



キッチンから、笑顔をつくろう

Announcement of FY 2020 Year-End Results

May 27, 2021



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I . Results Outline

1. Outline of Consolidated Results for the Period Ended March 2021

(Units: millions of yen)

	2021/3 (Actual Results)	2020/3 (Actual Results)	Change From Prev. Period	2021/3 (Revised Forecast)
Net Sales	104,185	107,525	△3.1%	103,500
Operating Income	2,614	2,499	+4.6%	2,500
Ordinary Income	2,714	2,545	+6.6%	2,600
Profit attributable to owners of parent	1,746	1,465	+19.2%	1,630
Net Income Per Share	47.34 yen	39.91 yen	—	44.18 yen

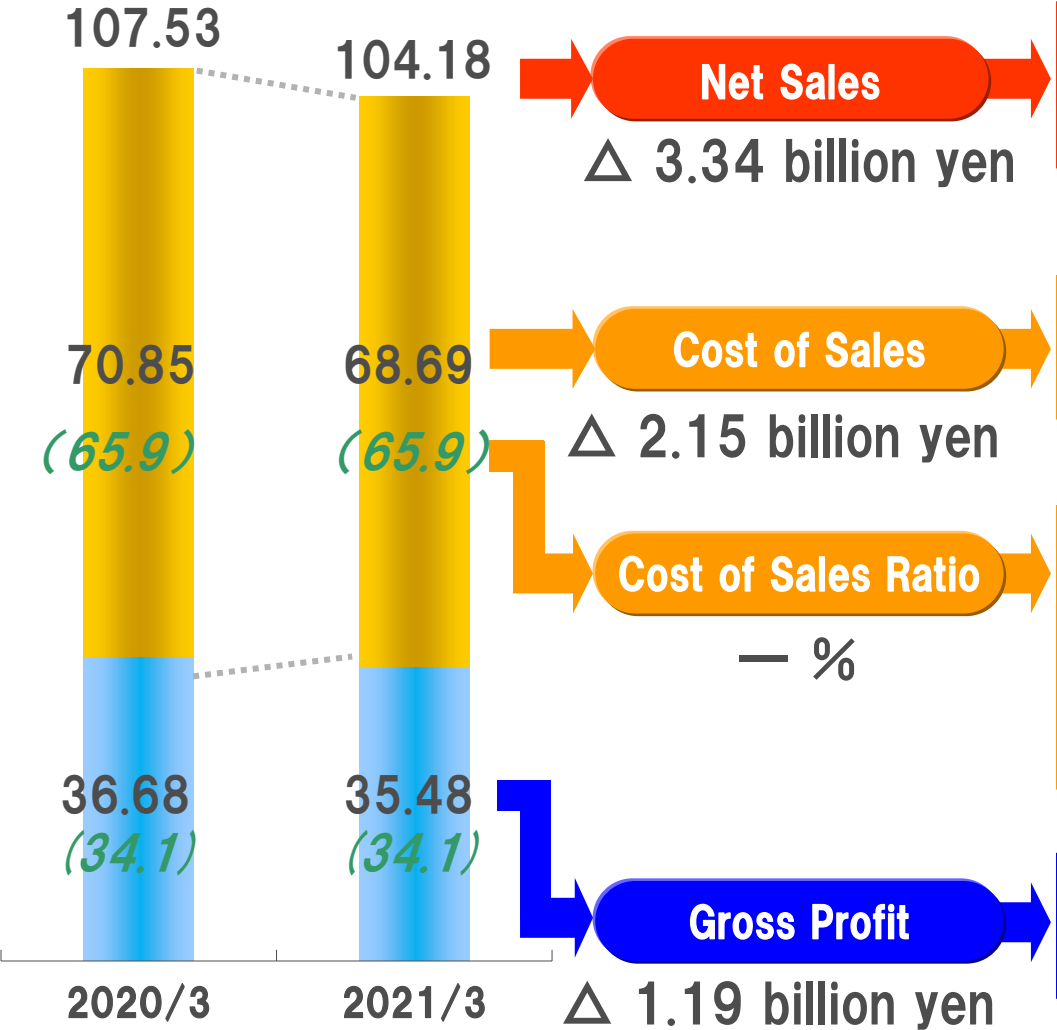
* Revised Forecast : Announced April 16, 2021

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】



- System Kitchens Δ 1,550 million yen
- System Bathrooms Δ 1,270 million yen
- Washstands + 120 million yen

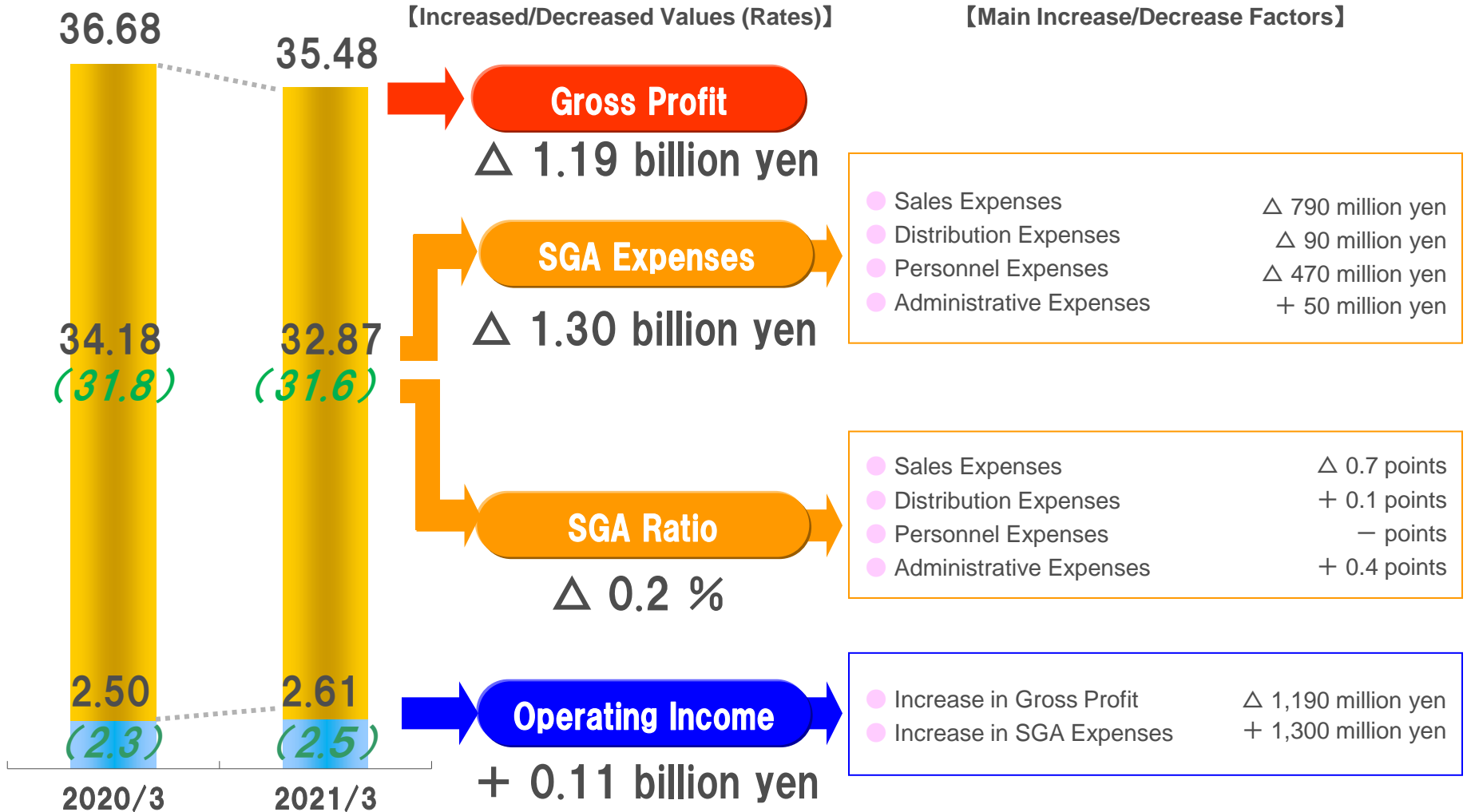
- Decrease Due to Decreased Earnings Δ 2,150 million yen

- Decrease in STEDIA Cost Ratio + 0.15 points
- Increase in System Bathrooms Cost Ratio Δ 0.15 points
- Increase in Raw Materials + 0.10 points
- Other model configuration differences, etc. Δ 0.10 points

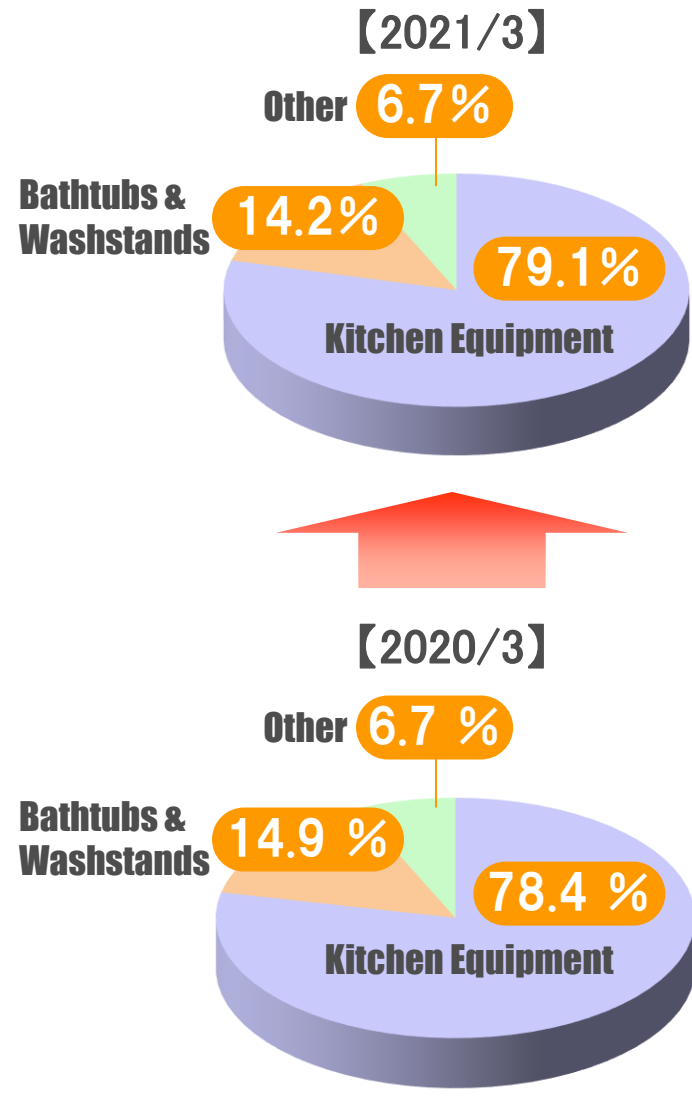
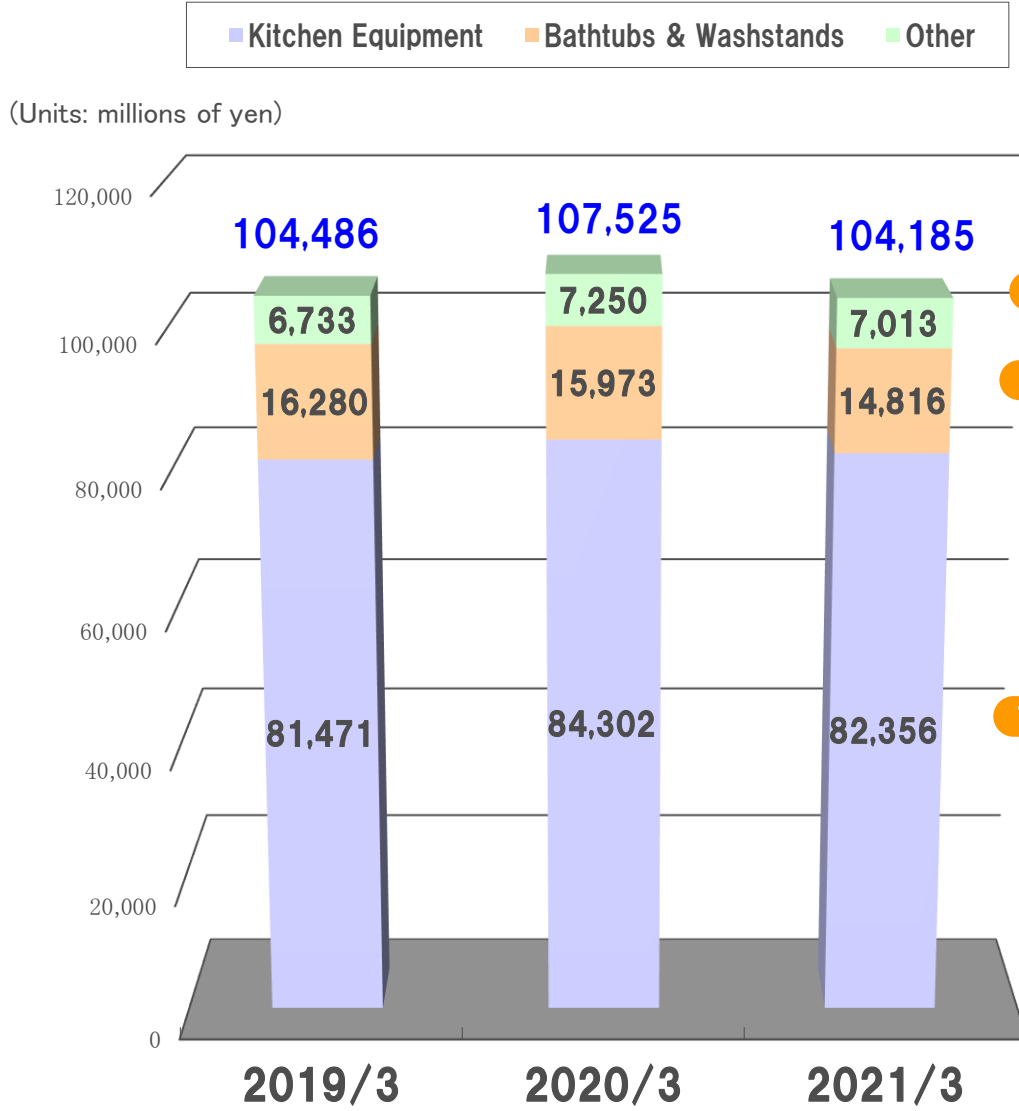
- Decrease Due to Decreased Earnings Δ 1,190 million yen

2. Consolidated Profits (2) SGA Expenses, Operating Income

(Units: billions of yen)

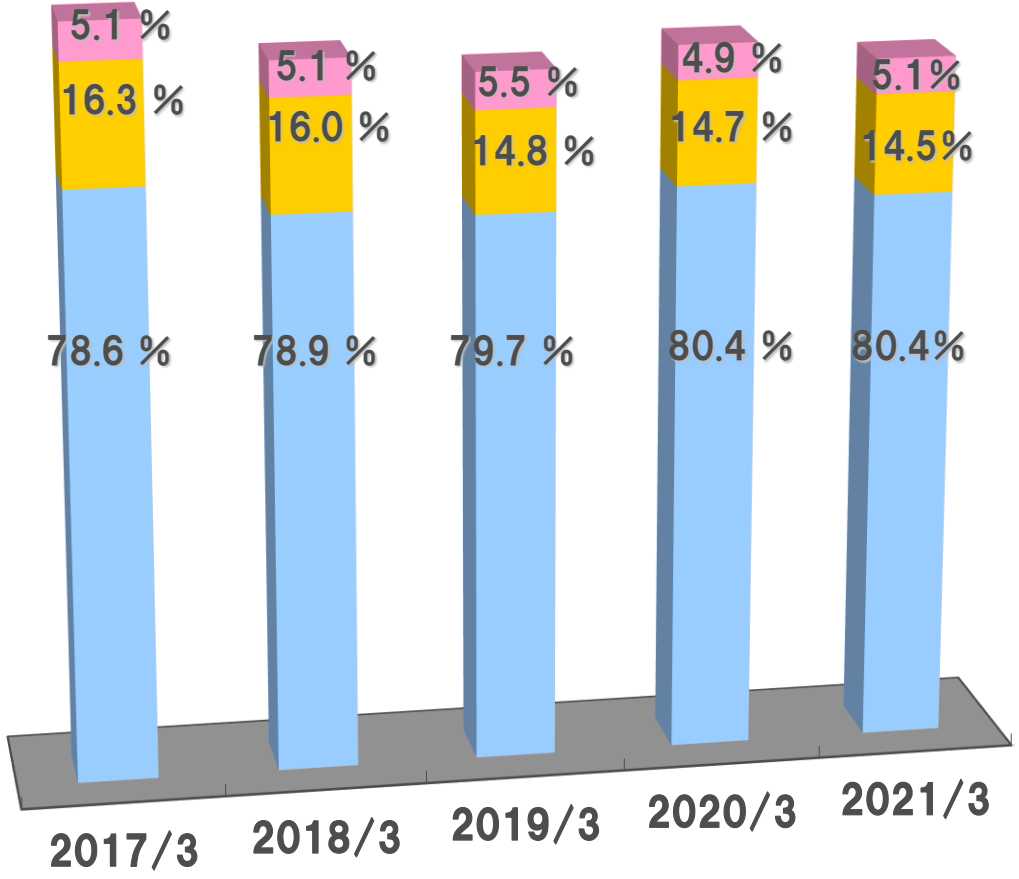


3. Sales Composition (1) By Segment (Consolidated)



3. Sales Composition (2) By Sales Route (Non-Consolidated)

- Direct-Sales (Condominium owners)
- Housing Constructors
- General Routes (Construction Contractors - Home Renovation)



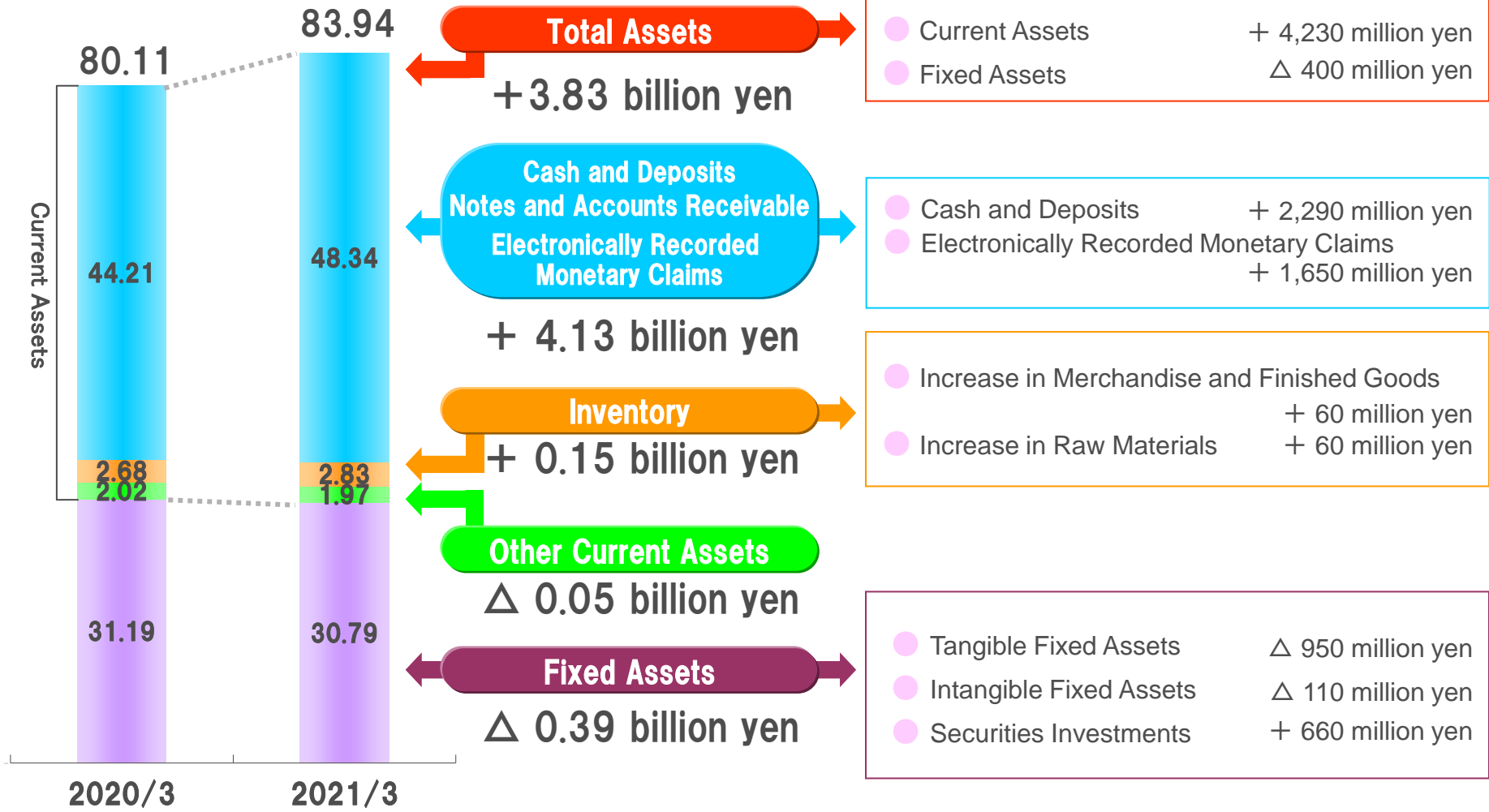
4. Consolidated Balance Sheet Summary – 1/2

【Assets】

【Increased/Decreased Values (Rates)】

【Main Increase/Decrease Factors】

(Units: billions of yen)



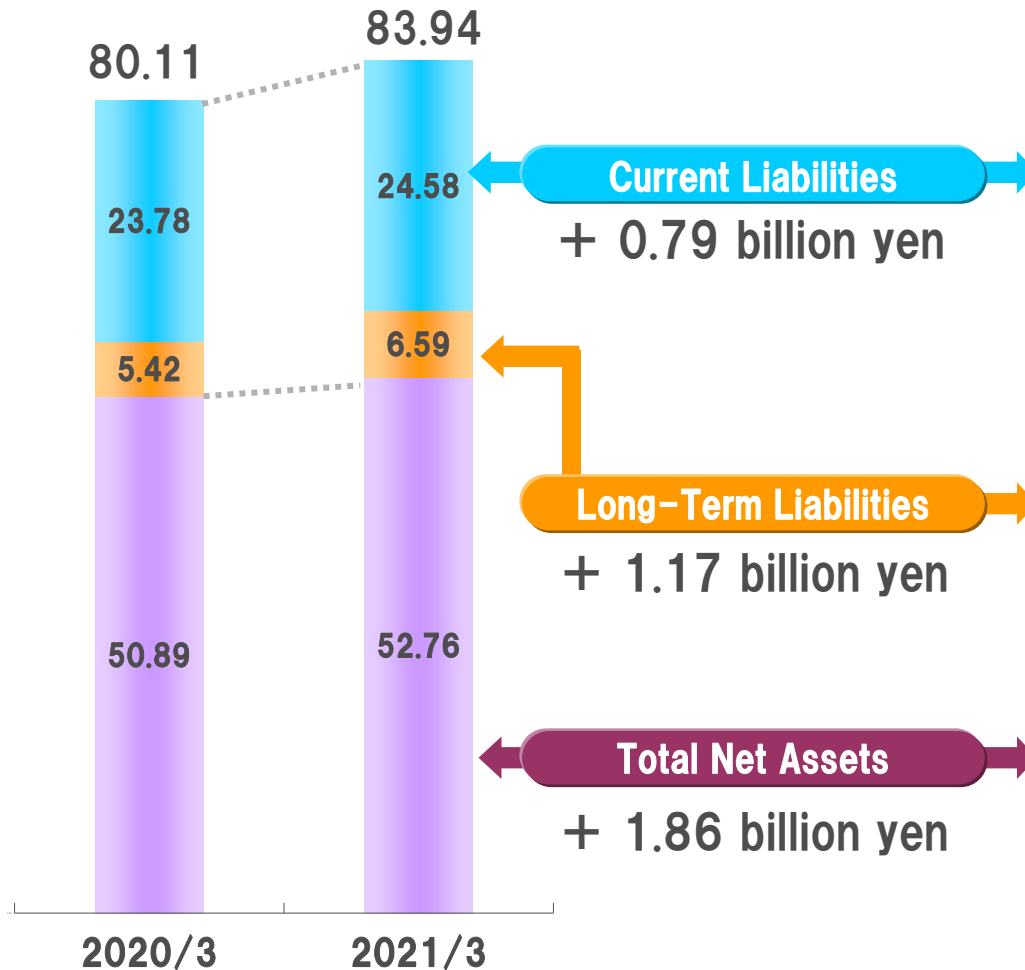
4. Consolidated Balance Sheet Summary – 2/2

【Liabilities/Net assets】

(Units: billions of yen)

【Increased/Decreased Values】

【Primary Reasons for Increase/Decrease】



- Accounts payable - trade + 640 million yen
- Short-term loans payable Δ 500 million yen
- Current portion of long-term borrowings + 1,000 million yen
- Electronically recorded obligations - operating Δ 600 million yen

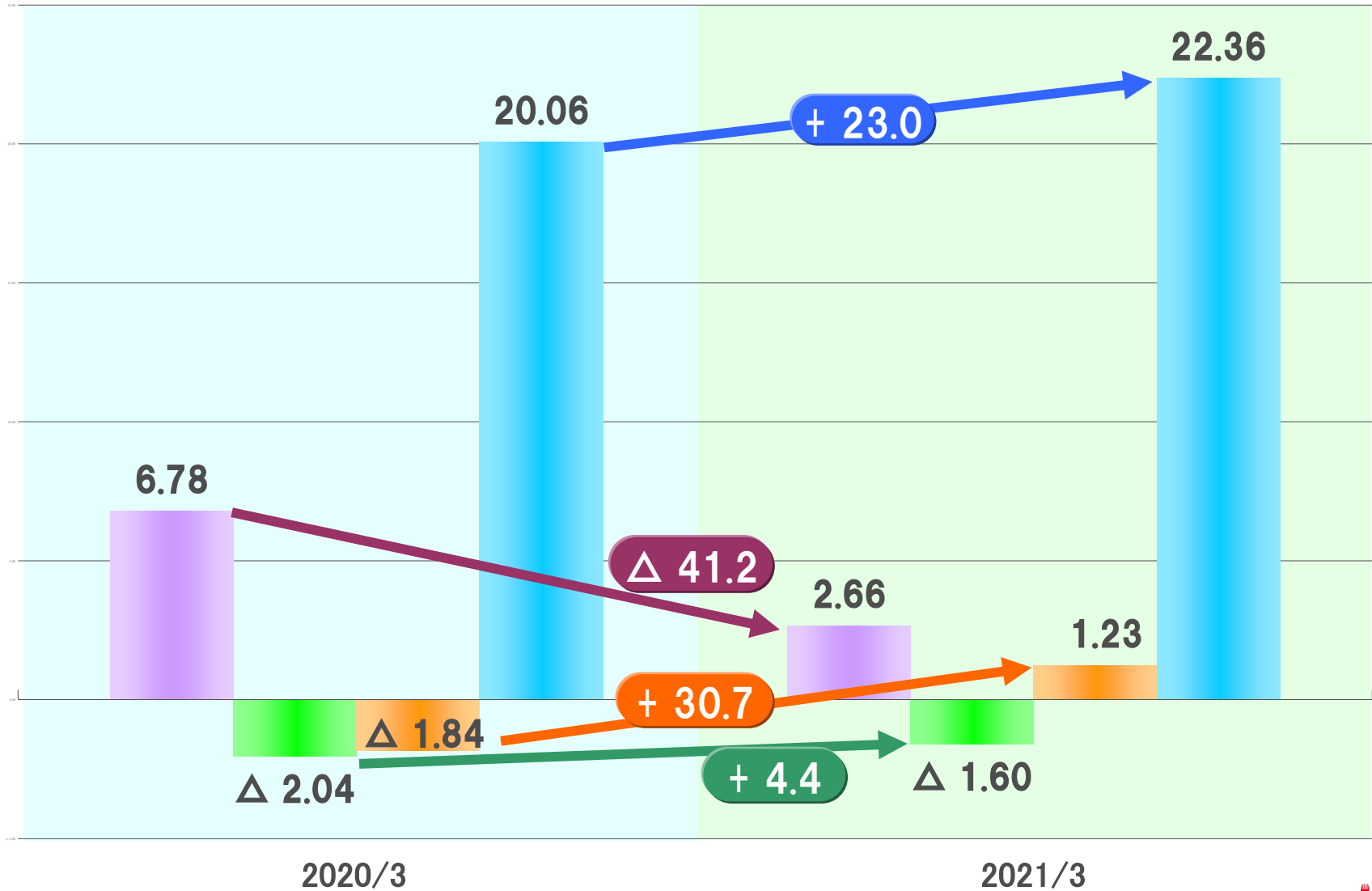
- Long-term loans payable + 1,630 million yen
- Retirement benefit liability Δ 710 million yen

- Net Income + 1,740 million yen
- Dividends Δ 740 million yen
- Valuation Difference on Available-for-Sale Securities + 520 million yen
- Remeasurements of defined benefit plans + 320 million yen

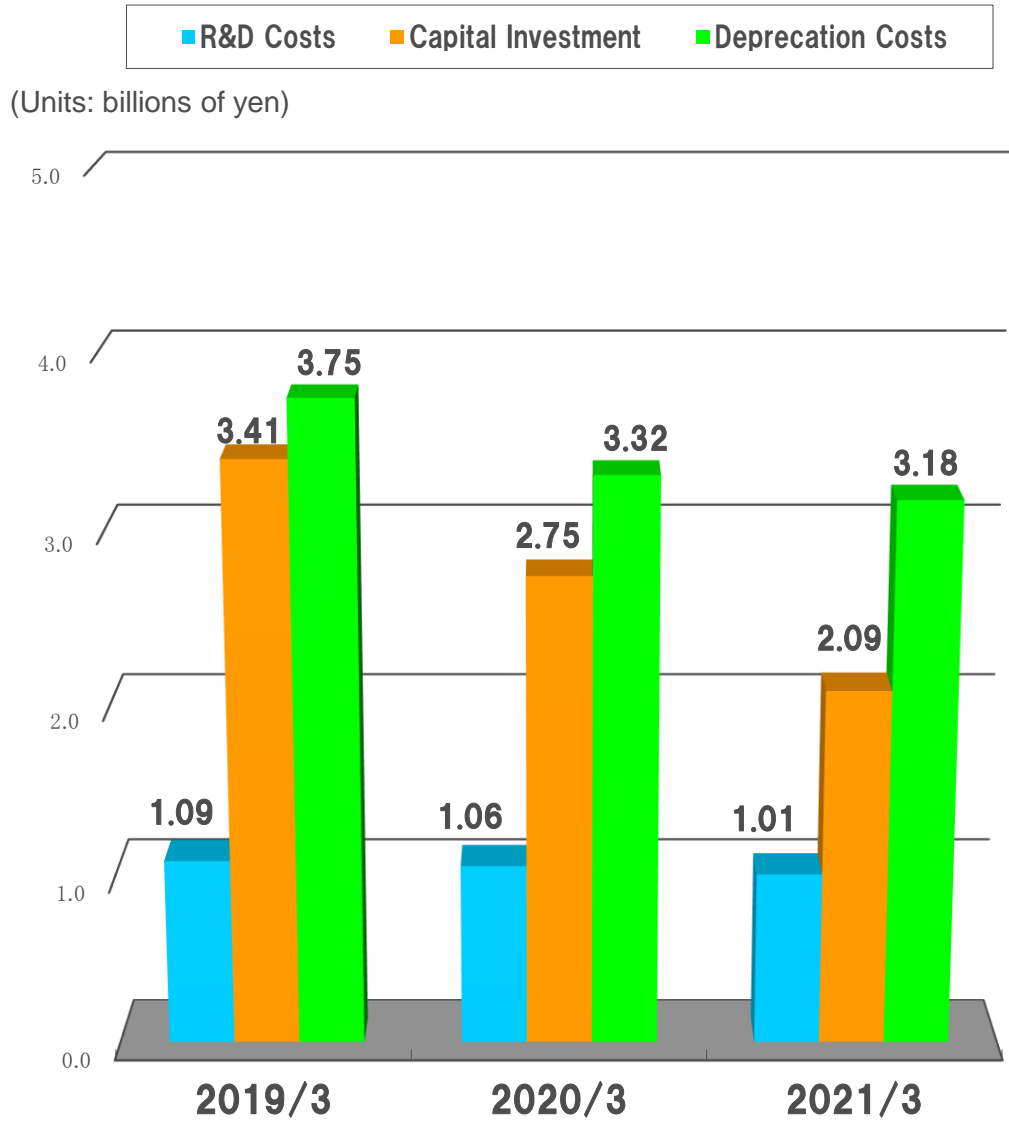
5. Consolidated Cash Flow Statement Summary

(Units: billions of yen)

- Cash Flow from Operating Activities
- Cash Flow from Investing Activities
- Cash Flow from Financing Activities
- Year-End Cash & Cash Equivalents Balance



6. Capital Investments (Consolidated)



【Major Capital Investment Details】

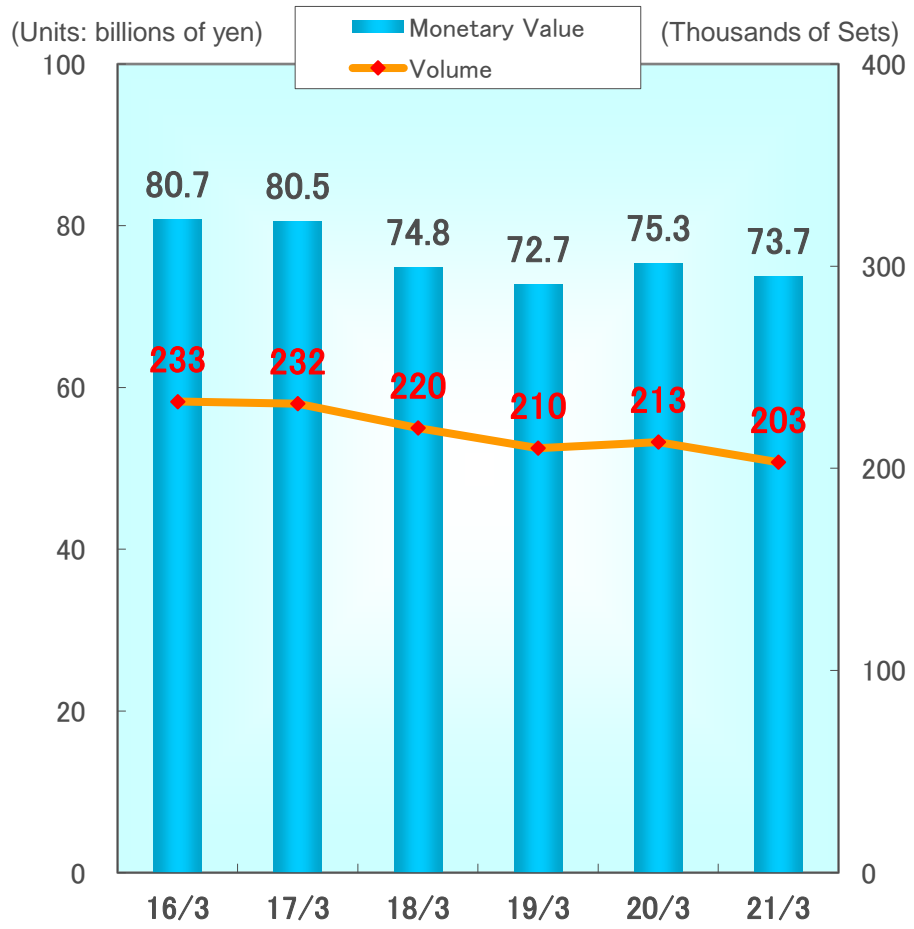
FY 2020 Results

- ① Production-Related 630 million yen
- ② Showroom Renovation 570 million yen
- ③ Information Investment 740 million yen
- ③ Others 140 million yen

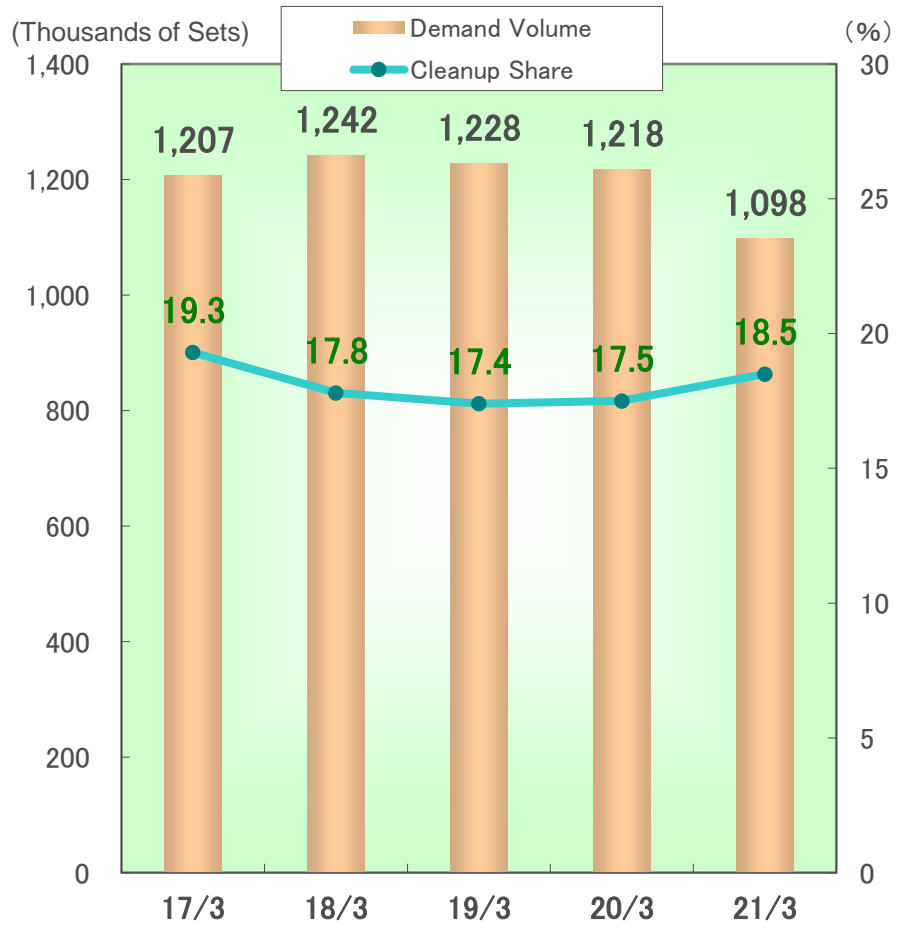
7. Sales Results For Major Products and Cleanup Market Share - 1/3



Complete System Kitchen Sales Results



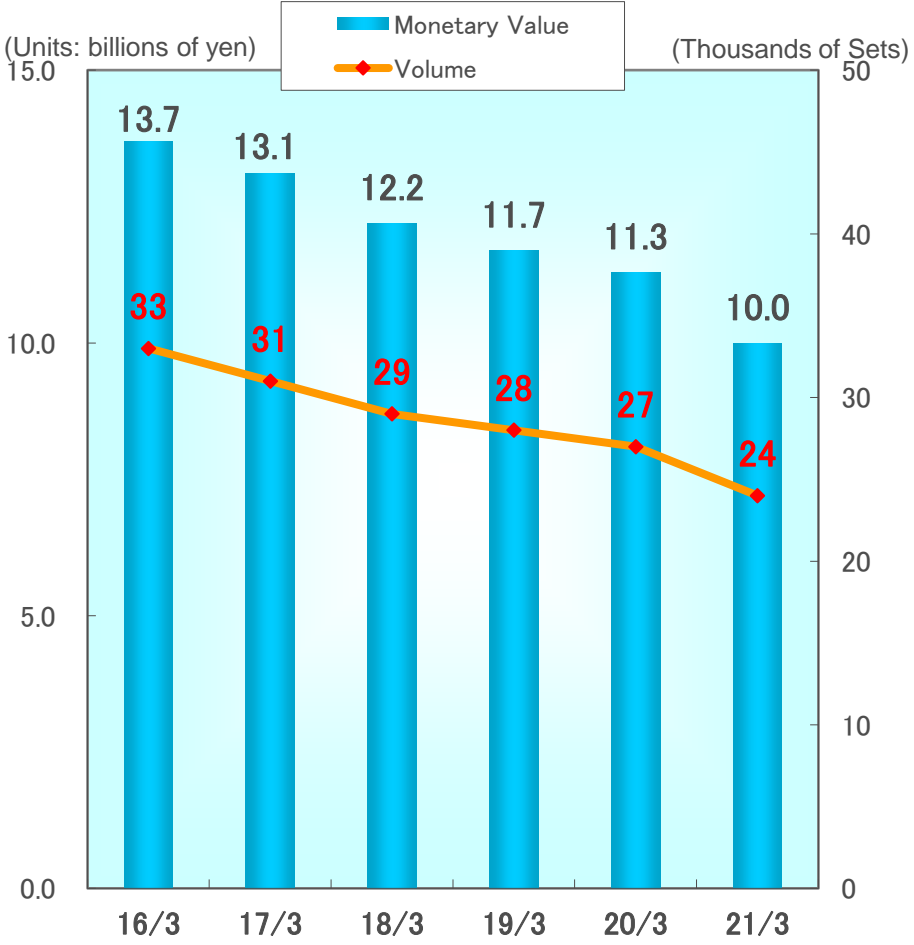
Demand Trends and Market Share



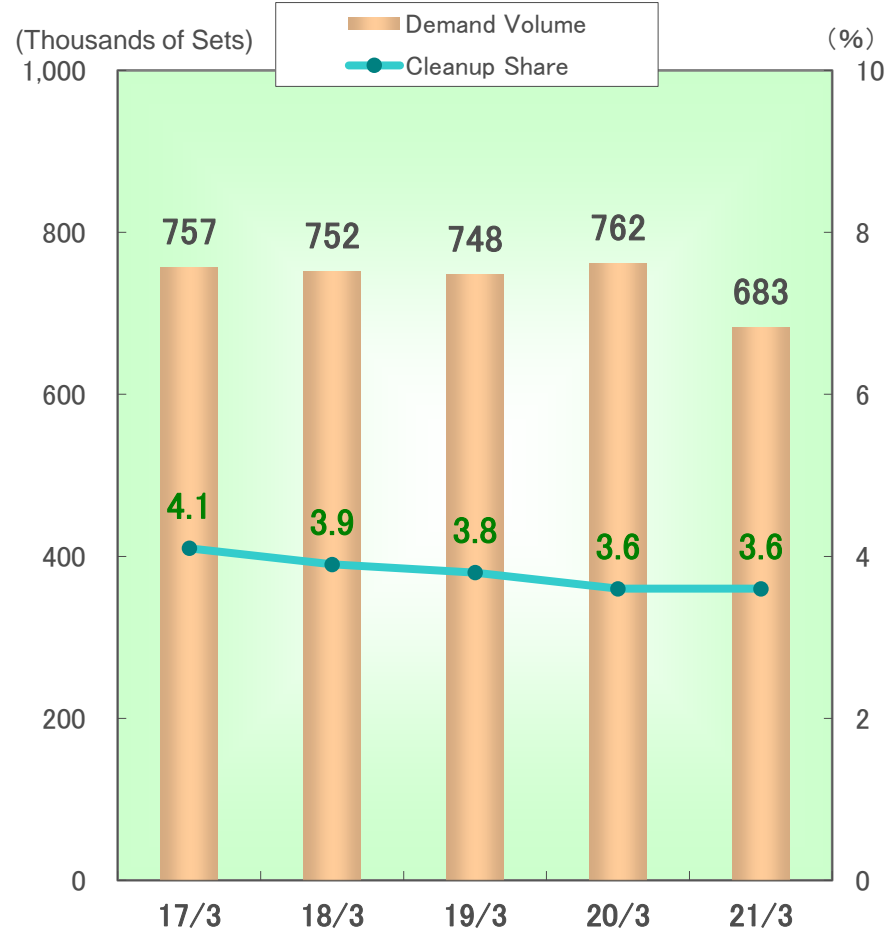
7. Sales Results For Major Products and Cleanup Market Share - 2/3



Modular System Bathroom Sales Results



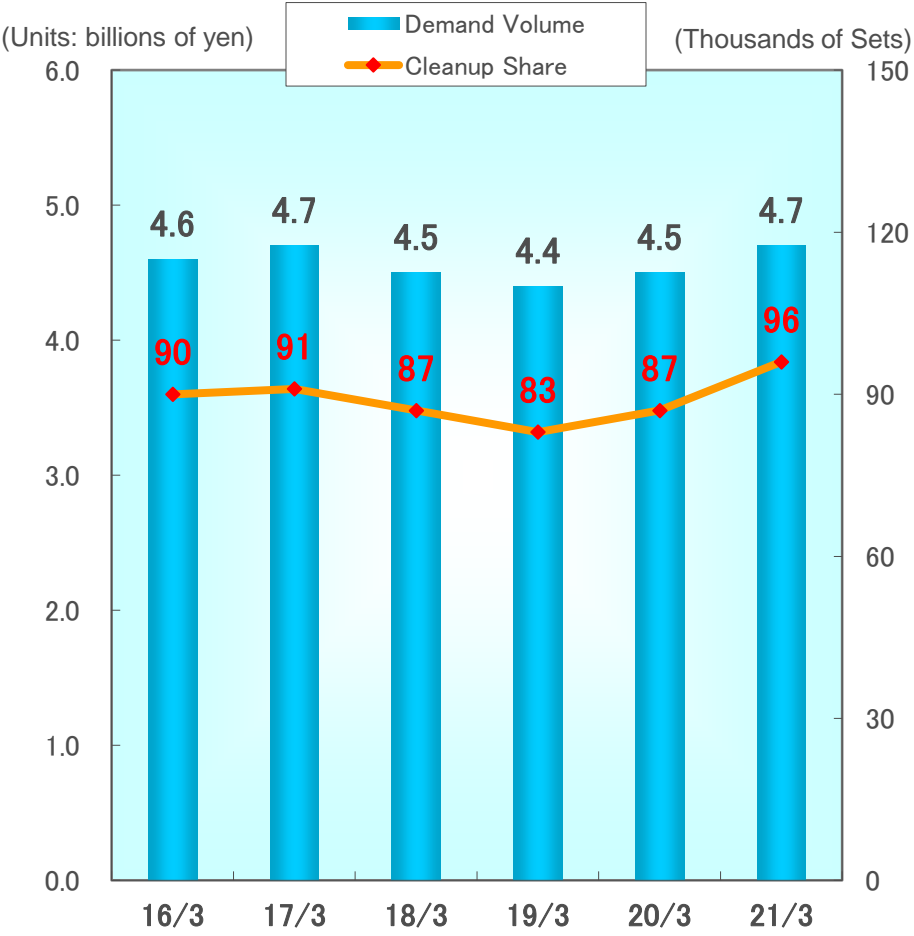
Demand Trends and Market Share



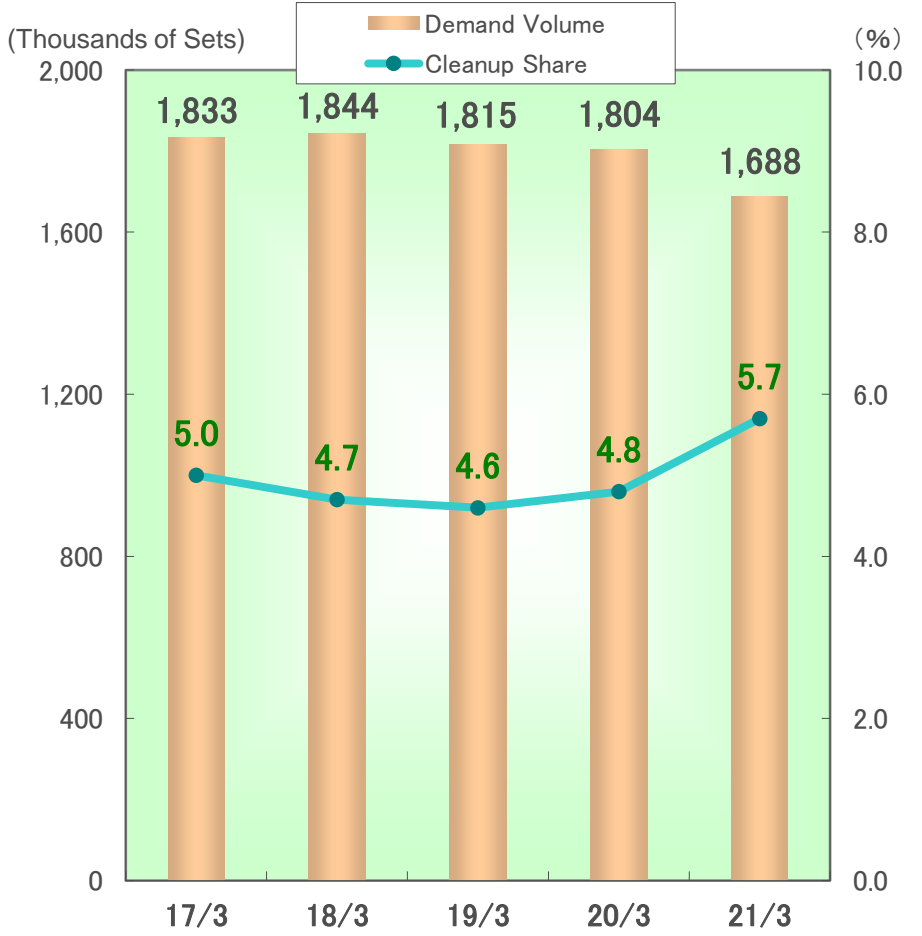
7. Sales Results For Major Products and Cleanup Market Share - 3/3



Washstands/Vanities



Demand Trends and Market Share



8. Forecasted Consolidated Results for the Period Ending March 2022

(Units: millions of yen)

	2021/3 (Actual Results)	2022/3 (Forecast)	Change From Prev. Period
Net Sales	104,185	110,000	+5.6%
Operating Income	2,614	2,800	+7.1%
Operating Income Margin	2.5%	2.5%	—
Ordinary Income	2,714	2,900	+6.8%
Ordinary Income Margin	2.6%	2.6%	—
Profit attributable to owners of parent	1,746	1,800	+3.1%
Net Income Margin	1.7%	1.6%	—



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II. Management Strategy

(Review of Previous Medium-term Management Plan and Outline of New Medium-term Management Plan)

[Previous medium-term management plan]

**2018 Medium-term
Management Plan**
2018-2020

**2021 Medium-term
Management Plan**
Postal code: 2021-2023

▶ Basic Policy

Commemorating the 70th anniversary of our establishment, moving forward.
At Cleanup we take on the challenging task of "Reformation and Creation".

▶ Strategies

Structural Reforms	1. Increase shares in mid to high-end markets
	2. Transform to discard low profit structure
Growth strategies	3. Expand overseas business operations
	4. Promote new business
Business foundation enhancements	5. Enhance technological capabilities
	6. Create brands
	7. Nurture personnel

The result will be a diverse range of performance outcomes that lead to the next growth, even under the current demanding business environment.

Structural Reforms

▶ Increase shares in mid to high-end markets

Innovating the brand of fitted kitchens

CENTRO

Product Launched in February 2018



Based on the concept of “bringing the kitchen into the center of life”, created as the
“kitchen for enjoying a relaxed lifestyle”

STEDIA

ステディア

Product Launched in September 2018



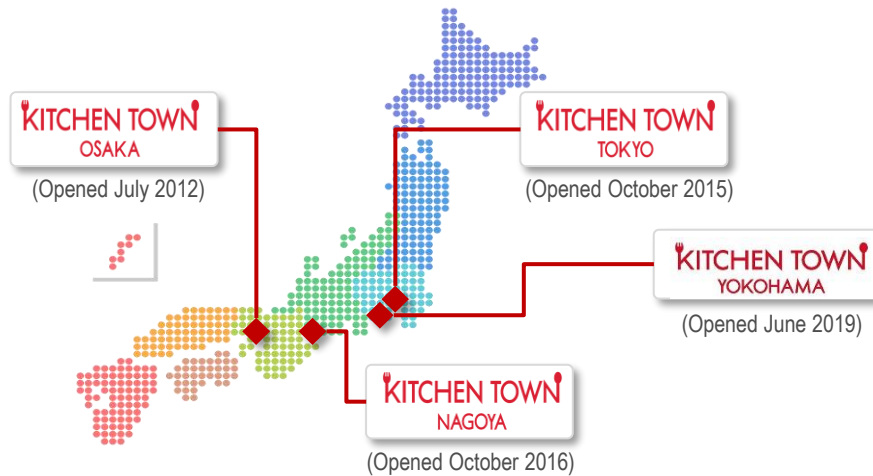
Further evolving the “Cleanlady” for a progression to
a new core brand in the medium to superior quality price range

Structural Reforms

▶ Increase shares in mid to high-end markets

Enhance showrooms, which serve as important points of contact with customers

■ Flagship showrooms: Four locations established nationwide



■ Showrooms nationwide: Renovations continuously implemented to sustain attraction

[Principal aspects of renovations]

- Creation of spaces to “view, touch and experience”
- Utilization of showrooms as local community spaces for cooking classes and food culture events, etc.
- Transitions and increased floor areas with a discerning perspective on market changes in each region

Growth strategies

- ▶ Focus on expanding overseas business operations and promoting new business activities, to create new markets

Expansion of Overseas Business Operations

- ◆ The sale and export to primarily Asian destinations for kitchen products made with stainless steel that are considered key items.
- ◆ Effective sales strategies implemented through such means as online sales, in order to cope with the ongoing COVID-19 crisis.



Promote new business

- ◆ Overseas kitchen business targets wealthy class

Luxury Italian kitchen brand

Valcucine



- ◆ Dining business in collaboration with members of other industries



Business foundation
enhancements

▶ Create brands

70th anniversary of business

- ◆ Corporate branding implemented, which conveys our passion as we celebrated the “70th year of business” in October, 2019
- ◆ Establishment of our “70th anniversary of business website”

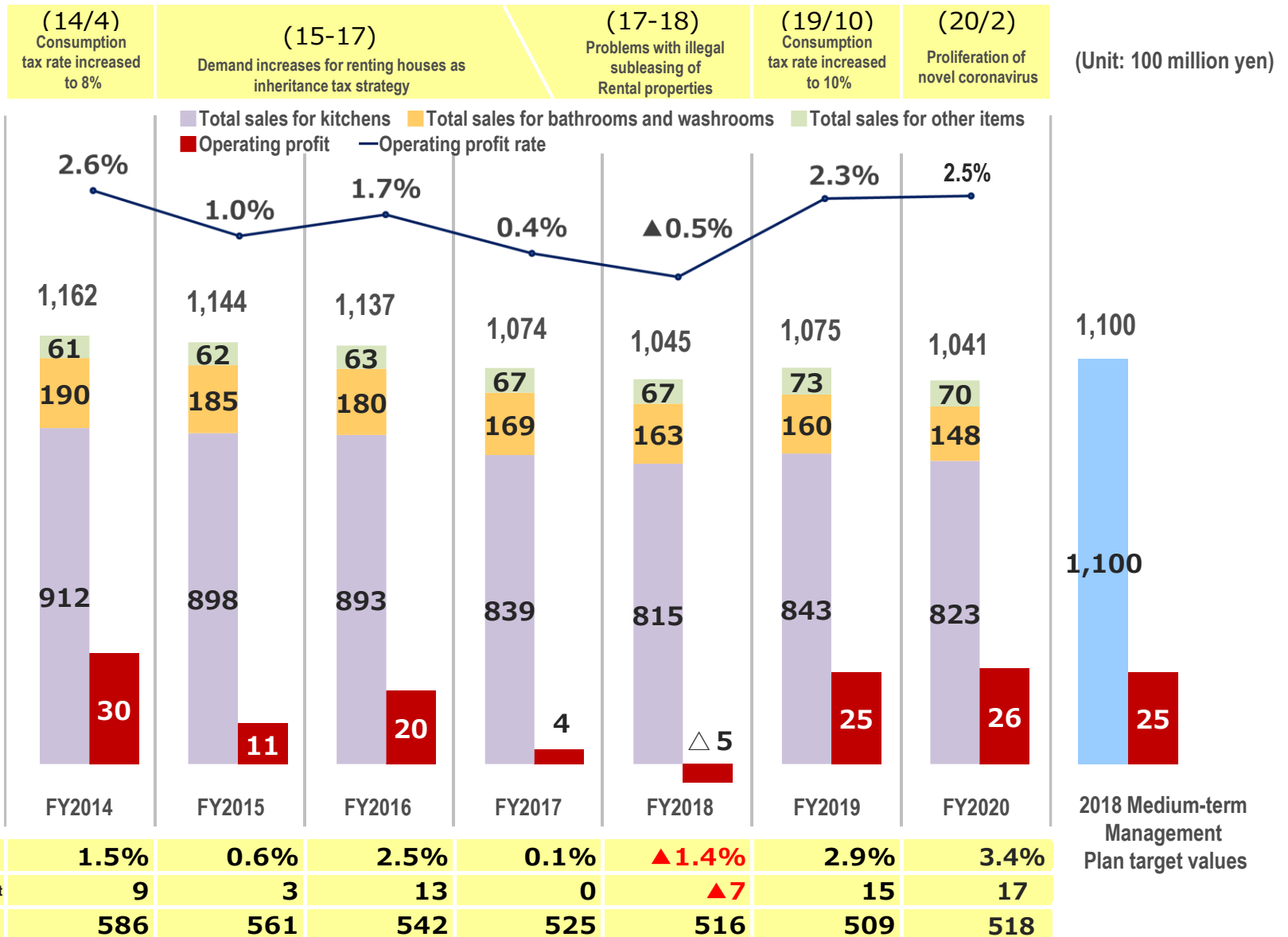


ESG activities

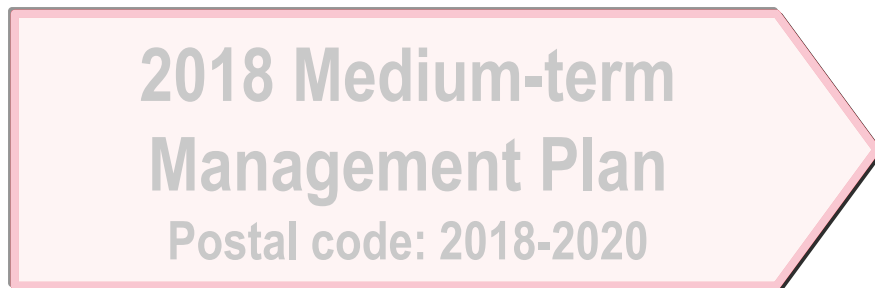
- ◆ The “Sustainability Report” was issued to introduce our activities for a sustainable society
- ◆ A “Kitchen Whitepaper” was issued “The ‘present state’ of consumers was examined from the perspective of the kitchen”, through investigations and analyzations, before we presented our findings on the changes relating to food, goods and space for every three years



1. Review of “2018 Medium-term Management Plan” (2018-2020): Business Performance



* Calculated by (term start net assets + term end net assets) / 2



[New Medium-Term Management Plan]



[Features of New Medium-Term Management Plan]

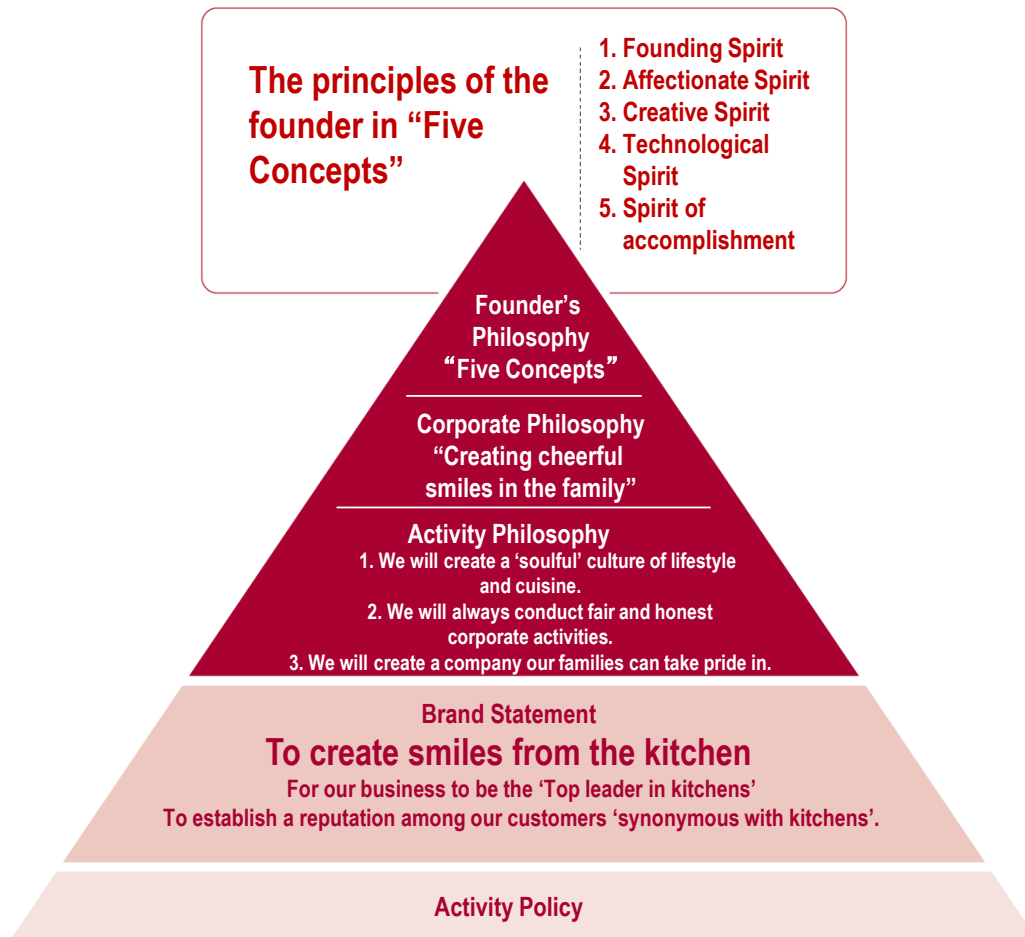
In an effort to formulate into reality our corporate philosophy of “company creating cheerful smiles in the family”, we

Established a long-term vision

- ▶ Further clarifying the orientation of our **sustainable management**
- ▶ Clarifying our intentions to promote activities for our **important issues (ESG and SDGs)**

3. Management philosophy: Mission of the Cleanup Group

The 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 of a “company creating cheerful smiles in the family”.



The founder's principles of “Five Concepts”

1. Founding Spirit

We must abide by the spirit of one family of a tribe sharing happiness and hardships together, as we strive to build a company that progresses in development indefinitely.

2. Affectionate Spirit

The affectionate spirit is the foundation of a family, an enterprise and a society. We must cherish the fellowship of a spirit from one person to another and trust in each other, while working together in our lives.

3. Creative Spirit

Ingenuity and development are the lifelines of our company. We must never forget this, as we strive to generate a prosperous company, while contributing to society.

4. Technological Spirit

We must integrate a broad range of technologies from internal as well as external sources, to create new markets. We must also refine our wisdom for creating technologies.

5. Spirit of accomplishment

The mission of our company is to serve society through our business operations. We must continually maintain our sense of gratitude and never forget it, as we strive forward.

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.

Basic policy of 2021 Medium-term Management Plan

We utilize the strengths of the 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 washrooms):
 - 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

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

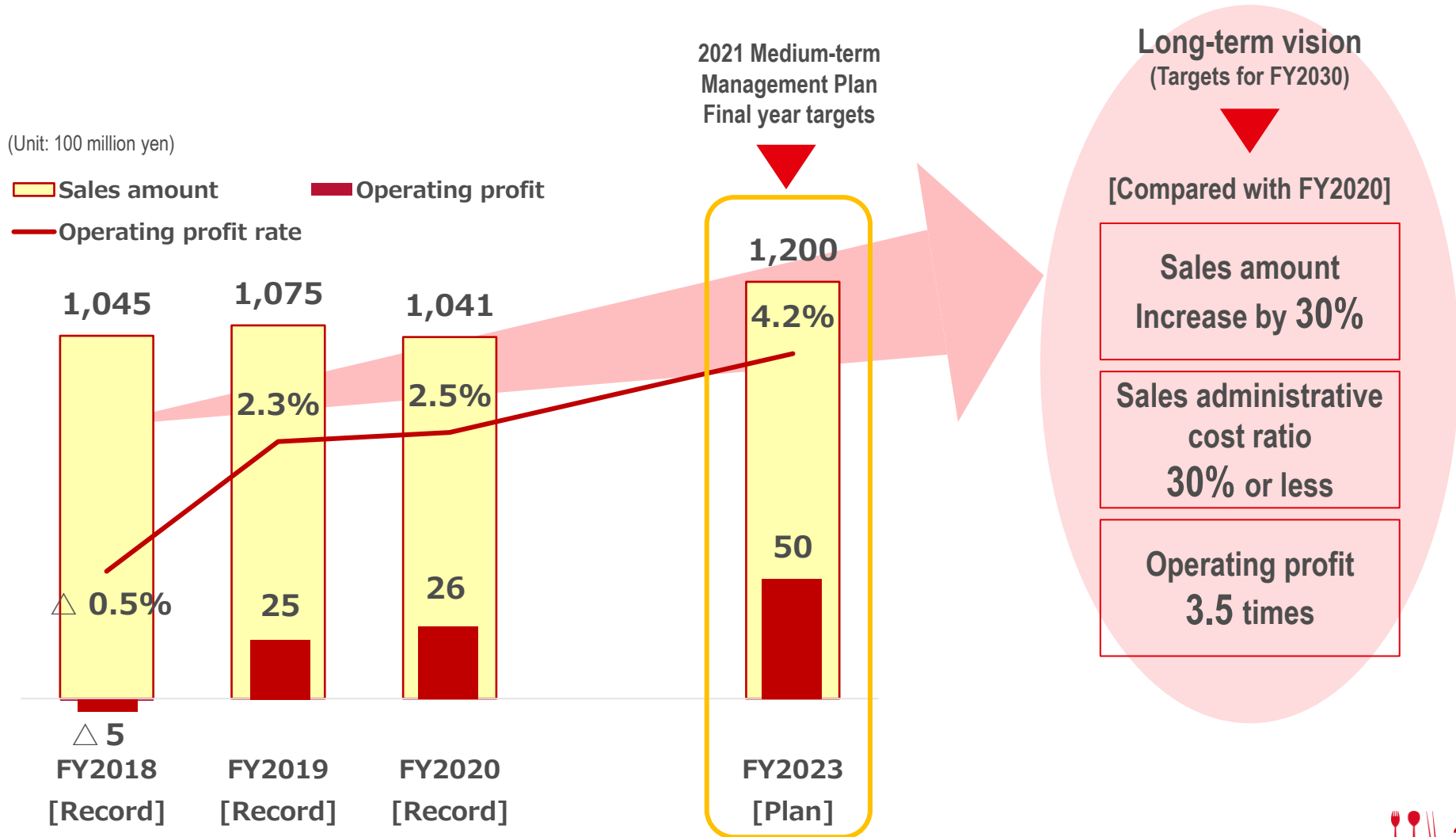
[Non-financial targets] Reduce greenhouse gasses by 50% in comparison to FY2013, acquire an understanding regarding the engagement of our employees in this area and publish the findings

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 S	<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 S	<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 E	<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 S - G	<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 	

5. Numerical targets for the “2021 Medium-term Management Plan” (2021 - 2023)






In the final year of the 2021 Medium-term Business Plan, we aim to achieve:

- Consolidated sales of ¥120 billion
- Consolidated operating profit of ¥5 billion (with an operating profit rate of 4.2%)



6. Topics (progress of strategies and implementations)

The three flagship system kitchen brands were rated highly by two industry papers

	Nikkei Home Builder Desired for implementation by professionals Architectural and Construction Materials Manufacturers' Ranking 2020	Renovation Industry Newspaper Facility and building materials selected by renovation sales professionals and planners Renovation Grand Prix 2021	
Grade I (Luxury range models) 	 System kitchen category 1st place (Three years consecutively)	High-end price range 2nd place	 Kitchen category Overall 1st place rakuera ラクエラ
Grade II (Medium range models) 		Intermediate price range 1st place	
Grade III (Popular range models) 		Popular price range 1st place	

Marketing Measures in Response to “New Lifestyle”

The **Virtual to Real** feature promotes customer visits, utilizing the web and digital media.

Attention

TV ads (Satellite broadcasts)



Advertising that features product appeal.

Interest & searches

Online showroom



Web seminars



Action

Showrooms



Conducting fairs and events.

Launched sales of the made to order “iaponica”, a model with availability limited to Japan

- ▶ Entered the domestic high-end made to order kitchen market, with the aim of establishing a highly value-added type business model
- ▶ A joint development between Cleanup and Valcucine from Italy
A fusion of “design concepts” from Valcucine with the “sophisticated processing technologies” of Cleanup
- ▶ The “shortening of delivery times” and “reductions to importing costs” were achieved by acquiring a license to create products at our own manufacturing plants to accommodate the needs of the domestic market for the affluent



“ Ten years since the earthquake disaster,
Let us convey a message of
‘gratitude’ everywhere throughout Japan. ”

March 11, 2021 marks the 10th year since the Great East Japan Earthquake. We would like to express our gratitude for the support we received in restoring our manufacturing plant in the Iwaki District of Fukushima Prefecture, while declaring our promise that we are not changing, even as society once again faces a great predicament, by conducting a brand campaign.

ありがとう。
あしたにむかって、
いただきます。



あれから10年。すべての方々へ心より感謝をこめて。



* Our message featured in 13 newspapers, including five national papers.

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 FY2020 financial results (April 2020 – March 2021) and does not constitute a solicitation to invest in Cleanup Corporation-issued securities.

Furthermore, this material was created based upon data current as of May 27, 2021. 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.