

Consolidated Results 2024 1Q

1. Consolidated Performance Overview for January to March 2024

During the first three months of the fiscal year ending December 31, 2024, Japan's economy showed an improvement in business sentiment, as evidenced by the Bank of Japan's review of monetary policy and the lifting of negative interest rates. On the other hand, the situation remained uncertain due to the rise in prices of raw materials and various prices worldwide due to the depreciation of the yen, as well as geopolitical risks such as the protracted situation in the Middle East and in Ukraine.

Against this backdrop, the Group has launched a new Medium-Term Management Plan "V-plan 26," with priority strategies of "Transformation of Business Portfolio," "Expansion of Strategic Investments and Capital Policy," and "Promotion of Sustainability Management" in order to respond to changes in the business environment and aim for sustainable growth and enhancement of corporate value.

As a result, consolidated operating results for the first three months of the fiscal year ending December 31, 2024 were as follows: net sales of ¥50.5 billion (a decrease of 6.9% year on year), operating income of ¥0.7 billion (a decrease of 57.7% year on year), ordinary income of ¥0.7 billion (a decrease of 55.9% year on year), and net income attributable to shareholders of parent company of ¥0.2 billion (a decrease of 77.4% year on year).

	Billions of yen				
	2021	2022	2023 1Q	2024 1Q	2024 (plan)
Net Sales	¥178.1	¥210.9	¥54.3	¥50.5	¥212.0
Domestic Business*	115.3	141.4	36.7	33.0	140.0
Overseas Business*	62.7	69.5	17.5	17.5	72.0
Operating Income	2.5	6.8	1.8	0.7	5.0
Domestic Business	(0.1)	3.3	1.2	0.4	1.5
Overseas Business	2.6	3.5	0.5	0.3	3.5
Ordinary Income	3.9	7.9	1.8	0.7	5.8
Net Income attributable to shareholders of parent company	5.4	4.8	1.2	0.2	4.1

*Does not include figures for internal transactions

Operating results by segment are described below.

Effective from the first three months of the current fiscal year, the Company changed the method for calculating profit or loss of reportable segments. Accordingly, when presenting year-on-year comparisons, the segment profit or loss of the current period will be compared against a figure of profit or loss of the corresponding previous period that has been restated using the new calculation method.

i. Domestic Business

In the Domestic Business segment, for the first three months of the fiscal year ending December 31, 2024, we achieved sales of ¥33.0 billion (a decrease of 10.1% year on year) and segment income of ¥0.4 billion (a decrease of 65.2% year on year).

As raw material prices and energy costs continue to soar, we worked to secure profits by enhancing customer care and other measures.

In the Water Heaters section, hybrid water system continued to perform well thanks to the use of subsidies. In the Commercial section, unit sales of commercial water heaters, the number of leases and the cumulative number of maintenance agreements steadily increased.

In the Kitchen Appliances section, unit sales of new products such as mid- to high-end grade built-in gas cookers and range hoods increased. Consequently, we experienced lower sales and lower income for the overall domestic business.

ii. Overseas Business

In the Overseas Business segment, for the first three months of the fiscal year ending December 31, 2024, we achieved sales of ¥17.5 billion (a decrease of 0.3% year on year) and segment income of ¥0.3 billion (a decrease of 41.1% year on year).

In the Chinese region, despite the continued economic downturn, sales were secured by strong sales of heating equipment and increased sales of kitchen appliances at exhibitions and other events. In the North American region, unit sales of high-efficiency water heaters increased significantly, while sales of heating boilers declined year-on-year due to the warm winter. In the Australian region, with a launch of a new product of heat pump water heaters, improvement of the operating rate due to strong production of tank-type water heaters contributed to cost reductions. Consequently, we experienced lower sales and lower income for the overall overseas business.

2. Explanation regarding consolidated financial position

Total assets at the end of the first three months of the current fiscal year were ¥214.5 billion (an increase of ¥6.7 billion from the end of the previous fiscal year). Due to the decrease in bills receivable, accounts receivable, and contract assets, current assets were ¥120.9 billion (a decrease of ¥0.5 billion from the end of the previous fiscal year). In addition, due to the increase in investment securities and other factors, noncurrent assets were ¥93.5 billion (an increase of ¥7.2 billion from the end of the previous fiscal year). Due to the increase in provision for bonuses, liabilities at the end of the first three months were ¥81.6 billion (an increase of ¥0.5 billion from the end of the previous fiscal year). Total net assets at the end of the first three months were ¥132.8 billion (an increase of ¥6.2 billion from the end of the previous fiscal year). As a result, the equity ratio was 59.6%.

3. Explanation regarding consolidated operating results forecast and other forward-looking statements

There have been no changes to the consolidated operating results forecast announced in the consolidated results on February 14, 2024.

4 Consolidated Financial Highlights

Noritz Corporation and Consolidated Subsidiaries Years ended December 31, 2021, 2022, 2023 and 2024

	Millions of yen			
	2021	2022	2023	2024 1Q
Fiscal Year:				
Net sales	¥178,142	¥210,966	¥201,891	¥50,555
Operating income	2,500	6,889	3,840	769
Operating margin (%)	1.4	3.3	1.9	1.5
Net income attributable to shareholders of parent company	5,479	4,800	868	287
Net cash provided by operating activities	15,477	2,403	(1,868)	-
Net cash used in investing activities	(2,522)	(7,790)	(5,664)	-
Net cash used in financing activities	(3,118)	(4,778)	(3,235)	-
Cash and cash equivalents	43,159	35,147	25,159	28,183
Capital expenditures	6,019	6,223	9,201	1,778
Depreciation and amortization	6,136	6,590	7,438	1,821
At Fiscal Year—End:				
Total assets	¥194,527	¥216,974	¥207,771	¥214,533
Net assets	116,193	119,656	126,667	132,880
Per Share Data (Yen):				
Net income	¥119.12	¥104.64	¥18.84	¥6.23
Cash dividend	83.00	53.00	53.00	67.00
Net assets	2,433.96	2,508.08	2,644.38	2,773.86

Financial Ratios (%):

Return on equity (ROE)	5.0	4.2	0.7	-
Equity ratio	57.6	53.1	58.7	59.6