.1	38.0	24.6
Year ended March 31, 2023	45.10	–	29.9	32.0	19.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	46,510	35,223	75.7	226.38
As of March 31, 2023	36,953	26,517	71.8	170.43

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	10,845	(2,004)	(2,322)	22,689
Year ended March 31, 2023	9,085	(1,615)	(1,223)	16,162

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	0.00	–	70.00	70.00	2,178	31.0	9.3
Year ended March 31, 2024	–	0.00	–	28.00	–	4,356	40.2	14.1
Year ending March 31, 2025 (Forecast)	–	0.00	–	28.00	28.00		36.9	

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

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
Six months ending September 30, 2024	32,000	10.8	7,420	12.0	7,455	11.8	4,940	10.9	31.75
Full year	70,000	9.3	17,530	11.1	17,600	10.9	11,800	8.9	75.84

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2024	155,607,600 shares	As of March 31, 2023	155,607,600 shares
----------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of March 31, 2024	12,070 shares	As of March 31, 2023	11,750 shares
----------------------	---------------	----------------------	---------------

Average number of shares during the period

Year ended March 31, 2024	155,595,659 shares	Year ended March 31, 2023	155,596,265 shares
---------------------------	--------------------	---------------------------	--------------------

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	17,162,263	23,689,748
Notes and accounts receivable - trade	6,074,313	7,015,878
Merchandise and finished goods	1,583,653	2,403,768
Work in process	61,458	101,278
Raw materials and supplies	648,392	797,178
Other	210,983	400,361
Allowance for doubtful accounts	(294)	(172)
Total current assets	25,740,768	34,408,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,831,344	12,318,394
Accumulated depreciation	(8,020,167)	(8,431,535)
Buildings and structures, net	3,811,177	3,886,859
Machinery, equipment and vehicles	7,305,020	7,961,008
Accumulated depreciation	(5,566,952)	(5,940,528)
Machinery, equipment and vehicles, net	1,738,068	2,020,480
Tools, furniture and fixtures	2,021,838	2,202,419
Accumulated depreciation	(1,729,524)	(1,823,212)
Tools, furniture and fixtures, net	292,314	379,207
Land	2,855,157	2,800,986
Leased assets	17,592	17,592
Accumulated depreciation	(7,053)	(10,571)
Leased assets, net	10,539	7,021
Construction in progress	43,147	370,617
Total property, plant and equipment	8,750,402	9,465,170
Intangible assets		
Other	100,803	82,583
Total intangible assets	100,803	82,583
Investments and other assets		
Investment securities	153,861	211,652
Deferred tax assets	1,435,886	1,557,779
Other	777,196	794,984
Allowance for doubtful accounts	(5,772)	(9,770)
Total investments and other assets	2,361,171	2,554,645
Total non-current assets	11,212,376	12,102,398
Total assets	36,953,144	46,510,437

(Thousands of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,562,871	1,704,480
Current portion of long-term borrowings	140,150	–
Accounts payable - other	1,177,247	1,660,681
Income taxes payable	2,755,368	3,022,147
Provision for bonuses	932,111	1,137,422
Other	1,527,725	1,299,676
Total current liabilities	8,095,472	8,824,406
Non-current liabilities		
Long-term borrowings	300,000	300,000
Retirement benefit liability	1,849,604	1,950,875
Asset retirement obligations	56,958	82,109
Deferred tax liabilities	8,328	8,328
Other	125,244	121,342
Total non-current liabilities	2,340,134	2,462,654
Total liabilities	10,435,606	11,287,060
Net assets		
Shareholders' equity		
Share capital	1,217,800	1,217,800
Capital surplus	1,323,161	1,323,161
Retained earnings	23,855,214	32,508,035
Treasury shares	(5,312)	(6,050)
Total shareholders' equity	26,390,863	35,042,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,926	55,091
Foreign currency translation adjustment	31,148	49,609
Remeasurements of defined benefit plans	80,601	75,731
Total accumulated other comprehensive income	126,675	180,431
Total net assets	26,517,538	35,223,377
Total liabilities and net assets	36,953,144	46,510,437

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	50,155,352	64,035,728
Cost of sales	20,048,698	24,231,225
Gross profit	30,106,654	39,804,503
Selling, general and administrative expenses	20,154,877	24,023,811
Operating profit	9,951,777	15,780,692
Non-operating income		
Interest income	114	1,749
Dividend income	5,915	5,677
Purchase discounts	734	224
Rental income from land and buildings	51,569	50,690
Other	297,595	37,981
Total non-operating income	355,927	96,321
Non-operating expenses		
Interest expenses	655	134
Depreciation	2,056	1,043
Other	9,310	7,974
Total non-operating expenses	12,021	9,151
Ordinary profit	10,295,683	15,867,862
Extraordinary income		
Gain on sale of non-current assets	303	980
Gain on liquidation of subsidiaries and associates	2,277	–
Total extraordinary income	2,580	980
Extraordinary losses		
Loss on retirement of non-current assets	8,673	7,887
Impairment losses	11,176	198,003
Loss on sale of investment securities	400	–
Total extraordinary losses	20,249	205,890
Profit before income taxes	10,278,014	15,662,952
Income taxes - current	3,370,373	4,964,824
Income taxes - deferred	(110,515)	(133,035)
Total income taxes	3,259,858	4,831,789
Profit	7,018,156	10,831,163
Profit attributable to owners of parent	7,018,156	10,831,163

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	7,018,156	10,831,163
Other comprehensive income		
Valuation difference on available-for-sale securities	8,946	40,165
Foreign currency translation adjustment	37,266	18,461
Remeasurements of defined benefit plans, net of tax	60,257	(4,870)
Total other comprehensive income	106,469	53,756
Comprehensive income	7,124,625	10,884,919
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,124,625	10,884,919

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,217,800	1,323,161	17,799,692	(4,158)	20,336,495
Changes during period					
Dividends of surplus			(933,579)		(933,579)
Profit (loss) attributable to owners of parent			7,018,156		7,018,156
Purchase of treasury shares				(1,154)	(1,154)
Change in scope of consolidation			(29,055)		(29,055)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	6,055,522	(1,154)	6,054,368
Balance at end of period	1,217,800	1,323,161	23,855,214	(5,312)	26,390,863

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	5,980	(6,118)	20,344	20,206	20,356,701
Changes during period					
Dividends of surplus					(933,579)
Profit (loss) attributable to owners of parent					7,018,156
Purchase of treasury shares					(1,154)
Change in scope of consolidation					(29,055)
Net changes in items other than shareholders' equity	8,946	37,266	60,257	106,469	106,469
Total changes during period	8,946	37,266	60,257	106,469	6,160,837
Balance at end of period	14,926	31,148	80,601	126,675	26,517,538

Fiscal year ended March 31, 2024

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,217,800	1,323,161	23,855,214	(5,312)	26,390,863
Changes during period					
Dividends of surplus			(2,178,342)		(2,178,342)
Profit (loss) attributable to owners of parent			10,831,163		10,831,163
Purchase of treasury shares				(738)	(738)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	8,652,821	(738)	8,652,083
Balance at end of period	1,217,800	1,323,161	32,508,035	(6,050)	35,042,946

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	14,926	31,148	80,601	126,675	26,517,538
Changes during period					
Dividends of surplus					(2,178,342)
Profit (loss) attributable to owners of parent					10,831,163
Purchase of treasury shares					(738)
Net changes in items other than shareholders' equity	40,165	18,461	(4,870)	53,756	53,756
Total changes during period	40,165	18,461	(4,870)	53,756	8,705,839
Balance at end of period	55,091	49,609	75,731	180,431	35,223,377

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	10,278,014	15,662,952
Depreciation	1,137,412	1,164,372
Impairment losses	11,176	198,003
Increase (decrease) in allowance for doubtful accounts	517	3,876
Increase (decrease) in provision for bonuses	164,837	205,311
Increase (decrease) in retirement benefit liability	126,287	93,861
Interest and dividend income	(6,029)	(7,426)
Interest expenses	655	134
Loss (gain) on sale of investment securities	400	–
Loss (gain) on sale of non-current assets	(303)	(980)
Loss on retirement of non-current assets	8,673	7,887
Subsidy income	(247,241)	(4,425)
Loss (gain) on liquidation of subsidiaries and associates	(2,277)	–
Decrease (increase) in trade receivables	(2,305,376)	(937,059)
Decrease (increase) in inventories	(297,569)	(1,005,819)
Decrease (increase) in other current assets	(49,384)	(36,143)
Increase (decrease) in trade payables	640,480	139,962
Increase (decrease) in other current liabilities	414,990	411,147
Increase (decrease) in other non-current liabilities	(3,664)	363
Increase (decrease) in accrued consumption taxes	505,252	(199,074)
Other, net	18,880	(1,942)
Subtotal	10,395,730	15,695,000
Interest and dividends received	6,029	7,426
Interest paid	(655)	(134)
Subsidies received	264,984	4,425
Income taxes paid	(1,580,457)	(4,861,499)
Net cash provided by (used in) operating activities	9,085,631	10,845,218
Cash flows from investing activities		
Payments into time deposits	(1,000,000)	–
Proceeds from sale of investment securities	600	–
Purchase of property, plant and equipment	(559,543)	(1,872,250)
Proceeds from sale of property, plant and equipment	7,466	11,835
Purchase of intangible assets	(20,716)	(20,751)
Payments of leasehold and guarantee deposits	(15,775)	(36,766)
Proceeds from refund of leasehold and guarantee deposits	45,211	42,132
Net cash provided by (used in) investing	(72,926)	(128,665)
Net cash provided by (used in) investing activities	(1,615,683)	(2,004,465)
Cash flows from financing activities		
Repayments of long-term borrowings	(285,710)	(140,150)
Repayments of finance lease liabilities	(2,981)	(3,518)
Purchase of treasury shares	(1,154)	(738)
Dividends paid	(933,579)	(2,178,342)
Net cash provided by (used in) financing activities	(1,223,424)	(2,322,748)
Effect of exchange rate change on cash and cash equivalents	3,155	9,480
Net increase (decrease) in cash and cash equivalents	6,249,679	6,527,485
Cash and cash equivalents at beginning of period	9,912,584	16,162,263
Cash and cash equivalents at end of period	16,162,263	22,689,748