

# Consolidated Financial Results for the Nine Months Ended August 20, 2022 [Japanese GAAP]



October 3, 2022

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 Stock exchange listing: Tokyo Stock Exchange  
 Securities code: 7965  
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 Scheduled date of filing quarterly report: October 4, 2022  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary explanatory materials on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: None

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended August 20, 2022 (November 21, 2021 to August 20, 2022)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended August 20, 2022	61,923	–	4,575	–	5,799	–	3,724	–
August 20, 2021	57,918	3.8	5,148	31.3	5,320	32.6	3,461	29.4

(Note) Comprehensive income: Nine months ended August 20, 2022: ¥7,037 million [–%]  
 Nine months ended August 20, 2021: ¥4,526 million [65.3%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended August 20, 2022	55.06		–	
August 20, 2021	51.19		–	

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards from the beginning of the first quarter of the fiscal year ending November 20, 2022, and therefore changes from the previous corresponding period prior to the application of these accounting standards are not shown.

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 20, 2022	111,081	81,412	72.6
As of November 20, 2021	101,913	76,837	74.8

(Reference) Equity: As of August 20, 2022: ¥80,693 million

As of November 20, 2021: ¥76,224 million

(Note) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards from the beginning of the first quarter of the fiscal year ending November 20, 2022, and therefore the figures for the nine months ended August 20, 2022 show the amounts after the application of these accounting standards.

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 20, 2021	—	15.00	—	19.00	34.00
Fiscal year ending November 20, 2022	—	17.00	—		
Fiscal year ending November 20, 2022 (Forecast)				17.00	34.00

(Note) Revision of the dividend forecast announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 20, 2022 (November 21, 2021 to November 20, 2022)

(% indicates changes from the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	81,500	—	5,000	—	6,000	—	4,000	—	59.14

(Note 1) Revision of the financial results forecast announced most recently: None

(Note 2) The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and related standards from the beginning of the first quarter of the fiscal year ending November 20, 2022, and therefore the financial results forecast above shows the amounts after the application of these accounting standards. Accordingly, changes from the previous corresponding period are not shown.

### \* Notes:

(1) Changes in significant subsidiaries during the period under review: None

(Changes in specified subsidiaries resulting in changes in scope of consolidation)

Newly included: – (Name) –

Excluded: – (Name) –

(2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

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

August 20, 2022: 72,600,000 shares

November 20, 2021: 72,600,000 shares

2) Total number of treasury shares at the end of the period:

August 20, 2022: 4,944,751 shares

November 20, 2021: 4,968,791 shares

3) Average number of shares during the period (cumulative):

Nine months ended August 20, 2022: 67,643,238 shares

Nine months ended August 20, 2021: 67,621,802 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

Forward-looking statements, such as performance forecasts, made in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not in any way guarantee the achievement of the projections. Actual results, etc., may differ significantly due to various factors.

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## 1. Qualitative Information on Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the period under review (November 21, 2021 to August 20, 2022), the global economy entered the third year of the COVID-19 pandemic, and normalization of economic activities supported the recovery of the economy in many countries. However, the inflationary pressures increased against the backdrop of supply restrictions attributable to the prolonged invasion of Ukraine by Russia and soaring resource prices, which accelerated the tightening of monetary policy and slowed down the recovery of the economy. In Japan, the recent increase in import costs as a result of the rapid depreciation of the yen in the context of the widening difference in interest rates in Japan and the United States joined forces with other factors to send the prices of food and durable consumer goods higher, raising a concern that deterioration in consumer sentiment would restrain spending.

Amid such management environment, the Group entered the final fiscal year of its new two-year medium-term plan, ADAPT Phase II, that accounts for the new normal, and has worked on horizontal expansion of domains, vertical expansion of domains, and a stronger management platform in order to develop Zojirushi from the current brand of household products into a food and lifestyle solution brand.

For the period under review, the Group's net sales increased by ¥4,005 million year on year to ¥61,923 million (¥57,918 million for the same period a year earlier). Net sales by product category also increased year on year in cooking appliances, household and thermal products, and household appliances. Domestic net sales amounted to ¥38,155 million (¥37,183 million for the same period a year earlier) and overseas net sales amounted to ¥23,768 million (¥20,735 million for the same period a year earlier), resulting in overseas net sales making up 38.4% of net sales. Outside of Japan, sales were strong in North America and Southeast Asia.

As for profits, operating profit declined year on year to ¥4,575 million (¥5,148 million for the same period a year earlier) as an increase in cost of sales had a significant impact. Ordinary profit increased year on year to ¥5,799 million (¥5,320 million for the same period a year earlier) due mainly to increases in foreign exchange gains and share of profit of entities accounted for using equity method, and profit attributable to owners of parent was ¥3,724 million (¥3,461 million for the same period a year earlier).

From the beginning of the first quarter of the fiscal year ending November 20, 2022, the Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Standard") and related standards. As a result, the accounting treatment of revenue for the period under review is different from that for the same period a year earlier. Therefore, year-on-year percentage changes are not presented in the explanation of operating results above. For details on the impact of the application of the Revenue Recognition Standard and related standards on financial position and operating results, see "Changes in accounting policies" in "(3) Notes to Quarterly Consolidated Financial Statements" under "2. Quarterly Consolidated Financial Statements and Principal Notes."

Business results by product category were as follows.

#### 1) Cooking appliances

Net sales of cooking appliances amounted to ¥45,282 million (¥42,231 million for the same period a year earlier).

In Japan, overall sales of rice cookers/warmers remained almost unchanged year on year, despite strong sales of the Embudaki series, the highest grade of induction heating pressure rice cookers which reproduces heat from swaying flame of traditional cooking stoves. While electric pots and electric kettles recorded strong sales, sales of electric cooking appliances declined year on year owing to declined sales of electric griddles, toaster ovens, and other products.

Overseas, sales of rice cookers/warmers were strong in North America, China, Taiwan, and Southeast Asia. Especially in North America, sales of cooking appliances were strong as the economy was recovering and demand for at-home consumption continued.

2) Household and thermal products

Net sales of household and thermal products amounted to ¥12,927 million (¥12,598 million for the same period a year earlier).

In Japan, sales increased year on year, led by stainless-steel bottles vacuum that feature a seamless one-piece lid, which integrates a stopper and a gasket.

Overseas, sales of glass carafes were robust, while sales of stainless-steel vacuum bottles were sluggish.

3) Household appliances

Net sales of household appliances amounted to ¥2,293 million (¥1,784 million for the same period a year earlier).

In Japan, sales increased year on year due to the strong performance of humidifiers.

4) Others

Net sales of others amounted to ¥1,420 million (¥1,304 million for the same period a year earlier).

· Net sales by region and product category

(Million yen)

		Japan	Overseas				Subtotal	Total
			Asia		Americas	Other		
			Of which, China					
Net sales	Cooking appliances	29,681	8,877	3,670	6,717	6	15,600	45,282
	Household and thermal products	5,334	5,989	3,799	1,072	530	7,592	12,927
	Household appliances	2,141	152	21	—	—	152	2,293
	Others	997	363	97	54	4	422	1,420
		38,155	15,383	7,588	7,844	540	23,768	61,923
Composition (%)		61.6	24.8	12.3	12.7	0.9	38.4	100.0

(2) Explanation of Financial Position

In regard to financial position as of the end of the period under review, total assets increased by ¥9,167 million, liabilities increased by ¥4,592 million, and net assets increased by ¥4,575 million, from the end of the previous fiscal year. As a result, equity ratio decreased by 2.2 percentage points to 72.6%.

The increase of ¥9,167 million in total assets was attributable to increases of ¥7,425 million in current assets and ¥1,741 million in non-current assets.

The increase of ¥7,425 million in current assets was mainly due to increases of ¥3,152 million in cash and deposits, ¥2,450 million in merchandise and finished goods, and ¥3,738 million in raw materials and supplies, partially offset by a decrease of ¥2,577 million in notes and accounts receivable – trade. The increase of ¥1,741 million in non-current assets was mainly due to increases of ¥145 million in tools, furniture and fixtures, ¥350 million in leased assets, ¥168 million in construction in progress, ¥571 million in investment securities, and ¥514 million in retirement benefit asset.

The increase of ¥4,592 million in liabilities was attributable to increases of ¥2,276 million in current liabilities and ¥2,316 million in non-current liabilities.

The increase of ¥2,276 million in current liabilities was mainly due to increases of ¥2,973 million in notes and accounts payable – trade and ¥1,799 million in other current liabilities, partially offset by decreases of ¥1,500 million in current portion of long-term borrowings, ¥1,709 million in accrued expenses, ¥777 million in income taxes payable, and ¥612 million in provision for bonuses. The increase of ¥2,316 million in non-current liabilities

was mainly due to increases of ¥1,500 million in long-term borrowings, ¥297 million in lease obligations, and ¥536 million in deferred tax liabilities.

The increase of ¥4,575 million in net assets was mainly due to profit attributable to owners of parent of ¥3,724 million recorded and an increase of ¥3,131 million in foreign currency translation adjustment, partially offset by dividends of surplus of ¥2,435 million.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Statements

For the period under review, sales in Japan increased year on year overall. While sales of rice cookers/warmers remained almost unchanged year on year, sales of electric kettles, stainless-steel vacuum bottles, and sanitary products were robust. Sales were strong outside Japan as well, led by sales in North America and Southeast Asia, which increased year on year.

Operating profit declined year on year, however, due to an increase in cost of sales attributable to the rapid depreciation of the yen and the soaring prices of raw materials.

With respect to the consolidated financial results forecast for the fiscal year ending November 20, 2022, we will strive to increase sales through launches of products, including EVERINO, a microwave oven we developed utilizing our long-cultivated technology of temperature control. However, we kept the financial results forecast announced on June 20, 2022 unchanged, in light of the continued uncertainty over the trend of COVID-19, in addition to the rise in procurement costs due to the depreciation of the yen and the soaring prices of raw materials.

Please note that the forecast mentioned above is based on information currently available to the Company and certain assumptions deemed reasonable, and the Company does not in any way guarantee the achievement of the forecast. Actual results, etc., may differ significantly due to various factors.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of November 20, 2021	As of August 20, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	37,274	40,427
Notes and accounts receivable - trade	13,159	10,582
Electronically recorded monetary claims - operating	1,368	1,554
Merchandise and finished goods	19,796	22,246
Work in process	265	376
Raw materials and supplies	2,627	6,366
Other	2,968	3,331
Allowance for doubtful accounts	(9)	(9)
Total current assets	77,450	84,876
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,880	12,983
Accumulated depreciation	(10,356)	(10,499)
Buildings and structures, net	2,524	2,484
Machinery, equipment and vehicles	3,663	3,734
Accumulated depreciation	(3,295)	(3,390)
Machinery, equipment and vehicles, net	368	343
Tools, furniture and fixtures	9,465	10,194
Accumulated depreciation	(7,974)	(8,557)
Tools, furniture and fixtures, net	1,490	1,636
Land	7,431	7,441
Leased assets	2,039	2,408
Accumulated depreciation	(475)	(493)
Leased assets, net	1,564	1,914
Construction in progress	39	208
Total property, plant and equipment	13,418	14,029
Intangible assets		
Software	498	475
Other	117	137
Total intangible assets	616	612
Investments and other assets		
Investment securities	6,239	6,810
Deferred tax assets	491	535
Retirement benefit asset	3,406	3,920
Other	300	304
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	10,428	11,562
Total non-current assets	24,463	26,205
<b>Total assets</b>	<b>101,913</b>	<b>111,081</b>



(Million yen)

	As of November 20, 2021	As of August 20, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	7,945	10,919
Short-term borrowings	–	137
Current portion of long-term borrowings	1,500	–
Lease obligations	366	452
Accrued expenses	6,813	5,104
Income taxes payable	1,158	380
Contract liabilities	–	110
Refund liabilities	–	1,754
Provision for bonuses	1,139	527
Provision for product warranties	171	185
Other	502	2,301
Total current liabilities	19,598	21,874
Non-current liabilities		
Long-term borrowings	–	1,500
Lease obligations	1,184	1,481
Deferred tax liabilities	1,008	1,544
Retirement benefit liability	2,933	2,934
Other	351	334
Total non-current liabilities	5,478	7,794
Total liabilities	25,076	29,668
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,022	4,022
Capital surplus	4,243	4,272
Retained earnings	66,090	67,318
Treasury shares	(961)	(956)
Total shareholders' equity	73,395	74,657
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,690	1,773
Foreign currency translation adjustment	1,168	4,300
Remeasurements of defined benefit plans	(30)	(37)
Total accumulated other comprehensive income	2,829	6,036
Non-controlling interests	612	719
Total net assets	76,837	81,412
Total liabilities and net assets	101,913	111,081

## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income

Nine Months Ended August 20, 2022

(Million yen)

	For the nine months ended August 20, 2021	For the nine months ended August 20, 2022
Net sales	57,918	61,923
Cost of sales	38,084	42,584
Gross profit	19,833	19,339
Selling, general and administrative expenses	14,685	14,763
Operating profit	5,148	4,575
Non-operating income		
Interest income	41	64
Dividend income	132	131
Purchase discounts	26	29
Share of profit of entities accounted for using equity method	–	135
Royalty income	15	22
Rental income	84	84
Foreign exchange gains	271	745
Refund of Chinese value-added-tax	56	–
Other	87	83
Total non-operating income	715	1,296
Non-operating expenses		
Interest expenses	20	47
Sales discounts	305	–
Share of loss of entities accounted for using equity method	187	–
Rental expenses on non-current assets	16	17
Other	12	7
Total non-operating expenses	543	73
Ordinary profit	5,320	5,799
Extraordinary income		
Gain on sale of non-current assets	2	0
Gain on sale of investment securities	17	0
Total extraordinary income	19	0
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	5	7
Total extraordinary losses	5	9
Profit before income taxes	5,334	5,790
Income taxes - current	1,149	1,552
Income taxes - deferred	691	524
Total income taxes	1,841	2,076
Profit	3,493	3,713
Profit (loss) attributable to non-controlling interests	31	(10)
Profit attributable to owners of parent	3,461	3,724

Quarterly Consolidated Statements of Comprehensive Income

Nine Months Ended August 20, 2022

(Million yen)

	For the nine months ended August 20, 2021	For the nine months ended August 20, 2022
Profit	3,493	3,713
Other comprehensive income		
Valuation difference on available-for-sale securities	(45)	82
Foreign currency translation adjustment	1,004	2,962
Remeasurements of defined benefit plans, net of tax	18	(7)
Share of other comprehensive income of entities accounted for using equity method	55	286
Total other comprehensive income	1,033	3,324
Comprehensive income	4,526	7,037
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,466	6,930
Comprehensive income attributable to non-controlling interests	60	106

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes when there are significant changes in amounts of equity)

Not applicable.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition and related standards)

From the beginning of the first quarter of the fiscal year ending November 20, 2022, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, “Revenue Recognition Standard”) and related standards. Accordingly, the Company recognizes revenue when control of promised goods or services is transferred to customers, in an amount expected to be received in exchange for such goods or services.

Major changes due to the application of the Revenue Recognition Standard and related standards are as outlined below.

#### (i) Variable consideration and consideration payable to customers

The Company has changed to a method whereby a portion of center fees, slotting allowances, etc. previously recorded in selling, general and administrative expenses, as well as sales discounts that were previously recorded in non-operating expenses are subtracted from transaction prices.

For a transaction that includes variable consideration, the Company estimates the amount of the variable portion of the consideration of the transaction, and includes the estimated amount in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

#### (ii) Buy-sell transactions

The Company previously derecognized the raw materials and other items that it supplied for a fee, but has changed to a method whereby those supplied items are not derecognized if the Company is obligated to buy them back.

For such transactions, the Company has not hitherto recognized revenue from the transfer of the items it supplied, and there is no change in that regard.

The Company has applied the Revenue Recognition Standard and related standards in accordance with the transitional treatment stipulated in the proviso to paragraph 84 of the Revenue Recognition Standard. Accordingly, the cumulative effect of retrospectively applying the new accounting policy prior to the beginning of the first quarter of the fiscal year ending November 20, 2022, has been added to or subtracted from the beginning balance of retained earnings of the first quarter, and the Company applied the new accounting policy starting with the said beginning balance.

For the period under review, this resulted in reductions of ¥1,190 million in net sales, ¥893 million in selling, general and administrative expenses, ¥296 million in operating profit, and ¥339 million in non-operating expenses, while ordinary profit and profit before income taxes each increased by ¥42 million. This also resulted in a reduction of ¥61 million in the beginning balance of retained earnings, as well as increases of ¥1,824 million in raw materials and supplies and ¥1,824 million in other current liabilities.

As a result of the application of the Revenue Recognition Standard and related standards, certain changes have been made to the presentation of the consolidated balance sheets from the first quarter compared with those for the previous fiscal year. Specifically, among the items previously presented as “Accrued expenses” under “Current liabilities,” those relating to the variable consideration and other components subtracted from the transaction price are now presented as “Refund liabilities.” Likewise, “Advances received” previously presented

as part of “Other” under “Current liabilities” are now presented as “Contract liabilities.”

In accordance with the transitional treatment stipulated in paragraph 89-2 of the Revenue Recognition Standard, no reclassification was made for the previous fiscal year using the new presentation method. Further, pursuant to the transitional treatment stipulated in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), no information is presented herein on disaggregated revenue from contracts with customers for the same period a year earlier.

(Application of the Accounting Standard for Fair Value Measurement and related standards)

Since the beginning of the first quarter of the fiscal year ending November 20, 2022, the Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter, “Fair Value Measurement Standard”) and related standards. The new accounting policy prescribed in the Fair Value Measurement Standard and related standards is set to be applied in the future in compliance with the transitional treatment stipulated in paragraph 19 of the Fair Value Measurement Standard and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements.