

FY2025 Q1 Results Briefing Material

May 13, 2025
Noritz Corporation

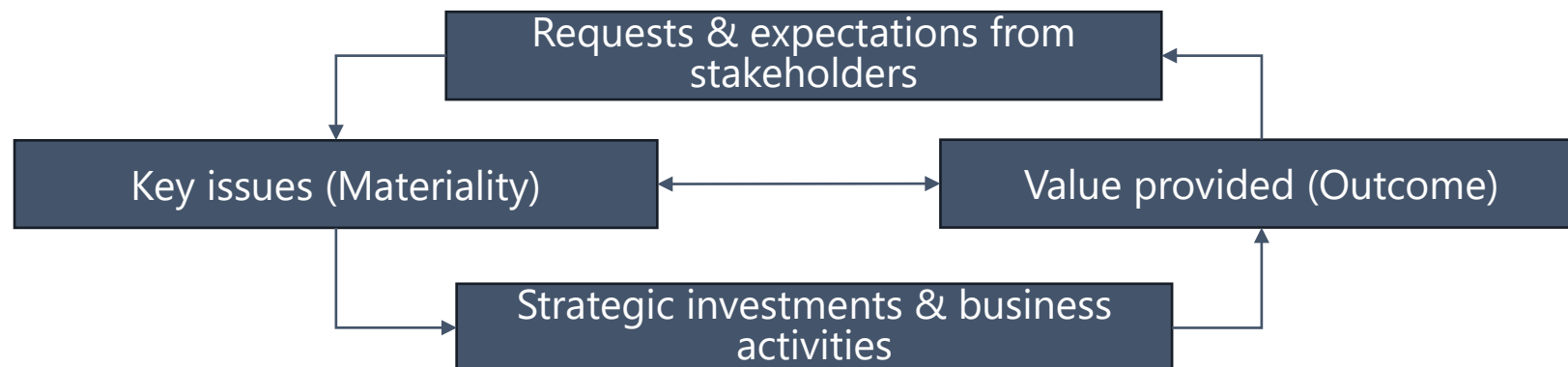
Securities Code:

5943

The financial outlook in this material is based on information available to the Company as of the publication date and reflects projections on its own and therefore entails risks and uncertainties. Accordingly, there is no guarantee that any results will align with the forecasts.

Harmonize Key Issues, Value Provided, and Business Activities

In response to increasingly diverse requests and expectations from its stakeholders, the Noritz Group specified issues to address to achieve what we aspire to be by 2030. Striving to enhance our corporate value and delivering it to society through our business activities, the Noritz Group aims for society with products and services that help communities live more comfortably and contribute to the planet.



Value provided and initiatives (domestic by section)

Section Value provided	Water heaters and HVAC – residential	Water heaters and HVAC – non-residential	Kitchen appliances	Establishment of a business foundation
Sustainability	<ul style="list-style-type: none"> Sales of eco-friendly products 	<ul style="list-style-type: none"> Expand service-driven sectors Explore production-driven sectors 	<ul style="list-style-type: none"> Accelerate sales of eco-friendly products 	
Well-Being	<ul style="list-style-type: none"> Sales of solution-driven products 		<ul style="list-style-type: none"> Improve awareness and expand sales of solution-driven products 	
Care	<ul style="list-style-type: none"> Provide long-term safety Provide apps 	<ul style="list-style-type: none"> Provide long-term safety 	<ul style="list-style-type: none"> Provide apps 	<ul style="list-style-type: none"> Provide easy access Expand services

Value provided and initiatives (overseas by area)

Area Value provided	China	North America	Australia	Southeast Asia
Sustainability	<ul style="list-style-type: none"> Sell water heaters 	<ul style="list-style-type: none"> Sell high-efficiency water heaters and commercial equipment 	<ul style="list-style-type: none"> Sell electric products/commercial equipment 	
Well-Being	<ul style="list-style-type: none"> Sell kitchen appliance 	<ul style="list-style-type: none"> Sell heating equipment 		<ul style="list-style-type: none"> Expand into new market areas Innovate new products
Care	<ul style="list-style-type: none"> Provide long-term safety 	<ul style="list-style-type: none"> Support remote services, construction, and repair 	<ul style="list-style-type: none"> Support repair 	

■ FY2025 Targets

■ "V-plan 26" FY2025 Target

(Millions of yen, unless otherwise stated)

	FY2024 Results	FY2025 Targets	YoY Change	FY2026 Targets
Net sales	202,204	205,000	+2,796	210,000
Domestic Business	133,486	137,000	+3,514	140,000
Overseas Business	68,717	68,000	(717)	70,000
Operating income	2,395	3,000	+605	4,500
Domestic Business	1,364	1,500	+136	2,500
Overseas Business	1,031	1,500	+469	2,000
Ordinary income	3,579	3,900	+321	—
Net income attributable to shareholders of parent company	4,383	2,400	(1,983)	—
ROE (%)	3.5	1.9	(1.6)	Over 6.0

Average Exchange Rates: USD = ¥150.00, CNY = ¥20.5, AUD = ¥95.8

*Net sales for the Domestic and Overseas business reflect external transactions only.

Delivering New Values Through Carbon Neutrality and Solutions to Social Challenges

Initiative 1: Drive top-line growth: Strengthen profitability with high-value and eco-friendly products

Initiative 2: Capture added value: Create new business opportunities and promote recycling business

Initiative 3: Establish a business foundation: Provide long-term safety and security through establishment of a customer base

(Millions of yen, unless otherwise stated)

	FY2024 Results	FY2025 Targets	YoY Change (amount)	YoY Change (%)	FY2026 Targets
Net sales	133,486	137,000	+3,514	+2.6	140,000
Water heaters and HVAC	108,249	111,500	+3,251	+3.0	114,000
o/w Residential	99,158	102,000	+2,842	+2.8	104,000
o/w Non-residential	9,091	9,500	+409	+4.5	10,000
Kitchen appliances	16,747	17,000	+253	+1.5	17,500
Other	8,489	8,500	+11	+0.1	8,500
Operating income	1,364	1,500	+136	+9.9	2,500

Strengthening Growth in North America and advancing new business development in Southeast Asia

Initiative 1: Strengthen existing businesses and facilitate local subsidiary independence

Initiative 2: Promote new business development (Area & Products)

(Millions of yen, unless otherwise stated)

		FY2024 Results	FY2025 Targets	YoY Change (amount)	YoY Change (%)	FY2026 Targets
China	Net sales	37,631	36,200	(1,431)	(3.8)	37,000
	Operating income	36	340	+304	+820.3	500
North America	Net sales	17,285	18,000	+715	+4.1	19,000
	Operating income	(156)	0	+156	–	240
Australia	Net sales	11,799	11,800	+1	+0.0	12,000
	Operating income	1,007	1,000	(7)	(0.8)	1,100
Other	Net sales	2,001	2,000	(1)	(0.1)	2,000
	Operating income	142	160	+18	+12.0	160
Total	Net sales	68,717	68,000	(717)	(1.0)	70,000
	Operating income	1,031	1,500	+469	+45.4	2,000

FY2025 Initiatives: Domestic Business

FY2025 Initiatives and Targets		
Water heaters and HVAC – residential	Strengthen initiatives on solution-driven products	<ul style="list-style-type: none"> Secure premium water heater sales volume
	Accelerate sales of eco-friendly products	<ul style="list-style-type: none"> Secure hybrid water heater sales volume High-efficiency water heaters (Conversion rate)
Water heaters and HVAC – non-residential	Expand service-driven sectors	<ul style="list-style-type: none"> Secure commercial water heater sales volume Secure maintenance contract volume
	Explore production-driven sectors	<ul style="list-style-type: none"> Progress in the thermal solutions business
Kitchen appliances	Improve awareness and expand sales of solution-driven products	<ul style="list-style-type: none"> Built-in gas cooker mid-to-high-end ratio Secure range hood sales volume
	Accelerate sales of eco-friendly products	<ul style="list-style-type: none"> Secure smart eco burner-equipped product sales ratio
Establishment of a business foundation	Create new business opportunities Promote recycling business	<ul style="list-style-type: none"> Secure pre-failure replacement volume Secure water heater unit collection volume for recycle
	Customer base (Providing long-term safety and security)	<ul style="list-style-type: none"> Secure active user volume Secure service contract volume

FY2025 Initiatives: Overseas Business

FY2025 Initiatives and Indicators		
China	Ensure sales volume of water heater and kitchen appliance	<ul style="list-style-type: none"> Physical (Establish exclusive/dedicated stores): Secure sales volume of water heaters Online: Secure sales volume of water heaters Kitchen appliances (water purifiers/dishwashers): Secure sales volume
North America	Promote sales of high-efficiency water heaters and commercial equipment, and revitalizing the heater business	<ul style="list-style-type: none"> High-efficiency water heaters (Premixed burner design): Secure sales volume Secure sales volume of commercial equipment Secure sales volume of heating equipment
Australia	Expand sales of electric products	<ul style="list-style-type: none"> Secure sales volume of heat pump water heaters Secure sales volume of commercial-use water heaters
Southeast Asia	Product development for new market expansion	<ul style="list-style-type: none"> Product development for local markets: water purifiers, electric water heaters, and kitchen appliances

■ FY2025 Q1 Financial Results

Overview

Domestic sales increased across all segments due to increased sales, while overseas sales declined due to a prolonged weak Chinese market.

Operating income increased due to increased income and reduced fixed costs in Japan and cost control in China.

Net Sales

¥52.8bn (up ¥2.2bn YoY)

- Domestic: ¥36.2bn (up ¥3.2bn YoY)
- Overseas: ¥16.6bn (down ¥0.9bn YoY)

Operating Income

¥2.0bn (up ¥1.2bn YoY)

- Domestic: ¥1.5bn (up ¥1.1bn YoY)
- Overseas: ¥0.4bn (up ¥0.1bn YoY)

Profit

¥1.4bn (up ¥1.1bn YoY)

Increased ¥1.1bn for the same period a year ago

Year-on-Year Comparison

(Millions of yen, unless otherwise stated)

	Q1 FY2024	Q1 FY2025	YoY Change (amount)	YoY Change (%)
Net sales	50,555	52,860	+2,304	+4.6
Domestic business	33,037	36,254	+3,217	+9.7
Overseas business	17,518	16,605	(912)	(5.2)
Operating income	769	2,007	+1,237	+160.8
Domestic business	434	1,568	+1,133	+260.7
Overseas business	334	438	+103	+31.0
Ordinary income	794	2,165	+1,370	+172.6
Net income attributable to shareholders of parent company	287	1,432	+1,144	+398.3

Average exchange rates: USD = ¥151.19, CNY = ¥20.76, AUD = ¥94.33

* Net sales for the Domestic Business and the Overseas Business reflect external transactions only.

Both sales and income increased due to strong performance in all sectors.

- In the Water Heaters & HVAC segment, high-value products and high-efficiency products performed well in response to increased sales of mainstay products.
- In the kitchen appliances sector, range hood performed well, as in the previous year.
- Operating income increased significantly due to increased marginal profits and improved production efficiency.

(Millions of yen, unless otherwise stated)

	Q1 FY2024	Q1 FY2025	YoY Change (amount)	YoY Change (%)
Net sales	33,037	36,254	+3,217	+9.7
Water heaters and HVAC	27,365	30,251	+2,886	+10.5
o/w Residential	24,962	27,561	+2,599	+10.4
o/w Non-residential	2,402	2,689	+287	+11.9
Kitchen appliances	3,758	3,939	+180	+4.8
Other	1,913	2,064	+150	+7.9
Operating income	434	1,568	+1,133	+260.7

Overseas Business

We experienced lower sales and higher income due to strong sales of high-efficiency water heaters in North America despite weak China market.

- **China:** Sales declined due to continued weak market conditions from Q2 FY2024, while income increased due to cost control.
- **North America:** Sales increased, and losses narrowed due to the strong sales of high-efficiency water heaters.
- **Australia:** Strong sales of tankless water heaters and heat pump water heaters drove both sales and income.

(Millions of yen, unless otherwise stated)

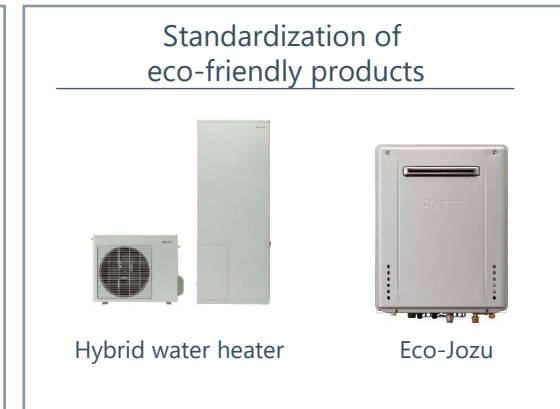
		Q1 FY2024	Q1 FY2025	YoY Change (amount)	YoY Change (%)
China	Net sales	10,187	9,026	(1,161)	(11.4)
	Operating income	158	212	+54	+34.3
North America	Net sales	4,439	4,589	+149	+3.4
	Operating income	(47)	(23)	+24	–
Australia	Net sales	2,383	2,502	+119	+5.0
	Operating income	168	211	+42	+25.2
Other	Net sales	508	487	(21)	(4.2)
	Operating income	55	37	(17)	(31.6)
Total	Net sales	17,518	16,605	(912)	(5.2)
	Operating income	334	438	+103	+31.0

“V-plan 26” progress

Review of Domestic Business (by Section)

Strengthen earning power through high-value products and eco-friendly products

- Appeal of socially impactful products by promoting channel-specific policies
- Promotion of standardization of eco-friendly products in compliance with mandatory energy saving standard

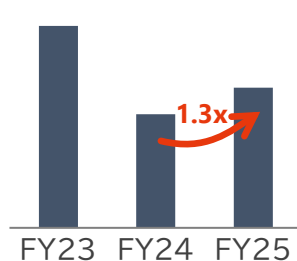


[Results] Both high-value products and eco-friendly products increased.

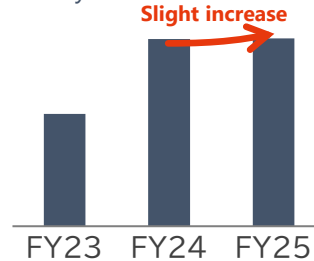
*The graphs compare results from January to March.

- Strengthening proposals to distributors of high value-added products and sales promotion led to growth in premium water heaters.
- Eco-friendly products continued to grow due to the effects of subsidies and increased adoption in new homes.
- Sales of high-efficiency water heaters significantly increased in terms of both volume and conversion rate.

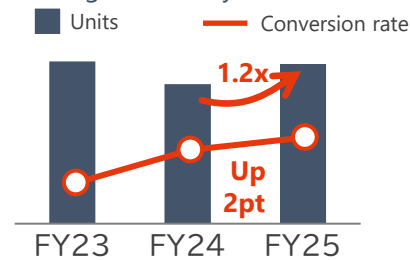
<Premium water heater>



<Hybrid water heater>

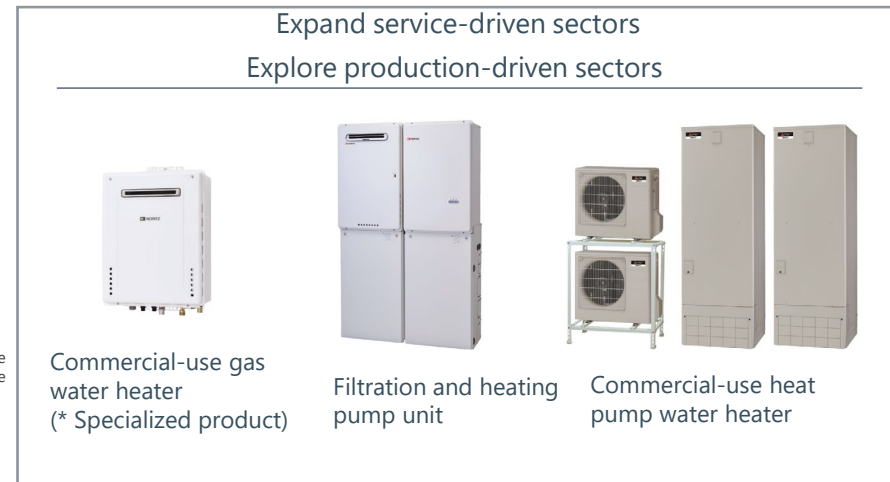
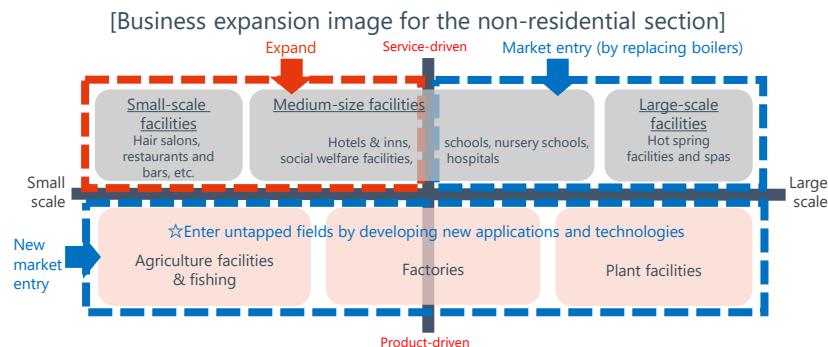


<High-efficiency water heater>



Strengthen earning power through high-value products and eco-friendly products

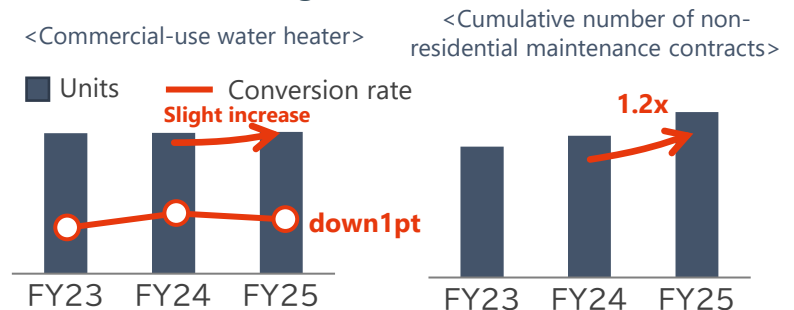
- Expand service-driven sectors
- Expand maintenance service profit
- Explore production-driven sectors (thermal solutions business)



[Results] Sales increased through enhanced sales promotion activities

*The graphs compare results from January to March.

- Sales increased by double digits due to enhanced promotional activities for commercial water heaters and price revisions.
- Steady growth in cumulative non-residential maintenance contracts, due to the high evaluation of the remote monitoring function.
- The thermal solutions business is now in operation, and the delivery of a large heating/cooling system has been completed.



Strengthen earning power through high-value products and eco-friendly products

- Expand built-in gas cooker share
- Increase the ratio of mid- to high-end products by launching built-in gas cookers
- Accelerate sales of eco-friendly products
- Develop demand for and increase market share of range hoods

Qualitative improvement and quantitative expansion
in the kitchen appliances section



Built-in gas cooker



Smart eco burner

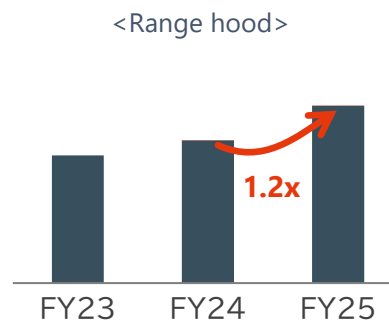
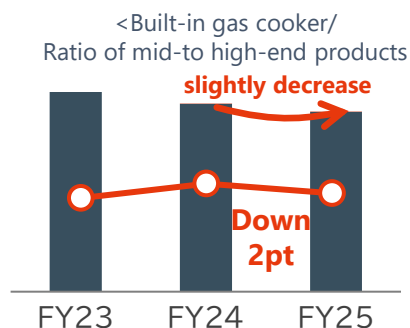


Range hood

[Results] Range hood continues to sell well

*The graphs compare results from January to March.

- Sales of built-in gas cookers declined by 2pt YoY due to the waning effect of new products launched in the previous year and stagnant sales of mid- to high-end gas cookers.
- Sales volume of range hoods expanded steadily partly due to the launch of new products.

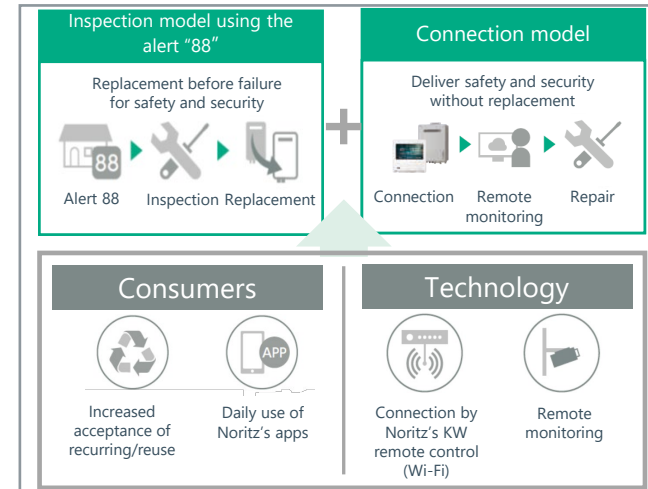


Create new business opportunities/ Establish customer bases

■ Provide safety and security through connections via repair, inspection, and maintenance (introduction of N2C inquiry system)

■ Promote pre-failure replacement to improve market quality

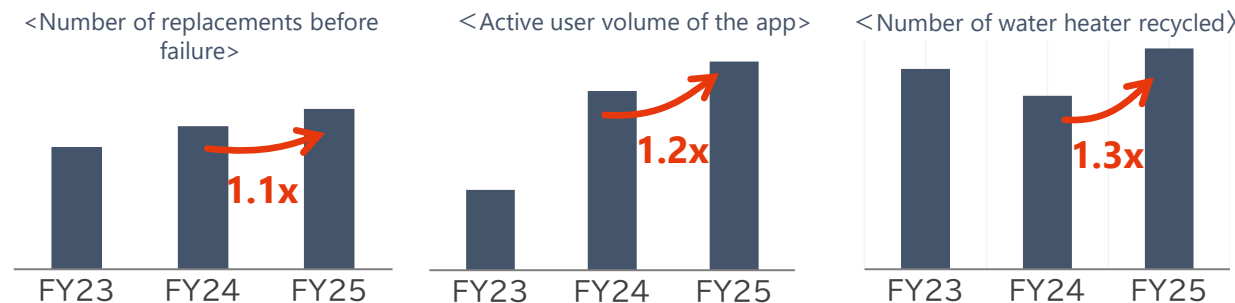
■ Promote collection of water heaters for recycling



[Results] App strengthens the customer base, and collection of recycled water heaters is on track

*The graphs compare results from January to March.

- Steady increase in the number of active users due to Wakasu App connection campaign, etc.
- Steady increase in the number of water heater recycled due to expansion of business partners, etc.



Realize smart manufacturing by establishing production system infrastructure and improve in-house production ratio.

Item	Details
➤ Reduce material costs	Lowering procurement costs for raw materials
➤ Realize a smart factory	Enhancing production facilities with smart technology
	Driving automation and efficiency through digital technologies
➤ Maximize added value through in-house production	Internalizing value-added processes previously outsourced
	Mitigating cost increases
	Optimizing production facilities

V26
Target
Total: ¥3.0bn

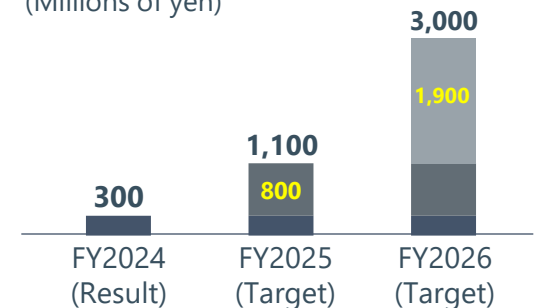
Q1 FY2025 Results (Excluding material price fluctuations and cost increases due to procurement of market-distributed products)

215mn

(V-Plan 26 cumulative total: 515mn)

Cost Reduction Target by FY2026

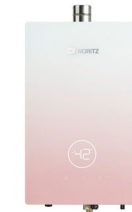
(Millions of yen)



Overseas Business Review (by Area)

Secured sales volume of water heaters and kitchen appliances

- **Water Heaters:** Expanded regional sales through local operations and distributor partnerships.
- **Online:** Optimized strategy for online and physical stores.
- **Established the kitchen appliance business:** Expanded growth in gas cookers and range hoods.
- **Invested to strengthen production and development** (Innovation Center scheduled for completion in March 2026)



Water heaters

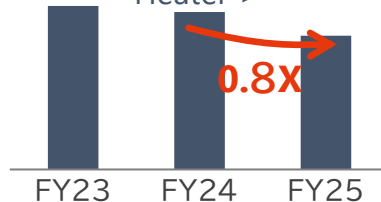


Kitchen appliances

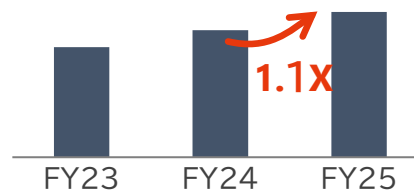
[Result] Despite continued slowdown in market conditions, profit increased by effective cost control *The graphs compare results from January to March.

- **Water Heaters:** Not reached the previous year level despite continued government subsidies.
- **Physical:** Despite focusing efforts on regional cities, sales volume decreased YoY.
- **Online:** Increased sales volume amid weak demand.
- **Kitchen appliances:** Continued steady sales growth.

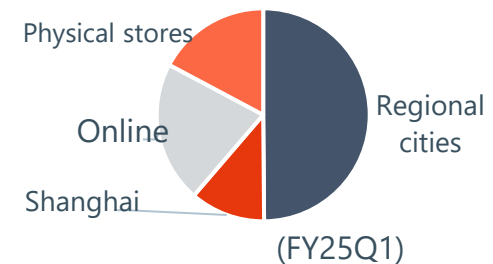
<Noritz China-Residential Water Heater>



<Noritz China- Kitchen>



<Channel structure>



Promoted high-efficiency water heaters and commercial equipment/Rebuilt heaters business

■ Residential-use: Expanded sales of high-efficiency water heaters for carbon neutrality

- Redeveloped existing distribution channels with new high-efficiency water heaters.
- Explored new sales channels.

■ Commercial-use: Established the academy and expanded sales of rack systems.

■ Heaters: Strengthened sales of combination and high-efficiency boilers

Key Strengths of Our Products

- Versatile exhaust and piping designs for a wide range of applications
- Top-tier thermal efficiency with low NOx combustion
- Vast selection of premixed burner water heaters (Compliant with updated ENERGY STAR standards)



High-efficiency water heater

Combination boiler

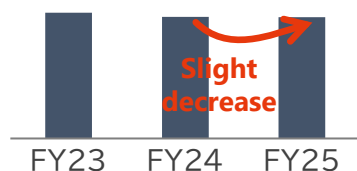
Rack system

[Results] High-efficiency water heaters and heating reduced losses while tankless sales slightly declined

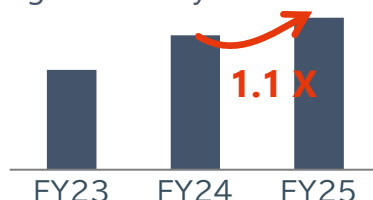
*The graphs compare results from January to March.

- Residential-use: Amid reduced tankless water heater demand, market share was maintained with only a slight decrease in sales volume. Steady sales of new high-efficiency water heaters due to marketing efforts.
- Commercial-use: Rack system sales continue to be strong.
- Heaters: Despite slight decline in volume, increased profit with normalized parts procurement.

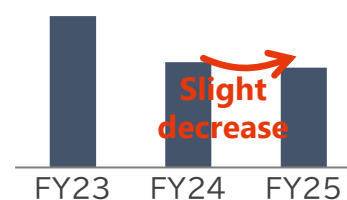
<Tankless water heaters>



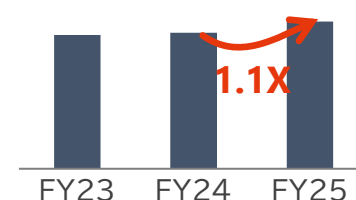
<High-efficiency water heaters>



<Heaters>



<Commercial-use>



Expanded sales of electric appliances in response to the accelerating electrification in the market

- **Tankless water heaters:** Expanded sales in Australia and entered the New Zealand market.
- **Electric products:** Strengthened procurement and sales of heat pumps and other electric solutions.
 - Launched integrated heat pump water heaters.
- **Cost improvement:** upgraded production facilities.
 - Automated and streamlined welding processes.
 - Promoted smart factory advances.



Commercial water heaters



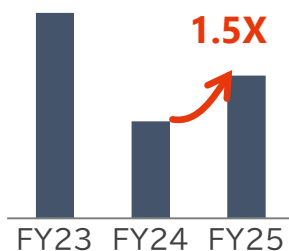
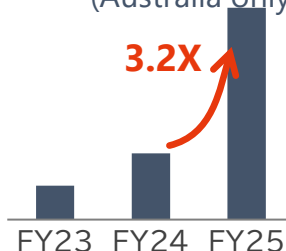
Heat pump water heaters

[Results] Strong sales of tank, tankless and heat pump water heaters

*The graphs compare results from January to March.

- **Tankless:** Strong sales continued in the residential-use but declined slightly in the commercial-use.
New Zealand market development also performed well.
- **Electric products:** Strong sales of heat pump water heaters and smart water heaters, driven by electrification policy.

<Tankless water heaters>

<Heat pump water heaters>
(Australia only)

<Commercial-use>



New area market development/Product development

- Develop electric water heaters, water purifiers and kitchen appliances for local market
- Strengthen the management foundation
 - Develop distributor partnerships in Vietnam and neighboring countries
- Strengthen the management foundation of Kangaroo
 - Business Support
 - Inventory optimization
 - Production support



[Results] Steady progress in strengthening the foundation

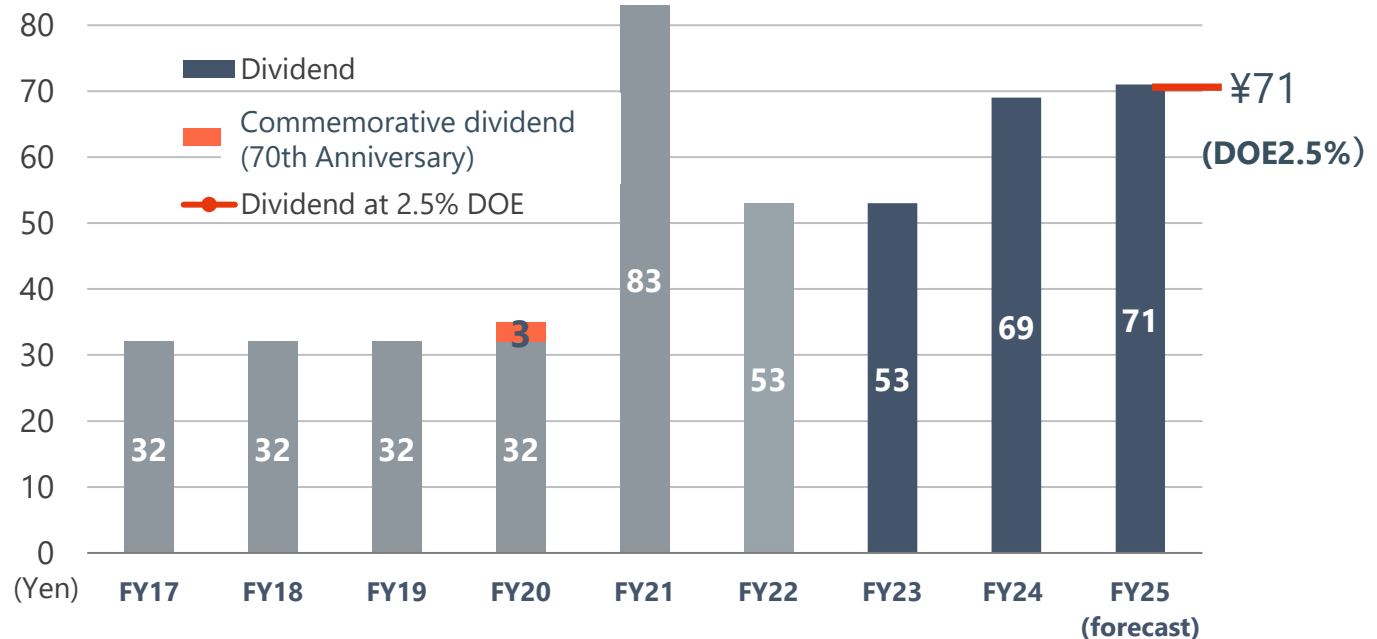
- Product development: Exhibited at a major Japanese housing equipment fair in Bangkok, Thailand
- Sales network: Established Asia Business Headquarters
- Kangaroo: Improved production efficiency with Noritz support led to cost improvement.

Capital Policy

The annual dividend is forecasted at ¥71 per share.

Dividend Policy

- FY2024–FY2026: Adopt the higher of “50% consolidated payout ratio” or “2.5% DOE” to implement shareholder returns that are linked to performance with financial stability considered.



Share Buyback

- ¥2.0bn share buyback due December 31, 2025. As of March 31, 2025, the Company had repurchased 154,700 shares of its own stock at a cost of ¥278 mn.

This document contains references to forward-looking statements based on the Company's current plans, estimates, expectations, or forecasts concerning its business and industry trends.

Such forward-looking statements are subject to various risks and uncertainties. Both known and unknown risks, uncertainties, and other factors may lead to outcomes that differ materially from those expressed in the forward-looking statements.

The Company makes no commitment that the forward-looking statements or expectations regarding future prospects will prove to be accurate, and actual results may differ significantly from those projected.

The forward-looking statements in this document are based on information available to the Company as of May 2025 and are made as of that date. They do not imply an obligation to update or revise any forward-looking statements in light of future events or circumstances.

Noritz Corporation

<https://www.noritzglobal.com/company/finance.html>