

Consolidated Results 2025 3Q

1. Consolidated Performance Overview for January to September 2025

During the first nine months of the fiscal year ending December 31, 2025, the Japanese economy is expected to see a gradual recovery supported by improvements in the employment and income environments. However, the impact on consumer spending by persistently high raw material and energy prices and continued rising prices is becoming a risk. The future outlook overseas remained uncertain, with factors such as the future direction of tariff policies by the U.S. government and the protracted stagnation of China's real estate market.

Against this backdrop, the Group has entered the latter half of the second year of its Medium-Term Management Plan "V-plan 26," which was launched in the previous fiscal year, in order to respond to changes in the business environment and aim for sustainable growth and enhancement of corporate value. The Group has positioned the three-year period of the Medium-Term Management Plan as a phase for "initiating reform," with the aim of reforming to the structure that is biased towards the residential use water heater business in the Domestic Business, and in the Overseas Business, mitigating the risk in overly relying on the Chinese market and cultivating new markets. However, the impact of the sluggishness in the Chinese real estate market and other factors in the previous fiscal year led to challenging results. In response, the Group boosted earning power through high value-added products and environmentally friendly products in the Domestic Business and proceeded with restructuring of current operations in Chinese and North American regions in the Overseas Business in the first nine months of the fiscal year ending December 31, 2025.

As a result, consolidated operating results for the first nine months of the fiscal year ending December 31, 2025, were as follows: net sales of ¥142.6 billion (an increase of 1.0% year on year), operating income of ¥0.8 billion (operating loss of ¥0.4 billion in the same period of the previous fiscal year), ordinary income of ¥1.7 billion (an increase of 327.8% year on year), and net income attributable to shareholders of parent company of ¥0.6 billion (a decrease of 71.4% year on year).

	Billions of yen				
	2022	2023	2024 3Q	2025 3Q	2025 (plan)
Net Sales	¥210.9	¥201.8	¥141.1	¥142.6	¥205.0
Domestic Business*	141.4	131.4	90.6	94.6	137.0
Overseas Business*	69.5	70.4	50.5	47.9	68.0
Operating Income	6.8	3.8	(0.4)	0.8	3.0
Domestic Business	3.3	0.3	(1.1)	(0.2)	1.5
Overseas Business	3.5	3.4	0.7	1.0	1.5
Ordinary Income	7.9	1.2	0.4	1.7	3.9
Net Income attributable to shareholders of parent company	4.8	0.8	2.3	0.6	2.4

*Does not include figures for internal transactions

Operating results by segment are described below.

i. Domestic Business

In the Domestic Business segment, for the first nine months of the fiscal year ending December 31, 2025, we achieved sales of ¥94.6 billion (an increase of 4.5% year on year) and segment loss of ¥0.2 billion (segment loss of ¥1.1 billion in the same period of the previous fiscal year).

In the Water Heaters section, we continued to expand unit sales of environmentally friendly products for residential use, such as hybrid water heaters and high-efficiency water heaters. For commercial use, we also promoted our initiatives to achieve carbon neutrality, such as by promoting the replacement of boilers with commercial gas water heaters.

In the Kitchen Appliances section, the sales of new built-in gas cookers were strong, and we steadily grew unit sales of range hoods. Consequently, we achieved higher sales and improved operating loss for the overall domestic business.

ii. Overseas Business

In the Overseas Business segment, for the first nine months of the fiscal year ending December 31, 2025, net sales were ¥47.9 billion (a decrease of 5.2% year on year), and segment income was ¥1.0 billion (an increase of 31.5% year on year).

In the Chinese region, despite the continued slump in market conditions and decreasing unit sales of water heaters, unit sales increased in Shanghai.

In the North American region, unit sales of high-efficiency water heaters remained strong, and sales of heating boilers also grew. In the Australian region, bolstered by electrification policies, sales of heat pump water heaters were strong and tankless water heaters for residential use also maintained strong sales. Consequently, we experienced lower sales and higher income for the overall overseas business.

2. Overview of Financial Position for the Period

Total assets at the end of the third quarter were ¥214.9 billion (a decrease of ¥8.8 billion from the end of the previous fiscal year). Due to the decrease in bills receivable, accounts receivable, and contract assets, current assets were ¥111.7 billion (a decrease of ¥14.5 billion from the end of the previous fiscal year). In addition, due to the increase in investment securities and other factors, noncurrent assets were ¥103.1 billion (an increase of ¥5.6 billion from the end of the previous fiscal year).

Due to the decrease in bills payable and accounts payable, liabilities at the end of the third quarter were ¥82.2 billion (a decrease of ¥4.5 billion from the end of the previous fiscal year).

Total net assets at the end of the third quarter were ¥132.6 billion (a decrease of ¥4.2 billion from the end of the previous fiscal year). As a result, the equity ratio was 59.5%.

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 13, 2025.

4. Consolidated Financial Highlights

Noritz Corporation and Consolidated Subsidiaries Years ended December 31, 2022, 2023, 2024 and the Year ending December 31, 2025

	Millions of yen			
	2022	2023	2024	2025 3Q
Fiscal Year:				
Net sales	¥210,966	¥201,891	¥202,204	¥142,610
Operating income	6,889	3,840	2,395	809
Operating margin (%)	3.3	1.9	1.2	0.6
Net income attributable to shareholders of parent company	4,800	868	4,383	671
Net cash provided by operating activities	2,403	(1,868)	8,618	—
Net cash used in investing activities	(7,790)	(5,664)	(5,996)	—
Net cash used in financing activities	(4,778)	(3,235)	(2,477)	—
Cash and cash equivalents	35,147	25,159	27,346	22,200
Capital expenditures	6,223	9,201	10,425	8,363
Depreciation and amortization	6,590	7,438	7,599	5,470
At Fiscal Year—End:				
Total assets	¥216,974	¥207,771	¥223,767	¥214,947
Net assets	119,656	126,667	136,939	132,651
Per Share Data (Yen):				
Net income	¥104.64	¥18.84	¥94.89	¥14.68
Cash dividend	53.00	53.00	69.00	71.00
Net assets	2,508.08	2,644.38	2,852.62	2,820.97
Financial Ratios (%):				
Return on equity (ROE)	4.2	0.7	3.5	0.5
Equity ratio	53.1	58.7	59.0	59.5