





KOTOBUKI SPIRITS
Integrated Report 2026

寿心
喜びを創り喜びを提供する
寿スピリッツ








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Editorial Policy

Kotobuki Spirits Group aims to introduce our corporate philosophy, management policies, and medium-to-long-term value creation to all stakeholders.
This report was created with a focus on communicating the strengths and sources of corporate value that drive the Kotobuki Spirits Group's value creation, such as "creating high brand value" and "management centered on the front lines through full employee participation." It also details our initiatives across the six materiality areas that form the foundation of our value creation.
We will utilize this report as a tool for dialogue with our stakeholders, including shareholders and investors, and continue striving to enhance corporate value.

Target Period

April 1, 2025 to March 31, 2026
(Some information outside this period is also included)

Scope

Kotobuki Spirits and Group Companies

Issuance Date

November 2026

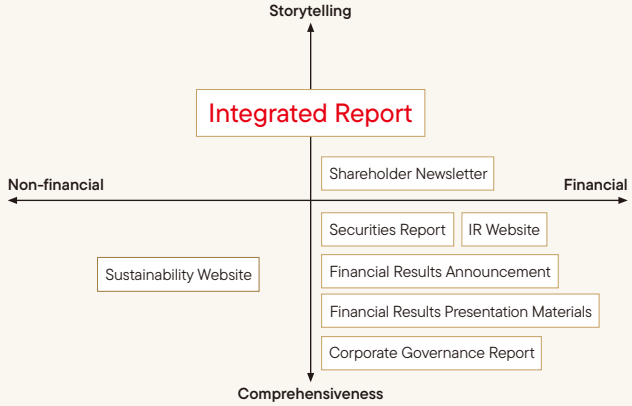
Guidelines Referenced

Ministry of Economy, Trade and Industry: "Integrated Disclosure and Dialogue Guidance 2.0 for Value Co-creation"
IFRS Foundation: "International Integrated Reporting Framework"

Statements Regarding Future Prospects

This report contains not only past and present facts concerning the Kotobuki Spirits Group, but also forward-looking statements regarding plans and outlooks as of the date of issuance.
These forward-looking statements are based on judgments made using information available at the time of writing. Future business results and events may differ from these forecasts due to various factors that may arise in the future.

Information Disclosure System








Management Philosophy, Company Policy, Management Creed

Management Philosophy

To Create Happiness, Provide Happiness

Company Policy

Gratitude, originality and ingenuity, sincerity and sincerity.

Management Creed

- We take pleasure in pleasing our customers.
- We talk about our dreams, aim to be number one, and take on challenges every day.
- We bring professionalism, true courage, and inspiration.
- We aim high, we are persistent, and we will break through.
- We will realize material and spiritual wealth through the creation of even higher value.






01

What is Kotobuki Spirits?

Kotobuki Spirits Group is a corporate group that practices "To Create Happiness, Provide Happiness" through premium gift sweets.





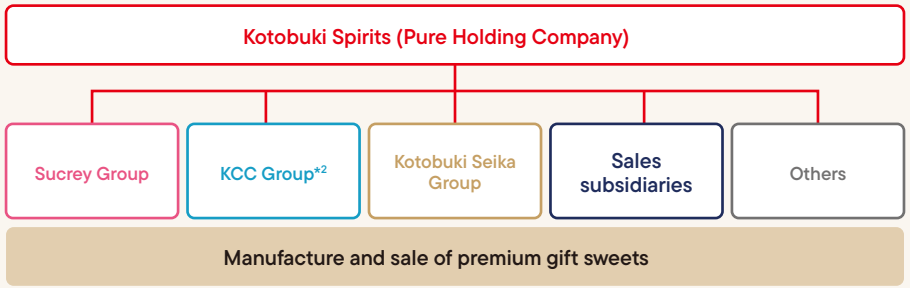




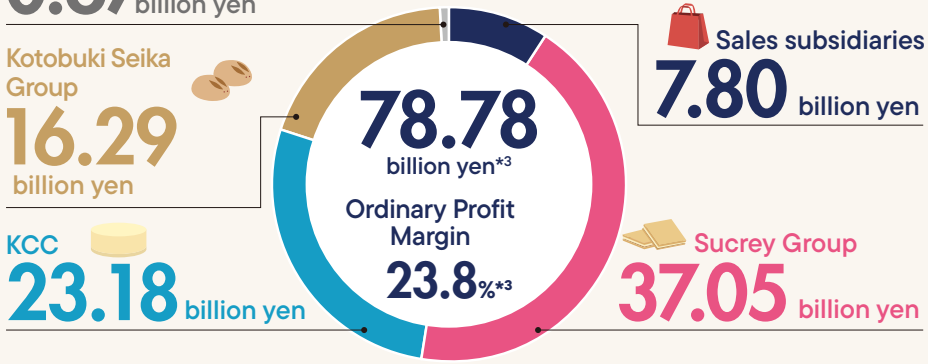
Kotobuki Spirits by the Numbers

We Have Created a Premium Gift Sweets Brand Beloved by Many, and Established a Stable Foundation for Our Business

Group Management Structure



Net sales



Premium Gifts Number of sweets brands*1

Total 49

Number of store brand stores*1

Japan 137 stores

Overseas

Directly managed 5 stores

Franchise 27 stores

Number of production sites

Total 11 locations

Sucrey 5 locations

KCC*2 2 locations

Kotobuki Seika 4 locations

San-in famous sweets Inaba no Shirousagi*1

Loved for 58 years

Otaru Confectionery LeTAO*1

Loved for 28 years

Kujukushima rice cracker*1

Loved for 75 years

Number of employees*1

1,801 people

(Note)
1. As of March 31, 2026
2. Following the establishment of Hakone Tokinomi Co., Ltd. as a wholly owned subsidiary effective April 1, 2026, "KCC" has changed its segment name to "KCC Group."
3. All figures are on a consolidated basis. Consolidated net sales are reported after adjusting for inter-segment sales.

Value Provided

As a Comprehensive Confectionery Producer, We Create Premium Gift Sweets Brands Nationwide

Our group manufactures and sells premium gift sweets that highlight regional characteristics, operating original shop brands nationwide. We offer premium gift sweets packed with meticulous attention to detail, available only in their respective regions.

Kotobuki Seika Group

Flagship product

Inaba no Shirousagi



お菓子の壽城

遊月亭

KANOZA IZUMO

KCC Group

Flagship product

Double Fromage



GLACIEL

Greater Tokyo Area



Sucrey Group (Kujukushima Group)

Flagship product

Kujukushima Senpei



Sucrey Group (Sucrey)

Flagship product

Salt & Camembert Cookies



Maple Butter Cookies



Butter Financiers



Fruit Mille-Feuille



THE MASTER, DROOLY, DROS, Caramel GhostHouse, neko chef, COCORIS, Doré, woofie, côte cour, FIOLATTE, GENDY, THE TAILOR, SALTRA, Shu Shu, UINI

Sales subsidiary

* For details on the sales subsidiary, please refer to P55 About Us.

Sales subsidiary

KNOU, KYOTO VENETO, Kondiforei Kobe, MARE MASU

Value Provided

Pursuing Regional Character and Specialty Craftsmanship, We Create a Chain of Joy with Premium Gift Sweets that Prioritize Deliciousness Above All Else

Premium gifts that prioritize not only taste but also the brand's worldview and design, offering high quality and high added value. Our sweets are used for various gifting occasions. We are committed to carefully selected ingredients and meticulous production methods, creating a "chain of joy" where both the giver and the recipient feel delighted.



Send premium gift sweets

The recipient is delighted

The delighted recipient sends premium gift sweets

The recipient is delighted

The giver also feels joy

The giver also feels joy

That joy is something to share with others

That joy is something to share with others

Giving brings joy, receiving brings joy

"Chain of Joy"

Premium gift sweets for various occasions

- As a travel souvenir
- As a homecoming gift
- For mid-year and year-end gifts
- For seasonal events like Christmas, Valentine's Day, and White Day
- For birthdays
- As a business gift
- As a treat for yourself

Japanese Gift Culture

The Business of Thoughtful Giving

Gift-giving is woven into daily life in Japan, from travel souvenirs to small tokens shared among friends. Each gesture turns everyday treats into symbols of appreciation and gratitude, strengthening bonds between people. For Kotobuki Spirits, this strong cultural foundation fuels sustainable demand and provides a stable base for long-term growth.

01 More Than a Souvenir

Omiyage aren't just souvenirs; they're real expressions of thoughtfulness, brought home from travels to share regional delights with family, friends, and colleagues. These treats bridge the gap between afar and at-home, reinforcing relationships through taste and heritage. Sweets take center stage in *omiyage* culture. They tell the story of a place, its ingredients, and the artisans who perfect them. Plus, they're quickly enjoyed, ideal for sharing, and don't come with the pressure to give a gift in return.





Celebrating Regional Heritage
Local history and specialties guide our creative process. We design products that showcase regional character, celebrating the unique ingredients and stories that make each area special. By keeping offerings exclusive to their place of origin, these treats become discoveries that travelers can't find anywhere else, creating authenticity for customers and premium value for our regional partners.

Japanese Gift Culture

02 Courtesy, Carefully Wrapped

Temiyage are the respectful, slightly more formal gifts you bring when visiting someone's home—much like a housewarming gift in the West— or when attending social gatherings or professional get-togethers. In both personal and business contexts, these gifts are a way to show gratitude for hospitality or kindness received. Sweets, often beautifully wrapped and individually packaged, are especially popular, making it easy for everyone to share while highlighting the giver's care and attention to detail.





Story to Shelf
Every Kotobuki Spirits product begins with a story. Drawing on decades of brand development expertise, we craft concepts that resonate and carry meaning beyond the item itself. Careful attention extends to every customer touchpoint, from product planning and packaging to store layout design. This comprehensive approach delivers a memorable experience for gift-givers and recipients, building brand loyalty and repeat purchase behavior.

03 Tokens of Thanks

Thank-you gifts—known as *okaeshi*—mark milestones from graduations and promotions to retirements and year-end appreciation. Summer's ochūgen and winter's oseibo deepen that sentiment as seasonal gifts offered to those who have supported us through the year. Luxury and seasonal items shine here, such as somen noodles or fruit jellies to refresh during hot summers, and premium seafood for hotpots to warm up winter gatherings. These are gifts people rarely buy for themselves, making them all the more special.





Diverse by Design
Japan's calendar of gifting is rich and varied, and our portfolio reflects this diversity. Today we operate 44 unique shop brands, each designed to meet different occasions. Seasonal limited editions and innovative launches keep our offerings fresh and engaging, encouraging customers to return throughout the year. This broad portfolio reduces risk while maximizing revenue, creating stability alongside growth.

04 Seasons of Sharing

Japan's seasonal gifting spans both traditional and modern occasions. Valentine's Day chocolates lead to White Day's sweet returns. Mother's Day, Father's Day, and Respect for the Aged Day invite heartfelt expressions of gratitude. Christmas and birthdays inspire limited-edition sweets, showing Japan's seasonal creativity and cultural fusion trends. These year-round celebrations offer steady opportunities to share and to grow, reinforcing the cultural rhythm and revenue streams that underpin our business.





Adapting to Every Occasion
Seasonal demand shapes how we design, launch, and display our products. Flexibility allows us to keep pace with the cultural calendar, while variety ensures that customers can always find the right gift—whether a finely crafted confection or a simple treat to share. This adaptability strengthens trust, positioning Kotobuki Spirits as the natural choice for life's many moments. By meeting each occasion with thought and creativity, we continue to grow with our customers.

Transitioning to a Manufacturing-Retail Business Model and Expanding Sales Territories Through M&A to Sustain Growth

1950s

Establishment (of a business, etc.)

Growth in manufacturing, wholesale and OEM

In 1952, the founder, Shoichi Kawagoe, established Kotobuki Seika Co., Ltd. and started manufacturing and wholesaling tourist souvenirs, starting from the production of caramels and candy balls. The company faced some difficulties, such as the burning down of the head office factory and the voluntary recall of "Tsurushi persimmon," a souvenir for tourists, but all employees worked together under the management philosophy and overcame these difficulties. The company built on its current foundation by launching "Inaba no Shirousagi," a San-in specialty confectionary that is still loved to this day, and establishing sales subsidiaries mainly in western Japan.

Kotobuki-jo's famous red and white rice cakes





Over-the-counter stock registration (1994)



Sweets castle "kotobuki-jo" at the time of its opening

Founder Shoichi Kawagoe



A candy vending truck that was active at the time of the company's founding





OEM manufacturing of puff pastry



Release of Inaba no Shirousagi (1968)

1990s

The Sweets castle "kotobuki-jo" was built

Challenge from manufacturing wholesaler to retailer

In the late 1980s, as Japan entered the bubble era, a slowdown in growth began to appear as consumer demand for "quality" over "quantity" changed, and a change in the business model was urgently needed. With the goal of transforming itself from a manufacturing and wholesale company to a manufacturing and retail company, the company opened its first directly managed store, Sweets castle "kotobuki-jo" in Yonago City, Tottori Prefecture in 1993. This success led to a stock listing (over-the-counter stock registration) the following year upon Seigo Kawagoe's appointment as president (current position).

1952
Kotobuki Seika Co., Ltd. is established in **Kakuban-cho, Yonago City, Tottori Prefecture,** and begins manufacturing candy confections and other products.

1956
A fire destroys the factory in Kakuban-cho. The following year, the factory is relocated to Hatagasaki, Yonago City.

1959
Entered the tourist souvenir confectionery category.

1966
Incident involving a voluntary recall of persimmons. The company adopts the management philosophy of **"To Create Happiness, Provide Happiness".**

1968
Launched **"Inaba no Shirousagi,"** a famous San-in confectionery, to raise the quality of confectionery for sightseeing souvenirs.

1972
Kotobuki Co., Ltd. was established in Kaga City, Ishi-kawa Prefecture, followed by the establishment of a series of sales subsidiaries, mainly in western Japan, to **expand the sales network nationwide.**

1979
Newly built and relocated the head office and factory to the present location (Yonago City, Tottori Prefecture).

1987
Tajima Kotobuki Co., Ltd. is established in Shinon-sen-cho, Mikata-gun, Hyogo Prefecture.

1988
Using locally grown fruits, we differentiate ourselves by creating 'fruit confections without the grass crown' sold exclusively in each region.【The Journey's Taste Director】

1993
Established **Sweets castle "kotobuki-jo"** in Yonago City, Tottori Prefecture, a large-scale sales facility where visitors can observe the manufacturing process. Full-scale launch of retail business.

1994
Registered as over-the-counter stock. President and Seigo Kawagoe appointed President and Representative Director (current position). Shoichi Kawagoe appointed Chairman of the Board.

2000s

Expansion into Hokkaido and Kyushu

Creation and establishment of confectionery store brands

Since its listing on the stock exchange, the company has set its growth strategy to expand into the two major markets of Hokkaido and Tokyo, establishing the group company “KCC” in Hokkaido and opening the store brand “Otaru Confectionery Shop LeTAO” in Otaru City. In 2005, we expanded into Kyushu with the addition of the Kujukushima Group in the Fukuoka and Nagasaki areas.

The Kozuchi Management Philosophy Handbook: A Collection of Management Principles



Kujukushima Senpei, a famous confectionery in Sasebo





LeTAO’s representative product “Double Fromage”

LeTAO Main Store in Otaru

Tokyo Station’s Top-Selling Brand “COCORIS”





Opened “The Maple Mania,” a maple syrup-themed brand, at JR Tokyo Station Gransta Tokyo.

“THE DROS” to open at JR Tokyo Station Gransta Tokyo



Francais factory becomes manufacturing base for Sucrey



2010s

Major breakthrough in the Tokyo metropolitan area

Major breakthrough in the Tokyo metropolitan area through a multi-brand strategy

In 1998, with an eye on expanding into Tokyo, we established Tsukiji Chitose, a Japanese confectionery manufacturing and retailing company. 2011 saw the re-launch of the company as Sucrey, and we began developing multiple brands, mainly Western confectionery. 2016 saw the acquisition of Francais, and the acquisition of its production plant, allowing us to develop products more flexibly. We expanded the number of stores at Tokyo Station and Haneda Airport, which contributed significantly to the V-shaped recovery of the Group’s sales after the outbreak of the COVID-19 pandemic.

1996
In the city of Chitose in Hokkaido, established Kotobuki Chocolate Company Limited (now KCC Co., Ltd.) and **entered into Hokkaido in earnest. Added chocolate and langue de chat items to serve as a manufacturing base.**

1998
Acquired a 100-year-old long-established trademark and established Tsukiji Chitose Co., Ltd. in Chuo City, Tokyo.
Began developing the Tokyo Japanese confectionery brand.
In the city of Otaru in Hokkaido, KCC Co., Ltd. **established “Otaru Western Confectionery LeTAO.”** Launched a retail specialty store for Western confectionery.

2003
Published the first edition of “Kozuchi,” a management philosophy notebook. Started the “Kozuchi morning meeting” at each workplace.

2005
By taking over the business, the company inherited the confectionery manufacturing and sales business from Kujukushima SK Farm Co., Ltd. and three other companies, and **started Kujukushima Group Co., Ltd.**

2006
Changed the company name to Kotobuki Spirits Co., Ltd.
Transitioned to a pure holding company structure through a corporate split.

2011
Tsukiji Chitose Co., Ltd. transfers part of its business to Sucrey Co.,Ltd. and dissolves.
Establishment of Taiwan Beijyushin Co.

2013
Listed on the Second Section of the Tokyo Stock Exchange.

2014
Listed on the First Section of the Tokyo Stock Exchange.
JunAi Inc, is established in Minato-ku, Tokyo.

2016
Acquired all shares of Francais Co., Ltd. and made it a subsidiary.

2017
Sucrey Co., Ltd. absorbed Francais Co., Ltd.

2024
Established KMF Co., Ltd. in Miyakojima City, Okinawa.

2026
Established Hakone Tokinomi Co., Ltd. in Hakone-cho, Kanagawa.

02

Growth Strategy

We introduce our vision for the future
and the strategies to achieve it,
incorporating messages from management,
to outline the path toward sustainable growth.

Pursuing More Sustainable Corporate Value Enhancement Through "Ultra-Field-Oriented Management" with Full Employee Participation



Seigo Kawagoe
President and Representative Director

75 Years of Steadfast Progress Guided by Our Management Philosophy

Since its founding, the Kotobuki Spirits Group has aimed to realize its management philosophy of "To Create Happiness, Provide Happiness." To this end, we have created and developed premium gift confectionery brands throughout Japan and worked to deliver memorable experiences to each and every customer. We continue to refine our brand value with the goal of creating value that generates a "chain of joy" for both the giver and the recipient.

Our Integrated Report, first published in 2024, is an effort to clearly communicate how our Group has achieved growth and what initiatives have enabled us to nurture brands that are loved by an increasing number of customers.

Additionally, beginning in 2025, we also began publishing an English edition alongside the Japanese edition.

We are publishing this report again this year in the hope that it will help a wider range of stakeholders better understand our company.

Looking Back on the Fiscal Year Ended March 31, 2026

During the fiscal year ended March 31, 2026, the business environment surrounding the Group showed signs of recovery, supported by improvements in employment and income conditions. At the same time, however, amid prolonged high inflation, consumers remained strongly focused on saving, and consumers became increasingly selective in their choice of products and services.

Under these circumstances, with the aim of achieving sustainable growth, our Group announced its medium- to long-term management goal, "Value Up Vision 2030," in May 2025. With "Comprehensive Confectionery Producer" as our vision, we focused on creating and developing "premium gift sweets" that embody both deliciousness and regional character. Furthermore, we positioned the further promotion of management rooted in full employee participation and an uncompromising focus on the front lines—rooted in our management philosophy—as a key element of our growth strategy, and worked to implement priority measures to enhance product capabilities, retail-space capabilities, and sales capabilities; strengthen measures for inbound tourism; and enhance our human capital

As a result, net sales for the current consolidated fiscal year totaled 78,781 million yen (up 8.9% year-on-year). In terms of profitability, although the cost-of-sales ratio increased because we were unable to fully offset rising manufacturing costs—such as soaring raw material prices—through product price adjustments and productivity improvements, the increase in revenue contributed to an operating income of 18,598 million yen (up 5.6% year-on-year), ordinary income was 18,733 million yen (up 5.9% year-on-year), and net income attributable to owners of the parent was 12,577 million yen (up 3.6% year-on-year). Net sales and profit at every stage reached record highs.

Regarding store openings and closures, "Tokyo Milk Cheese Factory," which was rebranded at NEWoMan Takanawa last September, opened its first flagship store. In addition, under our new brands, which are primarily focused on department stores, we opened "SALTRA" at the Hanshin Umeda Main Store and "VANISTA" at the Seibu Ikebukuro Main Store last November. Furthermore, in February of this year, "HELLO MAPLI" opened at JR Nagoya Takashimaya, bringing the total number of new store openings to 11, while 9 stores were closed.

Mach Management Driven by the Front Lines Supports Growth

One of the fundamental principles underlying our management is "management rooted in full employee participation and an uncompromising focus on the front lines." Many companies adopt a headquarters-led approach, in which headquarters develops manuals and front-line staff simply follow headquarters' instructions. In contrast, within our group, store managers at retail locations and line leaders at manufacturing plants take the lead, guiding front-line staff to set their own goals and devise and implement measures to achieve and surpass those goals. For example, on the manufacturing floor, even when using the same ingredients and recipes, the taste of a product can vary significantly depending on small refinements made on the production floor.—such as baking time and temperature, mixing methods and duration, and the timing of ingredient additions. The mindset of "Let's make something even more delicious today than yesterday, and tomorrow than today" is deeply ingrained, and to achieve this, we engage in repeated trial and error. The defining feature of the Kotobuki Spirits-style PDCA cycle is its speed. We strive to complete the entire process—from "formulating a hypothesis" to "implementation" and "verification"—within a single day. We received a report from a store near Tokyo Station that, after closing on December 30—the end of the year's busiest period—the staff reviewed this year's performance, identified challenges, set sales targets for the following year's year-end peak season, devised strategies to exceed those targets, and began preparations immediately. This sense of urgency is the essence of "Mach Management"; it is the source of our group's competitive advantage and the reason we can sustain growth even in a rapidly changing market.

(→P25: Strengths in Creating Value)

Management Philosophy "To Create Happiness, Provide Happiness."

Through the thorough implementation of our "management philosophy centered on the front lines with full employee participation," we plan to achieve both revenue growth and increased profits for the fiscal year ending March 31, 2027, with net sales of 84.5 billion yen (up 7.3% year-over-year), operating income of 20.55 billion yen (up 10.5% year-over-year), and net income of 13.81 billion yen (up 10.0% year-over-year). In addition, as a way to return profits to our shareholders, we plan to pay an annual dividend of 45 yen per share.

We have built trust in our brands through the accumulated creativity and ingenuity of every individual working on the front lines. Moving forward, guided by our philosophy of "To create happiness, provide happiness" we will continue to believe in the power of our front-line staff and take on new challenges. Furthermore, through this front-line-driven approach to product creation and manufacturing, we have nurtured brands that highlight the unique characteristics of regions across Japan. We aspire to be a company that expresses the charm of each region through premium gift sweets, connecting people to one another and regions to the world through our products, and delivering new value to society.

Together with all our stakeholders, we will continue, step by step, to nurture premium gift sweet brands that leave a lasting impression. We respectfully ask all our stakeholders for their continued support.

Mid-to-Long-Term Management Goals

Value Up Vision 2030

Key Initiatives

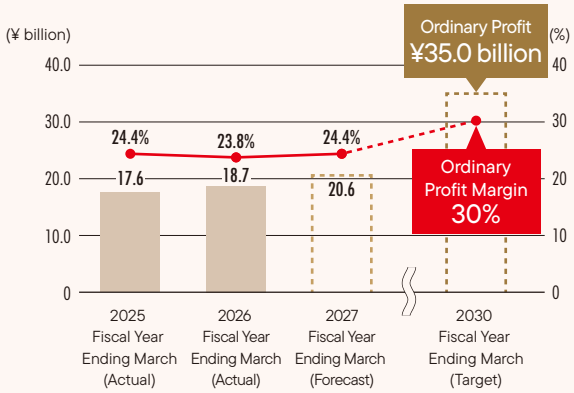
- Value Up in Product Appeal, Store Appeal, and Sales Appeal
- Value Up of Inbound Measures
- Value Up of Human Capital

Cash Allocation Policy for the Next Five Years

- Capital Efficiency: ROE of 30% or higher
- Shareholder Returns: Aiming for a total payout ratio of 50% or higher, implementing dividend increases in line with profit growth and flexible share buybacks

Target Metrics

- Ordinary Profit Margin: 30% (FY ending March 2030)
- Ordinary Profit: ¥35.0 billion (FY ending March 2030)
- Five-Year Average Sales Growth Rate: 10%



2026 Management Slogan

Create One Passionate Fan Today

Achieving Value Up Vision 2030 and Enhancing Shareholder Value through High ROE Management and Unique Brand Strategy



Shinji Matsumoto
Managing Director

Responding to Market Changes: Creating High Value-Added Through Regional Focus and Expertise

Given the business environment surrounding our Group—where growth potential in the domestic market is limited due to the declining birthrate, aging population, and ongoing population decline—sales competition across all industries and business formats is expected to intensify further. Furthermore, as customer consumption patterns and values become more diverse, customers are becoming increasingly discerning in their selection of products and services. In particular, demand for high-quality, authentic brands has been growing in recent years, and we believe that our ability to accurately identify these changes and plan and develop products and services that meet customer needs will be the key to our Group's sustainable growth.

In this environment, our Group has established its management vision (the direction we aim to take) as follows: As a "comprehensive producer of confectionery," and with "creating high value" as our theme, we will promote the creation and development of "premium gift sweets" that pursue both deliciousness and regional character. We aim to contribute to local communities and strive for coexistence and mutual prosperity, with the goal of becoming a corporate group that is trusted and needed by society. While maintaining our unwavering commitment to taste and quality, we will enhance our "regional identity" through product development that utilizes local specialties and store expansion tailored to the characteristics of each regional market. We will also pursue "specialty store excellence" by creating and nurturing brands with unique worldviews and narratives. Building on a broad brand portfolio of premium gift sweets that meets diverse gifting needs—from souvenirs and personal gifts to treats for oneself—we will continue to focus on evolving our unique business model to flexibly adapt to market changes.

The Next Growth Stage Pioneered Through Full Participation Toward 2030

In order to achieve sustainable growth toward realizing our management vision, we formulated "Value Up Vision 2030 (Medium- to Long-Term Management Goals)" in 2025 as our management targets for the next five years. We have set the following target metrics: an ordinary profit margin of 30% and ordinary profit of 35.0 billion yen for the fiscal year ending March 2030; an average sales growth rate of 10% from the fiscal year ending March 2026 through the fiscal year ending March 2030; and a return on equity (ROE) of 30% or more for each fiscal period. To achieve these ambitious goals, we have established three priority initiatives: "Value Up in Product Appeal, Store Appeal, and Sales Capabilities," "Value Up in Inbound Tourism Initiatives," and "Value Up in Human Capital." Enhancing brand value through product development focused on taste and the proactive opening of stores in prime locations, as well as expanding our inbound tourism business to capture the rapidly growing demand from visitors to Japan, are all essential pillars for our future growth.

Furthermore, recognizing that sustainable growth is underpinned by the strength of our human capital, we are also focusing on promoting "human capital management."

Guided by our management philosophy, we will maximize the strength of the entire organization and strive to enhance corporate value over the medium to long term by consistently implementing an “ultra-frontline management” approach, in which all employees take an active role in management and operate autonomously under the leadership of frontline teams.

“Strategic Cash Allocation Supporting High ROE Management”

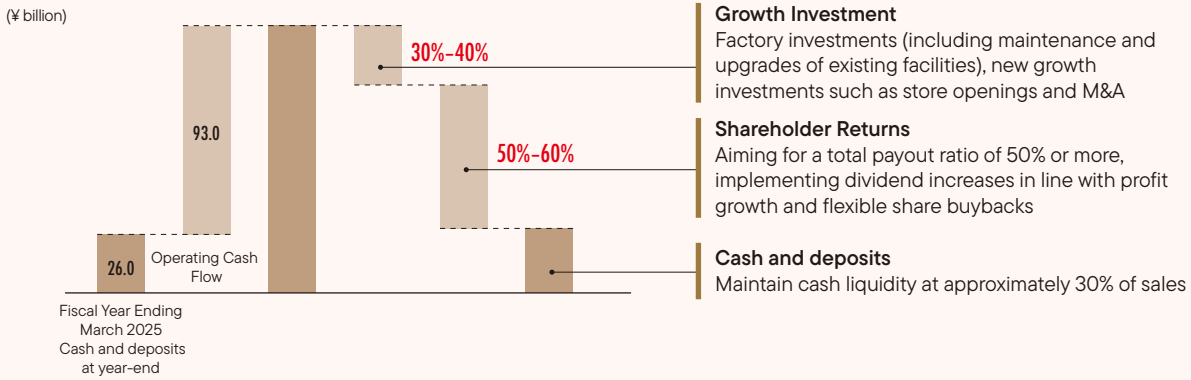
To achieve the targets set out in “Value Up Vision 2030,” we have established a capital allocation policy based on the total amount comprising cash on hand as of the end of the fiscal year ending March 2025, plus projected operating cash flow for the five-year period from the fiscal year ending March 2026 through the fiscal year ending March 2030. We will allocate 30–40% of this total to growth investments, including the establishment, maintenance, and modernization of factories, new store openings, and M&A. In addition, we will allocate 50–60% to shareholder returns, aiming for stable and flexible returns through dividend increases in line with profit growth and flexible share buybacks. We will maintain the remaining funds as on-hand liquidity, targeting approximately 30% of annual net sales, to ensure operational stability while enabling agile responses. In this way, by balancing growth and returns, we will promote high ROE management alongside improved profitability.

Furthermore, while we estimate our cost of equity to be approximately 6% based on the CAPM (Capital Asset Pricing Model), our ROE for the fiscal year ended March 2026 was 28.5%, and even on a five-year average, it stands at 27.1%—a level that significantly exceeds this estimate. Furthermore, our PBR (price-to-book ratio) at the end of the same fiscal year stood at 5.9 times*, reflecting the market’s high valuation of the company. With a target ROE of 30% or higher, we will strive to further improve profitability, promote high-ROE management, and work toward the sustainable enhancement of corporate value.

* Based on the closing price of our stock as of the end of March 2026

Cash Allocation Policy (Five-Year Period: Fiscal Years Ending March 2026 to March 2030)

We will invest generated cash into further growth investments and shareholder returns, and promote high ROE management through further profitability improvements. We aim to enhance corporate value over the medium to long term.

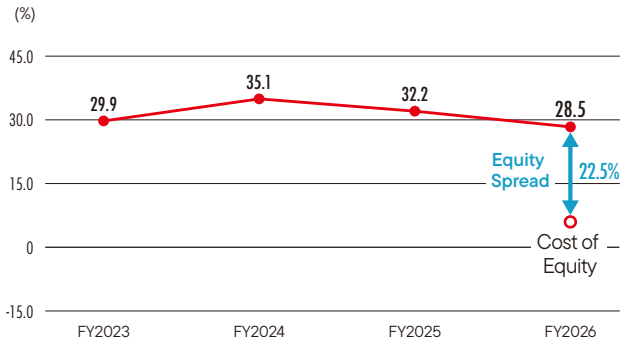


Growth Investment
Factory investments (including maintenance and upgrades of existing facilities), new growth investments such as store openings and M&A

Shareholder Returns
Aiming for a total payout ratio of 50% or more, implementing dividend increases in line with profit growth and flexible share buybacks

Cash and deposits
Maintain cash liquidity at approximately 30% of sales

ROE



Cost of Equity Capital for FY 2026

Risk-Free Rate		Beta (β) Sensitivity		Risk Premium		Cost of Equity Capital*3
Risk-Free Interest Rate*1	×	Company-Specific Risk	×	Expected Excess Return on Equity Investment*2	=	5.99%

*1 Set based on 10-year government bond yield
*2 Set based on historical stock market returns
*3 Calculated using CAPM

Promoting Coexistence with Local Communities and the Environment Based on Materiality

Guided by our management philosophy of “To Create happiness, Provide happiness”, we recognize that as our Group advances its various business activities, sustainability issues—including social and environmental challenges—are critical management priorities for enhancing our corporate value over the medium to long term. We are earnestly addressing various sustainability issues, such as climate change, resource constraints, and our relationships with local communities, from a long-term perspective. This philosophy is clearly stated in the “Kotobuki Spirits Group Code of Ethics,” which includes provisions such as “striving for close collaboration and coordination with local communities to contribute to their development” and “recognizing that we receive various benefits from the Earth, including the resources necessary for our business activities, and that preserving the global environment in a better state is an essential requirement for our very existence and operations, and acting voluntarily and proactively accordingly.”

Based on these principles and guidelines, we are implementing a basic policy aimed at appropriately addressing sustainability-related challenges.

In June 2024, we announced our materiality (key issues) covering all ESG areas. In addition, we published our first integrated report in November of the same year, aiming to enhance the disclosure of non-financial information. Moving forward, guided by our materiality framework, we will steadily implement concrete measures to appropriately address sustainability challenges.

Gratitude to Our Shareholders and Sustainable Shareholder Return Policy

Our Group’s basic policy is to provide stable shareholder returns over the long term.

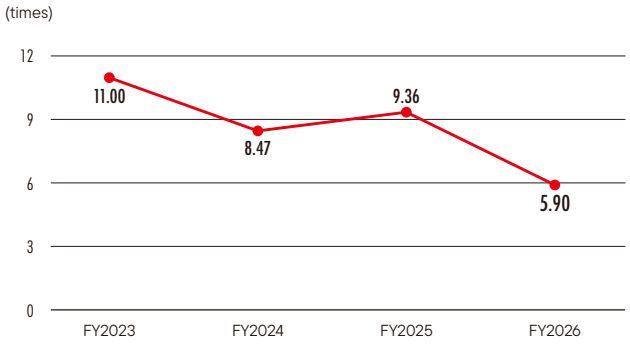
We will strive to ensure sustainable returns by comprehensively considering factors such as retained earnings, earnings levels, and the dividend payout ratio. For the fiscal years from the year ended March 31, 2026 through the year ending March 31, 2030. We aim to maintain a total payout ratio of 50% or more or higher, and we have set the projected dividend per share for the projected dividend per share for the fiscal year ending March 31, 2027, at ¥45.

We also operate a shareholder benefits program with the hope that our shareholders—who are also our customers—will deepen their understanding of and affinity with the Group by trying our Group’s products, and ultimately become passionate fans. As of March 31 each year, we send our Group products worth ¥3,000 to shareholders who hold 100 or more shares of the Company’s stock.

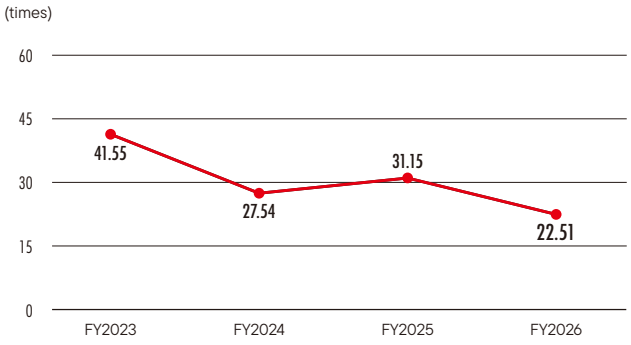
We would like to express our heartfelt gratitude to our shareholders for their continued support.

We will continue to value the trust we have built with our shareholders and work diligently to further enhance our corporate value. We respectfully ask for your continued support.

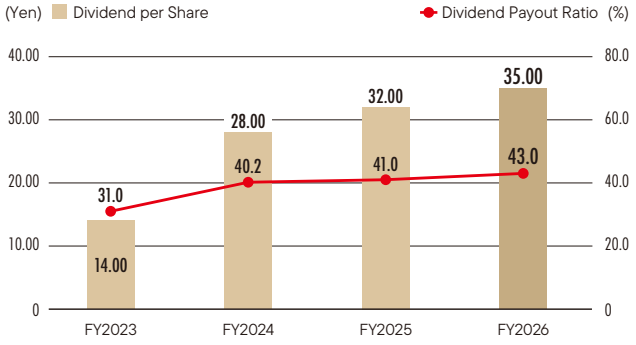
PBR



PER



Dividend per Share / Payout Ratio



(Note) A 5-for-1 stock split was implemented effective October 1, 2023. The figures for the fiscal year ended March 2023 are calculated and presented based on the post-split figures.

Topics 01 Store Expansion Strategy

Sucrey Expands into Prime Locations in Department Stores with Its New Brand





Creating New Customer Touchpoints by Expanding into the Department Store Channel

Sucrey has opened numerous stores in high-traffic areas such as train stations and airports, building a strong track record in markets with high demand for souvenirs and steadily increasing its presence.

To further advance the Kotobuki Spirits Group's mission of "creating premium gift sweets and nurturing brands," the company is strengthening its presence in department stores, where gift demand is expected to rise during the mid-year and year-end gift-giving seasons as well as other seasonal events. The customer service skills and brand strength the company has cultivated through active participation in limited-time promotional events have been highly regarded by department stores, bringing the total to 23 permanent stores as of March 2026. Moving forward, Sucrey will continue to actively expand its network of permanent department store locations in department stores, focusing primarily on the Tokyo and Kansai metropolitan areas.

Success at limited-time events led to the expansion of permanent stores

The catalyst for the accelerated expansion into department stores was our continued participation in limited-time events held at the Hankyu Umeda Main Store from 2017 to 2018. There, we consistently showcased multiple Sucrey brands.

At special events, "customer response" and "solid sales" are key factors. Sucrey ensured sufficient inventory to prevent stockouts and, to drive sales growth, deployed highly skilled sales staff, establishing a robust operational framework. As a result, the company consistently maintained top-tier sales among event booths, which helped it earn the trust of department stores. Building on this track record, Sucrey was able to open a permanent store for its specialty chocolate confectionery brand, "The Taylor."

Furthermore, Sucrey views its participation in events not merely as a sales opportunity, but as a chance for test marketing. The company analyzes purchasing patterns and customer trends observed during the events and uses this on-site data to inform its selection of brands for future events and the development of new brands.

When opening a store in a department store, the brand's track record at other locations is also a key factor in the decision-making process. Our consistent success at the Hankyu Umeda Main Store—which boasts strong customer traffic in Western Japan—has expanded our opportunities to open stores in other department stores. In this context, by tailoring our brand selection and presenting clear operational guidelines to meet the specific needs of each location, we have now secured prime locations within the store.

Process for Securing Permanent Department Store Locations

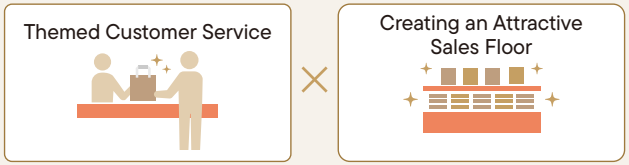
STEP1	STEP2	STEP3
Secured a limited-time event through sales efforts	Understanding the customer base and purchasing trends	Negotiate for a permanent store based on strong sales performance

Bringing the Brand Worldview to Life to Enable Further Store Expansion

When designing department store sales floors, what Sucrey values most is how effectively it can express a brand's unique worldview. During negotiations to open new stores, the company prioritizes securing retail spaces where store design and displays can be implemented to bring out the brand's appeal to the fullest. One of our unique initiatives is "themed customer service." We welcome customers with "Ia Ora na"—which means "hello" in Tahitian—and bid them farewell with "Nana," which means "goodbye." Creating an atmosphere that allows customers to experience an extraordinary space from the moment they enter the store is a vital element of building the brand's worldview.

Many department stores have highly praised these initiatives, noting that they go beyond our store alone and help revitalize the entire floor.

Strategies for Conveying a Brand's Worldview



A new brand that just opened at the department store

DROOLY
Hanshin Umeda Main Store 2022.4.6 OPEN



VANI
Hanshin Umeda Main Store 2023.11.1 OPEN



SALTRA
Hanshin Umeda Main Store 2025.11.12 OPEN



VANISTA
Seibu Ikebukuro Main Store 2025.11.21 OPEN



Comments from Department Stores

"SALTRA," which opened last November as our third brand following DROOLY and VANI, has been performing well in terms of sales and is helping to revitalize the sales floor. As a brand that embodies the spirit of the Hanshin Tigers, we look forward to its continued growth and hope to keep building excitement around the concept of 'Netsuha' together. By the way, if you immediately recognized the meaning of "Netsuha," you might be a die-hard Hanshin Tigers fan.

Hankyu Hanshin Department Stores, Inc. Food Products Division Western Confectionery and Bakery Products Department, Mr. Tsuyoshi Nishimura

Comments from Department Stores

We highly value VANISTA as a key driver of sales on the sales floor. In particular, we are very impressed by the attitude of the sales associates, who stand on the sales floor every day and proactively engage with customers in a cheerful and friendly manner; their customer service plays a major role in creating a lively atmosphere on the sales floor. They serve as an excellent example for the entire sales floor, and we look forward to their continued efforts in attracting more customers and increasing sales.

Seibu Ikebukuro Main Store, Floor Management Department, Floor Operations Division, B1 Team Floor Manager Hiroki Hanzawa

Topics 02 Inbound

The “Kotobuki Style” Sales & Marketing Strategy Leading the Major Surge in Inbound Tourism



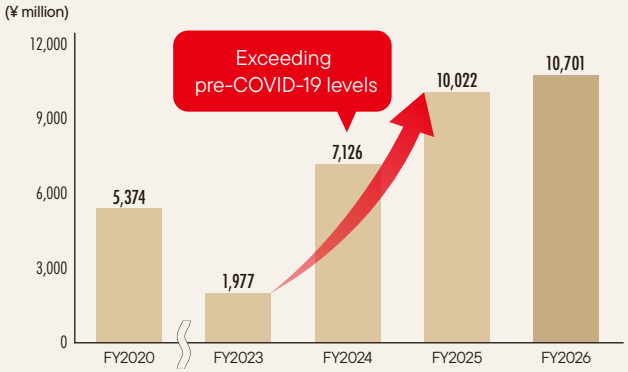


Mid-term goal of ¥10.7 billion in inbound sales achieved one year ahead of schedule

Our Group’s inbound sales exceeded the 10 billion yen target set for the fiscal year ending March 2023 and reached 10.7 billion yen in the fiscal year ending March 2026, setting a new record high. We will continue to implement various measures to further expand our market share.

*Sales at the International Terminal

Inbound Sales Revenue



Building a track record from zero brand recognition to secure prime locations in international terminals

Our group formally launched its inbound business in 2015. We started by renting small spaces at the back of gift shops in the international terminals at Narita and Haneda airports, installing just one display fixture. Even products with strong brand recognition domestically were completely unknown to foreign tourists, so raising awareness became our first goal.

We began by participating in limited-time events, implementing our signature ultra-tasting sales approach with multilingual sales staff. This unique sales style, unseen elsewhere at the time, instantly drew attention and dramatically boosted our recognition. Our sales performance and brand strength were recognized by airport building operators. We began receiving offers like, “Why not open a permanent store?” and “Let’s move to a better location!” This led to favorable conditions for opening new stores. Today, we operate permanent stores not only for our established flagship brands but also for new brands.



PISTA & TOKYO Narita International Terminal Limited-Time Event

Thoroughly Implementing the “Kotobuki Style” Sales Strategy to Create “Enthusiastic Fans”

One key factor enabling our move to prime locations is the “Kotobuki Style” sales strategy. Our employees focus on creating “passionate fans” through customer service. When introducing products, we strive to help customers vividly imagine the taste. Beyond highlighting ingredients and flavor profiles, we explain eating suggestions tailored to the customer’s home country’s culture and customs, using their native language. Furthermore, we have established a cooperative framework among group companies, such as introducing products from affiliated companies, striving to expand the group’s overall inbound sales. In creating the sales floor, we pursue displays that convey deliciousness by paying meticulous attention to every detail of the decor and devising ways to ensure customers fully experience the brand’s worldview. Successful initiatives that have been well-received by customers are shared and referenced by the entire team.

We also focus on making the entire airport gift shop a comfortable space for customers, proactively offering assistance to those who seem in need. For customers seeking products from other companies, our attentive service—such as guiding them to the relevant section—often sparks interest in our own products, sometimes leading to purchases.

Sales Staff Also Promote the “Kotobuki Style,” Giving Their All for the Airport

The “Kotobuki Style” is also thoroughly implemented within the sales department. To cultivate “passionate fans” among airport building operators, we assign dedicated representatives to major international airports. We actively propose initiatives that benefit the entire airport, such as planning events based on customer trends, without being confined to our own product portfolio. This includes readily assisting with restocking at other companies’ booths when needed. These activities deepen our trust-based relationship with airports, which in turn helps us secure prime locations.

Furthermore, to invigorate airports, it is crucial to create a comfortable and secure working environment for employees on the front lines of sales. Many employees are foreign nationals, and not a few are unfamiliar with life in Japan. Therefore, we strive to build a secure working environment by providing meticulous support not only for work-related matters but also for daily life. The Inbound Team is evolving through this integrated team effort combining sales and marketing.

International Terminal Shopping Area Sales Floor Expansion Flow



Alongside Improving the Sales Environment, We Are Also Focusing on Enhancing Our Domestic Brands

To continue expanding inbound sales, we will first increase current sales performance to secure more prime locations and aim for sales in better retail spaces. We will also increase the number of foreign employees and further strengthen our multilingual sales capabilities. Regarding merchandise, products sought by foreign tourists tend to be popular brands with high recognition in Japan. Therefore, we will continue to focus on strengthening domestic sales to enhance brand power, as we have done previously.



Topics 03 Growth Investment

New Factory at Sucrey Establishment of “Fujisan Shizuoka Factory”

Expanding Production Capacity to Meet Sales Growth

Securing production capacity has been a key challenge for our group in achieving further sales growth. Sucrey, a core group company, particularly required expanded production capacity, leading to consideration of a new factory following the Hamamatsu and Yokohama plants.

The Tokai region emerged as a candidate location for the new factory. Since the existing Hamamatsu Factory had successfully recruited personnel as planned, it was judged that stable workforce acquisition could also be expected for a new factory in the same region. Furthermore, the ability to enable immediate delivery to the Tokyo metropolitan area also supported the location selection.

Considering these conditions, while searching for a site in the Tokai region for an early opening, a plan emerged to renovate and utilize a frozen prepared food factory in Shizuoka City slated for closure. The appeal of this factory lay in its convenient location between the two existing factories and the fact that it already had the essential freezing equipment required for product manufacturing.

Renovating this facility enabled the new factory to commence operations in an exceptionally short timeframe of approximately one year from the start of construction—a process typically taking two to three years. The new “Fujisan Shizuoka Factory” began full-scale operations in August 2024. It currently operates four production lines for Langue de Chat, Bûche de Noël, roll cakes, and frozen cakes, significantly contributing to product supply for Sucrey and the entire group.

The Langue de Chat Line: Maximizing Efficiency Through Thorough Mechanization

The Langue de Chat production line, which accounts for approximately 30% of Sucrey sales, manufactures products for popular brands including the Tokyo Milk Cheese Factory. The introduction of multiple state-of-the-art machines has improved yield and enabled speedy packaging. Furthermore, consolidating the multiple Langue de Chat production lines at the Fujisan Shizuoka Factory eliminated the need for the significant labor and time previously required for collecting and transferring products when manufacturing assortments combining different items, greatly improving the production efficiency of mixed-assortment products.

Initiatives in the Baking Process





We've introduced state-of-the-art ovens to improve yield while enhancing flavor.
Daily operating hours have also been extended.





Improving taste, quality, and productivity through selective use of multiple oven types

First-Ever Production Line Introduced by Sucrey Contributing to Enhanced Brand Loyalty

The bûche, roll cake, and frozen cake lines were introduced for the first time by Sucrey, drawing on the implementation experience of group company KCC. The bûche line was newly established in response to increased sales of bûche products. Line production has increased daily output by approximately 20% compared to previous methods. The roll cake line produces items like “Matcha Chitose,” targeting inbound demand. The frozen cake line utilizes existing rapid-freezing equipment to manufacture high-quality frozen cakes. It also produces seasonal limited-edition items, birthday cakes, and other products meeting special needs.

By strengthening these production lines, we will enhance each brand's product lineup and contribute to improving brand loyalty, making them brands loved by more customers.

Initiatives for Quality & Production Efficiency Improvement



Installed a complete set of original packaging equipment to enable speedy packaging, achieving production of 250 pieces per minute.



A giant rapid freezer not only stabilizes quality but also dramatically enhances the deliciousness of sponge cakes and mousse.

Improving Quality and Productivity Simultaneously Through Creative Solutions Rooted in Ultra-Field-Oriented Management

We are also working on daily operational improvements to enhance production capacity. Underpinning this is the practice of our group-wide “ultra-field-oriented management.” We incorporate feedback from the manufacturing professionals on the front lines to improve quality and streamline production. For example, in the cream filling process for roll cakes, a frontline suggestion was made: “Enlarging the filling nozzle would allow cream to be applied evenly to the edges, reducing the number of filling passes and improving productivity.” The production engineering department responded immediately, implementing this change and achieving a significant boost in productivity.

This approach—leveraging frontline insights to create better products, with everyone engaging in “Kōdō”* (Think for yourself and take action) and continuously innovating—is the Group’s greatest strength. We rigorously implement “ultra-field-oriented management” across all factories, sharing effective initiatives throughout the Group’s facilities.

On-site Improvement Examples



Roll Cake Line
Expanded cream filling stations for greater efficiency



Langue de Chat Line
Thoroughly managed chocolate plate temperature control, improving yield



Optimizing Production Systems to Expand Capacity and Enhance Productivity

We relocated the Langue de Chat production line from the Yokohama Factory to the Fujisan Shizuoka Factory. At the Yokohama Factory, we utilized the freed-up space to expand the sandwich cookie production line. These initiatives are part of a broader realignment of production lines between factories, implemented alongside the establishment of the new Fujisan Shizuoka Factory. They aim to improve productivity through expanded production capacity and optimized production lines. At the Yokohama Factory, enlarging the sandwich cookie production line achieved three times the previous output. Additionally, the Kujukushima Group has consolidated production lines previously dispersed across multiple factories into two factories in Sasebo, significantly increasing production capacity per line.

* Within the Kotobuki Spirits Group, “action” is referred to as “thinking and working” in the sense of thinking and working by oneself.

03

Value Creation Story

Kotobuki Spirits Group, as a comprehensive producer of confectionery, creates premium gift sweets brands loved by many.













Value Creation Process

Creating a Premium Gift Sweets Business by Leveraging Two Strengths

External environment
- Declining population
- Diversification of consumer behavior and values
- Rise in inbound demand
- Rising prices

2026 Management Slogan Create One Passionate Fan Today
→ P13

Management Philosophy
"To Create Happiness, Provide Happiness."
→ P02

Strengths that Create Value

Creating High Brand Value
- Brand Producing Strengths
- Product Strengths
- Sales Space Strengths
- Sales and Marketing Capabilities
- Kotobuki Spirits Style PDCA Cycle

→ P25-26

Ultra Field-Oriented Management with the Participation of All Employees
- Organizational Structure
- Penetration of Management Philosophy

→ P27-28

Premium Gift Sweets Business
Creating original shop brands and product brands nationwide as a comprehensive producer of sweets

Value to be created and desired image

Brand experience that creates joy through premium gift sweets

Materiality
→ P36

Social Issues
- Climate Change
- Low birthrate and aging population
- Inequality by gender and nationality
- Food loss
- Declining food self-sufficiency







Creating High Brand Value

**To provide high-quality premium gift sweets that satisfy our customers,
we are strengthening the five strengths that make up our brand value.
By continually refining these strengths, we are creating products that many customers will love.**

point 01

Brand Producing Capability

New brand planning and development

The planning department takes the lead in examining the concept and story that will form the basis of the brand. Product prototyping is the responsibility of the development staff.

Design development to convey the brand concept

Design development to convey the brand concept to the customer is incorporated into all points of contact with the customer, from the logo to packaging materials and stores.



point 02

Product Strength

Pursuit of quality and taste

In addition to operating a food safety management system to ensure food safety and security, we also emphasize the pursuit of deliciousness. We work with our products on a daily basis under the motto of “tastier than yesterday.”

Development of new products

We take various ideas and hints for new products from not only the planning department, but also from customers and staff at the sales front lines.



point 03

Sales Floor Strength

Open stores in prime locations with high traffic volume

Rather than using an advertising-centered marketing strategy that tends to generate transient revenue, we aim to expand our fan base by word of mouth through opening stores in high-traffic locations such as train stations and airports.

Sales floors and displays that express the brand’s world view

We design our stores so that customers stop to look at the brand’s world view, and we create POP and displays that bring out the brand’s world view. Successful display examples are shared throughout the Group.



point 04

Sales and Marketing Capability

Super tasting sales to let customers know our commitment

We introduce the brand, our commitment to the ingredients, and our unique manufacturing process to customers by having them taste our products. If customers can taste the delicious taste, they are more likely to purchase the product.

“12 Matrix” to improve the quality of customer service

To improve the quality of customer service, which is directly related to sales ability, we have trained our sales staff using the “12 Matrix,” which serves as a guideline for customer service so that they can provide the best customer service according to their own personalities.



point 05

Kotobuki Spirits Style PDCA Cycle" to Improve the Four Capabilities

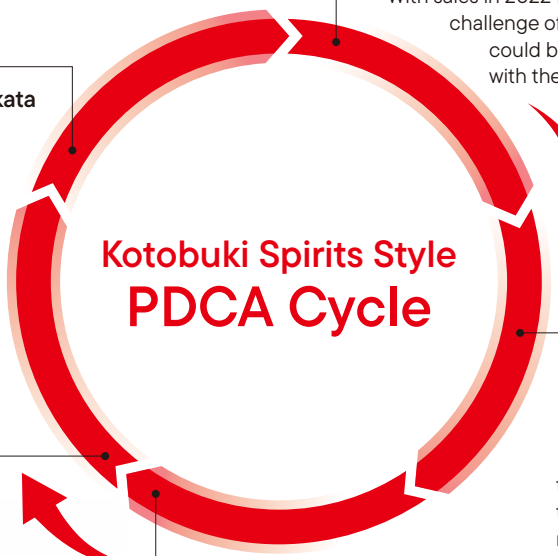
In order to improve "Brand Producing Power," "Product Power," "Sales Space Power," and "Sales and Marketing Power," which create high brand value, all employees are practicing the "Kotobuki Spirits Style PDCA Cycle" to improve the brand value.

Case study



Yoshiki Sakamoto
Hanafukudo

Yoshiki Sakamoto joined Kotobuki Seika in 2016. In 2020, he was transferred to Hanafukudo, where he was in charge of wholesale sales in the Fukuoka Airport area. He is currently in charge of wholesale sales and directly-managed stores in the Hakata Station area.



01 Make a Hypothesis

Could sales recover by renewing the package?

With sales in 2022 falling to 30% of those in 2020, we took on the challenge of our first package renewal so that the product could be reborn as a premium gift sweet that is in tune with the current era after the Covid-19 pandemic.

Putting the Hypothesis into Practice at Mach

02 Practice First

Planning a stylish package like our rivals'

All members of Team Hanafukudo discussed the design plan. We proposed a package design that would create a simple, modern, upscale feel, referencing other stores that had succeeded as strawberry sweets specialty stores.

03 Verification

On the contrary, the "character" disappeared... Pointed out by an employee

However, one employee pointed out that it would be better to go back to the product's origins and retain the "Hakata Makkana Ichigo" character, making us realize that we must not lose the individuality that has been loved for many years.

04 Thorough Practice or Modified Practice

"Red" is the key color of the new packaging

While following the design of the pre-renewal, we paid close attention to details, such as making the red color of the strawberries brighter and more sizzling, and using a floating process to make them stand out, and modified the package to give it a special feel while retaining its familiarity.



05 Sharing Success Stories

Reconfirming that the appeal of "Hakata Makkana Ichigo no Langdosha" is its "strawberry" color

The pre-sales conducted after changing to the new package recorded a 250% in sales over the previous year. Confidence in the new package turned into conviction. The store was remodeled with the entire sales floor dyed in "Makkana ichigo Red" color, and we succeeded in further increasing sales.

Comment from a supervisor



Daiji Yamamoto

Sales subsidiary, West Japan Region General Manager

I think there was a lot of pressure to renew "Hakata Makkana Ichigo no Langdosha," which is the soul of Hanafukudo and the pillar of our business. Mr. Sakamoto's incredible mental strength and uncompromising commitment to every detail made for a truly outstanding renewal. The product power enhanced by the package renewal has been combined with the improvement of the sales floor and sales force, and has produced excellent results in the operation of the directly managed stores. I look forward to achieving growth in Fukuoka, a large market, in the next fiscal year as a united Hanafukudo team.

Ultra field-oriented management with the participation of all employees

In order for the entire group to create high brand value, it is necessary to improve the super local strength of each company and department. In order to maximize our super frontline capabilities, all employees of our group have a sense of participation in management, and each frontline, led by the head of the frontline, thinks and works on its own.

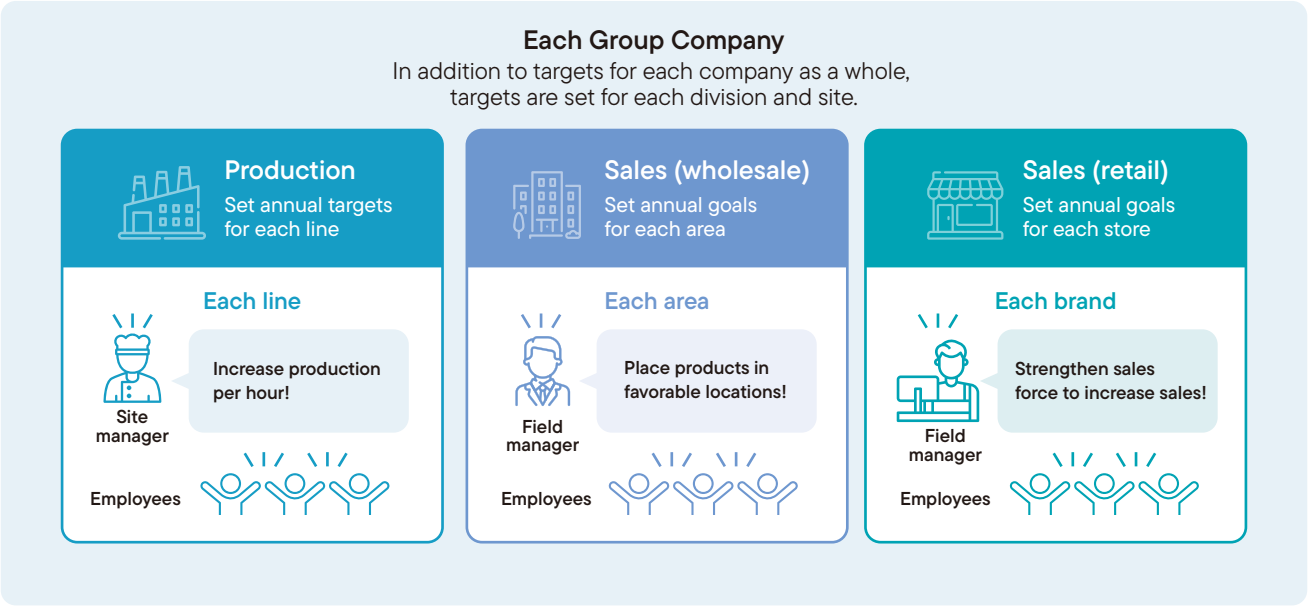
point 01

Organizational Structure

Each company implements a “super-site-oriented management” in which management decisions are made and goals are achieved centered on the on-site manager at each site.

In line with the major policy decided on by management, we practice “ultra field-oriented management,” in which each field manager takes the lead in setting his or her own targets, and concrete strategies and measures to achieve the targets are considered and worked out mainly by each field manager, such as store managers and factory line leaders. The business environment surrounding the frontlines, such as customer attributes and competition, varies by region and brand. If we follow the “headquarters-ism” of implementing manuals prepared by headquarters, we will not be able to respond to changes in the environment. In addition, we promptly share the best practices of each company and site with the entire group. Each company and site uses these best practices as a reference to come up with and implement new measures on their own, tailored to the characteristics of their respective sites. By continuing to repeat this cycle, we will strengthen our super field capabilities. Members and managers outside of the Profit Department support the field sites from the back end as a support department.

Super Site-Based Structure



point 02

Penetration of Management Philosophy

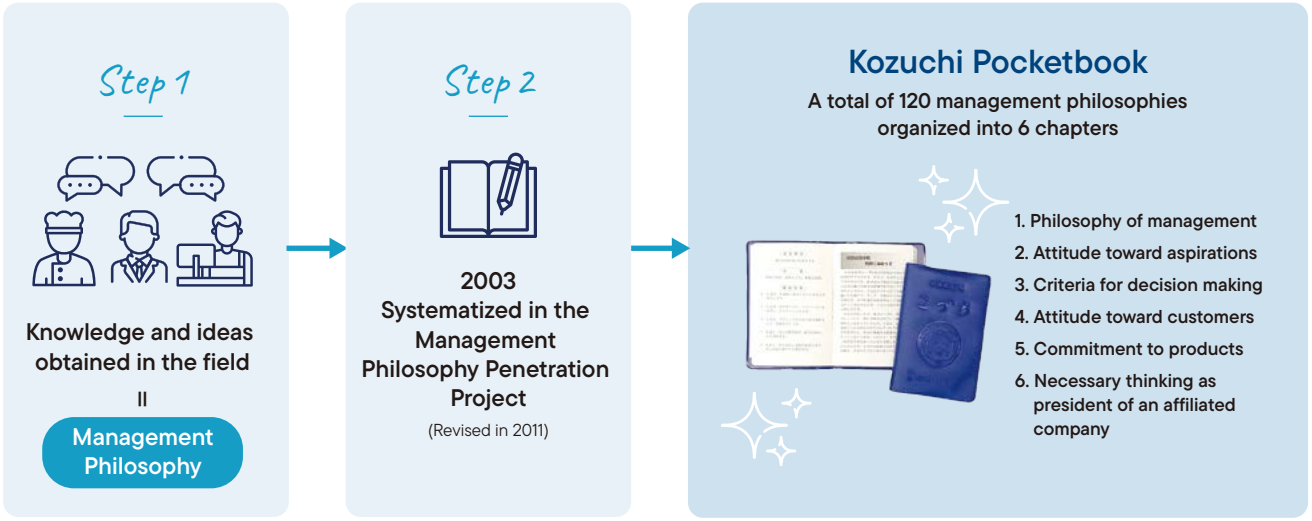
Fostering an organizational culture in which all employees participate in management by utilizing the “Kozuchi” management philosophy notebook

Management Philosophy “Kozuchi”

In order to put into practice the “super hands-on approach with all employees participating,” it is necessary to foster an organizational culture in which all employees are constantly aware of the management philosophy and work hard in their daily duties with a sense of ownership comparable to that of a manager. In 2003, the management philosophy handbook “Kozuchi” was created to summarize the management philosophy, led by the management team at that time and executives from each company in the group. The “Kozuchi” contains the ideas and guidelines for aspirations* that our predecessors have established, as well as guidelines to follow in times of trouble. For this reason, we ask our employees to carry the “Kozuchi” management philosophy notebook with them every day during their working hours, and use it in morning meetings, training sessions, study groups, and other events held at each workplace.

*Within the Kotobuki Spirits Group, “work” is defined as “Shigoto” in the sense of working with ambition.

The Origin of “Kozuchi” Management Philosophy



Utilization of Management Philosophy

Kozuchi Morning Meeting

Our Group holds a “Kozuchi Morning Meeting” every morning at each site to deepen understanding of the management philosophy by sharing examples of the philosophy in action. During the morning meeting, employees share their own experiences, thoughts, and future goals for one of the items in the Kozuchi Handbook. When other employees respond positively to their presentations, each employee becomes more positive and motivated. Through the daily accumulation of such efforts, employees can set their own goals and grow into individuals who proactively put the management philosophy into practice.



National Kozuchi Presentation Convention

We believe that providing an opportunity for employees to present the results of putting our management philosophy into practice and for the entire group to evaluate and praise them will lead to their rapid growth, so we hold the “Kozuchi Presentation National Convention” once a year. The presenters, who are particularly outstanding and have won the preliminary contests among the group companies, participate in the conference and present the results of putting their management principles into practice and their future resolutions, thereby motivating all group companies.



01 Special Feature

COCORIS

To be known as “COCORIS, the 1st choice for gifts from Tokyo,” we are committed to enhancing our super on-site capabilities and being No. 1 at Tokyo Station





After receiving a request from Tokyo Station to open a store under a new brand, we launched and opened COCORIS in August 2020. And since the first year, COCORIS has continued to record the No. 1 sales at Tokyo Station. Honma, the store manager, talks about the on-site efforts to maintain the top sales position.

Interview

Sucrey

Mizuho Honma

COCORIS
Gransta Tokyo Store Star Store Manager

After working at an apparel store, she joined the company in 2017 after being impressed by the contents of the "Kozuchi," a management philosophy notebook that spells out the company's management philosophy. After experiencing event operations in the sales department, she served as store manager of Caramel Ghost House and Butter Butler before assuming her current position in November 2021.

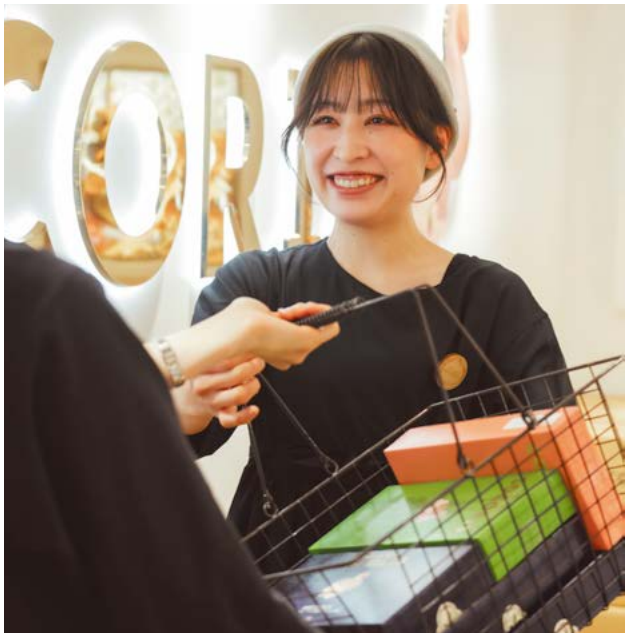
*At the time of the interview in 2024

01 Special Feature COCORIS

To continue to be No.1 at Tokyo Station

COCORIS is a brand packed with the original deliciousness of ingredients, using plenty of tree nuts. Six months after opening the first store, COCORIS achieved “No.1 sales at Tokyo Station” during the time of the first store manager. I became the second manager to maintain this achievement. Although I started with a lot of pressure, we have maintained the top sales position ever since I took over.

The biggest reason for this is the strength of my 19 employees, who are aware and confident that they are making the store No. 1, and are working to create enthusiastic fans by thinking about how to make customers happy. Everyone is practicing “ultra-field-oriented management with the participation of all employees.” Furthermore, what we all thoroughly practice is conversation and appreciation. By actively talking with customers, we not only convey the goodness and deliciousness of COCORIS, but also encourage them to enjoy their time on the sales floor. We also encourage our customers to become repeat customers by providing polite and courteous service that expresses our gratitude for their visit and purchase. As a result of thorough implementation of these daily activities, the number of employees who have achieved the stamp card to accumulate points for purchases in 2023 has doubled from the previous year.





Employee growth is rewarding and something to look forward to every day

What impresses me when I see the efforts of our employees is that they are not satisfied with a single achievement, but are always striving to improve their super field skills. We hold a lunch meeting every day at the store and share new best practices as soon as they emerge. For example, we notice things every day such as, "When talking with customers, we found that expressing the fruity deliciousness of sand cookies with a sizzling sensation led to more purchases," or “We sensed a change in the customer base coming and going in the station,” so we changed the display, which led to an increase in the number of visits to the store. When they learn of these success stories, they actively challenge others to incorporate them into their own work styles. We stimulate each other, creating a good synergy effect.

To further accelerate growth, as a store manager, I try to praise even the smallest achievements. Praising employees builds their confidence and encourages them to take on new challenges. By taking the first step without fear of failure, there are more opportunities for growth. Even if they fail, new possibilities will emerge by exploring the causes of their failure. For me, the most rewarding aspect of my job is the growth of my employees, and I look forward to that growth every day.

Utilizing our super field skills to develop new products that enhance our brand

What I envision for the future is to grow COCORIS into a brand that people say, "When it comes to Tokyo souvenirs, it’s COCORIS!” To achieve this, I believe it is necessary to further advance the level of customer service provided by our employees, increase the number of repeat customers, and continue to be No. 1.

In addition, I feel that the development of new products and sales promotion materials that enhance the quality of the brand is also important for its future growth. Therefore, before brand meetings are held to discuss the development of new products, etc., all employees who are on the front lines of customer service discuss their opinions, and I, as a representative of the front line, present them at the meeting. I believe that my major role is to carefully convey the requests of customers, which I have experienced firsthand, to other departments.

02 Special Feature LeTAO

A premium gift sweets brand unique to Hokkaido From Otaru to a Brand Loved Around the World





Aiming for even greater deliciousness, Otaru Confectionery LeTAO continues to produce premium gift sweets. At the core of this effort are the three divisions of the Planning and Development Department: product development, product planning, and sales promotion planning. Drawing on the words of the two individuals who have led product development and product planning, this feature explores how LeTAO creates premium gift sweets with its own unique appeal, starting with its signature product, the “Double Fromage.”

Interview

KCC

Naoko Ikeda

Planning and Development Department Senior Manager

Naoko Ikeda joined the company in April 2005 as a café staff member at the Otaru Main Store. In addition to floor work, she was in charge of menu development. In 2014, she was transferred to the Planning and Development Department, where she has been in her current position since July 2023.

Mamoru Tomita

Product Development Manager

After engaging in research related to food production at university, he joined the company in April 2009 and worked in a variety of areas including development, production, and supply chain in order to acquire the knowledge necessary for confectionery production. He has held his current position since 2020.
He is currently in charge of developing 200 to 300 new products per year.

02 Special Feature

LeTAO

Responding to customer feedback

Ikeda Double Fromage is a two-layer cheesecake, rare and baked, made with fresh cream and two types of cheese made from raw Hokkaido milk. Originally sold as a fresh cake at the Otaru Main Store, we received many requests from tourists who wanted to take the cake back to Honshu because of its delicious taste, so we developed a distribution freezing technology that allows us to deliver fresh cake to Honshu. This enabled us to sell the cakes nationwide, and the delicious taste of the cakes became a hot topic and was featured on TV, causing the Otaru head office phone lines to be flooded with calls. However, with the production volume at that time, we could not meet the demands of all our customers. We therefore built production facilities to deliver this delicious taste to even more people, and once we were able to meet the demand, it gradually became established as one of LeTAO's signature products. At this time, we were again featured on TV and experienced a second great response. In order to respond to the nationwide response, we set out to convert the Double Fromage into a frozen cake by adapting it to meet frozen food standards. This enabled us to establish a mail-order style of delivering frozen cakes to customers, and we are now able to deliver nationwide.



Pursuing deliciousness on a daily basis

Tomita What we focused on when we started producing frozen cakes was the pursuit of taste, which is rooted in LeTAO's desire to "create delicious confections." If we simply wanted to extend the shelf life of frozen cakes, we could have used preservatives or other methods to do so. However, we developed freezing technology with the aim of preserving freshly made flavor, texture, and hygiene for a long period of time, so that customers can enjoy the same delicious taste when they defrost the product when they want to eat it. Since then, we have continued to advance our freezing technology to extend the shelf life of our products and now export them overseas. The pursuit of deliciousness is being pursued in all LeTAO's products. Are there any ingredients that can be made more delicious? Can we be more creative in manufacturing? We are constantly researching and developing to make tomorrow tastier than today.

Ikeda Most of LeTAO's products, centering on premium gift sweets, are enjoyed with a smile by everyone gathered for a special occasion. For this reason, we aim to ensure that our products are delicious for all people, young and old. We are particular about using only Hokkaido ingredients, keep additives to a minimum, and develop recipes that do not rely too heavily on alcohol in our standard products. We believe that our products are loved by many people, including those overseas, because we place such importance on making them delicious.



To please both locally and internationally

Ikeda Everyone at LeTAO is a big fan of LeTAO. They are confident in what they produce and enjoy working with joy and responsibility. We want to be a representative of confectionery that is a source of pride for the people of Hokkaido, so that local people can confidently recommend our products to people outside of Hokkaido, saying, "No matter which one you buy, it is absolutely delicious" or "This deliciousness is only available in Hokkaido." Our goal is to continue to be a brand that is always present at the happy moments of special occasions.

Tomita The role of product development is to enable all employees to work with confidence in our products. We want to communicate the delicious taste and commitment we have made to our products within the company, so that all employees can work together with confidence in our products and send them out into the world, not only locally but also internationally. To this end, we will continue to do our utmost in our pursuit of deliciousness.

Special Feature 03

Inaba no Shirousagi

Through Shinka, a famous confectionery representing the San-in region, “Inaba no Shirousagi,” Continuing to convey our gratitude to the local community







Celebrating its 58th anniversary in 2026, Kotobuki Seika’s baked manju “Inaba no Shirousagi” will be on sale. We look at the reasons for its popularity as a famous local confectionery and their manufacturing and sales strategies to continue to be loved by the local people.

Interview

Kotobuki Seika

Masayuki Adachi

Kotobuki Seika
General Manager,
San-in Sales Dept.

Masayuki Adachi joined Kotobuki Seika in 1994. After working for sales companies in Okayama and Fukuoka, he was in charge of distributor sales mainly in the Nagano area. After experiencing sales at Kotobuki Seika’s directly-managed store, Sweets castle “kotobuki-jo” and sales at the Matsue Branch, he was transferred to his current department. He is engaged in expanding transactions in the San-in Region.

Naoaki Saeki

Kotobuki Seika Production Department 1, Head Office Plant Section 1 Momoyama Line Leader

Naoaki Saeki joined Kotobuki Seika in 2012, sharing the company’s management philosophy. After working on the production line for gaufrettes and cakes, he became the leader of the line producing “Inaba no Shirousagi” and other products. He strives to improve the taste, safety and quality of products, and production efficiency.

*At the time of the interview in 2024

03 Special Feature Inaba no Shirousagi

The birth of a famous San-in confectionary and the pursuit of taste

Saeki When Kotobuki Seika was first established, it manufactured and wholesaled confections sold at souvenir stores nationwide. Later, the company planned to develop its own products as well and created the “Inaba no Shirousagi,” which is based on the motif of the White Rabbit in Izumo mythology. The strength of the “Inaba no Shirousagi” is the delicious flavor of the local Daisen butter, which highlights the flavor of the ingredients. Furthermore, in order to improve the brand value, we hold monthly “Usagi meetings” where sales, product planning, and production exchange opinions, striving to evolve and improve quality to meet the tastes of the times. For example, several years ago, when sales of “Inaba no Shirousagi Matcha An” were sluggish, the opinions of the production and sales departments were combined and a suggestion was made to make the matcha thicker. The R&D department worked out a formula that would bring out the flavor of matcha, and when the finished product was placed on store shelves, many customers were pleased and sales increased 1.7 times. We are constantly striving to improve the quality of our manufacturing process, and our yield rate has improved to the 99% level.
Adachi We have also changed the packaging method in order to make our products more delicious. At first, products were sold in trays that were sealed together, but this had the drawback that once opened, the products had to be consumed as soon as possible. We have therefore evolved a new packaging method, including the use of film, to maintain freshness and extend the shelf life of the product, making it easier to eat.



Appreciating the local community and repaying a debt of gratitude

Adachi Along with the evolution of our products, we are also promoting initiatives to express our gratitude and delight the local people who love our Inaba no Shirousagi. Factory tours are an ongoing annual event, and in the fiscal year ended March 2024, 21 groups and 795 people, including elementary school students, were able to see the Shiro Usagi production process. In fact, the red eyes that have become the symbol of the Shiro Usagi reflect the comments of elementary school students who visited the factory and said, “It would be cuter if it had eyes.” This made the white rabbit more adorable and contributed to sales, which led us to deeply appreciate the local community.
In addition, for many years, employees have been visiting kindergartens and nursery schools in the San-in Region as the “Shiro Usagi Troupe” to introduce the Izumo myth of the “Inaba no Shirousagi” through a picture-story show, followed by the experience of having the eyeless rabbits produced at the factory put on their eyes. The company’s commitment to the local community is also reflected in its sales policy: the Inaba no Shirousagi is not sold at its directly managed store, Sweets castle “kotobuki-jo”. This is to thank the local train stations and inns that have nurtured us through their sales, and to contribute to the sales of those who have long handled our products. This desire to repay the long-standing gratitude of the local people is the driving force behind Kotobuki Seika.



We want to make the “Inaba no Shirousagi” more deeply rooted.

Saeki The Inaba no Shirousagi is taking a new step forward into the future for the next 60 to 100 years. As a person involved in production, I would like to embody my pride in being a part of this long history and my gratitude to the local people who support us in the form of improved productivity and quality. We are steadily installing the necessary machinery and equipment to achieve this goal.
Adachi What made me happy when we celebrated the 55th anniversary of the launch of our product was that many local people said, “It tastes good again.” We intend to continue to evolve not only the taste, but also our sales methods and sales areas to keep up with the times. We also hope to make people love Shirousagi even more than they do now, and make it a brand that people can confidently choose as a souvenir when visiting acquaintances who live outside the San-in region, saying, “This is a local specialty.”

04

Foundation Supporting Value Creation

Kotobuki Spirits Group aims to be a company that can continuously deliver joy to all stakeholders by putting our approach to materiality into practice.











Tackling Important Issues as a Group of Companies Contributing to Local Communities

Basic Sustainability Policy

Kotobuki Spirits Group has adopted the management philosophy “To Create Happiness, Provide Happiness” as its basic management policy, and is engaged in sustainability activities through its business as a corporate group that contributes to the local community. We aim for sustainable growth by setting themes, specific measures, and performance indicators so that each and every employee can specifically address materiality (important issues).

Materiality Identification Process

In recent years, a variety of social issues have arisen, including environmental problems such as climate change and resource depletion, as well as labor load issues and human rights issues in the supply chain. In this context, we need to recognize and evaluate the impact of these issues on our business activities and clarify the management issues to be addressed in order to continue our economic activities into the future. In June 2024, Kotobuki Spirits Group identified priority materialities to be addressed based on the views of our stakeholders, including customers, shareholders, investors, and employees.

Specific process

Step 1 Identification of issues

We analyzed the business environment surrounding our group and examined issues that have a significant impact on our business activities and sustainable growth from various perspectives, including macro trends, international frameworks, and various guidelines. Based on this analysis, we identified key issues that could be anticipated from the standpoints and perspectives of frontline employees, management, and board members. In addition, the Sustainability Committee, which promotes the mid-term plan on sustainability, interviewed each department to identify issues such as interests and concerns that stakeholders who come into contact with the Company in their daily work may have.

Various guidelines, initiatives, and other references

- IFRS Foundation, “International Integrated Reporting Framework”
- GRI Standards
- SASB Standard
- ISO26000
- Sustainable Development Goals (SDGs: Sustainable Development Goals)
- Ten Principles of the United Nations Global Compact
- OECD Guidelines for Multinational Enterprises
- World Economic Forum (WEF) “Global Risks Report”
- Climate-related Financial Disclosure Task Force (TCFD: Task Force on Climate-related Financial Disclosures)
- Discussions at each meeting
- Risks and opportunities raised in the company-wide risk management process

Step 2 Organizing and prioritizing issues

The issues extracted from the list of items were categorized by ESG and sustainability themes, and evaluated and prioritized according to two axes: “importance to stakeholders” and “importance to the Group.”

Step 3 Validation and board approval

The materialities identified in Step 2 were deliberated on by the Sustainability Committee and then approved and resolved by the Board of Directors to be identified as the six materialities. The Sustainability Committee will continue to play a role in verifying and confirming the appropriateness of the materiality evaluation and identification process.

Step 4 Establishment of management structure

Under the Sustainability Committee, the responsible managers of each company took the lead in discussions and formulated a roadmap that includes targets and action plans for each of the six materialities identified. Going forward, the Sustainability Committee will deliberate on the roadmap and evaluate progress while implementing the PDCA cycle based on evaluation indicators (KPIs). In addition, the materiality will be reviewed as necessary as the management policy is discussed.

Materiality

Specific initiatives, targets and KPIs

Materiality	Themes to be addressed	Goals and KPIs
Contribution to a sustainable environmentally-based society	Reduction of greenhouse gas emissions	CO_2 emissions from Group manufacturing sites in Japan (Scope 1+2): 30% reduction by 2030 compared to FY2020, virtually zero by 2050
	Reduction of food loss	Food waste generation: Improvement of generation rate through yield improvement, etc. Amount of food residue recycled: Recycling rate of 95% or more
Providing safe and reliable products	Operational compliance with food safety management systems	Set claim incidence rate (PPM) targets for each group company
Hiring and developing human resources that respect diversity	Supporting the activities of diverse human resources	Ratio of female managers: 30% or more
	Reforming work styles to achieve health management	
	Promoting unique human resource development through "co-education"	
	Practicing philosophy-sympathetic recruitment	

Materiality	Themes to be addressed
Building a sustainable supply chain	Stable raw material procurement and streamlined logistics
Coexistence and co-prosperity with local communities	Providing opportunities for children to learn
	Regional development through social contribution activities
Strengthening Corporate Governance	Building transparent governance
	Risk management

Message from the Director of Sustainability

We aim to sustainably increase corporate value through the promotion of sustainability activities.

In recent years, awareness of the need to realize a sustainable society has increased dramatically, and "sustainability" has become one of the criteria for judging corporate value, attracting the attention of all stakeholders. The "Kotobuki Spirits Ethics Outline" stipulates that the Kotobuki Group is aware that it receives various benefits from the global environment, including the resources necessary for its business activities, and that preserving the global environment in a better state is an essential requirement for its existence and activities, and that the Group will actively promote sustainability activities. The company is aware of the fact that sustainability is an essential requirement for its existence and activities.

Additionally, in April 2023, we established a Sustainability Committee and announced our endorsement of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In June 2024, we disclosed our materiality (key issues) covering all ESG areas and published our targets. The objectives for which KPIs are set are: (1) Reducing greenhouse gas emissions (2) Reducing food waste (3) Promoting diversity (4) Promoting health management.

In response to the expectations and demands of society, each and every employee will continue to actively engage in sustainability activities to resolve materiality and achieve long-term goals, aiming for sustainable growth.

Shinji Matsumoto
Managing Director
General Manager, Group Business Management Division

Materiality

Contribution to a sustainable, environment-based society

Climate Change Initiatives

In April 2023, the Group established the Sustainability Committee to promote its sustainability initiatives and expressed its support for the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. Taking this opportunity, we will further strengthen our analysis and response to the risks and opportunities posed by climate change to our business, expand the disclosure of related information, and contribute to the realization of a decarbonized society by 2050.

● Governance

The Sustainability Committee is chaired by the President and consists of the director in charge of management, the head of the Group's administrative division, and members appointed from each Group company. The committee regularly submits proposals and reports to the Board of Directors, which supervises the progress of the committee's activities.

● Strategy

To identify risks and opportunities from climate change, we analyzed the impacts of our business operations in 2030 and 2050 under the 1.5°C scenario and the 4°C scenario, based on information published by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA).

● Risk management

The Group Management Headquarters, which oversees risks related to business operations, identifies company-wide risks and determines response policies, thereby promoting appropriate risk management and response. Climate change-related risks are discussed by the Sustainability Committee, of which the Group Management Headquarters is a member, enabling integration with company-wide risk management. The Sustainability Committee also deliberates on the materiality of climate change-related risks using scenario analysis in line with the TCFD recommendations, reports the results to the Board of Directors, and is supervised by the Board.

Key business risks and opportunities

	Classification	Risk item	Degree of influence	Impact on business	Countermeasure
Transition risk (Assumed to be most apparent in the 1.5°C scenario)	Policy and Regulatory Risk	Increase in GHG emission prices	Small	Due to the introduction of the carbon tax, energy costs such as electricity and gas costs are passed on to prices, resulting in an increase in manufacturing costs. The introduction of the carbon tax will increase sales costs due to an increase in the tax burden associated with carbon pricing, as well as transportation costs, etc., which will be passed on to prices.	Further implementation of energy conservation. Promote the selection of facilities that enable energy-efficient production when introducing or updating new facilities. Establish efficient production and logistics systems at each production site.
	Market risk	Increased cost of raw materials	Medium	Due to the introduction of the carbon tax, raw materials (chocolate, cream and cheese made from dairy products, etc.) and packaging materials received a price pass-through, increasing production costs.	Strive to reduce production loss by increasing the percentage of good products. Curb procurement cost increases by strengthening cooperation with raw material suppliers.
		Changes in Customer Behavior	Small	Increased interest in environmentally friendly packaging materials as consumers become more environmentally conscious. Manufacturing costs increase due to the shift to environmentally friendly packaging materials to meet consumer needs.	Promote the use of environmentally friendly packaging materials (FSC certified paper, biomass plastic, etc.). Promote recycling of food scraps into compost, fertilizer, etc.
Physical risk (Assumed to be most apparent in the 4°C scenario)	Acute risk	Increased severity and frequency of extreme weather events such as cyclones and floods	Medium	When transportation infrastructure is affected by torrential rains, typhoons, floods, etc., demand for souvenirs for travel is reduced. Losses and response costs incurred when torrential rains, typhoons, floods, etc. cause physical damage to production facilities or disrupt logistics networks.	Strengthen development and sales of home-demand products. Establish diverse sales channels with brands for each region in Japan; strengthen sales of gift products through e-commerce. Promote decentralization and optimization of production and distribution bases; develop and utilize BCP.
	Chronic risk	Increase in average and maximum temperatures	Medium	Rising average temperatures lead to a decrease in the harvest and production of the main raw material. ・Decline in the harvest of cacao, the raw material for chocolate. ・Decrease in dairy cattle entering the dairy herd. ・Decline in egg weights of chicken eggs. Decrease in production volume, which may lead to lower earnings and impact on the purchase price of raw materials.	Procure raw materials from multiple raw material suppliers. For raw materials that are expected to be in short supply, we will procure them from different production areas and promote the development of product manufacturing using alternative raw materials.
Opportunity	(the) market (as a concept)	Increase in average and maximum temperatures	Small	Demand for frozen gifts (ice cream, ice cream, frozen cakes, etc.) is expected to increase due to higher average and maximum temperatures.	Develop products that are compatible with frozen gifts. Study the introduction of packaging materials that can be carried for long periods of time.

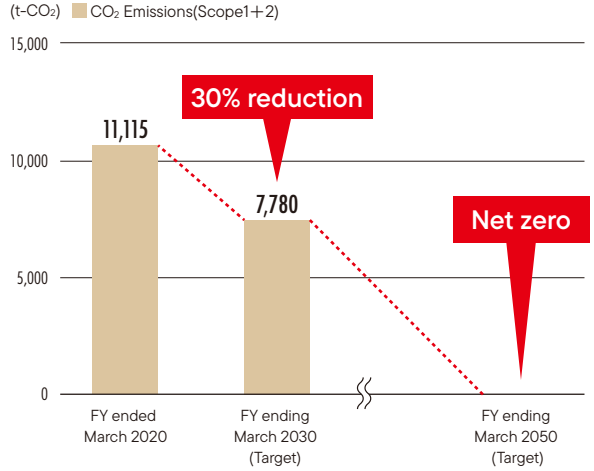
* Minor impact (less than 1 billion yen) Medium impact (1 billion yen to less than 5 billion yen) Major impact (5 billion yen or more)

Materiality

● Indicators and targets

To mitigate climate change, the Group aims to reduce CO_2 emissions (Scope 1 + 2) at domestic Group manufacturing sites in Japan by 30% by 2030 compared with the fiscal year ended March 2020 (11,115 tons), and to achieve virtually zero emissions of CO_2 and other greenhouse gases by 2050.

Greenhouse Gas Emissions Targets



Reduction of greenhouse gas emissions

● Energy Conservation Initiatives

The Group is promoting the replacement of fluorescent and mercury lamps in factories, warehouses, and offices with LED lighting, which reduces electricity consumption while maintaining illumination levels that take occupational safety into consideration.

In addition, we are working to save energy and reduce CO_2 emissions by adopting electric forklifts for moving cargo in warehouses and other locations and promoting the use of hybrid cars and other eco-friendly vehicles in our sales fleet.

Kotobuki Seika has installed a charging station in the parking lot of Okashi no Kotobuki Jō, its direct sales store and factory, to promote the use of electric vehicles, which emit no CO_2 while running and are expected to help combat global warming. In addition, at the Corporate Management Department at headquarters, switching to garbage bags made from LIMEX, an environmentally friendly material, has reduced plastic use by approximately 33% compared with conventional bags and reduced emissions of greenhouse gases, including CO_2.

KCC has reduced annual electricity consumption by approximately 5% by introducing a reduced-operation system for refrigerators.

Sucrey generates renewable energy by generating biogas from food waste through the action of microorganisms (methane fermentation).

In addition, the Kujukushima Group supplies food waste to incineration facilities that practice thermal recycling*, thereby reducing CO_2 emissions compared to conventional incineration.

*A recycling method that recovers and utilizes heat energy generated during the waste incineration process.



Adoption of electric forklift trucks (KCC)



Charging station for electric vehicles (Kotobuki Seika)

● Resource conservation initiatives

To make effective use of limited resources and help realize a low-impact society, our group is promoting the use of recycled paper and FSC-certified paper for product packaging and paper bags in our sales operations. At our offices, we not only use FSC- and PEFC-certified copy paper but are also reviewing our business systems—such as approval workflows and expense reimbursement processes—to promote paperless operations and digital transformation (DX) across the entire supply chain.

As part of the brand relaunch of Tokyo Milk Cheese Factory in 2025, the Sucrey Group is helping to curb deforestation by increasing the proportion of recycled paper used in its packaging to 90% or more.



Materiality

● Reduction of food loss

Kotobuki Seika collects confectionery scraps and other food residues discharged from its factories through a licensed collection and transportation company. The food residues are then crushed and mixed by a recycling company registered under Article 11 of the Food Recycling Law, and after fermentation in a completely enclosed fermentation tank, they are recycled as compost. This compost is supplied to local farms and farmers, contributing to the cultivation of high-quality vegetables and creating a recycling cycle that uses food residues as a resource. Similarly, KCC recycles food residues into feed for pigs.

*Recycling method that recovers and utilizes "heat energy" generated from waste incineration process.

Food Resource Recycling Cycle



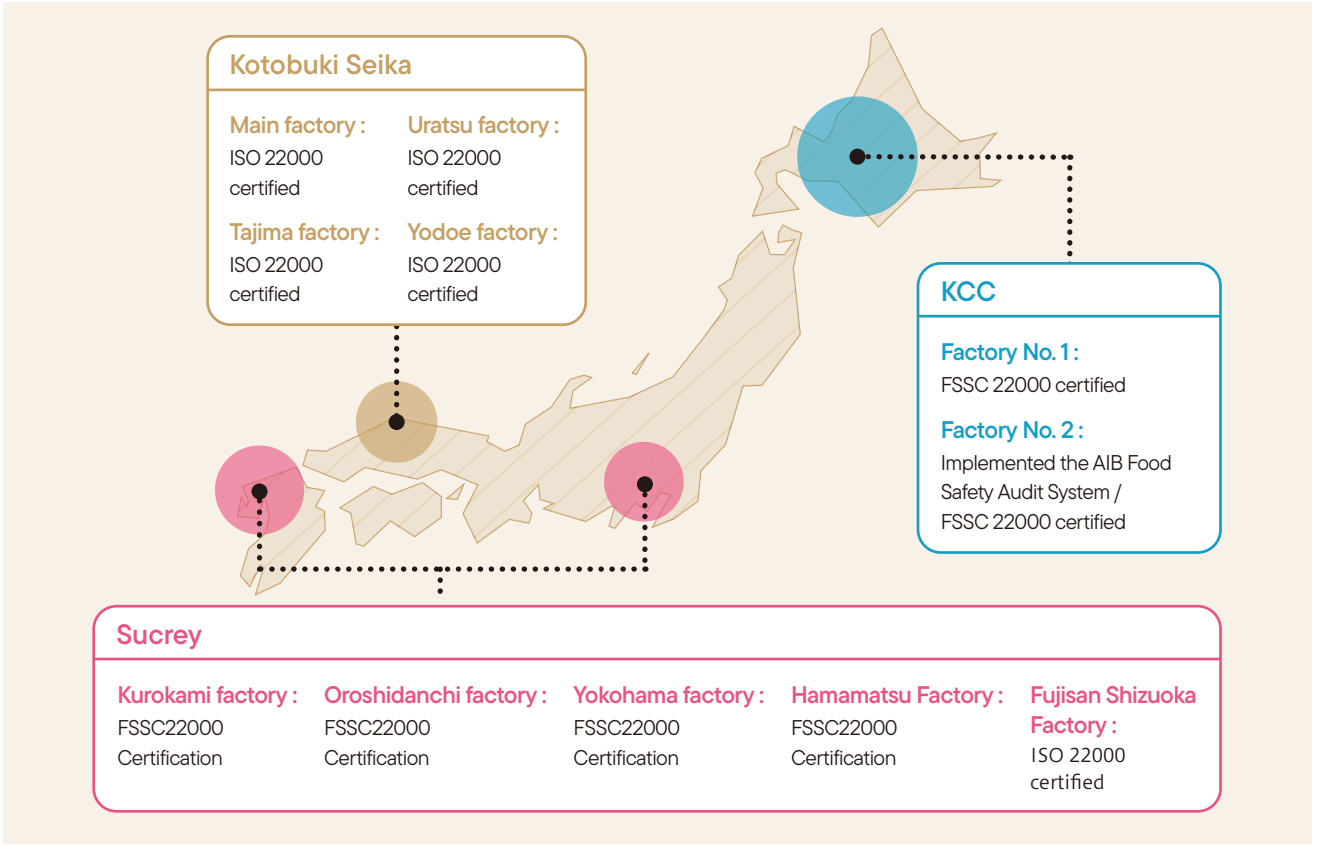
Providing safe and reliable products

Ensuring Proper Operation of Food Safety Management Systems

● Quality Control System

As a food manufacturer, our group takes pride in and recognizes its responsibility as a member of society contributing to social development, and we strive to bring joy to our customers through our products. We understand the relevant laws and regulations, work to maintain and enhance compliance, and continue our quality improvement activities. At all manufacturing plants, we have established food safety policies, communicated them to employees, and pursued continual improvement, while further upgrading our production facilities. In addition, each plant has obtained appropriate quality management system certification, and we maintain thorough quality control.

Group Production Structure and Certifications



● Inspection system

The Group only ships products that meet the Group's quality standards, including microbiological and physicochemical standards. To ensure that our customers can enjoy our products with peace of mind, we conduct inspections and wipe-down inspections in the manufacturing process, as well as spot checks of production products to ensure product safety. In addition, once a month, the manufacturing department and the Quality Control Office work together to conduct audits of the manufacturing process and provide guidance for improvement as necessary.

Hiring and Developing Talent with Respect for Diversity

Supporting Diverse Talent

● Revitalizing the Organization and Its People

We recognize that promoting diversity in work styles and employment is one of the most important issues indispensable for improving our corporate value over the medium to long term. We will continue to strengthen our measures to secure human resources with diverse perspectives and create an environment in which they can play an active role.

● Promoting Women to Managerial Positions

As of March 31, 2026, women accounted for only 15.0% of managerial positions. However, in order to drive our business forward from diverse perspectives, we are working toward a target of 30% female representation in management. We will continue to actively appoint capable women to managerial positions, including mid-career hires.

● Hiring Mid-Career Professionals and Foreign Nationals and Promoting Them to Managerial Positions

In line with our group's business expansion, we are actively recruiting and promoting experienced professionals with expertise in specialized fields such as product development, production technology, web marketing, IT, and overseas operations. As of the end of March 2026, mid-career hires accounted for 60.9% of our managerial positions.

Furthermore, to support overseas operations and domestic inbound tourism initiatives, we are also working to recruit and promote foreign nationals into management roles. Going forward, we will place even greater emphasis on promoting new graduates to management positions.



Work-Style Reform to Realize Health and Productivity Management

As part of our efforts to promote diversity, we encourage male employees to take childcare leave and are creating an environment in which employees can continue working while raising children. In addition, by reviewing our continued employment system after retirement age, we will further enhance the environment so that senior talent aged 60 and over can play an even more active role. We are also promoting investment in employee health. Kotobuki Seika and KCC were certified as Certified Health & Productivity Management Organizations 2022 (SME Category), and KCC was certified as a Certified Health & Productivity Management Organization 2023 (SME Category).

Promoting Our Unique Approach to Talent Development, "Co-development"

Our group offers a variety of training programs tailored to job type and career level. In particular, we place emphasis on training designed to instill our management philosophy. In addition, for the first six months after joining the Company, each new employee is assigned a dedicated senior mentor under our "Senior Mentor Program." This program is intended not only to provide close support to newly hired employees, but also to give senior employees an opportunity to realize their own growth through mentoring junior colleagues.



Practicing Values-Based Recruitment Aligned with Our Management Philosophy

Our group believes that people who find joy in creating happiness and smiles for others can work with a strong sense of fulfillment and pride. Based on this belief, we actively recruit individuals who empathize with our management philosophy, "Creating Joy and Delivering Joy." We provide opportunities such as multiple group discussions with senior employees and on-site internships so that job seekers can

understand and experience our management philosophy firsthand. In April 2026, 124 new graduate hires joined the Company.

Building a sustainable supply chain

Stable raw material procurement and streamlined logistics

• Sustainable sourcing, including cocoa

The Group promotes the procurement of cacao produced in a sustainable manner, taking into consideration social issues such as child labor, poverty among farmers, and deforestation in the cacao-producing regions where the raw materials are sourced. The Group is also considering indirect support for cacao producers through its suppliers.

• Introduction of environmentally friendly packaging materials

Our group is a company that produces and delivers products to our customers using the bounty of nature nurtured by the earth. We believe that we have a social responsibility to promote environmental initiatives to realize sustainable growth and future.

For the printing of packaging materials, we promote the use of ethanol ink and plant-derived biomass ink, which have extremely low impact on the environment and human health. For plastic bags, we also recommend the use of plastic bags that contain bio-polyethylene, which is plant-derived and environmentally friendly. For plastic trays, we promote the use of PET containers, which are environmentally friendly and have excellent safety and hygiene characteristics.

When the Kujukushima Group renewed the packaging of its mainstay product, Kujukushima Senpei 8-piece packs, it changed the packaging material from vinyl to paper in consideration of the environment, and also adopted biomass ink for the printing.



• Improved logistics efficiency

The Kujukushima Group is consolidating its distribution bases and reducing the number of delivery operations themselves to avoid wasteful deliveries due to horizontal transportation* for each work process in the warehouse. In addition, for deliveries from Kyushu to the Tokyo metropolitan area, we have adopted ferry transportation to reduce overland transportation by truck.

*Transportation of goods between company locations such as factories and stores.

Coexistence and co-prosperity with local communities

Providing opportunities for children to learn

• Factory tour

Kotobuki Seika's main factory accepts factory tours every year, mainly from third-year elementary school students, and about 1,000 children visit the factory each year. The tour includes a tour of the Inaba no Shirousagi production line, a hands-on experience of putting red eyes on buns shaped like rabbits, and a quiz corner unique to a production plant.

• Nursery school and kindergarten visits by the White Rabbit Troupe

To commemorate the 50th anniversary of the release of "Inaba no Shirousagi (White Rabbit of Inaba)," a famous San-in confectionery, we established the "White Rabbit Troupe" within the company in 2010 and have been visiting nursery schools and kindergartens within Tottori Prefecture.



At the places visited, the troupe performs a picture-story show for children that recreates the Japanese myth of the “White Rabbit of Inaba,” holds “Rabbit Exercise,” in which children and employees work together to move their bodies, and offers hands-on experience in putting eyes on rabbit manju (buns). Meeting local residents and seeing their smiling faces through our visits not only encourages our staff, but also promotes harmony with society.

● Longevity Foundation (Inc.)

Seigo Kawagoe, President and CEO, established Kotobuki Foundation in February 2019 to contribute to building a better society through the provision of scholarships. By providing non-repayable scholarships to students attending universities in the Tokyo metropolitan area who, despite their academic excellence, have difficulty paying their tuition fees for financial reasons, the foundation encourages academic achievement and contributes to the development of promising and outstanding human resources.

Regional development through social contribution activities

● Development of local sports

Kotobuki Seika has been supporting Gainare Tottori, a professional soccer team in Tottori, since 2010 for the development of local sports.

Since 2016, we have also signed a sponsorship agreement with the Shimane Susanoo Magic, a member of the B.LEAGUE, a professional basketball league. At “title sponsor games” held at home arenas, Kotobuki Seika employees hand out Kotobuki products directly to boosters. Kotobuki Seika’s festival troop, “Kotobuki Manto-tai,” has also performed at halftime.



● YOSAKOI Sasebo Festival

The Kujukushima Group participates in the YOSAKOI Sasebo Festival, a major event in Sasebo City, where our headquarters are located, as “Kujukushima Dance Company KAGAKU” in order to liven up the festival and give back to the community. We not only participate in the festival, but also contribute to the operation of the YOSAKOI Sasebo Festival in many other ways, such as participating in the monthly cleanup activities organized by the YOSAKOI Sasebo Festival Executive Committee, participating in pre-festival PR events, and attending monthly management meetings.

Sponsorship of the 'Young Women's Mental and Physical Health Support Festival' to Help Promote Health Literacy

In December 2025, as part of our efforts to “promote women’s participation in the workforce,” our company sponsored an event organized by NHK Educational. At this event, moderated by one of our esteemed outside directors, experts delivered lectures on accurate medical information and self-care methods for physical and mental health concerns specific to women. Managers from our group’s administrative departments also participated. We will share what we learned throughout the company and work to create a workplace environment where a diverse workforce can thrive by expanding our internal policies.



Strengthening Corporate Governance

Corporate Governance Structure

● Board of Directors

Our Board of Directors is chaired by Seigo Kawagoe, President and Representative Director, and consists of nine members: Managing Director Shinji Matsumoto; Directors Masayuki Shirouchi and Ryoichi Sakamoto; Outside Directors Matsuo Iwata and Megumi Yoshimoto; Director (Audit and Supervisory Committee Member) Jun Nagato Outside Director (Audit and Supervisory Committee Member) Yasuhiro Tanaka; and Outside Director (Audit and Supervisory Committee Member) Keiko Ueda -- for a total of nine members (including four outside directors). In addition to matters stipulated in the Articles of Incorporation and applicable laws and regulations, the Board of Directors makes decisions on important matters concerning business operations and supervises the execution of duties by the directors in accordance with the "Board of Directors Regulations," which define matters to be resolved by the Board.

To ensure that directors perform their duties efficiently, the Board of Directors meets once a month as a general rule and convenes extraordinary meetings as necessary.

● Audit and Supervisory Committee

The Audit and Supervisory Committee, which is responsible for auditing the execution of duties by the directors, consists of three members (including two outside directors): Director (Audit and Supervisory Committee Member, Full-time) Jun Nagato Outside Director (Audit and Supervisory Committee Member) Yasuhiro Tanaka; and Outside Director (Audit and Supervisory Committee Member) Keiko Ueda. The Audit and Supervisory Committee meets once a month in principle to determine audit plans and review audit implementation reports, among other matters, and also convenes as needed. In addition to attending Board of Directors meetings, Audit and Supervisory Committee members attend important meetings, such as the Group Management Committee, to gain an understanding of the process of major decision-making and the status of business operations. They are also authorized to review important documents related to business operations and, when necessary, request explanations from directors or employees.

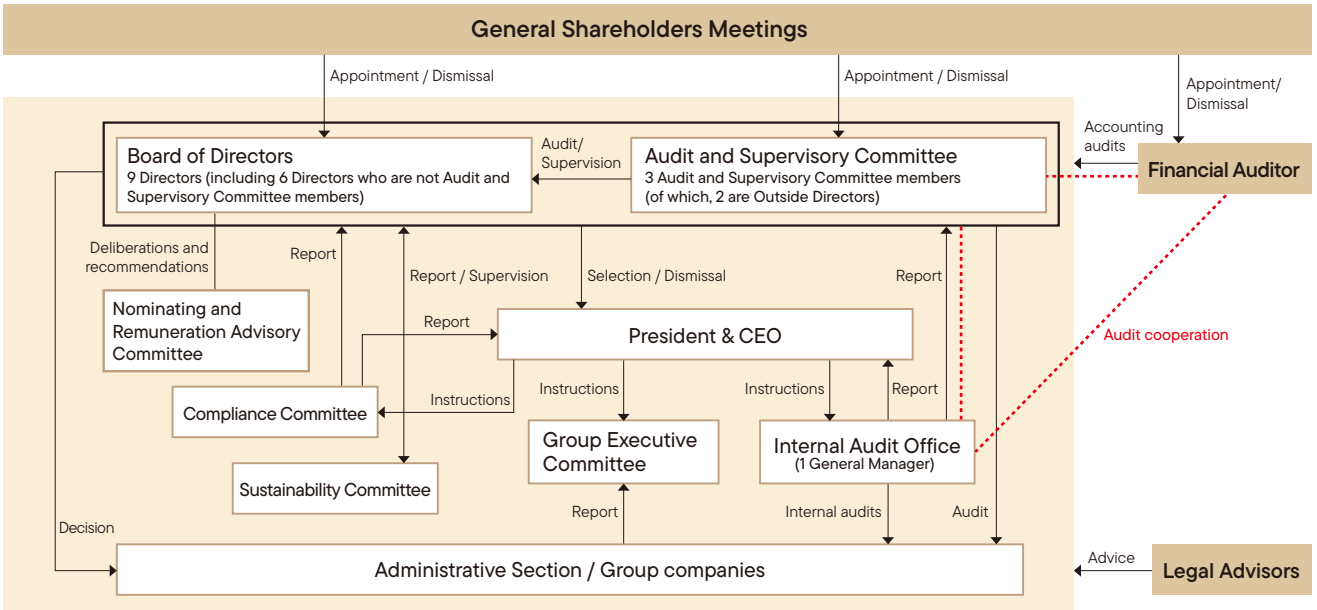
● Nomination and Compensation Advisory Committee

On June 22, 2021, the Company established a voluntary Nomination and Compensation Advisory Committee, an advisory body to the Board of Directors, with a majority of its members consisting of independent outside directors. The Committee is chaired by Outside Director Matsuo Iwata and comprises six directors: two inside directors (Shinji Matsumoto and Jun Nagato) and four outside directors (Matsuo Iwata, Megumi Yoshimoto, Yasuhiro Tanaka, and Keiko Ueda). The Nomination and Compensation Advisory Committee receives requests for consultation from the Board of Directors in advance regarding matters such as the nomination and compensation of directors (including those of group companies), deliberates on such matters within the Committee, and submits a report on the results of its deliberations to the Board of Directors. The Committee meets at least once a year in principle and may convene as needed.

● Sustainability Committee

On April 15, 2023, we established the Sustainability Committee. The Committee is chaired by Seigo Kawagoe, President and Representative Director of the Company, and overseen by Shinji Matsumoto, Managing Director in charge of Administration of the Company. It consists of the managers of the administrative divisions of each Group company together with members appointed by each Group company. In principle, the Committee meets at least twice a year, and as needed. The Committee's basic policy is to appropriately address issues related to sustainability; the Committee deliberates on the identification of materiality and on responses to the identified themes.

Corporate Governance Structure Chart (As of June 23, 2026)



● Internal Audit Office

The Internal Audit Office of the Company is staffed by one person: the General Manager of the Internal Audit Office. The Internal Audit Office conducts internal audits of the Company and its group companies in accordance with the "Internal Audit Regulations," which stipulate basic matters concerning internal audits of the Company to ensure that business operations are properly and effectively managed under internal control in accordance with relevant laws, the Articles of Incorporation, and internal regulations. The Internal Audit Office is an organization under the direct control of the President and Representative Director, and the Head of the Internal Audit Office is directly appointed by the President and Representative Director. The Head of the Internal Audit Office holds the authority, when conducting audits, to request the submission of documents, to require explanations of their content and other necessary information, and, if necessary, to request confirmation from external parties.

● Compliance Committee

The Compliance Committee is chaired by Seigo Kawagoe, President and Representative Director, with Shinji Matsumoto, Managing Director in charge of administration, as the chief compliance officer, and is composed of compliance committee members appointed from each Group company. Based on the "Compliance Regulations," which stipulate compliance initiatives, the Compliance Committee meets once every three months in principle as matters within its exclusive authority to decide, including compliance and corporate ethics training and education, responses based on the results of investigations of whistle-blowing and other reports through the whistle-blowing system, and measures to address risks identified in risk management. The Committee also meets as needed. Director Jun Nagato (Audit and Supervisory Committee Member, Full-time) and the Head of the Internal Audit Office attend Compliance Committee meetings, ensuring that the Company has a system in place to conduct audits.

● Group Management Committee

The Group Management Committee is chaired by Seigo Kawagoe, President and Representative Director of the Company, and consists of Shinji Matsumoto, Managing Director; Masayuki Shirouchi, Director; Ryoichi Sakamoto, Director; and the directors and managers of relevant divisions of each Group company. In principle, the Committee meets once a month to communicate group management policies, report on the business activities of Group companies, and supervise the execution of business operations in accordance with the "Regulations for Affiliated Companies," which were established to promote the guidance and development of affiliated companies and to improve management efficiency as a corporate group. The Committee works to ensure the efficiency, soundness, and transparency of management and to accelerate decision-making. Director (Audit and Supervisory Committee Member, Full-time) Jun Nagato, Outside Director (Audit and Supervisory Committee Member) Yasuhiro Tanaka, Outside Director (Audit and Supervisory Committee Member) Keiko Ueda, and the Head of the Internal Audit Office attend Group Management Committee meetings as appropriate, ensuring a system in place for oversight.

Assessing the Effectiveness of the Board of Directors

We analyzed and evaluated the results of the "Questionnaire on the Effectiveness of the Board of Directors" conducted in May 2025 on all directors (including directors who are members of the Audit and Supervisory Committee) together with the discussions at the Board of Directors meetings. As a result, we evaluated that the Company's Board of Directors as a whole is generally effective at this time, as it maintains a good balance of knowledge, experience, and abilities to fulfill its roles and responsibilities, retains an appropriate size, and reaches decisions on the basis of high-quality and active discussions. The Company will conduct an effectiveness evaluation of the Board of Directors approximately once a year, disclose a summary of the evaluation, and continue to make efforts to improve the effectiveness of the Board of Directors.

Executive Compensation

● Basic Policy

The Company's basic policy for determining the remuneration of individual directors is to set the remuneration at an appropriate level based on the duties and responsibilities of each director, with the highest priority placed on the sustainable enhancement of corporate value over the medium to long term. Director remuneration consists of basic remuneration (monetary, fixed) as fixed remuneration and restricted stock remuneration as a medium- to long-term incentive. Directors who are members of the Audit and Supervisory Committee and outside directors receive basic remuneration only, in consideration of the independence required for their roles.

● Policy for Determining the Individual Amount of Basic Remuneration

The basic remuneration of the Company's directors (excluding outside directors) is a monthly fixed remuneration, determined by comprehensively considering the degree of contribution to the Company's performance according to position and responsibility, the level of other companies, the Company's performance, and employee compensation levels, taking into account years of service. Basic remuneration for outside directors is a monthly fixed remuneration, determined taking into account their duties and responsibilities and the level of other companies.

Materiality

● Policy for Determining the Description and Amount or Number of Non-Monetary Compensation

Non-monetary compensation, such as restricted stock compensation, shall be paid to directors to provide them with incentives to continuously improve the corporate value of the Company and to further promote value sharing with shareholders.

The specific number of shares of restricted stock compensation to be granted shall be determined based on the position and responsibilities of each director, and the number of shares to be allotted to each individual director shall be resolved by the Board of Directors and granted at a certain time each year.

● Method of determining the details of remuneration, etc., of individual directors

The amount of remuneration for each individual director is determined as follows. The Representative Director prepares a remuneration proposal within the maximum amount of remuneration approved at the Annual General Meeting of Shareholders, comprehensively considering the amount and the mix of basic and non-monetary remuneration for each director based on the policy above. This proposal is first reviewed by the Audit and Supervisory Committee, then deliberated by the Nomination and Compensation Advisory Committee, and finally resolved by the Board of Directors attended by outside directors. With regard to the amount of remuneration for directors, at the Annual General Meeting of Shareholders held on June 28, 2016, the maximum annual remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee) was set at 300 million yen or less per year (including 25 million yen or less per year for outside directors), and the maximum annual remuneration for directors who are members of the Audit and Supervisory Committee was set at 50 million yen or less per year. In addition, at the Annual General Meeting of Shareholders held on June 25, 2024, a resolution was passed to establish, separate from the above remuneration limits, a new maximum annual remuneration of 60 million yen or less per year (excluding the salary portion for directors who also serve as employees) for "Eligible Directors" (directors excluding outside directors and directors who are members of the Audit and Supervisory Committee). As of the conclusion of the relevant shareholders' meeting, there were six directors (excluding directors who serve on the Audit and Supervisory Committee) and three directors who serve on the Audit and Supervisory Committee.

Total Amount of Remuneration, etc. by Officer Category, Total Amount by Type of Remuneration, and Number of Officers Subject to Remuneration

Officer Classification	Total Compensation (Millions of Yen)	Total Amount by Type of Compensation (Millions of Yen)			Number of officers subject to this provision (persons)
		Fixed re-muneration	Performance-based compensation	Restricted Stock Awards	
Directors (excluding Audit and Supervisory Committee Members) (including outside directors)	184 (12)	149 (12)	— (—)	34 (—)	6 (2)
Directors serving as Audit and Supervisory Committee Members (including outside directors)	34 (12)	34 (12)	— (—)	— (—)	3 (2)
Total (including outside directors)	218 (24)	184 (24)	— (—)	34 (—)	9 (4)

(Note) 1. Regarding the amount of compensation for directors, a resolution was passed at the 64th Annual General Meeting of Shareholders held on June 28, 2016, setting the maximum annual compensation for directors (excluding directors who are members of the Audit and Supervisory Committee) at 300 million yen (excluding the salary portion for directors who also serve as employees), and the maximum annual compensation for directors who are members of the Audit and Supervisory Committee at 50 million yen. As of the conclusion of said General Meeting of Shareholders, there were six directors (excluding directors who are members of the Audit and Supervisory Committee) and three directors who are members of the Audit and Supervisory Committee. Furthermore, at the 72nd Annual General Meeting of Shareholders held on June 25, 2024, a resolution was passed to establish, separate from the above remuneration limits, a new annual remuneration cap of up to 60 million yen for directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee; hereinafter referred to as "Eligible Directors") for the grant of restricted shares (excluding salaries paid to directors who also serve as employees). , with the total number of common shares to be issued or disposed of not exceeding 40,000 shares per year. As of the conclusion of said General Meeting of Shareholders, there were four Target Directors.

2. Non-monetary compensation consists of the Company's shares, and the conditions for allocation are as set forth in the "Policy on the Determination of the Content and Calculation Method for the Amount or Number of Non-Monetary Compensation."

Training Policy for Directors

When welcoming outside directors, we provide them with opportunities to learn and understand information about our business environment, including our history, business overview, and Group company plant tours. To acquire the knowledge and information necessary to fulfill their roles and responsibilities, directors attend seminars held by outside specialized organizations and participate in training and exchange meetings hosted by outside bodies. Audit and Supervisory Committee members belong to the Japan Audit & Supervisory Board Members Association and participate in various training sessions hosted by the Association to acquire the necessary knowledge and improve their audit skills.

Policy Shareholdings

With respect to policy shareholdings, our policy is to hold shares that are judged to contribute to the enhancement of corporate value from the perspectives of maintaining and developing good business relationships and maintaining stable financial relationships. For highly important stocks, the Board of Directors periodically reviews the medium- to long-term economic rationale and the status of transactions. Based on this policy, we seek to reduce holdings when their retention is not deemed appropriate. With regard to the exercise of voting rights, we exercise our voting rights appropriately after comprehensively considering whether the vote contributes to the sound management of the issuing company and to the enhancement of its corporate value over the medium to long term.

Materiality

Skills Matrix

Identity	Gender	Post	Reason for Appointment	skill					
				Business Management Business Strategy	Financial accounting Management	Legal & Risk	Human Resources and Labor Human Resource Development	One's life as a consumer	ESG
Seigo Kawagoe	male	In-house (full-time) President and Representative Director	He has directed the Company's management as President and Representative Director for many years since June 1994, and his strong leadership based on his extensive experience and broad knowledge will continue to be indispensable for the Company's group management in the future.	○				○	○
Shinji Matsumoto	male	In-house (full-time) Director	Since joining the company, he has gained a wealth of business experience, including working in accounting and finance and as the general manager of the Corporate Planning Department. Since assuming the position of director in June 2012, he has fulfilled his responsibilities as a director, including working to strengthen group management control. We believe that the wealth of experience and broad knowledge he has gained through his career will be indispensable to the management of the Company's group.	○	○	○	○		○
Masayuki Shirouchi	male	In-house (full-time) Director	Since September 2006, he has served as director of several of our group companies, and since 2015, he has also served as representative director of Kotobuki Seika Co.,Ltd. one of our major group companies.	○				○	
Ryoichi Sakamoto	male	In-house (full-time) Director	The Company believes that the extensive experience and broad knowledge he has gained throughout his career, including serving as director of several of the Company's group companies since May 2007 and as representative director of Sucrey Corporation, a major group company, since May 2019, will be indispensable to the Company's group management.	○				○	
Matsuo Iwata (Outside)	male	Outside (non-executive) Director (non-executive)	Based on his extensive experience and broad knowledge as a business leader cultivated through his longstanding involvement in corporate management, we believe he can contribute to our company's management from a neutral and objective standpoint. Furthermore, as of June 2026, he is appropriately fulfilling his duties as an outside director of our company.	○			○	○	○
Megumi Yoshimoto (Outside)	female	Outside (non-executive) Director (non-executive	We believe that she will be able to reflect on the Company's management from a neutral and objective standpoint, based on her extensive experience and broad knowledge she has accumulated over the years as an announcer and as a lecturer and professor at several universities, as well as from her unique perspective as a woman.				○	○	○
Jun Nagato	male	In-house (full-time) Audit & Supervisory Board Member	He served as a full-time auditor of our company for four years beginning in June 2012, and in June 2016, he was appointed Managing Director and Head of the Management Control Department at Kotobuki Seika Co., Ltd., a major group company, where he has faithfully fulfilled his duties. We have determined that, drawing on his extensive experience and insight, he is capable of accurately, fairly, and efficiently auditing and supervising the execution of duties by the directors.	○	○	○	○		○
Yasuhiro Tanaka (Outside)	male	Outside (part-time) Audit & Supervisory Board Member	As a certified tax accountant, he has professional knowledge and extensive experience in finance and accounting, which we believe will be reflected in the Company's management from a neutral and objective standpoint, and as of June 2026, he is fulfilling his responsibilities as an outside director of the Company who is a member of the Audit and Supervisory Committee of the Company.		○				
Keiko Ueda (Outside)	female	Outside (part-time) Audit & Supervisory Board Member	In addition to her legal expertise and wealth of experience as an attorney, she will be able to reflect on the Company's management from a neutral and objective standpoint, based on her unique perspective as a woman.			○			

Risk Management

Responding to Significant Risks

To maintain fair and sound corporate activities, the Group establishes and operates various regulations, maintains appropriate systems for various organizations, and conducts accurate audits. The Group's risk management is based on the audit work of the Audit and Supervisory Committee, regular accounting audits by the accounting auditor, internal audits by the Internal Audit Office, and regular meetings of the Compliance Committee. Through these, the Group audits and supervises the status of business execution from an impartial perspective both inside and outside the Company, evaluates the appropriateness and rationality of business activities, and makes recommendations for improvement. For the purpose of preventing violations of laws and regulations and taking early corrective measures and measures to prevent recurrence, the Group has established and operates an internal reporting system in which the departments in charge of compliance, the administrative departments of each Group company, and our legal counsel serve as direct points of contact for receiving information.

List of Responses to Significant Risks

Type of risk	Risks	Counter-measure
Abnormal weather conditions, large-scale disasters, etc. Rapid fluctuations in consumption trends	The Group's core business deals in confectionery and other luxury goods, which, due to the nature of their uses and other factors, are subject to seasonal fluctuations and tend to be affected by weather fluctuations.	・Weather forecasts are being closely monitored.
Natural disaster	In the event of a major natural disaster that causes extensive damage to our business sites, resulting in long-term inoperability or other major disruptions to production or sales activities, or in the event that we are unable to sell products because we basically have a one-product, one-plant production system, with the exception of certain products, our group's business results may be affected. Therefore, the occurrence of being unable to sell products may have an impact on the Group's operating results.	・Regular equipment inspections, fire insurance coverage ・Avoid concentration of production and sales dependence on specific regions by decentralizing production bases
Food safety	Consumers are becoming extremely concerned about food safety. In addition, the confectionery and food industry is experiencing problems related to food quality and safety, such as mislabeling of food products and management of expiration dates and best-before dates for raw materials and products.	・Compliance with laws and regulations and maintenance of response manuals ・Ensure proper labeling ・Establishment of a system to respond to abnormalities
Legal Regulations	If the Food Sanitation Law, JAS Law, Food Labeling Law, Act against Unjustifiable Premiums and Misleading Representations, Unfair Competition Prevention Law, Product Liability Law, etc. were to be revoked or if we were ordered to suspend operations due to violations of laws and regulations, this could have a significant impact on the continuation of our group's operations and business performance. In addition, the Group's business continuity and operating results may also be affected in the event that business activities are restricted and operations are delayed due to the strengthening of regulations or the introduction of new regulations in the future.	・Compliance with the conditions and laws and regulations for obtaining permits and licenses
Procurement of raw materials and price hikes	Confectionery ingredients consist mainly of many agricultural products such as flour, azuki beans, sugar, and oils and fats, which may be subject to price hikes and difficulties in stable procurement due to unseasonable weather in producing regions, the effects of natural disasters, or changes in global supply and demand conditions, and in the case of imported ingredients, purchase prices may also fluctuate due to exchange fluctuations. In addition, soaring crude oil prices may increase the prices of fuels such as heavy oil and petroleum products such as packaging materials and containers.	・Diversification of information gathering and procurement sources ・Advance price negotiations
Information Security	Our group possesses customer information, personal information, and confidential business and technical information in its business activities. We also utilize various information systems to provide services and perform our operations. Regarding internal management systems, we have established various regulations, including the "Information Management Regulations," "Personal Information Management Regulations," and "Information Security Regulations." We are working to further strengthen security, including hardware aspects, by establishing an information security promotion framework and providing employee training. Particularly in mail-order sales, where we hold the personal information of many customers, we comply with the Act on the Protection of Personal Information (hereinafter referred to as the "Personal Information Protection Act") and strive for strict management. However, should an information security incident occur, such as the suspension of information systems due to disasters, accidents, or cyberattacks, or the loss or leakage of information due to unauthorized access, or should an event occur that violates the Personal Information Protection Act, it could lead not only to a decrease in sales, the occurrence of damages, and the incurrence of response costs, but also to a loss of social credibility and damage to the brand value of our Group, potentially impacting our Group's business performance.	・Establishment of regulations such as the "Information Management Regulations" and "Personal Information Management Regulations," and development of internal systems ・Compliance with and management of the Personal Information Protection Act in the mail-order business
Overseas Business Development	Our group is engaged in business activities, mainly in Asia, by exporting products and through local subsidiaries and franchise partners. Unexpected adverse economic or political factors, legal restrictions, or other events in the regions where we operate, such as earthquakes and other natural disasters, terrorist conflicts, or epidemics of infectious diseases, could impede our overseas business activities and affect our group's operating results.	
Impairment of fixed assets	Our group owns various assets related to factories and stores used in our business activities. If impairment losses were to be recorded against subject assets due to a decline in profitability caused by significant changes in the business environment or business activities, future cash flows, or other factors, the Group's operating results could be affected.	

Risk Management

Compliance

On June 22, 2021, the Company established a voluntary Nomination and Compensation Advisory Committee, consisting of a majority of independent outside directors, as an advisory body to the Board of Directors to strengthen the supervisory function of the Board of Directors and enhance the corporate governance system. Based on its corporate creed, the Kotobuki Spirits Group has codified the management philosophy that serves as the basis for all judgments (issued on January 1, 2003) and has further established the "Kotobuki Spirits Group Code of Ethics" and "Compliance Regulations" to clarify the basic stance on corporate ethics and legal compliance. These are disseminated thoroughly to all directors, officers, and employees to foster penetration of the management philosophy and strict adherence to corporate ethics. In addition, the Group has established the Compliance Committee as a cross-functional organization covering the entire Group, and works to develop, maintain, and improve its compliance system.

Communication with Stakeholders

The Group emphasizes stakeholder engagement: through communication with various stakeholders, the Group provides feedback to management on the opinions and expectations it receives, and reflects these in management and corporate activities. The Group is committed to contributing to the realization of a sustainable society through ongoing proactive communication.

Dialogue with Shareholders and Investors

The policy regarding the development of systems and initiatives to promote constructive dialogue with shareholders is as follows.

(i) IR activities of the Company are led by the President and Representative Director and the Director and General Manager of the Corporate Management Division.
(ii) Information on investor relations is handled by the Corporate Planning Department, the department in charge of investor relations, in cooperation with the relevant departments of the operating companies.
(iii) Our main IR activities include biannual financial results briefings, quarterly individual meetings with institutional investors and analysts, and the planning and operation of an IR site on our own website, which we strive to enhance by posting materials and videos of financial results briefings and general shareholders meetings on our IR site.
(iv) Opinions and other information obtained through IR activities are reported to the Board of Directors and the Management Committee as appropriate to share information.
(v) The Company appropriately and prudently manages insider information in the course of dialogue in accordance with the “Information Disclosure Rules” and the “Rules for Prevention of Insider Trading.”

Relationship with Each Stakeholder

		Means of Correspondence
Customers	We believe it is our responsibility to deliver safe, secure, and high-quality premium gift sweets to our customers, and we pursue customer satisfaction.	·Contact for inquiries on the corporate website ·Corporate and brand websites of group companies ·SNS, etc.
Employees	We will work on the penetration of our management philosophy, work-life balance, diversity, etc., so that we can demonstrate the “ultra field-oriented management,” which is one of the strengths of our group.	·Daily business activities ·In-house magazine ·Group consultation
Shareholders and Investors	To build a relationship of trust with our shareholders and investors, we place importance on communication and reflect the opinions and requests we receive in our corporate activities.	·Shareholders’ meetings ·Meetings with institutional and individual investors ·Financial results briefings ·IR website
Business Partners	In our procurement activities, we will build relationships of trust with our suppliers and cooperate with them on the basis of coexistence and co-prosperity.	·Daily business activities
Local Communities	As members of local communities, our group will actively communicate with local communities to contribute to their sustainable development, and we will think about what our group can do and what is required of us, and walk together with them.	·Participation in community events and donations ·Volunteer activities in the community ·Plant tours



List of Officers

Directors



Seigo Kawagoe
Representative Director and President

April 1987 Joined the Company; Senior Managing Director
March 1989 Representative Director and Vice President
June 1994 Representative Director and President (Current Position)



Shinji Matsumoto
Managing Director
General Manager, Group Business Management Division

March 1990 Joined the Company
June 2010 General Manager, Corporate Planning Department
June 2012 Director, General Manager, Corporate Planning Department
June 2022 Managing Director, Group Business Management Division (Current Position)



Masayuki Shirouchi
Inside Director

March 1991 Joined the Company
February 2005 Head of Sales Division, Kujukushima Group Co., Ltd.
September 2012 Head of Sales Department, Kotobuki Seika Co., Ltd.
May 2015 President and Representative Director, Kotobuki Seika Co., Ltd. (Current Position)
June 2020 Director, the Company (Current Position)



Ryoichi Sakamoto
Inside Director

November 1987 Joined Tajima Kotobuki Co., Ltd.
May 2007 Managing Director, Tajima Kotobuki Co., Ltd.
July 2014 Director and General Manager, Sales Department, Sucrey Co., Ltd.
May 2019 President and Representative Director, Sucrey Co., Ltd. (current position)
June 2020 Director, the Company (current position)



Matsuo Iwata
Outside Director

April 1982 Joined Nissan Motor Co., Ltd.
July 1999 Managing Executive Officer, Coca-Cola Beverage Service Co., Ltd.
June 2009 Representative Director and Chief Executive Officer (CEO), Starbucks Coffee Japan Co., Ltd.
June 2012 Outside Director, Ootoya Holdings Co., Ltd.
June 2015 Director, the Company (Current Position)



Megumi Yoshimoto
Outside Director

April 1976 Joined Nippon Hoso Kyokai (NHK)
June 1981 Freelance Announcer (Current Position)
April 2015 Professor, Department of Literary Arts and Culture, Jumonji Gakuen Women's University
April 2020 Professor, Department of Literary Arts and Culture, Faculty of Education and Humanities, Jumonji Gakuen Women's University
June 2021 Director of the Company (Current Position)
April 2024 Professor Emeritus, Jumonji Gakuen Women's University (Current Position)

Directors (Audit and Supervisory Committee Members)



Jun Nagato
Director (Audit and Supervisory Committee Member)

March 1987 Joined the Company
April 2007 General Manager, Internal Audit Office
June 2012 Full-time Audit & Supervisory Board Member
June 2016 Managing Director and General Manager, Corporate Management Department, Kotobuki Seika Co., Ltd.
June 2026 Director, Head of Administration Division / Director (Audit and Supervisory Committee Member) (Current Position)



Yasuhiro Tanaka
Outside Director

April 1990 Joined Tanaka Yasuharu Tax Accountant Office (now Tanaka Tax Accountant Corporation)
June 2003 Representative Partner, Tanaka Tax Accountant Corporation (current position)
June 2016 Director (Audit and Supervisory Committee Member) of the Company (current position)

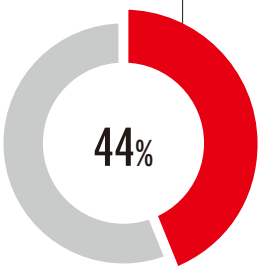


Keiko Ueda
Outside Director

November 2008 Completed judicial training at the Supreme Court Legal Training and Research Institute
January 2010 Joined Nakamura Sogo Law Office
January 2013 Partner at Umemoto, Kurihara & Ueda Law Office (now Kyobashi Muromachi Law Office) (Current Position)
March 2024 Outside Auditor, Nippon Techno Co., Ltd.
June 2024 Director (Audit and Supervisory Committee Member), the Company (Current Position)

Ratio of Outside Directors

Four of the nine directors are outside directors.



※As of the end of June 2026

Our DNA of valuing our customers and the deep-rooted practice of our management philosophy support our sustainable growth.

Our Company originated with Kotobuki Seika, founded in 1952, and has evolved into its present form through integration with various companies. The “DNA of valuing our customers,” cultivated since our founding, is deeply rooted in every Group company. President Kawagoe demonstrates positive and strong leadership, managing the Company with a deep commitment to our management philosophy, “To create happiness, provide happiness.” During a factory visit, I was deeply impressed to see him reading aloud a passage from the Management Philosophy Handbook with conviction at the morning meeting, and I realized that it is precisely these steady, day-to-day efforts that drive the philosophy’s integration throughout the organization. Looking ahead, key challenges include developing the next generation of executive leaders, further promoting women’s advancement, and adopting the latest technologies, including AI. At board meetings, we sometimes raise tough questions or express strong opinions, and on matters where we feel the deliberation or information is insufficient, we may ask for a revised proposal. While I may express my disagreement on certain matters, everyone—including the president—responds with sincerity. The materials provided in advance are always thoroughly prepared, and I have great respect for the meticulous work of the Board Secretariat. For my part, I strive to contribute my experience across various industries—such as food and beverage manufacturing—and my insights as a business leader to the Board’s discussions, and I do not hesitate to voice any concerns I may have.



“Ultra-Field-Oriented Management,” which involves the participation of all employees, leads to employee happiness and improved corporate performance.



One of our company’s greatest strengths is our “ultra-field-oriented management” approach, which involves the participation of every employee. How can we manufacture and sell delicious, appealing products? What should we do to satisfy our customers and increase sales? Every day, employees from various job roles across the country think and act to “create and deliver joy.” At board meetings, as we make decisions on a wide range of matters—including new business ventures, new product development, store openings, new factory construction, and M&A—I am often moved by our management’s approach of actively adopting ambitious proposals and encouraging employees’ spirit of taking on challenges. I believe that work should be enjoyable. The joy of taking daily tasks personally, collaborating with colleagues to overcome difficulties, and achieving goals is something that cannot be found anywhere else. At the “Kozuchi Presentation National Convention,” I saw many such smiles on our employees’ faces. Creating a stress-free workplace where each individual’s abilities are utilized and where positive communication flourishes across gender, age, and hierarchical boundaries—along with health management—brings out the best in our employees. I believe that only when each individual is happy can we “create and deliver joy,” which in turn leads to improved corporate performance. I, too, will do my utmost to support and strengthen the motivation of our frontline employees.

Advancing Capital-Efficient Management Based on Brand Recognition and Cash Flow Generation

Our strengths lie in our brand recognition and ability to generate stable cash flow, which are underpinned by our ability to create compelling in-store experiences that foster a unique worldview, our product development capabilities that consistently produce delicious confections, and our sales capabilities supported by the sharing of best practices. Another key feature is our integrated system, which spans everything from raw material procurement to manufacturing and sales. This enables us to quickly bring story-driven products to market and has allowed us to build a business foundation capable of absorbing, to a certain extent, the impacts of fluctuations in demand and raw material prices. Underpinning this are a corporate culture that constantly pursues evolution, high morale among all employees maintained through annual management slogans, and a code of conduct based on our Management Philosophy Handbook. The Board of Directors has assessed that a system is in place where the executive and supervisory sides maintain an appropriate distance and a constructive level of tension, and the opinions of outside directors are appropriately reflected. On the other hand, there is room for improvement in further deepening discussions on medium- to long-term strategies, developing the next generation of executives and promoting the appointment and advancement of women in management. As an outside director in charge of accounting and finance, I will contribute to achieving both profitability and capital efficiency by reviewing medium- to long-term portfolio strategies centered on ROE and ROIC, as well as decision-making regarding capital expenditures and M&A that takes capital costs into account. I also consider it an important role to promote constructive dialogue with shareholders and investors by enhancing disclosure and strengthening accountability.



Yasuhiro Tanaka

Outside Director
Member of the Audit and Supervisory Committee

The Passion and Sense of Mission of Our Employees Underpin the Appeal of Our Diverse Brands



Keiko Ueda

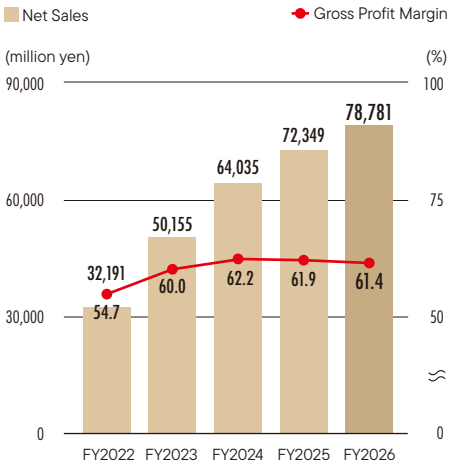
Outside Director
Member of the Audit and Supervisory Committee

Our company operates a wide range of dessert brands. Rather than resting on our laurels with our existing brands, we continue to create new ones. I believe the reason all our brands stand out and maintain their appeal is that every employee—starting with our sales staff—is a fan of our own brands and cherishes their unique worldview. This passion is evident in our customer service, and whether at the “Kozuchi Presentation National Competition” or during factory tours, you can feel our desire to deliver delicious sweets to as many people as possible and to create even more delicious products. Our strength lies in the fact that every employee approaches their work with a sense of fulfillment and mission. President Kawagoe consistently manages the company from a long-term perspective and demonstrates strong leadership. The companies within the group also inspire one another and engage in active information exchange. On the other hand, while there are many female employees on the front lines, we recognize the absence of women on the boards of directors of our group companies as an issue. We need to establish systems that make it easier for women to continue working and create an environment that fosters their desire for promotion. Furthermore, the use of AI will be indispensable going forward, and as an outside director, I will actively support initiatives aimed at its implementation. Additionally, as a lawyer, I will assess legal risks and the appropriateness of decisions, providing comments as necessary. As a member of the Audit and Supervisory Committee, I will work closely with the full-time members to oversee the execution of business operations.

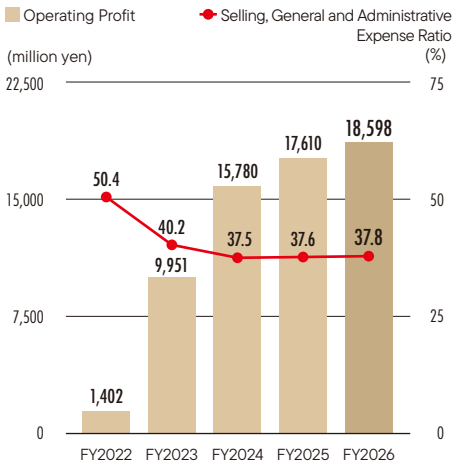
Financial / Non-Financial Highlights

Financial Highlights

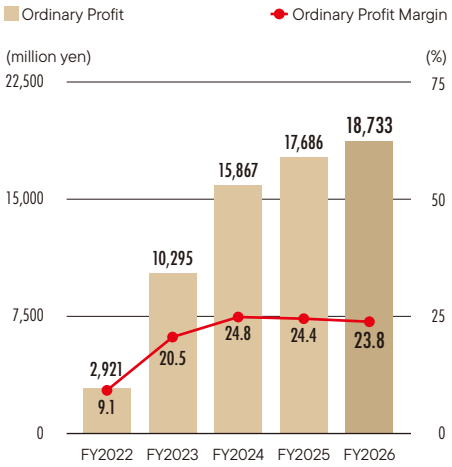
Net Sales / Gross Profit Margin



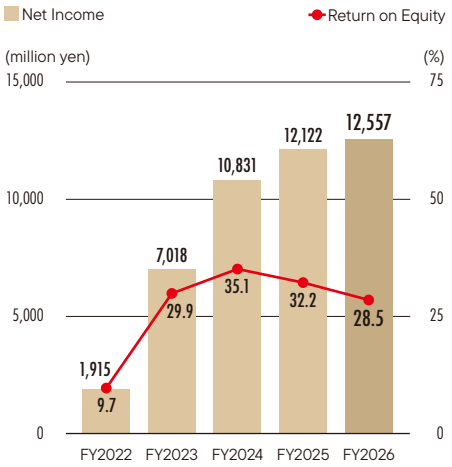
Operating Profit / Selling, General and Administrative Expense Ratio



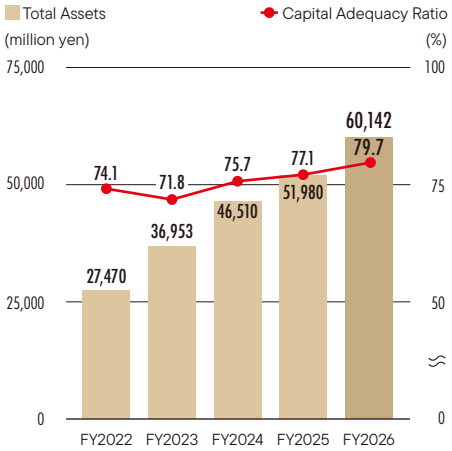
Ordinary Profit / Ordinary Profit Margin



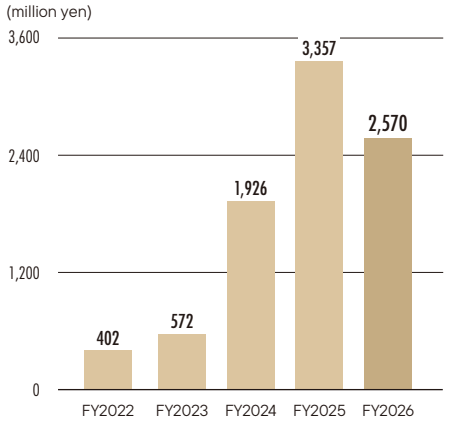
Net Income / ROE (Return on Equity)



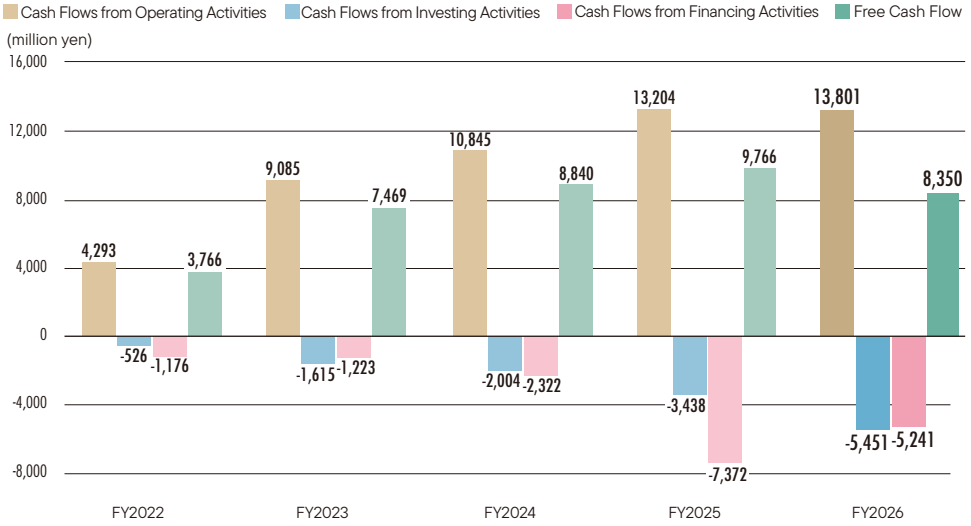
Total Assets/ Capital Adequacy Ratio



Capital Expenditure



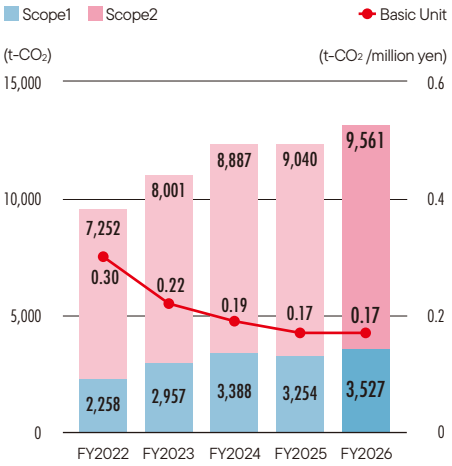
Sales, Investment, Finance, Free Cash Flow



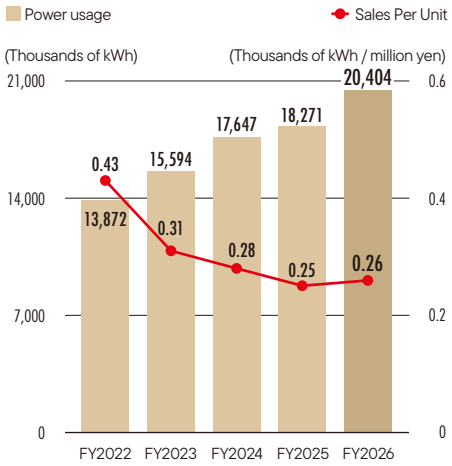
Financial / Non-Financial Highlights

Non-Financial Highlights

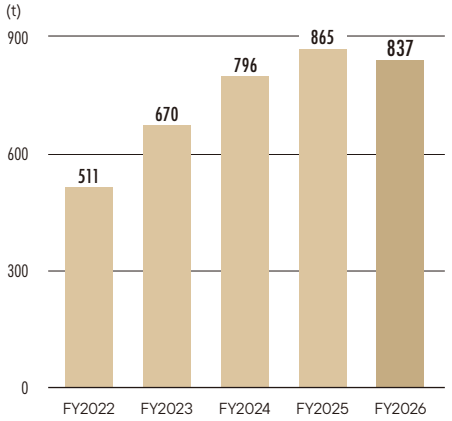
CO_2 Emissions / Sales Per Unit



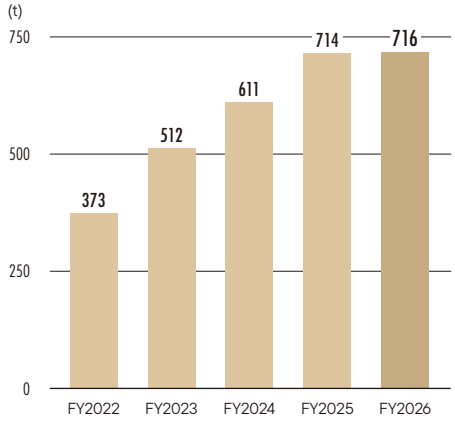
Power Usage / Sales Per Unit



Food Waste Volume

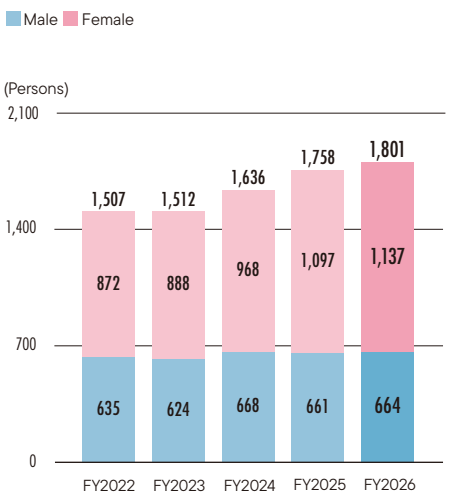


Recycling volume of food residue (Composting・Feeding・Thermal recycling)

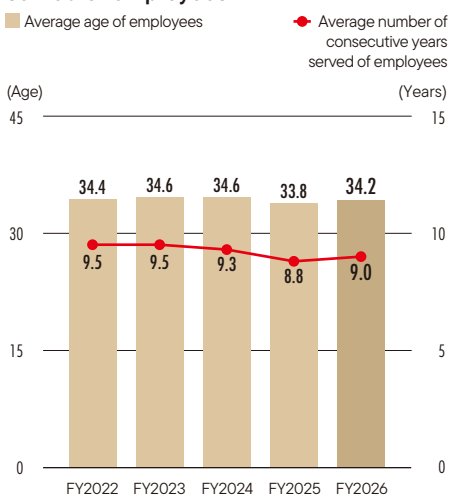


(Note) Starting from the fiscal year ending March 2024, this includes thermal recycling.

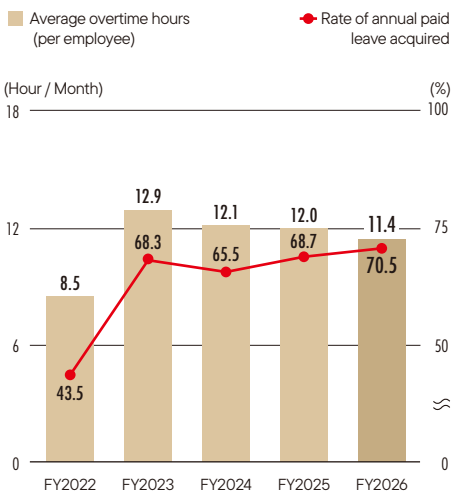
Number of employees



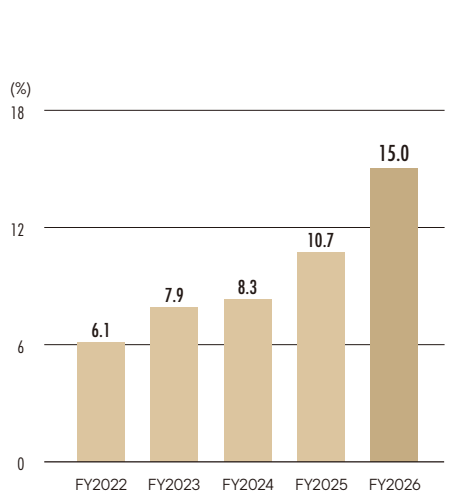
Average age of employees / Average number of consecutive years served of employees



Average overtime hours (per employee) / Rate of annual paid leave acquired



Female management rate



About Us/ Stock Information

As of March 31, 2026

About Us

Trade name	Kotobuki Spirits Co.,Ltd
Head office	2028 Hatagasaki, Yonago City, Tottori Prefecture
Tokyo Office	1-2-7 Kita-Aoyama, Minato-ku, Tokyo Kouzuki Capital East 4F
Establishment	April 25, 1952
Employees	Group Total 1,801 people
Corporate Website	https://www.kotobukispirits.co.jp/en/
Group Companies	

KCC Co.,Ltd
Sucrey Co.,Ltd
Kotobuki Seika Co.,Ltd
Tajima Kotobuki Co.,Ltd
Kotobukido Co.,Ltd
Minami Kotobukiseika Co.,Ltd
Kotobukikoujyuan Co.,Ltd
Hida Kotobukian Co.,Ltd
Mie Kotobukian Co.,Ltd
Setouchi Kotobuki Co.,Ltd
Tokai Kotobuki Co.,Ltd
Kotobukian Co.,Ltd
Hanafukudo Co.,Ltd
Kujukushima Group Co.,Ltd
KSK Co.,Ltd
JunAi Inc,
KCC international Taiwan Co.,Ltd
KMF Co.,Ltd
Hakone Tokinomi Co., Ltd.

*Established on April 1, 2026

Stock Information

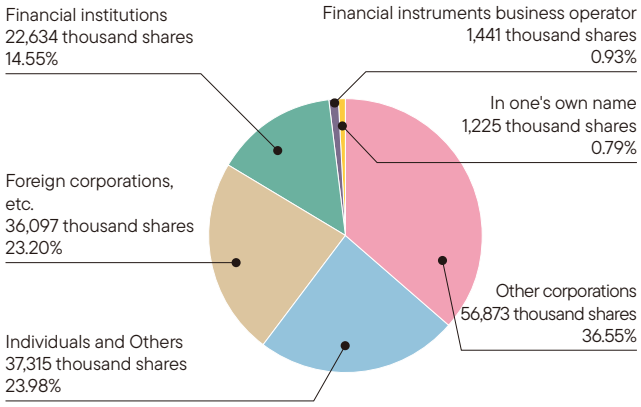
Total number of authorized shares:	456,000,000
Total number of shares issued:	155,658,402
Number of shares per trading unit:	100
Number of shareholders:	93,272
Listed Exchange:	Prime Market, Tokyo Stock Exchange
Stock Code:	2222
Annual General Meeting of Shareholders:	Annually
Shareholder Registry Administrator:	Mitsubishi UFJ Trust and Banking Corporation

Major Shareholders

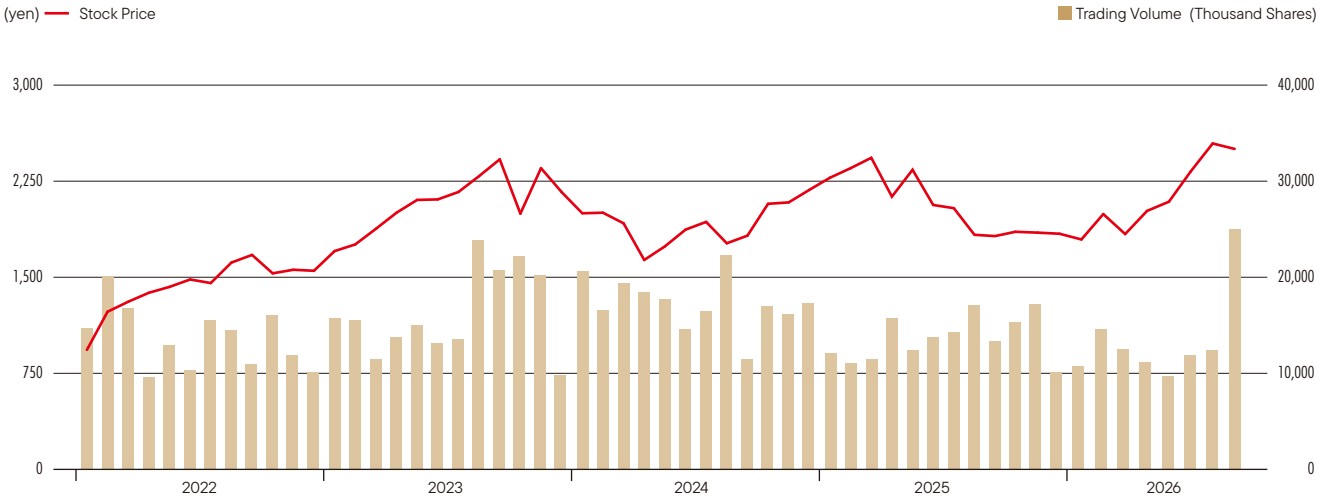
Shareholder Name	Number of shares held (shares)	Shareholding ratio (%)
S Kawagoe Co., Ltd	45,500,000	29.46
The Master Trust Bank of Japan, Ltd.	10,623,000	6.88
STATE STREET BANK AND TRUST COMPANY 505001	5,688,007	3.68
INDUS SELECT MASTER FUND, LTD.	4,933,200	3.19
San-in Godo Bank, Ltd.	3,657,300	2.37

(Note) Ownership ratio excludes 1,225,366 shares of treasury stock

Distribution of Shares by Shareholder



Stock Price and Trading Volume Trends



(Note) On October 1, 2023, a 5-for-1 stock split was conducted. The stock price shown is adjusted accordingly.

New Brand Information

**During the fiscal year ending March 2026, a total of five new brands—
"SALTRA," "VANISTA," "Hakattarashi," "HELLO MAPLI," and "Shu Shu"—opened new stores.**

SALTRA

"SALTRA" is a specialty salt-sweets brand that opened on November 12, 2025, on the first floor of Hanshin Umeda Main Store. Centered on salt --an essential ingredient in both sweets and savory dishes --it creates confections designed around the character of salt. By selectively using Awajishima seaweed salt and Ako nonigari salt to suit each product, SALTRA offers sweets from its base at Hanshin Umeda Main Store in Osaka that bring out the natural flavors of their ingredients through a harmonious balance of sweetness and saltiness.



Popular Items

Caramel Sand Cookies

We've sandwiched our homemade salted caramel --cooked with sea salt from Awaji Island --between salted butter cookies baked with grass-fed butter. The rich sweetness of the caramel and the mellow saltiness create a profound harmony. This is SALTRA's signature product, crafted by those who truly understand the allure of salt.



VANISTA

"VANISTA" is a specialty sweets boutique that opened on November 21, 2025, in the sweets and gift section on the B1 floor of Seibu Ikebukuro Main Store. Showcasing the refined elegance of Tahitian vanilla, it offers exquisite desserts of the highest quality. Tahitian vanilla is an exceptionally rare ingredient, as its harvest is highly susceptible to weather conditions and its supply is limited. Its floral, luscious aroma, deep flavor, and beautifully lingering finish create a lasting sense of bliss. With every bite, VANISTA offers an elegant moment that feels like an invitation to paradise.



Popular Items

Vanilla Sandwich Cookies

These cookies are baked to a crisp texture, infused with the rich aroma of Tahitian vanilla and the mellow umami of Miyako Island snow salt, and sandwiched with rich vanilla chocolate. With just one bite, they melt lightly on the tongue, and the vanilla aroma fills your mouth—a flavor that lingers long after the cookie is gone. This is VANISTA's signature product.



Hakattarashi

A Japanese-Western confectionery brand offering a new kind of Hakata souvenir inspired by mitarashi.

HELLO MAPLI

A modern maple sweets brand from Nagoya, crafted with pride.

Shu Shu

Offering a new style of Yokohama Western confectionery with a subtle lingering note of spice.






寿心

喜びを創り喜びを提供する

寿スピリッツ

Our company name embodies our aspiration to forge ahead with passion and dedication into the future, creating ever greater joy. Our symbol mark represents the hearts of each employee coming together to form a circle.

