St.Cousair
サンクゼール

FY Ending March 2024 Financial Results

May 7, 2024





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Highlights

- In the fiscal year under review, the total sales amounted to ¥191.62 billion (up by 7.3% from the same period last year), while operating profit was ¥12.89 billion (a decrease of 19.4%).
- Store sales showed a decrease in directly managed stores by 1.4% compared to the same period last year, while franchise-operated stores increased by 12.6%. The total number of stores increased by 13 compared to the end of the previous fiscal year (new openings: 1 company-operated, 13 franchise-operated; closures: 1 franchise-operated).
- The number of customers at existing stores decreased by 3.1% compared to the same period last year. However, the average spending per customer at existing stores increased by 5.3%.
- Online sales increased by 1.5% compared to the same period last year.
- In response to customer feedback about high prices, the prices of staple products at Kuze Fuku & Co., St.Cousair, and MeKEL were lowered from December 2023 to February 2024. This led to an increase in both the number of customers and the volume of purchases.
- Wholesale sales decreased in the fourth quarter compared to the same period last year due to increased promotional expenses related to product turnover and the introduction of new products aimed at major retail chains for the coming fiscal year. However, overall wholesale sales increased by 4.0% compared to the same period last year.
- Global sales experienced significant growth in the fiscal year under review, driven by the recovery of sales to major retail chains in the United States and the inclusion of sales of Portlandia Foods branded products following the acquisition in June 2023, resulting in a year-on-year increase of 50.2%.

*We define stores that have been open for 18 months or more as "existing stores."

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Consolidated Results Summary

Since the autumn of 2023, existing store sales have slowed down in response to reduced exposure on major television programs compared to the previous year, as well as an increasing trend among customers to save money due to rising food prices. Factors such as increased promotional expenses in wholesale also contributed to an increase in revenue with reduced profitability compared to the previous period.

Unit: ¥K	Full year (2023/4-2024/3)			4Q accounting period (2024/1-2024/3)		
		Previous period results	YoY		Previous period results	YoY
Sales revenue	19,162,919	17,865,650	+7.3%	4,858,655	4,682,521	+3.8%
Cost of goods sold	12,109,171	10,835,575	+11.8%	3,245,219	2,857,725	+13.6%
Gross profit	7,053,748	7,030,074	+0.3%	1,613,436	1,824,796	▲11.6%
Gross profit margin	*36.8%*	*39.3%*	*+2.5pt*	*33.2%*	*39.0%*	*▲5.8pt*
SG&A	5,764,556	5,430,285	+6.2%	1,412,242	1,403,190	+0.6%
Operating profit	1,289,191	1,599,789	▲19.4%	201,194	421,606	▲52.3%
Operating profit margin	*6.7%*	*9.0%*	*+2.3pt*	*4.1%*	*9.0%*	*▲4.9pt*
Ordinary profit	1,401,636	1,620,612	▲13.5%	268,836	412,666	▲34.9%
Net income attributable to parent company shareholders	818,088	1,058,878	▲22.7%	93,510	269,736	▲65.3%

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Sales by Sales Channel

●Stores (Directly-managed, Franchises)
Since last autumn, there has been a downward trend in the number of customers at existing stores. However, after lowering the prices of staple products, there has been an increase in both customer numbers and purchase volumes thereafter. The total number of stores increased by 13 compared to the end of the previous fiscal year (new openings: 1 company-operated, 13 franchise-operated; closures: 1 franchise-operated). The number of customers at existing stores decreased by 3.1% compared to the same period last year, while the average spending per customer at existing stores increased by 5.3%.

●E-commerce
There was a slight increase of 1.5% compared to the same period last year, attributed to reduced exposure on major television programs and an increasing trend among customers to save money due to rising food prices.

●Wholesale
Overall sales increased by 4.0% compared to the same period last year. This is despite a decrease in sales revenue in the fourth quarter compared to the same period last year due to increased promotional expenses related to product turnover and the introduction of new products aimed at major retail chains for the coming fiscal year, .

●Global
Experienced significant growth in the fiscal year under review, driven by the recovery of sales to major retail chains in the United States and the inclusion of sales of Portlandia Foods branded products following the acquisition in June 2023, resulting in a year-on-year increase of 50.2%.

Unit: ¥K

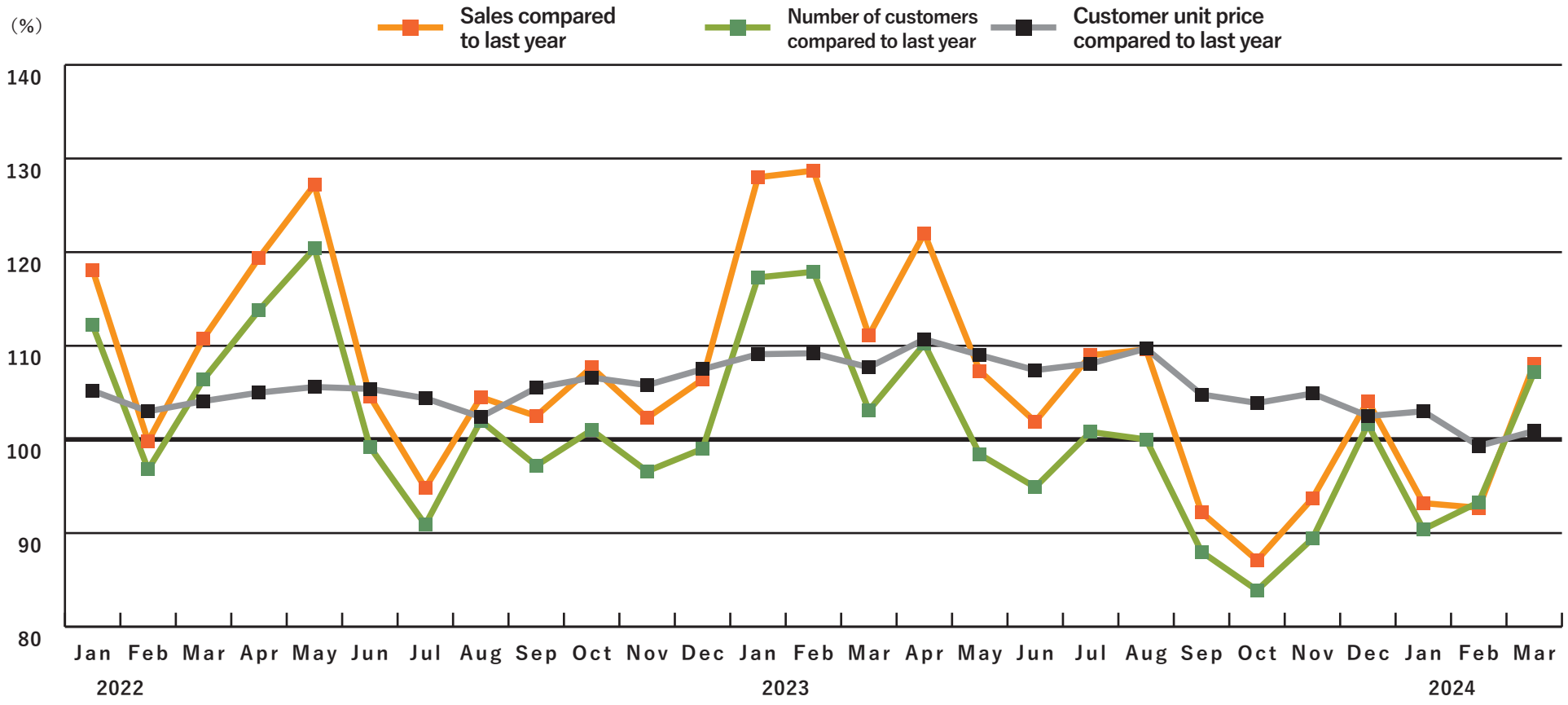
	Full year (2023/4-2024/3)					4Q Accounting Period (2024/1-2024/3)				
		Composition Ratio	Previous Period Results	Composition Ratio	YoY		Composition Ratio	Previous Period Results	Composition Ratio	YoY
Directly-managed stores	6,455,786	33.7%	6,547,112	36.6%	▲1.4%	1,674,279	34.5%	1,776,123	37.9%	▲5.7%
Franchises	7,027,083	36.7%	6,239,748	34.9%	+12.6%	1,776,802	36.6%	1,673,964	35.7%	+6.1%
E-commerce	1,111,681	5.8%	1,095,268	6.1%	+1.5%	267,439	5.5%	262,435	5.6%	+1.9%
Wholesale	3,181,343	16.6%	3,060,147	17.1%	+4.0%	631,251	13.0%	748,356	16.0%	▲15.6%
Global	1,387,024	7.2%	923,373	5.2%	+50.2%	508,882	10.5%	221,642	4.7%	+129.6%
Total	19,162,919	100.0%	17,865,650	100.0%	+7.3%	4,858,655	100.0%	4,682,521	100.0%	+3.8%

*We define stores that have been open for 18 months or more as "existing stores."

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Existing stores* Sales, number of customers, and average spend per customer

- The number of customers at existing stores in the current consolidated fiscal year decreased by 3.1% compared to the same period last year. The decrease was attributed to customer response from reduced exposure on major television programs in the previous year and an increasing trend among customers to save money due to rising food prices.
- In response to customer feedback stating that "product prices are high," the prices of staple products at Kuze Fuku & Co., St.Cousair, and MeKEL were lowered from December 2023 to February 2024. This led to an increase in both the number of customers and the volume of purchases, forming a trend of increased purchases.

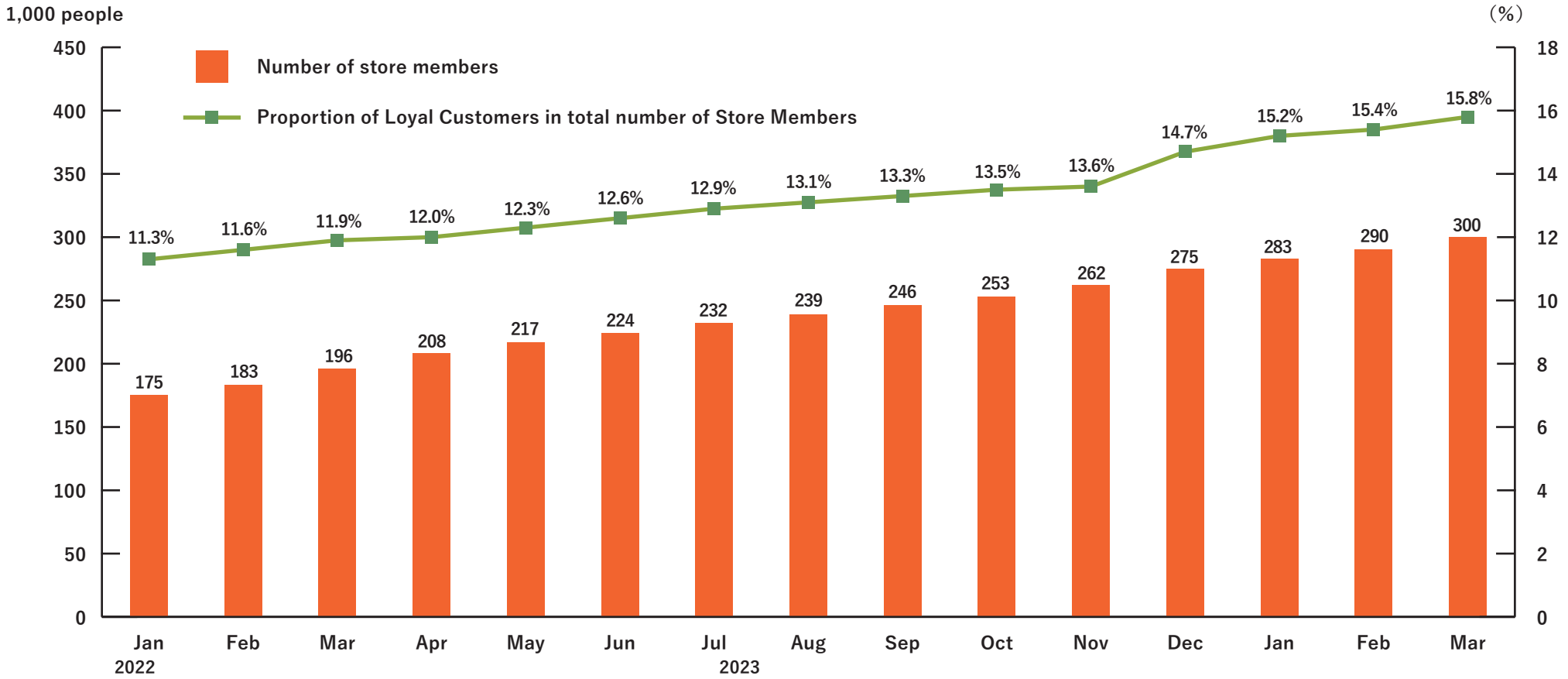


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Number of Store Members/Loyal Customer Ratio

- We launched our official app in April 2021. Since then, the number of customers registered on the app has been steadily increasing.
- To increase the number of customers who become fans of our company, we delve deeper into customer needs through interviews and surveys at our retail stores. The proportion of loyal customers among store members is on the rise.



*1. The above graph shows the number of customer members who utilize stores excluding EC members. *2. Among the customer members registered in our official app, we define as 'loyal customers' those whose total purchase amount over the 7-month period from the reference date (end of each month) exceeds the predetermined amount set by our company."

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Number of stores by type of business

In the consolidated fiscal year, 13 new stores (13 franchise stores) under the Kuze Fuku & Co. format and 1 new store (1 directly-managed store) under the MeKEL format were opened. The number of closures during the consolidated fiscal year was 1 store (1 franchise store) under the Kuze Fuku & Co. format.

Unit: Store

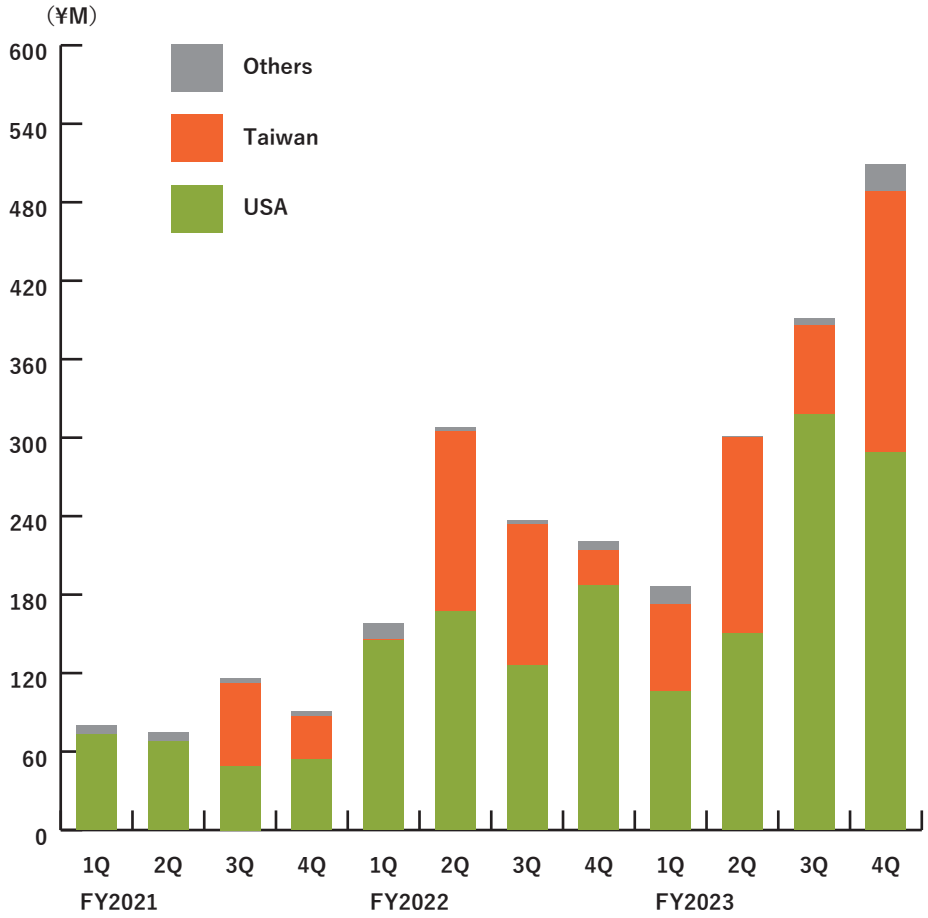
		Number of stores as of March 2023	End of March 2024 (2023/4-2024/3)		
			Opened	Closed	Number of stores
St.Cousair	Directly-managed	12	-	-	12
	Franchises	4	-	-	4
	Total	16	-	-	16
Kuze Fuku & Co.	Directly-managed	39	-	-	39
	Franchises	103	13	1	115
	Total	142	13	1	154
MeKEL	Directly-managed	-	1	-	1
	Franchises	-	-	-	-
	Total	-	1	-	1
All formats	Directly-managed	51	1	-	52
	Franchises	107	13	1	119
	Total	158	14	1	171

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Global situation: Sales by country

Domestic sales for the consolidated fiscal year increased by ¥237 million for sales to the United States and by ¥210 million for sales to Taiwan.

Sales by country (*1, 2)



Quarterly Highlights

USA

- The recovery of sales to major retail chains in the United States and the inclusion of sales from the Portlandia Foods brand, acquired in June 2023, led to an increase of ¥101 million in fourth-quarter sales (*3) compared to the same period last year.
- The average exchange rate of the US dollar used for the translation of the profit and loss of US subsidiaries in the consolidated fiscal year was ¥140.67 (compared to ¥131.62 in the same period of the previous year).

Taiwan

- Participation in promotional events by major US retail chains in the second and third quarters of the previous fiscal year, and participation in the second and fourth quarters of the current fiscal year, resulted in a ¥171 million increase in fourth-quarter sales compared to the previous year.

Others

- In addition to Australia and Hong Kong, transactions with customers in South Korea commenced from the fourth quarter of the current fiscal year.

*1. Calculated by country of final sale. *2. The above figures have not undergone a quarterly review by an external auditor. *3. Applies to the period from October to December 2017 at the US subsidiary.

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SG&A Expense Status

●Personnel Expenses　Increased by ¥90 million due to the implementation of base pay increases (fixed cost increase) and new hires.

●Other Expenses　Increased due to branding and marketing expenses, shareholder-related expenses, in-house IT-related expenses, M&A-related expenses, etc.

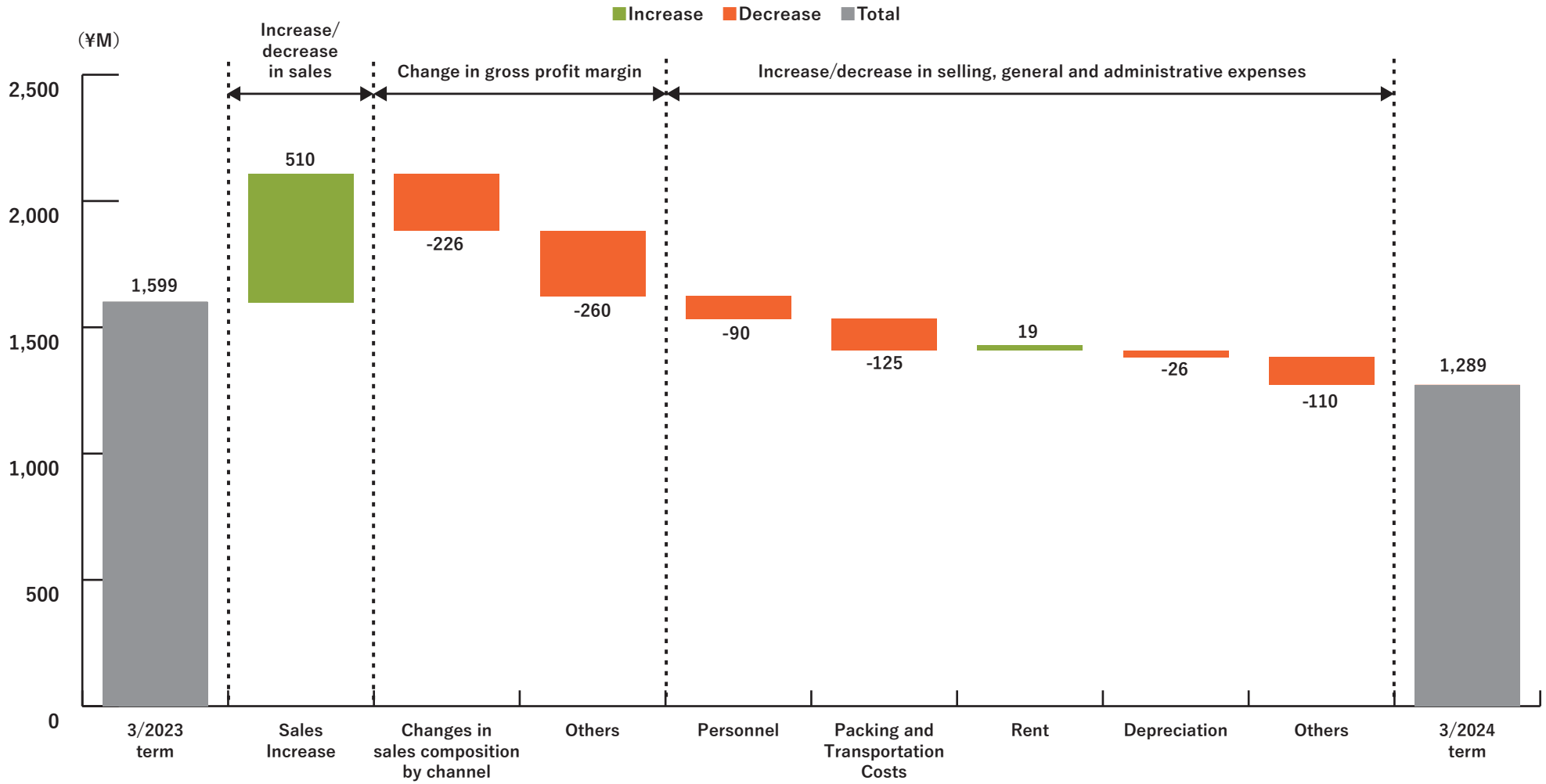
Unit: ¥K

	Full year (2023/4-2024/3)					4Q Accounting Period (2024/1-2024/3)				
		Sales Ratio	Previous Period Results	Sales Ratio	YoY		Sales Ratio	Previous Period Results	Sales Ratio	YoY
Personnel Costs	2,316,928	12.1%	2,226,097	12.5%	+4.1%	554,787	11.4%	568,656	12.1%	▲2.4%
Packing and Transportation Costs	1,180,415	6.2%	1,054,603	5.9%	+11.9%	288,153	5.9%	251,352	5.4%	+14.6%
Rent	628,309	3.3%	648,082	3.6%	▲3.1%	166,192	3.4%	175,953	3.8%	▲5.5%
Depreciation	196,826	1.0%	169,898	1.0%	+15.8%	70,552	1.5%	51,692	1.1%	+36.5%
Other expenses	1,442,077	7.5%	1,331,604	7.5%	+8.3%	332,556	6.8%	355,535	7.6%	▲6.5%
Total	5,764,556	30.1%	5,430,285	30.4%	+6.2%	1,412,242	29.1%	1,403,190	30.0%	+0.6%

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Consolidated Operating Profit YoY

Alongside changes in the sales composition ratio by channel, the gross profit margin has deteriorated due to price reductions in products since December 2023 and increased promotions in the wholesale channel.



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Balance Sheet

The increase in sales in March 2024 resulted in an increase in accounts receivable balance.

Unit: ¥K	FY Ending March 2023	FY Ending March 2024	YoY
Cash and Cash Equivalents	3,317,671	2,660,149	▲19.8%
Accounts Receivable	1,728,233	2,206,610	+27.7%
Inventory Assets	1,635,730	1,523,707	▲6.8%
Other Current Assets	132,815	124,792	▲6.0%
Allowance for Doubtful Accounts	-92	313	
Total Current Assets	6,814,358	6,514,945	▲4.4%
Total Fixed Assets	2,360,079	2,907,589	+23.2%
Total Assets	9,174,438	9,422,534	+2.7%
Total Liabilities	4,948,426	4,680,457	▲5.4%
Total Equity	4,226,011	4,742,077	+12.2%
Equity Ratio	46.0%	50.3%	+4.3pt

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ROIC・ROE

●By focusing on new store openings centered around franchisees (FC), along with the growth in sales from channels other than E-commerce, wholesale, and global stores, we have achieved a high Return on Invested Capital (ROIC).

■ROIC (Last 12 months)

14.7%

Previous consolidated fiscal year 19.1%

Formula

$$\frac{\text{Operating Income} \times (1 - \text{Effective Tax Rate})}{(\text{Shareholders' Equity} + \text{Interest-Bearing Debt})^*}$$

■ROE (Last 12 months)

18.3%

Previous consolidated fiscal year 28.0%

Formula

$$\frac{\text{Net Income attributable to parent company shareholders}}{\text{Shareholders' Equity}^*}$$

*Figures are calculated based on the average balance of the end-of-quarter accounting period, corresponding to the beginning and end of the calculation period of the most recent 12 months. Additionally, for the increase in shareholders' equity due to public offerings at the time of listing on the growth market in December 2022, it is assumed that the public offering was conducted at the beginning of each calculation period, and the calculation of each indicator is performed accordingly.

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Consolidated Earnings Forecast for FY Ending March 2025

The consolidated earnings forecast for the fiscal year ending March 2025 is as follows.

■Consolidated earnings forecast

●Sales Revenue: We aim for stable growth every period to achieve long-term sustainable growth.

●Operating Income: While sales revenue increases, we plan to invest in marketing expenses for fan generation and enhancement of human investment, including wage increases, to achieve sustainable growth. As a result, we expect a growth of 4.1% in operating income.

●Ordinary Income and Net Income attributable to the parent company: Excluding special factors such as foreign exchange gains and losses for the fiscal year ending March 2024, we expect growth rates of -5.2% and +5.6% respectively.

Unit: ¥M	3/2025 Term	Results for FY Ending March 2024	YoY
Sales Revenue	20,913	19,162	+9.1%
Operating Profit	1,342	1,289	+4.1%
Operating Profit Margin	*6.4%*	*6.7%*	*▲0.3pt*
Ordinary Profit	1,329	1,401	▲5.2%
Net Income attributable to parent company shareholders	864	818	+5.6%

■Sales Forecast by Sales Channel

● Directly-managed and Franchise Stores: Existing store sales are expected to remain flat year-on-year, with plans for the opening of 2 directly-managed stores and 9 franchise stores.

● E-commerce: Expecting stable growth due to the expansion of fan customers.

● Wholesale: Planning to increase the number of adopted products for major customers and increase sales per product.

● Global: Anticipating sales growth for major customers in the United States, as well as the growth of the Portlandia Foods brand acquired in the previous period. Additionally, expecting continuous growth in Asia (Taiwan and South Korea).

Unit: ¥M	3/2025 Term	Results for FY Ending March 2024	YoY
Directly-managed stores	6,535	6,455	+1.2%
Franchises	7,282	7,027	+3.6%
E-commerce	1,168	1,111	+5.1%
Wholesale	3,842	3,181	+20.8%
Global	2,084	1,387	+50.3%
Total	20,913	19,162	+9.1%

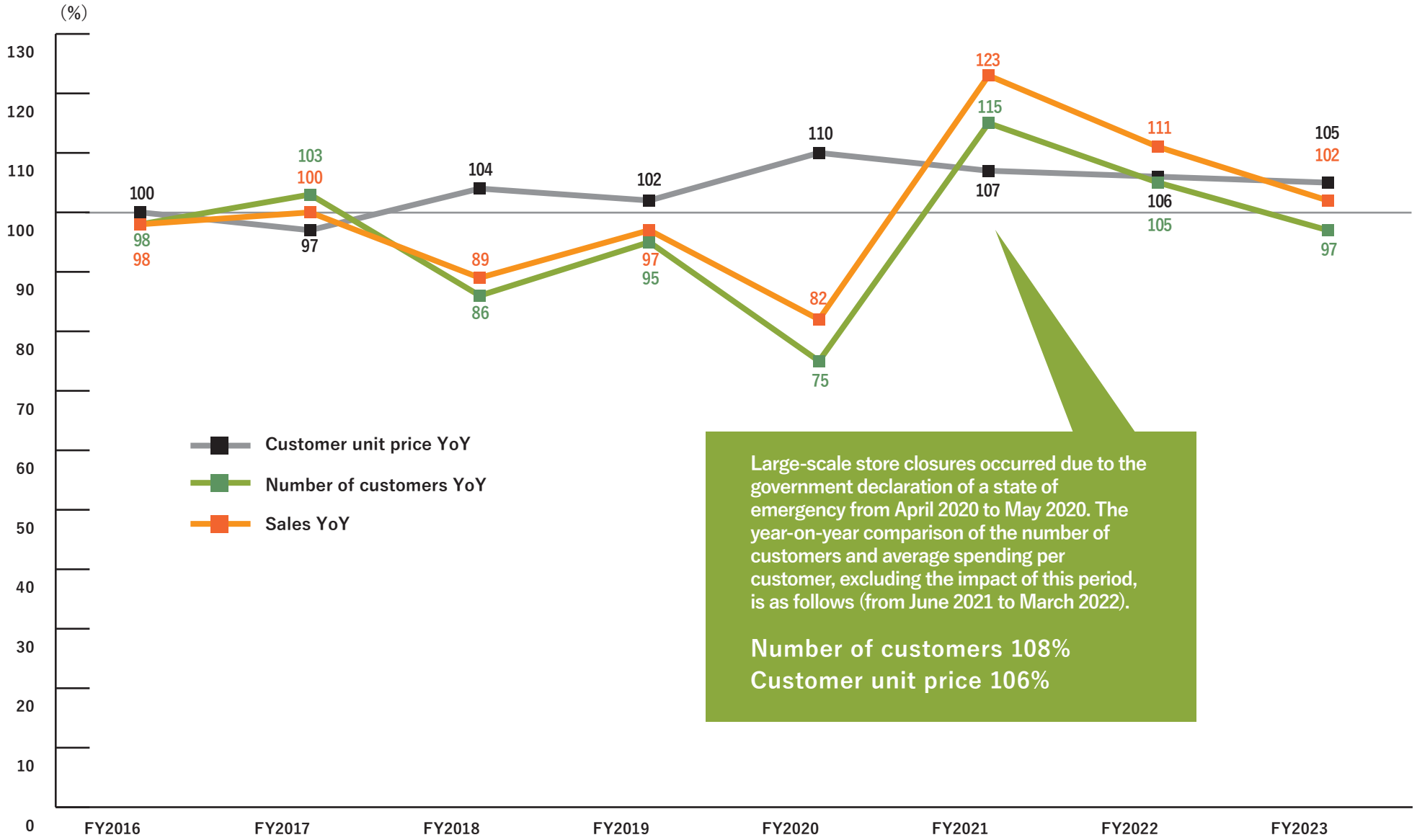
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Caution

The performance forecasts and future predictions of our company described in this document are based on the information available to us at the time of preparation. Please be aware that actual performance and results may significantly differ from these forecasts due to changes in domestic and international economic conditions, developments in internal and external situations, and various external and internal factors. We appreciate your understanding of this possibility.

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Existing Store(*1, 2) Sales, Number of Customers, and Average Customer Spend YoY

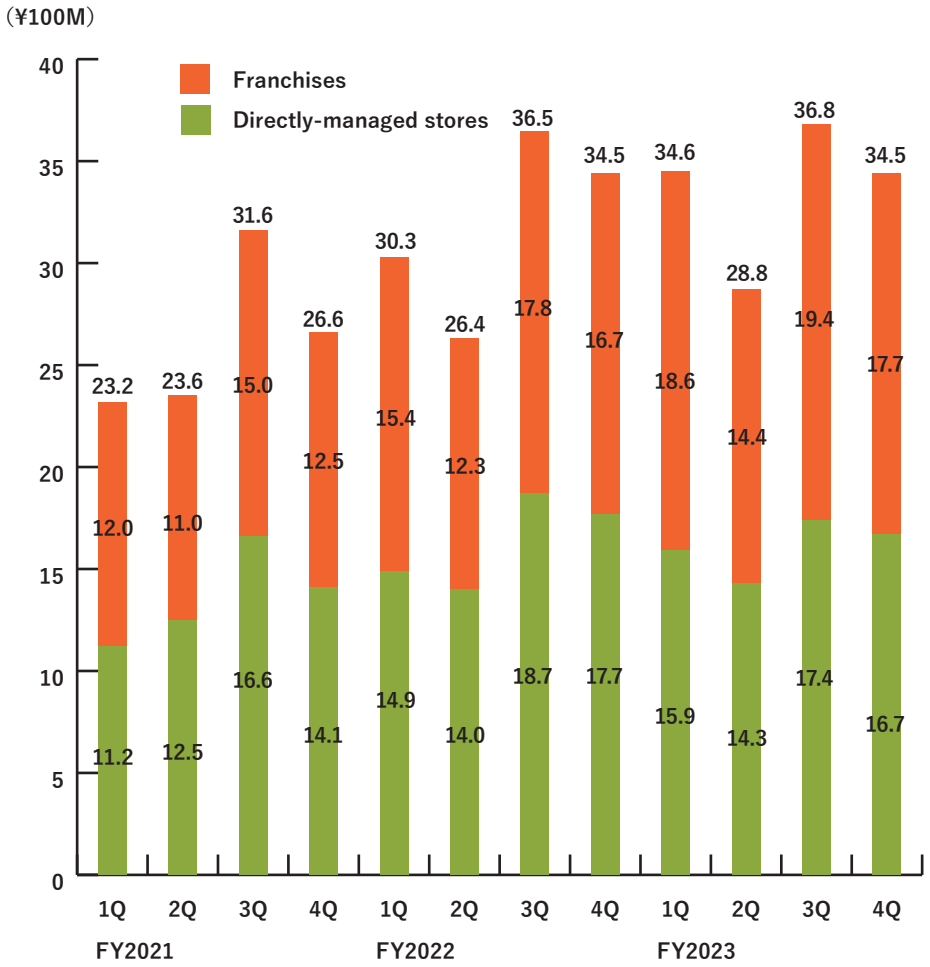


*1. We define stores that have been open for more than 18 months as 'existing stores'. *2. Sales revenue, number of customers, and average spending per customer year-on-year comparisons are calculated for stores that have been open for more than 18 months at the beginning of each fiscal year.

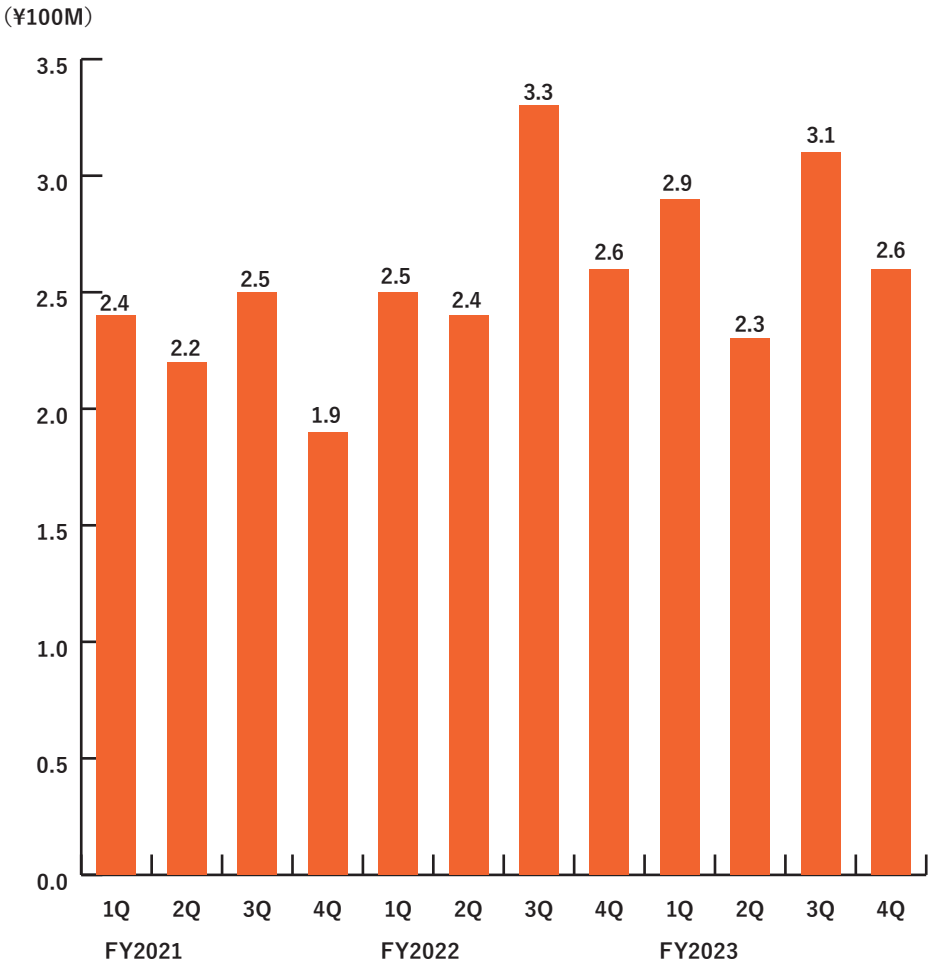
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Results by Sales Channel (Stores & E-commerce)

Quarterly Sales (Stores)



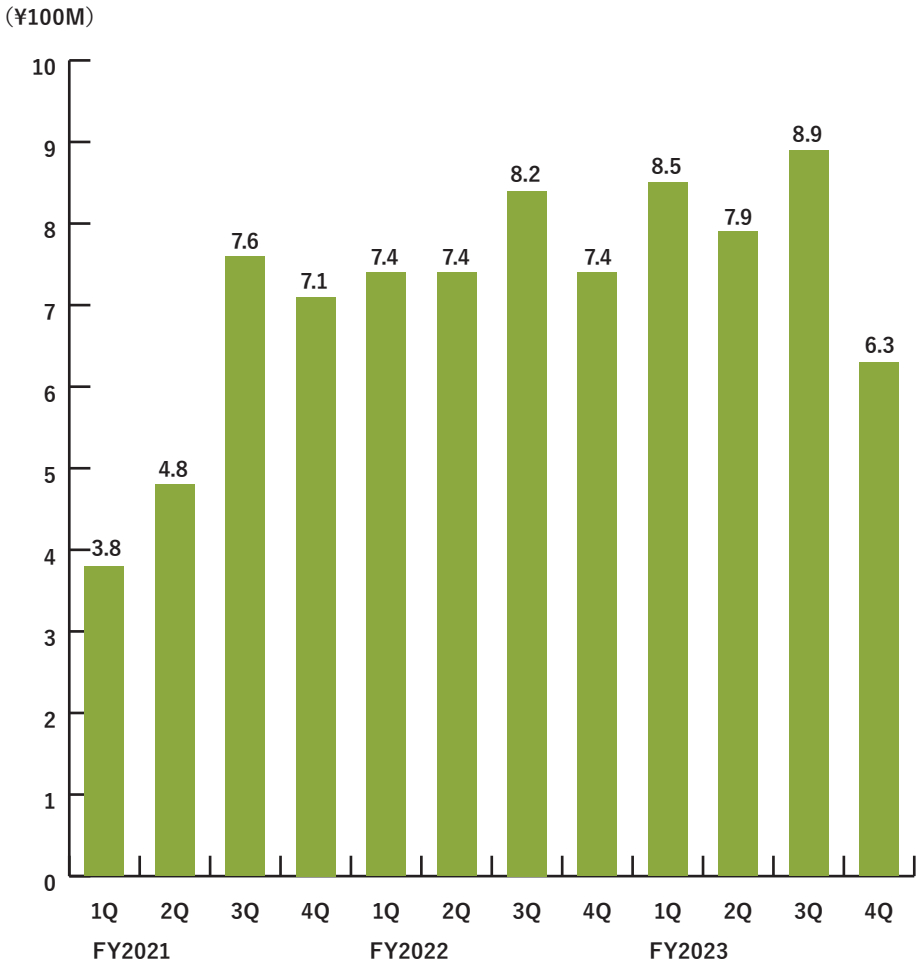
Quarterly Sales (E-commerce)



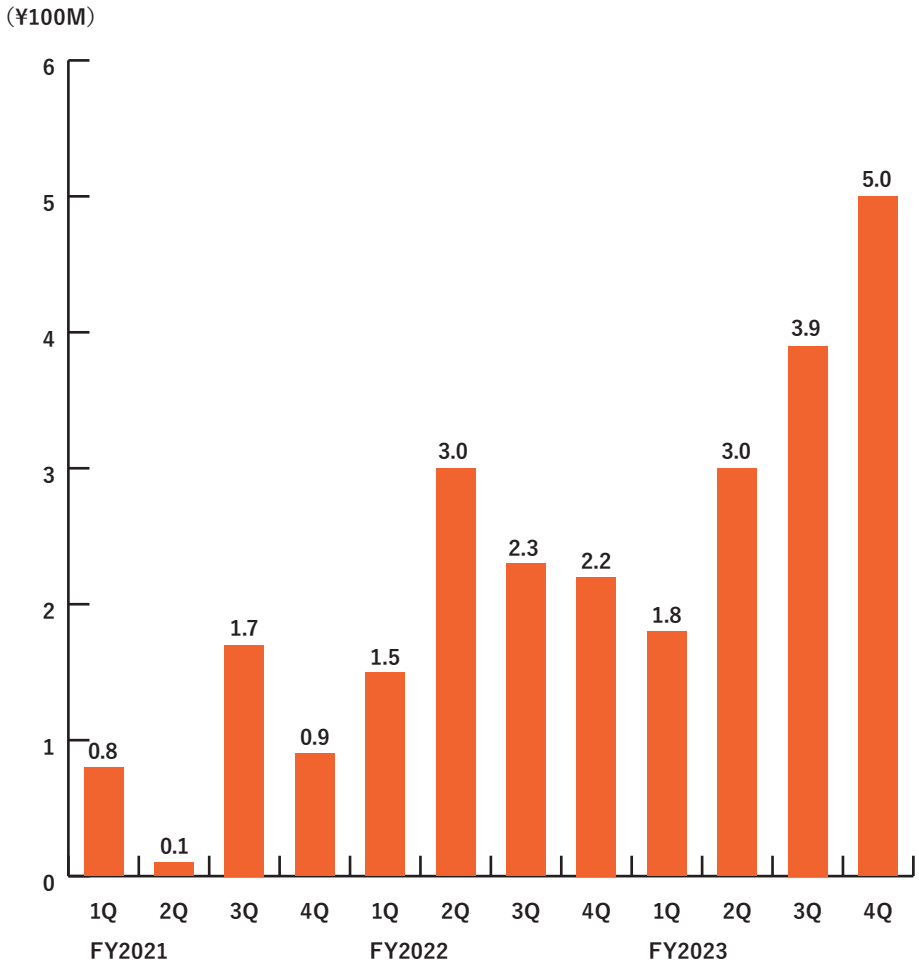
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Results by Sales Channel (Wholesale & Global)

Quarterly Sales (Wholesale)



Quarterly Sales (Global)



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Quarterly Consolidated Results

Unit: ¥K	FY 2023 1Q	Composition Ratio	2Q	Composition Ratio	3Q	Composition Ratio	4Q	Composition Ratio
Sales Revenue	4,806,138	100.0%	4,212,860	100.0%	5,285,263	100.0%	4,858,655	100.0%
Gross Profit	1,933,554	40.2%	1,621,506	38.5%	1,885,250	35.7%	1,613,436	33.2%
Operating Income	502,632	10.5%	243,836	5.8%	341,528	6.5%	201,194	4.1%

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

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

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FY Ending March 2024, 4Q New Product Information: St.Cousair





Annual
Small Quantity Size
3 varieties

Onion Mustard Mayonnaise



Annual
Small Quantity Size
3 varieties

Korean Miso Spicy Umami Sauce





Seasonal
Spring Jam
3 varieties

Strawberry Cheesecake Jam





Nagano Ryugan 2023

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FY Ending March 2024, 4Q New Product Information: Kuze Fuku & Co.





Year-round sales switch

Ume Dashi Soy Sauce Rice Topping





Seasonal Re-sale

Nara Pearl-white Strawberry Jam





Sanma (Pacific saury) Tsukudani





Low Salt Traditional Umami Dashi





NB Product

Yawataya Isogoro Shichimi Original Blend

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FY Ending March 2024, 4Q New Product Information: MeKel





Edamame & Wakame Rice Ball
with Tsuyu Rice





Ume Plum & Chirimen Jako (small dried fish)
Rice Ball with Tsuyu Rice





Confectionery

MeKEL's Bear Mascot
Baumkuchen (Spoon Bear) Plain



Imported Rice Flour Cup Noodles

Rice Flour Cup Noodles



Frozen Sweets

Kumamoto Ikinari Dango
Dumplings - Sakura Flavor

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FY Ending March 2024, 4Q New Product Information: Kuze Fuku & Sons





KUZEFUKU & SONS

STRAWBERRY
ANKO SPREAD





KUZEFUKU & SONS

YUZU
ANKO SPREAD

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FY Ending March 2024, 4Q Store Openings



St. Cousair

St.Cousair
OL Sano Store



Kuze Fuku & Co.

Kuze Fuku & Co.
Kashiwa Takashimaya Station Mall Store



Kuze Fuku & Co.

Kuze Fuku & Co.
Lalaport Fujimi Store



Kuze Fuku & Co.

Kuze Fuku & Co.
Ikebukuro Shopping Park Store

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FY Ending March 2024, 4Q　Promotions & Events



Support　“Noto Peninsula Earthquake: Let’s eat and support!” Fair



Kuze Fuku & Co.　Kuze Fuku Setsubun



St. Cousair　Reasonable Product Sale



MeKEL　Garage Sale



MeKEL　New Year Treasure Hunt

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