

Consolidated Financial Results for the Fiscal Year Ended November 20, 2022 [Japanese GAAP]

December 26, 2022

Company name: Zojirushi Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Securities code: 7965
 URL: <http://www.zojirushi.co.jp>
 Representative: Norio Ichikawa, Representative Director, President and Corporate Officer
 Contact: Shigehisa Okamoto, Corporate Officer and General Manager, Accounting Department
 Phone: +81-6-6356-2368
 Scheduled date of general shareholders' meeting: February 16, 2023
 Scheduled date of commencing dividend payments: February 17, 2023
 Scheduled date of filing securities report: February 17, 2023
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the Fiscal Year Ended November 20, 2022 (November 21, 2021 to November 20, 2022)

(1) Consolidated Operating Results (% 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 | % |
| Fiscal year ended | | | | | | | | |
| November 20, 2022 | 82,534 | – | 4,664 | – | 5,815 | – | 3,658 | – |
| November 20, 2021 | 77,673 | 3.6 | 6,399 | 17.6 | 6,791 | 18.6 | 4,509 | 14.3 |

(Note) Comprehensive income: Fiscal year ended November 20, 2022: ¥6,903 million [–%]
 Fiscal year ended November 20, 2021: ¥5,848 million [56.2%]

| | Basic earnings per share | Diluted earnings per share | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|-------------------|--------------------------|----------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| Fiscal year ended | | | | | |
| November 20, 2022 | 54.09 | – | 4.7 | 5.5 | 5.7 |
| November 20, 2021 | 66.69 | – | 6.1 | 6.8 | 8.2 |

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended November 20, 2022: ¥59 million
 Fiscal year ended November 20, 2021: ¥(170) 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 fiscal year ended 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 | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of November 20, 2022 | 111,184 | 81,278 | 72.4 | 1,189.27 |
| As of November 20, 2021 | 101,913 | 76,837 | 74.8 | 1,127.06 |

(Reference) Equity: As of November 20, 2022: ¥80,460 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 fiscal year ended November 20, 2022, and therefore the figures for the fiscal year ended November 20, 2022 show the amounts after the application of these accounting standards.

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| November 20, 2022 | (279) | (2,586) | (2,923) | 31,077 |
| November 20, 2021 | 5,150 | (799) | (2,365) | 35,209 |

2. Dividends

| | Annual dividends | | | | | Total dividends (annual) | Payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|------------------------------|------------------|-----------------|-----------------|----------|-------|--------------------------|-----------------------------|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| Fiscal year ended | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| November 20, 2021 | – | 15.00 | – | 19.00 | 34.00 | 2,299 | 51.0 | 3.1 |
| Fiscal year ended | – | 17.00 | – | 17.00 | 34.00 | 2,300 | 62.9 | 2.9 |
| November 20, 2022 | | | | | | | | |
| Fiscal year ending | – | 17.00 | – | 17.00 | 34.00 | | 76.7 | |
| November 20, 2023 (Forecast) | | | | | | | | |

3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 20, 2023 (November 21, 2022 to November 20, 2023)

(% 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 |
| | 83,500 | 1.2 | 3,900 | (16.4) | 4,300 | (26.1) | 3,000 | (18.0) | 44.35 |

* 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) 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
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

| | |
|--------------------|-------------------|
| November 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:

| | |
|--------------------|------------------|
| November 20, 2022: | 4,944,751 shares |
| November 20, 2021: | 4,968,791 shares |

3) Average number of shares during the period:

Fiscal year ended November 20, 2022: 67,646,009 shares

Fiscal year ended November 20, 2021: 67,623,974 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended November 20, 2022 (November 21, 2021 to November 20, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|-------------------------------------|-------------|-----|------------------|------|-----------------|------|-------------|------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended November 20, 2022 | 71,106 | — | 3,910 | — | 5,912 | — | 4,210 | — |
| November 20, 2021 | 66,784 | 3.1 | 4,535 | 35.4 | 5,590 | 37.8 | 4,031 | 36.6 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Fiscal year ended November 20, 2022 | 62.25 | — |
| November 20, 2021 | 59.62 | — |

(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 fiscal year ended November 20, 2022, and therefore changes from the previous corresponding period prior to the application of these accounting standards are not shown.

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|-------------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of November 20, 2022 | 82,966 | 64,666 | 77.9 | 955.82 |
| As of November 20, 2021 | 80,380 | 62,917 | 78.3 | 930.30 |

(Reference) Equity: As of November 20, 2022: ¥64,666 million

As of November 20, 2021: ¥62,917 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 fiscal year ended November 20, 2022, and therefore the figures for the fiscal year ended November 20, 2022 show the amounts after the application of these accounting standards.

* These consolidated financial results are outside the scope of audit 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. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, 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 economic recovery was slowed down by the impact of high inflation and tighter monetary policy intended to curb inflation, against the backdrop of supply restrictions attributable to the prolonged invasion of Ukraine by Russia and soaring resource prices. In Japan, the recent increase in import costs as a result of the 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 horizontal expansion of domains, we worked on developing new markets and sales channels with existing products and expanding our product lineup to deepen existing markets and sales channels. For vertical expansion of domains, we launched EVERINO, an oven range we developed utilizing our long-cultivated technology of temperature control, as a new category product. We opened a rice ball specialty store, “Zojirushi Gimpaku Onigiri” in Osaka, the third part of our business development centered around delicious rice following the opening of the bento box store, “Zojirushi Gimpaku Bento” and the gohan (rice) restaurant, “Zojirushi Gohan Restaurant.” As our efforts to build a stronger management platform, we improved productivity by streamlining business operations, rebuilt supply chains, and advanced our initiatives on ESG issues.

As a result, net sales for the fiscal year under review increased by ¥4,861 million year on year to ¥82,534 million (¥77,673 million in the previous fiscal year). 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 ¥53,464 million (¥51,995 million in the previous fiscal year) and overseas net sales amounted to ¥29,069 million (¥25,677 million in the previous fiscal year), resulting in overseas net sales making up 35.2% of net sales. Outside of Japan, sales were strong in North America and Southeast Asia.

As for profits, the Company recorded operating profit of ¥4,664 million (¥6,399 million in the previous fiscal year) as an increase in cost of sales had a significant impact. Ordinary profit was ¥5,815 million (¥6,791 million in the previous fiscal year), and profit attributable to owners of parent was ¥3,658 million (¥4,509 million in the previous fiscal year).

Business results by product category were as follows.

1) Cooking appliances

Net sales of cooking appliances amounted to ¥59,007 million (¥55,806 million in the previous fiscal year).

In Japan, sales of rice cookers/warmers were strong, increasing year on year. Electric kettles also recorded strong sales, but sales of electric cooking appliances decreased year on year, with a fall in sales of electric griddles, toaster ovens, and other products due to a significant reactionary decline in demand for at-home consumption. Meanwhile, the oven range launched in September as a new category product recorded strong sales, contributing to the overall increase in sales.

Overseas, sales of rice cookers/warmers were strong in North America, China, Taiwan, and Southeast Asia. Sales of electric pots and electric cooking appliances were strong in Southeast Asia and China, respectively.

2) Household and thermal products

Net sales of household and thermal products amounted to ¥17,065 million (¥16,222 million in the previous fiscal year).

In Japan, sales increased year on year, led by stainless-steel vacuum mugs and stainless-steel carry tumblers

that feature a seamless one-piece lid, which integrates a stopper and a gasket. Sales of stainless-steel carafes also increased year on year.

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 ¥4,533 million (¥3,871 million in the previous fiscal year).

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

4) Others

Net sales of others amounted to ¥1,927 million (¥1,772 million in the previous fiscal year).

· Net sales by region and product category

| | | (Million yen) | | | | | | | | |
|-----------------|--------------------------------|---------------|--------------------|----------|-------|-----|----------|--------|---------|--|
| | | Japan | Overseas | | | | Subtotal | Total | YoY (%) | |
| | | | Asia | Americas | Other | | | | | |
| | | | Of which, China | | | | | | | |
| Net sales | Cooking appliances | 40,181 | 10,463 | 4,376 | 8,355 | 6 | 18,825 | 59,007 | 5.7 | |
| | Household and thermal products | 7,703 | 7,339 | 4,470 | 1,368 | 653 | 9,361 | 17,065 | 5.2 | |
| | Household appliances | 4,245 | 288 | 25 | – | – | 288 | 4,533 | 17.1 | |
| | Others | 1,333 | 515 | 174 | 74 | 4 | 594 | 1,927 | 8.8 | |
| | | 53,464 | 18,606 | 9,047 | 9,799 | 664 | 29,069 | 82,534 | 6.3 | |
| Composition (%) | | 64.8 | 22.5 | 11.0 | 11.9 | 0.8 | 35.2 | 100.0 | | |

(2) Overview of Financial Position for the Fiscal Year under Review

In regard to financial position as of the end of the fiscal year under review, total assets increased by ¥9,270 million, liabilities increased by ¥4,829 million, and net assets increased by ¥4,441 million, from the end of the previous fiscal year. As a result, equity ratio decreased by 2.4 percentage points to 72.4%.

The increase of ¥9,270 million in total assets was attributable to increases of ¥7,505 million in current assets and ¥1,765 million in non-current assets.

The increase of ¥7,505 million in current assets was mainly due to increases of ¥1,208 million in accounts receivable - trade, ¥5,475 million in merchandise and finished goods, ¥3,428 million in raw materials and supplies, and ¥549 million in other current assets, partially offset by decreases of ¥3,154 million in cash and deposits and ¥316 million in notes receivable - trade. The increase of ¥1,765 million in non-current assets was mainly due to increases of ¥104 million in machinery, equipment and vehicles, ¥237 million in tools, furniture and fixtures, ¥609 million in leased assets, ¥702 million in investment securities, and ¥110 million in deferred tax assets.

The increase of ¥4,829 million in liabilities was attributable to increases of ¥3,031 million in current liabilities and ¥1,797 million in non-current liabilities.

The increase of ¥3,031 million in current liabilities was mainly due to increases of ¥2,111 million in notes and accounts payable - trade, ¥207 million in contract liabilities, ¥2,046 million in refund liabilities, and ¥1,541 million in other current liabilities, partially offset by decreases of ¥1,500 million in current portion of long-term borrowings and ¥1,477 million in accrued expenses. The increase of ¥1,797 million in non-current liabilities was

mainly due to increases of ¥1,500 million in long-term borrowings and ¥505 million in lease liabilities.

The increase of ¥4,441 million in net assets was mainly due to profit attributable to owners of parent of ¥3,658 million recorded and an increase of ¥3,443 million in foreign currency translation adjustment, partially offset by dividends of surplus of ¥2,435 million and a decrease of ¥404 million in remeasurements of defined benefit plans.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents (hereinafter, “cash”) at the end of the fiscal year under review decreased by ¥4,132 million from the end of the previous fiscal year to ¥31,077 million.

(Cash Flows from Operating Activities)

Net cash used in operating activities totaled ¥279 million, an increase of ¥5,429 million compared with the previous fiscal year.

This was mainly due to cash outflows from an increase in inventories of ¥6,934 million and income taxes paid of ¥2,204 million, partially offset by cash inflows from profit before income taxes of ¥5,711 million, depreciation of ¥1,963 million, and an increase in trade payables of ¥682 million.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥2,586 million, an increase of ¥1,786 million compared with the previous fiscal year.

This was mainly due to cash outflows from payments into time deposits of ¥4,251 million, purchase of property, plant and equipment of ¥1,458 million, and purchase of intangible assets of ¥254 million, partially offset by cash inflows from proceeds from withdrawal of time deposits of ¥3,500 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities totaled ¥2,923 million, an increase of ¥557 million compared with the previous fiscal year.

This was mainly due to cash outflows from dividends paid of ¥2,433 million.

(Sources of capital and liquidity)

The Group’s capital needs primarily include operating expenses such as expenses for manufacturing products and selling, general and administrative expenses, as well as capital investments including molds and other manufacturing facilities and information processing systems.

Funds to meet these capital needs are self-financed in principle with cash flows from operating activities, but the Group may procure funds using borrowings from financial institutions and other means as needed.

(4) Future Outlook

Although the global economy has been progressively recovering from the COVID-19 crisis in terms of both supply and demand, the pace of economic recovery is expected to slacken due to factors such as persistently high inflation, tighter monetary policy, soaring energy prices, and a slowdown in the growth of household incomes. The Group presumes that the management environment will remain uncertain, with the prolonged depreciation of the yen in Japan as well as the risks of the zero COVID policy and a downturn in the housing market in China.

Amid such management environment, we will uphold the management policy of “Brand Innovation: strengthening Zojirushi as a brand of household products and developing it into a food and lifestyle solution brand” for the period until 2030, and continue to engage in three-dimensional expansion: horizontal expansion of domains, vertical expansion of domains, and a stronger management platform. In the domains of resolving social issues through business activities and a stronger management platform, the Group has identified four key ESG issues. In addition to “Brand Innovation,” the Group will endeavor to enhance social value, economic value, and employee value by promoting ESG initiatives aimed at resolving social issues.

The four years of the previous medium-term management plan ADAPT were a period for adapting to the changing and increasingly diverse environment and laying the groundwork to achieve the Group’s management policy. The Group has formulated its new three-year medium-term plan, SHIFT, designating the three years from the fiscal year ending November 20, 2023 to the fiscal year ending November 20, 2025 as a period of “shift,” when it will progressively transition into a solution brand, achieving sustained growth while resolving lifestyle and social issues.

Under SHIFT, the Group will engage in the four key issues of domain shift “expanding new domains and deepening existing domains,” global shift “accelerating growth in global markets,” digital shift “promoting digitalization,” and sustainability shift “transforming into a sustainable company.” The Group will steadily implement measures to achieve its financial results targets for the fiscal year ending November 20, 2025: consolidated net sales of ¥90,000 million and consolidated operating profit of ¥7,200 million.

Our current forecast for the fiscal year ending November 20, 2023 is as follows.

The Group forecasts net sales of ¥83,500 million (up 1.2% year on year) in the full-year consolidated financial results forecast. Although the uncertain management environment will persist, we will continue to revitalize existing products and launch new products, and will actively undertake sales activities in Japan and overseas. In order to enhance earning power, the Group will continue to improve the efficiency of development, strengthen price competitiveness, and engage in developing high added-value products. However, in view of factors such as the substantial rise in the cost of sales due to the surge in raw materials prices and the depreciation of the yen, the Group forecasts operating profit of ¥3,900 million (down 16.4% year on year), ordinary profit of ¥4,300 million (down 26.1% year on year), and profit attributable to owners of parent of ¥3,000 million (down 18.0% year on year).

(Million yen)

| | Consolidated financial results forecast | |
|---|---|------------|
| | Amount | YoY |
| Net sales | 83,500 | Up 1.2% |
| Operating profit | 3,900 | Down 16.4% |
| Ordinary profit | 4,300 | Down 26.1% |
| Profit attributable to owners of parent | 3,000 | Down 18.0% |

(Note) The above consolidated financial results forecast assumes exchange rate of 1 USD = ¥130.

2. Basic Policy on Selection of Accounting Standards

The Group plans to prepare its consolidated financial statements using the Japanese GAAP for the time being, taking into consideration the comparability of consolidated financial statements across periods and among companies.

The Group plans to appropriately address the adoption of IFRS upon considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

| | As of November 20, 2021 | As of November 20, 2022 |
|---|-------------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 37,274 | 34,119 |
| Notes and accounts receivable - trade | *2 13,159 | — |
| Notes receivable - trade | — | *2 209 |
| Electronically recorded monetary claims - operating | *2 1,368 | *2 1,567 |
| Accounts receivable - trade | — | 13,841 |
| Merchandise and finished goods | 19,796 | 25,271 |
| Work in process | 265 | 409 |
| Raw materials and supplies | 2,627 | 6,056 |
| Other | 2,968 | 3,517 |
| Allowance for doubtful accounts | (9) | (37) |
| Total current assets | 77,450 | 84,955 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 12,880 | 12,996 |
| Accumulated depreciation | (10,356) | (10,528) |
| Buildings and structures, net | 2,524 | 2,467 |
| Machinery, equipment and vehicles | 3,663 | 3,898 |
| Accumulated depreciation | (3,295) | (3,425) |
| Machinery, equipment and vehicles, net | 368 | 472 |
| Tools, furniture and fixtures | 9,465 | 10,391 |
| Accumulated depreciation | (7,974) | (8,663) |
| Tools, furniture and fixtures, net | 1,490 | 1,728 |
| Land | 7,431 | 7,444 |
| Leased assets | 2,039 | 2,831 |
| Accumulated depreciation | (475) | (657) |
| Leased assets, net | 1,564 | 2,173 |
| Construction in progress | 39 | 122 |
| Total property, plant and equipment | 13,418 | 14,409 |
| Intangible assets | | |
| Software | 498 | 461 |
| Other | 117 | 167 |
| Total intangible assets | 616 | 629 |
| Investments and other assets | | |
| Investment securities | *1 6,239 | *1 6,942 |
| Deferred tax assets | 491 | 602 |
| Retirement benefit asset | 3,406 | 3,345 |
| Other | 300 | 302 |
| Allowance for doubtful accounts | (8) | (2) |
| Total investments and other assets | 10,428 | 11,189 |
| Total non-current assets | 24,463 | 26,229 |
| Total assets | 101,913 | 111,184 |

(Million yen)

| | As of November 20, 2021 | As of November 20, 2022 |
|---|-------------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | *2 7,945 | *2 10,057 |
| Current portion of long-term borrowings | 1,500 | – |
| Lease liabilities | 366 | 517 |
| Accrued expenses | 6,813 | 5,336 |
| Income taxes payable | 1,158 | 965 |
| Contract liabilities | – | 207 |
| Refund liabilities | – | 2,046 |
| Provision for bonuses | 1,139 | 1,175 |
| Provision for product warranties | 171 | 191 |
| Provision for loss on voluntary recall of products | – | 88 |
| Other | 502 | 2,043 |
| Total current liabilities | 19,598 | 22,630 |
| Non-current liabilities | | |
| Long-term borrowings | – | 1,500 |
| Lease liabilities | 1,184 | 1,689 |
| Deferred tax liabilities | 1,008 | 912 |
| Retirement benefit liability | 2,933 | 2,844 |
| Other | 351 | 329 |
| Total non-current liabilities | 5,478 | 7,276 |
| Total liabilities | 25,076 | 29,906 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 4,022 | 4,022 |
| Capital surplus | 4,243 | 4,272 |
| Retained earnings | 66,090 | 67,253 |
| Treasury shares | (961) | (956) |
| Total shareholders' equity | 73,395 | 74,592 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,690 | 1,691 |
| Foreign currency translation adjustment | 1,168 | 4,611 |
| Remeasurements of defined benefit plans | (30) | (435) |
| Total accumulated other comprehensive income | 2,829 | 5,868 |
| Non-controlling interests | 612 | 818 |
| Total net assets | 76,837 | 81,278 |
| Total liabilities and net assets | 101,913 | 111,184 |

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

(Million yen)

| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
|---|--|--|
| Net sales | 77,673 | 82,534 |
| Cost of sales | *1, *2 51,023 | *1, *2 57,548 |
| Gross profit | 26,649 | 24,985 |
| Selling, general and administrative expenses | *1, *3 20,250 | *1, *3 20,320 |
| Operating profit | 6,399 | 4,664 |
| Non-operating income | | |
| Interest income | 56 | 84 |
| Dividend income | 134 | 133 |
| Purchase discounts | 35 | 43 |
| Share of profit of entities accounted for using equity method | – | 59 |
| Royalty income | 18 | 33 |
| Rental income | 108 | 113 |
| Foreign exchange gains | 496 | 680 |
| Refund of Chinese value-added-tax | *4 56 | – |
| Other | 109 | 104 |
| Total non-operating income | 1,016 | 1,252 |
| Non-operating expenses | | |
| Interest expenses | 27 | 67 |
| Sales discounts | 387 | – |
| Share of loss of entities accounted for using equity method | 170 | – |
| Rental expenses on non-current assets | 22 | 23 |
| Other | 15 | 9 |
| Total non-operating expenses | 623 | 100 |
| Ordinary profit | 6,791 | 5,815 |
| Extraordinary income | | |
| Gain on sale of non-current assets | *5 2 | *5 0 |
| Gain on sale of investment securities | 56 | 2 |
| Total extraordinary income | 59 | 3 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | *6 0 | *6 1 |
| Loss on retirement of non-current assets | *7 21 | *7 12 |
| Loss on sale of investment securities | 1 | – |
| Loss on product recalls | – | *8 4 |
| Provision for loss on product recalls | – | *8 88 |
| Total extraordinary losses | 23 | 107 |
| Profit before income taxes | 6,827 | 5,711 |
| Income taxes - current | 2,013 | 2,004 |
| Income taxes - deferred | 278 | 59 |
| Total income taxes | 2,291 | 2,063 |
| Profit | 4,536 | 3,647 |
| Profit (loss) attributable to non-controlling interests | 26 | (11) |
| Profit attributable to owners of parent | 4,509 | 3,658 |

Consolidated Statements of Comprehensive Income

(Million yen)

| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
|--|--|--|
| Profit | 4,536 | 3,647 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (222) | 0 |
| Foreign currency translation adjustment | 1,113 | 3,368 |
| Remeasurements of defined benefit plans, net of tax | 441 | (404) |
| Share of other comprehensive income of entities accounted for using equity method | (20) | 291 |
| Total other comprehensive income | *1 1,312 | *1 3,255 |
| Comprehensive income | 5,848 | 6,903 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,768 | 6,697 |
| Comprehensive income attributable to non-controlling interests | 80 | 205 |

(3) Consolidated Statements of Changes in Equity

Fiscal year ended November 20, 2021 (from November 21, 2020 to November 20, 2021)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,022 | 4,214 | 63,474 | (965) | 70,746 |
| Cumulative effects of changes in accounting policies | | | | | — |
| Restated balance | 4,022 | 4,214 | 63,474 | (965) | 70,746 |
| Changes during period | | | | | |
| Dividends of surplus | | | (1,893) | | (1,893) |
| Profit attributable to owners of parent | | | 4,509 | | 4,509 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 28 | | 3 | 32 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | 28 | 2,616 | 3 | 2,648 |
| Balance at end of period | 4,022 | 4,243 | 66,090 | (961) | 73,395 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,913 | 129 | (471) | 1,570 | 599 | 72,917 |
| Cumulative effects of changes in accounting policies | | | | | | — |
| Restated balance | 1,913 | 129 | (471) | 1,570 | 599 | 72,917 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (1,893) |
| Profit attributable to owners of parent | | | | | | 4,509 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 32 |
| Net changes in items other than shareholders' equity | (222) | 1,039 | 441 | 1,258 | 12 | 1,271 |
| Total changes during period | (222) | 1,039 | 441 | 1,258 | 12 | 3,920 |
| Balance at end of period | 1,690 | 1,168 | (30) | 2,829 | 612 | 76,837 |

Fiscal year ended November 20, 2022 (from November 21, 2021 to November 20, 2022)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 4,022 | 4,243 | 66,090 | (961) | 73,395 |
| Cumulative effects of changes in accounting policies | | | (61) | | (61) |
| Restated balance | 4,022 | 4,243 | 66,029 | (961) | 73,333 |
| Changes during period | | | | | |
| Dividends of surplus | | | (2,435) | | (2,435) |
| Profit attributable to owners of parent | | | 3,658 | | 3,658 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 29 | | 4 | 34 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | - | 29 | 1,223 | 4 | 1,258 |
| Balance at end of period | 4,022 | 4,272 | 67,253 | (956) | 74,592 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 1,690 | 1,168 | (30) | 2,829 | 612 | 76,837 |
| Cumulative effects of changes in accounting policies | | | | | | (61) |
| Restated balance | 1,690 | 1,168 | (30) | 2,829 | 612 | 76,775 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (2,435) |
| Profit attributable to owners of parent | | | | | | 3,658 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 34 |
| Net changes in items other than shareholders' equity | 0 | 3,443 | (404) | 3,038 | 205 | 3,244 |
| Total changes during period | 0 | 3,443 | (404) | 3,038 | 205 | 4,502 |
| Balance at end of period | 1,691 | 4,611 | (435) | 5,868 | 818 | 81,278 |

(4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 6,827 | 5,711 |
| Depreciation | 2,078 | 1,963 |
| Increase (decrease) in allowance for doubtful accounts | 1 | 17 |
| Increase (decrease) in provision for bonuses | 4 | 20 |
| Decrease (increase) in retirement benefit asset | (644) | (646) |
| Increase (decrease) in retirement benefit liability | 97 | (6) |
| Increase (decrease) in provision for product warranties | (8) | 20 |
| Interest and dividend income | (190) | (217) |
| Interest expenses | 27 | 67 |
| Share of loss (profit) of entities accounted for using equity method | 170 | (59) |
| Loss (gain) on sale of investment securities | (55) | (2) |
| Loss (gain) on sale of non-current assets | (2) | 1 |
| Loss on retirement of non-current assets | 21 | 12 |
| Loss on product recalls | – | 4 |
| Provision for loss on product recalls | – | 88 |
| Decrease (increase) in trade receivables | (1,022) | (192) |
| Decrease (increase) in inventories | 171 | (6,934) |
| Increase (decrease) in trade payables | (1,386) | 682 |
| Increase (decrease) in accrued expenses | 855 | (1,958) |
| Increase (decrease) in refund liabilities | – | 1,956 |
| Other, net | (27) | 1,084 |
| Subtotal | 6,918 | 1,611 |
| Interest and dividends received | 169 | 380 |
| Interest paid | (27) | (66) |
| Income taxes paid | (1,909) | (2,204) |
| Net cash provided by (used in) operating activities | 5,150 | (279) |
| Cash flows from investing activities | | |
| Payments into time deposits | (974) | (4,251) |
| Proceeds from withdrawal of time deposits | 791 | 3,500 |
| Proceeds from sale and redemption of securities | 400 | – |
| Purchase of property, plant and equipment | (812) | (1,458) |
| Proceeds from sale of property, plant and equipment | 2 | 0 |
| Purchase of intangible assets | (270) | (254) |
| Purchase of investment securities | (33) | (113) |
| Proceeds from sale and redemption of investment securities | 97 | 5 |
| Other, net | 0 | (16) |
| Net cash provided by (used in) investing activities | (799) | (2,586) |
| Cash flows from financing activities | | |
| Repayments of lease liabilities | (404) | (489) |
| Purchase of treasury shares | (0) | (0) |
| Dividends paid | (1,893) | (2,433) |
| Dividends paid to non-controlling interests | (67) | – |
| Net cash provided by (used in) financing activities | (2,365) | (2,923) |
| Effect of exchange rate change on cash and cash equivalents | 642 | 1,656 |
| Net increase (decrease) in cash and cash equivalents | 2,627 | (4,132) |
| Cash and cash equivalents at beginning of period | 32,582 | 35,209 |
| Cash and cash equivalents at end of period | *1 35,209 | *1 31,077 |

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

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

From the beginning of the fiscal year under review, 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 fiscal year under review, has been added to or subtracted from the beginning balance of retained earnings for the fiscal year under review, and the Company applied the new accounting policy starting with the said beginning balance.

Certain changes have been made to the presentation of the consolidated balance sheets for the fiscal year under review compared with those for the previous fiscal year. Specifically, "Notes and accounts receivable - trade," previously presented under "Current assets," is now presented as "Notes receivable - trade" and "Accounts receivable - trade." Likewise, 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." "Advances received" previously presented as part of "Other" under "Current liabilities" are now presented as "Contract liabilities."

Certain changes have also been made to the presentation of the consolidated statements of cash flows for the fiscal year under review compared with those for the previous fiscal year. Specifically, among the items previously presented as "Increase (decrease) in accrued expenses" under "Cash flows from operating activities," those relating to the variable consideration and other components subtracted from the transaction price are now presented as "Increase (decrease) in refund liabilities." However, 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.

As a result, in the consolidated balance sheets for the fiscal year under review, the beginning balance of retained earnings decreased by ¥61 million, and raw materials and supplies and other current liabilities increased by ¥1,806 million and ¥1,806 million, respectively, compared with when calculated without applying the Revenue Recognition Standard.

In the consolidated statements of income for the fiscal year under review, net sales, selling, general and administrative expenses, operating profit, and non-operating expenses decreased by ¥1,640 million, ¥1,219 million, ¥420 million, and ¥441 million, respectively. Meanwhile, ordinary profit and profit before income taxes increased by ¥21 million each.

There was no material effect on the consolidated statements of cash flows for the fiscal year under review.

In the consolidated statements of changes in equity for the fiscal year under review, the beginning balance of retained earnings decreased by ¥61 million as a result of reflecting the cumulative effect of application in net assets at the beginning of the fiscal year under review.

There was no material effect on per share information for the fiscal year under review.

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

Since the beginning of the fiscal year ended 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 consolidated financial statements.

(Consolidated balance sheets)

*1 Investments in associates are as follows.

| (Million yen) | | |
|--------------------------------|-------------------------|-------------------------|
| | As of November 20, 2021 | As of November 20, 2022 |
| Investment securities (shares) | 1,728 | 2,319 |

*2 Notes, etc. maturing on the last day of the fiscal year are accounted for as settled on the clearance date. As the last day of the fiscal year was a bank holiday, the following notes, etc. that matured on the last day of the fiscal year have been included in the closing balance.

| (Million yen) | | |
|---|-------------------------|-------------------------|
| | As of November 20, 2021 | As of November 20, 2022 |
| Notes receivable - trade | 8 | 4 |
| Electronically recorded monetary claims - operating | 15 | 8 |
| Notes payable - trade | 0 | 0 |

(Consolidated statements of income)

*1 Research and development expenses included in general and administrative expenses and manufacturing expenses for the fiscal year under review are as follows.

| (Million yen) | | |
|--|--|--|
| For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 | |
| 784 | 882 | |

*2 Amounts of write-downs based on declined profitability of inventories held for the purpose of ordinary sales are as follows. The amounts below reflect offsetting with reversals.

| (Million yen) | | |
|---------------|--|--|
| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
| Cost of sales | 77 | 72 |

*3 Major items and amounts included in selling, general and administrative expenses are as follows.

| | (Million yen) | |
|---|--|--|
| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
| Advertising expenses | 2,408 | 2,580 |
| Payroll and allowances | 4,256 | 4,508 |
| Provision for bonuses | 767 | 733 |
| Retirement benefit expenses | 105 | 44 |
| Outsourcing expenses | 2,171 | 1,401 |
| Provision for product warranties | (8) | 20 |
| Provision of allowance for doubtful accounts | 0 | 19 |

*4 Details of refund of Chinese value-added-tax are as follows.

For the fiscal year ended November 20, 2021

Refund of Chinese value-added-tax is refund received by Zojirusi Shanghai Corporation as a tax incentive for foreign companies that have expanded to Shanghai City.

For the fiscal year ended November 20, 2022

Not applicable.

*5 Details of gain on sale of non-current assets are as follows.

| | (Million yen) | |
|-----------------------------------|--|--|
| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
| Machinery, equipment and vehicles | 2 | 0 |
| Total | 2 | 0 |

*6 Details of loss on sale of non-current assets are as follows.

| | (Million yen) | |
|-------------------------------|--|--|
| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
| Tools, furniture and fixtures | 0 | 1 |
| Total | 0 | 1 |

*7 Details of loss on retirement of non-current assets are as follows.

| (Million yen) | | |
|-----------------------------------|--|--|
| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
| Buildings and structures | 4 | 3 |
| Machinery, equipment and vehicles | 1 | 2 |
| Tools, furniture and fixtures | 15 | 6 |
| Total | 21 | 12 |

*8 Details of loss on product recalls and provision for loss on product recalls are as follows.

For the fiscal year ended November 20, 2021

Not applicable.

For the fiscal year ended November 20, 2022

The Company recorded a loss due to the voluntary recall of products. The amount of loss recorded includes a reasonable estimate of future losses associated with the voluntary product recall of products.

(Consolidated statements of cash flows)

*1 Relationships between cash and cash equivalents at end of period and the amounts of accounts presented in the consolidated balance sheets are as follows.

| (Million yen) | | |
|---|--|--|
| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
| Cash and deposits | 37,274 | 34,119 |
| Time deposits with maturities of over three months | (2,064) | (3,042) |
| Cash and cash equivalents | 35,209 | 31,077 |

(Segment information, etc.)

[Segment information]

The Group engages in manufacture and sales of household products and other products, as well as incidental operations thereto, and businesses other than household products are immaterial. Accordingly, the segment information is omitted.

(Per share information)

| Item | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
|--------------------------|--|--|
| Net assets per share | ¥1,127.06 | ¥1,189.27 |
| Basic earnings per share | ¥66.69 | ¥54.09 |

(Notes) 1. Diluted earnings per share are not stated because there were no dilutive shares.

2. The basis of calculation is as follows.

(1) Net assets per share

| | As of November 20, 2021 | As of November 20, 2022 |
|---|-------------------------|-------------------------|
| Total amount of net assets (Million yen) | 76,837 | 81,278 |
| Amount deducted from total amount of net assets (Million yen) | 612 | 818 |
| [Of which, non-controlling interests (Million yen)] | [612] | [818] |
| Net assets associated with common shares (Million yen) | 76,224 | 80,460 |
| Number of issued common shares (Thousand shares) | 72,600 | 72,600 |
| Number of common shares held as treasury shares (Thousand shares) | 4,968 | 4,944 |
| Number of common shares used in the calculation of net assets per share (Thousand shares) | 67,631 | 67,655 |

(2) Basic earnings per share

| | For the fiscal year ended November 20, 2021 | For the fiscal year ended November 20, 2022 |
|---|--|--|
| Profit attributable to owners of parent (Million yen) | 4,509 | 3,658 |
| Amount not attributable to common shareholders (Million yen) | — | — |
| Profit attributable to owners of parent relating to common shares (Million yen) | 4,509 | 3,658 |
| Average number of common shares during the period (Thousand shares) | 67,623 | 67,646 |

(Significant subsequent events)

Not applicable.