

Consolidated Financial Results for the Three Months Ended February 20, 2024 [Japanese GAAP]



April 1, 2024

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 filing quarterly report: April 3, 2024
 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 Three Months Ended February 20, 2024 (November 21, 2023 to February 20, 2024)

(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	%
Three months ended February 20, 2024	28,144	3.7	3,525	0.0	3,951	(2.1)	2,695	(5.5)
February 20, 2023	27,128	2.4	3,525	(11.4)	4,035	(2.7)	2,852	3.5

(Note) Comprehensive income: Three months ended February 20, 2024: ¥2,632 million [53.4%]

Three months ended February 20, 2023: ¥1,716 million [(50.7)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended February 20, 2024	39.83	–
February 20, 2023	42.16	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 20, 2024	115,027	86,781	74.7
As of November 20, 2023	112,418	85,299	75.1

(Reference) Equity: As of February 20, 2024: ¥85,903 million

As of November 20, 2023: ¥84,481 million

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, 2023	–	17.00	–	17.00	34.00
Fiscal year ending November 20, 2024	–				
Fiscal year ending November 20, 2024 (Forecast)		17.00	–	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, 2024 (November 21, 2023 to November 20, 2024)

(% 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
	87,000	4.2	5,200	4.0	5,700	(12.3)	5,000	12.6	73.89

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

* 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: None

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):

February 20, 2024: 72,600,000 shares

November 20, 2023: 72,600,000 shares

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

February 20, 2024: 4,928,917 shares

November 20, 2023: 4,928,881 shares

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

Three months ended February 20, 2024: 67,671,101 shares

Three months ended February 20, 2023: 67,655,249 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.

Table of Contents - Attachments

1. Qualitative Information on Financial Results for the Period under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Statements	3
2. Quarterly Consolidated Financial Statements and Principal Notes	4
(1) Quarterly Consolidated Balance Sheets	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	6
Quarterly Consolidated Statements of Income	6
Three Months Ended February 20, 2024	6
Quarterly Consolidated Statements of Comprehensive Income	7
Three Months Ended February 20, 2024	7
(3) Notes to Quarterly Consolidated Financial Statements	8
(Notes on going concern assumption)	8
(Notes when there are significant changes in amounts of equity)	8

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

(1) Explanation of Operating Results

The global economy moderately slowed down during the period under review (November 21, 2023 to February 20, 2024) due to a decline in consumption resulting from inflation and tighter monetary policy worldwide, as well as a downturn in real estate-related industries in China. Steady growth in emerging economies and, in Japan, an increase in demand from travelers to Japan and a recovery in service consumption have inspired rising expectations of an economic recovery. However, there were concerns over the possible adverse economic effects of geopolitical risks, including the prolonged Ukraine crisis and the confrontation between the U.S. and China.

In this business environment, on November 21, 2022, the Group launched its new three-year medium-term plan, SHIFT, intended to advance a steady shift toward becoming a brand of solutions that grows sustainably while delivering solutions to lifestyle and social issues, and made efforts toward implementation of specific measures under this new plan.

For the period under review, the Group's net sales increased by ¥1,015 million (up 3.7% year on year) from the previous year to ¥28,144 million. Net sales by product category exceeded the previous year for cooking appliances and remained strong for household and thermal products and for household appliances. Regarding total consolidated performance, domestic net sales amounted to ¥15,655 million (up 7.4% year on year), and overseas net sales amounted to ¥12,488 million (down 0.5% year on year). As a result, overseas net sales made up 44.4% of net sales. Outside of Japan, sales trended strongly in South Korea, but sales in China and North America decreased from the previous year.

As for profits, despite an increase in net sales due to strong domestic sales and efforts to pass on the higher import costs due to the depreciation of the yen, operating profit amounted to ¥3,525 million (up 0.0% year on year) due to an increase in selling, general and administrative expenses. Ordinary profit amounted to ¥3,951 million (down 2.1% year on year) due to factors such as a decrease in share of profit of entities accounted for using equity method. Profit attributable to owners of parent amounted to ¥2,695 million (down 5.5% year on year) because of a decrease in tax burden rates due to changes in the profit composition ratio of each company within the Group.

Business results by product category were as follows.

1) Cooking appliances

Net sales of cooking appliances amounted to ¥19,068 million (up 2.2% year on year).

In Japan, sales of rice cookers/warmers exceeded the previous year's results due to strong sales of the top-of-the-line induction heating pressure rice cooker "Embudaki." Sales of electric pots and oven ranges decreased from the previous year, partly due to a shrinking market trend. However, in electric cooking appliances, sales of electric griddles and "daily compact plates" were strong, resulting in an overall sales increase year on year.

Overseas, sales of rice cookers/warmers were strong in China and Southeast Asia, but electric pots struggled in major regions, resulting in an overall sales decrease year on year.

2) Household and thermal products

Net sales of household and thermal products amounted to ¥6,085 million (up 2.1% year on year).

In Japan, sales increased year on year due to the strong performance of an expanded lineup of stainless-steel vacuum mugs featuring the well-received Gasket-Free One-Piece Lid, which integrates the stopper and gasket into a single unit.

Overseas, despite strong performance in North America and Southeast Asia, sales decreased year on year due to struggles with stainless-steel products in China, a key market.

3) Household appliances

Net sales of household appliances amounted to ¥2,336 million (up 21.6% year on year).

In Japan, although sales of bedding dryers were sluggish, sales of humidifiers and dish dryers were strong, resulting in a sales increase year on year.

Overseas, humidifiers continued to perform well in Korea.

4) Others

Net sales of others amounted to ¥654 million (up 11.2% year on year).

Net sales by region and product category

(Million yen)

		Japan	Overseas				Subtotal	Total
			Asia		Americas	Other		
			Of which, China					
Net sales	Cooking appliances	11,517	3,966	1,600	3,547	36	7,551	19,068
	Household and thermal products	1,796	3,665	2,369	473	150	4,289	6,085
	Household appliances	1,848	488	19	–	–	488	2,336
	Others	493	122	34	36	1	160	654
		15,655	8,244	4,023	4,056	188	12,488	28,144
Composition (%)		55.6	29.3	14.3	14.4	0.7	44.4	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 ¥2,609 million, liabilities increased by ¥1,127 million, and net assets increased by ¥1,482 million from the end of the previous fiscal year. As a result, the equity ratio decreased by 0.4 percentage points to 74.7%.

The increase of ¥2,609 million in total assets was attributable to an increase of ¥1,505 million in current assets and an increase of ¥1,104 million in non-current assets.

The increase of ¥1,505 million in current assets was due mainly to increases of ¥2,290 million in cash and deposits, ¥617 million in electronically recorded monetary claims - operating, ¥2,682 million in notes and accounts receivable – trade, and ¥264 million in raw materials and supplies, partially offset by decreases of ¥3,917 million in merchandise and finished goods and ¥439 million in other current assets. The increase of ¥1,104 million in non-current assets was due mainly to increases of ¥649 million in construction in progress and ¥734 million in investment securities, partially offset by a decrease of ¥158 million in leased assets.

The increase of ¥1,127 million in liabilities was attributable to an increase of ¥2,313 million in current liabilities, partially offset by a decrease of ¥1,186 million in non-current liabilities.

The increase of ¥2,313 million in current liabilities was due mainly to increases of ¥1,500 million in current portion of long-term borrowings, ¥231 million in accrued expenses, ¥764 million in refund liabilities, and ¥475 million in other current liabilities, partially offset by decreases of ¥136 million in income taxes payable and ¥641 million in provision for bonuses. The decrease of ¥1,186 million in non-current liabilities was due mainly to decreases of ¥1,500 million in long-term borrowings and ¥172 million in lease liabilities, partially offset by an increase of ¥590 million in deferred tax liabilities.

The increase of ¥1,482 million in net assets was due mainly to profit attributable to owners of parent of ¥2,695 million recorded and an increase of ¥383 million in valuation difference on available-for-sale securities, partially offset by dividends of surplus of ¥1,150 million paid and a decrease of ¥509 million in foreign currency translation adjustment.

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

Regarding the consolidated financial results forecast for the fiscal year ending November 20, 2024, we have left unchanged the forecast announced on December 25, 2023, in light of the business performance during the three months ended February 20, 2024.

The exchange rate assumption used for the financial forecast is 140 yen to the U.S. dollar.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of November 20, 2023	As of February 20, 2024
Assets		
Current assets		
Cash and deposits	34,198	36,488
Notes and accounts receivable - trade	14,176	16,859
Electronically recorded monetary claims - operating	1,361	1,978
Merchandise and finished goods	24,254	20,336
Work in process	328	351
Raw materials and supplies	6,463	6,728
Other	2,881	2,441
Allowance for doubtful accounts	(23)	(38)
Total current assets	83,640	85,145
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,324	13,327
Accumulated depreciation	(10,712)	(10,769)
Buildings and structures, net	2,611	2,558
Machinery, equipment and vehicles	3,946	3,942
Accumulated depreciation	(3,549)	(3,562)
Machinery, equipment and vehicles, net	397	380
Tools, furniture and fixtures	11,022	11,235
Accumulated depreciation	(9,139)	(9,322)
Tools, furniture and fixtures, net	1,883	1,913
Land	7,446	7,443
Leased assets	3,378	3,313
Accumulated depreciation	(1,221)	(1,315)
Leased assets, net	2,156	1,998
Construction in progress	81	730
Total property, plant and equipment	14,576	15,025
Intangible assets		
Software	523	518
Other	193	193
Total intangible assets	717	711
Investments and other assets		
Investment securities	7,806	8,540
Deferred tax assets	642	545
Retirement benefit asset	4,352	4,390
Other	684	670
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	13,484	14,144
Total non-current assets	28,777	29,881
Total assets	112,418	115,027

(Million yen)

	As of November 20, 2023	As of February 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,157	7,203
Current portion of long-term borrowings	-	1,500
Lease liabilities	606	635
Accrued expenses	4,982	5,214
Income taxes payable	919	783
Contract liabilities	127	182
Refund liabilities	1,973	2,738
Provision for bonuses	1,176	535
Provision for product warranties	150	138
Provision for loss on voluntary recall of products	16	15
Other	2,007	2,482
Total current liabilities	19,117	21,430
Non-current liabilities		
Long-term borrowings	1,500	-
Lease liabilities	1,646	1,474
Deferred tax liabilities	1,956	2,546
Retirement benefit liability	2,615	2,546
Other	283	248
Total non-current liabilities	8,001	6,815
Total liabilities	27,118	28,245
Net assets		
Shareholders' equity		
Share capital	4,022	4,022
Capital surplus	4,295	4,295
Retained earnings	69,394	70,939
Treasury shares	(953)	(953)
Total shareholders' equity	76,759	78,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,264	2,647
Foreign currency translation adjustment	5,147	4,638
Remeasurements of defined benefit plans	309	312
Total accumulated other comprehensive income	7,721	7,598
Non-controlling interests	818	878
Total net assets	85,299	86,781
Total liabilities and net assets	112,418	115,027

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Three Months Ended February 20, 2024

(Million yen)

	For the three months ended February 20, 2023	For the three months ended February 20, 2024
Net sales	27,128	28,144
Cost of sales	18,027	18,755
Gross profit	9,101	9,388
Selling, general and administrative expenses	5,576	5,863
Operating profit	3,525	3,525
Non-operating income		
Interest income	41	88
Dividend income	38	42
Purchase discounts	11	6
Share of profit of entities accounted for using equity method	292	159
Royalty income	12	11
Rental income	32	28
Foreign exchange gains	2	101
Refund of Chinese value-added-tax	90	-
Other	22	16
Total non-operating income	544	455
Non-operating expenses		
Interest expenses	21	19
Rental expenses on non-current assets	6	4
Other	6	5
Total non-operating expenses	33	29
Ordinary profit	4,035	3,951
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	-	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	1	1
Provision for loss on product recalls	12	-
Total extraordinary losses	13	1
Profit before income taxes	4,022	3,949
Income taxes - current	512	676
Income taxes - deferred	556	505
Total income taxes	1,068	1,182
Profit	2,953	2,767
Profit attributable to non-controlling interests	101	71
Profit attributable to owners of parent	2,852	2,695

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended February 20, 2024

(Million yen)

	For the three months ended February 20, 2023	For the three months ended February 20, 2024
Profit	2,953	2,767
Other comprehensive income		
Valuation difference on available-for-sale securities	219	383
Foreign currency translation adjustment	(1,435)	(541)
Remeasurements of defined benefit plans, net of tax	9	3
Share of other comprehensive income of entities accounted for using equity method	(30)	20
Total other comprehensive income	(1,237)	(134)
Comprehensive income	1,716	2,632
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,736	2,572
Comprehensive income attributable to non-controlling interests	(20)	60

(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.