

Consolidated Financial Results for the Six Months Ended May 20, 2024 [Japanese GAAP]



July 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: July 3, 2024
 Scheduled date of commencing dividend payments: July 26, 2024
 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 Six Months Ended May 20, 2024 (November 21, 2023 to May 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	%
Six months ended								
May 20, 2024	47,572	4.7	4,370	(2.4)	5,199	(2.7)	4,830	29.4
May 20, 2023	45,447	0.4	4,476	(7.6)	5,340	(4.5)	3,732	1.6

(Note) Comprehensive income: Six months ended May 20, 2024: ¥5,950 million [98.4%]
 Six months ended May 20, 2023: ¥2,999 million [(44.9)%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
May 20, 2024	71.37	—
May 20, 2023	55.17	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 20, 2024	117,115	90,045	76.1
As of November 20, 2023	112,418	85,299	75.1

(Reference) Equity: As of May 20, 2024: ¥89,169 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
Fiscal year ended November 20, 2023	Yen —	Yen 17.00	Yen —	Yen 17.00	Yen 34.00
Fiscal year ending November 20, 2024	—	17.00			
Fiscal year ending November 20, 2024 (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, 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):

May 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:

May 20, 2024: 4,902,917 shares

November 20, 2023: 4,928,881 shares

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

Six months ended May 20, 2024: 67,678,521 shares

Six months ended May 20, 2023: 67,659,783 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
Six Months Ended May 20, 2024	6
Quarterly Consolidated Statements of Comprehensive Income	7
Six Months Ended May 20, 2024	7
(3) Quarterly Consolidated Statements of Cash Flows	8
(4) Notes to Quarterly Consolidated Financial Statements	9
(Notes on going concern assumption)	9
(Notes when there are significant changes in amounts of equity)	9

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

(1) Explanation of Operating Results

The global economy maintained a moderate growth trajectory during the period under review (November 21, 2023 to May 20, 2024) despite the effects of prolonged monetary tightening. In Japan, there was a temporary economic slowdown due to reduced automobile production, while globally, concerns about economic impediments remained, such as the escalation of conflicts in the Middle East. However, a gradual recovery trend was observed, with the U.S. labor market showing steady progress and signs of recovery in personal consumption in Europe.

In this business environment, on November 21, 2022, the Group launched its 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 plan.

For the period under review, the Group's net sales increased by ¥2,124 million (up 4.7% year on year) from the previous year to ¥47,572 million, partly due to an increase in domestic net sales. Net sales by product category remained strong for cooking appliances, household and thermal products, and household appliances. Regarding total consolidated performance, domestic net sales amounted to ¥28,546 million (up 5.7% year on year), and overseas net sales amounted to ¥19,025 million (up 3.2% year on year). As a result, overseas net sales made up 40.0% of net sales. Outside of Japan, while sales were sluggish in Taiwan, they trended strongly in South Korea.

As for profits, despite an increase in net sales due mainly to strong domestic sales and efforts to pass on the higher import costs due to the depreciation of the yen, operating profit amounted to ¥4,370 million (down 2.4% year on year) due to an increase in selling, general and administrative expenses. Ordinary profit amounted to ¥5,199 million (down 2.7% year on year). Profit attributable to owners of parent amounted to ¥4,830 million (up 29.4% year on year) due to the recording of gain on sale of non-current assets as extraordinary income, resulting from the transfer of land and a building associated with the relocation of a warehouse.

Business results by product category were as follows.

1) Cooking appliances

Net sales of cooking appliances increased by ¥1,290 million from the previous year to ¥33,348 million (up 4.0% 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." While sales of oven ranges and electric pots were sluggish, partly due to a shrinking market trend, electric kettles performed well. Additionally, sales of electric griddles and toaster ovens increased from the previous year, resulting in an overall sales increase year on year for cooking appliances.

Overseas, although electric pots struggled, sales of rice cookers/warmers were strong in China and Southeast Asia. Furthermore, oven ranges, which were newly introduced in Taiwan, contributed to a sales increase, resulting in an overall sales increase year on year.

2) Household and thermal products

Net sales of household and thermal products amounted to ¥10,374 million (up 4.1% year on year).

In Japan, sales increased year on year due to the strong performance of stainless-steel vacuum bottles and stainless-steel soup jars.

Overseas, despite struggles with stainless-steel products in Southeast Asia and South Korea, strong sales in North America led to an overall sales increase year on year.

3) Household appliances

Net sales of household appliances amounted to ¥2,601 million (up 12.6% year on year).

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

Overseas, humidifiers performed well in South Korea.

4) Others

Net sales of others amounted to ¥1,247 million (up 12.0% 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	21,395	6,087	2,183	5,797	67	11,952	33,348
	Household and thermal products	4,148	5,093	2,963	774	357	6,225	10,374
	Household appliances	2,098	502	25	–	–	502	2,601
	Others	903	264	75	75	3	344	1,247
		28,546	11,949	5,247	6,647	428	19,025	47,572
Composition (%)		60.0	25.1	11.0	14.0	0.9	40.0	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 ¥4,697 million, liabilities decreased by ¥48 million, and net assets increased by ¥4,746 million from the end of the previous fiscal year. As a result, the equity ratio increased by 1.0 percentage point to 76.1%.

The increase of ¥4,697 million in total assets was attributable to an increase of ¥4,356 million in current assets and an increase of ¥340 million in non-current assets.

The increase of ¥4,356 million in current assets was due mainly to increases of ¥9,875 million in cash and deposits and ¥636 million in raw materials and supplies, partially offset by decreases of ¥1,257 million in notes and accounts receivable – trade, ¥4,278 million in merchandise and finished goods, and ¥400 million in other current assets. The increase of ¥340 million in non-current assets was due mainly to increases of ¥414 million in buildings and structures, ¥176 million in tools, furniture and fixtures, and ¥731 million in investment securities, partially offset by decreases of ¥472 million in land, ¥322 million in leased assets, and ¥189 million in deferred tax assets.

The decrease of ¥48 million in liabilities was attributable to an increase of ¥1,538 million in current liabilities and a decrease of ¥1,587 million in non-current liabilities.

The increase of ¥1,538 million in current liabilities was due mainly to increases of ¥1,500 million in current portion of long-term borrowings and ¥649 million in income taxes payable, partially offset by decreases of ¥241 million in notes and accounts payable – trade, ¥374 million in accrued expenses, ¥155 million in refund liabilities, and ¥144 million in provision for bonuses. The decrease of ¥1,587 million in non-current liabilities was due mainly to decreases of ¥1,500 million in long-term borrowings and ¥373 million in lease liabilities, partially offset by an increase of ¥393 million in deferred tax liabilities.

The increase of ¥4,746 million in net assets was due mainly to profit attributable to owners of parent of ¥4,830 million recorded, increases of ¥558 million in valuation difference on available-for-sale securities and ¥407 million in foreign currency translation adjustment, partially offset by dividends of surplus of ¥1,150 million paid.

(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 first half of the fiscal year.

The exchange rate assumption has been changed from 140 yen to the U.S. dollar, as announced on December 25, 2023, to 150 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 May 20, 2024
Assets		
Current assets		
Cash and deposits	34,198	44,073
Notes and accounts receivable - trade	14,176	12,782
Electronically recorded monetary claims - operating	1,361	1,367
Merchandise and finished goods	24,254	19,976
Work in process	328	241
Raw materials and supplies	6,463	7,099
Other	2,881	2,480
Allowance for doubtful accounts	(23)	(25)
Total current assets	83,640	87,996
Non-current assets		
Property, plant and equipment		
Buildings and structures	13,324	13,373
Accumulated depreciation	(10,712)	(10,347)
Buildings and structures, net	2,611	3,025
Machinery, equipment and vehicles	3,946	4,019
Accumulated depreciation	(3,549)	(3,617)
Machinery, equipment and vehicles, net	397	401
Tools, furniture and fixtures	11,022	11,631
Accumulated depreciation	(9,139)	(9,572)
Tools, furniture and fixtures, net	1,883	2,059
Land	7,446	6,973
Leased assets	3,378	3,299
Accumulated depreciation	(1,221)	(1,465)
Leased assets, net	2,156	1,833
Construction in progress	81	37
Total property, plant and equipment	14,576	14,332
Intangible assets		
Software	523	510
Other	193	199
Total intangible assets	717	710
Investments and other assets		
Investment securities	7,806	8,537
Deferred tax assets	642	453
Retirement benefit asset	4,352	4,428
Other	684	659
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	13,484	14,076
Total non-current assets	28,777	29,118
Total assets	112,418	117,115

(Million yen)

	As of November 20, 2023	As of May 20, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	7,157	6,916
Current portion of long-term borrowings	-	1,500
Lease liabilities	606	673
Accrued expenses	4,982	4,608
Income taxes payable	919	1,569
Contract liabilities	127	146
Refund liabilities	1,973	1,817
Provision for bonuses	1,176	1,032
Provision for product warranties	150	139
Provision for loss on voluntary recall of products	16	15
Other	2,007	2,236
Total current liabilities	19,117	20,655
Non-current liabilities		
Long-term borrowings	1,500	-
Lease liabilities	1,646	1,272
Deferred tax liabilities	1,956	2,349
Retirement benefit liability	2,615	2,544
Other	283	247
Total non-current liabilities	8,001	6,414
Total liabilities	27,118	27,069
Net assets		
Shareholders' equity		
Share capital	4,022	4,022
Capital surplus	4,295	4,327
Retained earnings	69,394	73,074
Treasury shares	(953)	(948)
Total shareholders' equity	76,759	80,475
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,264	2,822
Foreign currency translation adjustment	5,147	5,555
Remeasurements of defined benefit plans	309	315
Total accumulated other comprehensive income	7,721	8,693
Non-controlling interests	818	875
Total net assets	85,299	90,045
Total liabilities and net assets	112,418	117,115

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended May 20, 2024

(Million yen)

	For the six months ended May 20, 2023	For the six months ended May 20, 2024
Net sales	45,447	47,572
Cost of sales	30,359	32,045
Gross profit	15,088	15,526
Selling, general and administrative expenses	10,611	11,155
Operating profit	4,476	4,370
Non-operating income		
Interest income	71	148
Dividend income	39	43
Purchase discounts	18	11
Share of profit of entities accounted for using equity method	481	289
Royalty income	23	20
Rental income	57	57
Foreign exchange gains	103	274
Refund of Chinese value-added-tax	90	-
Other	45	38
Total non-operating income	931	883
Non-operating expenses		
Interest expenses	42	36
Rental expenses on non-current assets	12	9
Other	11	8
Total non-operating expenses	67	54
Ordinary profit	5,340	5,199
Extraordinary income		
Gain on sale of non-current assets	0	1,916
Gain on sale of investment securities	-	16
Total extraordinary income	0	1,933
Extraordinary losses		
Loss on retirement of non-current assets	6	30
Provision for loss on product recalls	13	-
Total extraordinary losses	19	30
Profit before income taxes	5,321	7,102
Income taxes - current	722	1,830
Income taxes - deferred	721	338
Total income taxes	1,444	2,169
Profit	3,877	4,933
Profit attributable to non-controlling interests	145	102
Profit attributable to owners of parent	3,732	4,830

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended May 20, 2024

(Million yen)

	For the six months ended May 20, 2023	For the six months ended May 20, 2024
Profit	3,877	4,933
Other comprehensive income		
Valuation difference on available-for-sale securities	188	558
Foreign currency translation adjustment	(1,108)	414
Remeasurements of defined benefit plans, net of tax	18	6
Share of other comprehensive income of entities accounted for using equity method	23	37
Total other comprehensive income	(878)	1,017
Comprehensive income	2,999	5,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,953	5,802
Comprehensive income attributable to non-controlling interests	46	147

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended May 20, 2023	For the six months ended May 20, 2024
Cash flows from operating activities		
Profit before income taxes	5,321	7,102
Depreciation	1,038	1,094
Increase (decrease) in allowance for doubtful accounts	6	1
Increase (decrease) in provision for bonuses	(62)	(146)
Decrease (increase) in retirement benefit asset	(65)	(65)
Increase (decrease) in retirement benefit liability	(43)	(73)
Increase (decrease) in provision for product warranties	(43)	(10)
Increase (decrease) in provision for loss on voluntary recall of products	(69)	(1)
Interest and dividend income	(111)	(192)
Interest expenses	42	36
Share of loss (profit) of entities accounted for using equity method	(481)	(289)
Loss (gain) on sale of investment securities	-	(16)
Loss (gain) on sale of non-current assets	(0)	(1,916)
Loss on retirement of non-current assets	6	30
Decrease (increase) in trade receivables	811	1,485
Decrease (increase) in inventories	3,003	3,975
Increase (decrease) in trade payables	(2,266)	(329)
Increase (decrease) in accrued expenses	(746)	(443)
Increase (decrease) in refund liability	(103)	(160)
Other, net	1,033	513
Subtotal	7,269	10,596
Interest and dividends received	536	548
Interest paid	(42)	(36)
Income taxes paid	(1,235)	(1,211)
Net cash provided by (used in) operating activities	6,527	9,896
Cash flows from investing activities		
Payments into time deposits	(1,776)	(2,024)
Proceeds from withdrawal of time deposits	1,971	1,876
Purchase of property, plant and equipment	(795)	(1,213)
Proceeds from sale of property, plant and equipment	0	2,467
Purchase of intangible assets	(205)	(90)
Purchase of investment securities	(15)	(14)
Proceeds from sale and redemption of investment securities	-	32
Other, net	(221)	(87)
Net cash provided by (used in) investing activities	(1,041)	946
Cash flows from financing activities		
Repayments of lease liabilities	(260)	(374)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,151)	(1,149)
Dividends paid to non-controlling interests	(121)	(90)
Net cash provided by (used in) financing activities	(1,533)	(1,613)
Effect of exchange rate change on cash and cash equivalents	(420)	455
Net increase (decrease) in cash and cash equivalents	3,531	9,684
Cash and cash equivalents at beginning of period	31,077	31,211
Cash and cash equivalents at end of period	34,609	40,896

(4) 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.