

Consolidated Results 2024 2Q

1. Consolidated Performance Overview for January to June 2024

During the first six months of the fiscal year ending December 31, 2024, the Japanese economy continued its gradual recovery from the accelerated normalization of economic activities.

On the other hand, the situation remained uncertain, with persistently high raw material and energy prices and the ongoing rise in commodity, as well as the stagnation of China's real estate market and the protracted situation in the Middle East and Ukraine.

Against this backdrop, the Group has launched a Medium-Term Management Plan "V-plan 26" this fiscal year, 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. Under "V-plan 26," in its Domestic Business the Company work toward achieving a carbon-neutral society by allocating management resources to provide new value through environmentally friendly products as well as products that solve social issues, while in its Overseas Business it will aim to expand its business and profits in North America region and develop new businesses in Southeast Asia.

As a result, consolidated operating results for the first six months of the fiscal year ending December 31, 2024, were as follows: net sales of ¥96.0 billion (a decrease of 3.7% year on year), and operating loss of ¥0.1 billion (operating income of ¥1.2 billion in the same period of the previous fiscal year), ordinary income of ¥0.4 billion (a decrease of 70.3% year on year), and net loss attributable to shareholders of parent company of ¥0.3 billion (net income of ¥1.0 billion in the same period of the previous fiscal year).

	Billions of yen				
	2021	2022	2023 2Q	2024 2Q	2024 (plan)
Net Sales	¥178.1	¥210.9	¥99.7	¥96.0	¥205.0
Domestic Business*	115.3	141.4	64.9	61.0	134.0
Overseas Business*	62.7	69.5	34.8	34.9	71.0
Operating Income	2.5	6.8	1.2	(0.1)	32.0
Domestic Business	(0.1)	3.3	(0.1)	(0.7)	15.0
Overseas Business	2.6	3.5	1.3	0.5	17.0
Ordinary Income	3.9	7.9	1.3	0.4	42.0
Net Income attributable to shareholders of parent company	5.4	4.8	1.0	(0.3)	47.0

*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, 2024, we achieved sales of ¥61.0 billion (a decrease of 6.0% year on year) and segment loss of ¥0.7 billion (segment loss of ¥0.1 billion in the same period of the previous fiscal year).

We promoted initiatives to realize carbon neutrality, such as increasing unit sales of hybrid water heaters with utilization of subsidies, by 150% year on year in the Water Heaters section, and encouraging the replacement of boilers with commercial gas water heaters in the Commercial section. On the other hand, for residential gas and oil water heaters, unit sales of high value-added products decreased due to a sluggish housing market.

In the Kitchen Appliances section, unit sales of mid-grade built-in gas cookers and range hoods increased, but overall unit sales of built-in gas cookers decreased. Consequently, we experienced lower sales and lower income for the overall domestic business.

ii. Overseas Business

In the first six months of the fiscal year ending December 31, 2024, the Overseas Business segment saw sales of ¥34.9 billion (an increase of 0.5% year on year) and segment income of ¥0.5 billion (a decrease of 58.4% year on year).

In the Chinese region, amid worsening market conditions, sales of kitchen appliances were strong, despite the unit sales of water heaters decreased and the product mix also worsened.

In the North American region, unit sales of high-efficiency water heaters increased significantly, while sales of heating boilers were sluggish.

In the Australian region, sales of heat pump water heaters and electric water heaters were strong, reflecting the trend towards electrification.

Consequently, we experienced higher sales and lower 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 ¥215.9 billion (an increase of ¥8.1 billion from the end of the previous fiscal year).

Due to the decrease in bills receivable, accounts receivable, and contract assets, current assets were ¥119.2 billion (a decrease of ¥2.2 billion from the end of the previous fiscal year).

In addition, due to the increase in investment securities and other factors, noncurrent assets were ¥96.6 billion (an increase of ¥10.4 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 ¥79.8 billion (a decrease of ¥1.2 billion from the end of the previous fiscal year).

Total net assets at the end of the first six months were ¥136.0 billion (an increase of ¥9.3 billion from the end of the previous fiscal year).

As a result, the equity ratio was 60.6%.

Cash Flow Conditions

Cash and cash equivalents (“funds”) at the end of the first six months of the fiscal year ending December 31, 2024, were ¥27.4 billion, an increase of ¥2.2 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 ¥6.4 billion.

This is mainly due to an increase in funds resulting from loss before income taxes and minority interests of ¥0.1 billion and a decrease in trade receivables of ¥7.3 billion, and a decrease in funds resulting from a decrease in trade payables of ¥2.5 billion and an increase in inventories of ¥0.2 billion.

Cash Flow from Investment Activities

Funds used in investment activities were ¥5.2 billion.

This is mainly due to a decrease in funds resulting from payments for purchase of marketable securities of ¥2.7 billion.

Cash Flow from Financing Activities

Funds used in financing activities were ¥1.3 billion.

This is mainly due to a decrease in funds resulting from net decrease in short-term borrowings of ¥0.6 billion and dividends paid of ¥0.9 billion, and an increase in funds resulting from net increase in long-term borrowings of ¥0.6 billion.

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

In light of recent performance trends, the Company has revised the consolidated operating results forecast announced in the consolidated results on February 14, 2024.

For details, please refer to the “Notice Regarding Difference Between Consolidated Operating Results Forecast for the First Six Months of the Fiscal Year Ending December 31, 2024 and Actual Results, and Revisions to Full-Year Consolidated Operating Results Forecast” announced today (August 8, 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 2Q
Fiscal Year:				
Net sales	¥178,142	¥210,966	¥201,891	¥96,012
Operating income	2,500	6,889	3,840	(127)
Operating margin (%)	1.4	3.3	1.9	(0.1)
Net income attributable to shareholders of parent company	5,479	4,800	868	(354)
Net cash provided by operating activities	15,477	2,403	(1,868)	6,455
Net cash used in investing activities	(2,522)	(7,790)	(5,664)	(5,253)
Net cash used in financing activities	(3,118)	(4,778)	(3,235)	(1,340)
Cash and cash equivalents	43,159	35,147	25,159	27,419
Capital expenditures	6,019	6,223	9,201	4,903
Depreciation and amortization	6,136	6,590	7,438	3,219
At Fiscal Year—End:				
Total assets	¥194,527	¥216,974	¥207,771	¥215,949
Net assets	116,193	119,656	126,667	136,051
Per Share Data (Yen):				
Net income	¥119.12	¥104.64	¥18.84	¥(7.68)
Cash dividend	83.00	53.00	53.00	33.00
Net assets	2,433.96	2,508.08	2,644.38	2,833.26
Financial Ratios (%):				
Return on equity (ROE)	5.0	4.2	0.7	(0.3)
Equity ratio	57.6	53.1	58.7	(60.6)