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August 4, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4951
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 Scheduled date to file quarterly securities report: August 10, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	10,521	(2.3)	192	(79.4)	307	(70.2)	151	(77.9)
June 30, 2021	10,769	–	934	–	1,031	–	682	–

Note: Comprehensive income For the three months ended June 30, 2022: ¥176 million [(66.7)%]
 For the three months ended June 30, 2021: ¥529 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	6.80	–
June 30, 2021	30.74	30.73

Notes: 1. Figures for the three months ended June 30, 2021, are the figures after applying “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant ASBJ regulations. The percentage of year-on-year change is not shown.
 2. Diluted earnings per share for the three months ended June 30, 2022, are not given since there are no dilutive shares.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2022	43,955	31,614	70.6	1,394.52
March 31, 2022	44,402	31,847	70.4	1,407.03

Reference: Equity
 As of June 30, 2022: ¥31,015 million
 As of March 31, 2022: ¥31,274 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	19.00	–	19.00	38.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (forecast)		20.00	–	20.00	40.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	24,600	4.8	1,750	(32.3)	1,900	(30.0)	1,200	(35.0)	53.99
Fiscal year ending March 31, 2023	47,500	4.5	2,550	(21.6)	2,850	(18.1)	1,900	71.3	85.48

Note: Revisions to the earnings forecasts most recently announced: None

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: – companies

Excluded: – companies

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, please refer to the section of “Changes in accounting policies” under “(3) Notes to quarterly consolidated financial statements” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 8 of the attached material.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	23,000,000 shares
As of March 31, 2022	23,000,000 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2022	759,140 shares
As of March 31, 2022	772,820 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	22,240,863 shares
Three months ended June 30, 2021	22,213,046 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements and others

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, the statements herein do not constitute assurances regarding the Company’s actual results. Actual financial and other results may differ substantially from the statements herein due to various factors. Please refer to “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” of “1. Qualitative information on quarterly consolidated financial results” on page 3 of the attached materials for the suppositions that form the assumptions for the earnings forecasts and cautions regarding the use of the earnings forecasts.

Change in presentation of amounts

Amounts given on the Company’s quarterly consolidated financial statements and other items were previously rounded down to thousands, but starting from the first quarter of the current fiscal year and the three months ended June 30, 2022, figures are rounded down to millions.

To make comparisons easier, figures for the previous fiscal year and the three months ended June 30, 2021, have also been rounded down to millions.

Method of obtaining the supplementary material on quarterly financial results

We intend to post the supplementary material on quarterly financial results to the “Investors” page of our corporate website soon after the announcement of the financial results for the three months ended June 30, 2022, on Thursday, August 4, 2022.

o Attached Material Index

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1. Qualitative information on quarterly consolidated financial results

(1) Explanation of operating results

During the three months ended June 30, 2022, the Japanese economy showed signs of recovery as restrictions on movement within Japan due to the novel coronavirus disease (COVID-19) were relaxed and economic and social activities started to normalize. Nevertheless, a sense of uncertainty about the future persists for various reasons, including concerns about a flare-up of infections due to variants, lockdowns in China as a result of its domestic “zero-COVID” policy, rapid weakening of the yen, and raw material price hikes and supply chain problems because of the continuing war in Ukraine.

Under these circumstances, the Group has been taking action to enable its sustainable growth under its strategy of brand value management through initiatives that involve “drastic review of the existing business profit structure,” “concentrated resources in growth areas,” “clarification of business development systems,” and “formulation and disclosure of long-term ESG strategies.”

For the three months ended June 30, 2022, the Group’s net sales amounted to 10,521 million yen (down 2.3% year on year) due to a fall-off in sales in various categories, including Cloth Care and Hand Care, even though Thermal Care product returns fell.

As for profit, operating profit was 192 million yen (down 79.4% year on year), ordinary profit was 307 million yen (down 70.2% year on year) and profit attributable to owners of parent was 151 million yen (down 77.9% year on year). This was because of a rise in the cost-of-sales ratio and an increase in selling, general and administrative expenses due to strategic marketing expenses for growth.

Given that the Group operates a single segment of the daily necessities business, operating results by business category are as follows.

In the Air Care (Air Fresheners and Deodorizers) category, we have been engaging in efforts that involve striving for more consistent sales of our existing mainstay products and developing high value-added products. Even though there was stagnant growth in sales of the Oheya-no-Shoshu-Riki, an existing core product, sales of Shoshu-Riki (deodorant power) Premium Aroma series were firm, and sales of products such as Shoshu-Riki DEOX for Front Doors, a new member of the Shoshu-Riki DEOX series introduced in spring, contributed to sales. Therefore, net sales were 5,045 million yen (up 0.0% year on year).

In the Cloth Care (Mothproofing Agents) category, we are strengthening the Mushuda series by updating the product lineup and are moving forward with efforts to expand sales of Mushuda mite repellent. However, sales of existing core products, including Mushuda for Drawers and Clothes Cases and Neopara Ace, declined because sales activities targeting seasonal wardrobe updates of this spring were launched earlier than normal, resulting in net sales of 1,844 million yen (down 11.4% year on year).

For the Thermal Care (Disposable Warmers) category, this is the time of year when there are a lot of end-of-season returns, but because returns were less than that for the first three months ended June 30, 2021, net sales were 157 million yen (compared to negative 46 million yen for the first three months ended June 30, 2021).

In the Hand Care (Household Gloves) category, we worked to expand sales of Family gloves for home use. The selling price was revised downward, and demand driven by greater awareness of hygiene weakened, resulting in net sales of 1,337 million yen (down 14.7% year on year).

In the Humidity Care (Dehumidifiers) category, we moved forward with a shift toward high value-added products by strengthening the Bincho-tan series and Dry Pet Care products in order to prevent them from becoming mere commodities. Because this year’s rainy season was one of the shortest in history, net sales were 961 million yen (down 4.6% year on year).

In the Home Care (Others) category, we have been aggressively promoting efforts to enter new business fields, which has included developing the Senjo-Riki and Kome-Touban brands. In addition to firm sales of Kome-Touban, which prevents bugs in rice, the launch of pet care products and the spring introduction of Shinsenban, a new product that maintains the freshness of food products, contributed to sales, resulting in net sales of 1,174 million yen (up 5.3% year on year).

Category	Net sales (Millions of yen)	Composition (%)	Year-on-year (%)
Air Care (Air Fresheners and Deodorizers)	5,045	48.0	0.0
Cloth Care (Mothproofing Agents)	1,844	17.5	(11.4)
Thermal Care (Disposable Warmers)	157	1.5	—
Hand Care (Household Gloves)	1,337	12.7	(14.7)
Humidity Care (Dehumidifiers)	961	9.1	(4.6)
Home Care (Others)	1,174	11.2	5.3
Total	10,521	100.0	(2.3)

(2) Explanation of financial position

Total assets as of June 30, 2022, stood at 43,955 million yen, a decline of 446 million yen from the end of the previous fiscal year. The decrease is mainly attributable to factors that include a decrease in cash and deposits of 514 million yen, a decrease in notes and accounts receivable - trade of 803 million yen, and an increase in merchandise and finished goods of 689 million yen.

Liabilities were 12,341 million yen, a decline of 213 million yen from the end of the previous fiscal year. The decrease is mainly attributable to factors that include a decrease in income taxes payable of 342 million yen, decrease in accrued expenses of 315 million yen, decrease in other current liabilities of 309 million yen, an increase in notes and accounts payable - trade of 567 million yen, and an increase in electronically recorded obligations - operating of 319 million yen.

Net assets were 31,614 million yen, a decline of 233 million yen from the end of the previous fiscal year. The decrease is mainly attributable to factors that include a decrease in retained earnings of 241 million yen.

Consequently, equity amounted to 31,015 million yen and the equity ratio was 70.6%, increased by 0.2 percentage points from the end of the previous fiscal year.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the forecasts for the six months ending September 30, 2022, and the fiscal year ending March 31, 2023, announced in the financial results report released on April 26, 2022.

The consolidated earnings forecasts are determined by the Company based on information available as of the date of this material's release. Actual results may differ from the forecast figures due to various factors going forward.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	11,887	11,372
Notes and accounts receivable - trade	5,802	4,999
Merchandise and finished goods	6,616	7,306
Work in process	187	219
Raw materials and supplies	989	1,113
Other	656	766
Allowance for doubtful accounts	(34)	(29)
Total current assets	26,105	25,747
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,209	4,192
Machinery, equipment and vehicles, net	1,728	1,693
Tools, furniture and fixtures, net	229	218
Land	3,593	3,597
Leased assets, net	202	205
Construction in progress	156	326
Total property, plant and equipment	10,120	10,235
Intangible assets		
Other	1,444	1,424
Total intangible assets	1,444	1,424
Investments and other assets		
Investment securities	5,653	5,559
Long-term loans receivable	5	4
Retirement benefit asset	7	7
Deferred tax assets	452	371
Other	613	603
Total investments and other assets	6,731	6,547
Total non-current assets	18,296	18,207
Total assets	44,402	43,955

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,195	2,762
Electronically recorded obligations - operating	2,835	3,154
Short-term borrowings	413	476
Lease liabilities	49	55
Accounts payable - other	1,802	1,767
Accrued expenses	685	369
Income taxes payable	423	80
Accrued consumption taxes	93	70
Electronically recorded obligations - non-operating	179	140
Other	2,023	1,714
Total current liabilities	10,700	10,592
Non-current liabilities		
Lease liabilities	94	97
Deferred tax liabilities for land revaluation	262	262
Provision for retirement benefits for directors (and other officers)	107	100
Provision for share awards for directors (and other officers)	81	71
Retirement benefit liability	1,301	1,204
Other	6	12
Total non-current liabilities	1,853	1,749
Total liabilities	12,554	12,341
Net assets		
Shareholders' equity		
Share capital	7,065	7,065
Capital surplus	7,047	7,047
Retained earnings	16,978	16,736
Treasury shares	(1,020)	(1,002)
Total shareholders' equity	30,070	29,846
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,866	1,800
Revaluation reserve for land	(537)	(537)
Foreign currency translation adjustment	(177)	(144)
Remeasurements of defined benefit plans	52	50
Total accumulated other comprehensive income	1,204	1,168
Non-controlling interests	573	598
Total net assets	31,847	31,614
Total liabilities and net assets	44,402	43,955

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	10,769	10,521
Cost of sales	6,280	6,363
Gross profit	4,488	4,157
Selling, general and administrative expenses	3,553	3,965
Operating profit	934	192
Non-operating income		
Interest income	1	1
Dividend income	75	74
Purchase discounts	35	30
Other	23	49
Total non-operating income	135	155
Non-operating expenses		
Interest expenses	1	1
Share of loss of entities accounted for using equity method	12	4
Foreign exchange losses	21	27
Other	3	7
Total non-operating expenses	38	40
Ordinary profit	1,031	307
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	0
Loss on disaster	-	31
Total extraordinary losses	6	31
Profit before income taxes	1,024	275
Income taxes - current	160	(30)
Income taxes - deferred	160	111
Total income taxes	320	81
Profit	703	193
Profit attributable to non-controlling interests	21	42
Profit attributable to owners of parent	682	151

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	703	193
Other comprehensive income		
Valuation difference on available-for-sale securities	(229)	(66)
Foreign currency translation adjustment	47	47
Remeasurements of defined benefit plans, net of tax	0	(2)
Share of other comprehensive income of entities accounted for using equity method	7	3
Total other comprehensive income	(174)	(17)
Comprehensive income	529	176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	482	116
Comprehensive income attributable to non-controlling interests	46	60

(3) Notes to quarterly consolidated financial statements

Notes on going concern assumption

Not applicable.

Notes when there are significant changes in amounts of shareholders' equity

Not applicable.

Application of specific accounting for preparing the quarterly consolidated financial statements

No important matter to be stated.

Changes in accounting policies

Application of Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021) (hereinafter, "Fair Value Measurement Accounting Standard Implementation Guidance") from the beginning of the first quarter of the current fiscal year, and decided to apply new accounting standards set forth in the Fair Value Measurement Accounting Standard Implementation Guidance prospectively in accordance with the transitional treatment provided for in paragraph 27-2 of the Fair Value Measurement Accounting Standard Implementation Guidance.

The application of the above guidance does not have any impact on the quarterly consolidated financial statements.

Segment information

Three months ended June 30, 2021 and three months ended June 30, 2022

This information is omitted as the Group operates the daily necessities segment as a single segment.