

グリッド

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Presentation Material:
Announcement of FY 2022 Interim Results

November 17, 2022

I . Interim Results Outline

1. Outline of Consolidated Results for Interim Period Ended September 2022



(Units: millions of yen)

	2022/9 (Actual Results)	2021/9 (Actual Results)	Change From Prev. Period	2022/9 (Previous Forecast)	Increase / decrease Amounts (Actual Results - Forecast)	Compared To Revised Plan
Net Sales	61,310	54,937	11.6%	56,600	4,710	8.3%
Operating Income	1,757	2,166	▲ 18.9%	1,050	707	67.4%
Ordinary Income	2,032	2,410	▲ 15.7%	1,260	772	61.3%
Profit attributable to owners of parent	1,334	1,552	▲ 14.0%	900	434	48.3%
Interim Net Income Per Share	36.17yen	42.07yen	—	24.40yen	—	—

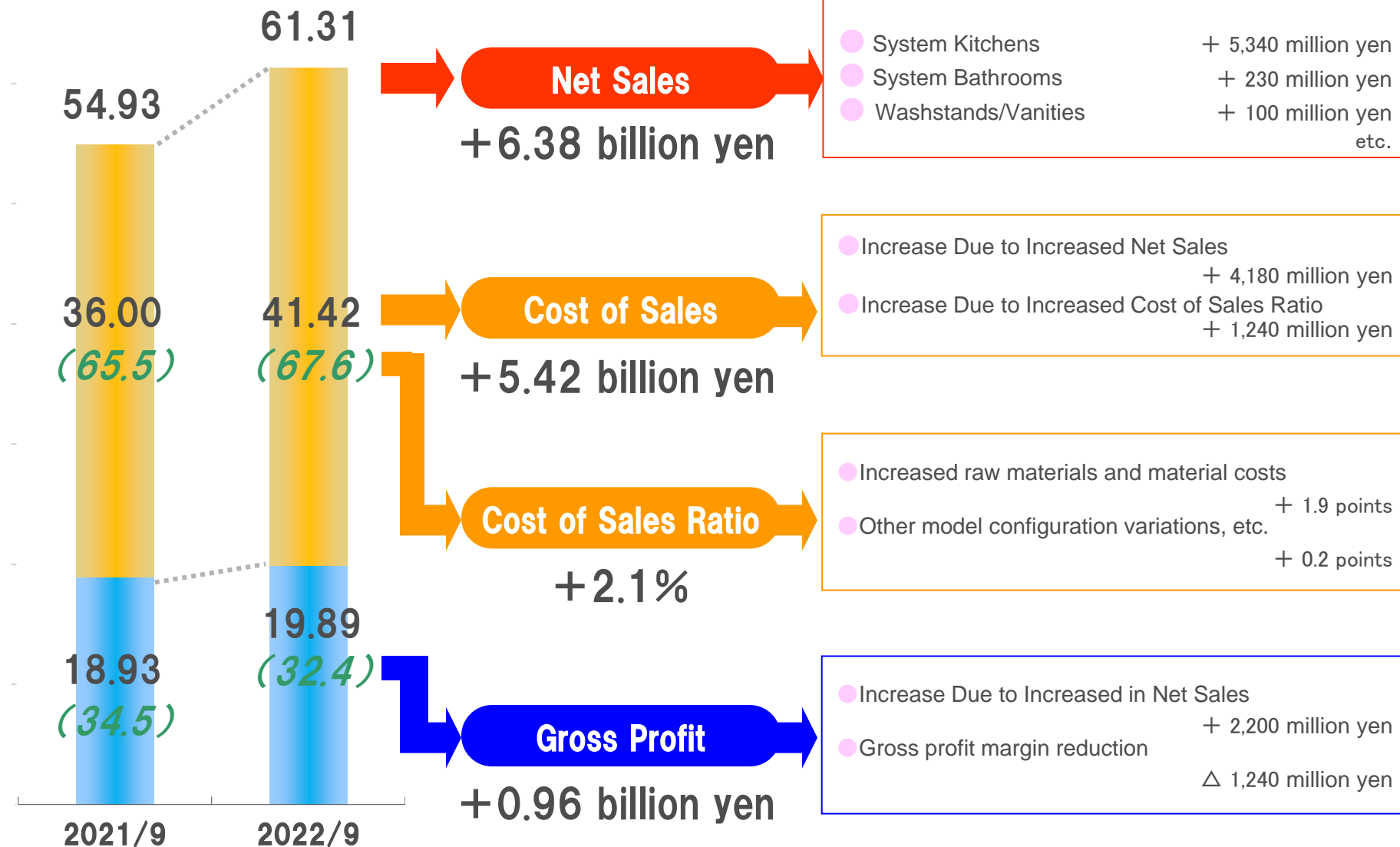
* Previous Forecast: Announced May 10, 2022

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

(Units: billions of yen)

【Increased/Decreased Values (Rates)】

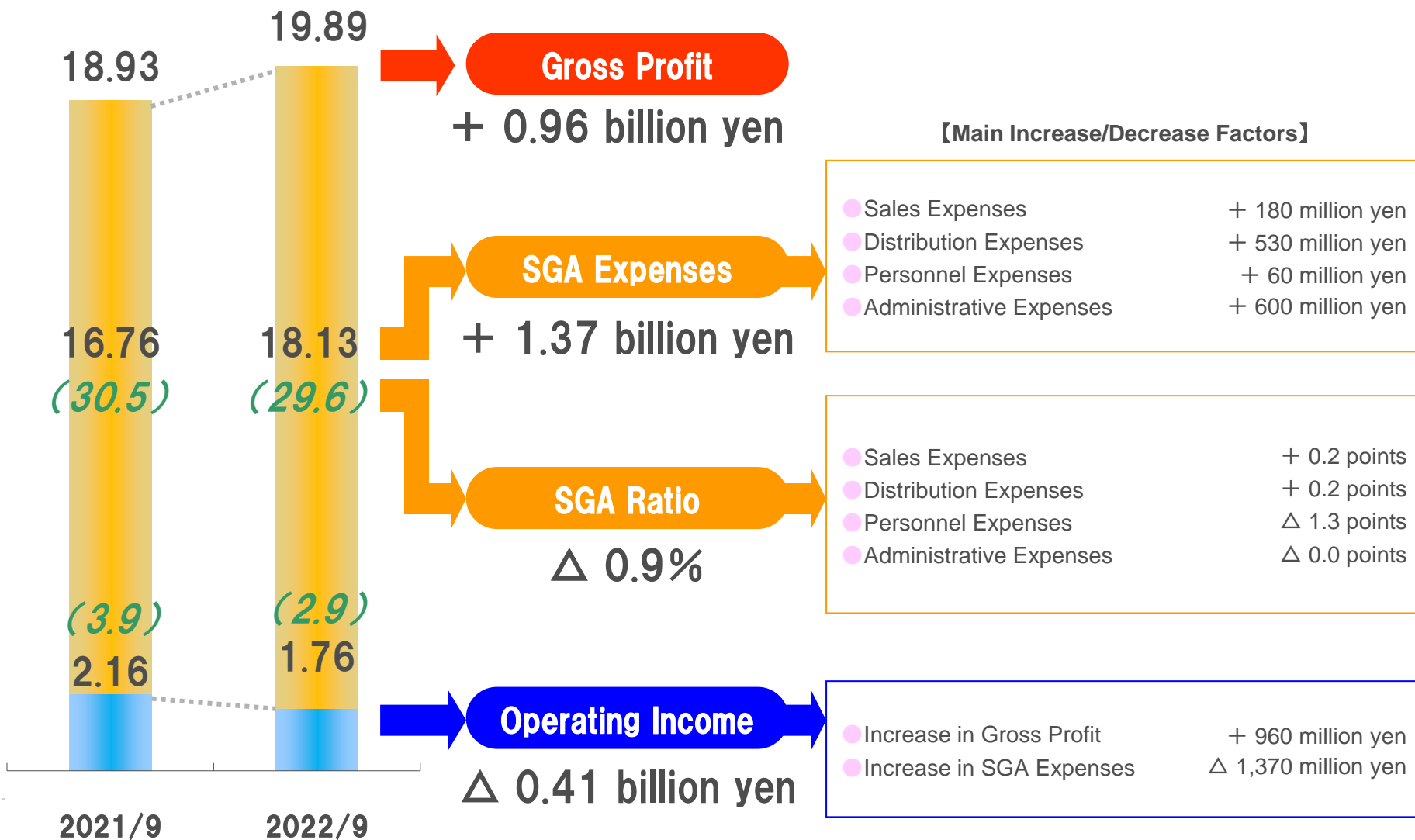
【Main Increase/Decrease Factors】



2. Consolidated Profits ② SGA Expenses, Operating Income

(Units: billions of yen)

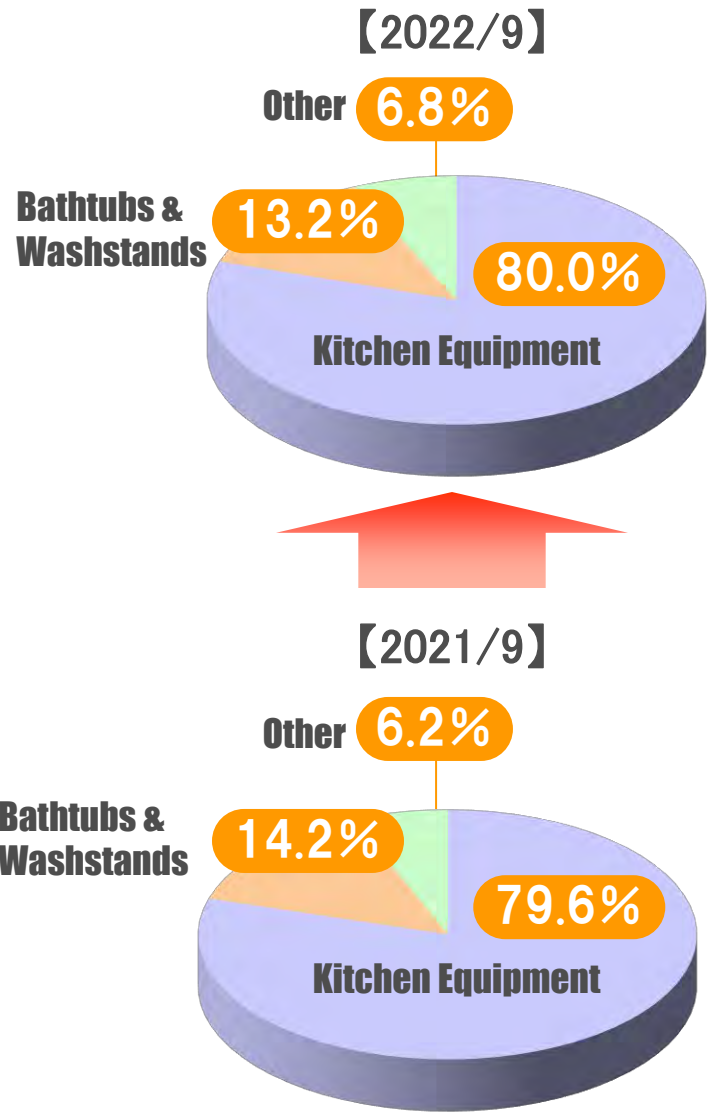
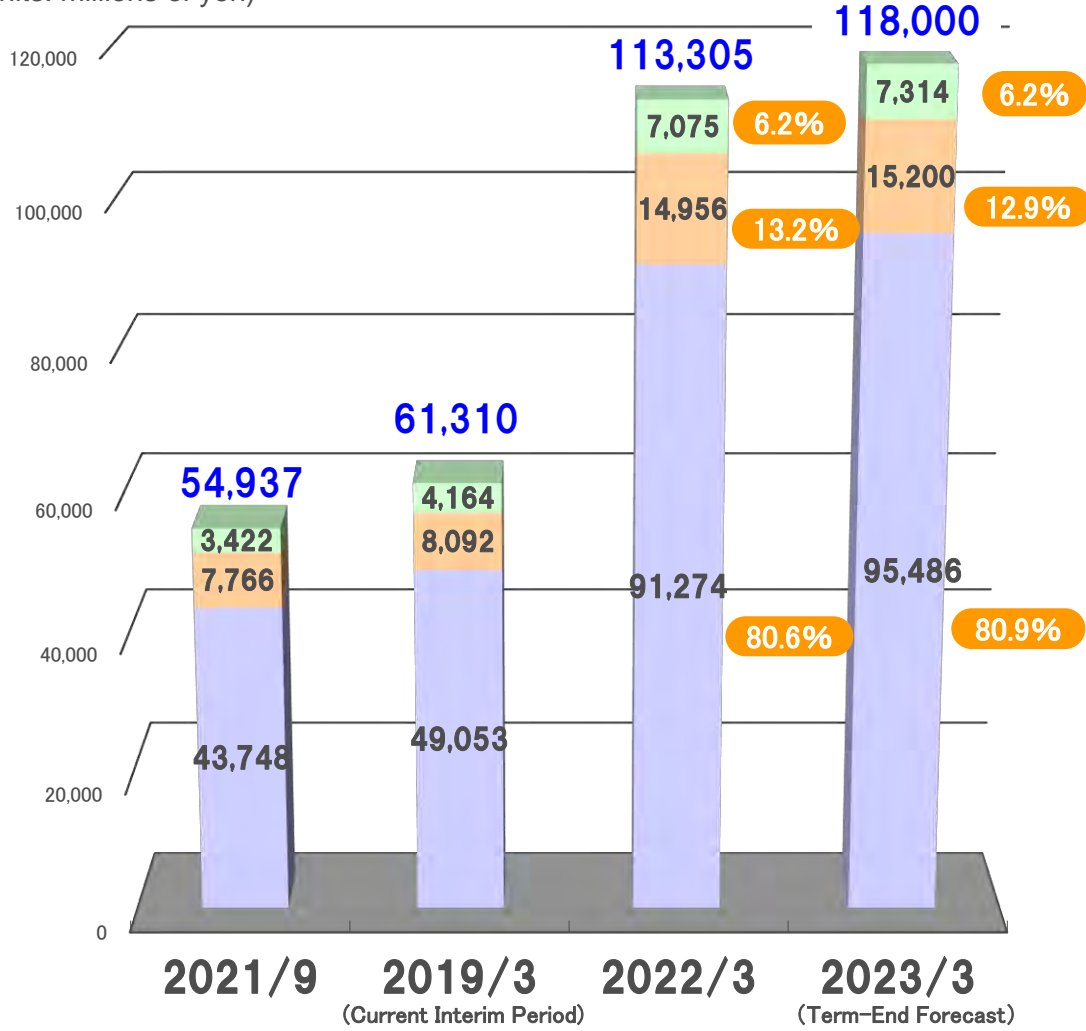
【Increased/Decreased Values (Rates)】



3. Sales Composition ① By Segment (Consolidated)

■ Kitchen Equipment ■ Bathtubs & Washstands ■ Other

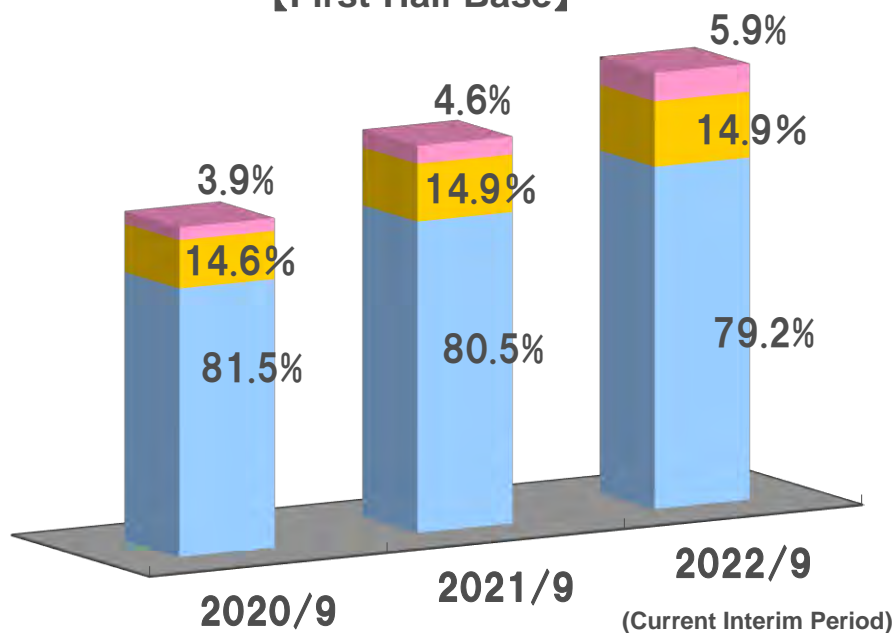
(Units: millions of yen)



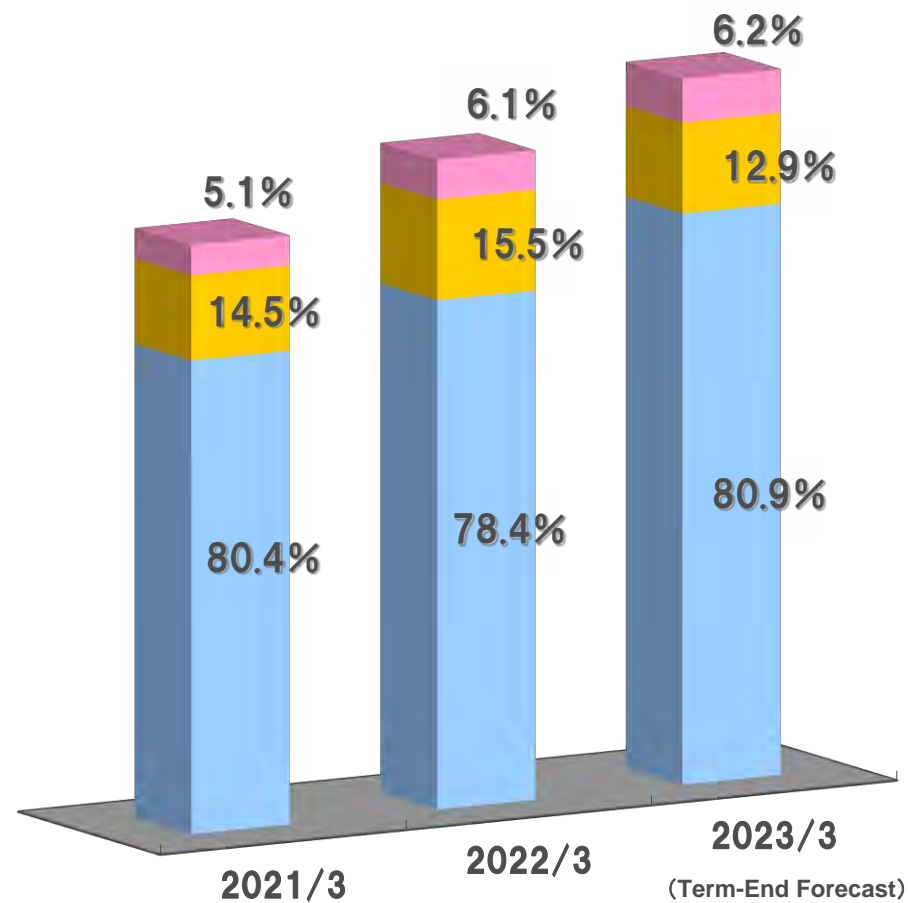
3. Sales Composition ② By Sales Route (Non-Consolidated)

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

【First-Half Base】

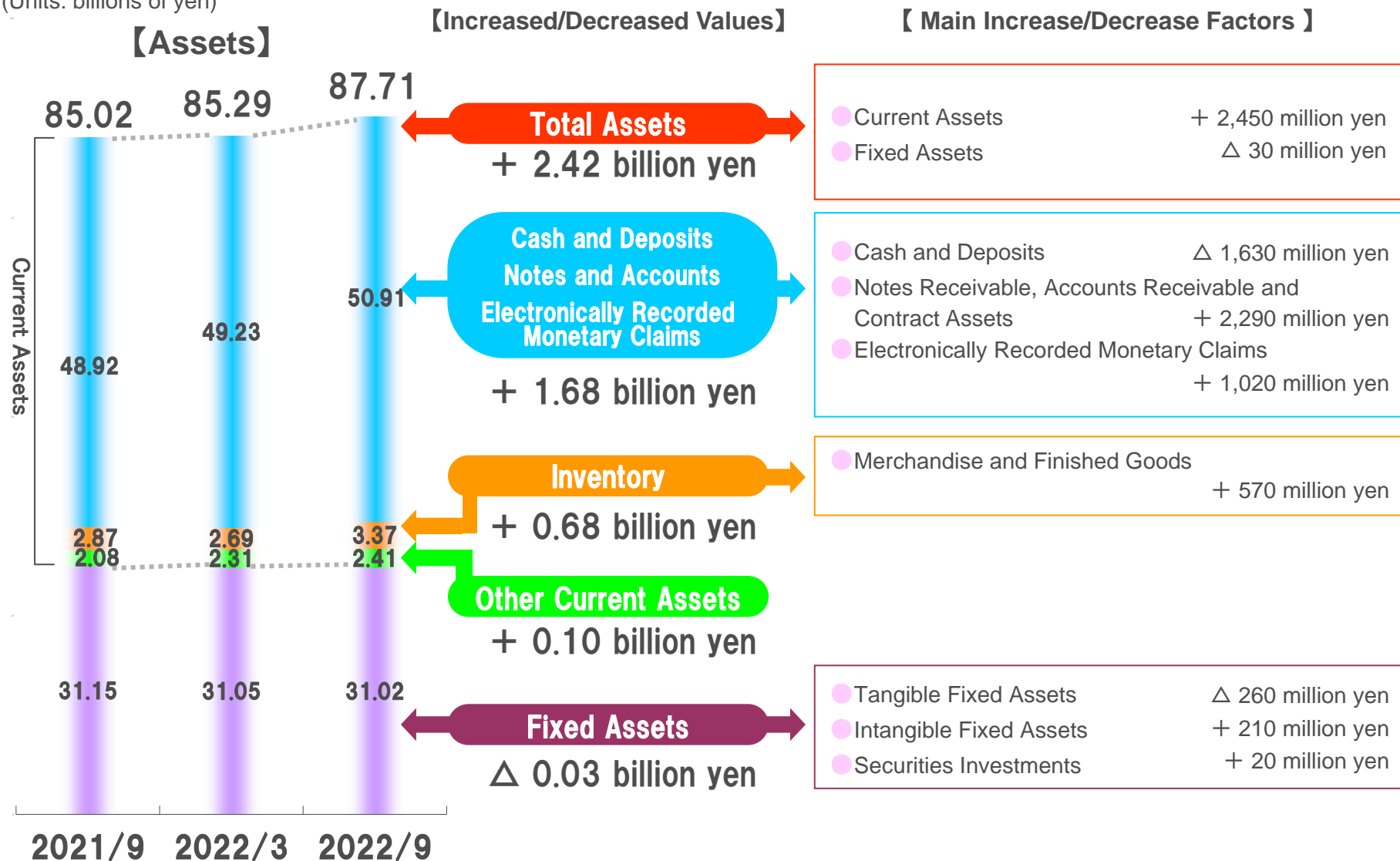


【Full-Term Base】



4. Consolidated Balance Sheet Summary – 1/2

(Units: billions of yen)

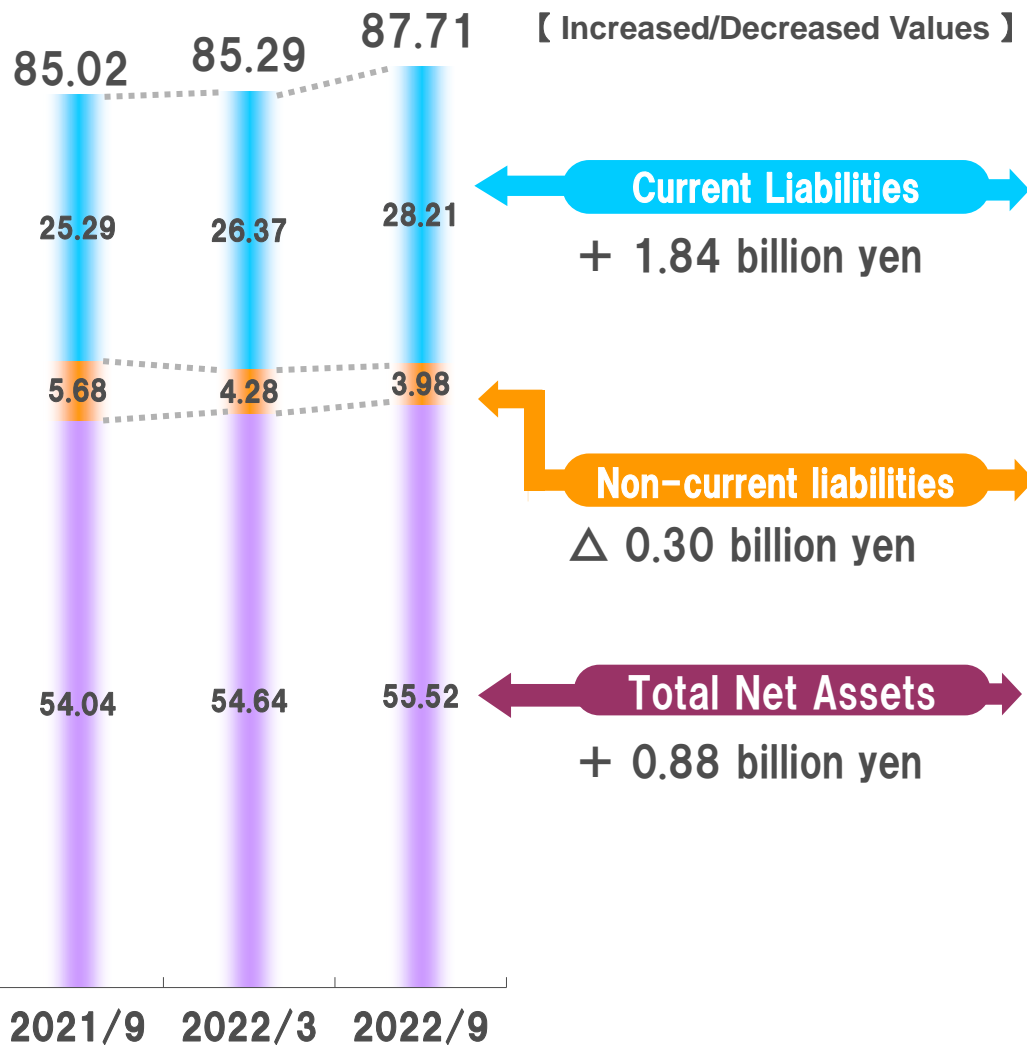


4. Consolidated Balance Sheet Summary – 2/2

(Units: billions of yen)

【Liabilities·Minority Interests·Assets】

【 Increased/Decreased Values 】



【Primary Reasons for Increase/Decrease】

● Short-term Borrowing	+ 920 million yen
● Current Portion of Short-term Borrowings	△ 160 million yen
● Electronically Recorded Obligations - Operating	+ 970 million yen
● Contract Liability	+ 360 million yen
● Long-term Borrowing	△ 330 million yen
● Interim Net Income	+ 1,330 million yen
● Dividends	△ 480 million yen
● Valuation Difference on Available-for-Sale Securities	△ 70 million yen

5. Consolidated Cash Flow Statement Summary

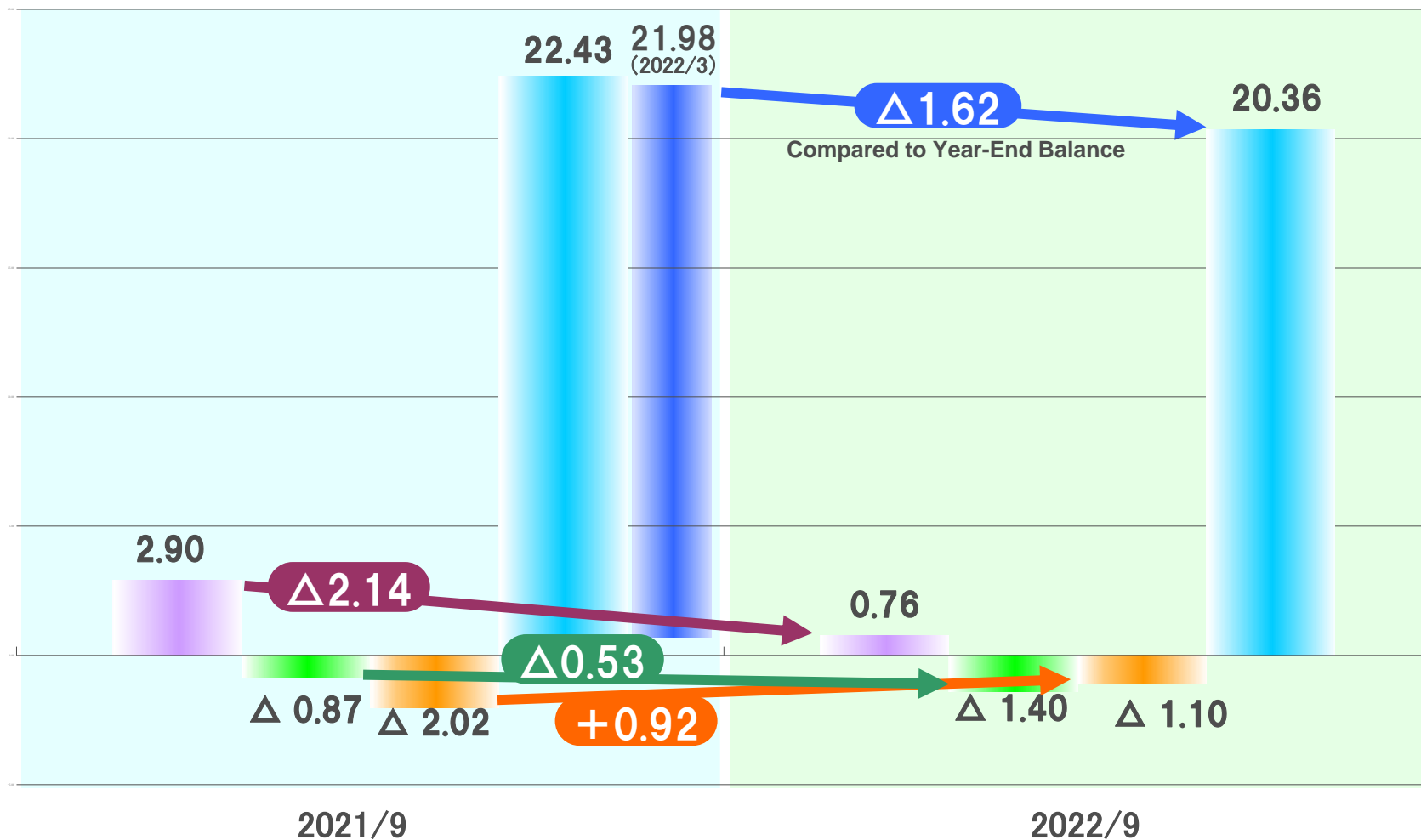
(Units: billions of yen)

■ Cash Flow from Operating Activities

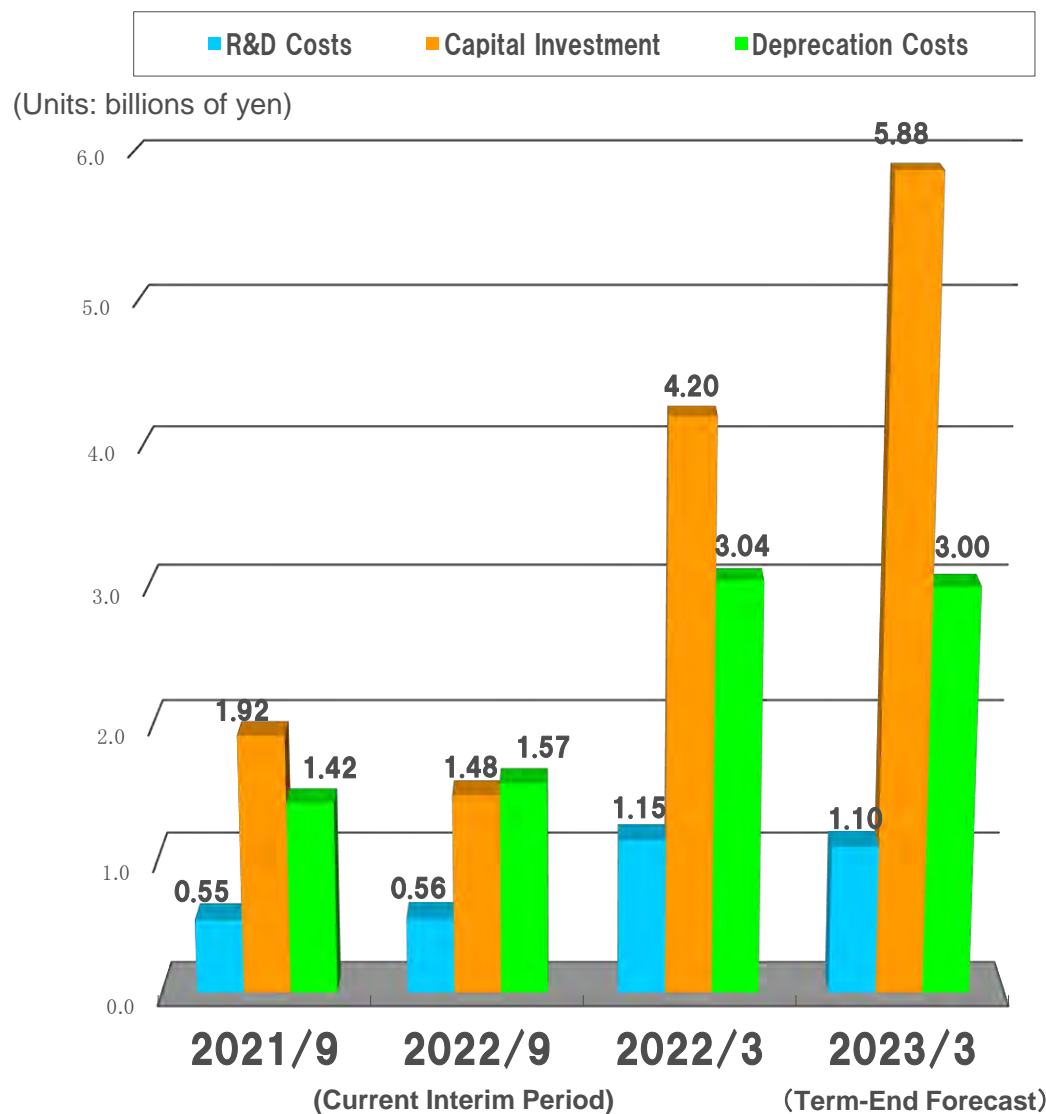
■ Cash Flow from Investing Activities

■ Cash Flow from Financing Activities

■ Interim (Year-End) Cash & Cash Equivalents Balance



6. Capital Investments (Consolidated)



【FY2022 Major Capital Investment Details】

First-Half Results

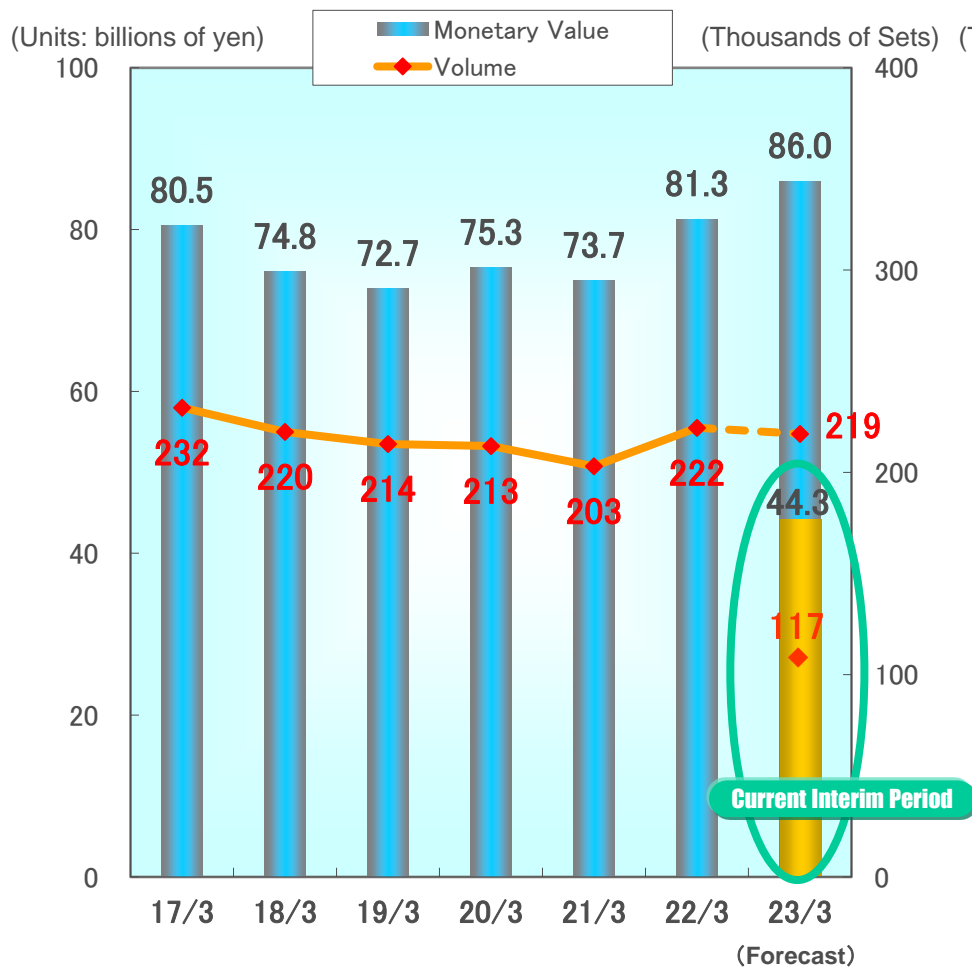
- ① Production Equipment 310 million yen
- ② Operations-Related 190 million yen
(Showroom Renovation etc.)
- ③ ESG/Sustainability 100 million yen
- ④ Information-Related 780 million yen
- ⑤ Others 100 million yen

Second-Half Plans

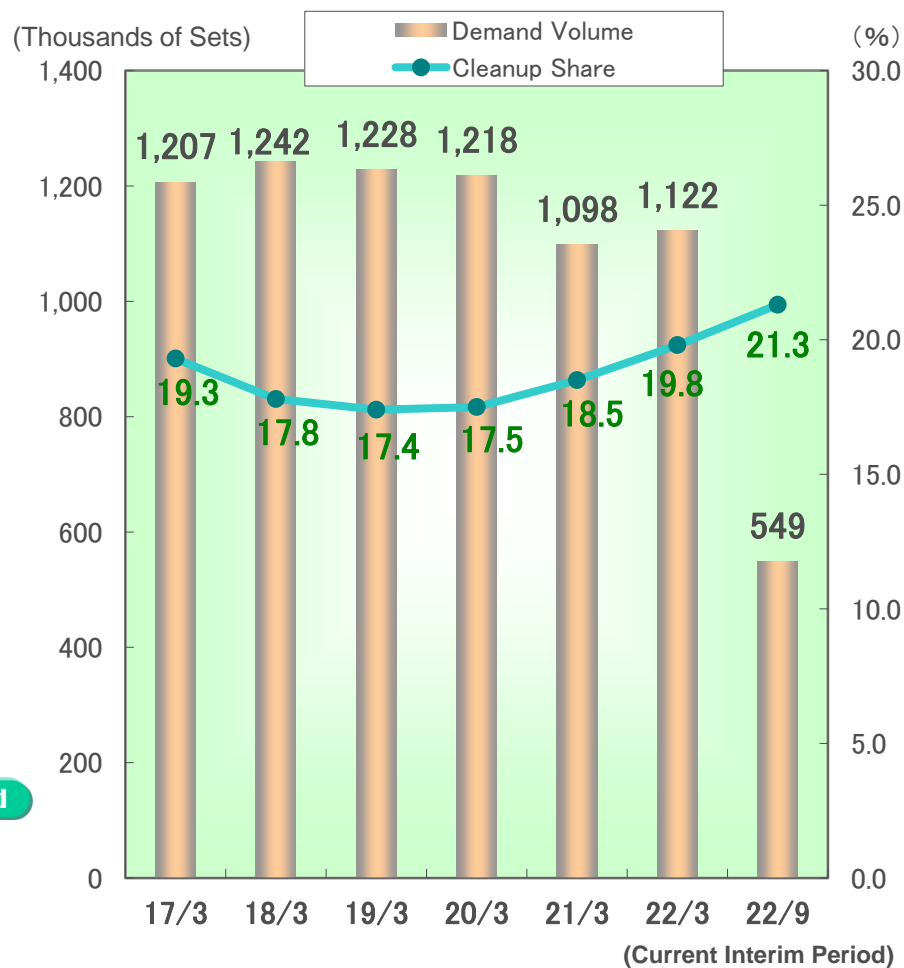
- ① Production-Related 1,380 million yen
- ② Operations-Related 480 million yen
- ③ ESG/Sustainability 30 million yen
- ④ Information-Related 2,130 million yen
- ⑤ Others 380 million yen

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

Complete System Kitchen Sales Results

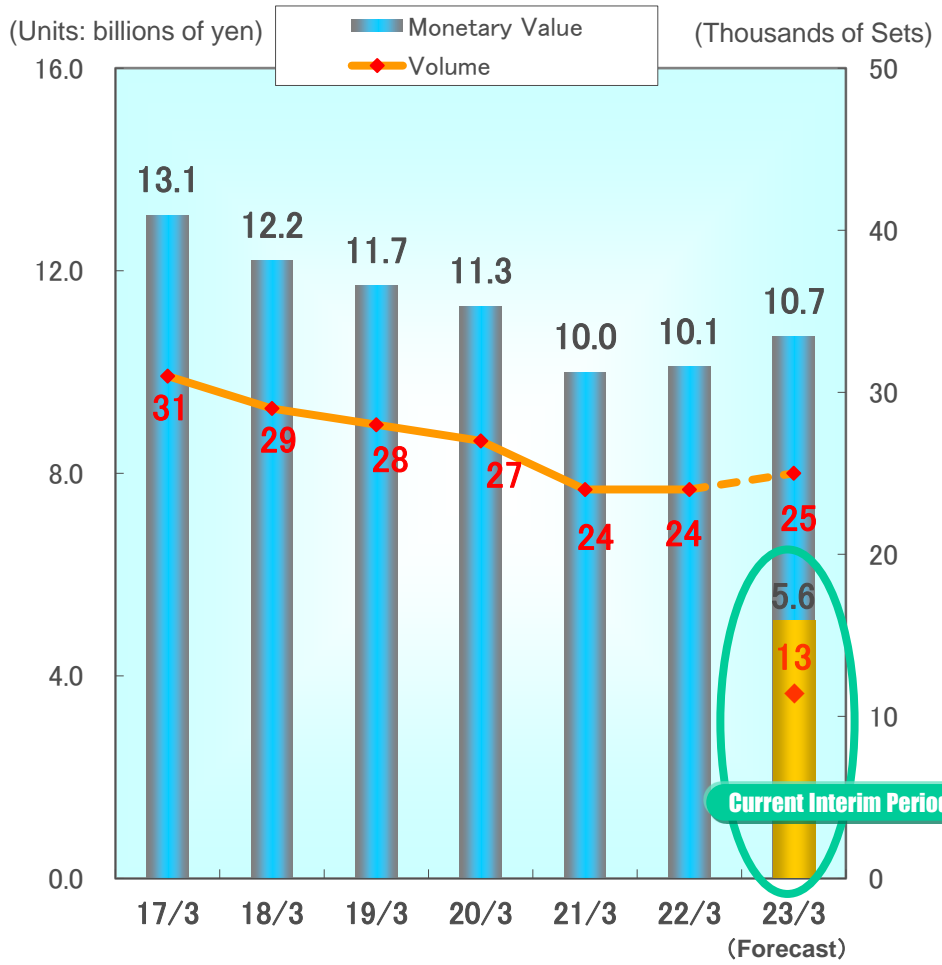


Demand Trends and Market Share

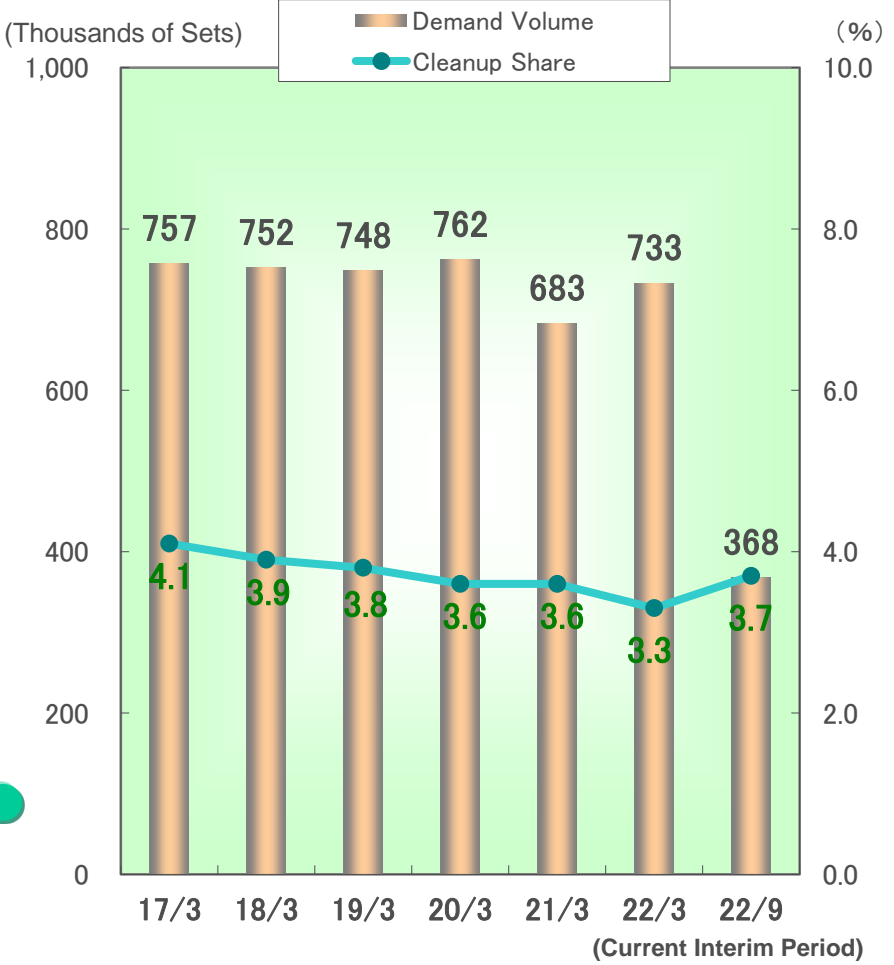


7. Sales Results For Major Products and Cleanup Market Share - 2/3

Modular System Bathroom Sales Results



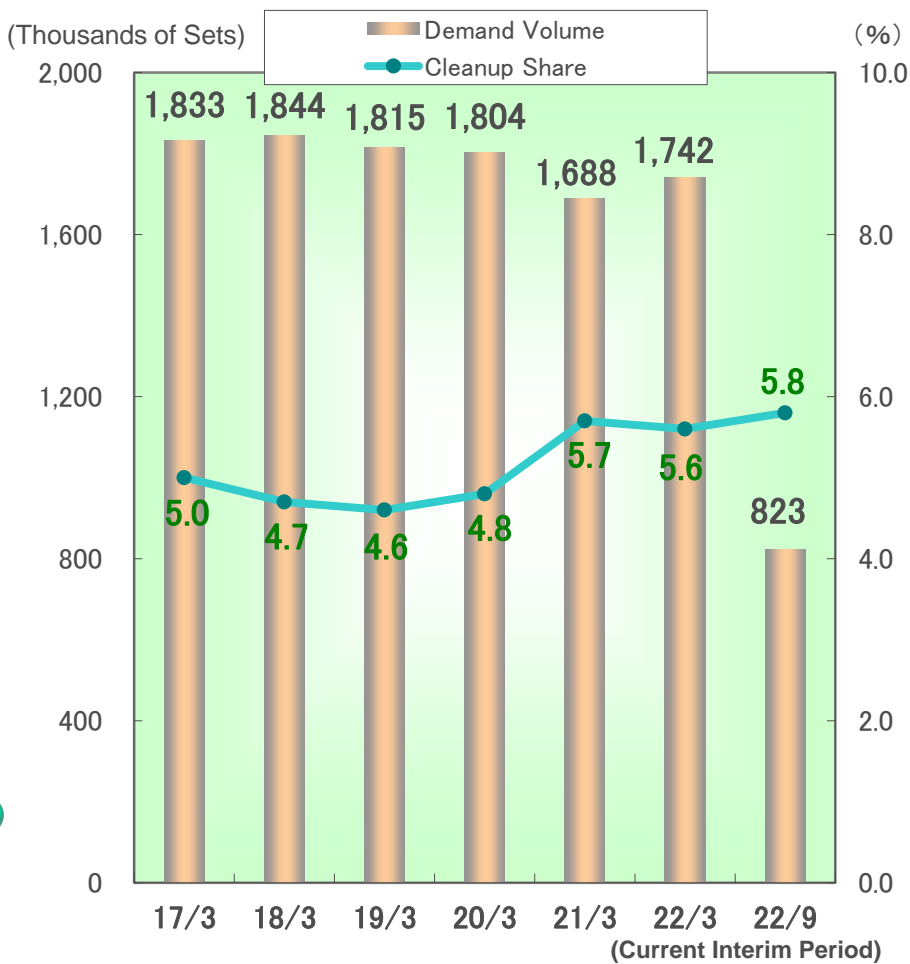
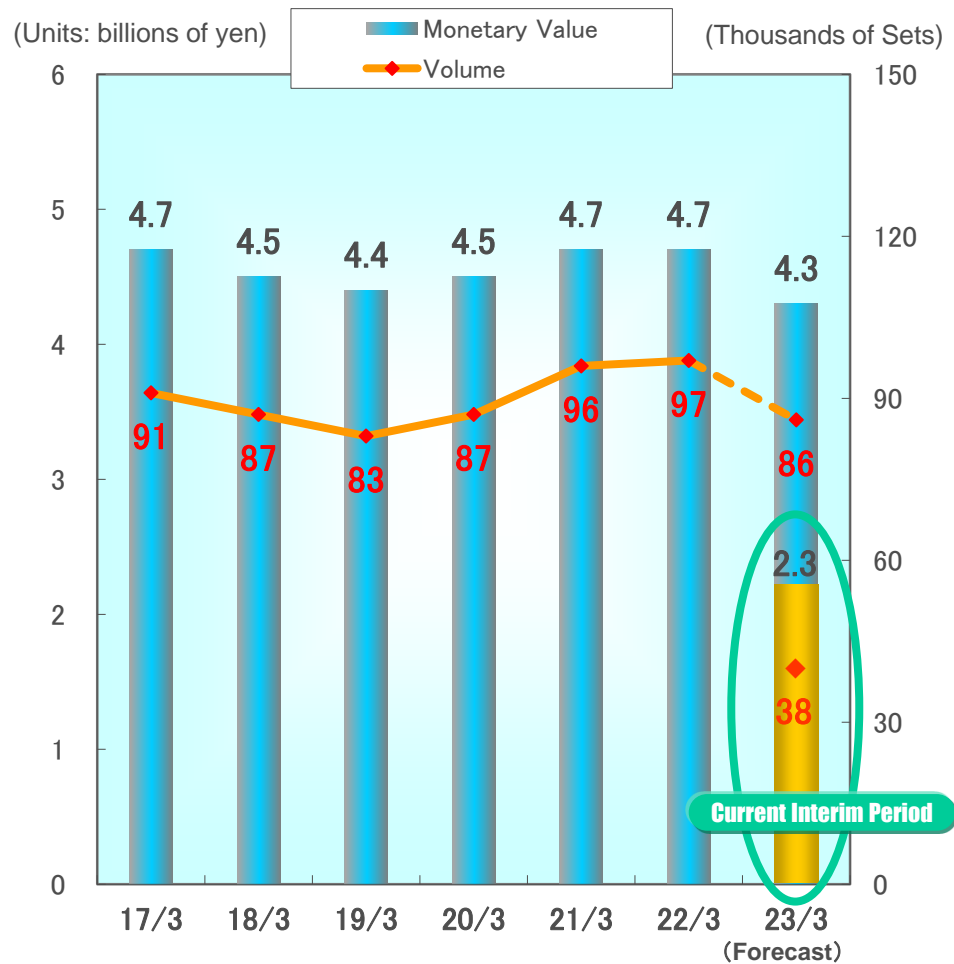
Demand Trends and Market Share



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 2023

(Units: millions of yen)

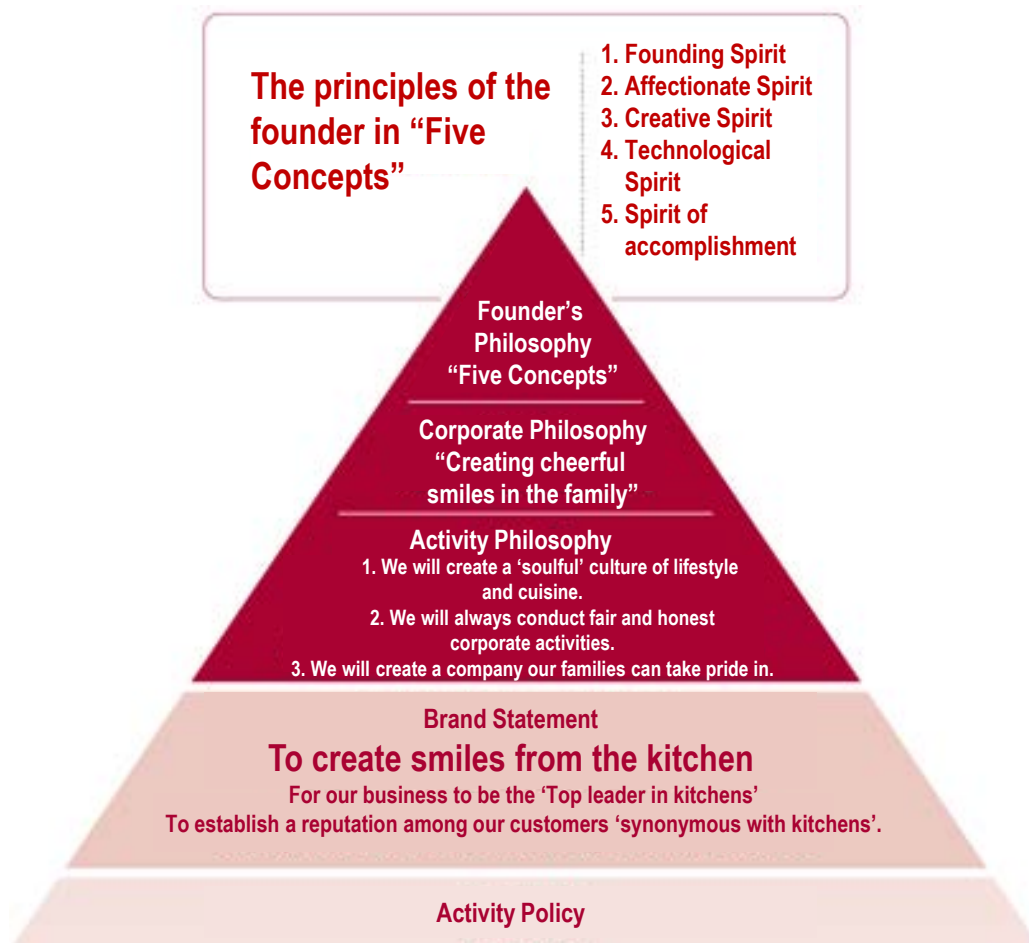
	2022/3 (Actual Results)	2023/3 (Forecast)	Change From Prev. Period
Net Sales	113,305	118,000	+4.1%
Operating Income	3,795	4,000	+5.4%
Operating Margin	3.3%	3.4%	—
Ordinary Income	4,261	4,470	+4.9%
Ordinary Income Margin	3.8%	3.8%	—
Profit attributable to owners of parent	3,155	3,200	+1.4%
Net Income Margin	2.8%	2.7%	—

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”.



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.

2. Long-term vision

The company formulated the “Long-term Vision” in April 2021 and the Medium-term Management Plan is currently proceeding to achieve this vision.

【 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.

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 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

Strategy 1

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



■ Progress status

Product Measures

▶ Substantiation of sales expansion strategies with the new “STEDIA”

Marketing Measures

▶ Creating a system that enhances the “New Lifestyle”

Renovation Measures

▶ Further enhancement of organization and information disseminating capability of the “Water Section Workshops”

▶ Substantiation of sales expansion strategies with the new “STEDIA”

Large scale model change in February 2022

Substantiation of contribution towards earnings by the new “STEDIA” starting from FY2022



Dual Island System



Self Cleaning Cooker Hood



Stream Flow Sink



Tool Pocket and Slide Box

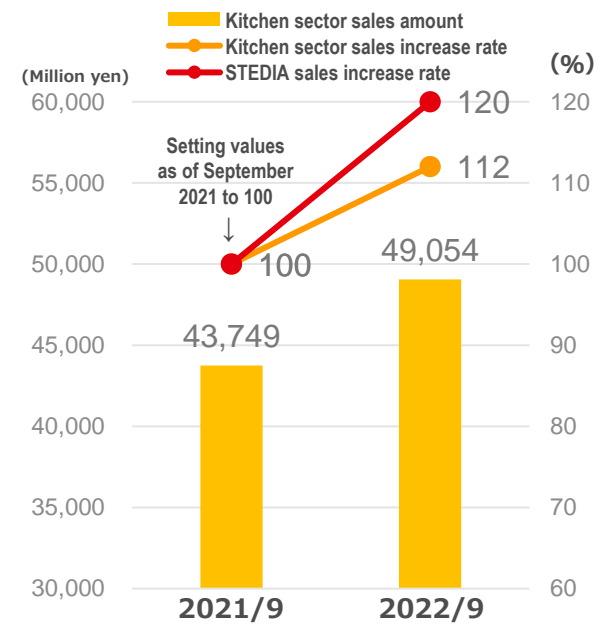


e-Coat Countertop



Slide Pantry

Status on the level of sales contributed by STEDIA in the kitchen sector



▶ Creating a system that enhances the “New Lifestyle” 1/3

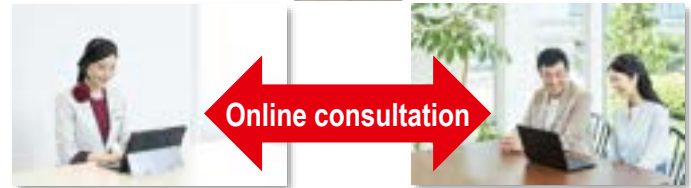
[Real (offline)] Showrooms



- Purposed for expanding the recognition of new products and sales promotions
- Introduction of leading products (CENTRO, STEDIA, Aqualia-Bath, etc.)



[Online] Online showrooms



- Features ranging from the introduction of Cleanup products to tips on selecting kitchen components

▶ Creating a system that enhances the “New Lifestyle” 2/3

Showrooms (real)

Renovations at two showrooms until October FY2022



Very first exhibit of “double-row type” kitchen at our showrooms



Kitchen studio

▶ Creating a system that enhances the “New Lifestyle” 3/3

Enhancement of Home Page and SNS

Supporting harmonious blending of the kitchen with the interior decor:
Launching the “Kitchen Color Simulation” internet service.

Examples of color simulations for STEDIA



Identically coordinated kitchens acquire a different atmosphere, when combined with different interiors.



Campaign implemented via Instagram, in order to increase recognition of the Web Color Simulation.



▶ Further enhancement of organization and information disseminating capability of the “Water Section Workshops” 1/2



16th year since starting in 2006

Number of participating merchants



[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



- ▶ Further enhancement of organization and information disseminating capability of the “Water Section Workshops” 2/2

Official “Water Section Workshops” website renewed in March 2022

- Further enhancement of customer contacts and public relations for members of the Water Section Workshops on the internet -



Strategy 2

Create new customers through new businesses



■ Progress status

Kitchen 1 ▶ Luxury kitchen business for the high-end class

Kitchen 2 ▶ New lifestyles with kitchen “HIROMA”

Overseas business ▶ Expansion of Overseas Business Operations

▶ Luxury kitchen business for the high-end class

Overseas luxury brand

Luxury Italian
kitchen brand



This luxury brand is rolled out to 55 countries around the world.
Digital implementations targeting high-end and extremely high-end classes
Implementation of direct business model, with direct approaches to clients
and major architectural offices

Domestic premium made-to-order kitchen

A brand delivered
through a joint venture
with Valcucine of Italy



The design is supervised by Valcucine and produced under license
at our manufacturing plants.

Advancement into domestic high quality merchandising zone,
utilizing sales resources of Cleanup through BtoB transactions

▶ New lifestyle with kitchen “HIROMA”



Standard Type

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



[Full-scale sales started from October 2021]
Creating new movement in the market

[November 2021] Online sales also start
HIROMA online shop opens to public



“Renovation Industry Fair 2022”
Scene from the exhibit

[Further increasing brand exposures from 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”

“50 Shapes” exhibit at the Hiroshima
T-Site Scene from the exhibit



▶ Expansion of overseas business operations

Creating new markets

- Exports and sales of kitchen products made with stainless steel, are considered key items, primarily for Asian destinations.
- Sales activities based on visits to relevant sites resumed, while increasing sales routes, promoted in response to the alleviation of travel restrictions
- New plans implemented through such efforts as the development of product specifications for overseas markets and the utilization of local SNS arenas



Exhibit in Hong Kong

Exhibit in Taiwan

Strategy 3

Enhanced management base from the perspective of ESG/SDGs



■ Progress status

KPI

▶ Three non-financial targets set from FY2022

Framework organizations

▶ Sustainability promotion framework organized

ESG activities

▶ A “Sustainability Report 2022” is issued

▶ Three non-financial targets set from FY2022

FY2030 non-financial targets	Environment related KPIs	Human resources related KPIs (three new additions starting in FY2022)		
	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 <i>S</i>	<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 <i>S</i>	<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 <i>E</i>	<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 <i>S-G</i>	<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 	

▶ Sustainability promotion framework organized

■ Sustainability Promotion Framework (from April 2022)



Promotion framework organized in April 2022, to increase effectiveness of sustainability efforts

- “CSR Promotion Committee” reorganized as the “Sustainability Committee”
- New “Risk Management Committee” established
- Both committees chaired by the President and CEO
- Subordinate organizations established for the plan formulations and progress management of activities for important issues

▶ ESG activities: Issue of “Sustainability Report 2022”



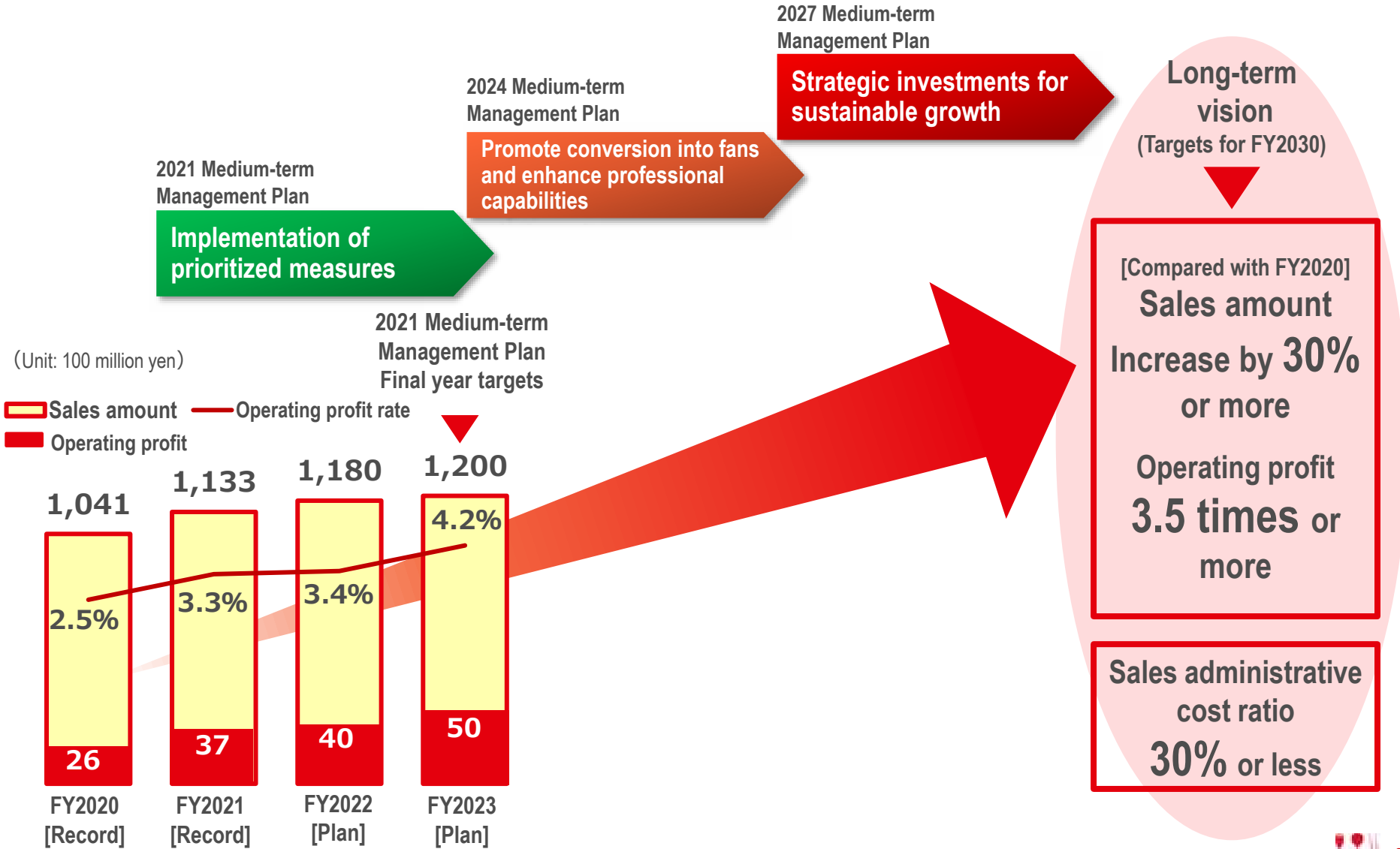
“Sustainability Report 2022”
released September 22

New feature for “Guidelines of Sustainable
Development Goals (SDGs) for Products
and Services”



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

New outline of strategic scenario drawn up to achieve CSV30



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

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Furthermore, this material was created based upon data current as of November 17, 2022. 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.