



キッチンから、笑顔をつくろう

Presentation Material:
Announcement of FY 2023 Interim Results

November 16, 2023



キッチンから、笑顔をつくろう

I . Interim Results Outline

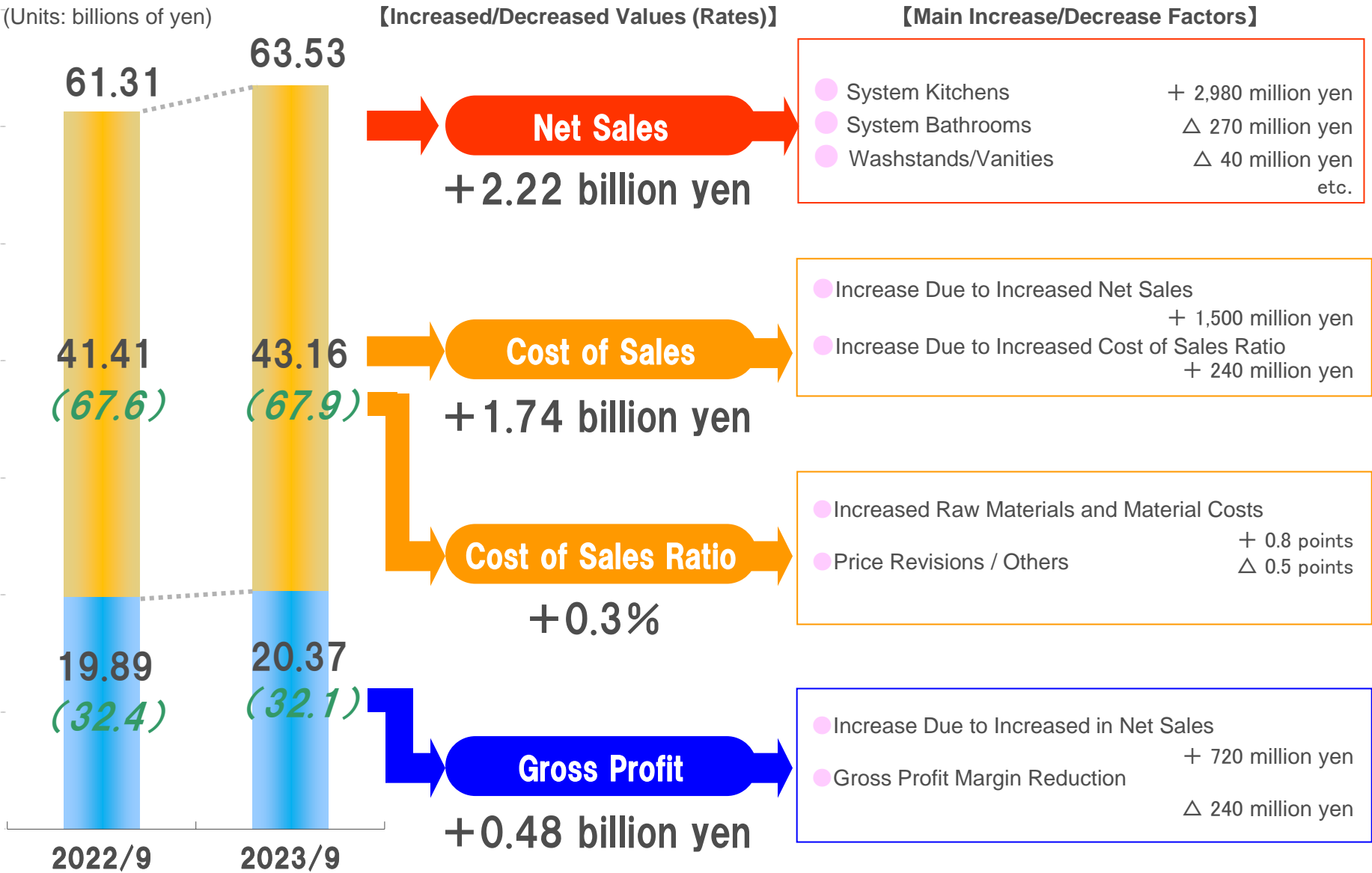
1. Outline of Consolidated Results for Interim Period Ended September 2023

(Units: millions of yen)

	2023/9 (Actual Results)	2022/9 (Actual Results)	Change From Prev. Period	2023/9 (Previous Forecast)	Increase / decrease Amounts (Actual Results - Previous Forecast)	Compared To Revised Plan
Net Sales	63,535	61,310	3.6%	64,000	△464	△0.7%
Operating Income	1,047	1,757	△40.4%	1,500	△452	△30.2%
Ordinary Income	1,329	2,032	△34.6%	1,800	△470	△26.1%
Profit attributable to owners of parent	755	1,334	△43.4%	1,100	△344	△31.3%
Interim Net Income Per Share	20.47yen	36.17yen	—	29.82yen	—	—

* Previous Forecast: Announced May 9, 2023

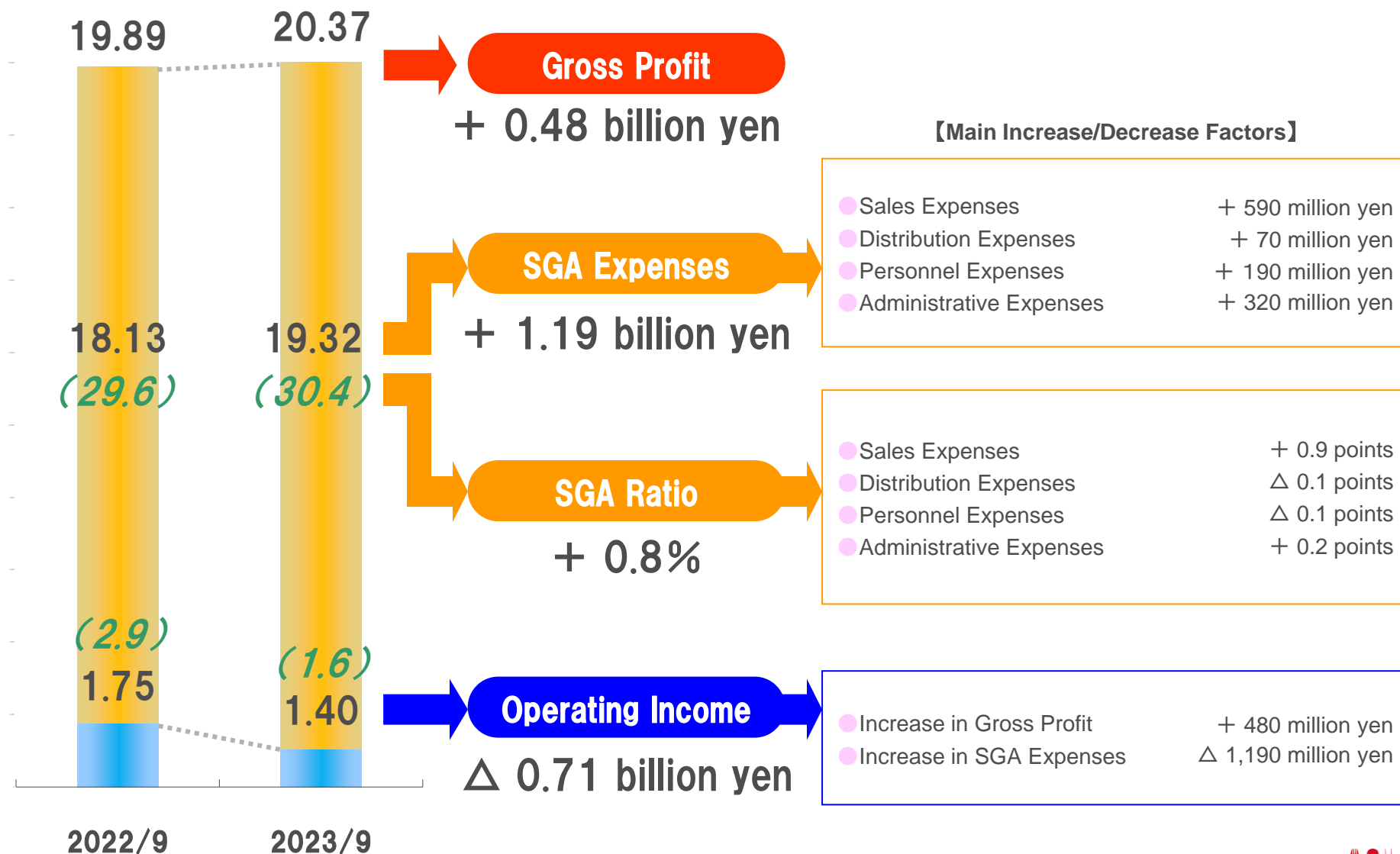
2. Consolidated Profits (1) Net Sales, Gross Profit



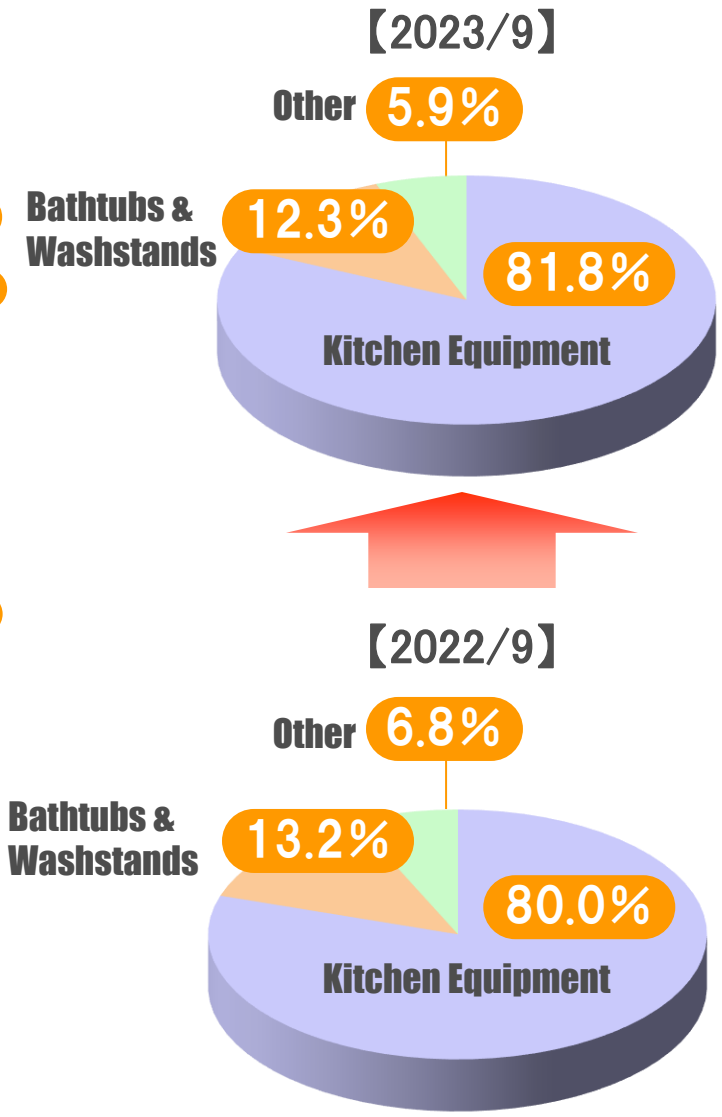
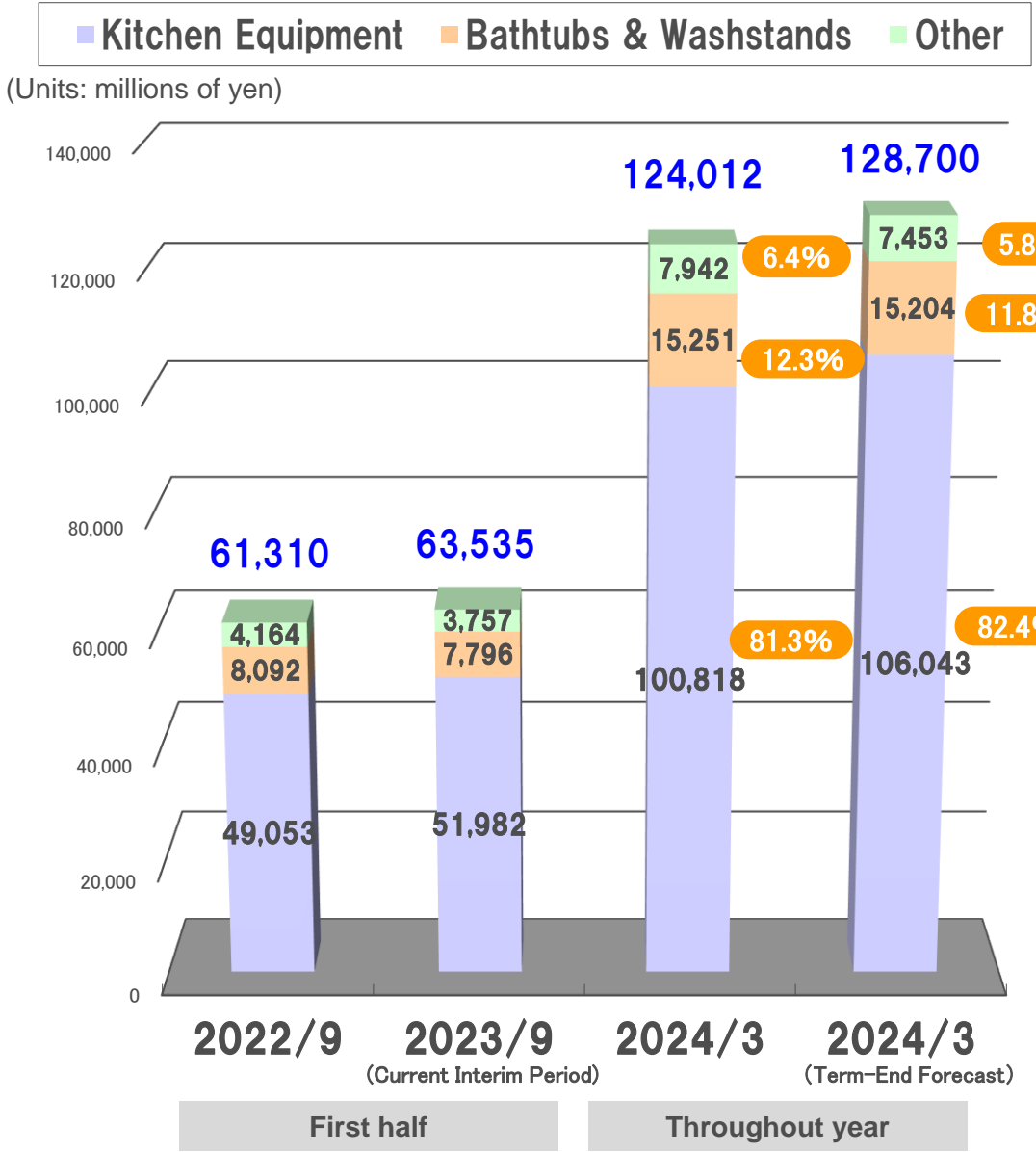
2. Consolidated Profits ② SGA Expenses, Operating Income

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

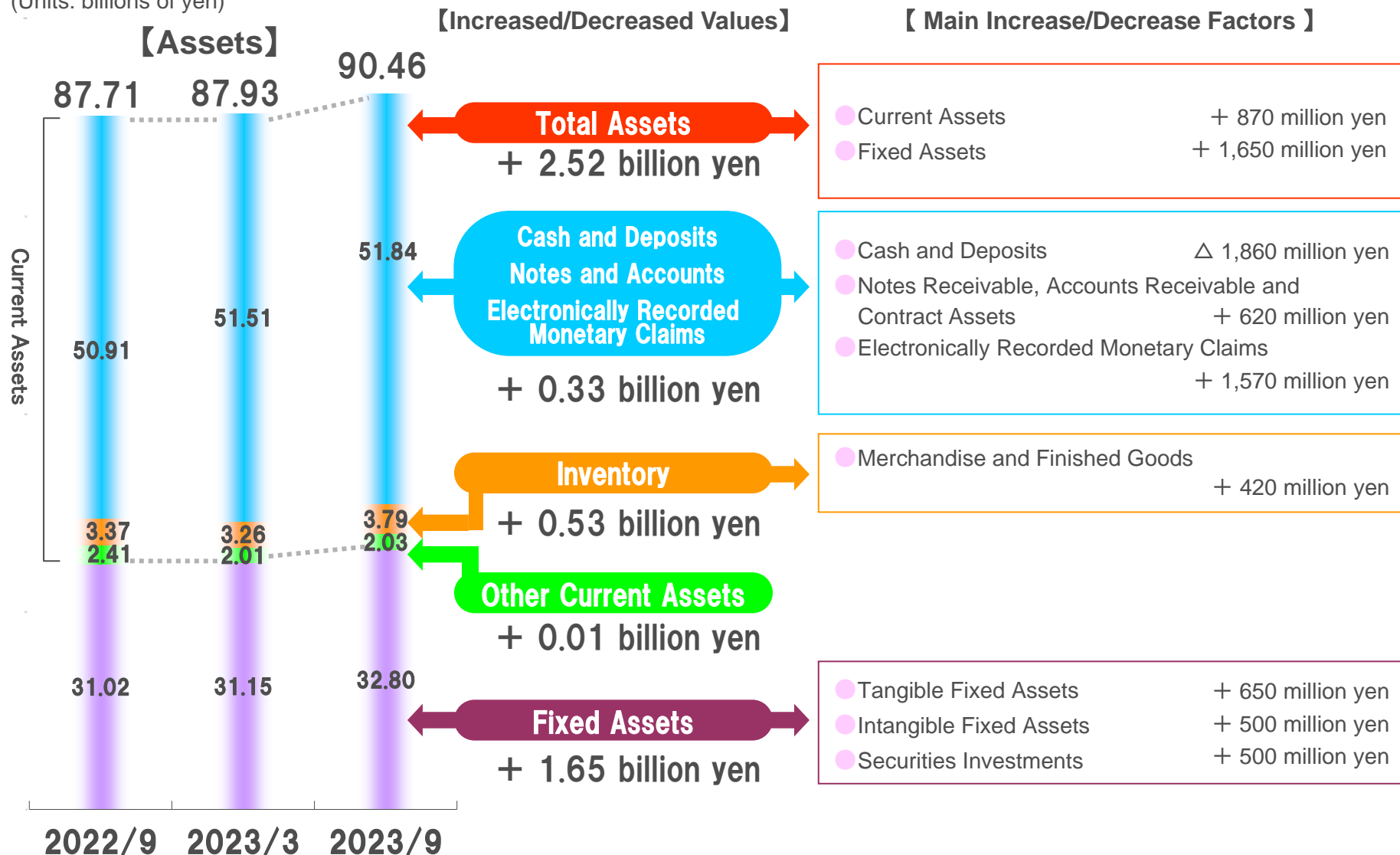


3. Sales Composition ① By Segment (Consolidated)



4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

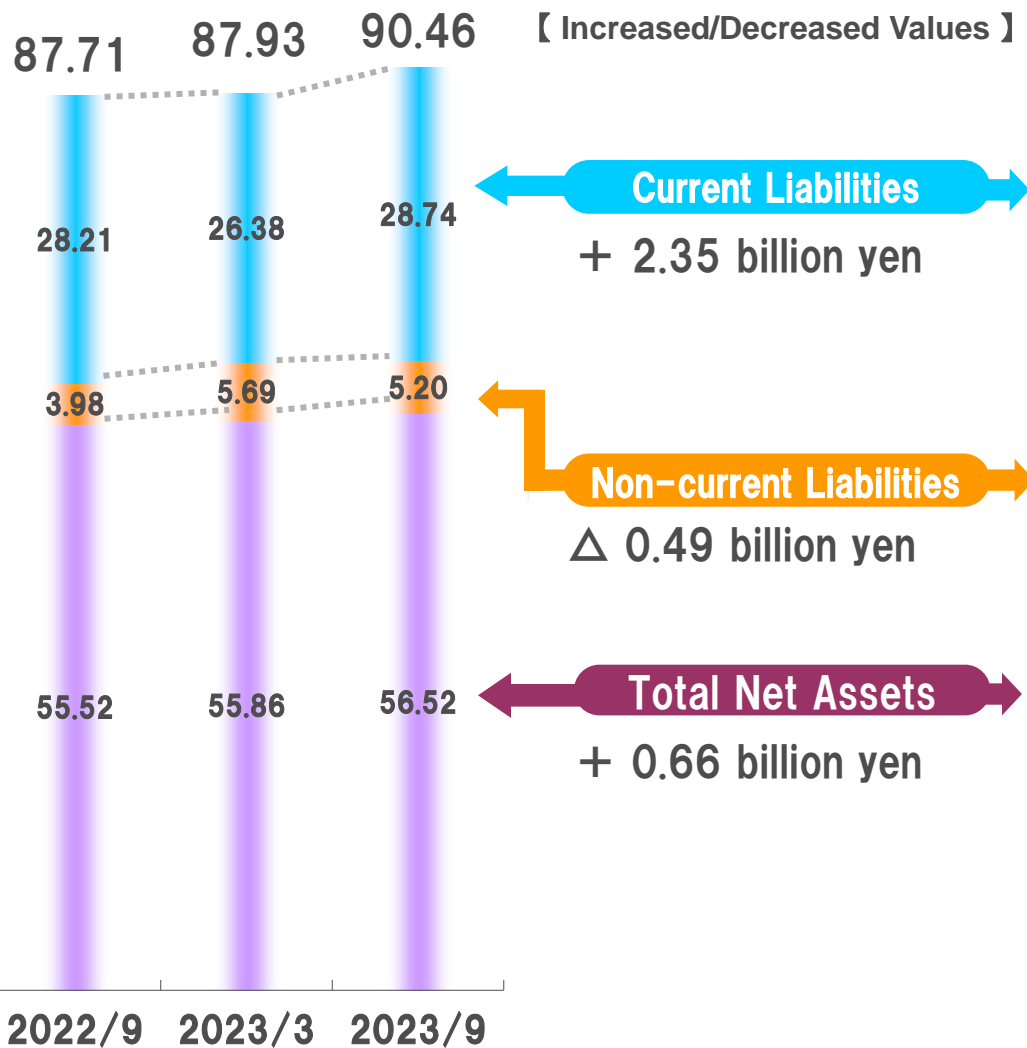


4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

【Liabilities・Minority Interests・Assets】

【 Increased/Decreased Values 】



【Primary Reasons for Increase/Decrease】

- Accounts Payable – Trade Δ 550 million yen
- Short-Term Borrowings + 1,660 million yen
- Electronically Recorded Obligations - Operating + 880 million yen

- Long-Term Borrowings Δ 500 million yen

- Interim Net Income + 750 million yen
- Dividends Δ 480 million yen
- Valuation Difference on Available-for-Sale Securities + 330 million yen

5. Consolidated Cash Flow Statement Summary

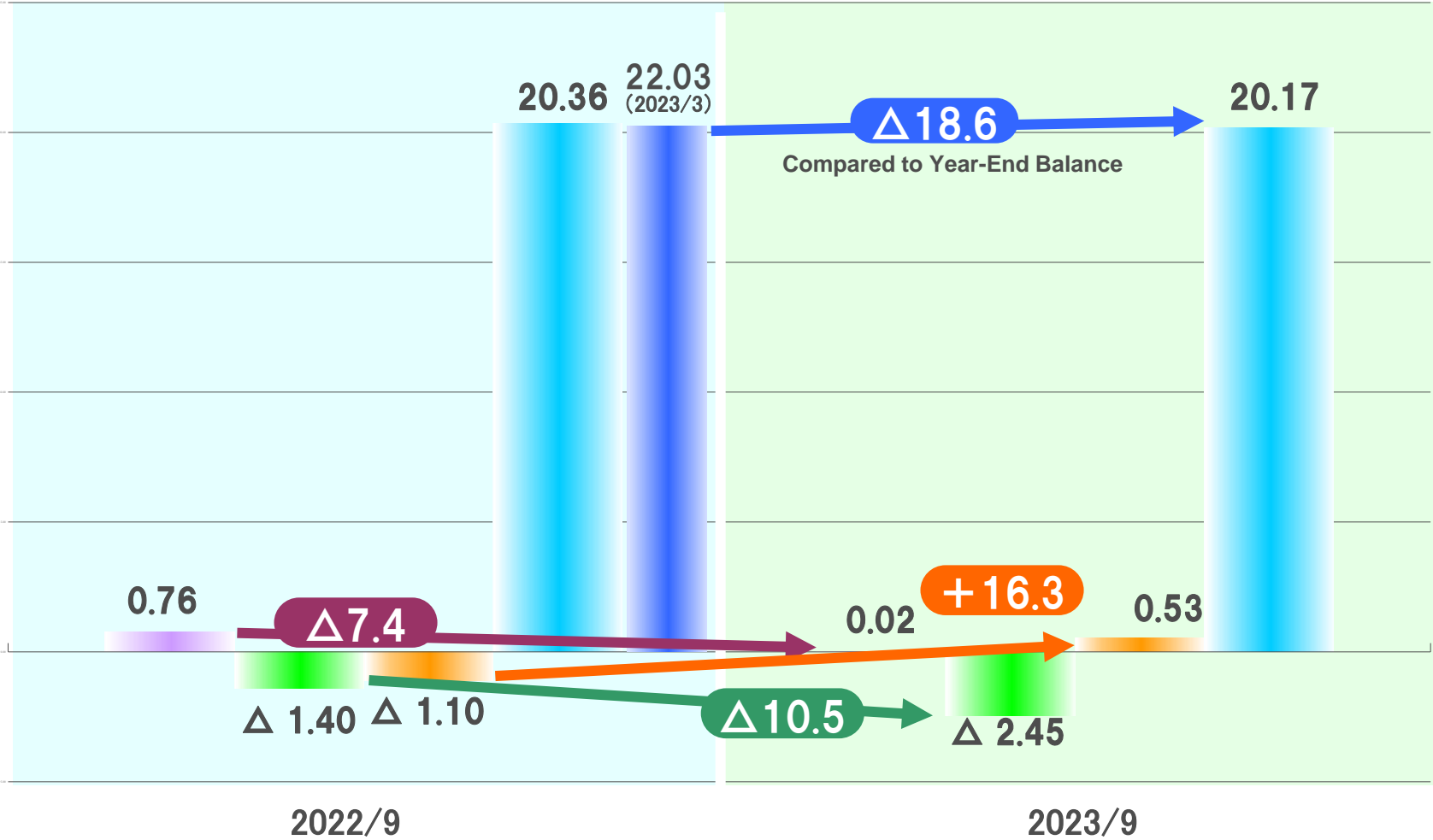
(Units: billions of yen)

- Cash Flow from Operating Activities

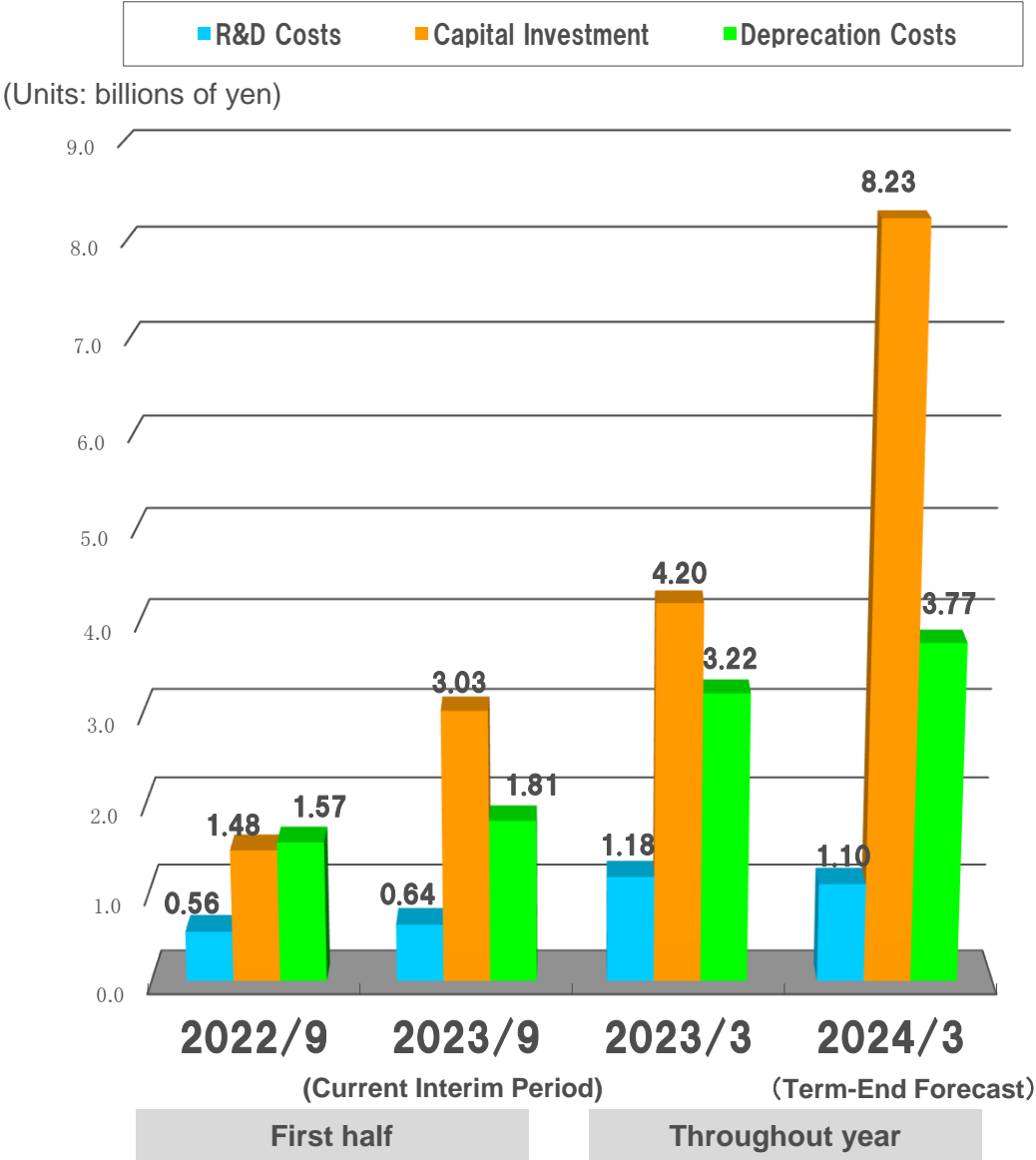
Cash Flow from Investing Activities

Cash Flow from Financing Activities

Interim (Year-End) Cash & Cash Equivalents Balance



6. Capital Investments (Consolidated)



【FY2023 Major Capital Investment Details】

First-Half Results

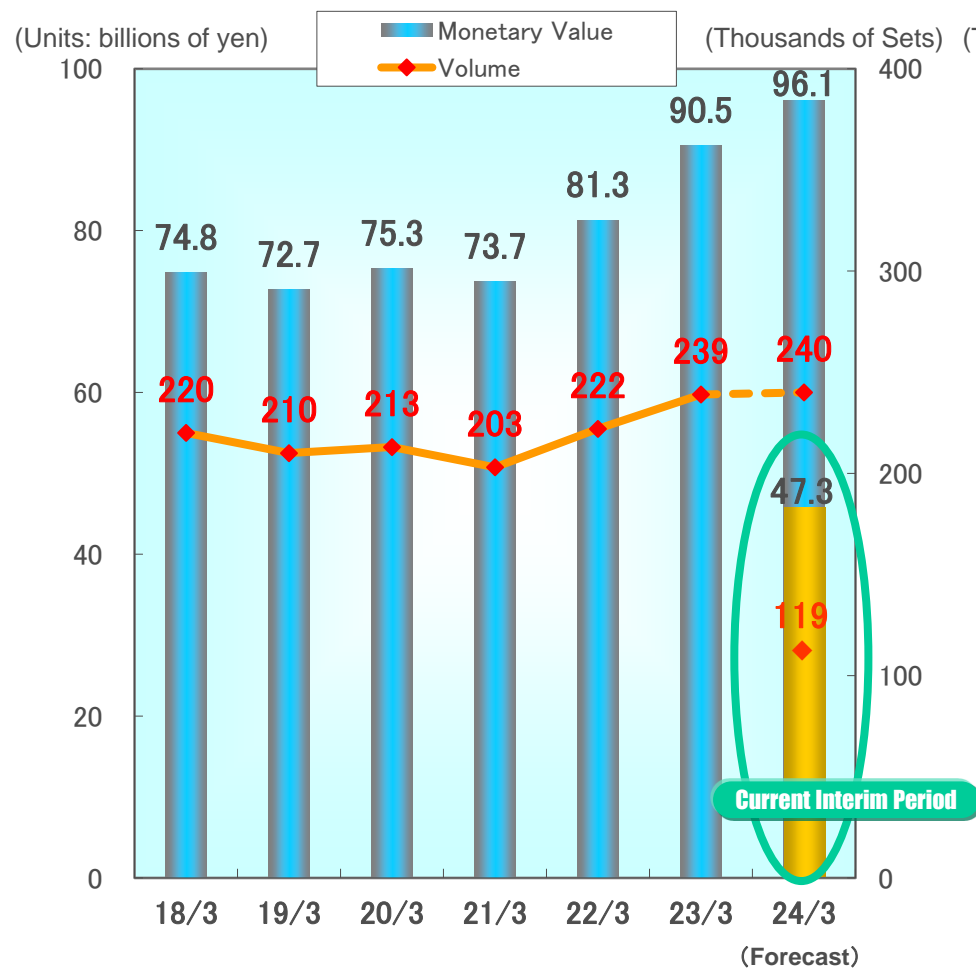
① Production Equipment	920 million yen
② Operations-Related	620 million yen
③ ESG/Sustainability	30 million yen
④ Information-Related	1,070 million yen
⑤ Others	390 million yen

Second-Half Plans

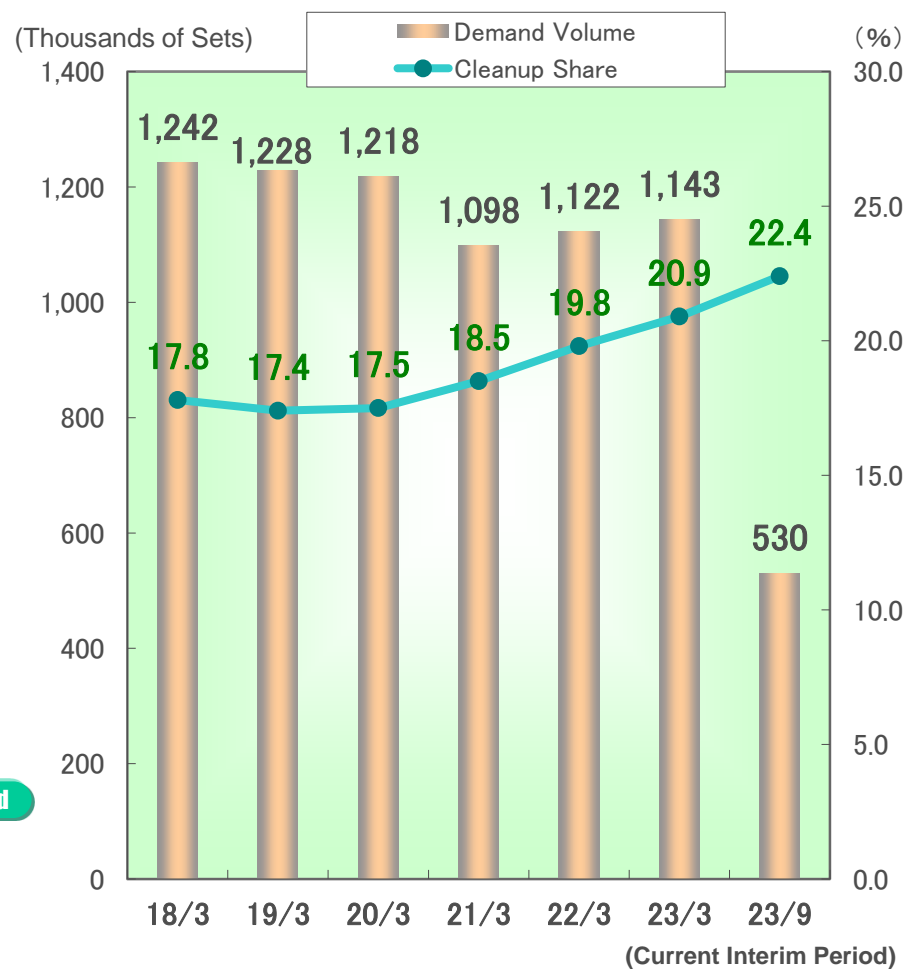
① Production-Related	2,530 million yen
② Operations-Related	730 million yen
③ ESG/Sustainability	120 million yen
④ Information-Related	1,650 million yen
⑤ Others	170 million yen

7. Sales Results For Major Products and Cleanup Market Share - 1/3

Complete System Kitchen Sales Results

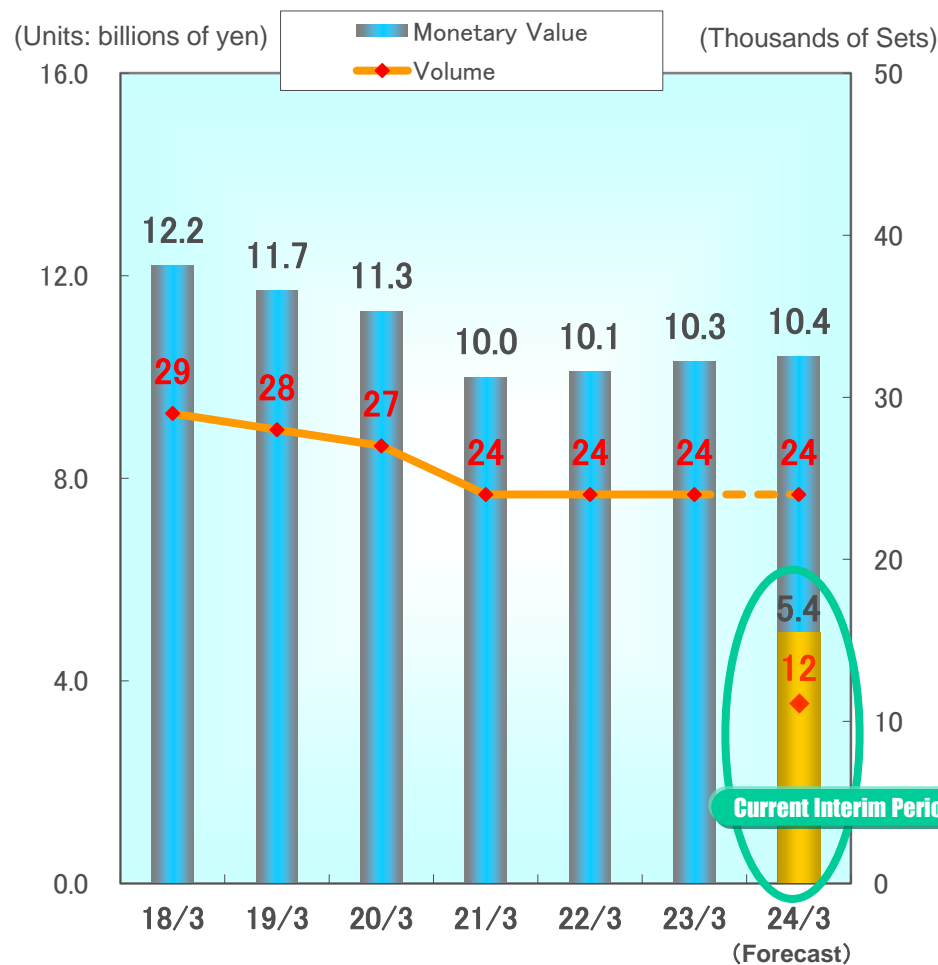


Demand Trends and Market Share

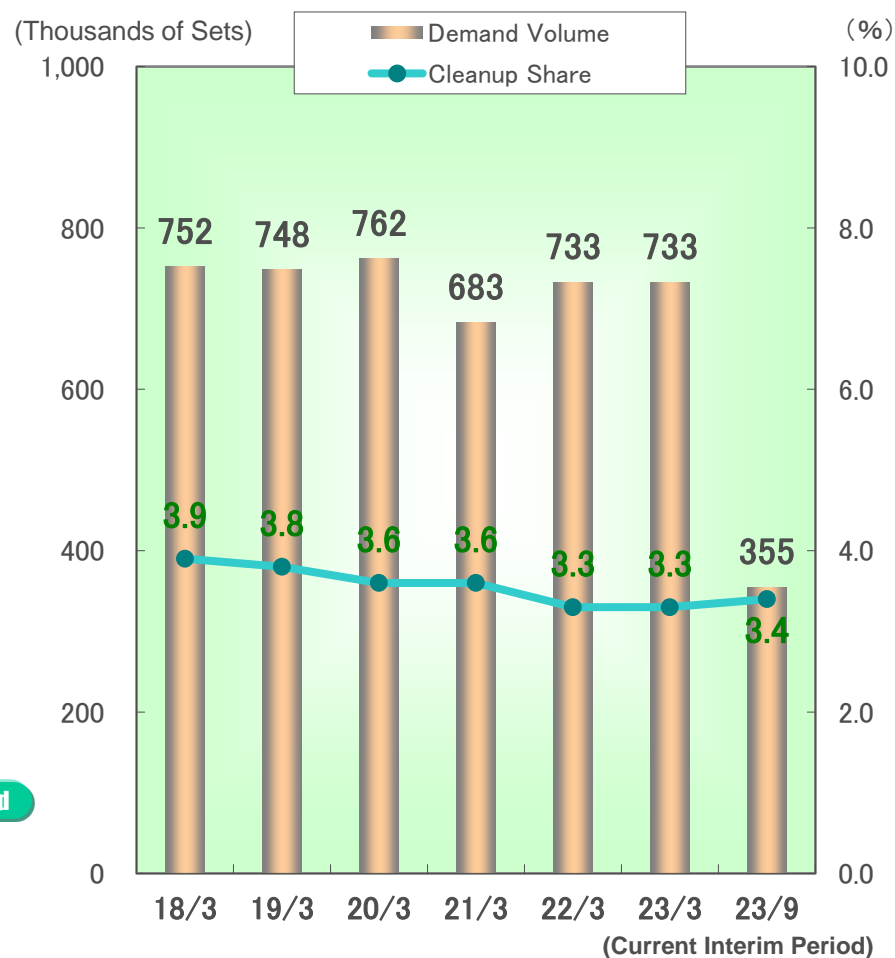


7. Sales Results For Major Products and Cleanup Market Share - 2/3

Modular System Bathroom Sales Results

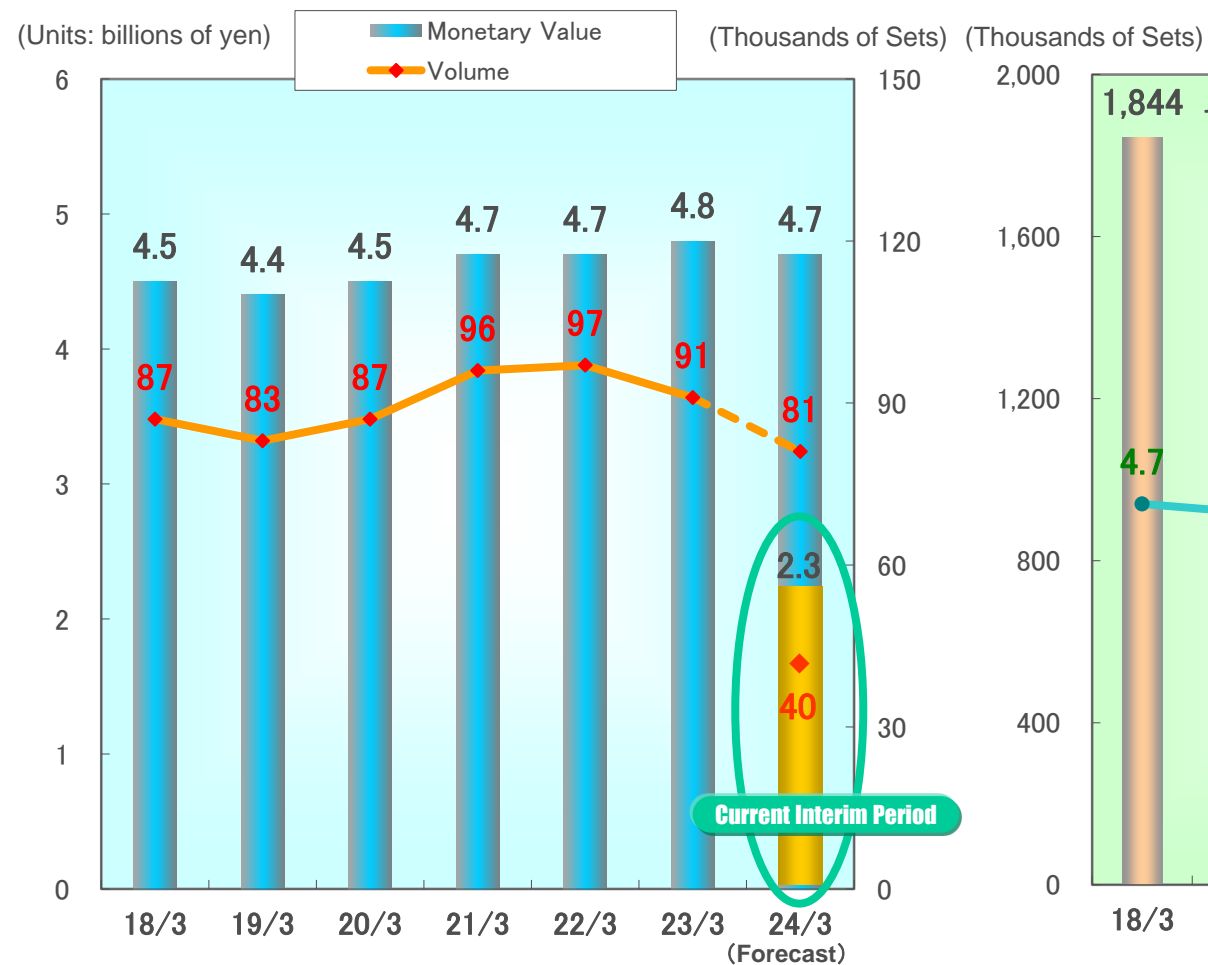


Demand Trends and Market Share

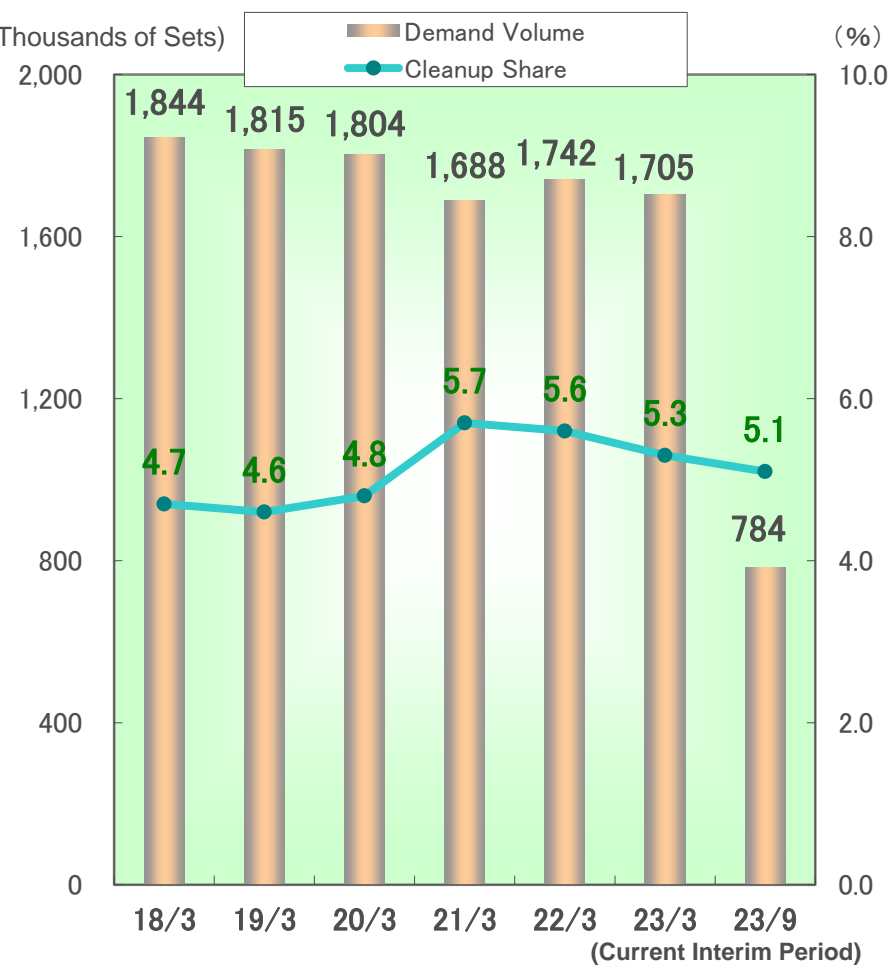


7. Sales Results For Major Products and Cleanup Market Share - 3/3

Washstands/Vanities



Demand Trends and Market Share



8. Forecasted Consolidated Results For The Period Ending March 2024

(Units: millions of yen)

	2024/3 (Previous Forecast)	2024/3 (Revised Forecast)	Change From Prev. Period
Net Sales	131,000	128,700	△1.8%
Operating Income	4,400	3,100	△29.5%
Operating Margin	3.4%	2.4%	—
Ordinary Income	5,000	3,600	△28.0%
Ordinary Income Margin	3.8%	2.8%	—
Profit attributable to owners of parent	3,300	2,300	△30.3%
Net Income Margin	2.5%	1.8%	—

*Previous Forecast: Announced May 9, 2023 *Revised Forecast: Announced October 31, 2023



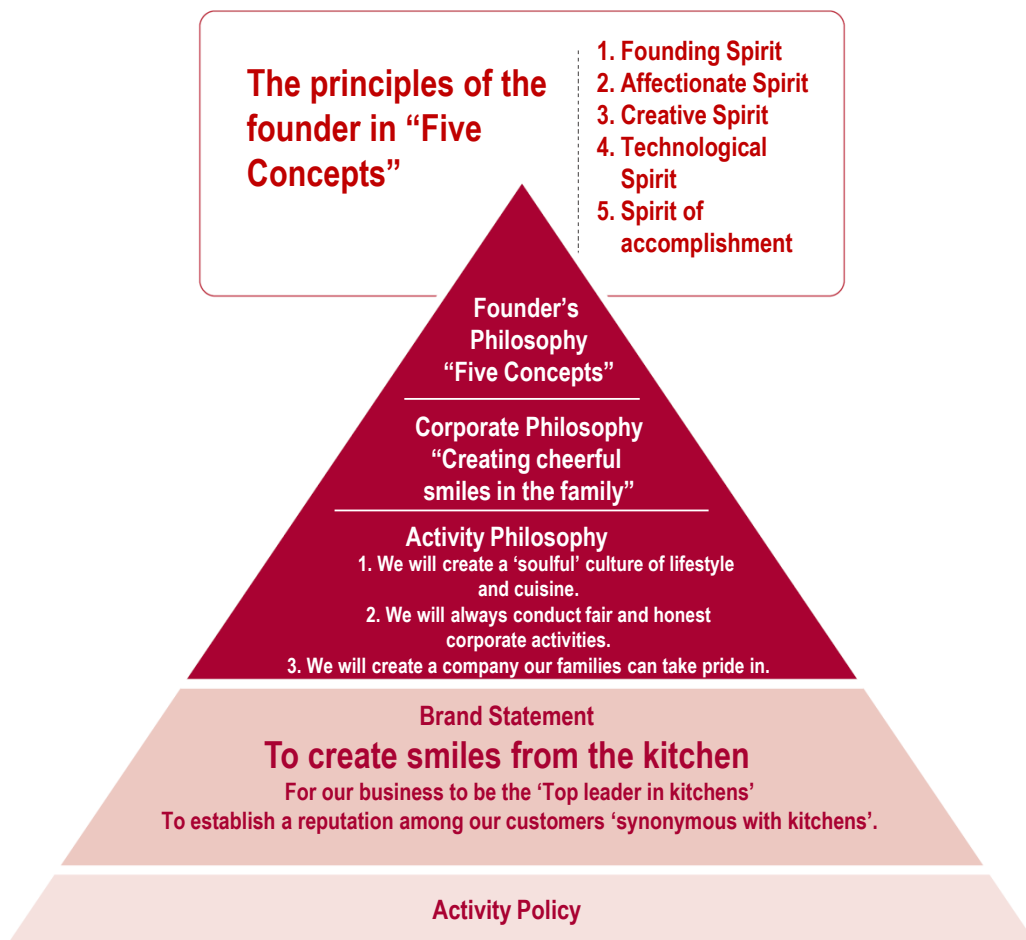
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II. Future Strategy

Progress of Medium-Term Management Plan

1. Management philosophy: Mission of Cleanup Group

Cleanup Group has been striving to contribute to the creation of abundant residences of our customers through our business activities, with the “Five Concepts” as the core of our management. We will continue to create and propose “new lifestyle values”, as we advance to attain our corporate philosophy on “creating cheerful smiles in the family”.



【 Long-term vision 】

Cleanup Sustainability Vision 2030 (CSV30)

“Leading the way to the future for people and their lifestyle”

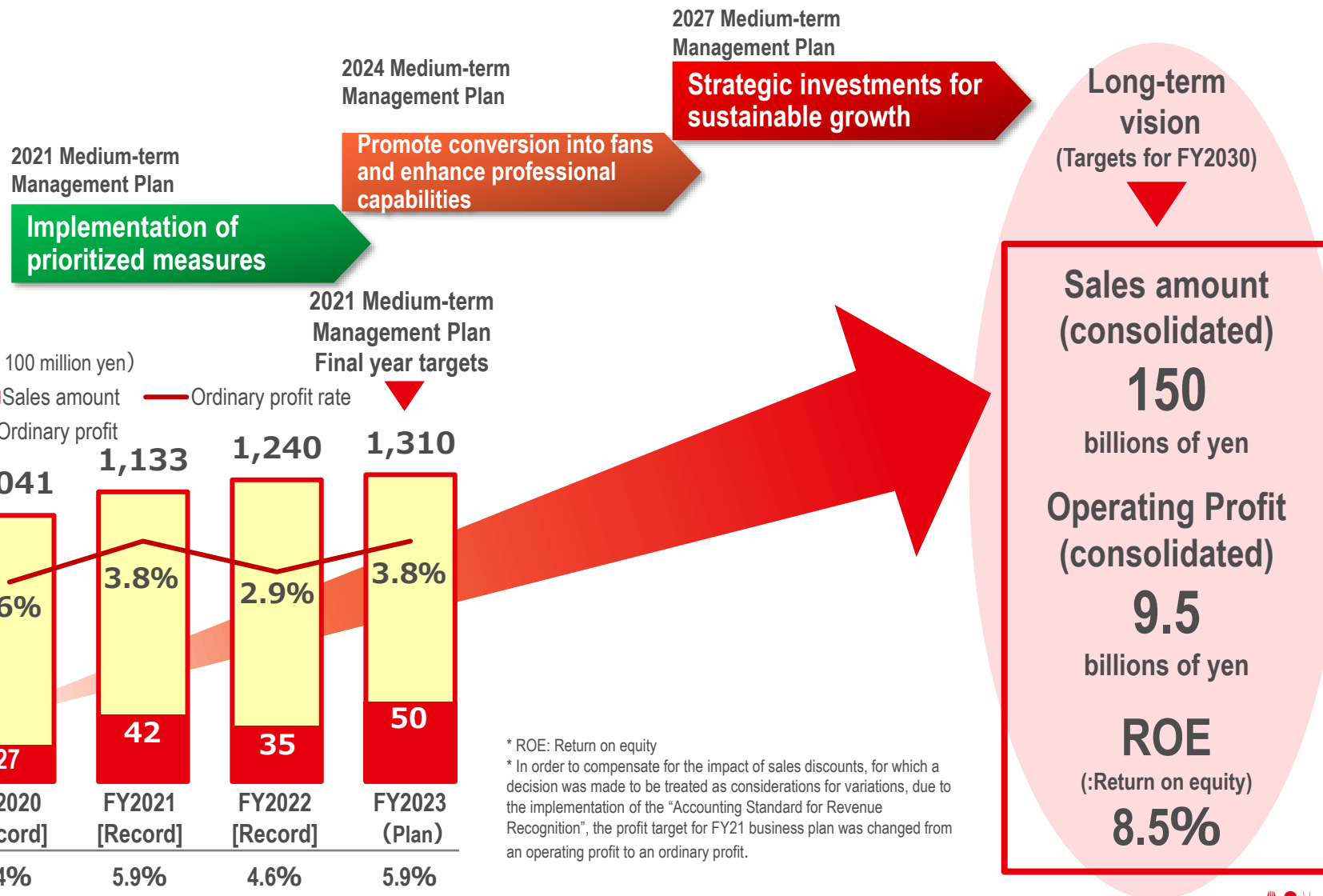
At Cleanup we are the pioneers of fitted kitchens as we endeavor to become the company that continues to be selected by families all around the world, through our efforts to broaden the potential of new living and dining spaces before we create them.

■ Important Guidelines

1. We take on the challenges of new business domains to build a stable revenue base as a kitchen manufacturer.
2. We respond to the diversification of customer contacts and digitization, as we continue to remain a presence selected as a more familiar choice.
3. We utilize our personnel assets and create workplaces where people can exhibit their capabilities to the maximum extent.
4. We are a company that contributes to building a sustainable society.

3. Toward the realization of the Long-term vision "CSV30"

New outline of strategic scenario drawn up to achieve CSV30



Basic policy of 2021 Medium-term Management Plan

We utilize the strengths of Cleanup Group to achieve “sustainable growth”.

1. Improve profitability of existing businesses 2. Expand business domains 3. Enhance management base for growth

Strategy 1

Develop demand for existing businesses and turn them around from a low-income structure

- Engage in the following business activities, with the aim of securing a stable income from the business of three wet area ranges (kitchens, bathrooms and washstands):
 - ① Enhance the sales capabilities for medium to superior quality products, improve the baseline of system bathrooms and acquire demand for renovations
 - ② Expand external sales businesses in service and distribution fields by utilizing know-how nurtured in the business operations of the three wet areas
 - ③ Reduce costs with core drivers of production reforms and CPS, improving the efficiency of indirect work operations, while improving profitability

Strategy 2

Create new customers through new businesses

- The following activities shall be implemented with the aim of creating new customers, as a part of our medium to long-term growth strategy:
 - ① Roll out measures for new products and services, as well as new channels to our implementation plans
 - ② Promote the enhancement of three business models for our overseas business strategy

Strategy 3

Enhance management base from perspective of ESG/SDGs

- Engage in pursuits to resolve important issues (ESG and SDGs) towards the creation of a sustainable society, through our business activities

Strategy 1

Develop demand for existing businesses and turn them around from a low-income structure



■ Progress status

Product Measures①

▶ Model change for highest grade fitted kitchen “CENTRO”

Product Measures②

▶ Steady progression of sales expansion strategy for “STEDIA”

Renovation Measures

▶ Continuing enhancements for the development of the “Water Section Workshops”

▶ Model change for highest grade fitted kitchen “CENTRO”

Order taking began on
June 1, 2023

SYSTEM
KITCHEN **50th**

Significant innovations implemented to commemorate 50th anniversary of
introduction to first system kitchen in Japan



New concept is “Turning aspirations into joy”

Strengthening interior and design features, while maintaining performance and quality levels of kitchens

Newly developed worktop
“Vibration Dark”
received the Good Design
Award for 2023

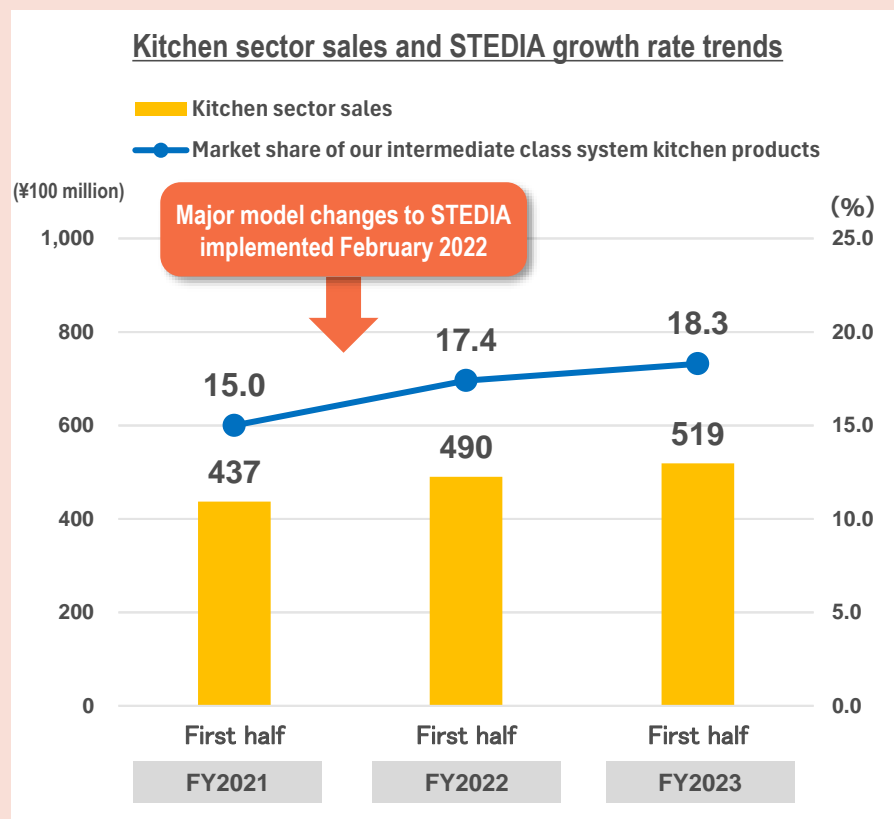


**GOOD DESIGN
AWARD 2023**

▶ Steady progression of sales expansion strategy for “STEDIA”

Major model changes implemented February 2022

Sustaining strong performance in industry, while contributing to revenue of kitchen sector



* Market share for intermediate class products calculated, based on volume of system kitchens shipped for each rank, derived from shipping statistics, issued by Japan Association of Kitchen & Bath



▶ Continuing enhancements for the development of the “Water Section Workshops”



18th year since starting in 2006

Number of
participating
merchants

2009
1,000
Participants
exceeded

2013
3,000
participants
exceeded

End of September 2023

Approx. 4,000
companies

[Five features]

1

Community-based



2

Reliable technologies
and services



3

Total support provided
for projects, starting with
the proposal through to
construction work



4

Budget formulated to
accommodate requirements
and responsive action that
gives peace of mind



5

Dissemination of the
latest information



Strategy 2

Create new customers through new businesses



■ Progress status

Kitchen 1 ▶ Luxury kitchen business, targeting wealthy class, enters new phase

Kitchen 2 ▶ Implementation of new lifestyles, with kitchen “HIROMA”, enhanced

Overseas business ▶ Expansion of Overseas Business Operations

▶ Luxury kitchen business targeting wealthy class entering new phase

Nationwide sales started for “Valcucine JP” and nationwide sales system readied



- The design is supervised by Valcucine and produced under license



Sales limited to direct sales route from manufacturer for previous demand

Nationwide sales launched in 2023

Integrated response system established at Cleanup sales offices nationwide

Planning

Sales

Installation

After sales service



Valcucine JP exhibition booths established

- Tokyo
- Osaka
- Nagoya

- Sapporo
- Kobe
- Fukuoka

► Enhancement implementation for new lifestyle, proposing kitchen “HIROMA”

Proposing a new concept and lifestyle in the living room, dining room, kitchen layout



- Collaboration with Hida Sangyo, a long-established manufacturer of furniture
- Simplify the elements of the kitchen, as much as possible and merge them with the dining table



2021: Implementation began

From 2022: Exposure expansions

- Full-scale sales started from October 2021
- [November 2021] Online sales also start
HIROMA online shop opens to public
- Participation in the exhibit “Renovation Industry Fair 2021”

2022

- Participation in the exhibit “50 Shapes” at the Hiroshima T-Site
- Participation in the exhibit “Renovation Industry Fair 2022”
- Participation in the exhibit “Good Life Fair 2022”

Implementation in collaboration with “Future Kitchen Project” beginning latter half of 2022

2023

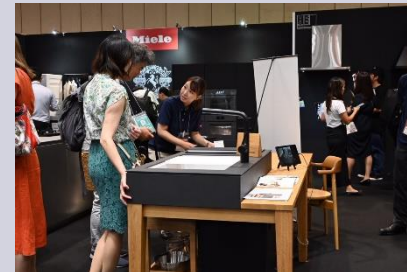
- Participation in the exhibit “Renovation Industry Fair 2023”
- Participation in the exhibit “ISETAN HOME DÉCOR 2023”



“Renovation Industry Fair 2021”



“Renovation Industry Fair 2022”



“Renovation Industry Fair 2023”



ISETAN HOME DÉCOR 2023

► Expansion of overseas business operations

Through business partnership with National Furniture in Thailand:

Model change of system kitchen “R&C” (From October 2023)



Locally produced model was developed using stainless cabinets, catering to local lifestyles



Our exhibition booth at "Baan Lae Suan 2023"

The booth exhibited "CENTRO" and "STEDIA" exported from Japan, attracted the attention of visitors and local media.

Strategy 3

Enhanced management base from the perspective of ESG/SDGs



■ Progress status

Target

▶ Pursue non-financial goals and materiality

ESG activity 1

▶ A “Sustainability Report ” is issued

ESG activity 2

▶ Promote “Future Kitchen Project”


















ESG activity 2

▶ Activities of “Cleanup Foundation”

▶ Pursue non-financial goals and materiality

FY2030 non-financial targets	Environment related KPIs	Human resources related KPIs		
	Greenhouse gasses reduced by 50%, in comparison with FY2013	Female manager ratio 15%	Child care leave acquisition rate for males 100%	Paid vacation acquisition rate 60%

■ Important issues and activities at Cleanup

Important issues	Important activities aimed at resolving issues	Relationship with the implementations of the 2021 Medium-term Management Plan	SDGs item
Provide value for lifestyles through our products and services 	<ul style="list-style-type: none"> ➢ Implement new products, services and solutions for areas where cultures of food and residences cross. ➢ Provide value that is useful for consumers and society (health, as well as saving energy, resources and water) 	<ul style="list-style-type: none"> • Prioritize the implementation of the respective following strategies <ul style="list-style-type: none"> • Develop demand for existing needs • Create new customers through new businesses 	   
Create pleasant workplaces 	<ul style="list-style-type: none"> ➢ Workplaces where the ability to work is maximized by providing rewarding work and facilitating various working styles ➢ Utilize various personnel resources by promoting diversity 	<ul style="list-style-type: none"> • Build a personnel system that enables “rewarding work” 	  
Environmental conservation and reduction of environmental load 	<ul style="list-style-type: none"> ➢ Promote a reduction of CO₂ emissions, environmental loads and energy saving techniques in business activities 	<ul style="list-style-type: none"> • Sustain and update ISO14001 certification • Consider the purchase of electrical power derived from renewable energy 	  
Fair and honest corporate activities 	<ul style="list-style-type: none"> ➢ Aim to resolve social issues through our supply chain as a whole (encourage CSR procurement) ➢ Promote social contributions through business activities, seeking to pursue progress as a member of the local society 	<ul style="list-style-type: none"> • Promote CSR procurement • Provide employment opportunities for disabled persons and the continuation of relevant projects • Contribute to building a sustainable aging society through our nursing care business operations 	  

▶ Promote “Future Kitchen Project” 1/2

“Create a future with
spiritual abundance,
starting from the kitchen”



未来キッチン
PROJECT

Aiming to realize targets of the “Cleanup Sustainability Vision 2030”
The project started on February 22, 2023, to pave the way for a future with new ideas that are not limited by existing concepts.

Promoting three actions

1
Industry-academia joint efforts made to
address social issues with the
“Future Kitchen Lab”

2
Kitchens sold in the past were utilized
for the
“Recycling Program”

3
Ideas are solicited from children who
will lead the future
“Future Kitchen Illustration
Contest”

▶ Promote “Future Kitchen Project” 2/2

“Future Kitchen Illustrations Contest”



Project born out of desire to create future kitchens with children, incorporating free ideas and concept of SDGs

Application period: From June 1 (Thursday) to October 15, 2023 (Sunday)

Announcement of results: Scheduled for December 2023

Application eligibility: Students of 1st to 6th grade in elementary schools within Japan

Application details: Submission of illustration and explanation of desirable kitchen

**Summer vacation at Cleanup
Future Kitchen Study Sessions
Learn SDGs and draw future kitchens**

“Future Kitchen Study Sessions”, convened at Kitchen Town Yokohama and Kitchen Town Osaka, in collaboration with “Future Kitchen Illustrations Contest”



▶ Activities of “Cleanup Foundation”

**50 students selected for scholarship program of FY2023,
who are in their 11th year**



The award ceremony, held on July 5 at the National Institute of Technology, Fukushima College, where 21 of 50 scholarship students were enrolled.

**Cumulative total number
of students, over 11
years, receiving our
scholarship: 460
students**

The company shall sustain financial soundness and promote growth investments, intended to improve corporate value, as well as enhance shareholder returns

[Utilization of cash and deposits]

- Invest in new business developments and promotions
- Invest in overseas business expansions
- Enhance management base

[Review of portfolio assets]

- Regularly verify investment securities
- Promote more efficient and effective utilizations and operations

[Liabilities]

- Utilize borrowings according to investment opportunities and need for enhancing business foundation

[Capital]

- Enhance shareholder returns based on stable dividends
- Appropriate acquisitions and depreciation of treasury shares



Efficient and effective capital circulation



Improve profitability of existing businesses



Expand business domains



Enhance management base for growth

For any questions concerning investor relations, please contact:

Cleanup Corporation

General Affairs Department, General Affairs / IR Section
Contact our IR Representative

Phone +81 – (0) 3–3894–4771

URL <https://cleanup.jp/>

Disclaimer

This material is intended to provide information regarding the FY2023 financial results (April 2023 – September 2023) and does not constitute a solicitation to invest in Cleanup Corporation-issued securities.

Furthermore, this material was created based upon data current as of November 16, 2023. Opinions and forecasts contained within this material were the subjective judgments of Cleanup Corporation at the time of creation. No guarantee or promise is made as to the accuracy or completeness of this information. Additionally, this information is subject to change without prior notice.