



# Business Plan & Growth Potential

June, 2024



愛と喜びのある食卓をいつまでも

Lasting love and joy at your table



St.Cousair



久世福商店

KUZE FUKU & Co.



発見の食倉庫

メケル



### 企業目的 -Core Purpose-

- Our aim is to be a company of integrity that our customers, shareholders, business clients and partners can rely on through conducting sound business practices.
- We create a rich, mature culture in which people respect each other's differences and contribute to realizing a comfortable and pleasant society.
- We will present delicious, healthy and high-quality food to people all over the world with value, to provide a rich dining table, a time to enjoy life, and a place where people can gather and connect.

### サンクゼールの大切にしている価値観 -Core Values-

- To be honest.
- To value the Golden Rule. We cherish the heart and the mind and seek to do unto others as we would have done unto us, without discrimination, with an open mind and with respect for others.
- To keep improving ourselves by being humble and sincere.
- To prioritize teamwork with mutual appreciation.
- To be always taking on new challenges, with the aim of being the best in the world through repeated ingenuity.

# 1. Company Profile

# Basic Information

- **Founded** June 1, 1979
- **Incorporated** June 1, 1982
- **President and CEO** Ryota Kuze
- **Sales** ¥19.1 billion (as of the fiscal year ending March 2024)
- **Employees** 265 (540)

■ As of March 31, 2024

The number of temporary employees (including contract employees and part-timers, excluding temporary staff from temporary staffing agencies) is stated in parentheses as an average number over the past year.

- **Head Office** Iizuna, Kamiminochi District, Nagano Prefecture
- **Main business** Manufacturing and sales business of jam, wine, pasta sauce, Japanese side dishes, etc. (Food SPA (\*1))  
Operating 171 brand stores such as St.Cousair, Kuze Fuku & Co., and MeKEL nationwide (\*2)

- **Brands**

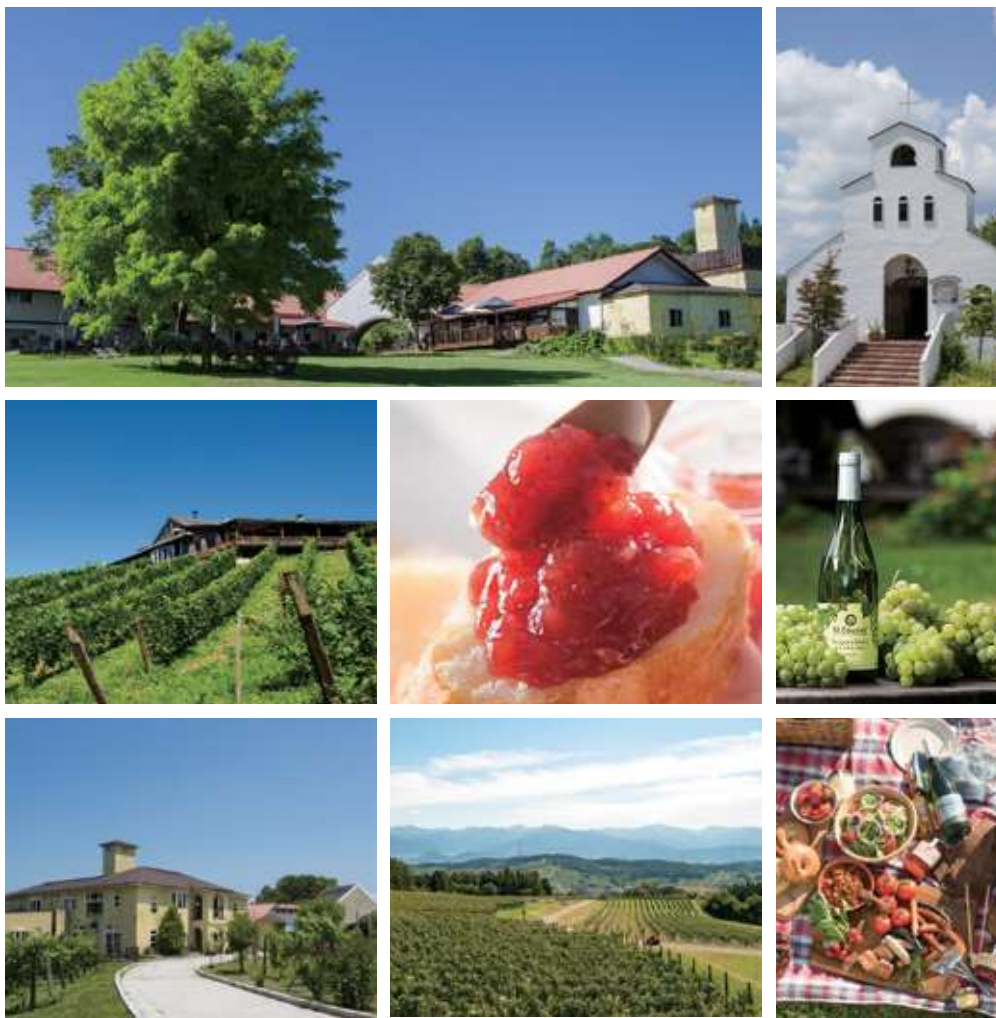


- **Affiliate companies** Madarao Kogen Farm Co., Ltd.  
St.Cousair, Inc. (USA), Portlandia Foods, Inc. (USA)

\*1. Abbreviation for "Speciality store retailer of Private label Apparel." Refers to a retail business that involves planning, manufacturing, and selling products. \*2. Includes Franchises, as of the end of May 2024.



# St.Cousair



St.Cousair

# St.Cousair

~Country Comfort~

This brand began with a homemade jam made by the wife of company founder Ryozo Kuze for breakfast when the couple was running a ski lodge. Later, based on what he saw when they visited the French countryside, Ryozo built "St.Cousair Hill" in the town of Izuna in Nagano Prefecture, featuring a manufacturing plant, winery, restaurant, and store based on the concept of "Country Comfort," and the current "St. Cousair" brand took form. The St. Cousair brand's main products include our own wines, jams, pasta sauces, dressings, and other products that add color and richness to the dining table.

# Kuze Fuku & Co.



## Kuze Fuku & Co.

The Japanese Gourmet Store

This brand's name is derived from St. Cousair founder Ryoze Kuze's father, Fukumatsu, who was a food wholesaler. Kuze Fuku & Co. develops highly unique products by delving not only into the appeal of the products but also into the personalities each item's producers. In addition to our own products, our lineup consists of OEM products made by food product manufacturers in various regions across Japan, with most of our products sold under Kuze Fuku & Co.'s original labels. Our company and each manufacturer cooperate in the selection of ingredients and flavoring of each product for development, and we are able to create food and drinks that are both high quality and delicious.



# MeKEL



## MeKEL

### THE WORLD GOURMET MARKET

Our third store brand is MeKEL, which opened its first store in Nagano City in September 2023. MeKEL is a specialty food store that sells frozen foods and foods from Asia and other countries, including Japan. Approximately 1,600 items are on sale, including frozen foods, MeKEL original products, imported seasonings, and local specialties. The etymology of the brand name comes from the Nagano dialect “mekkeru,” which means “to find.” MeKEL is a brand that enriches your dining table and allows you to experience the fun and excitement of experiencing new flavors and undiscovered food cultures.





# KUZE FUKU & SONS





## KUZE FUKU & SONS

The Premium Japan Brand



The KUZE FUKU & SONS brand was created as a third product brand originating in the U.S. to market products made by our group's U.S. subsidiary, St. Cousair, Inc., for global sales. The vision of Kuze Fuku began with the name of the St. Cousair founder Ryoze Kuze's father, Fukumatsu, and his son and grandsons have expanded into the U.S. The vision for this brand is to grow not only in the U.S. market but also throughout the world, while respecting their identity as Japanese people. The brand name reflects this idea of being passed down from parent to child. Our main products include drink bases, fruit vinegar drinks, dressings, and jams made at St. Cousair, Inc. as well as our own products imported from Japan and purchased products.



▲  The entire site (121,000 m2) of St. Cousair, Inc.  
 Area currently used for the plant.



# Portlandia Foods



## Portlandia Foods

Healthy. Happy. Together.



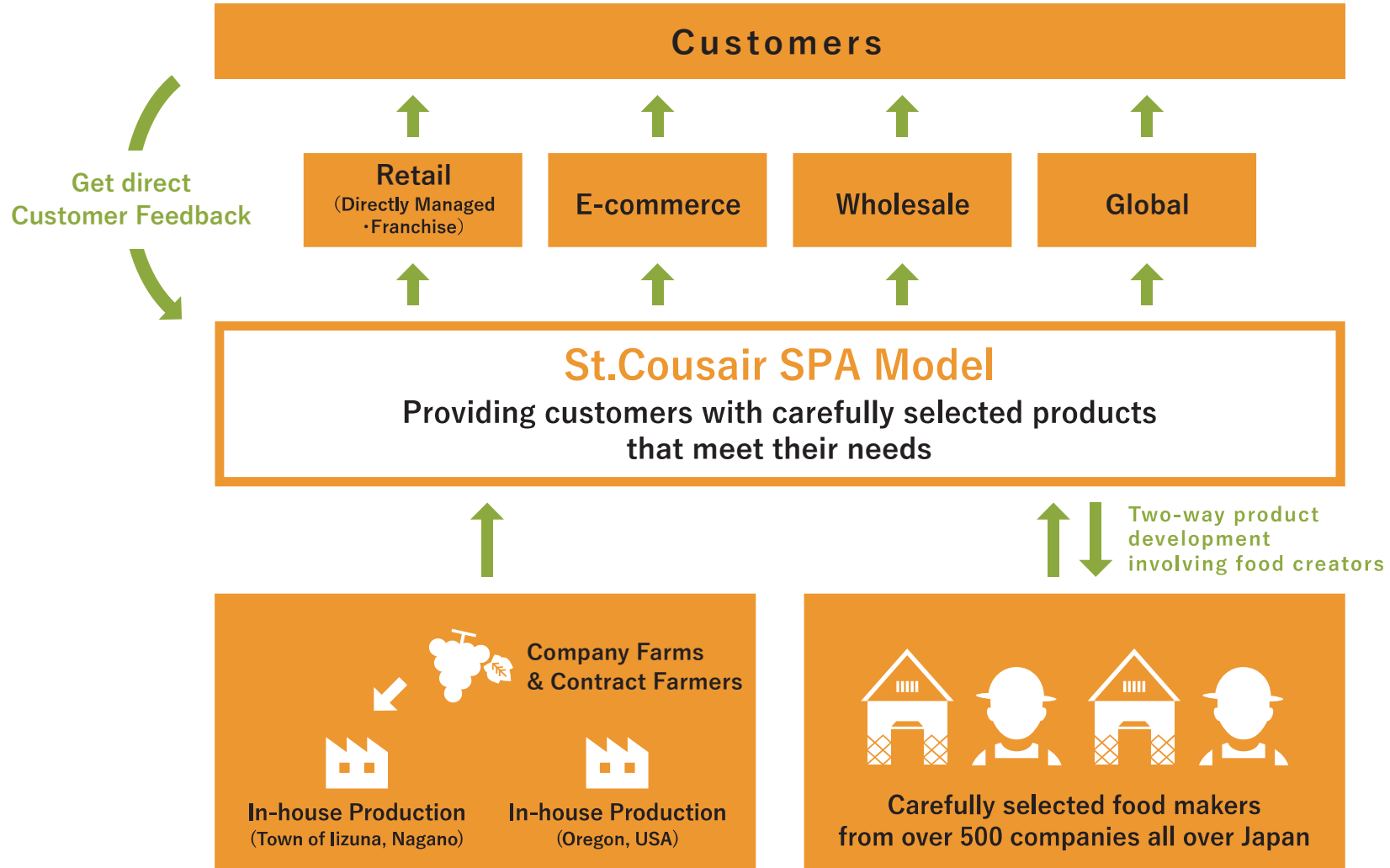
In St.Cousair's US expansion, we not only develop Japanese food through Kuze Fuku & Sons, but are also taking mainstream US processed food brands under our umbrella and building a stronger business portfolio, thereby renewing our US business. We decided to acquire the business of Portlandia Foods in June 2023, believing that it would lead to further growth. Portlandia operates a business in the US state of Oregon that sells processed foods such as ketchup and mustard certified organic under its own brand. Portlandia's main customers include local food supermarkets and hamburger chains, mainly in the Pacific Northwest. Since its founding, Portlandia Foods has sent a message to society through its products, aiming to build a healthy and happy future through organic ingredients and sustainable production, and has become popular with many customers in the region.



## 1. Company profile

# A food SPA Model of Carefully-selected Delicacies from all over Japan

St.Cousair developed a SPA business that seeks out exceptional products from all over the country and sells them through various sales channels.



## Business Summary ①

Business Operations through four sales channels: Brick & Mortar Stores (Directly-managed/Franchises), E-commerce, Wholesale, and Global

### Brick & Mortar Stores

Group sales composition for FY ending March 2024: **70%**

#### ■ Features

Opening of retail stores under 2 brand names: St.Cousair, Kuze Fuku & Co., and MeKEL. Locations mainly in commercial facilities with annual sales of ¥15-50 billion. MeKEL stores are opened in suburban and roadside areas.

#### ■ Items handled



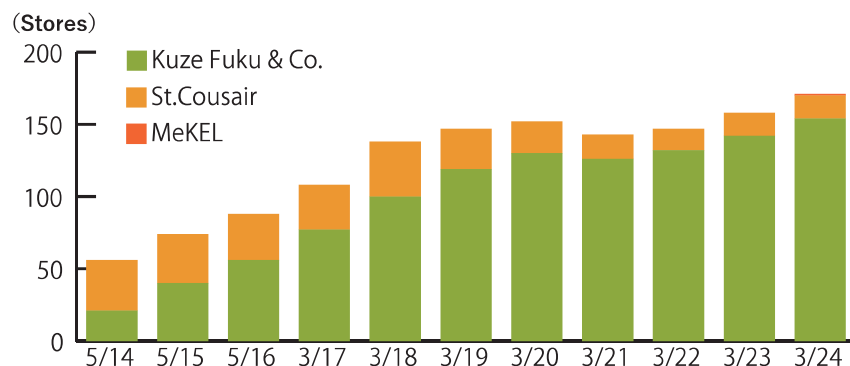
Wine, jam, pasta sauce, dressing, etc.



Dashi, rice toppings, rice crackers, delicacies, Japanese seasonings, alcoholic beverages, etc.



Frozen foods, world cuisine, mainly from Asia, seasonings, etc.



### E-commerce

Group sales composition for FY ending March 2024: **6%**

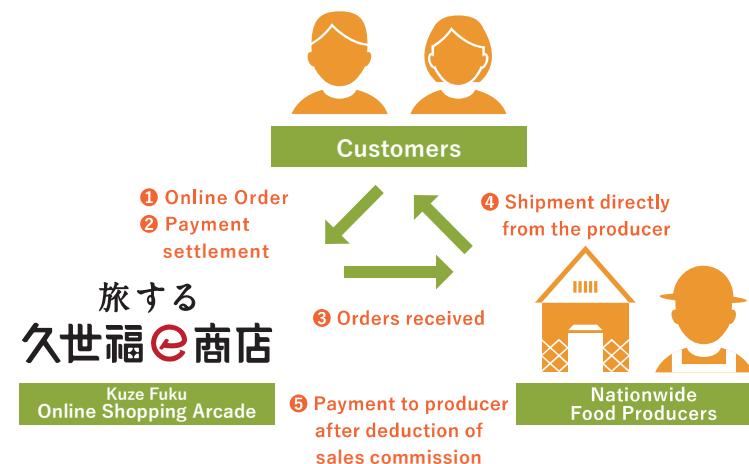
#### ■ Features

"In-house Brand E-commerce" selling own brand products from producers from all over the country. Development of online marketplace Kuze Fuku Online Shopping Arcade.

#### ■ In-house Brand E-commerce

- Official online shop
- St.Cousair Kuze Fuku & Co. · Rakuten Market store

#### ■ How the Kuze Fuku Online Shopping Arcade works





## Business Summary ②

Business Operations through four sales channels: Brick & Mortar Stores (Directly-managed/Franchises), E-commerce, Wholesale, and Global

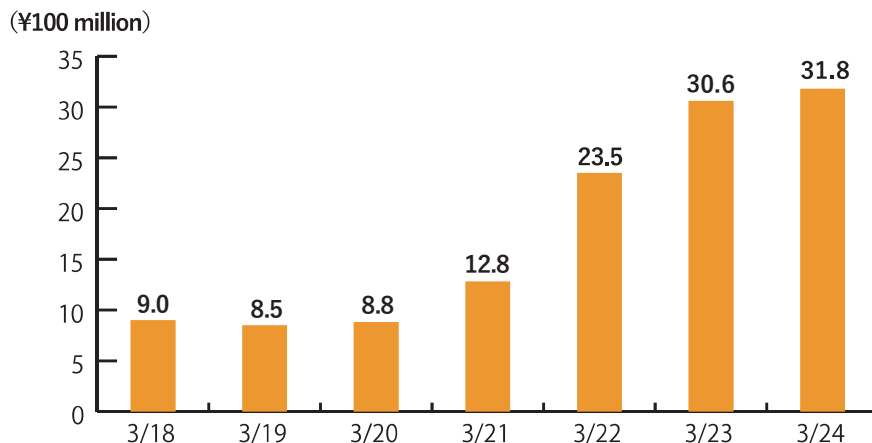
### Wholesale

Group sales composition for FY ending March 2024: **17%**

#### ■ Features

Main customers are retail companies operating supermarkets. Sales of our brand products and manufacturing of OEM products for other companies' brands. Quick development and proposal of products based on consumer needs obtained through our own retail channels (Brick & Mortar Stores, E-commerce).

#### ■ Sales trends



### Global

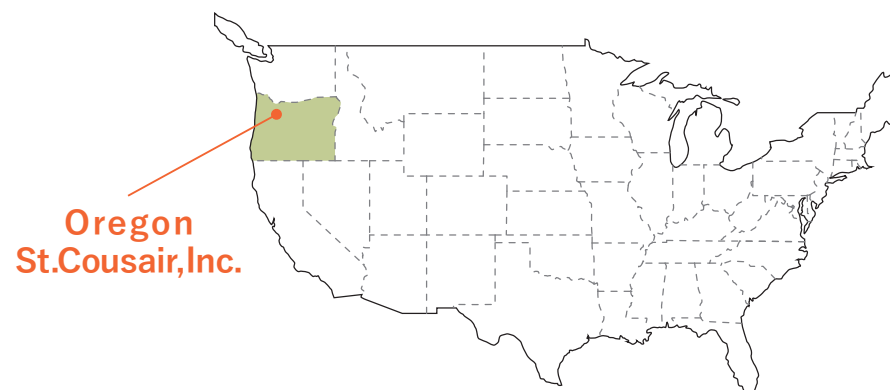
Group sales composition for FY ending March 2024: **7%**

#### ■ Features

Centered around St.Cousair, Inc., a U.S. subsidiary with manufacturing and sales functions. Building of a global sales system. Main customers are retail companies in various countries, mainly in the United States, and we sell our brand products and manufacture OEM products for other companies' brands.

#### ■ US Affiliate St.Cousair, Inc.

- Founded 2017
- Location Oregon, USA

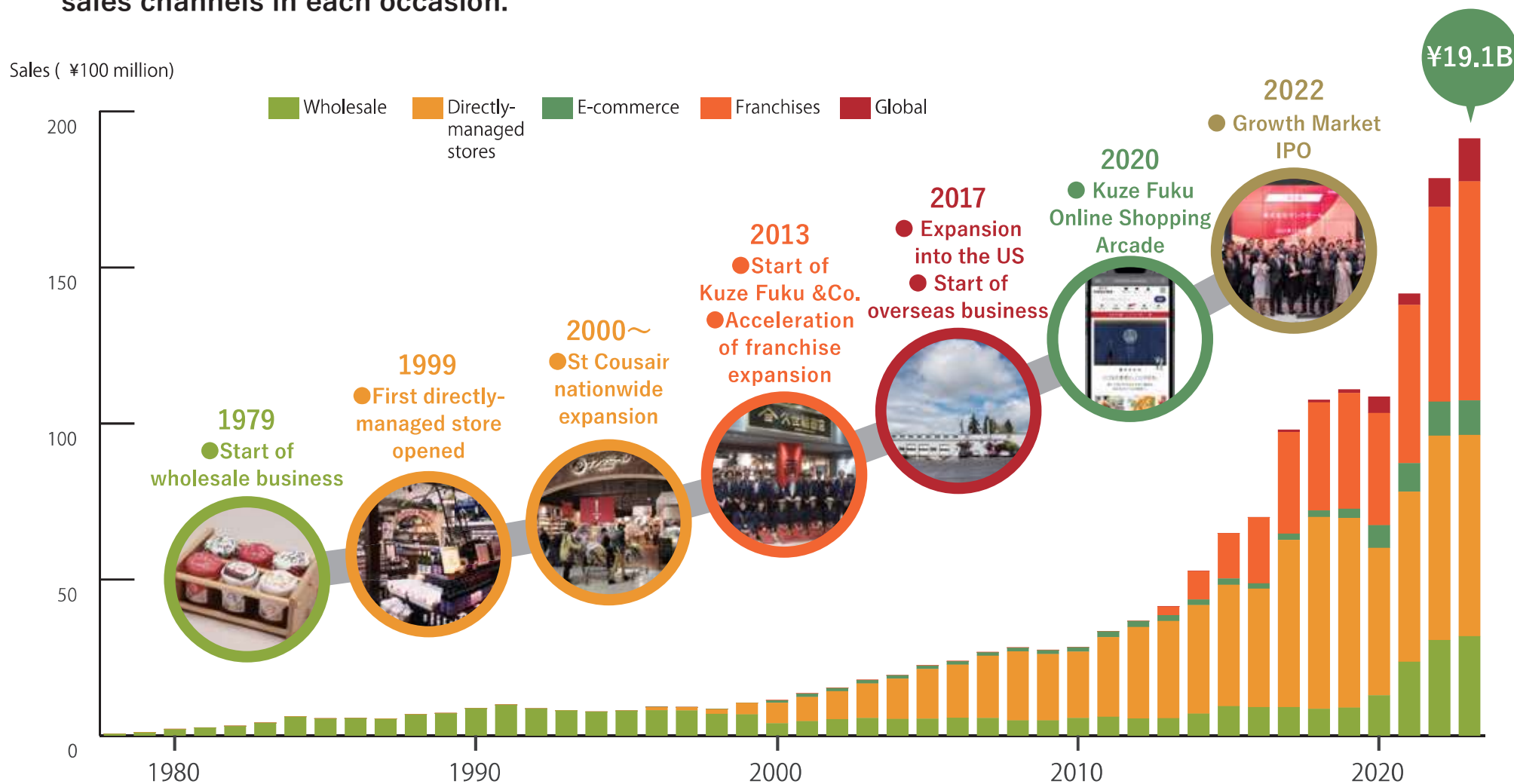


# 1. Company profile

## Growth Trajectory through flexible business management (execution ability)

After our founding, we took on new challenges every 10 years, expanding our sales channels and growing sales each time.

We repeatedly adjusted our business operations to suit the external environment and acquire new sales channels in each occasion.



# Birth of Kuze Fuku & Co. (2013)

In order to meet the demand for Japanese food overseas and the desire to support food manufacturers affected by the 2011 Great East Japan Earthquake, we expanded our business from a Nagano makers' brand to a food SPA with global goals, and started Kuze Fuku & Co. in 2013.

### Product exhibits at overseas food events



Realization that there is a clear need for Japanese food overseas

### The Great East Japan Earthquake



Desire to create a system that can support food manufacturers affected by the disaster.

## Birth of 久世福商店 KUZE FUKU & Co.

From a Nagano Makers' brand  
to a **Food SPA with Global Goals**  
**THE JAPANESE GOURMET STORE**

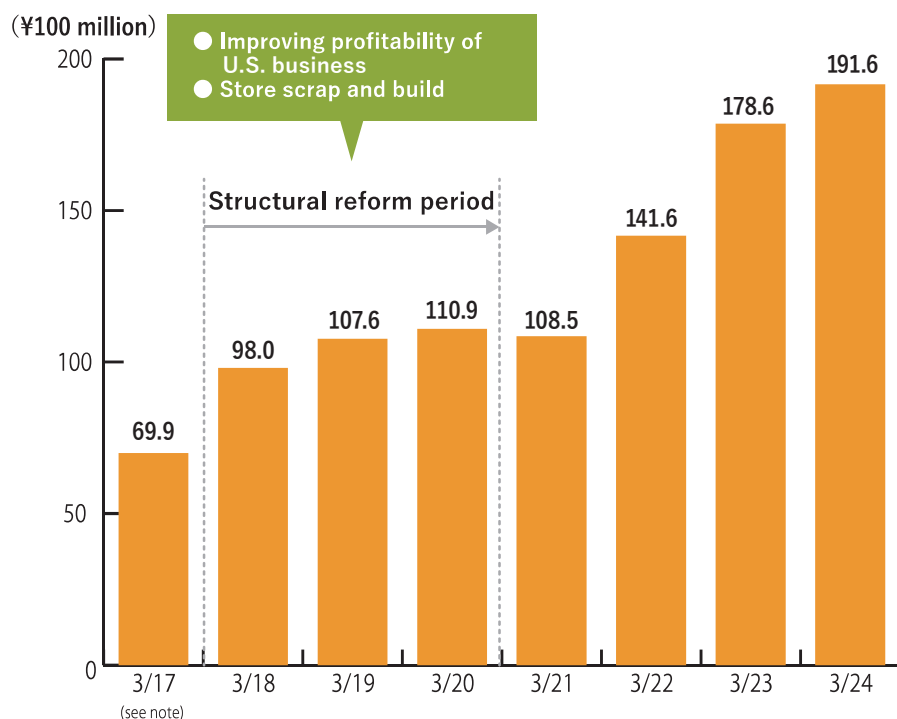


Based on the concept of “The Japanese Gourmet Store,” we offer a product lineup centered on authentic Japanese food with an eye toward overseas expansion.

## Financial Highlights Group Performance

From the beginning of Autumn 2023, same-store sales slowed down due to a reactionary decline from exposure on major TV programs from the previous year, and customers becoming more frugal due to soaring food prices. Due to factors such as an increase in wholesale promotional expenses, sales increased but profits decreased compared to the previous fiscal year.

### Consolidated sales

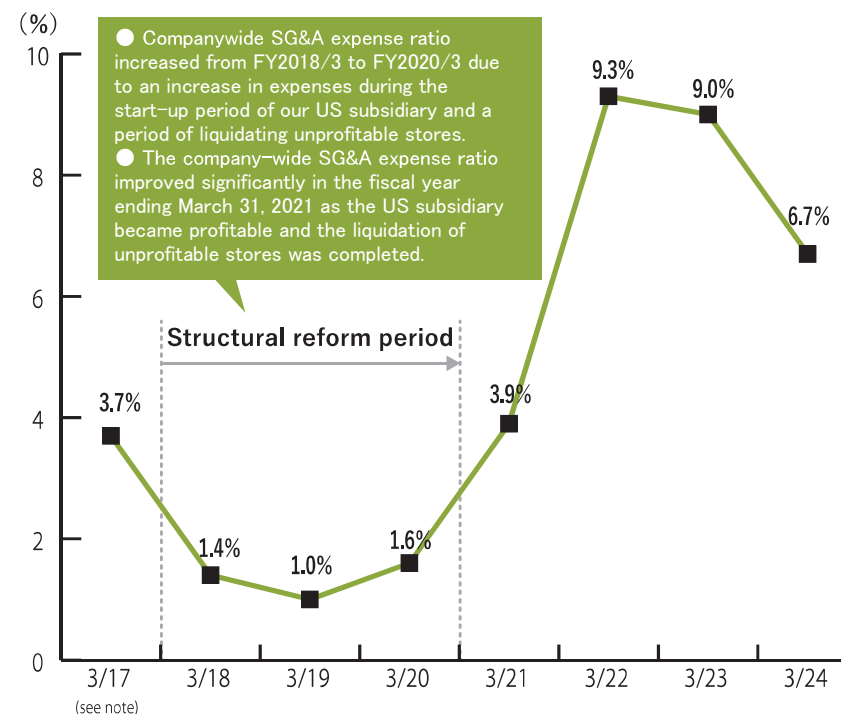


\*1. Due to change in the fiscal year-end, the fiscal year ending March 31, 2017 is the 10-month period from June 1, 2016 to March 31, 2017.

\*2. Three companies included in the scope of consolidation: St. Cousair, St. Cousair, Inc., and Madarao Kogen Farm Co., Ltd.

### Consolidated operating profit margin

We are targeting an operating profit margin of 10% as a target value for the important management indicators that account for the progress of our growth strategy, which is a priority for management.



\*1. Due to change in the fiscal year-end, the fiscal year ending March 31, 2017 is the 10-month period from June 1, 2016 to March 31, 2017.

\*2. Three companies included in the scope of consolidation: St. Cousair, St. Cousair, Inc., and Madarao Kogen Farm Co., Ltd.

"Important management indicators that account for the progress of growth strategies that management emphasizes" is explained as follows: Our group believes that the level of customer support for our group's products and services will lead to increased corporate value in the future. Whether we have the support of our customers is determined by the amount of profit that we can earn, which exceeds the operating expenses necessary to provide our group's products and services. Therefore, our group uses operating income and operating profit margin as important indicators.

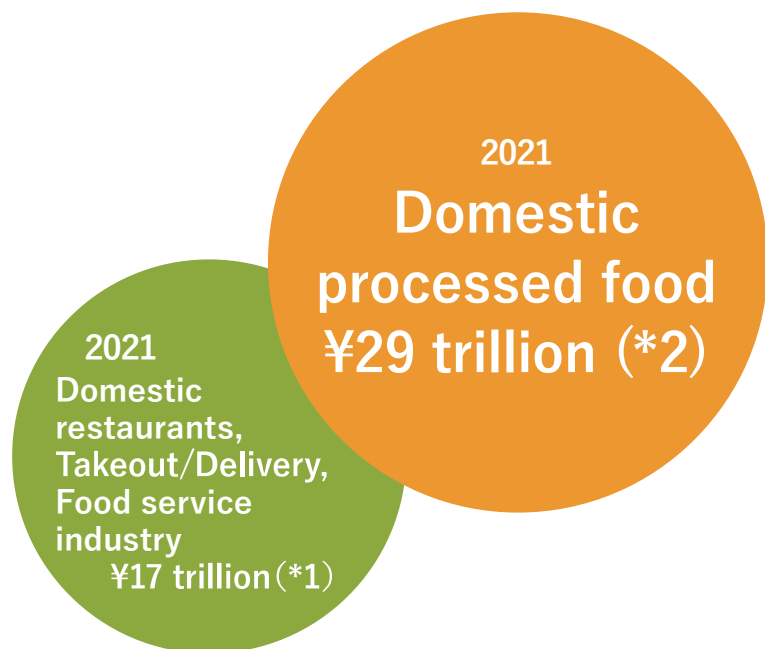


# 2. Market Environment

# Industry Environment

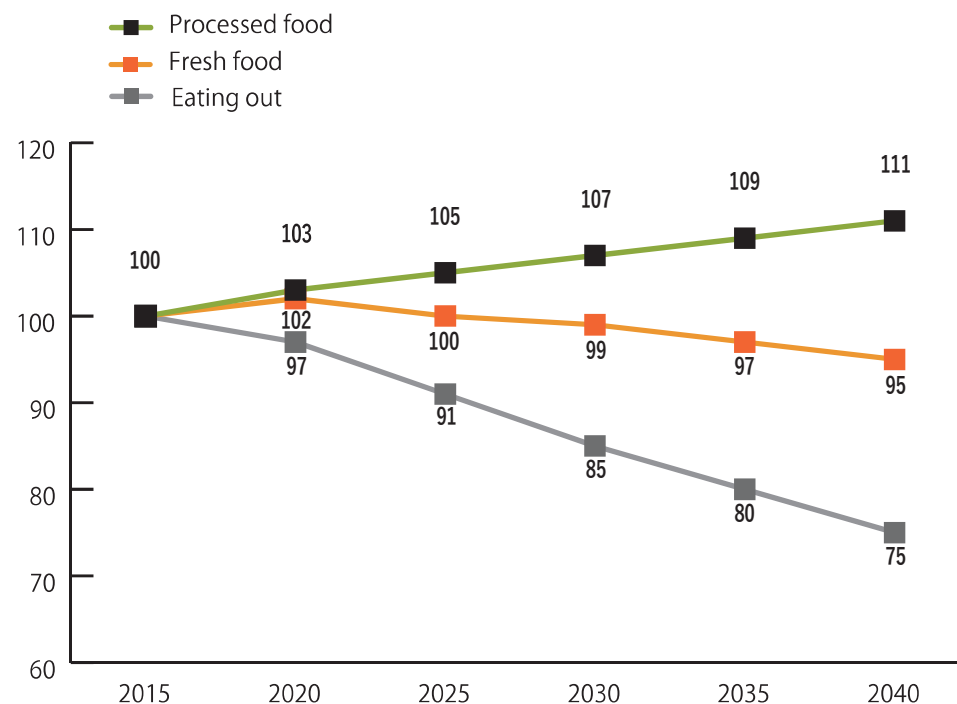
The domestic processed food market is approximately 1.5 times larger than the food service market. In addition, even though Japan's population is expected to decline, spending on processed foods is on a long-term upward trend.

### Domestic Processed Food Market Size



### Changes in Domestic Food Expenditure (total amount)

Growth rate for subsequent periods from 2015 is set as 100



\*1 [Source] Ministry of Internal Affairs and Communications Statistics Bureau "Survey on Industry Trends by Service" (data compiled by our company from April 2021 to March 2022).

\*2. [Source] Yano Research Institute Ltd. "Domestic processed food market size trends (September 20, 2022)."

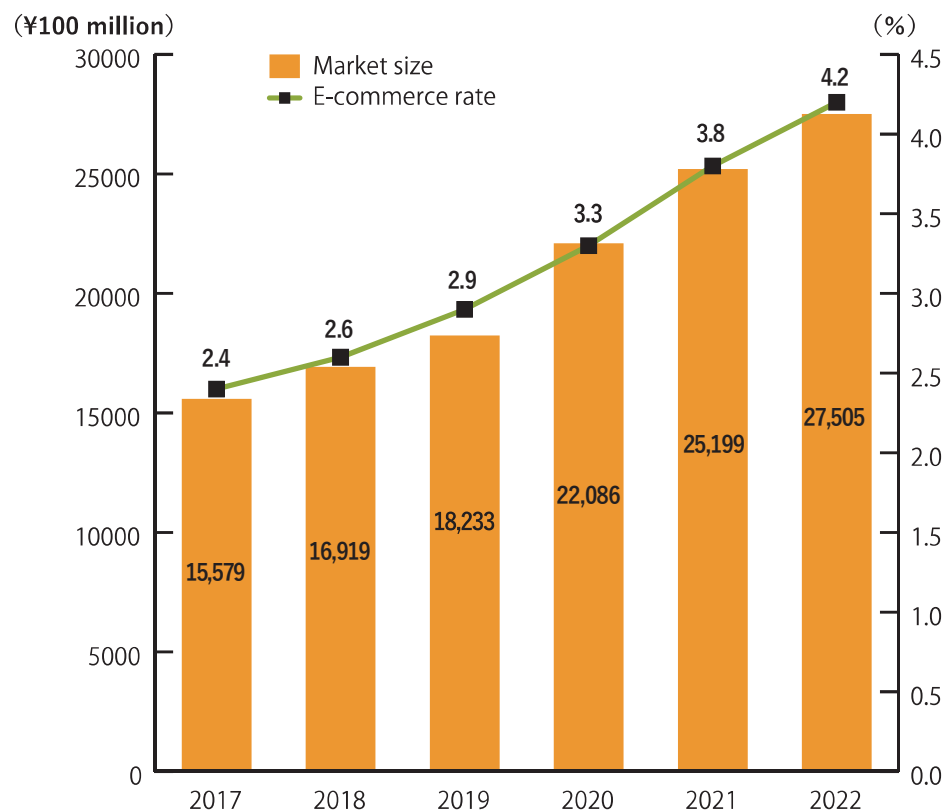
[Source] Ministry of Agriculture, Forestry and Fisheries "Future estimates of Japan's food consumption (2019 edition)"

# Food E-commerce Market Environment in Japan

After the COVID-19 pandemic, the food E-commerce market is expanding.

Although the e-commerce rate of food products is continuously increasing, it is lower than the average for the product sales field, and it is assumed that there is room for it to increase.

### Food (including beverages and alcoholic beverages) BtoC market size and E-commerce rate trends



### BtoC market size and E-commerce rate trends in the product sales field

Classification	2022	
	Market size (¥100 million)	E-commerce rate (%)
Food, beverages, alcoholic beverages	27,505	4.16
Home appliances, AV equipment, PC/peripheral equipment	25,528	42.01
Books, video/music software	18,222	52.16
Cosmetics/Pharmaceuticals	9,191	8.24
Household goods, furniture, interior	23,541	29.59
Clothing/Accessories	25,499	21.56
Automobiles, motorcycles, parts, etc.	3,183	3.98
Others	7,327	1.89
<b>TOTAL</b>	<b>139,997</b>	<b>9.13</b>

[Source] Ministry of Economy, Trade and Industry "Survey on the actual status of electronic commerce"

[Source] Ministry of Economy, Trade and Industry "Survey on the actual status of electronic commerce"

# 3. Characteristics/Strengths



## Characteristics/Strengths

**1**

**Unique and differentiated product group**

**2**

**Achieving high Product Market Fit with multi-channel SPA model**

**3**

**Optimized operation with in-house developed system**

## Value co-creation model with over 500 suppliers

We actually visit all suppliers, fully understand the characteristics of each, and create products by aligning the stories behind the companies and products with customer needs.

### ① Supplier network including own factories



▲日本国内工場(長野県飯綱町)

▲米国オレゴン工場

- Buyers visit the suppliers, see and experience the characteristics of the suppliers, and commercialize the products, including the stories behind the suppliers and products.
- At our own factories in Japan and the United States, we take advantage of being part of the same group and can quickly link customer needs to product development, reducing development speed.



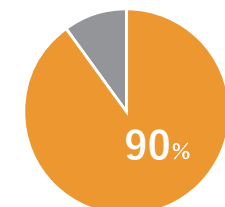
### ② Development/Testing



- Development personnel with diverse backgrounds develop and improve flavors based on customer needs obtained through retail sales.



### ③ Commoditization



- Unique naming and label design.
- Maximize product value through in-store customer service.

Sales composition ratio of products planned and developed by our company\*  
FY ending March 2023

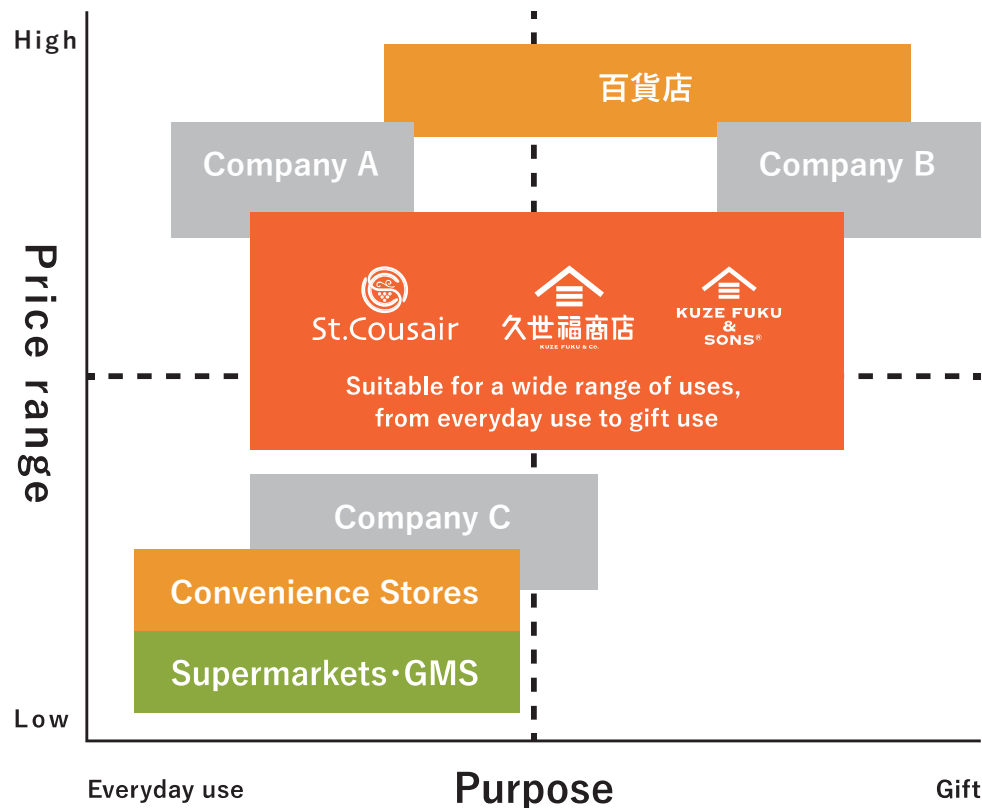
\*Total of purchased products manufactured in-house or planned and developed by our company.

# A product group that is highly compatible with gifts and E-commerce

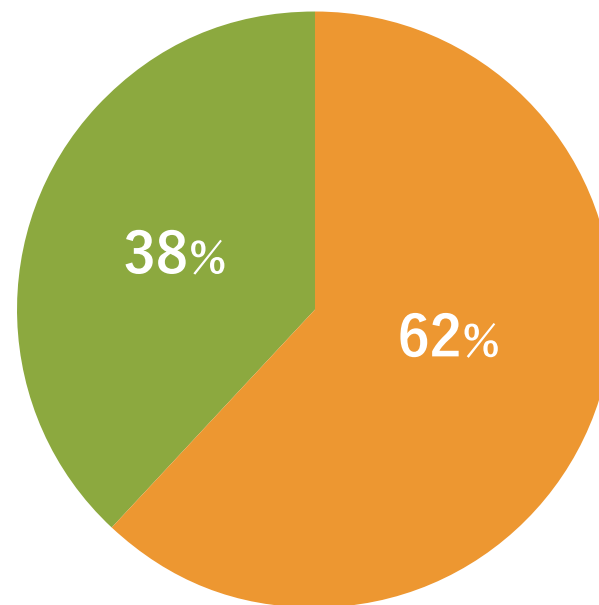
Secure high recognition as a gift brand.

A food brand in the mid-to-high price range, positioned to accommodate a wide range of uses, from everyday use to gift use.

## Our brand positioning



## Gift sales composition ratio of total own brand E-commerce sales



Legend: Gifts (Orange), Others (Green)

FY ending March 2024

## Network of our own factories and partner factories in Japan and the US

By utilizing our own factories in Japan and the United States, as well as a network of 15 partner factories nationwide, we are able to quickly manufacture and market products that meet customer needs.

### Japan



### USA



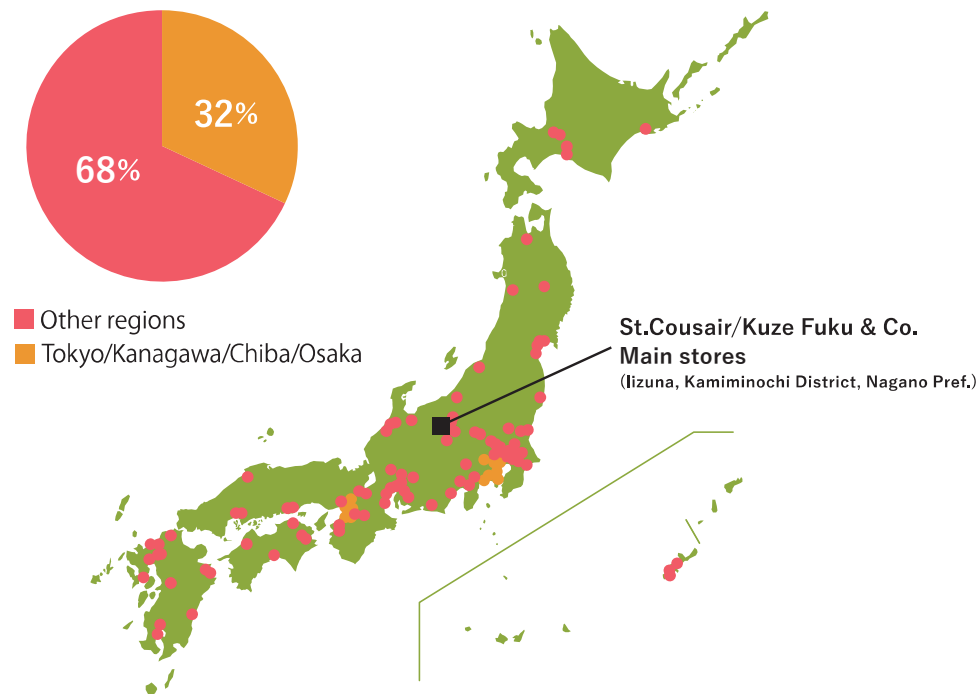
## Collaboration with Strong Regional Partners

The basic policy of our store opening strategy is to focus on regional areas and franchises. By forming partnerships with leading companies that operate other franchise businesses in each region, the chances of success for the franchise business increases.

### ■ Store opening area

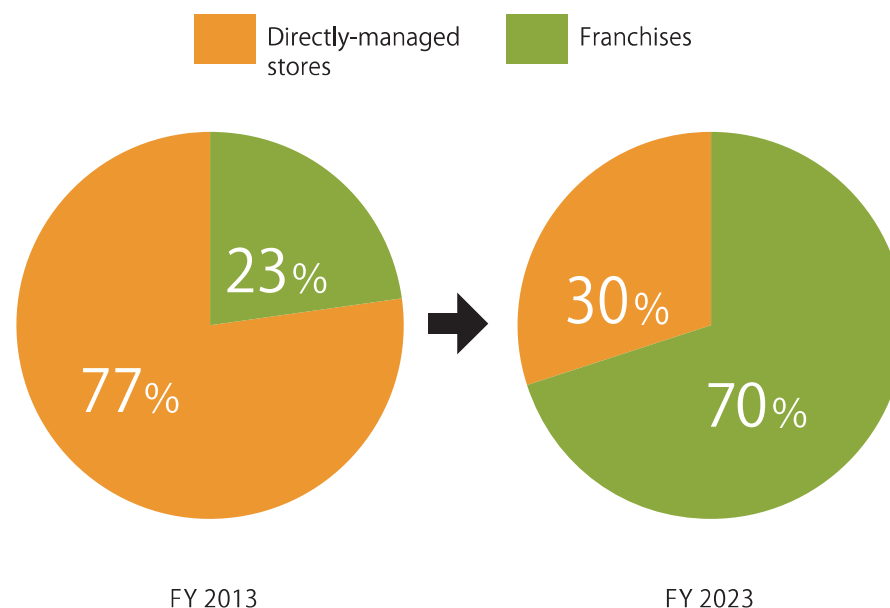
Build partnership relationships with leading franchise companies in each region

#### Percentage of store opening areas



### ■ Ratio of Directly-managed stores・Franchises

Directly-managed stores (including owner-franchise format (\*2)) and franchise chain (\*3) stores



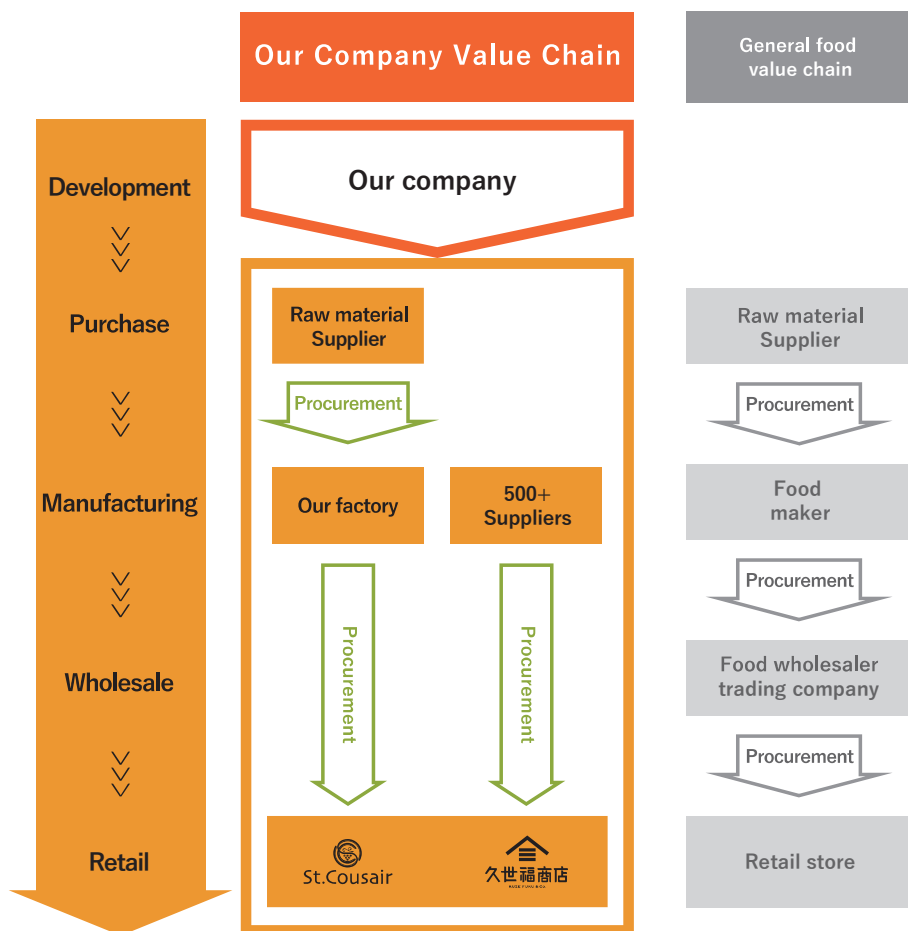
\*1. Abbreviation for Product Market Fit. Refers to the state in which the services and products provided are accepted in the appropriate market where they can solve customer problems. \*2. Store format in which only store management operations are outsourced \*3. Based on the partnership agreement concluded with the franchise member company, all expenses related to store operation, including store equipment investment and store staff personnel expenses, are covered by the franchise member company.



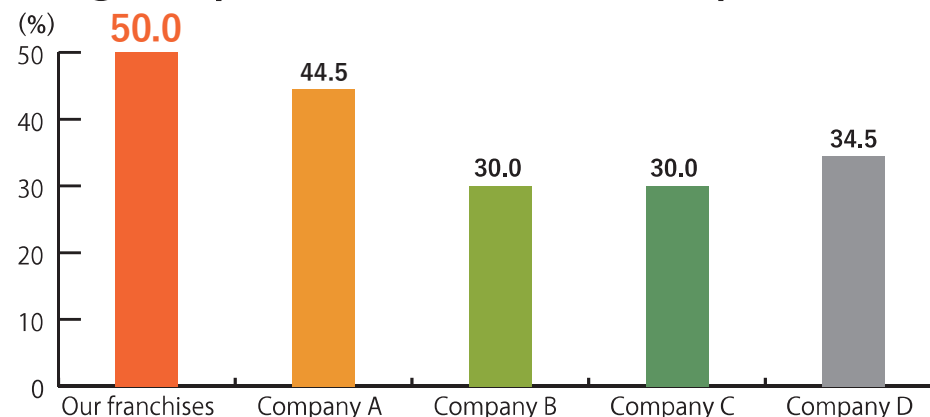
# High value-added model that enables expansion through franchise deployment

Through our SPA model, we have built a sales system for high value-added products. Create highly profitable stores that are easy for franchise partner companies to profit from, fostering a desire to continue opening stores.

## ■ Characteristics of our value chain



## ■ Our franchise store gross profit rate vs. gross profit rates of other companies



\*1 Data from other companies is from Teikoku Databank Co., Ltd. research report.

\*2 Extracted sales of all directly managed franchise stores and all products from our POS sales data.

## ■ Single store profit model for standard franchise stores (annual)

	Amount (¥K)	Composition ratio
Sales	100,000	100%
Gross profit	50,000	50%
Selling, general, and administrative expenses (*3)	45,000	45%
Operating income	5,000	5%

\*3 Includes royalties to our company.

## Glocalization for Consumers in each country



Pursuing 'purpose,' 'flavor,' and 'design' targeted towards mainstream consumers in each country. Achieving local fit by incorporating consumer feedback into product planning and development.



# Mutual Marketing combining various sales channels

Synergistic effects are created by interconnecting various sales channels such as Directly-managed stores/Franchises and E-commerce for C (consumer customers), and Wholesale and Global for B (corporate customers).

## Stable growth business






### Wholesale

- "Development, manufacturing, sales" speed up the cycle

March 2024 **17%**/total sales

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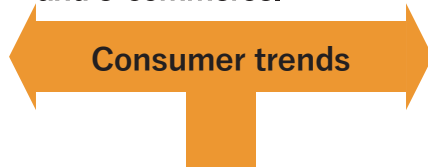



### Directly-managed stores・Franchises


- Continuous opening of stores mainly in regional areas
- Expansion of gifts

March 2024 **70%**/total sales

We make product proposals to wholesale and global customers based on consumer trends obtained from retail and e-commerce.



## Priority growth business





### Global

- Expand sales channels to more countries

March 2024 **7%**/total sales

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### E-commerce

- Digital marketing
- Increase the number of users
- Expansion of gifts

March 2024 **6%**/total sales



- Member app
- Customer database management (CRM)
- FBC program

## In-house Developed System and Engineering Team to Support SPA Model

### Inventory Management System



2014

Management system for small-lot and single-item management of more than 1,500 items.

### In-house POS-linked ERP system



2015

In-house POS cash register system to improve store operation efficiency.

### Kuze Fuku Online Shopping Arcade, own official online store



2020-21

- A marketplace e-commerce system, "Kuze Fuku Online Shopping Arcade"
- In-house official online store to optimize UI/UX.

### Membership application, member customer data analysis system



2021

- Membership app.
- System for analyzing member purchase data with the aim of improving the value of the customer experience.

### E-Commerce message card service



2022

A system for creating and attaching original message cards to gifts purchased on our official e-commerce site.

### In-store self-checkout



2024

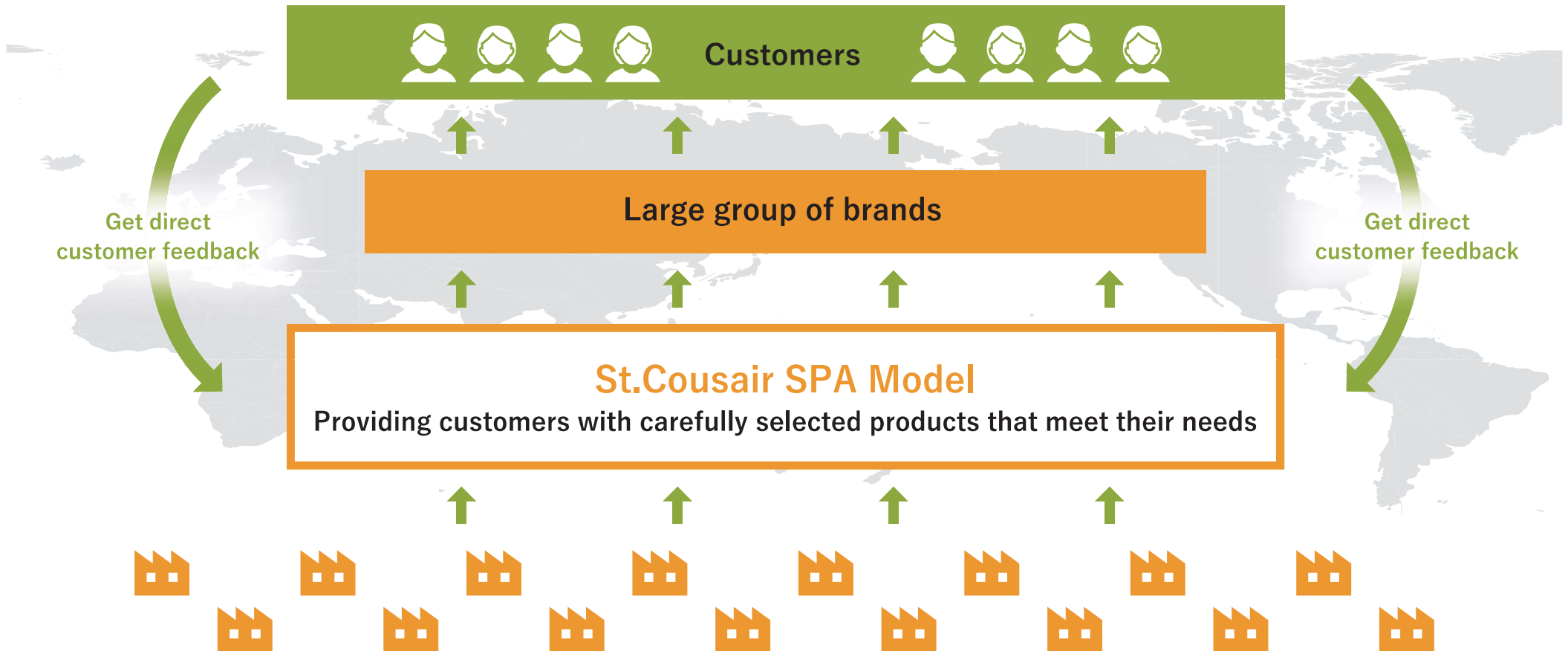
To focus on customer service at stores, we will improve the efficiency of administrative processing by using our own self-checkout system.

# 4. Growth Strategy



## Medium- to Long-term Goals

- We manage a multitude of brands, each autonomously delivering value to its respective customers.
- Leveraging a robust network of numerous producers domestically and internationally, we can develop, manufacture, and supply unique products based on feedback received from customers for each brand.
- Through the food SPA activities conducted by Sunxail, we promote regional revitalization while also contributing to the creation of a sustainable society and environment.



## Medium- to Long-term Vision

### Domestic Business

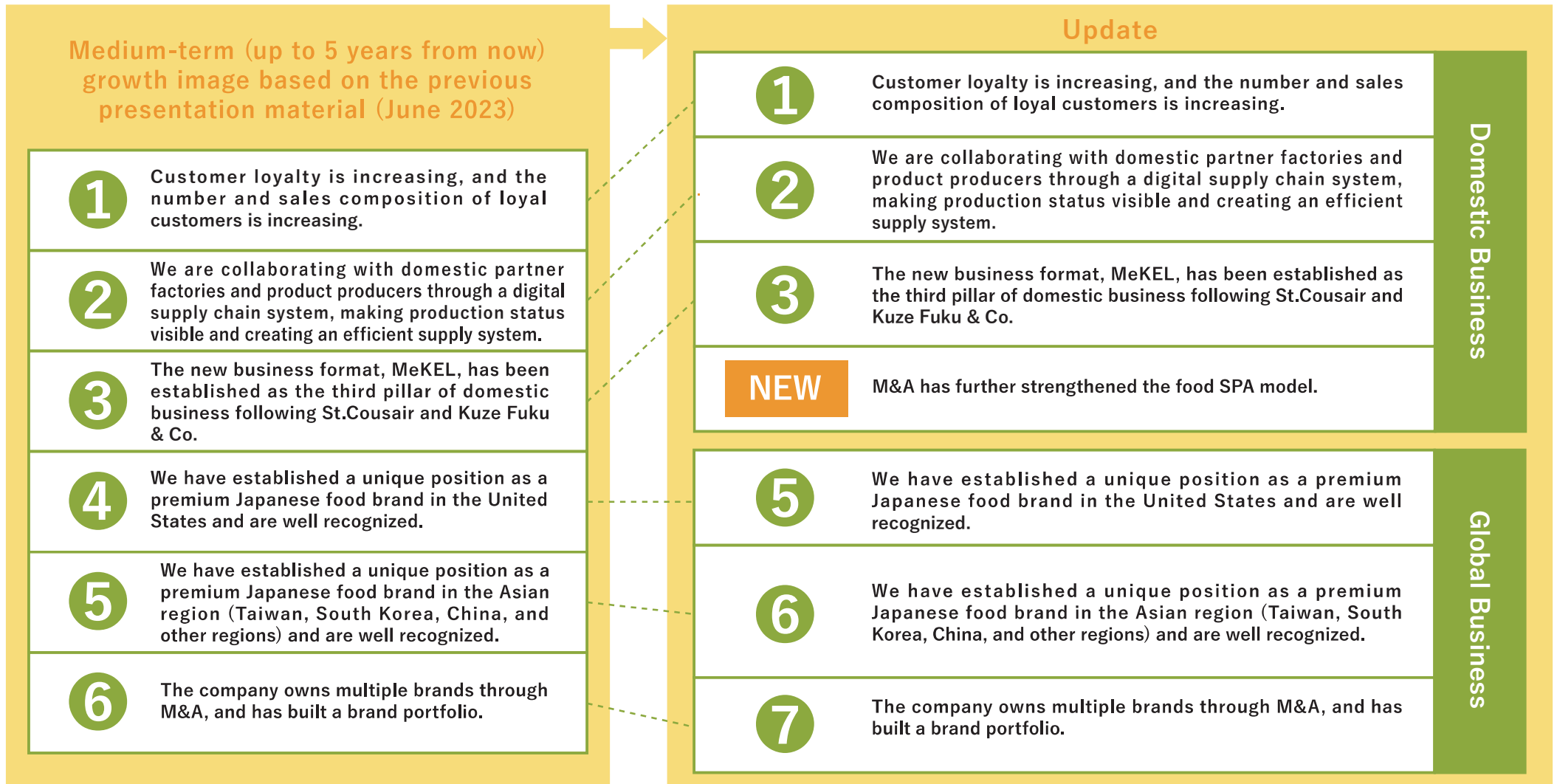
- Customer loyalty is increasing, and the number of loyal customers and sales composition ratio are improving.
- Working with domestic cooperating factories and product producers through a digital supply chain system, visualizing the production status and realizing an efficient supply system.
- Establish "MeKEL" as the third pillar of Japan domestic business after St.Cousair and Kuze Fuku & Co.
- Food SPA model is further strengthened by M&A.

### Global Business

- In the US, it has established a unique position as a premium Japanese food brand and is well recognized.
- In the Asian region (Taiwan, South Korea, China, etc.), it has established a unique position as a premium Japanese food brand and is well recognized.
- M&A has further strengthened the food SPA model.

# Medium- to Long-term Vision: Update

- The correspondence between the medium-term growth image in the previous release and the "Mid- to Long-term Vision" in the current release is detailed here.
- This does not change the strategy, but instead aims to make each strategy more specific and adds new strategies of high importance.



# Domestic Business Summary

## Domestic: Medium- to long-term vision

- Customer loyalty is increasing, and the number of loyal customers and sales composition ratio are improving.
- Working with domestic cooperating factories and product producers through a digital supply chain system, visualizing the production status and realizing an efficient supply system.
- Establish "MeKEL" as the third pillar of Japan domestic business after St.Cousair and Kuze Fuku & Co.
- Food SPA model further strengthened through M&A.

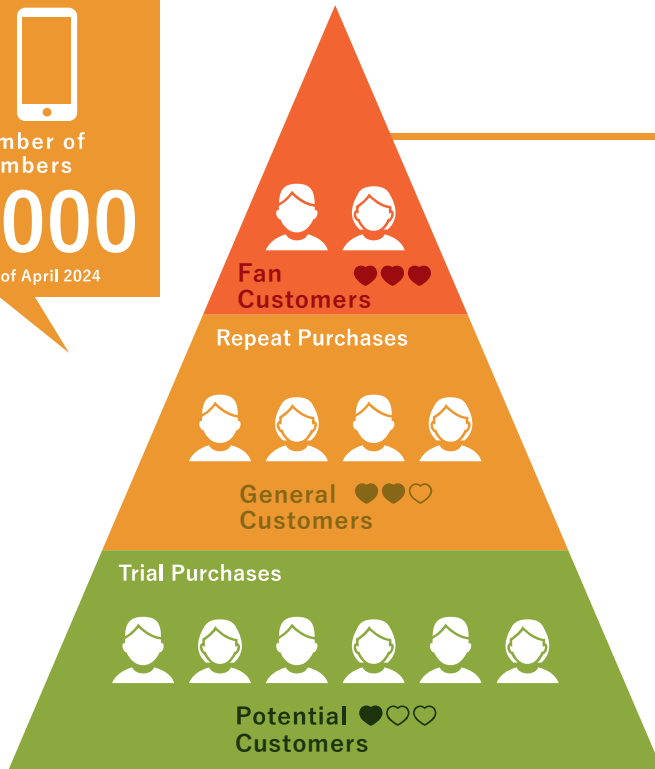


Areas of Focus	Details
Increased Customer Loyalty	<ul style="list-style-type: none"> <li>● Enhancement of the Fan-Based Community Program (FBC program)</li> <li>● Implementation of N1 analysis and shopper analysis to deepen customer understanding</li> <li>● Improve customer value in each element of price, product, and sales</li> </ul>
Improvement of Product Added Value	<ul style="list-style-type: none"> <li>● Introduction of new technology through establishment of product development laboratories</li> </ul>
Expansion of Production and Supply Capacity	<ul style="list-style-type: none"> <li>● Strengthen our own manufacturing plants and acquisition of food factories</li> <li>● Visualization of the production status of partner factories (DX)</li> </ul>
Expansion of New Format Stores	<ul style="list-style-type: none"> <li>● Establishing a business model for launching and expanding the second store of the new MeKEL format.</li> <li>● Strengthen food SPA through M&amp;A</li> </ul>

# Fan-Based Community Program (FBC)

Develop marketing centered on our community of 2,500 app members who are fans of our company.

  
Total number of App Members  
**580,000**  
\*As of the end of April 2024



## Fan-Based Community Program (FBC)

Number of members participating in the program **2,500**

Understand customers' opinions and potential needs regarding our products and services through interviews and surveys of program members.

Examples from completed surveys

- Investigation into items of satisfaction and dissatisfaction in our stores
- Understanding the customer's psychological characteristics and sense of values
- Grasping the brand image that our customers perceive
- Grasping the actual usage of E-Commerce channels by store customers
- Grasping the customer's usual shopping behavior

↓

Proposal of "new products" and "sales floor improvement" based on program results

↓

Increased brand loyalty for all of our brands' customers 

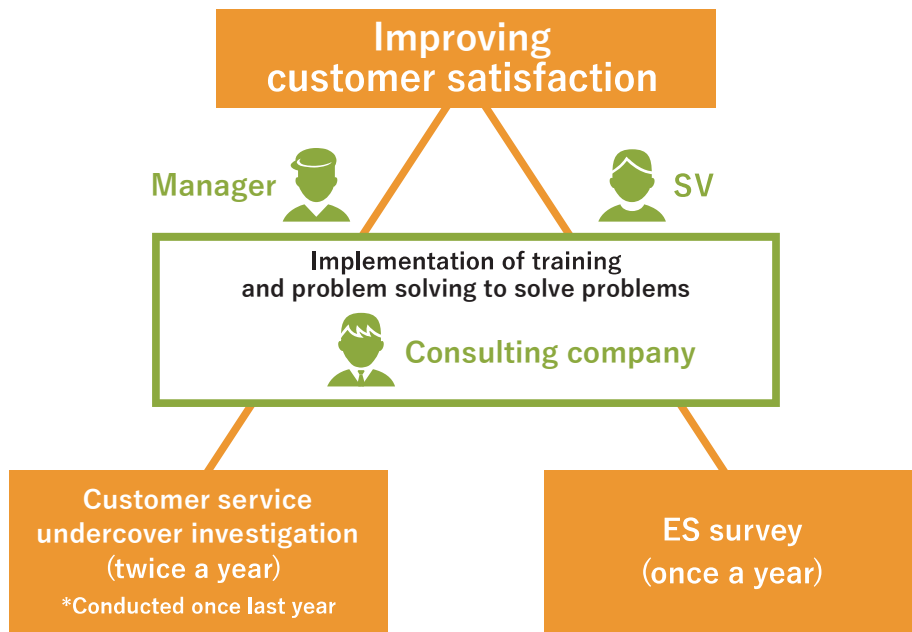


# Other customer loyalty improvement measures

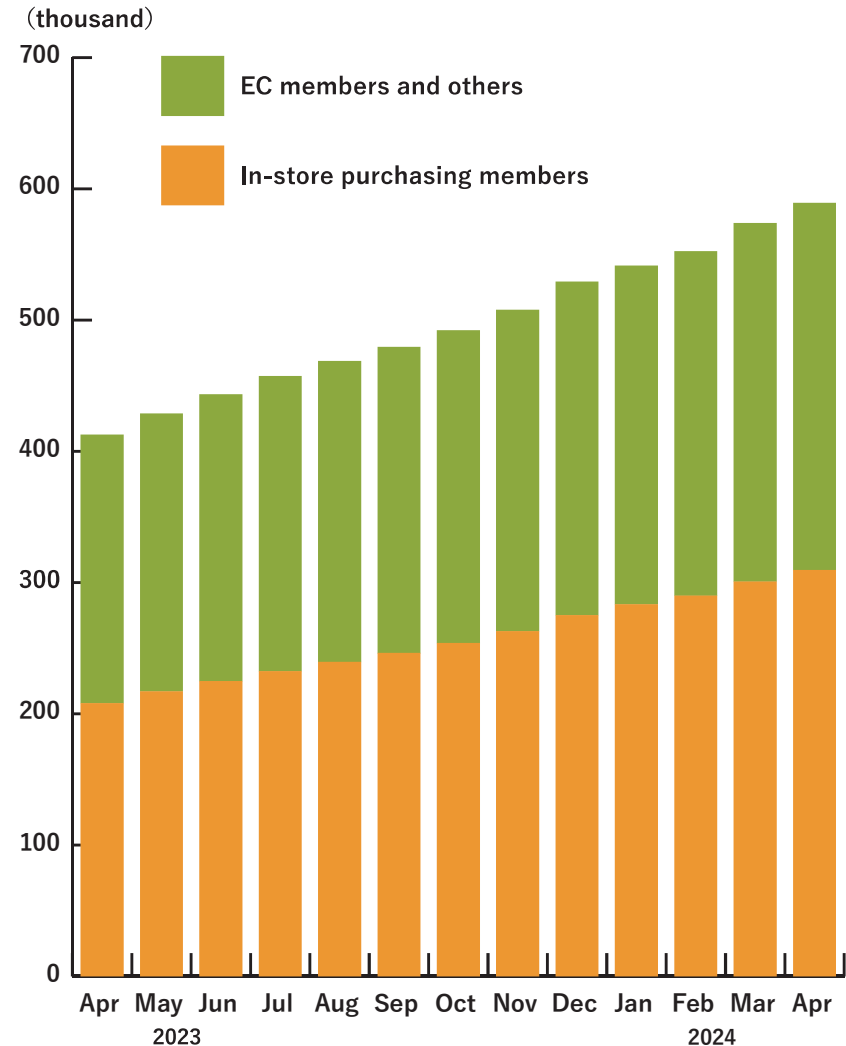
## Improving store customer service

Extracting the challenges and strengths of each individual store through an undercover customer service survey conducted by an external consulting company and an ES satisfaction survey of store partners. Implementation of training for store managers and area managers to further improve the level of store management. Implemented the systemization of store evaluation sheets and moved to the operational phase.

### Activities this term






## Customer KPI



\* We refer to our employees as "partners."

# Other customer loyalty improvement measures

	2024/3Q	2025/3Q
	<p><b>Building recovery momentum</b></p>	<p><b>Forming the foundation for the next stage of growth</b></p>
<b>Price</b>	<ul style="list-style-type: none"> <li>● Price reductions centered on in-house products</li> </ul>	<ul style="list-style-type: none"> <li>● Achieving products at affordable prices by improving the composition ratio of in-house products</li> </ul> 
<b>Product</b>	<ul style="list-style-type: none"> <li>● Product development with an eye on strengthening categories based on needs</li> <li>● Seasonal, limited ingredients. Improving customer value.</li> <li>● Absolute pursuit of deliciousness and cost reduction</li> <li>● Developing in-house new products using new technology due to the establishment of a laboratory</li> </ul>	
<b>Sale</b>	<ul style="list-style-type: none"> <li>● Implementation of CS improvement program</li> </ul>	<ul style="list-style-type: none"> <li>● Introduction of self-checkout system</li> <li>● Progress of store sales floor/creation</li> </ul> 

\*Our company refers to our employees as "partners."

# Store Opening Policy

Opening of around 10 new St.Cousair, Kuze Fuku & Co., and MeKEL stores each fiscal year.

In the fiscal year ending March 2024, the planned number of store openings was 11, but 14 stores will be opened.

## New Store Opening Policy

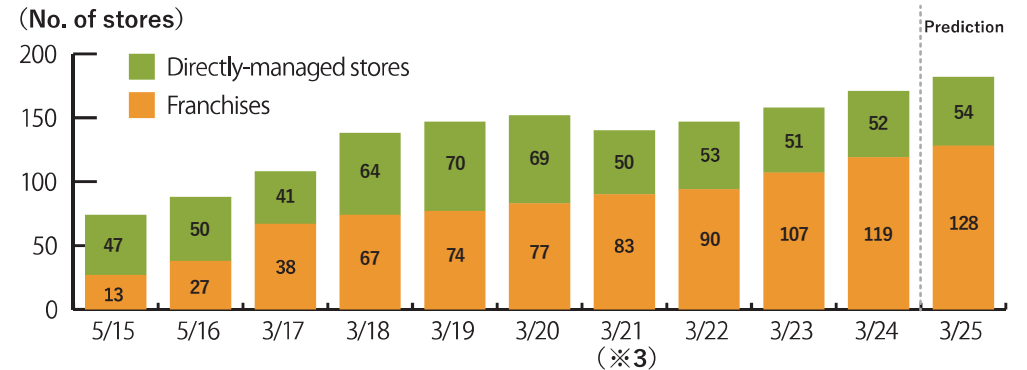
Brand	Store opening location	Management
 久世福商店 KUZE FUKU & CO.	Mainly commercial facilities, station buildings, and department stores close to residential neighborhoods in urban and suburban areas	Mainly franchises
 St.Cousair	Centered on Suburban Outlet Malls	Mainly directly-managed stores
 発見の食倉庫 MeKEL THE WORLD GOURMET MARKET	Roadside in regional cities	Currently Mainly directly-managed stores

Unit: Number of New Store Openings	3/23	3/24
	Result	Result
Directly-managed stores	2	1
Franchises	9	13
<b>Total</b>	<b>11</b>	<b>14</b>

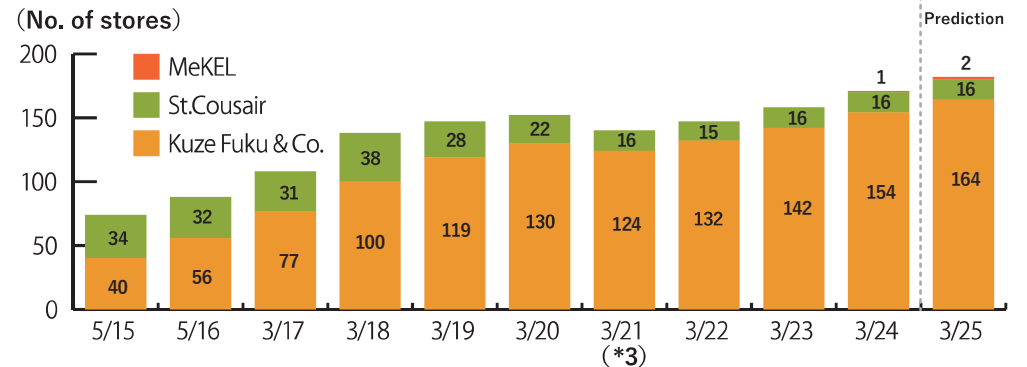
## Number of Stores

Developed at directly managed stores (including owner franchises (\*1)) and franchise chain (\*2) stores.

### By Management



### By Brand

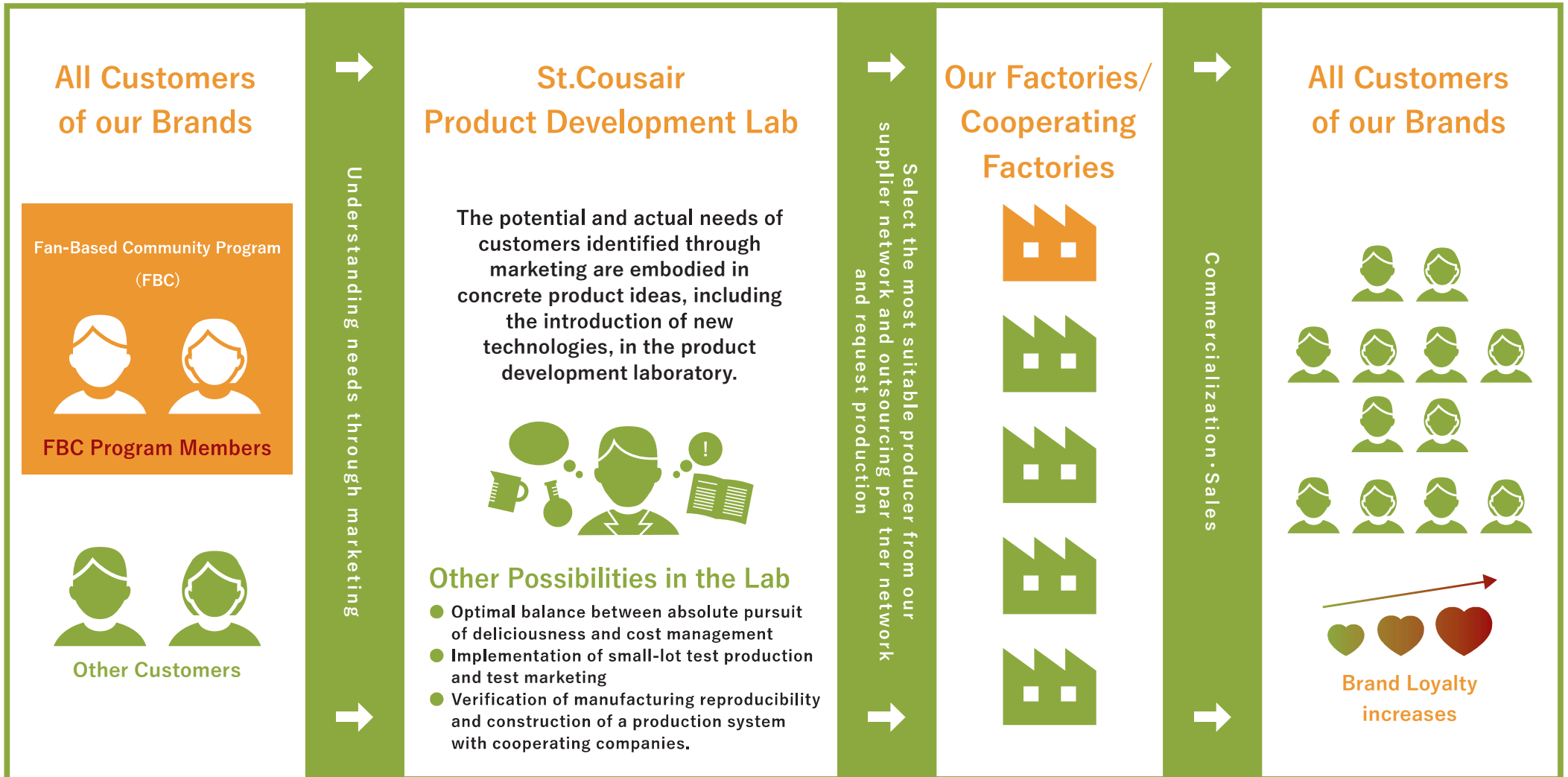


Stores opened	12	21	17	28	32	16	10	10	11	14	11
Stores closed	4	4	1	8	2	7	5	22	4	1	0

\*1. A store format in which only store operations are outsourced. \*2. Based on the partnership agreement concluded with the Franchise member company, the Franchise member company bears all expenses related to store operation, including store facility investment and personnel expenses for store staff. \*3. Closed 22 stores in FY ending March 31, 2021; mainly stores where profitability had been significantly impaired due to the effect of COVID-19, such as in metropolitan areas and tourist locations.

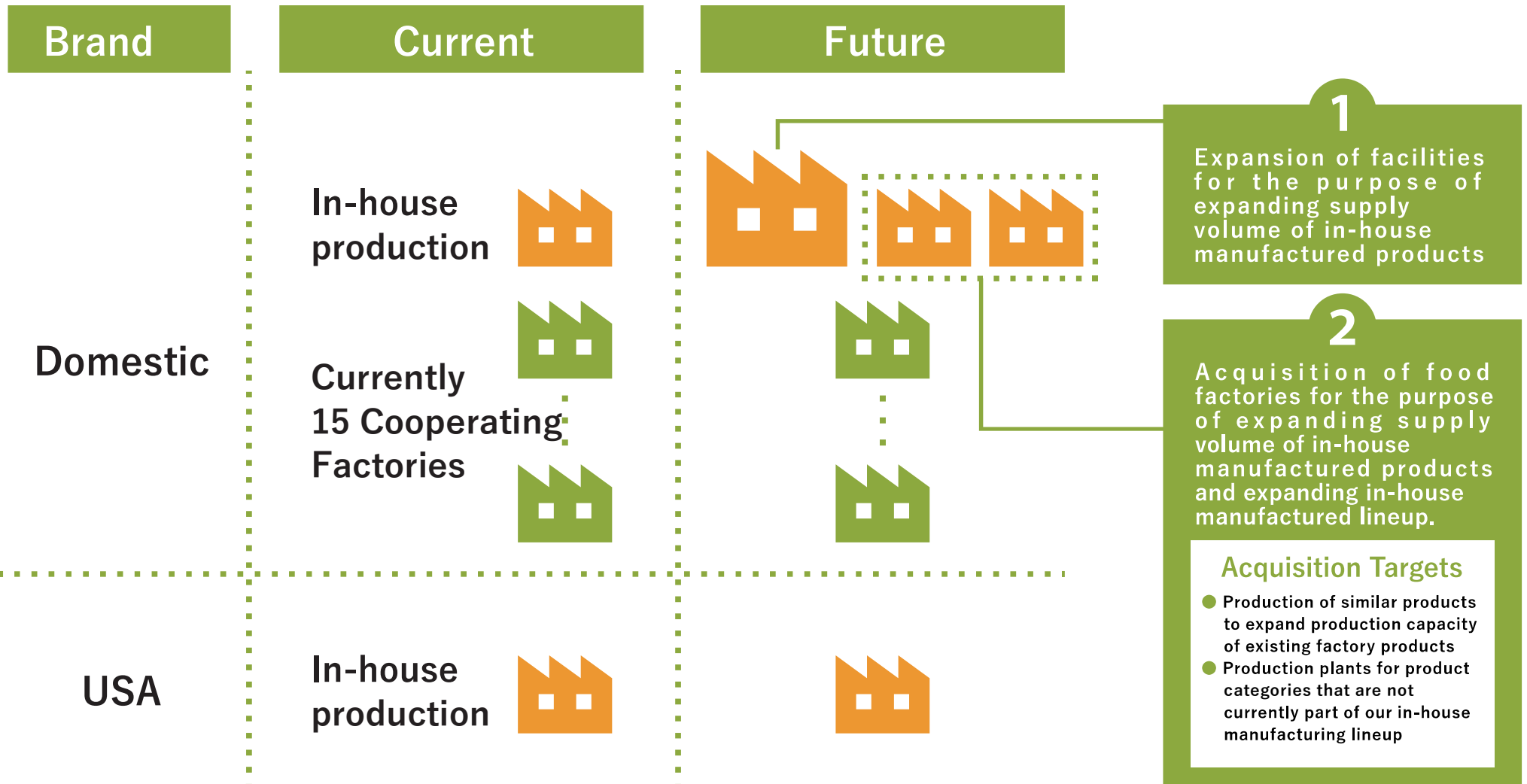
# Establishment of a Product Development Laboratory

In order to expand new product categories based on customer needs, we carry out product development while utilizing new technology in our laboratory.



# Strengthen our own Manufacturing Plants · Acquisition of Food Factories

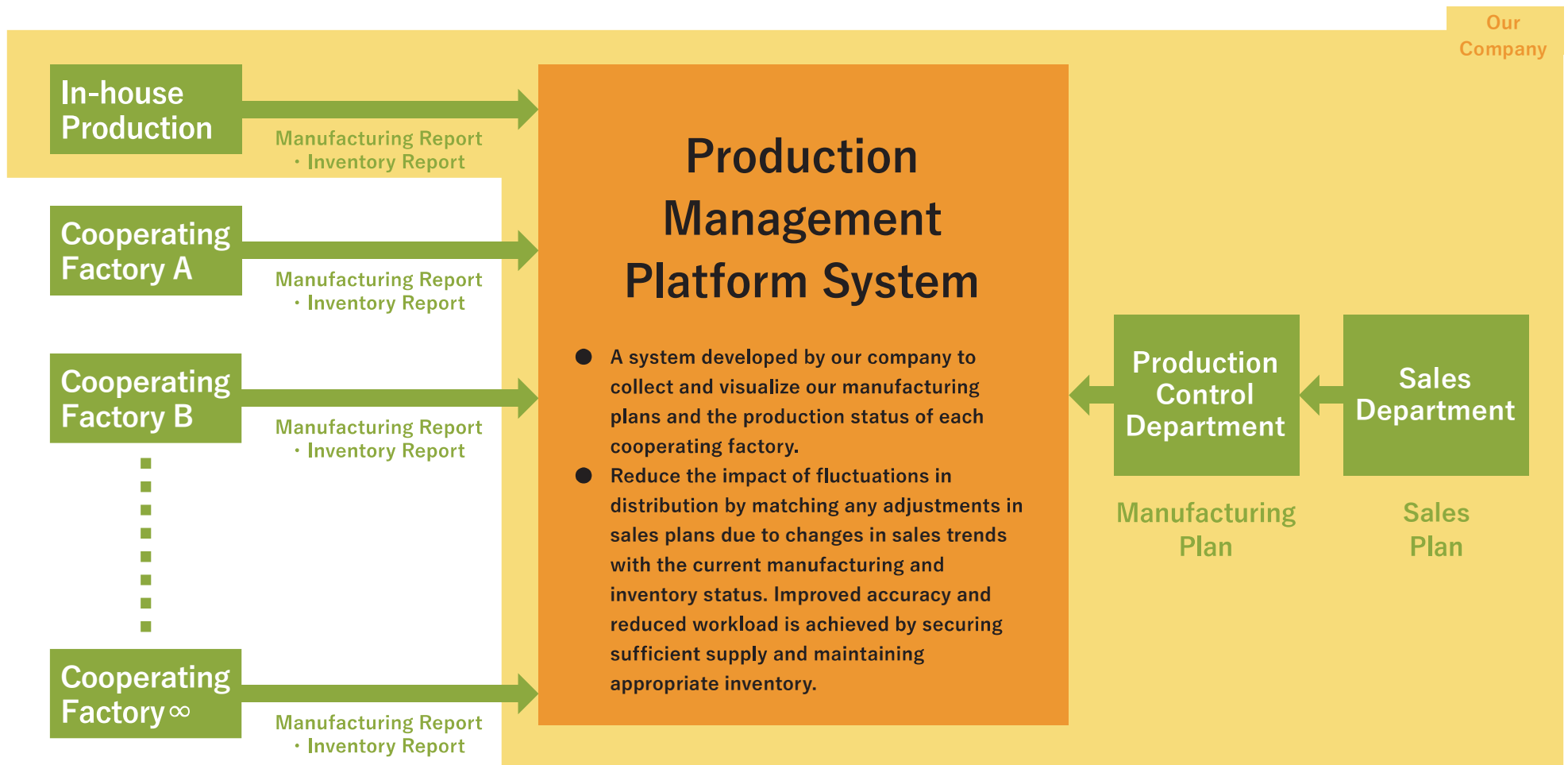
Expand production and supply capacity by enhancing our own factory facilities and acquiring other food factories.





# Envisioning the Production Status of Cooperating Factories (supply chain DX)

- By envisioning the production status of cooperating factories and smoothly coordinating the process from ordering to delivery, we ensure a sufficient supply and appropriate inventory.
- As of May 2024, the production management platform system developed in-house has been introduced to 62% of partner companies, including our own factories, and we will continue to introduce it to all partner factories.



# New business format “MeKEL”

Opened the first store of the new business format "MeKEL". Building a business model for the growth period.

## ■ MeKEL First store



## ■ Current phase

BUSINESS MODEL  
Strengthening  
phase

BUSINESS MODEL  
Growth  
phase

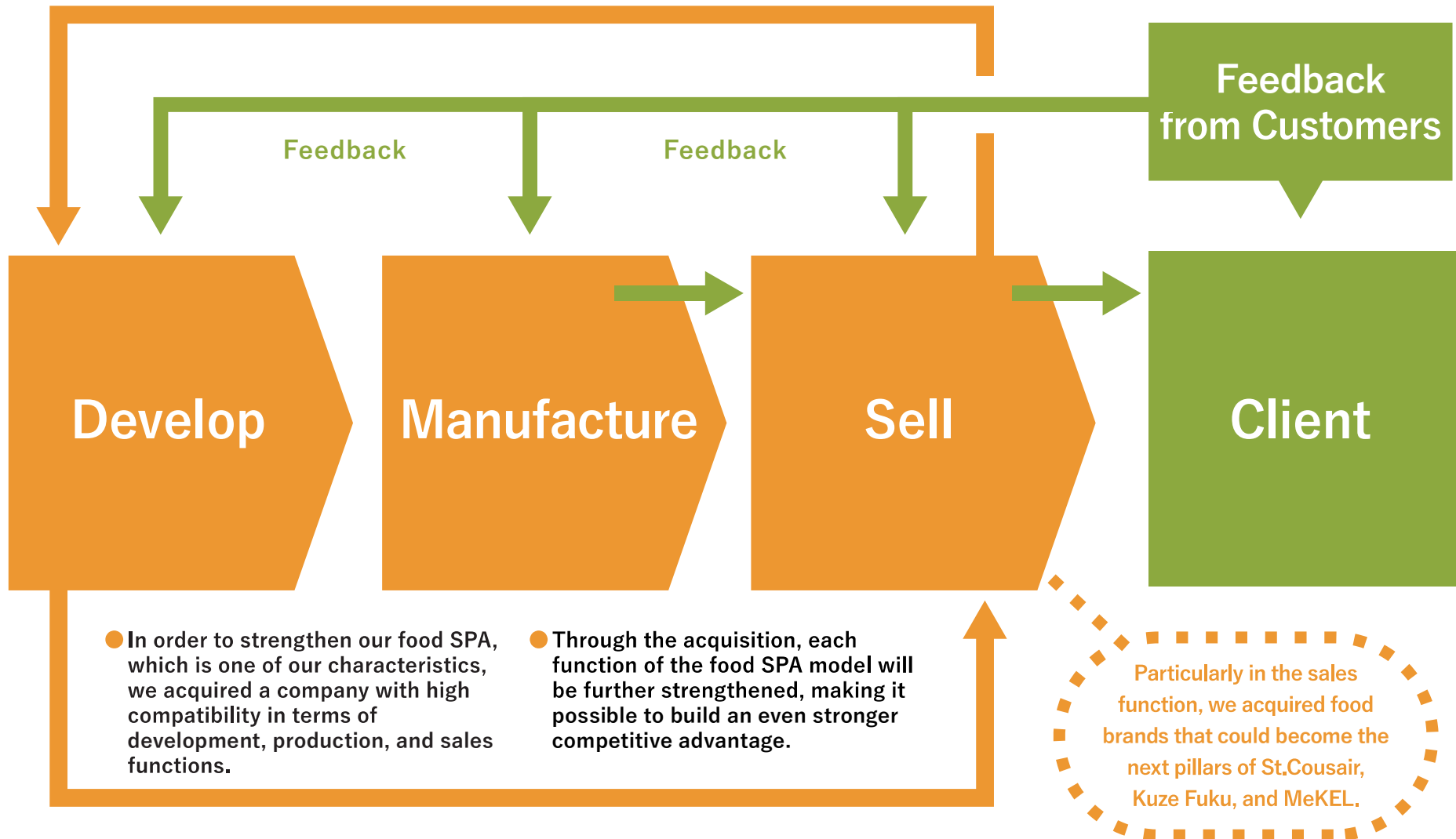
- Verification of hypothesis
- Customer analysis
- Product strategy
- Store strategy
- Pricing strategy

Business model  
**Fits the Market**

Find a winning path  
and lead to the  
growth phase

## Strengthening food SPA through M&A

We have expanded our M&A targets and strengthened our food SPA functions. In order to further strengthen our food SPA model, which is our strength, we will expand our M&A targets to include not only manufacturing functions but also development and sales functions.



# Global Business Summary

## Global: Medium- to Long-term Vision

- In the US, it has established a unique position as a premium Japanese food brand and is well recognized.
- In the Asian region (Taiwan, South Korea, China, etc.), it has established a unique position as a premium Japanese food brand and is well recognized.
- The company owns multiple brands through M&A and has built a brand portfolio.

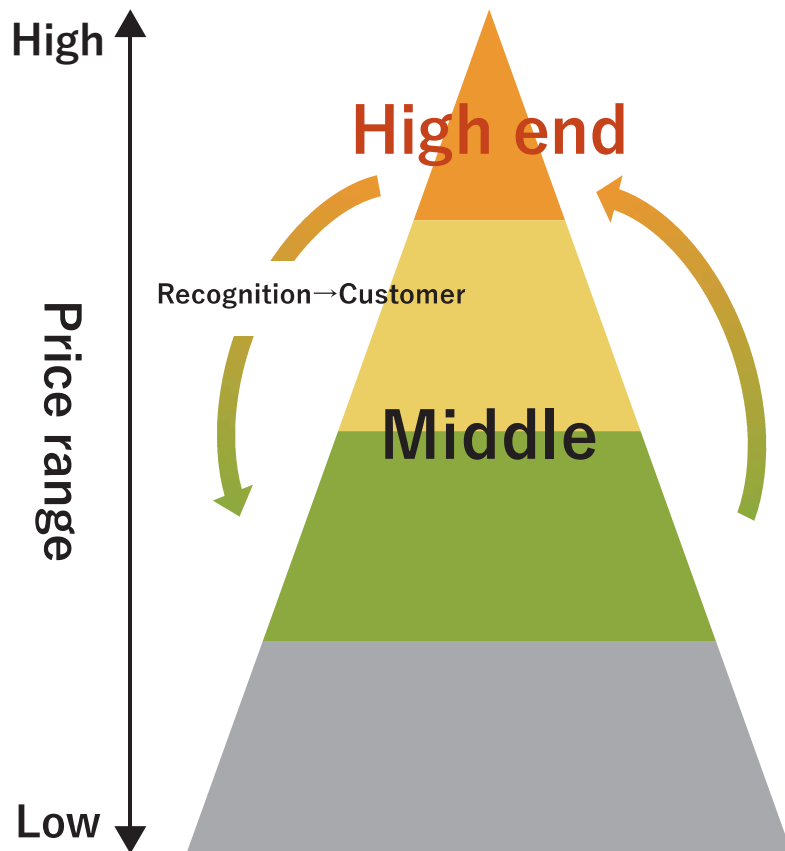


Areas of Focus	Details
USA	<ul style="list-style-type: none"> <li>● Installation of shelf fixtures in middle to high-end supermarkets</li> <li>● Sales expansion using wholesale broker network</li> <li>● Entry into the Food Service market</li> <li>● Strengthen brand portfolio through M&amp;A</li> </ul>
Asia	<ul style="list-style-type: none"> <li>● Expand sales to major retail chains</li> </ul>
Others	<ul style="list-style-type: none"> <li>● Expanding sales channels to Australia, Canada, South Korea, and China</li> </ul>

# USA: Basic Sales Policy

Targeting food supermarkets in the middle to high-end price range, we will expand the number of customers and the number of stores handling our products in the United States based on two sales policies.

## ■ Target Supermarkets in the US



## ■ Target

Middle- to High-end price range Supermarkets. Accelerate the cycle of increased brand recognition by supplying well-known middle- and high-end supermarkets in the US and acquiring new customers in the same price range.

## ■ Kuze Fuku Pro Strategy



By selling 20 to 30 SKUs of our brand products in the same place, we can convey a world view of our brand, improve brand recognition for customers, and promote sales rather than selling individual products. We aim to introduce it as a shadow box (next to the end fixture), which is relatively easy to introduce compared to the end fixture itself.\*

The number of Kuze Fuku Pro stores is currently 55 (as of the end of April 2024), compared to 43 stores last year.

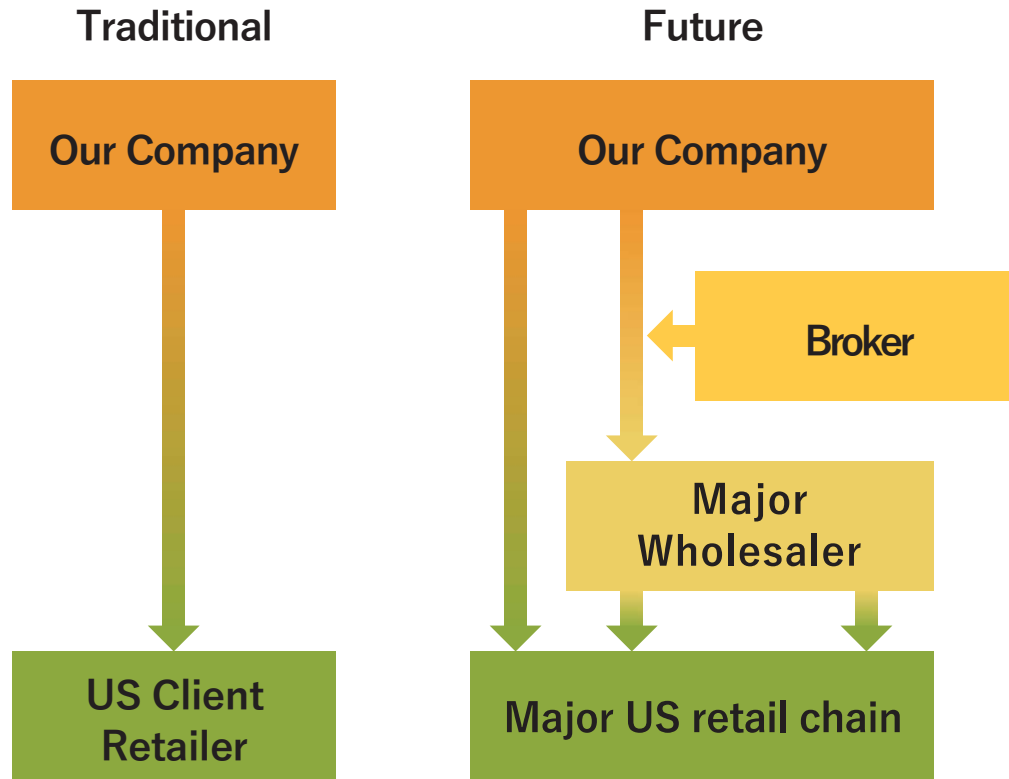
→ **4-Year Target**  
**200** Locations

# USA: Sales Expansion Using Wholesale Broker Network

Utilize wholesale brokers, food sales intermediaries unique to the United States, to expand sales channels nationwide.

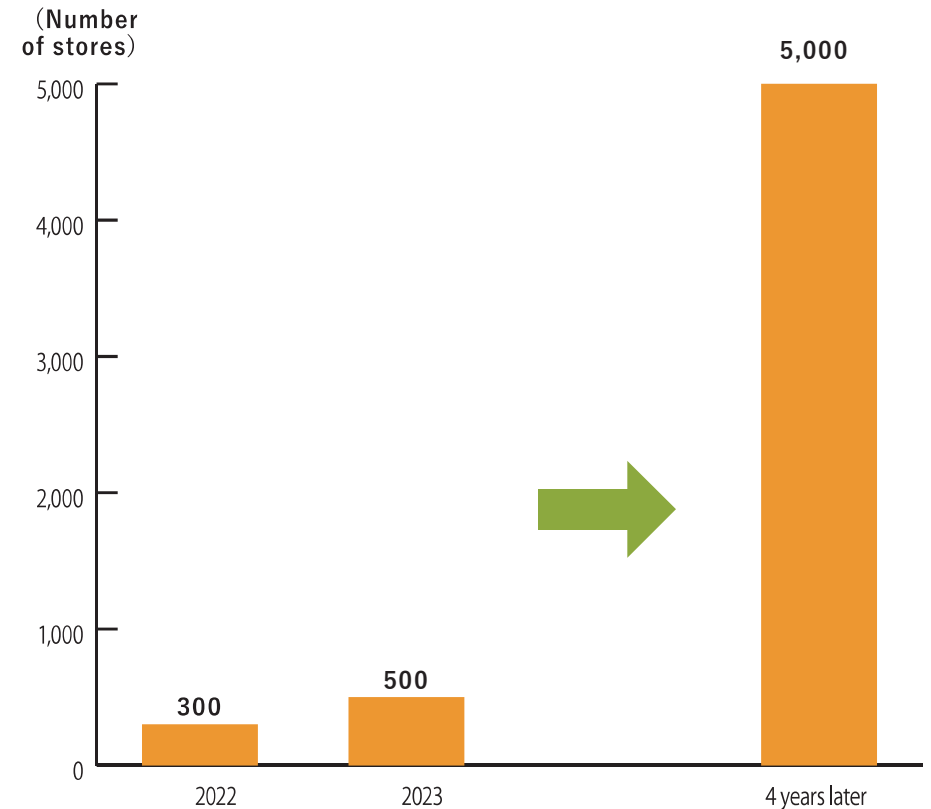
## ■ Entry into major retail chains using brokers

In the past, we have focused on direct transactions, but by using brokers to develop new clients, we are attempting to enter major retail chains in each area of the United States.



## ■ Number of U.S. stores

The goal is to increase the number of stores to 5,000 in four years.





# USA: Strengthen Brand Portfolio through M&A

Expand sales network throughout the U.S. by acquiring mainstream, high-value-added brands in various U.S. regions

## Expected synergies from brand acquisition

Sales	<ul style="list-style-type: none"> <li>Acquire existing sales channels and customers of the acquired company</li> <li>Cross-selling between our brand and the acquired company's sales channels.</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>Producing the acquired company's products at our U.S. factory will improve manufacturing efficiency and reduce costs.</li> </ul>

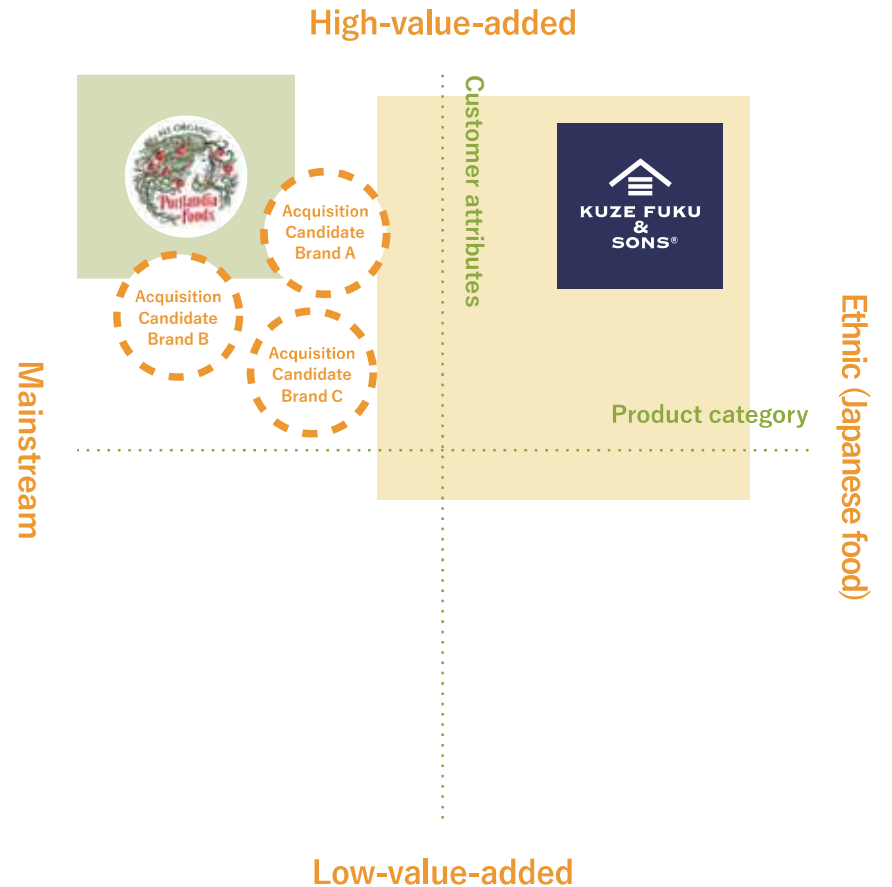
## Region of acquisition candidate

Expanding our sales network across the U.S. by acquiring leading brands in each region that can capture synergies similar to those of Portlandia Foods.



Target area: USA

## Brand Positioning in US business

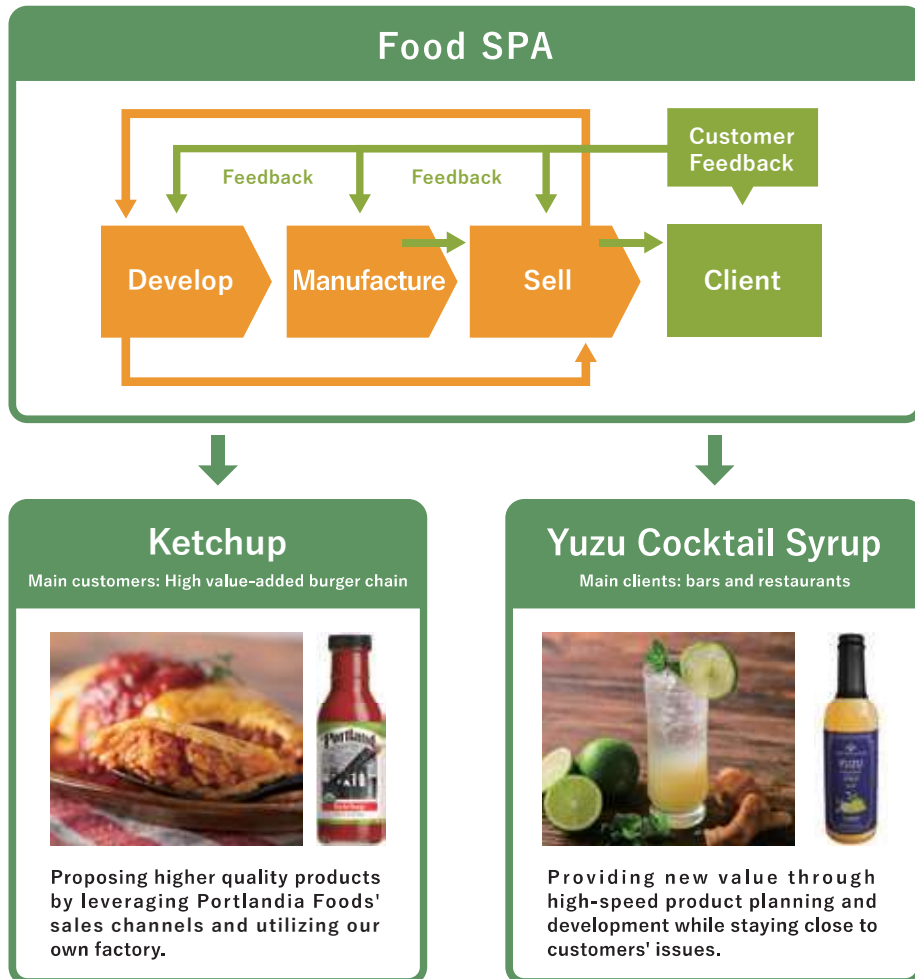


# USA: Entering the commercial market

In order to enter the huge US food service market, we will work with professional chefs and bartenders to develop products suitable for food service.

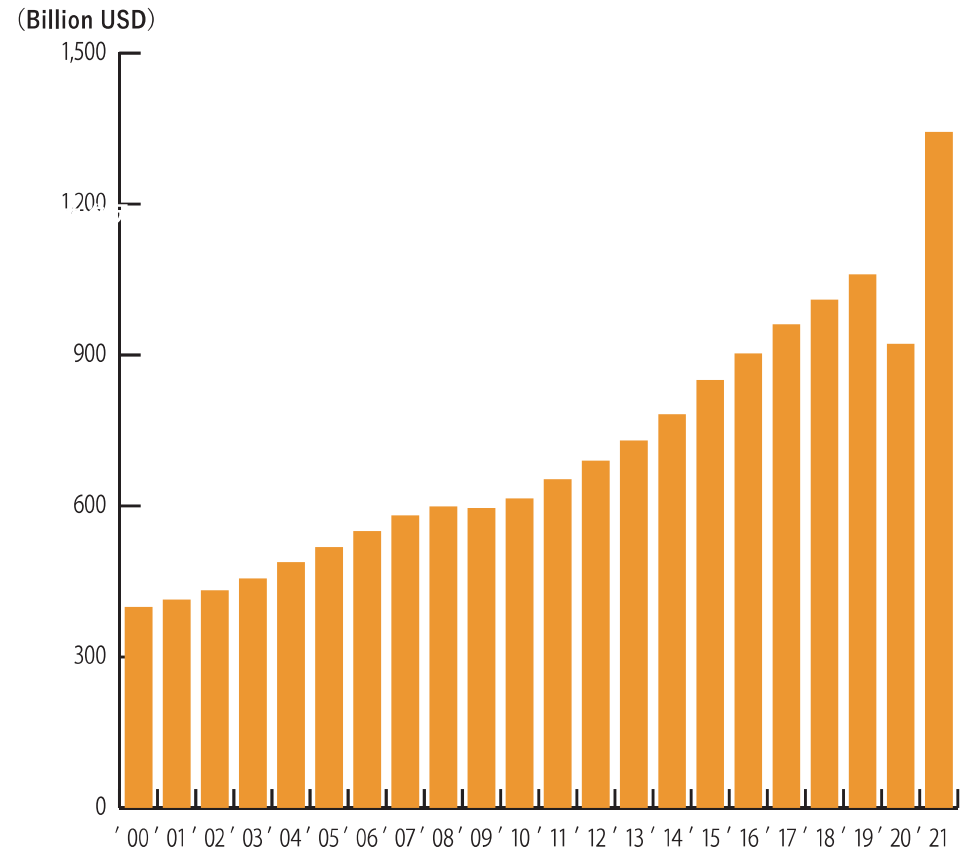
## Expansion of commercial product lineup

Utilizing the food SPA model to develop products that appeal to commercial client needs



## US restaurant market

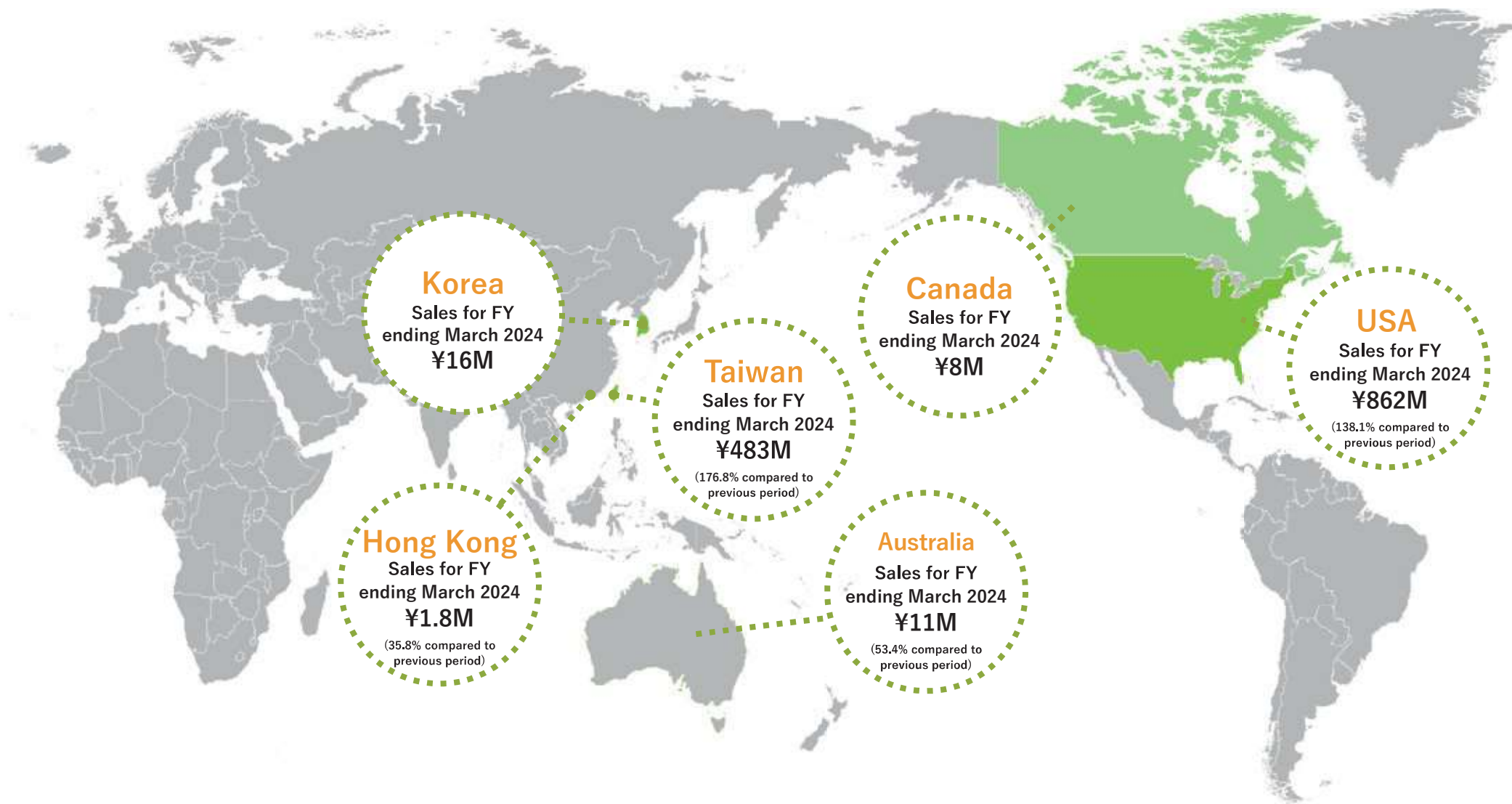
Although it has temporarily shrunk due to the COVID-19 pandemic, the food service market in the United States is huge and continues to grow compared to Japan.



Source: USDA, Economic Research Service

## Asia and other areas: Expand sales to major retail chains

In addition to the rapidly growing US and Taiwan, we have also started sales in new regions such as Korea and Canada.



# ESG Summary

## ESG: Medium- to Long-term Goals

Based on the Group's raison d'être, sustainability strategies are naturally incorporated into business strategies, and "social sustainability" and "sustainable corporate growth" are pursued from the same perspective.



Areas of focus	Details
Climate change countermeasures	<ul style="list-style-type: none"> <li>● Achieve a 50% reduction in Scope 1+2 by 2030.</li> <li>● Establish a system that can measure Scope 3 with sufficient accuracy.</li> <li>● Disclosure of information in accordance with TCFD recommendations.</li> </ul>
Human Capital	<ul style="list-style-type: none"> <li>● Improved average annual income.</li> <li>● Promote the active participation of women (achieve a 30% ratio of women in management positions by 2030).</li> </ul>
Forest Protection	<ul style="list-style-type: none"> <li>● Promote a project to protect and utilize the forest ("Saincouzere Forest") on the premises of our Shinanomachi Center (Shinanomachi, Kamizuuchi District, Nagano Prefecture).</li> <li>● Posting and distributing project progress through SNS services.</li> </ul>
Food loss measures	<ul style="list-style-type: none"> <li>● 50% reduction in 2030 compared to 2021.</li> </ul>
Realizing an equal society without disparities	<ul style="list-style-type: none"> <li>● Supporting the lives and education of children in Tanzania.</li> <li>● Co-founded the St. Cousair Foundation</li> </ul>



# Measuring greenhouse gas emissions and improving accuracy

In addition to achieving a 50% reduction in Scope 1+2 in 2030, we will proceed with measuring Scope 3 and developing a reduction plan.

**Item**

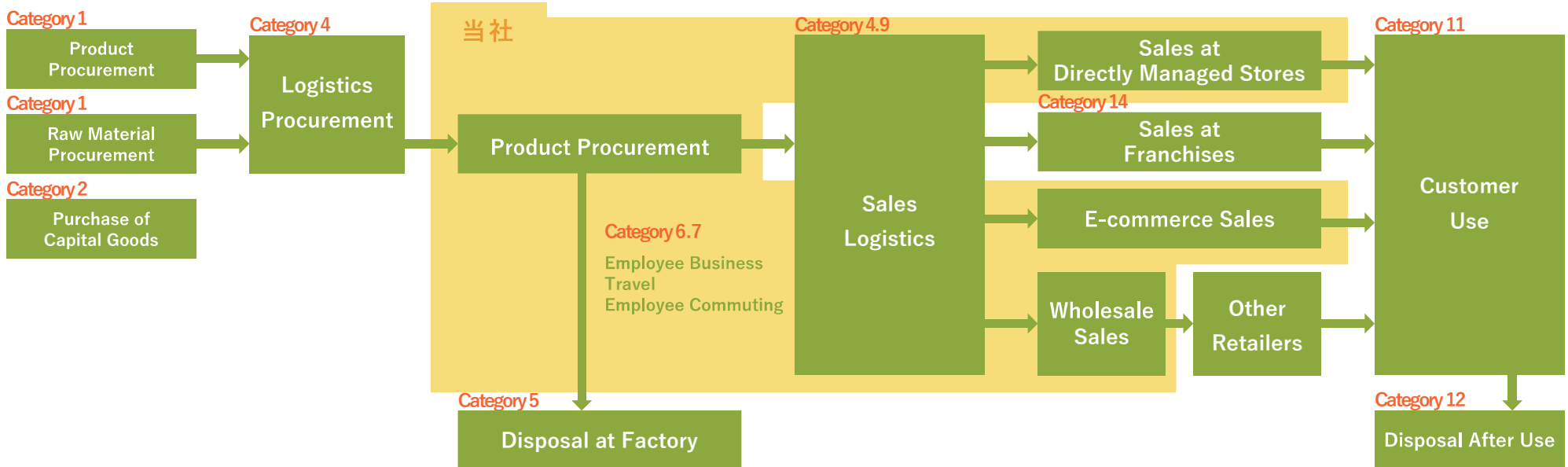
**Goal**

**Scope 1+2**

- 50% reduction by 2030. (compared to 2021)

**Scope 3**

- Establish a system that can measure Scope 3 with sufficient accuracy.
- Identify hotspots and develop mitigation plans.





# Enhancing human capital

We have enhanced the company-wide support system so that each partner can contribute to increasing corporate value while achieving growth and self-actualization over the medium to long term.

## Priority items

**Improvement in average annual income**

## Details

- Increasing the average annual income of employees through gradual implementation of base increases, expansion of allowances, expansion of bonus payment levels, etc.
- In the fiscal year ending March 2024, achieve an average annual income increase of 1.17% compared to the previous fiscal year (target 5%)
- Achieved base increase of 4.4% to 5.8% depending on position from April 2024
- In the fiscal year ending March 2025, we plan to increase average annual income by 5% compared to the previous fiscal year.

**Promotion of women's success**

### Numerical Goal

Ratio of female managers:  
21% (as of the end of March 2024)  
→ 30% or more by 2030

- Expansion of diverse work styles (remote work, short-time work, regionally limited work), and support and recommendation for taking various leaves of absence.



\* We refer to our employees as "partners."





# Forest Protection Project

The forest on the premises of our Shinanomachi Center (Shinanomachi, Nagano Prefecture).



Without human intervention, the forest will naturally degrade. By transforming the forest into an area that can be enjoyed by people, including local residents, this natural degradation of the forest can be prevented. And by allowing the forest and people to coexist in harmony, nature and the ecosystem can be sustained over the long term.



## Activity progress

In recognition of this forest protection project, the "St.Cousair Forest" was officially certified as a "Site in Harmony with Nature" by the Ministry of the Environment in the second half of 2020 as an "area where biodiversity is being conserved through private sector initiatives."



# Efforts to Reduce Food Loss

Working to reduce food loss occurring in business activities.

## ■ Reduction of Food Waste at our own Factories and Stores

Promotion of improvement activities (PDCA) aimed at reducing food waste generated from our own factories and stores.



### Numerical goal

Reduction rate of food waste generated from our own factories and stores

**50% reduction by 2030**  
(compared to 2021)

## ■ Utilization of Wine Grape By-products

The residue left after pressing wine grapes is used as raw materials for cosmetics and feed for livestock.





# Support for Tanzania



We donate a portion of the proceeds of our products to the NPO Mwangaza Foundation, which supports orphaned children in Tanzania.



## St.Cousair Foundation Support

Co-founding of the St. Cousair Foundation to realize a "Lasting Love and Joy at Your Table"



In order to realize St.Cousair's corporate slogan, "Lasting Love and Joy at Your Table," we have worked to support Tanzania, support for single-parent families, support for the homeless, and support for social reintegration. In the process, St.Cousair founders, Ryozo and Mayumi Kuze, witnessed the existence of other people who were struggling to make ends meet, people in disaster-stricken areas, and people in conflict zones. We decided to establish this foundation in hopes of being able to help in even the slightest way. St.Cousair deeply sympathizes with this philosophy and has decided to jointly establish this foundation.



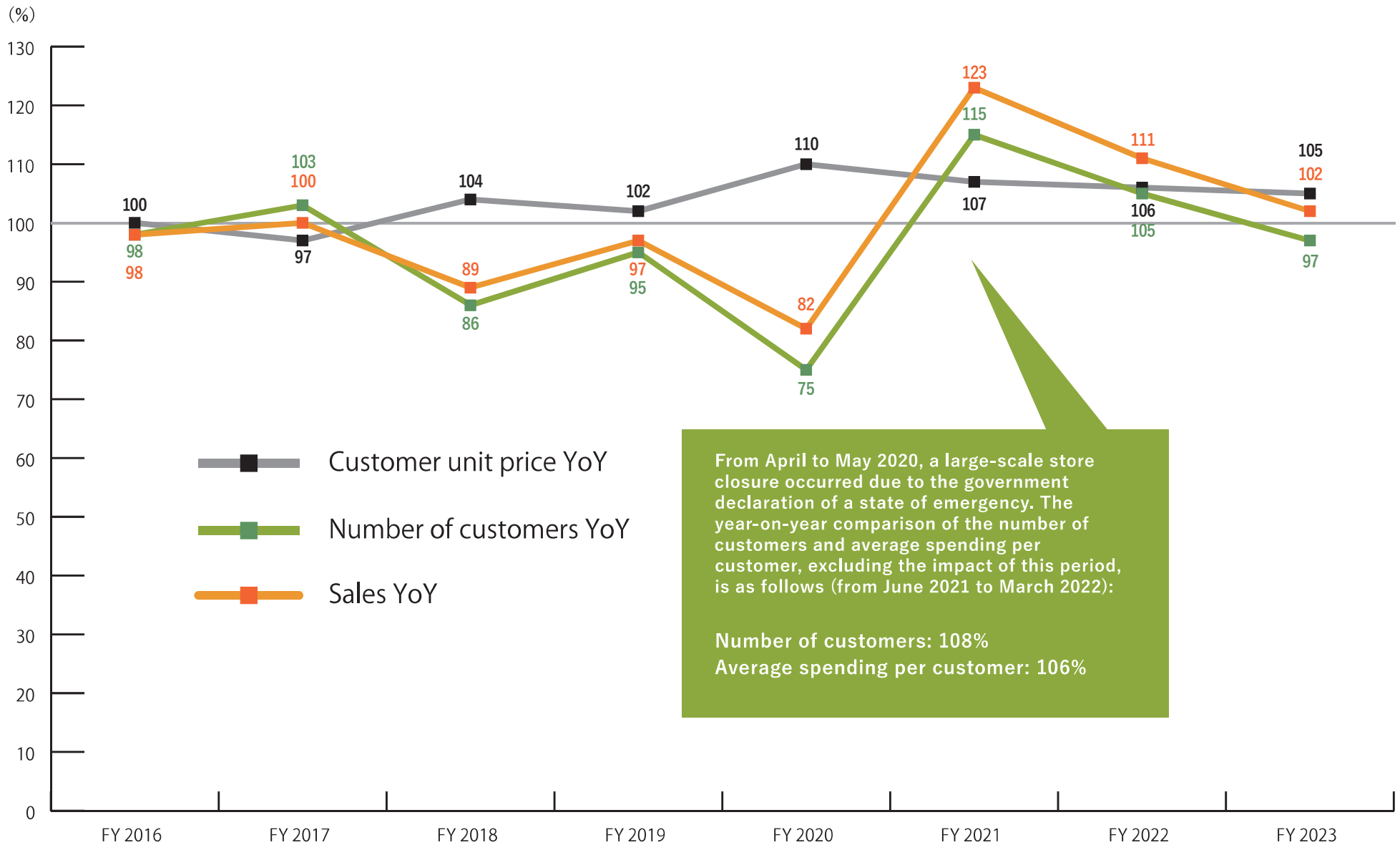
# Financial Figures

Fiscal year and month		FY 2020	FY 2021	FY 2022	FY 2023
Consolidated financial statements	Net sales (¥ thousand)	10,859,522	14,165,059	17,865,650	19,162,919
	Sales growth rate (%)	—	30.4	26.1	7.3
	Operating profit (¥ thousand)	419,491	1,316,454	1,599,789	1,289,191
	Operating profit margin (%)	3.9	9.3	9.0	6.7
	Ordinary profit (¥ thousand)	578,177	1,322,512	1,620,612	1,401,636
	Profit (loss) attributable to owners of parent (¥ thousand)	268,579	939,053	1,058,878	818,088
	Net Assets (¥ thousand)	353,782	1,355,782	4,226,011	4,742,077
	Total Assets (¥ thousand)	5,448,424	6,464,452	9,174,438	9,422,534
	Book-value Per Share (¥)	46.03	177.12	465.73	513.43
	Net income Per Share (¥)	35.54	122.91	132.70	89.42
	Diluted net income per share (¥)	—	—	124.50	87.26
	Cash flow from operating activities (¥ thousand)	1,051,816	983,799	1,055,311	681,924
	Cash flow from investing activities (¥ thousand)	6,285	△510,081	△243,430	△778,154
	Cash flow from financing activities (¥ thousand)	△596,273	△640,617	1,235,225	△605,586

Fiscal year and month		FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Individual financial statements	Net sales (¥ thousand)	11,042,188	10,529,961	14,014,531	17,412,913	18,362,503
	Sales growth rate (%)	3.4	-4.6	33.1	24.2	5.5
	Ordinary profit (¥ thousand)	78,296	497,801	1,252,742	1,604,743	1,572,430
	Net income (¥ thousand)	2,117	192,932	876,026	1,045,048	983,442

As of January 11, 2022, a stock split was conducted at a ratio of 200 shares of common stock for each share of common stock. It is assumed that this stock split was carried out at the beginning of the fiscal year ending March 2021, and the net asset value per share and net profit per share for the current period are calculated accordingly.

# Existing Store (\*1, 2) Sales, number of customers, and average customer spend compared to last year



From April to May 2020, a large-scale store closure occurred due to the government declaration of a state of emergency. The year-on-year comparison of the number of customers and average spending per customer, excluding the impact of this period, is as follows (from June 2021 to March 2022):

Number of customers: 108%  
 Average spending per customer: 106%

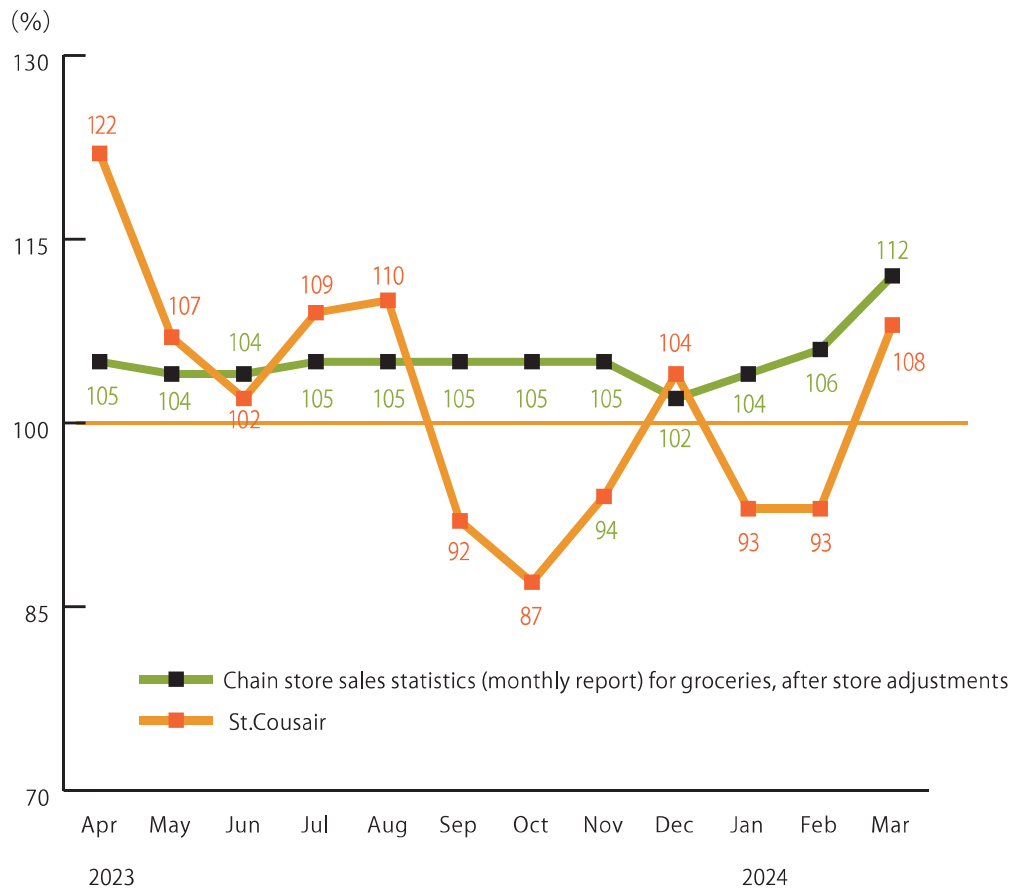
\*1. We define stores that have been open for more than 18 months as 'existing stores'.

\*2. Sales revenue, number of customers, and average spending per customer year-on-year comparisons are calculated for stores that have been open for more than 18 months at the beginning of each fiscal year.

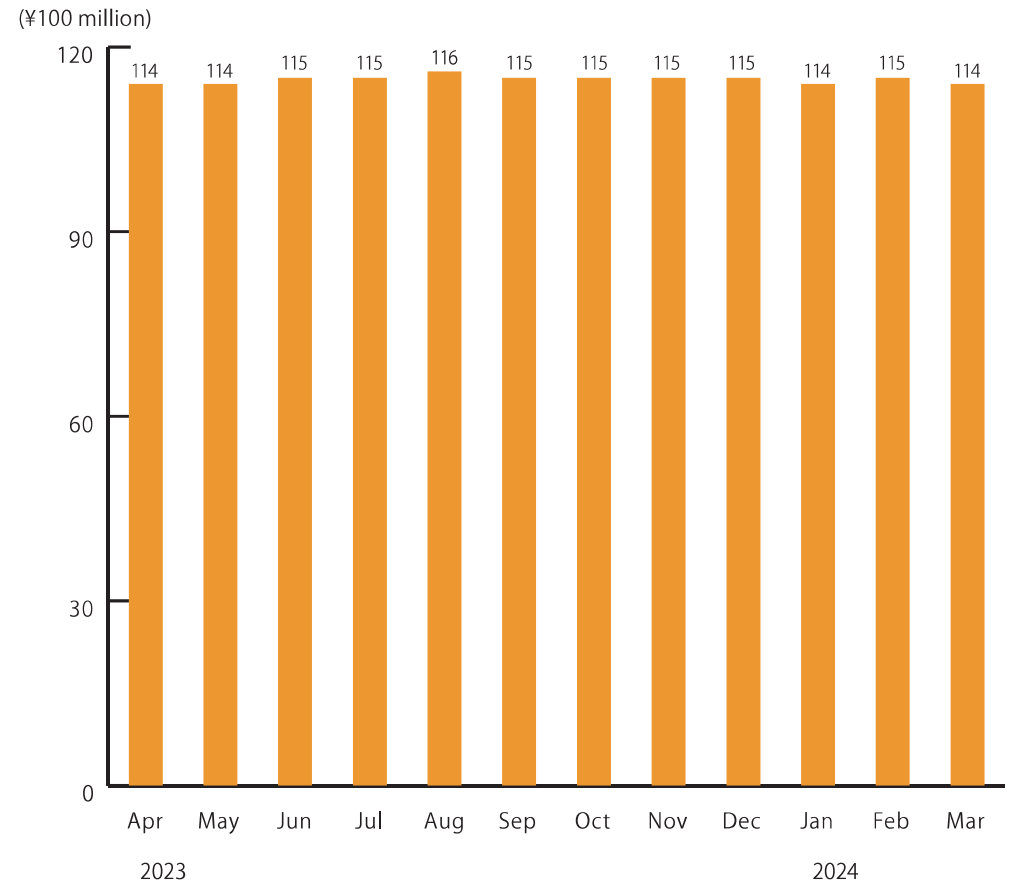


# Existing store KPI

Existing stores: Sales YoY (monthly)



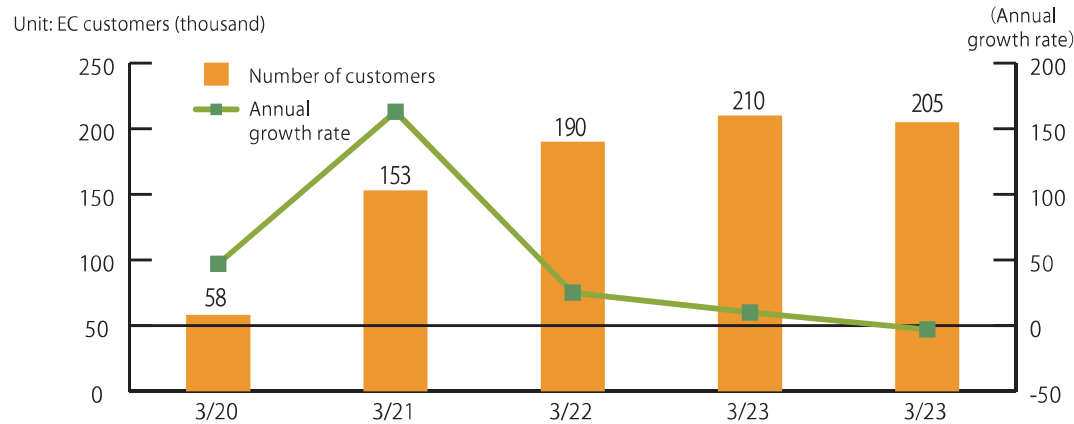
Existing stores: Average Annual Sales per Store (monthly)



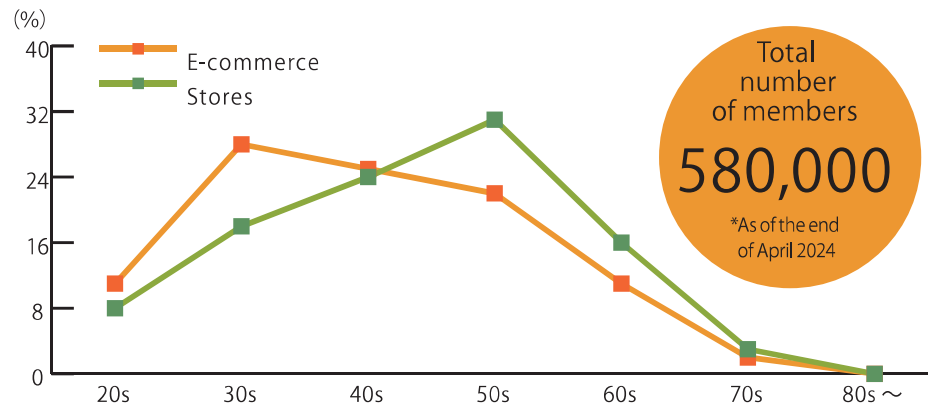
\*To exclude the effect of store opening conditions, we aggregate data from stores that have been open for more than 18 months.

# E-commerce • Gift KPI

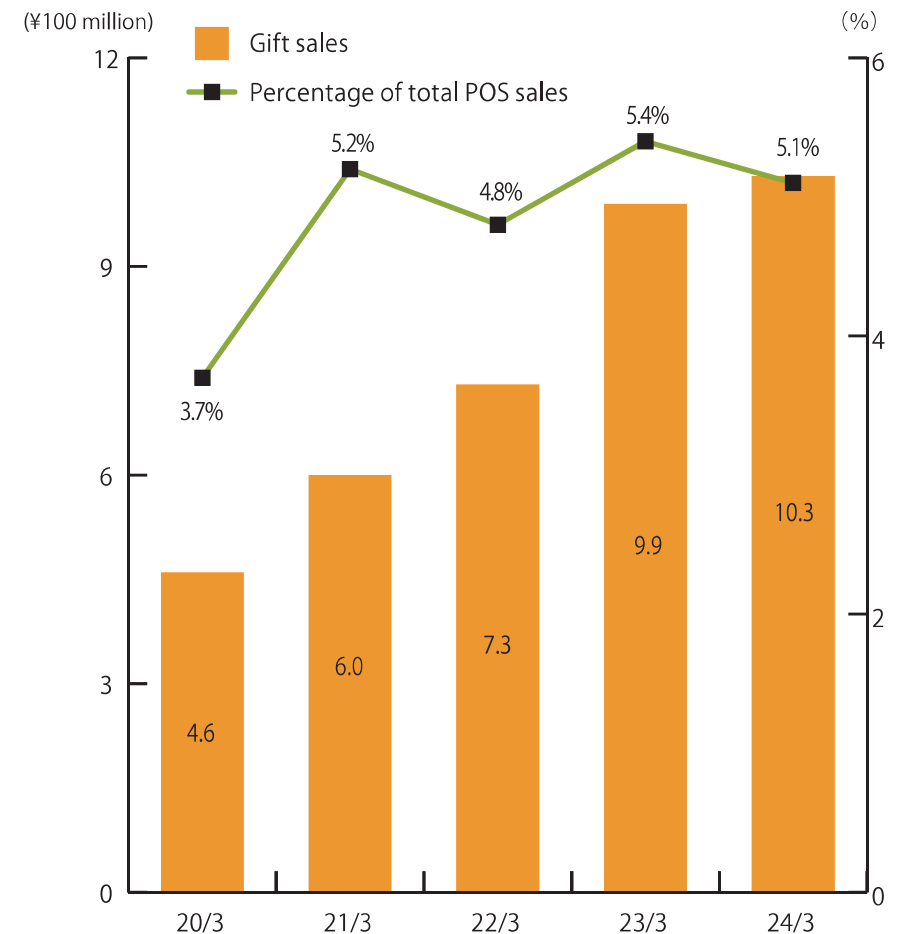
## Number of E-commerce customers and annual growth rate



## Store app members/E-commerce members Composition ratio by customer age group



## Trends in sales of our gift products (our POS data)\*2,3

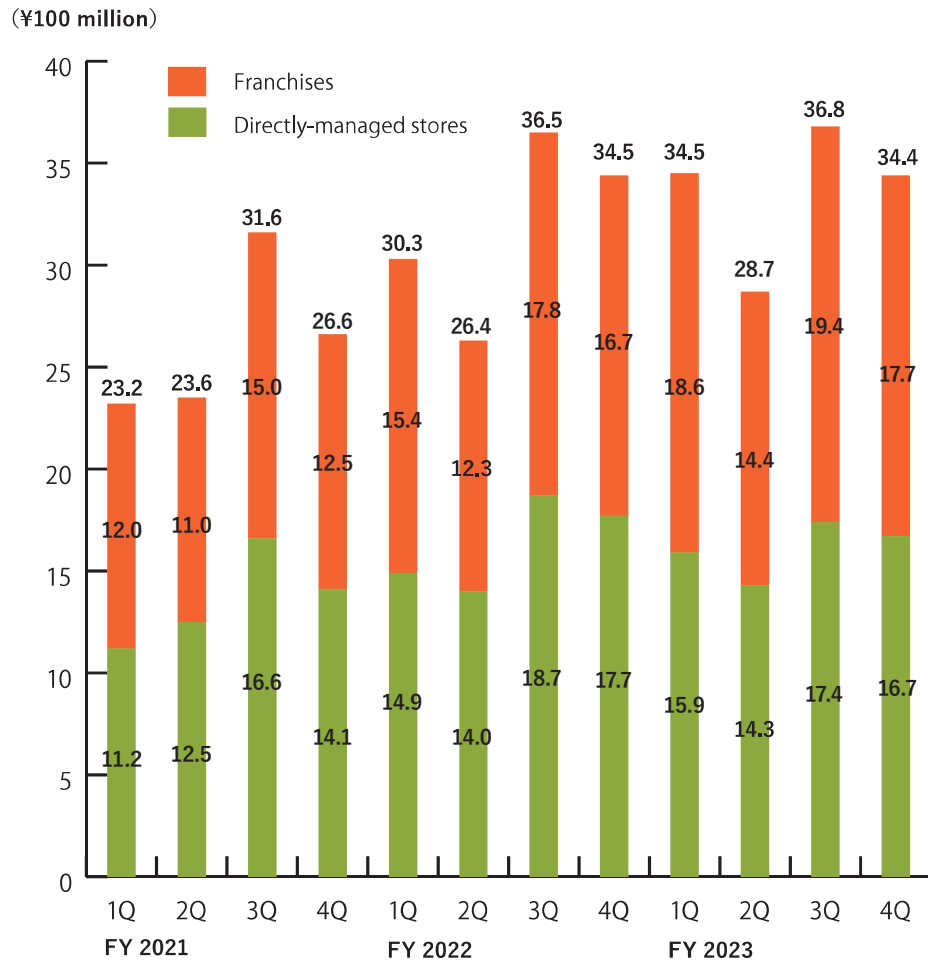


\*2. The above figures do not include sales of products where customers select individual items for gift wrapping at the store.

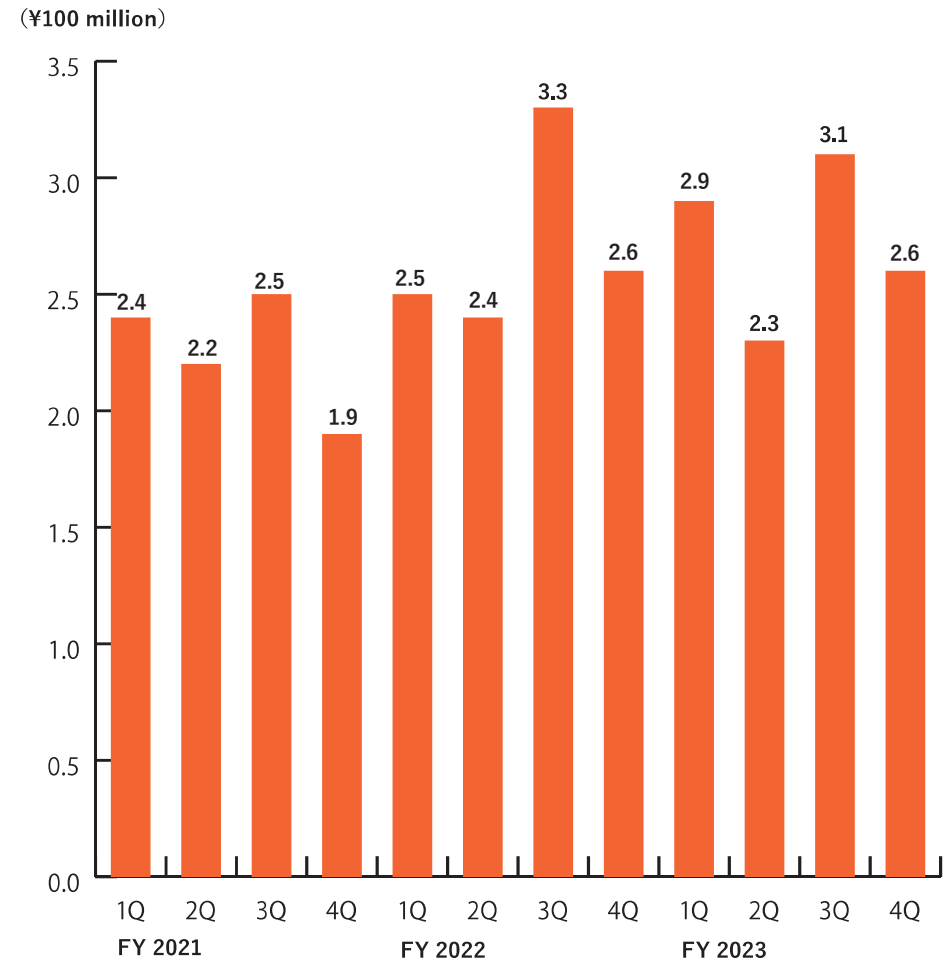
\*3. Sales data aggregated from POS registers at our company's stores and E-commerce.

# Results by sales channel (stores/E-commerce)

■ Quarterly sales (stores)

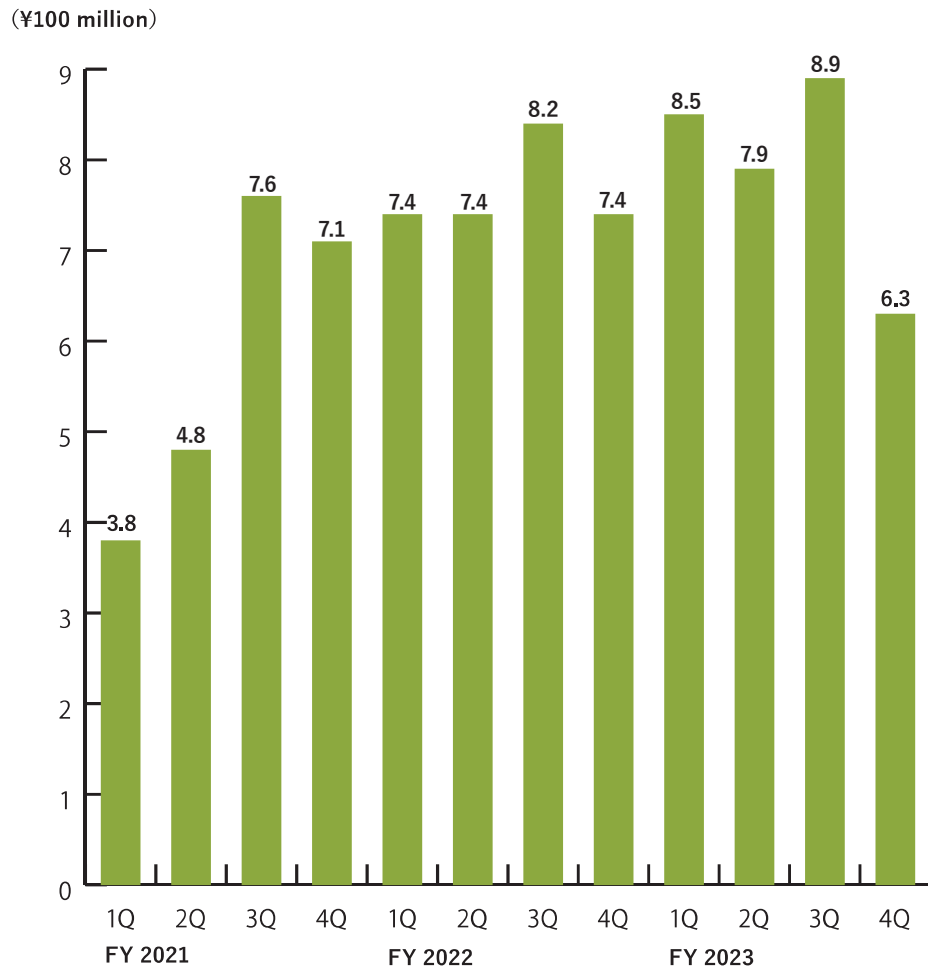


■ Quarterly sales (E-commerce)

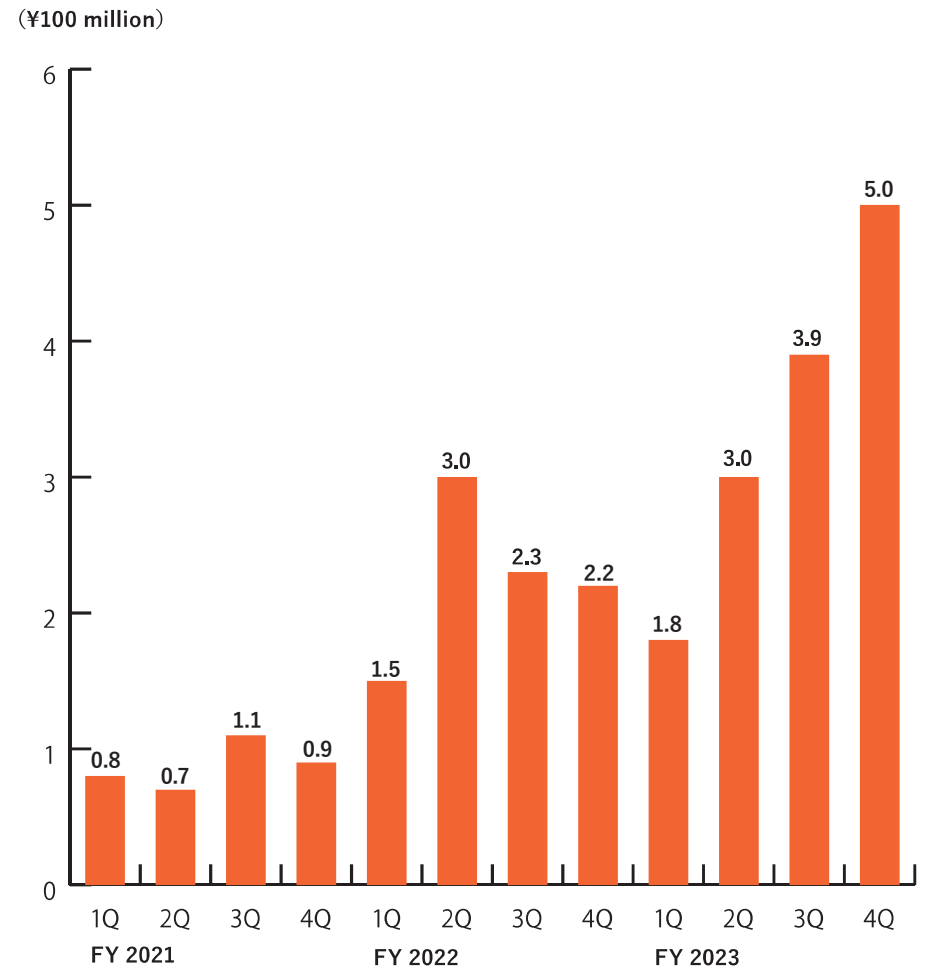


# Performance by sales channel (wholesale/global)

■ Quarterly Sales (Wholesale)



■ Quarterly Sales (Global)



## Use of funds raised at listing

- Proceeds from the issuance of new shares upon listing will be used for the purposes below as of the end of March 2024.
- The scheduled timing of funds allocation will be changed based on the actual allocation results up to the March 2024 period.

Purpose		Scheduled allocation time (before change)			Scheduled allocation time (before change)		
		3/2023	3/2024	3/2025	3/2023	3/2024	3/2025
Capital investment	Opening of new directly-managed stores	-	170	170	-	115	225
	Renovation and repair of directly-managed stores	11	70	54	7	54	74
	New construction, renovation, repair of head office facilities	42	27	3	24	48	-
	Subsidiary factory equipment investment	56	28	28	-	59	53
New store opening	Deposit for opening new directly managed store	-	16	16	-	3	29
	Working capital for opening a new directly-managed store	-	-	20	-	-	20
Personnel expenses	Head office employee personnel expenses	-	99	162	-	156	106
Marketing related	Expenses related to branding and marketing	-	30	30	-	36	24
	Wholesale channel sales promotion expenses	-	142	-	-	142	-
Repayment of loans and redemption of corporate bonds	Repayment of loans	30	150	100	32	248	-
	Redemption of corporate bonds	-	100	-	-	100	-
	Repayment of subsidiary loans	140	-	-	137	3	-
<b>Total</b>		<b>279</b>	<b>832</b>	<b>583</b>	<b>199</b>	<b>963</b>	<b>532</b>



# Main risks and countermeasures

Risk items	Degree of possibility of manifestation	Estimated timing in case of materialization	Risks to recognize	Risk countermeasures
<b>Sustainability risks</b>	<b>Medium</b>	<b>Medium to Long-term</b>	The food SPA operated by our group has a wide-ranging supply chain, from product development, procurement, manufacturing, and sales. The supply chain is affected by changes in the business environment, such as advances in climate change that make it difficult to procure raw materials and products in the same way as before, and customer preferences that change and favor products with a lower environmental impact. Additionally, as our business expands, food waste generated through our operations increases, which may increase the environmental impact and negatively impact the image our customers have of our brand.	In order to respond to this risk, our group has established material issues related to sustainability and is working to address these material issues.
<b>Food safety risks</b>	<b>Low</b>	<b>Short-term</b>	Consumer demands for food quality are increasing. Our group also positions food safety as one of our most important management issues. We have established a quality policy and quality targets, and through the construction and operation of a quality management system centered on the quality assurance department, we take every possible measure to ensure the safety and quality of our products. However, despite our group's efforts, there is a possibility that events, including accidental events, may occur that reduce the quality of our products. Furthermore, such events may not only occur within our group, but may also occur at our product suppliers and subcontractors who manufacture our brand products. This could have a negative impact on the Group's business performance and financial condition, such as the burden of large amounts of compensation for damages and a decline in sales due to a decline in brand image.	In order to address this risk, our group regularly visits subcontractor factories to check their quality control systems and hold training sessions, and in the event that important quality-related issues arise, we will take appropriate action based on the scale of the project. We strive to manage risks by reporting to the Board of Directors, Management Committee, and Risk & Compliance Management Committee.
<b>Risks related to legal regulations, etc.</b>	<b>Low</b>	<b>Short-term</b>	In carrying out its business, the Group is subject to legal regulations such as the Food Sanitation Act, the Premiums and Representations Act, the Food Labeling Act, the Consumer Safety Act, and the Labor Standards Act. In our group, in applying these legal regulations, the General Affairs, Legal Affairs and Human Resources Division, which is the legal department in charge, works with related departments to respond to legal amendments as appropriate and ensure thorough compliance with related laws and regulations. However, in the unlikely event that a violation of these legal regulations occurs, it could result in large amounts of damages, administrative penalties, and loss of social trust, which could have a negative impact on our business performance and financial condition. In addition, although we pay special attention to the display of allergens when displaying raw materials, if any omissions occur, there is a possibility of personal injury.	In order to respond to such risks, our group will ensure that the legal affairs department and other related departments communicate with legal advisors and corporate patent attorneys in a timely manner, as well as hold in-house study sessions as necessary to comply with legal regulations, etc. We will strive to comply with whatever follows.
<b>Risks related to intellectual property rights</b>	<b>Medium</b>	<b>Short-term</b>	In principle, our group has registered trademarks for three brands: "Cincouzere," "Kuze Fuku Shoten," and "Kuze Fuku & Sons," and in product development for each brand, we have trademarked logos, etc. is used in the design of labels and packages. There is no fact that the trademarks owned by our company infringe on the trademark rights, etc. of third parties, but if it is determined that they infringe on the trademark rights, etc. of third parties, including the design of the product, the Group's business performance and financial condition may be adversely affected due to compensation for damages or damage to the brand image. In addition, the Group routinely collects information to determine whether there are any cases where third parties are selling products that imitate the Company's brand logo or design. If the Company's intellectual property management does not function adequately, this could have a negative impact on the Group's business performance and financial condition.	In order to respond to this risk, our group's legal affairs department and other related departments will communicate with our patent attorneys in a timely manner and strive to prevent infringement of intellectual property rights. In addition, in the event that a third party's product imitating our brand logo or design is discovered, the legal department and other related departments will consult with the third party in conjunction with our patent attorney and take appropriate action.

For risks other than those listed above, please refer to "Business Risks" in the securities report.



## Regarding the handling of this material

This document contains statements regarding future prospects. These statements about future prospects are based on information as of the date of this document. These statements do not guarantee future performance. Such statements about future expectations involve known and unknown risks and uncertainties, and as a result, actual future results and performance may differ significantly from the expectations of future results and performance explicitly or implicitly indicated by statements about future expectations.

Factors that could significantly differ from the results described in these statements include changes in domestic and international economic conditions, as well as trends in the industries in which our company operates, although these are not limited to these factors.

Additionally, information regarding matters and organizations other than our company is based on generally available information.

This document is intended for informational purposes only and is not intended to solicit the sale or purchase of securities in Japan, the United States, or other regions.

Furthermore, this document is scheduled to be updated within three months after the end of each fiscal year. The next update is planned for around June 2025, following the announcement of the fiscal year-end results for March 2025.