

Consolidated Results 2025 2Q

1. Consolidated Performance Overview for January to June 2025

During the first six 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 and effects of inbound demand. However, the impact on consumer spending by persistently high raw material and energy prices and continued rising prices is becoming a risk to economic recovery. The situation overseas remained uncertain, with future direction of tariff policies by the U.S. government, the stagnation of China's real estate market, and the protracted situation in the Middle East and Ukraine.

Against this backdrop, the Group has begun the second year of its Medium-Term Management Plan "V-plan 26" which it 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 six months of the fiscal year ending December 31, 2025.

As a result, consolidated operating results for the first six months of the fiscal year ending December 31, 2025, were as follows: net sales of ¥98.5 billion (an increase of 2.6% year on year), and operating income of ¥1.6 billion (operating loss of ¥0.1 billion in the same period of the previous fiscal year), ordinary income of ¥2.2 billion (an increase of 444.7% year on year), and net income attributable to shareholders of parent company of ¥1.2 billion (net loss attributable to shareholders of parent company of ¥0.3 billion in the same period of the previous fiscal year).

	Billions of yen				
	2022	2023	2024 2Q	2025 2Q	2025 (plan)
Net Sales	¥210.9	¥201.8	¥96.0	¥98.5	¥205.0
Domestic Business*	141.4	131.4	61.0	65.2	137.0
Overseas Business*	69.5	70.4	34.9	33.2	68.0
Operating Income	6.8	3.8	(0.1)	1.6	3.0
Domestic Business	3.3	0.3	(0.7)	0.6	1.5
Overseas Business	3.5	3.4	0.5	0.9	1.5
Ordinary Income	7.9	1.2	0.4	2.2	3.9
Net Income attributable to shareholders of parent company	4.8	0.8	(0.3)	1.2	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 six months of the fiscal year ending December 31, 2025, we achieved sales of ¥65.2 billion (an increase of 6.9% year on year) and segment income of ¥0.6 billion (segment loss of ¥0.7 billion in the same period of the previous fiscal year).

In the Water Heaters section, we expanded sales of environmentally friendly products for residential use, such as high value-added premium water heaters, hybrid water heaters, and high-efficiency water heaters. We also proposed optimal solutions as a package for commercial use, and encouraged the replacement of boilers with commercial-use gas water heaters as a step toward realizing carbon neutrality.

In the Kitchen Appliances section, while the ratio of mid- to high-end grade units declined due to the worsening of the product mix of built-in gas cookers, we steadily grew unit sales of range hoods. Consequently, we achieved higher sales and higher income for the overall domestic business.

ii. Overseas Business

In the first six months of the fiscal year ending December 31, 2025, the Overseas Business segment saw sales of ¥33.2 billion (a decrease of 4.8% year on year) and segment income of ¥0.9 billion (an increase of 65.0% year on year).

In the Chinese region, amid the continued slump in market conditions and decreasing unit sales of water heaters, income was secured through cost control.

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

Total assets at the end of the first six months of the current fiscal year were ¥209.3 billion (a decrease of ¥14.4 billion from the end of the previous fiscal year).

Due to the decrease in bills receivable, accounts receivable, and contract assets, current assets were ¥112.4 billion (a decrease of ¥13.7 billion from the end of the previous fiscal year).

In addition, due to the decrease in investment securities and other factors, noncurrent assets were ¥96.8 billion (a decrease of ¥0.6 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 first six months were ¥78.6 billion (a decrease of ¥8.1 billion from the end of the previous fiscal year).

Total net assets at the end of the first six months were ¥130.6 billion (a decrease of ¥6.2 billion from the end of the previous fiscal year).

As a result, the equity ratio was 60.1%.

Cash Flow Conditions

Cash and cash equivalents (“funds”) at the end of the first six months of the fiscal year ending December 31, 2025, were ¥27.0 billion, a decrease of ¥0.2 billion compared to the end of the previous fiscal year.

The cash flow conditions for the first six months of the current fiscal year and the factors thereof are as follows.

Cash Flow from Operating Activities

Funds from operating activities were ¥9.1 billion.

This is mainly due to an increase in funds resulting from income before income taxes and minority interests of ¥2.2 billion, depreciation and amortization of ¥3.5 billion, and a decrease in trade receivables of ¥8.9 billion, and a decrease in funds resulting from a decrease in trade payables of ¥4.1 billion.

Cash Flow from Investment Activities

Funds used in investment activities were ¥4.5 billion.

This is mainly due to a decrease in funds resulting from payments for purchase of tangible fixed assets of ¥2.3 billion.

Cash Flow from Financing Activities

Funds used in financing activities were ¥3.5 billion.

This is mainly due to a decrease in funds resulting from dividends paid of ¥1.7 billion and payments for purchase of treasury stock of ¥1.5 billion.

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 2025

Millions of yen

	2022	2023	2024	2025 2Q
Fiscal Year:				
Net sales	¥210,966	¥201,891	¥202,204	¥98,523
Operating income	6,889	3,840	2,395	1,658
Operating margin (%)	3.3	1.9	1.2	1.7
Net income attributable to shareholders of parent company	4,800	868	4,383	1,204
Net cash provided by operating activities	2,403	(1,868)	8,618	9,171
Net cash used in investing activities	(7,790)	(5,664)	(5,996)	(4,574)
Net cash used in financing activities	(4,778)	(3,235)	(2,477)	(3,500)
Cash and cash equivalents	35,147	25,159	27,346	27,099
Capital expenditures	6,223	9,201	10,425	5,445
Depreciation and amortization	6,590	7,438	7,599	3,585
At Fiscal Year—End:				
Total assets	¥216,974	¥207,771	¥223,767	¥209,359
Net assets	119,656	126,667	136,939	130,697
Per Share Data (Yen):				
Net income	¥104.64	¥18.84	¥94.89	¥26.18
Cash dividend	53.00	53.00	69.00	35.00
Net assets	2,508.08	2,644.38	2,852.62	2,765.92
Financial Ratios (%):				
Return on equity (ROE)	4.2	0.7	3.5	0.9
Equity ratio	53.1	58.7	59.0	60.1