

# **FY2025 Q2 Results (Interim) Briefing Material**

August 7, 2025  
NORITZ Corporation

Securities Code:

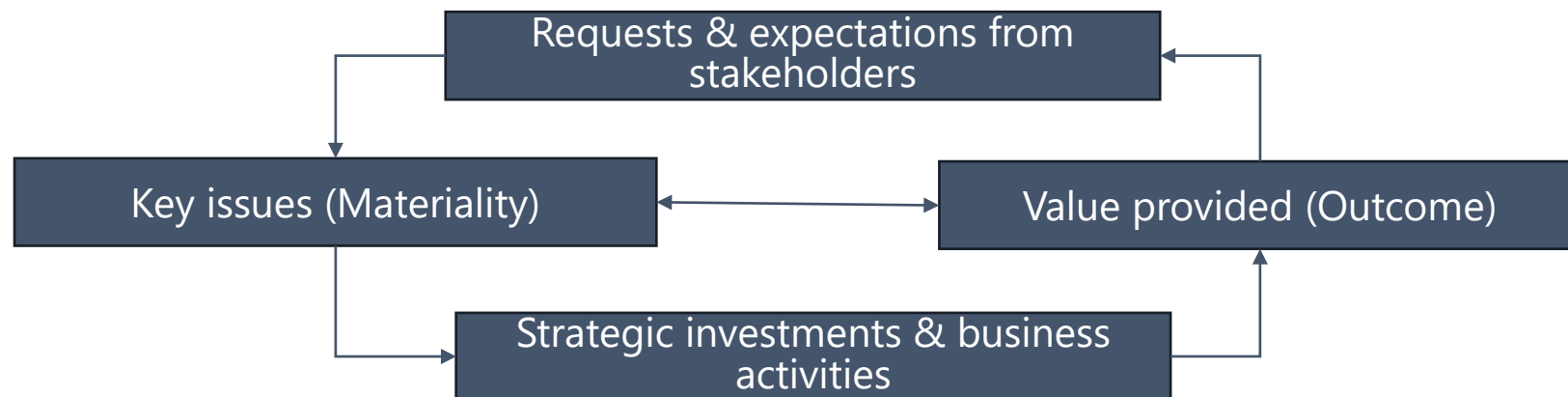
**5943**

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
<b>Sustainability</b>	• Sales of eco-friendly products	• Expand service-driven sectors • Explore production-driven sectors	• Accelerate sales of eco-friendly products	
<b>Well-Being</b>	• Sales of solution-driven products		• Improve awareness and expand sales of solution-driven products	
<b>Care</b>	• Provide long-term safety • Provide apps	• Provide long-term safety	• Provide apps	• Provide easy access • Expand services

## Value provided and initiatives (overseas by area)

Area Value provided	China	North America	Australia	Southeast Asia
<b>Sustainability</b>	• Sell water heaters	• Sell high-efficiency water heaters and commercial equipment	• Sell electric products/commercial equipment	
<b>Well-Being</b>	• Sell kitchen appliance	• Sell heating equipment		• Expand into new market areas • Innovate new products
<b>Care</b>	• Provide long-term safety	• Support remote services, construction, and repair	• Support repair	

## ■ FY2025 Targets

## ■"V-plan 26" FY2025 Target

(Millions of yen, unless otherwise stated)

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

## KPIs: Domestic Business



## 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

## KPIs: Overseas Business

## 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
<b>China</b>	Net sales	37,631	36,200	(1,431)	(3.8)	37,000
	Operating income	36	340	+304	+820.3	500
<b>North America</b>	Net sales	17,285	18,000	+715	+4.1	19,000
	Operating income	(156)	0	+156	—	240
<b>Australia</b>	Net sales	11,799	11,800	+1	+0.0	12,000
	Operating income	1,007	1,000	(7)	(0.8)	1,100
<b>Other</b>	Net sales	2,001	2,000	(1)	(0.1)	2,000
	Operating income	142	160	+18	+12.0	160
<b>Total</b>	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"> <li>Secure premium water heater sales volume</li> </ul>
	Accelerate sales of eco-friendly products	<ul style="list-style-type: none"> <li>Secure hybrid water heater sales volume</li> <li>High-efficiency water heaters (Conversion rate)</li> </ul>
Water heaters and HVAC – non-residential	Expand service-driven sectors	<ul style="list-style-type: none"> <li>Secure commercial water heater sales volume</li> <li>Secure maintenance contract volume</li> </ul>
	Explore production-driven sectors	<ul style="list-style-type: none"> <li>Progress in the thermal solutions business</li> </ul>
Kitchen appliances	Improve awareness and expand sales of solution-driven products	<ul style="list-style-type: none"> <li>Built-in gas cooker mid-to-high-end ratio</li> <li>Secure range hood sales volume</li> </ul>
	Accelerate sales of eco-friendly products	<ul style="list-style-type: none"> <li>Secure smart eco burner-equipped product sales ratio</li> </ul>
Establishment of a business foundation	Create new business opportunities Promote recycling business	<ul style="list-style-type: none"> <li>Secure pre-failure replacement volume</li> <li>Secure water heater unit collection volume for recycle</li> </ul>
	Customer base (Providing long-term safety and security)	<ul style="list-style-type: none"> <li>Secure active user volume</li> <li>Secure service contract volume</li> </ul>

# FY2025 Initiatives: Overseas Business



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



# ■ FY2025 Q2 (Interim) Results and Progress on “V-Plan 26”

# **FY2025 Q2 (Interim) Financial Results**

## Overview

Domestic sales increased across all segments due to expanded sales and price revisions, with profit up from higher revenue and controlled SG&A.

Overseas sales declined due to continued weak market conditions in China, but exceeded the announced forecast; profit increased due to cost control.

### Net Sales

**¥98.5 bn** (up ¥2.0 bn vs. forecast, up ¥2.5 bn YoY)

- Domestic: ¥65.2bn (up ¥1.7bn vs. forecast, up ¥4.1bn YoY)
- Overseas: ¥33.2bn (up ¥0.2bn vs. forecast, down ¥1.6bn YoY)

### Operating Income

**¥1.6bn** (up ¥1.6bn vs. forecast, up ¥1.7bn YoY)

- Domestic: ¥0.6bn (up ¥1.2bn vs. forecast, up ¥1.3bn YoY)
- Overseas: ¥0.9bn (up ¥0.3bn vs. forecast, up ¥0.3bn YoY)

### Profit

**¥1.2bn** (up ¥0.9bn vs. forecast, up ¥1.5bn YoY)

## Year-on-Year Comparison

(Millions of yen, unless otherwise stated)

	Q2 FY2024	Q2 FY2025	YoY Change (amount)	1H FY2024	1H FY2025	YoY Change (amount)	YoY Change (%)
<b>Net Sales</b>	45,456	45,663	+206	96,012	98,523	+2,511	+2.6
<b>Domestic business</b>	28,033	29,009	+975	61,070	65,263	+4,192	+6.9
<b>Overseas business</b>	17,423	16,654	(769)	34,941	33,259	(1,681)	(4.8)
<b>Operating income</b>	(897)	(348)	+548	(127)	1,658	+1,785	–
<b>Domestic business</b>	(1,159)	(895)	+263	(724)	673	+1,397	–
<b>Overseas business</b>	262	546	+284	596	985	+388	+65.0
<b>Ordinary income</b>	(383)	70	+454	410	2,236	+1,825	+444.7
<b>Net income attributable to shareholders of parent company</b>	(641)	(227)	+413	(354)	1,204	+1,558	–

\*1H average exchange rates: USD = ¥147.46, CNY = ¥20.35, AUD = ¥93.48

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

# **Review of Domestic Business (by Section)**

**Water heaters and HVAC saw strong sales of high-value products; kitchen appliances recorded higher sales and profit driven by growth in range hood.**

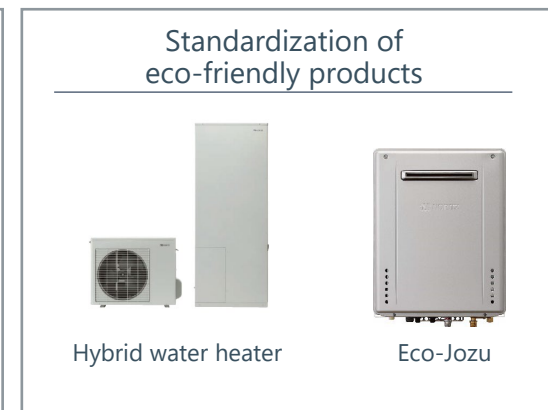
- Water heaters and HVAC continued to perform well with strong sales of high-value and eco-friendly products, along with smooth progress in price revisions.
- Kitchen appliances remained strong as range hood captured replacement demand development.

(Millions of yen, unless otherwise stated)

	Q2 FY2024	Q2 FY2025	YoY Change (amount)	1H FY2024	1H FY2025	YoY Change (amount)	YoY Change (%)
<b>Net Sales</b>	28,033	29,009	+975	61,070	65,263	+4,192	+6.9
<b>Water heaters and HVAC</b>	22,307	23,146	+839	49,672	53,397	+3,725	+7.5
o/w Residential	20,340	20,953	+612	45,303	48,515	+3,211	+7.1
o/w Non-residential	1,966	2,193	+226	4,369	4,882	+513	+11.8
<b>Kitchen appliances</b>	3,766	3,771	+5	7,525	7,711	+185	+2.5
<b>Other</b>	1,959	2,090	+130	3,873	4,154	+281	+7.3
<b>Operating income</b>	(1,159)	(895)	+263	(724)	673	+1,397	—

## 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

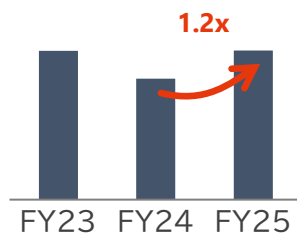


## [Result] Both high-value products and eco-friendly products continued to grow.

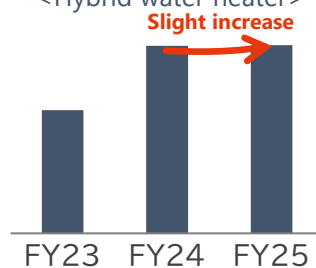
\*The graphs compare results from January to June.

- Sales of premium water heaters increased 1.2 times through expanded sales of high-value-added products.
- Hybrid water heaters saw increased unit sales through expanded adoption in new installations.
- Standardization of high-efficiency water heaters drove unit sales growth and further expansion of the conversion rate.

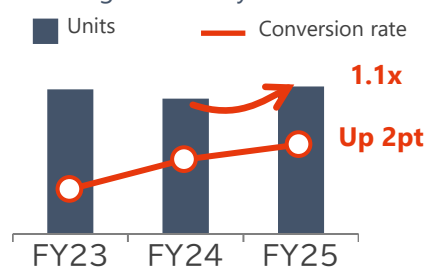
<Premium water heater>



<Hybrid water heater>

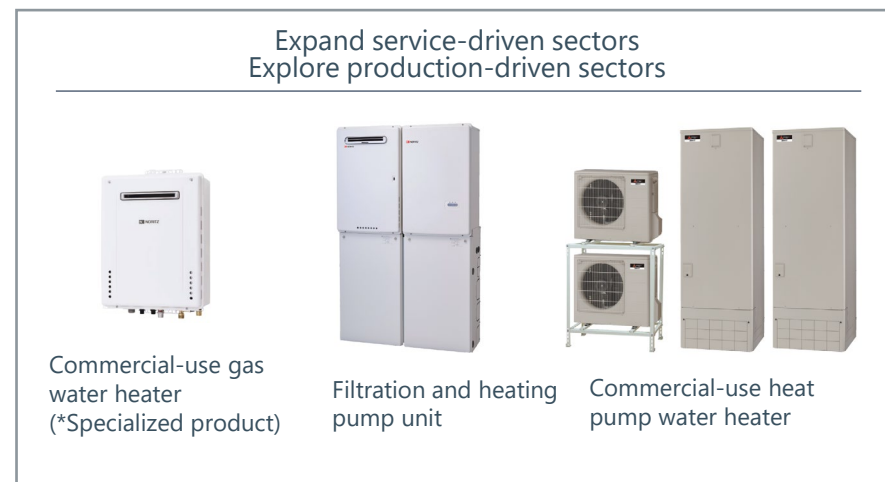
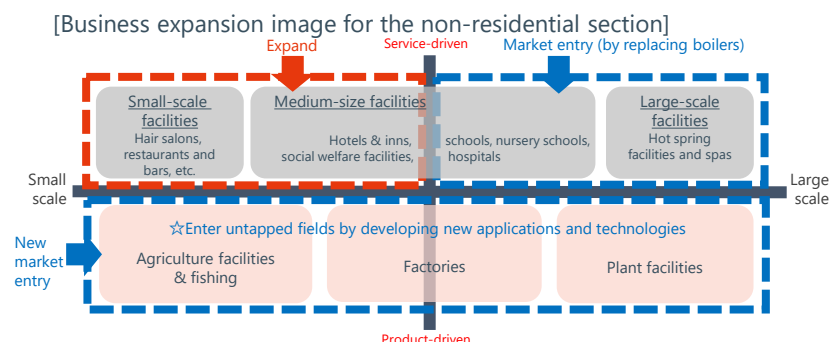


<High-efficiency water heater>



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

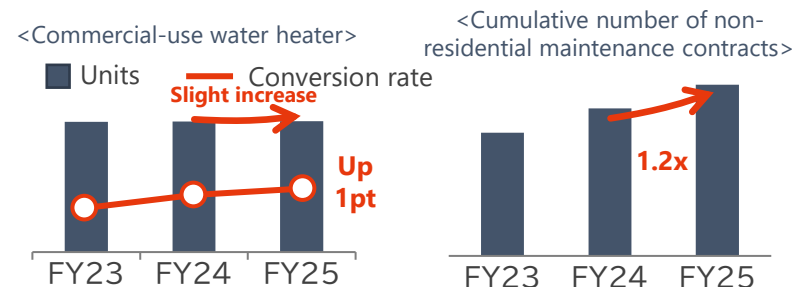
- Expand service-driven sectors
- Expand maintenance service profit
- Explore production-driven sectors (thermal solutions business)



## [Result] Steady progress in both service-driven and production-driven sectors

\*The graphs compare results from January to June.

- Sales of commercial water heaters grew by double digits through increased unit sales and price revisions.
- Packaged proposals offering optimal solutions were introduced for water heater replacements at lodging facilities.
- Cumulative non-residential maintenance contracts continued to increase steadily, due to high evaluation of the remote monitoring function.
- In the thermal solutions business, a new system was developed and delivered to visualize and control unused heat (flow rate and temperature).





## 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



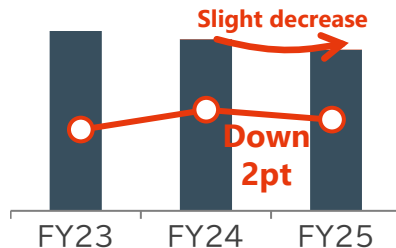
Range hood

## [Result] Range hood performed steadily with progress in demand development

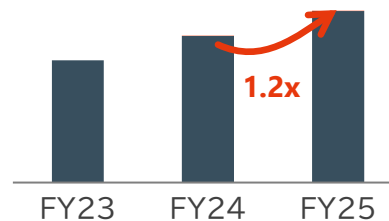
\*The graphs compare results from January to June.

- Ratio of mid-to-high-end products declined by 2pt YoY due to a decline in product mix of built-in gas cookers.
- Range hood unit sales increased steadily through strengthened channel development.

<Built-in gas cooker/  
Ratio of mid-to high-end products>



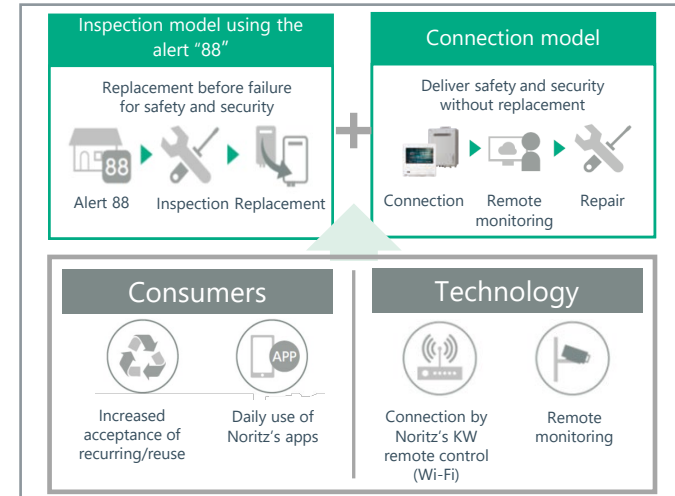
<Range hood>



# Establishment of a Business Foundation

## Create new business opportunities/ Establish customer bases

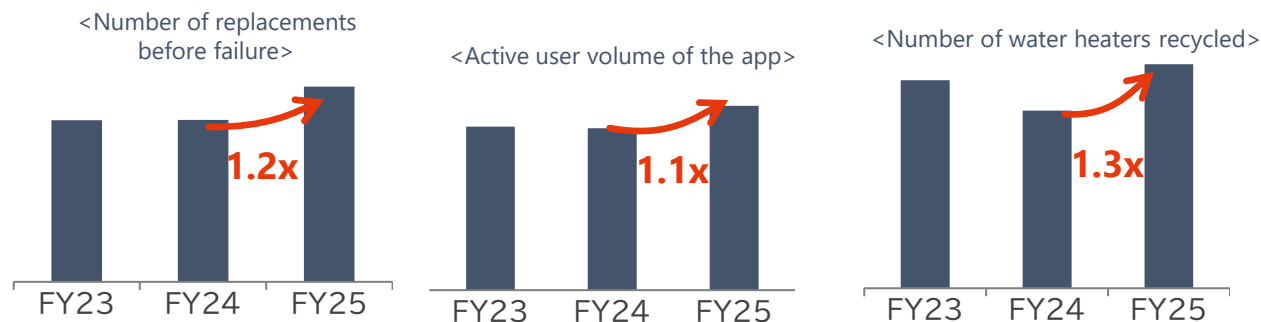
- Provide safety and security through connections via repair, inspection, and maintenance (renewal of repair management system)
- Promote pre-failure replacement to improve market quality
- Promote collection of water heaters for recycling



## [Result] Promoted safety and security through customer relations

\*The graphs compare results from January to June.

- Pre-failure replacements aimed at ensuring safety and security increased.
- Collection volume of recycled water heaters remained on track with the expansion of business partnerships.



Please refer to the press release issued in June regarding our circular economy initiatives (Japanese only).



## 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**

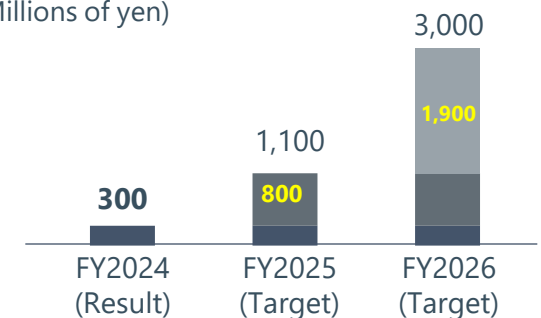
**1H FY2025 Results** (Excluding material price fluctuations and cost increases due to procurement of market-distributed products)

**Cost Reduction Target by FY2026**

356mn

(V-Plan 26 cumulative total: 658mn)

(Millions of yen)



# Overseas Business Review (by Area)

**While sales declined due to the prolonged market downturn in China, profit increased through effective cost control.**

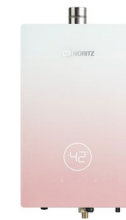
- **China:** Sales declined due to continued weak market conditions since the Q2 of last year, but profits increased through cost control.
- **North America:** Strong sales of heating and commercial equipment led to higher revenue and a smaller loss.
- **Australia:** Although sales increased in local currency due to strong performance of tankless and heat pumps, revenue decreased and profit increased.

(Millions of yen, unless otherwise stated)

		Q2 FY2024	Q2 FY2025	YoY Change (amount)	1H FY2024 results	1H FY2025 results	YoY Change (amount)	YoY Change (%)
China	Net Sales	9,053	8,710	(343)	19,240	17,736	(1,504)	(7.8)
	Operating income	70	273	+203	228	486	+257	+112.8
North America	Net Sales	4,541	4,635	+93	8,980	9,224	+243	+2.7
	Operating income	(60)	(25)	+35	(108)	(48)	+59	—
Australia	Net Sales	3,380	2,869	(511)	5,763	5,372	(391)	(6.8)
	Operating income	225	247	+22	394	459	+64	+16.4
Other	Net Sales	447	438	(8)	955	926	(29)	(3.1)
	Operating income	27	50	+23	82	88	+6	+7.3
Total	Net Sales	17,423	16,654	(769)	34,941	33,259	(1,681)	(4.8)
	Operating income	262	546	+284	596	985	+388	+65.0

## 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



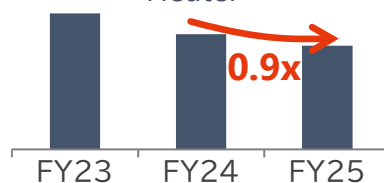
Kitchen appliances

## [Result] Increased online sales volume and profit growth through cost control

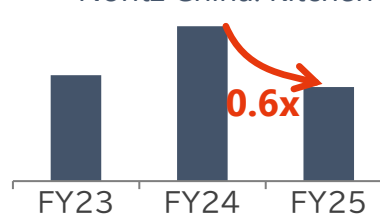
\*The graphs compare results from January to June.

- **Water Heaters:** Despite efforts to expand in regional cities, sales volume struggled due to significant market slowdown.
- **Physical:** Continued weak performance in existing regional cities, while Shanghai remained strong.  
**Online:** Expanded unit sales amid declining demand.
- **Kitchen appliances:** Sales volume declined due to significant impact from market slowdown.

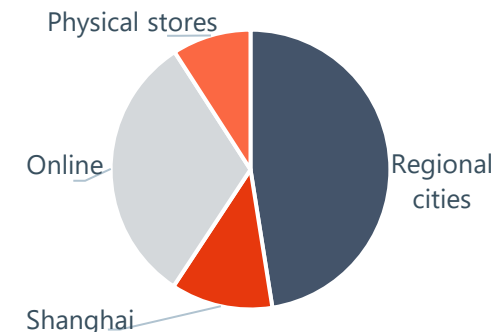
<Noritz China: Residential Water Heater>



<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



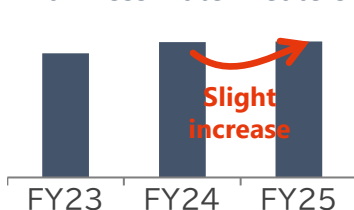
Rack system

## [Result] Reduced losses through expanded sales of commercial and heating equipment.

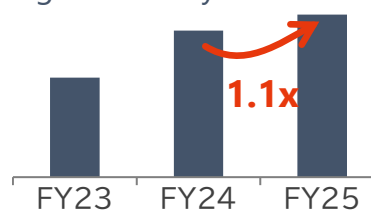
\*The graphs compare results from January to June.

- Residential-use: Sales volume of tankless and high-efficiency water heaters increased through strengthened marketing efforts.
- Commercial-use: Sales grew significantly through material and labor sales, driven by expansion of a high-quality installer network.
- Heaters: Profit grew through improved cost ratio driven by price revisions and normalized parts procurement.

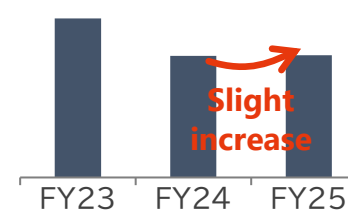
&lt;Tankless water heaters&gt;



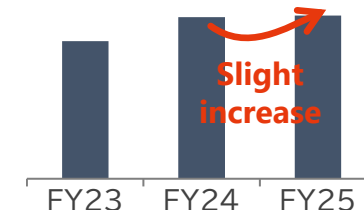
&lt;High-efficiency water heater&gt;



&lt;Heaters&gt;



&lt;Commercial-use&gt;



## 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.



Residential water heaters



Commercial water heaters



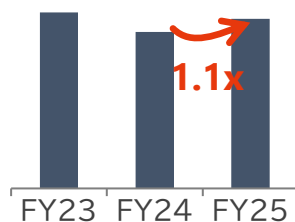
Heat pump water heaters

## [Results] Continued strong sales of tankless and heat pump water heaters

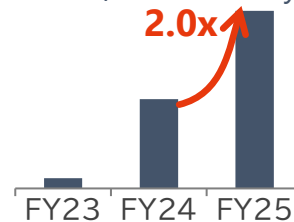
\*The graphs compare results from January to June.

- **Tankless:** Sales increased through higher residential unit volume and price revisions.
- **Electric Products:** Sales of heat pump water heaters remained strong, supported by electrification policies.
- **Cost Improvement:** Production facility upgrades led to a 1.7pt improvement in profit margin.

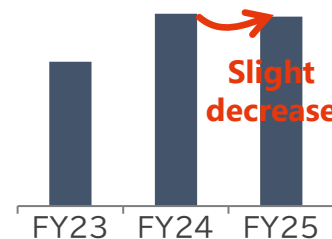
<Tankless residential water heaters>



<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

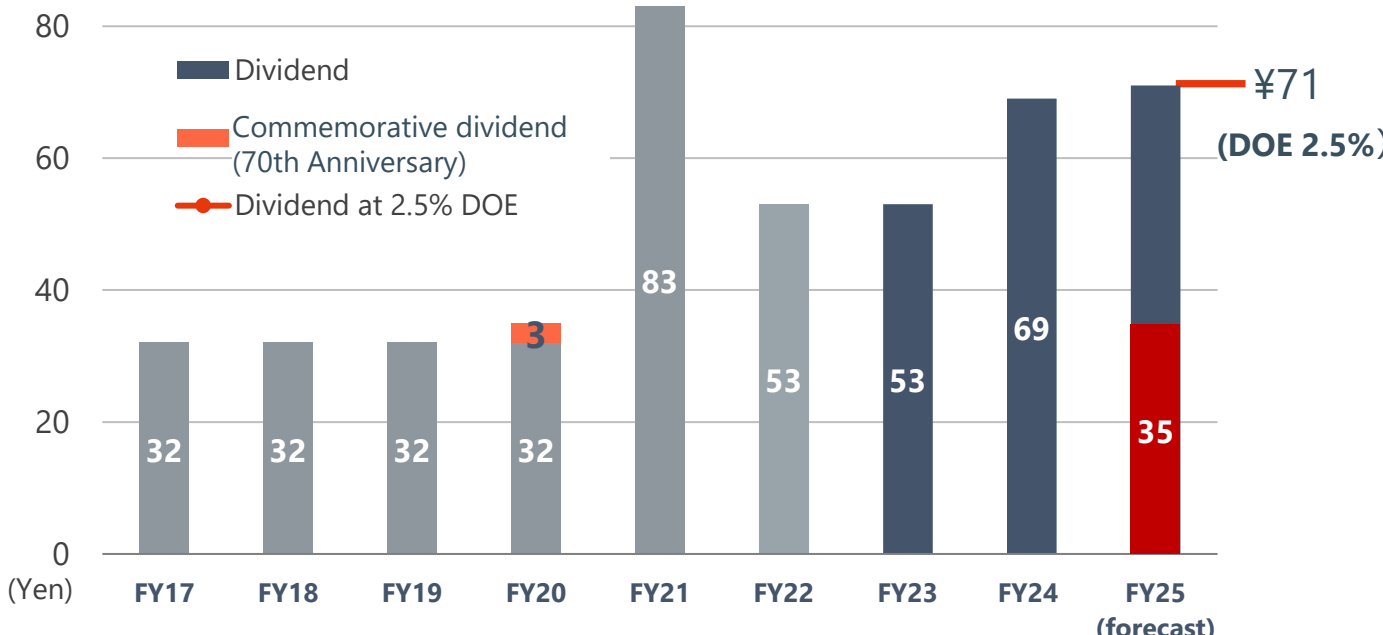
- **Product development: Product development is progressing smoothly.**
- **Sales network: Established a representative office in Vietnam and expanded sales channels to neighboring countries.**
- **Kangaroo: Strengthened production support from Noritz led to a 4pt improvement in cost ratio.**

# Capital Policy/Promotion of Sustainability Management

\*For details, please scan the QR code on the right.



The interim dividend is forecasted at ¥35 per share, with an annual dividend of ¥71 per share.

Dividend Policy	<p>➤ 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.</p>  <table><tr><th>Fiscal Year</th><th>Dividend (Yen)</th><th>Commemorative dividend (70th Anniversary) (Yen)</th><th>Dividend at 2.5% DOE (Yen)</th></tr><tr><td>FY17</td><td>32</td><td>0</td><td>0</td></tr><tr><td>FY18</td><td>32</td><td>0</td><td>0</td></tr><tr><td>FY19</td><td>32</td><td>0</td><td>0</td></tr><tr><td>FY20</td><td>32</td><td>3</td><td>0</td></tr><tr><td>FY21</td><td>83</td><td>0</td><td>0</td></tr><tr><td>FY22</td><td>53</td><td>0</td><td>0</td></tr><tr><td>FY23</td><td>53</td><td>0</td><td>0</td></tr><tr><td>FY24</td><td>69</td><td>0</td><td>0</td></tr><tr><td>FY25 (forecast)</td><td>35</td><td>0</td><td>71</td></tr></table>	Fiscal Year	Dividend (Yen)	Commemorative dividend (70th Anniversary) (Yen)	Dividend at 2.5% DOE (Yen)	FY17	32	0	0	FY18	32	0	0	FY19	32	0	0	FY20	32	3	0	FY21	83	0	0	FY22	53	0	0	FY23	53	0	0	FY24	69	0	0	FY25 (forecast)	35	0	71
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Share Buyback	<p>➤ On July 16, 2025, the share buyback of ¥2.0bn (1,085,700 shares) was completed.</p>																																								

## **Selected as a Constituent of the FTSE Blossom Japan Index for the Third Consecutive Year**

- **June 2025: Selected for the third consecutive year as a constituent of the FTSE Blossom Japan Index, which recognizes Japanese companies demonstrating excellence in environmental, social, and governance (ESG) practices.**
- **Received an FTSE ESG Score of 3.7, exceeding last year's score by 0.4pt. The score is used as a base for selecting the indices.**

**[ESG indices including Noritz (adopted by GPIF as constituent indices)]**

**FTSE Blossom Japan Index**



**FTSE Blossom  
Japan Index**

**FTSE Blossom Japan Sector Relative Index**



**FTSE Blossom  
Japan Sector  
Relative Index**

**S&P/JPX Carbon Efficient Index**



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 August 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>