

## NORITZ (5943)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY12/2022		210,966	6,889	7,900	4,800	104.64	53.00	2,508.08
FY12/2023		201,891	3,840	1,245	868	18.84	53.00	2,644.38
FY12/2024CoE		212,000	5,000	5,800	4,170	90.25	67.00	-
FY12/2023		YoY (4.3%)	(44.3%)	(84.2%)	(81.9%)	-	-	-
FY12/2024CoE		YoY 5.0%	30.2%	365.8%	379.9%	-	-	-
Consolidated Quarter (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY12/2023		54,304	1,817	1,800	1,270	-	-	-
Q2 FY12/2023		45,448	(541)	(417)	(209)	-	-	-
Q3 FY12/2023		45,051	(444)	(372)	(488)	-	-	-
Q4 FY12/2023		57,088	3,008	234	295	-	-	-
Q1 FY12/2024		50,555	769	794	287	-	-	-
Q1 FY12/2024		YoY (6.9%)	(57.7%)	(55.9%)	(77.4%)	-	-	-

Source: Company Data, WRJ Calculation

### 1.0 Executive Summary (23 July 2024)

#### Transformation


NORITZ, mainly running operations to manufacture and sell gas water heaters & oil-fired boilers for private homes, is calling for a long-term growth via transformation of its business portfolio as the principal strategy. The Company's midterm management plan (FY12/2024 to FY12/2026) suggests CAGR of 4.4% in sales and 32.8% in operating profit. The Company is also calling for prospective ROE of 6.0% or higher (versus 0.7% for FY12/2023) for FY12/2026, the final year of the plan. It is assumed that sales on the Domestic Operations side to see CAGR of 3.4% during the relevant period and 6.4% on the Foreign Operations side. For the operations in Japan, the Company is to promote sales associated with non-residential applications (business-grade gas water heaters & oil-fired boilers) in the mainstay domain of water heaters & air, where the bulk of sales is of gas water heaters & oil-fired boilers for private homes, as well as promoting sales in the domain of kitchen appliances (e.g., built-in stove burners) at the same time. Meanwhile, for the operations in foreign countries, the Company is looking to an improvement of performance in China, i.e., a high growth rate in sales and earnings due to favorable sales promotions in the domain of kitchen appliances on top of that of the mainstay domain of water heaters & air. The midterm management plan assumes that the Domestic Operations side is to account for 62% of the Company's net increase in earnings and the remaining 38% for the Foreign Operations side, of which 86% is to come from its operations in China.

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## 2.0 Company Profile

Happiness is a Warm Ofuro

<b>Company Name</b>	<p>NORITZ CORPORATION</p> <p><a href="#">Company HP</a></p> <p><a href="#">IR Information</a></p> <p><a href="#">Share Price (Japanese)</a></p>	 <p><b>NORITZ</b></p> <p>The Simple Comforts of Life</p>
<b>Established</b>	10 March 1951	
<b>Listing</b>	<p>4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 5943)</p> <p>1 June 1987: Tokyo/Osaka Stock Exchange 1st section</p> <p>6 August 1985: Tokyo Stock Exchange 2nd section</p> <p>1 August 1984: Osaka Stock Exchange 2nd section</p>	
<b>Capital</b>	¥20,167m (as of the end of March 2024)	
<b>No. of Shares</b>	48,554,930 shares, including 2,426,491 treasury shares (as of the end of Mar. 2024)	
<b>Main Features</b>	<ul style="list-style-type: none"> <li>● Springhead of business: happiness is a warm ofuro, i.e., Japanese bath</li> <li>● 40% share in the market for gas water heaters &amp; oil-fired boilers in Japan</li> <li>● Focusing on sales associated with non-residential applications and those of kitchen appliances, as well as developing foreign markets</li> </ul>	
<b>Segments</b>	<p>I . Domestic Operations</p> <p>II . Foreign Operations</p>	
<b>Representative</b>	President and CEO: Satoshi Haramaki	
<b>Shareholders</b>	Master Trust Bank of Japan, T. 10.58%, Dai-ichi Life 4.99%, Client Share Ownership Plan 4.98%, Sumitomo Mitsui Banking 3.77% (as of the end of December 2023, but for treasury shares)	
<b>Head Office</b>	Kobe-city, Hyogo-prefecture, JAPAN	
<b>No. of Personnel</b>	Consolidated: 6,232, Parent: 2,061 (as of the end of March 2024)	

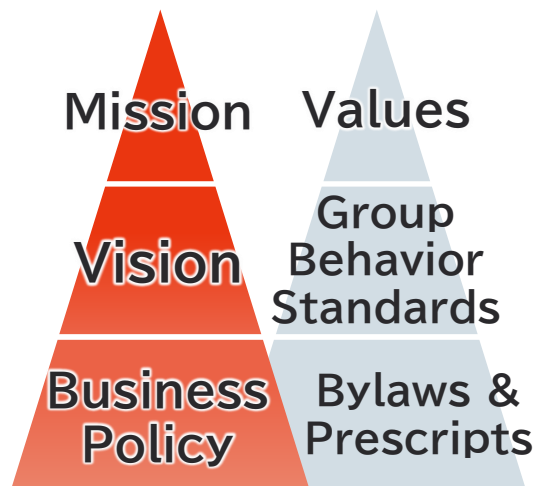
Source: Company Data

## 3.0 Corporate Philosophy

### 2030 Vision Statement

On 14 February 2024, the Company announced that it has formulated its midterm management plan, V Plan 26 (FY12/2024 to FY12/2026). At the same time, the Company has revealed a change made for its establishment of corporate philosophy. The Company holds on to the existing Mission, going “we get on new happiness”, while having formulated an ideal picture for FY12/2030, not only for V Plan 26, as a new Vision. That is to say, the Company is now going, “we strive to persistently deliver *the indispensables* and to create *the indispensables*”.

#### Establishment of New Corporate Philosophy



Source: Company Data

The background for the Company to have newly formulated Vision is that it firmly believes in a crucial importance for itself to drive the two wheels, i.e., one to drive its efforts to make a further progress in indispensable usual day provided by itself so far and another one to drive its efforts to contribute to society by means of providing end users of its products with new indispensables newly explored. The Company intends to use its Vision as a compass to ensure that it achieves the managerial goals of V Plan 26.

According to the Company, the cycle of business activities and social contribution is designed as a value creation story with an objective of realizing Mission and Vision. In other words, the Company means to improve the quality of its business activities by further refining the sources for creating Values that it has cultivated to date. The goal is to enhance the value of both social and economic activities and thereby increasing its business valuation as well. The concepts of value in social activities comprise a) sustainability to create an appropriate relationship between people and the earth, b) wellbeing to create positive values of hot water and dining and c) taking diversity into consideration and staying close to people. Meanwhile, in order to increase values in economic activities, the Company is to further refine its a) core technology, b) human capital and 3) connections with customers.

## Company History (extract)

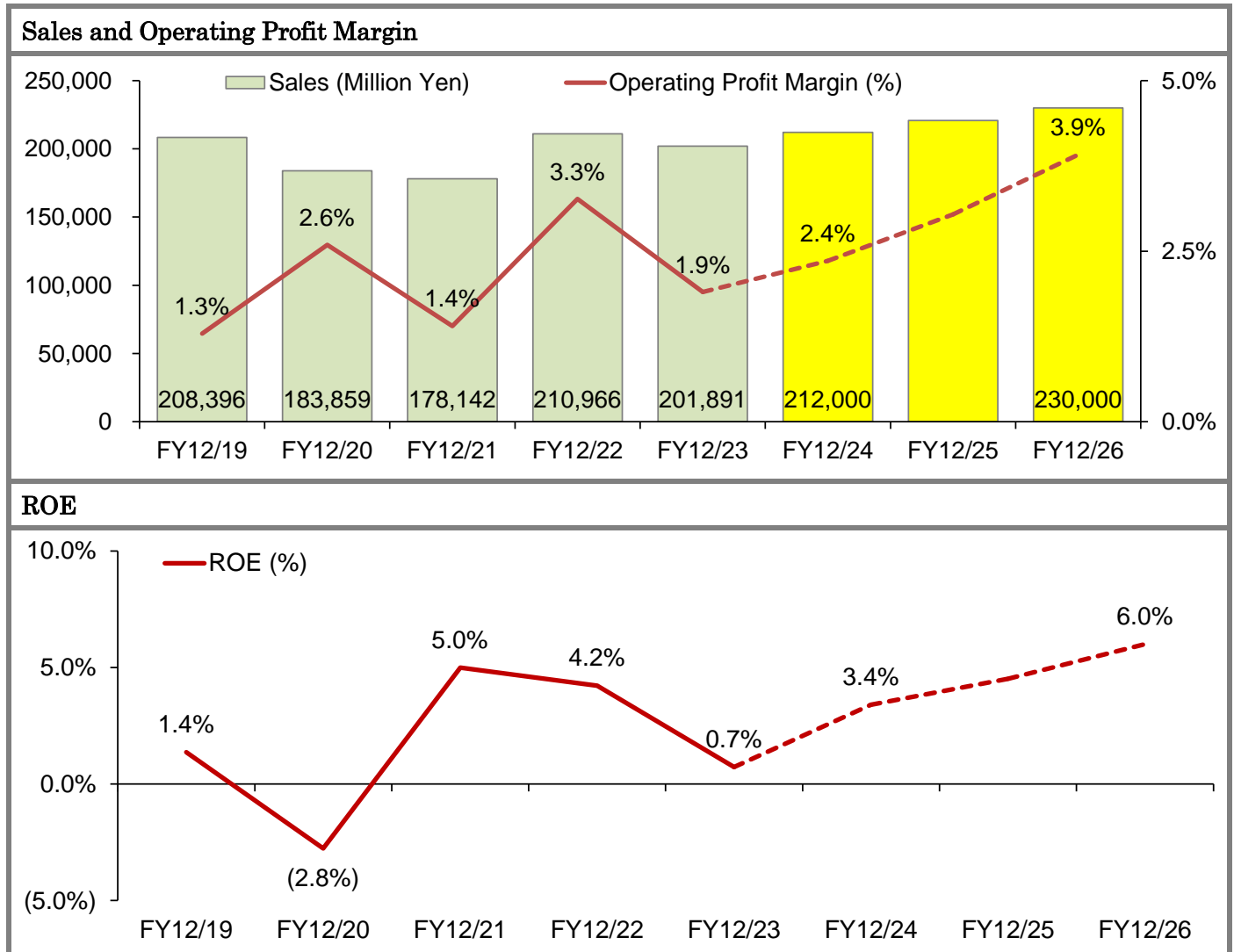
Date	Events
March 1951	Noritsu Bath Industry K.K., set up with capital of ¥530,000; head office, inaugurated in Ikuta-ku, Kobe-city (changed to Chuo-ku, Kobe-city in December 1980 due to change of the address)
May 1955	Tokyo local office, opened in Chiyoda-ku, Tokyo; upgraded to branch office in March 1994; Tokyo showroom NOVANO, opened in November 1987 (closed in March 2020); currently located in Shinjuku-ku, Tokyo
April 1956	Technical Research Center, set up in Suma-ku, Kobe-city (newly set up in Akashi-city, Hyogo-prefecture in February 1986)
December 1962	Akashi Factory, newly set up in Akashi-city, Hyogo-prefecture
March 1968	Company name, changed to NORITSU CORPORATION
January 1976	Subsidiary, Hanshin Noritsu Sales K.K. (Suita-city, Osaka-prefecture), set up (its company name, changed to Noritsu Housing Equipment K.K. in October 1990 and to Noritsu Living Create K.K. in January 2021)
April 1983	Kinki Noritsu Service K.K. , set up in Suita-city, Osaka-prefecture, to strengthen the system of after-purchase servicing, as well as Tokyo Noritsu Service K.K. in Suginami-ku, Tokyo; together with Noritsu Nagoya Service K.K., set up in April of the following year; all those operations, consolidated by Tokyo Noritsu Service K.K., whose company name, changed to Noritsu Service K.K. (NTS K.K.) in June 1989
August 1984	Corporate identity, introduced; the brand, changed to NORITZ.
August 1984	Listing on Osaka Stock Exchange 2nd section
August 1985	Listing on Tokyo Stock Exchange 2nd section
April 1986	Subsidiary, Noritz Engineering K.K. (NTS K.K.), set up in Minato-ku, Tokyo, as a company specialized in designing and construction
June 1987	Listing on Osaka/Tokyo Stock Exchange 1st section
July 1987	Fundamental Research Laboratories, newly set up in Hachioji-city, Tokyo
February 1990	Akashi Head Office Factory, newly set up in Akashi-city, Hyogo-prefecture; production as the main factory, began
January 1991	Kanto Sangyo K.K. (Maebashi-city, Gunma-prefecture), consolidated as subsidiary with capital injection (liquidated in June 2020)
October 1993	Shanghai Shuixian Noritz Co., Ltd., set up in Shanghai, China, to begin the local manufacture and sale for gas water heaters (company name, changed to Shanghai Noritz Co., Ltd. in August 2000).
March 1997	Tsukuba Factory, newly set up in Tsuchiura-city, Ibaraki-prefecture, to begin the manufacture of system baths (terminated in June 2020)
October 2001	Harman Pro Co., Ltd., Tada-Smith K.K., and Suo Kinzoku Kogyo K.K., consolidated as subsidiaries via business alliance with Harman Co., Ltd; as well as Harman Co., Ltd. made into affiliate with capital injection (consolidated as subsidiary with additional capital injection in April 2003)
January 2002	NORITZ AMERICA CORPORATION (Lake Forest, California, U.S.A., currently located in Fountain Valley, California), set up

April 2002	RB Corporation (Tsuchiura-city, Ibaraki-prefecture), consolidated as subsidiary with capital injection
November 2002	能率電子科技 (Hong Kong) 有限公司 (Hong Kong / China), set up
January 2003	Electronics Products Unit of Component Division, spun off and newly set up as Noritz Electronics Technology K.K. (Akashi-city, Hyogo-prefecture)
May 2004	能率香港集團有限公司 (Hong Kong / China), set up
June 2004	Noritz (Shanghai) Home Appliances Co., Ltd. (Shanghai, China), set up
June 2004	Noritz Hong Kong Co., Ltd. (Hong Kong / China), set up
October 2005	Noritz (China) Co., Ltd. (Shanghai, China), set up
November 2010	Subsidiary, Dongguan Daxin Noritz Electronics Co., Ltd. (Guangdong, China), set up as subsidiary by 能率電子科技 (Hong Kong) 有限公司 (Hong Kong)
July 2013	Sakura (Cayman) Co., Ltd. (the Cayman Islands, British Overseas Territory), consolidated as subsidiary with capital injection, together with its subsidiaries; collectively five of them consolidated as subsidiaries, including Sakura Bath and Kitchen Products (China) Co., Ltd., (Jiangsu, China)
December 2014	Dux Manufacturing Limited (New South Wales, Commonwealth of Australia), consolidated as subsidiary with the acquisition of the shares
January 2019	PB Heat, LLC (Pennsylvania, U.S.A.), consolidated as subsidiary with the acquisition of equity interest
February 2019	Facilities Resource Group LLC (Michigan, U.S.A.), consolidated as subsidiary with the acquisition of the shares
November 2019	Withdrew from the business of housing equipment systems, made inroads in 1988, with the structural reforms of the operations in Japan
January 2021	Noritz Housing Equipment K.K., merged with its subsidiary Noritz Living Techno K.K. and another subsidiary Noritz Kyushu Sales K.K.; company name changed to Noritz Living Create K.K.
June 2021	Kangaroo International Joint Venture Company (Hung Yen Province, Vietnam), consolidated as equity method affiliate with the acquisition of 44% of the shares
April 2022	Listing change to Tokyo Stock Exchange Prime Market from Tokyo Stock Exchange 1st section, due to changes in segmentation by the exchange

## 4.0 Recent Trading and Prospects

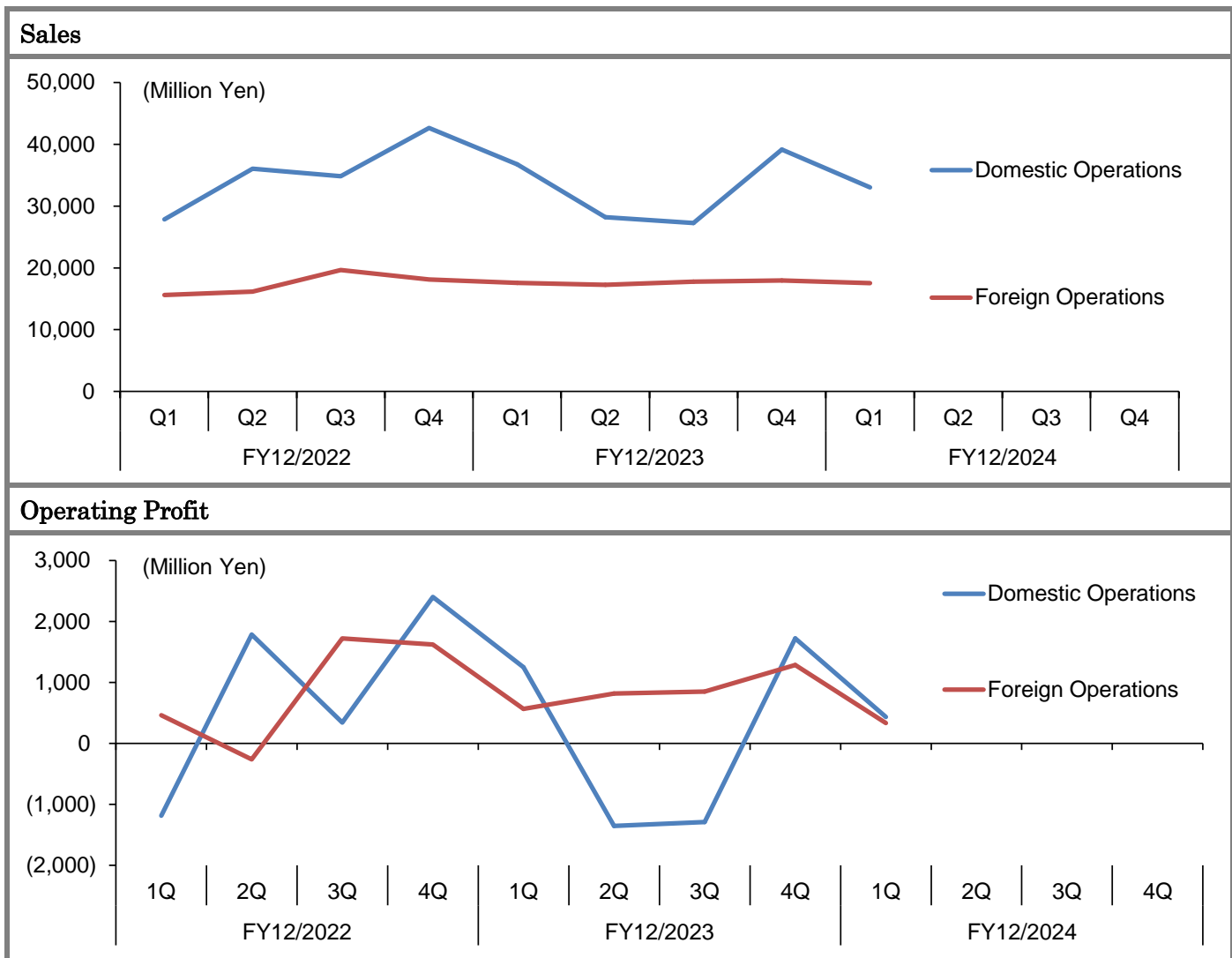
### Q1 FY12/2024

For Q1 FY12/2024, sales came in at ¥50,555m (down 6.9% YoY), operating profit ¥769m (down 57.7%), recurring profit ¥794m (down 55.9%) and profit attributable to owners of parent ¥287m (down 77.4%), while operating profit margin 1.5% (down 1.8% points).



Source: Company Data, WRJ Calculation

As above-mentioned, the Company sees a sluggishness in its short-term performance, but it is calling for a soaring performance from a long-term perspective. The Company's midterm management plan (FY12/2024 to FY12/2026) sets the managerial goals to achieve sales of ¥230,000m and operating profit of ¥9,000m for FY12/2026, the final year of the plan. When setting the actual results of FY12/2023 as the point of origin, CAGR of 4.4% is suggested in sales and 32.8% in operating profit, while the Company sets the managerial goals to achieve ROE of 6.0% or higher (versus 0.7% for the FY12/2023 results) for FY12/2026, the final year of the plan.

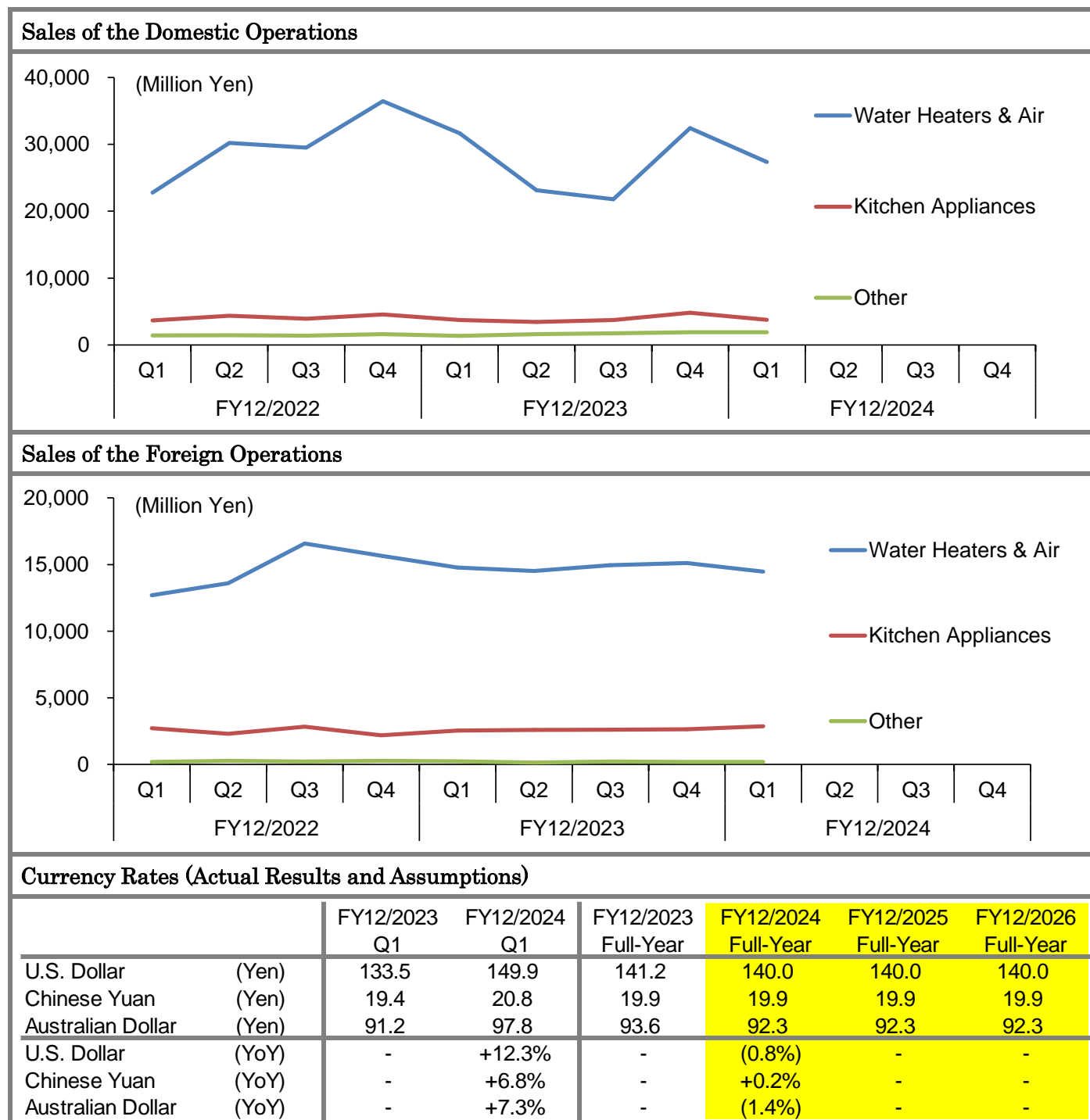


Source: Company Data, WRJ Calculation

For Q1, sales came in at ¥33,037m (down 10.1%), operating profit ¥434m (down 65.2%) and operating profit margin 1.3% (down 2.1% points) on the Domestic Operations side, while sales ¥17,518m (down 0.3%), operating profit ¥334m (down 41.1%) and operating profit margin 1.9% (down 1.3%) on the Foreign Operations side. The Company suggests sales volume of some 700,000 units for gas water heaters & oil-fired boilers during the relevant period as an overall picture, comprising gas water heaters (some 90% of total) and oil-fired boilers (the remaining 10% or so).

On the Domestic Operations side, sales of the domain of water heaters & air came in at ¥27,365m (down 13.6%), sales of the domain of kitchen appliances ¥3,758m (up 0.9%) and sales of other ¥1,913m (up 41.1%). With respect to gas water heaters & oil-fired boilers, estimated to account for the bulk of sales of the mainstay domain of water heaters & air, the Company cites that it was unavoidable to suffer from a recoil reduction stemming from high level of sales during the same period of the previous year as a result of concentration due to one-time factors. On top of this, the Company also cites an issue of sluggishness in the housing market, which was another factor for a decline in sales.

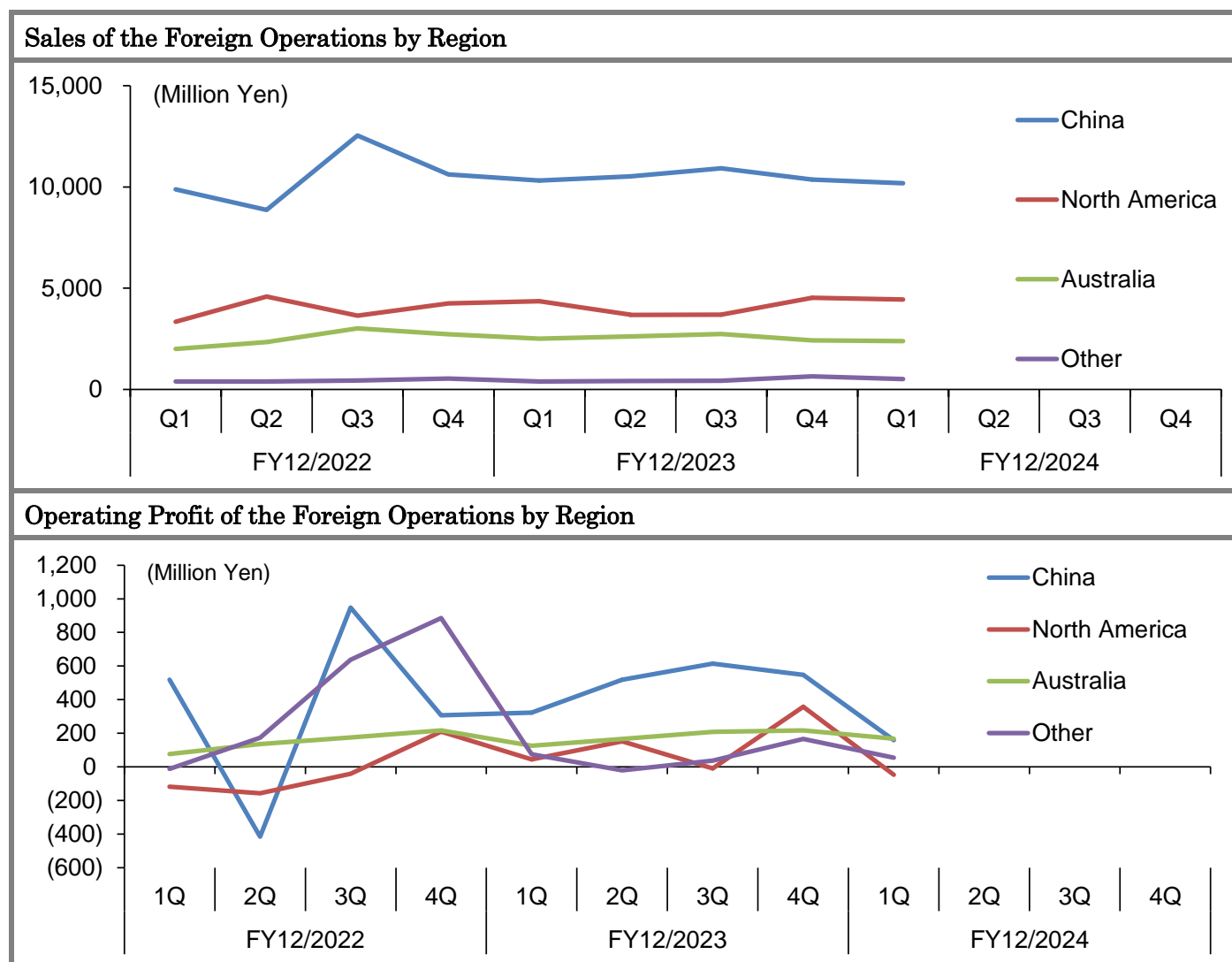
Meanwhile, sales associated with non-residential applications (business-grade gas water heaters and oil-fired boilers), embraced as a part of sales of the domain of water heaters & air, came in at ¥2,402m (up 8.6%), implying a strength. As well, sales of the domain of kitchen appliances mainly comprise those of built-in stove burners and exhaust hoods to be adopted in a fitted kitchen, for which the Company is keen on sales promotions by means of utilizing its existing sales channels of gas water heaters and oil-fired boilers.



Source: Company Data, WRJ Calculation



On the Foreign Operations side, sales of the domain of water heaters & air came in at ¥14,468m (down 2.1%), sales of the domain of kitchen appliances ¥2,863m (up 12.8%) and sales of other ¥186m (down 24.1%). Thus, it is suggested that the mainstay domain is of water heaters & air as in the case of the Domestic Operations side. As well, the Company is involved with the domain of kitchen appliances, exclusively in China, implying that the operations in North America, Australia and so on are highly reliant on the domain of water heaters & air. Meanwhile, yen got depreciated over the same period of the previous year, which has generated an aspect that sales had an add-on to a corresponding extent.



Source: Company Data, WRJ Calculation

By region, sales in China came in at ¥10,187m (down 1.3%), sales in North America ¥4,438m (up 2.0%), sales in Australia ¥2,238m (down 5.0%) and sales in other ¥508m (up 31.0%). On a local currency basis, sales in China declined 7.5%, sales in North America declined 9.1% and sales in Australia declined 11.4%. In China, sales declined and sales mix worsened, having resulted in the largest decline in operating profit. According to the Company, sales of products whose unit selling prices are relatively lower and thus added value relatively lower are accounting for increased proportion of sales in China. Meanwhile, the Company suffered from a decline in sales also in North America, while having seen an increase in operating profit in Australia despite a decline in sales, due to successful measures to cut back on cost of sales.

## Income Statement (Cumulative / Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	
<b>Sales</b>	<b>54,304</b>	<b>99,752</b>	<b>144,803</b>	<b>201,891</b>	<b>50,555</b>	-	-	-	-	<b>(3,749)</b>
Cost of Sales	37,164	68,224	98,874	138,066	34,284	-	-	-	-	(2,880)
Gross Profit	17,140	31,528	45,929	63,824	16,270	-	-	-	-	(870)
SG&A Expenses	15,322	30,251	45,097	59,984	15,501	-	-	-	-	+179
<b>Operating Profit</b>	<b>1,817</b>	<b>1,276</b>	<b>832</b>	<b>3,840</b>	<b>769</b>	-	-	-	-	<b>(1,048)</b>
Non Operating Balance	(17)	107	179	(2,595)	25	-	-	-	-	+42
<b>Recurring Profit</b>	<b>1,800</b>	<b>1,383</b>	<b>1,011</b>	<b>1,245</b>	<b>794</b>	-	-	-	-	<b>(1,006)</b>
Extraordinary Balance	(229)	187	215	1,791	(182)	-	-	-	-	+47
Profit before Income Taxes	1,571	1,570	1,226	3,036	612	-	-	-	-	(959)
Total Income Taxes	227	377	439	1,852	283	-	-	-	-	+56
Profit Attributable to Non-Controlling Interests	73	130	214	314	41	-	-	-	-	(32)
<b>Profit Attributable to Owners of Parent</b>	<b>1,270</b>	<b>1,061</b>	<b>573</b>	<b>868</b>	<b>287</b>	-	-	-	-	<b>(983)</b>
Sales YoY	+24.9%	+4.2%	(3.6%)	(4.3%)	(6.9%)	-	-	-	-	-
Operating Profit YoY	-	+59.2%	(71.0%)	(44.3%)	(57.7%)	-	-	-	-	-
Recurring Profit YoY	-	(8.8%)	(74.4%)	(84.2%)	(55.9%)	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	+105.8%	(74.4%)	(81.9%)	(77.4%)	-	-	-	-	-
Gross Profit Margin	31.6%	31.6%	31.7%	31.6%	32.2%	-	-	-	-	+0.6%
SG&A Ratio	28.2%	30.3%	31.1%	29.7%	30.7%	-	-	-	-	+2.4%
Operating Profit Margin	3.3%	1.3%	0.6%	1.9%	1.5%	-	-	-	-	(1.8%)
Recurring Profit Margin	3.3%	1.4%	0.7%	0.6%	1.6%	-	-	-	-	(1.7%)
Profit Attributable to Owners of Parent Margin	2.3%	1.1%	0.4%	0.4%	0.6%	-	-	-	-	(1.8%)
Total Income Taxes / Profit before Income Taxes	14.4%	24.0%	35.8%	61.0%	46.2%	-	-	-	-	+31.8%

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	
<b>Sales</b>	<b>54,304</b>	<b>45,448</b>	<b>45,051</b>	<b>57,088</b>	<b>50,555</b>	-	-	-	-	<b>(3,749)</b>
Cost of Sales	37,164	31,060	30,650	39,192	34,284	-	-	-	-	(2,880)
Gross Profit	17,140	14,388	14,401	17,895	16,270	-	-	-	-	(870)
SG&A Expenses	15,322	14,929	14,846	14,887	15,501	-	-	-	-	+179
<b>Operating Profit</b>	<b>1,817</b>	<b>(541)</b>	<b>(444)</b>	<b>3,008</b>	<b>769</b>	-	-	-	-	<b>(1,048)</b>
Non Operating Balance	(17)	124	72	(2,774)	25	-	-	-	-	+42
<b>Recurring Profit</b>	<b>1,800</b>	<b>(417)</b>	<b>(372)</b>	<b>234</b>	<b>794</b>	-	-	-	-	<b>(1,006)</b>
Extraordinary Balance	(229)	416	28	1,576	(182)	-	-	-	-	+47
Profit before Income Taxes	1,571	(1)	(344)	1,810	612	-	-	-	-	(959)
Total Income Taxes	227	150	62	1,413	283	-	-	-	-	+56
Profit Attributable to Non-Controlling Interests	73	57	84	100	41	-	-	-	-	(32)
<b>Profit Attributable to Owners of Parent</b>	<b>1,270</b>	<b>(209)</b>	<b>(488)</b>	<b>295</b>	<b>287</b>	-	-	-	-	<b>(983)</b>
Sales YoY	+24.9%	(13.0%)	(17.3%)	(6.1%)	(6.9%)	-	-	-	-	-
Operating Profit YoY	-	-	-	(25.2%)	(57.7%)	-	-	-	-	-
Recurring Profit YoY	-	-	-	(94.1%)	(55.9%)	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(88.5%)	(77.4%)	-	-	-	-	-
Gross Profit Margin	31.6%	31.7%	32.0%	31.3%	32.2%	-	-	-	-	+0.6%
SG&A Ratio	28.2%	32.8%	33.0%	26.1%	30.7%	-	-	-	-	+2.4%
Operating Profit Margin	3.3%	(1.2%)	(1.0%)	5.3%	1.5%	-	-	-	-	(1.8%)
Recurring Profit Margin	3.3%	(0.9%)	(0.8%)	0.4%	1.6%	-	-	-	-	(1.7%)
Profit Attributable to Owners of Parent Margin	2.3%	(0.5%)	(1.1%)	0.5%	0.6%	-	-	-	-	(1.8%)
Total Income Taxes / Profit before Income Taxes	14.4%	-	-	78.1%	46.2%	-	-	-	-	+31.8%

Source: Company Data, WRJ Calculation

### Segmented Information (Cumulative/Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Water Heaters & Air	31,660	54,801	76,598	108,999	27,365	-	-	-	-	(4,295)
Kitchen Appliances	3,724	7,179	10,901	15,731	3,758	-	-	-	-	+34
Other	1,356	2,963	4,715	6,618	1,913	-	-	-	-	+557
<b>Domestic Operations</b>	<b>36,740</b>	<b>64,944</b>	<b>92,215</b>	<b>131,349</b>	<b>33,037</b>	-	-	-	-	<b>(3,703)</b>
Water Heaters & Air	14,779	29,293	44,244	59,364	14,468	-	-	-	-	(311)
Kitchen Appliances	2,538	5,127	7,739	10,380	2,863	-	-	-	-	+325
Other	245	386	604	797	186	-	-	-	-	(59)
<b>Foreign Operations</b>	<b>17,563</b>	<b>34,807</b>	<b>52,588</b>	<b>70,542</b>	<b>17,518</b>	-	-	-	-	<b>(45)</b>
<b>Sales</b>	<b>54,304</b>	<b>99,752</b>	<b>144,803</b>	<b>201,891</b>	<b>50,555</b>	-	-	-	-	<b>(3,749)</b>
Domestic Operations	1,249	(106)	(1,400)	320	434	-	-	-	-	(815)
Foreign Operations	567	1,383	2,232	3,520	334	-	-	-	-	(233)
<b>Segment Profit</b>	<b>1,817</b>	<b>1,276</b>	<b>832</b>	<b>3,840</b>	<b>769</b>	-	-	-	-	<b>(1,048)</b>
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit</b>	<b>1,817</b>	<b>1,276</b>	<b>832</b>	<b>3,840</b>	<b>769</b>	-	-	-	-	<b>(1,048)</b>
Domestic Operations	3.4%	(0.2%)	(1.5%)	0.2%	1.3%	-	-	-	-	(2.1%)
Foreign Operations	3.2%	4.0%	4.2%	5.0%	1.9%	-	-	-	-	(1.3%)
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit Margin</b>	<b>3.3%</b>	<b>1.3%</b>	<b>0.6%</b>	<b>1.9%</b>	<b>1.5%</b>	-	-	-	-	<b>(1.8%)</b>

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Water Heaters & Air	31,660	23,141	21,797	32,401	27,365	-	-	-	-	(4,295)
Kitchen Appliances	3,724	3,455	3,721	4,830	3,758	-	-	-	-	+34
Other	1,356	1,607	1,751	1,903	1,913	-	-	-	-	+557
<b>Domestic Operations</b>	<b>36,740</b>	<b>28,204</b>	<b>27,270</b>	<b>39,133</b>	<b>33,037</b>	-	-	-	-	<b>(3,703)</b>
Water Heaters & Air	14,779	14,514	14,951	15,120	14,468	-	-	-	-	(311)
Kitchen Appliances	2,538	2,589	2,612	2,641	2,863	-	-	-	-	+325
Other	245	141	218	193	186	-	-	-	-	(59)
<b>Foreign Operations</b>	<b>17,563</b>	<b>17,244</b>	<b>17,781</b>	<b>17,954</b>	<b>17,518</b>	-	-	-	-	<b>(45)</b>
<b>Sales</b>	<b>54,304</b>	<b>45,448</b>	<b>45,050</b>	<b>57,087</b>	<b>50,555</b>	-	-	-	-	<b>(3,749)</b>
Domestic Operations	1,249	(1,355)	(1,293)	1,720	434	-	-	-	-	(815)
Foreign Operations	567	816	848	1,287	334	-	-	-	-	(233)
<b>Segment Profit</b>	<b>1,817</b>	<b>(541)</b>	<b>(444)</b>	<b>3,008</b>	<b>769</b>	-	-	-	-	<b>(1,048)</b>
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit</b>	<b>1,817</b>	<b>(541)</b>	<b>(444)</b>	<b>3,008</b>	<b>769</b>	-	-	-	-	<b>(1,048)</b>
Domestic Operations	3.4%	(4.8%)	(4.7%)	4.4%	1.3%	-	-	-	-	(2.1%)
Foreign Operations	3.2%	4.7%	4.8%	7.2%	1.9%	-	-	-	-	(1.3%)
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Operating Profit Margin</b>	<b>3.3%</b>	<b>(1.2%)</b>	<b>(1.0%)</b>	<b>5.3%</b>	<b>1.5%</b>	-	-	-	-	<b>(1.8%)</b>

Source: Company Data, WRJ Calculation

### Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Operating Cash Flow	-	1,348	-	(1,868)	-	-	-	-	-	-
Investing Cash Flow	-	(3,148)	-	(5,664)	-	-	-	-	-	-
<b>Operating Cash Flow and Investing Cash Flow</b>	<b>-</b>	<b>(1,800)</b>	<b>-</b>	<b>(7,532)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financing Cash Flow	-	235	-	(3,235)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

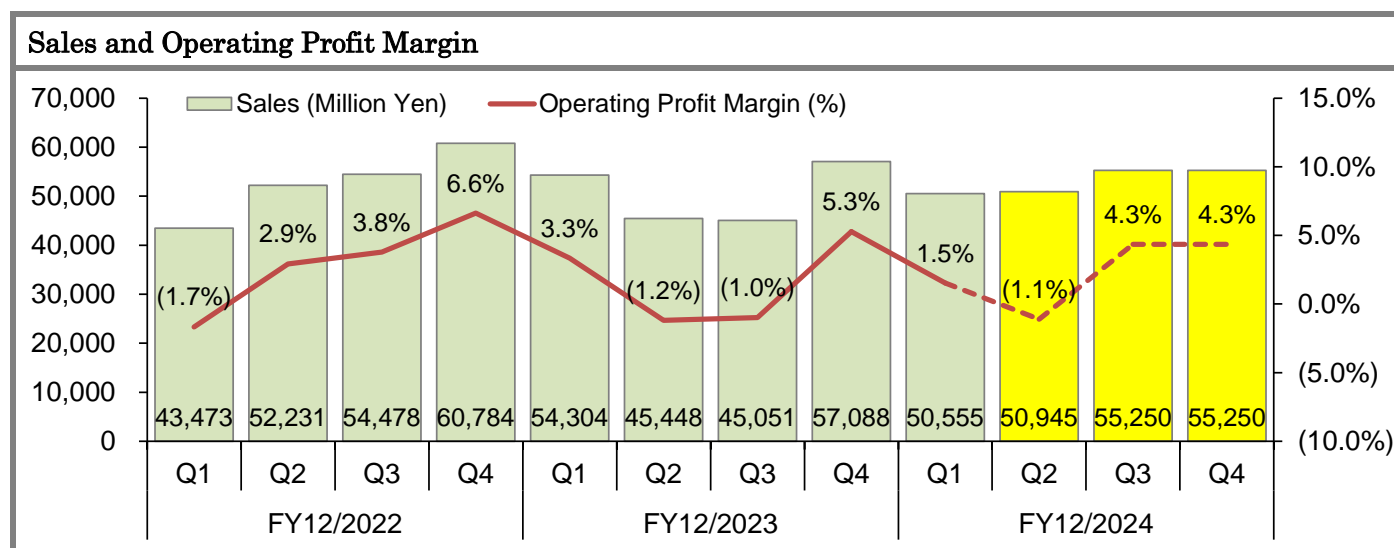
## Balance Sheet (Quarterly)

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Cash and Deposit	37,835	35,571	27,963	26,137	29,172	-	-	-		(8,663)
Accounts Receivables and Contract Assets	39,116	35,021	38,036	44,009	38,145	-	-	-		(971)
Electronically Recorded Monetary Claim	14,408	11,385	9,522	12,006	13,905	-	-	-		(503)
Inventory	33,380	36,813	39,321	33,821	33,982	-	-	-		+602
Other	4,441	4,949	5,783	5,545	5,794	-	-	-		+1,353
<b>Current Assets</b>	<b>129,180</b>	<b>123,739</b>	<b>120,625</b>	<b>121,518</b>	<b>120,998</b>	-	-	-		<b>(8,182)</b>
Tangible Assets	34,425	35,921	36,231	36,523	36,350	-	-	-		+1,925
Intangible Assets	9,637	9,972	10,106	9,759	10,240	-	-	-		+603
Investments and Other Assets	41,897	45,522	45,905	39,968	46,943	-	-	-		+5,046
<b>Fixed Assets</b>	<b>85,960</b>	<b>91,416</b>	<b>92,242</b>	<b>86,252</b>	<b>93,534</b>	-	-	-		<b>+7,574</b>
<b>Total Assets</b>	<b>215,140</b>	<b>215,155</b>	<b>212,868</b>	<b>207,771</b>	<b>214,533</b>	-	-	-		<b>(607)</b>
Accounts Payables	45,562	40,030	37,975	39,281	37,361	-	-	-		(8,201)
Short-Term Debt	4,445	4,174	3,532	2,527	1,961	-	-	-		(2,484)
Other	27,374	27,781	28,226	25,016	26,126	-	-	-		(1,248)
<b>Current Liabilities</b>	<b>77,381</b>	<b>71,985</b>	<b>69,733</b>	<b>66,824</b>	<b>65,448</b>	-	-	-		<b>(11,933)</b>
Long-Term Debt	-	-	-	-	748	-	-	-		+748
Other	16,218	16,622	16,788	14,279	15,455	-	-	-		(763)
<b>Fixed Liabilities</b>	<b>16,218</b>	<b>16,622</b>	<b>16,788</b>	<b>14,279</b>	<b>16,203</b>	-	-	-		<b>(15)</b>
<b>Total Liabilities</b>	<b>93,600</b>	<b>88,607</b>	<b>86,521</b>	<b>81,104</b>	<b>81,652</b>	-	-	-		<b>(11,948)</b>
<b>Shareholders' Equity</b>	<b>100,162</b>	<b>99,989</b>	<b>98,024</b>	<b>98,320</b>	<b>97,648</b>	-	-	-		<b>(2,514)</b>
Other	21,378	26,559	28,322	28,347	35,232	-	-	-		+13,854
<b>Net Assets</b>	<b>121,540</b>	<b>126,548</b>	<b>126,346</b>	<b>126,667</b>	<b>132,880</b>	-	-	-		<b>+11,340</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>215,140</b>	<b>215,155</b>	<b>212,868</b>	<b>207,771</b>	<b>214,533</b>	-	-	-		<b>(607)</b>
Equity Capital	117,043	122,042	121,646	121,978	127,953	-	-	-		+10,910
Interest-Bearing Debt	4,445	4,174	3,532	2,527	2,709	-	-	-		(1,736)
Net Debt	(33,390)	(31,397)	(24,431)	(23,610)	(26,463)	-	-	-		+6,927
Equity Ratio	54.4%	56.7%	57.1%	58.7%	59.6%	-	-	-		-
Net Debt-to-Equity Ratio	(28.5%)	(25.7%)	(20.1%)	(19.4%)	(20.7%)	-	-	-		-
ROE (12 months)	5.7%	4.5%	2.6%	0.7%	(0.1%)	-	-	-		-
ROA (12 months)	4.9%	3.7%	2.3%	0.6%	0.1%	-	-	-		-
Days for Inventory Turnover	81	108	117	78	90	-	-	-		-
Quick Ratio	118%	114%	108%	123%	124%	-	-	-		-
Current Ratio	167%	172%	173%	182%	185%	-	-	-		-

Source: Company Data, WRJ Calculation

## FY12/2024 Company Forecasts

FY12/2024 Company forecasts, announced on 14 February 2024, have remained unchanged, going for prospective sales of ¥212,000m (up 5.0% YoY), operating profit of ¥5,000m (up 30.2%), recurring profit of ¥5,800m (up 365.8%) and profit attributable to owners of parent of ¥4,170m (up 379.9%), while operating profit margin of 2.4% (up 0.5% points). Company forecasts assume a significant improvement at the non-operating level, while currency rates remain roughly unchanged from the actual results of FY12/2023. At the same time, the midterm management plan also assumes the said currency rates.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY12/2024: H2 Company forecasts, pro rata)

As shown in the actual results of FY12/2022 and FY12/2023, the Company's sales tend to be concentrated for Q4 and thus earnings as is taken for granted. That is to say, the Company's sales are inclined to be affected by seasonal factors every year. Meanwhile, a phase of adjustment begins from Q1, i.e., the quarter immediately after the said peak quarter, while the Company suggests that it saw an adjustment rather weaker than regular years for FY12/2023 due to one-time factors. According to the Company, this is one of the reasons why sales for Q1 FY12/2024 have declined 6.9% over the same period of the previous year. However, it is mentioned that sluggishness in sales of the mainstay domain of water heaters & air on the Domestic Operations side has been rather severer than assumed earlier. On the Foreign Operations side, sales have been in line with expectations, but earnings have declined due to an increase in cost of sales and so on. At the same time, sales on the Foreign Operations side have an aspect of seeing an add-on with yen weaker than assumed earlier.

As well, for the actual results of FY12/2023, to which FY12/2024 Company forecasts are compared, the Company has suffered from a large decline in earnings. Sales came in at ¥201,891m (down 4.3% YoY), operating profit ¥3,840m (down 44.3%), recurring profit ¥1,245m (down 84.2%) and profit attributable to owners of parent ¥868m (down 81.9%), while operating profit margin 1.9% (down 1.4 %points). As above-mentioned, there is an aspect in sales for Q1 to suffer from adjustment due to seasonal factors rather limited with one-time factors, which appears to have generated a recoil reduction in sales for Q2 and Q3 and operating loss during the relevant period, albeit not much. In light of this, on 9 November 2023, the Company announced a downward revision for its initial Company forecasts, announced on 14 February 2023, having revised down sales by ¥31,000m (13.2%) and ¥3,700m (46.3%) for operating profit.

For Q2 and Q3, sales were sluggish for gas water heaters & oil-fired boilers, accounting for the bulk of sales of the mainstay domain of water heaters & air, which was a key factor for the said shortfall rather substantial as well as an increase in cost of sales and the impact of currency rates. Yen's depreciation has led to an add-on in earnings on the Foreign Operations side, but the Company suggests that this was more than offset by a negative impact of yen's depreciation on the Domestic Operations side, such as of increased cost of imports and so on. With respect to the performance for Q4, the actual results were even worse than assumed at the time of the downward revision.

For FY12/2023, the Company saw investment loss on equity method of ¥3,756m (versus ¥360m for FY12/2022) at the non-operating level, having suffered from a corresponding decline in recurring profit. This is due to increased loss incurred by Kangaroo International Joint Venture Company (Hung Yen Province, Vietnam; 44% stake), an equity-method affiliate that is responsible for business developments in Southeast Asia. Meanwhile, the Company expects the impact from here to run its course for FY12/2024. The same is true for the impact of ¥1,887m gain on sales of investment securities, which was recorded at the extraordinary level for FY12/2023.

Meanwhile, with respect to the Q4 results, the Company did see a concentration in sales due to seasonal factors, but demand has remained sluggish on both of the Domestic Operations side and the Foreign Operations side. On the Domestic Operations side, the Company saw stagnation of inventory at distributors persisting and a trend for consumers to refrain from buying also persisting. On the Foreign Operations side, the Company saw a major negative impact of sluggishness in the housing market in China and North America. With respect to earnings, the Company saw a negative impact of higher cost of sales persisting. In conclusion, the Company estimates that the impact of changes in sales volume and so on resulted in net decrease of some ¥9,000m in operating profit versus net decrease of ¥3,049m on a full-year basis for the Company as a whole, comprising some ¥6,240m on the Domestic Operations side and some ¥2,800m on the Foreign Operations side.

According to the Company, the market for gas water heaters & oil-fired boilers in Japan, which the Company faces, saw a major decline in sales volume for FY12/2023. The Company, estimated to account for 40% of the said market, was forced to inevitably suffer from this trend. Meanwhile, for FY12/2022, there was a time that the manufacture and shipment in the market for gas water heaters & oil-fired boilers began to surge all at once, which used to stagnate for a while prior to that, given an impact of supply chain disruption caused by the Corona disaster having started to run its course. The said impact appears to have had persisted by Q1 FY12/2023, which was then followed by a consistent recoil reduction for Q2, Q3 and Q4, as above-mentioned.

Meanwhile, FY12/2024 Company forecasts are going for prospective net increase of ¥1,160m in the Company's operating profit and some ¥2,600m due to the impact of changes in sales volume and so on, comprising some ¥1,950m on the Domestic Operations side and some ¥690m on the Foreign Operations side. That is to say, the Company assumes a favorable changeover to a steady increase for sales volume in the market for gas water heaters & oil-fired boilers in Japan, which the Company faces, for FY12/2024, implying a steady increase for sales volume with the Company as well. In other words, the Company is going for a normalization in the market. We have an impression that the Company is to see an impact stemming from here, starting for Q2 and thereafter. The Company has released the Q1 results where the impact of normalization was not recognized in terms of year-on-year changes, while implying no major changes to be necessarily made with respect to underlying trend of the designated direction.

Thus, FY12/2024 Company forecast have remained unchanged as well as planned annual dividend, going for ¥67.00 (¥33.00 as of the end of Q2 and ¥34.00 as of the end of year), implying payout ratio of 74.2% and/or equating to 2.5% in terms of DOE. Meanwhile, the Company paid annual dividend of ¥53.00 (¥32.00 as of the end of Q2 and ¥21.00 as of the end of year), implying payout ratio of 281.3% and/or equating to 2.1% in terms of DOE.

Until FY12/2023, the Company used to adopt dividend policy to pay annual dividend, equating to either 50% in terms of payout ratio or 2.0% in terms of DOE, whichever being higher, while the Company, which is committed to proactive shareholder returns, has raised the level of the dividend policy target for DOE up to 2.5%, beginning for FY12/2024, which is resulted in the above-mentioned planned annual dividend.

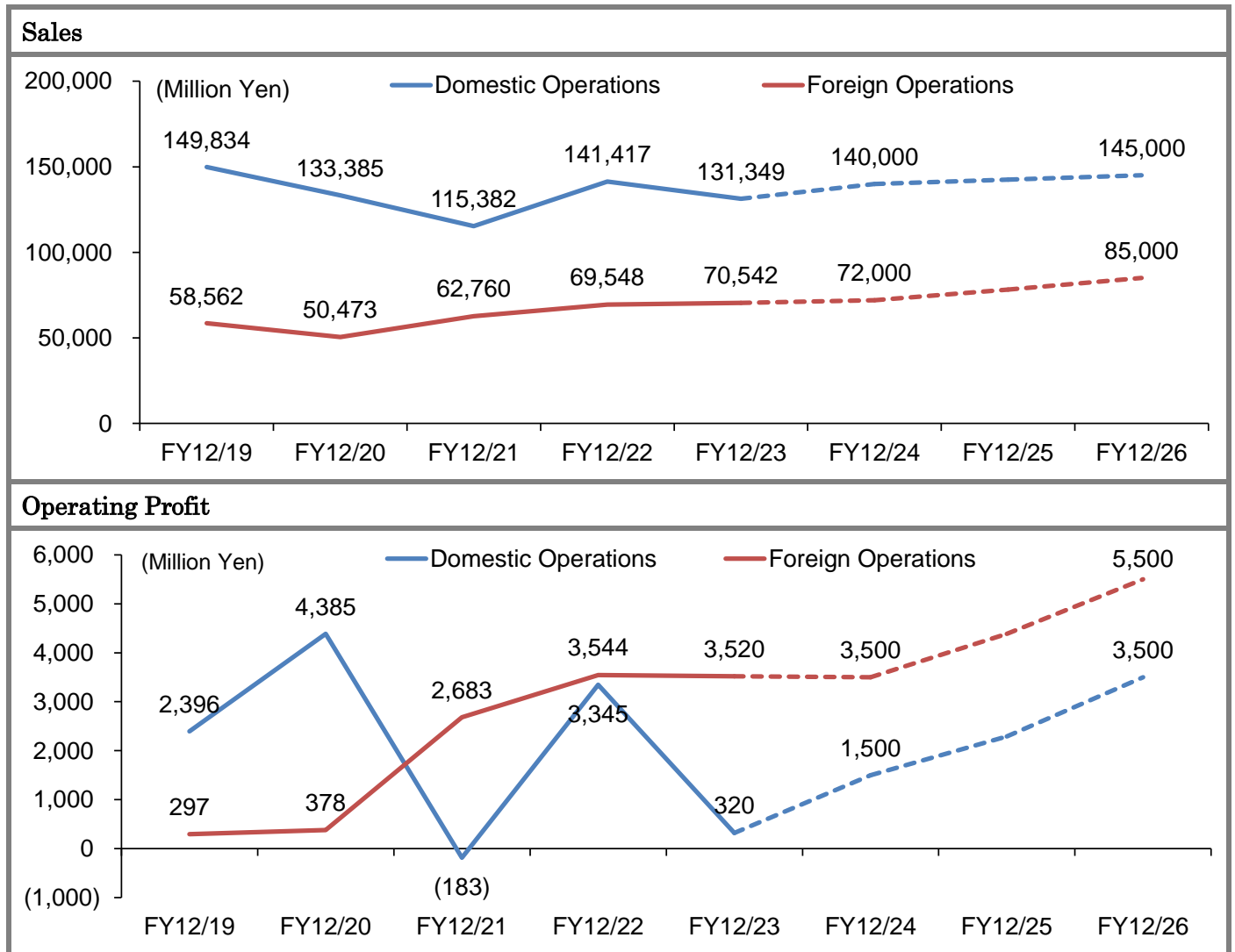
### FY12/2024 Company Forecasts

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY12/2024CoE	14-Feb-24	Q4 Results	212,000	5,000	5,800	4,170
FY12/2024CoE	14-May-24	Q1 Results	212,000	5,000	5,800	4,170
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
FY12/2024CoE	14-Feb-24	Q4 Results	212,000	5,000	5,800	4,170
FY12/2024CoE	14-May-24	Q1 Results	212,000	5,000	5,800	4,170
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY12/2024CoE	14-Feb-24	Q4 Results	101,500	200	600	170
Q1 to Q2 FY12/2024CoE	14-May-24	Q1 Results	101,500	200	600	170
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q1 to Q2 FY12/2024CoE	14-Feb-24	Q4 Results	101,500	200	600	170
Q1 to Q2 FY12/2024CoE	14-May-24	Q1 Results	101,500	200	600	170
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY12/2024CoE	14-Feb-24	Q4 Results	110,500	4,800	5,200	4,000
Q3 to Q4 FY12/2024CoE	14-May-24	Q1 Results	110,500	4,800	5,200	4,000
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%
Q3 to Q4 FY12/2024CoE	14-Feb-24	Q4 Results	110,500	4,800	5,200	4,000
Q3 to Q4 FY12/2024CoE	14-May-24	Q1 Results	110,500	4,800	5,200	4,000
		Amount of Gap	0	0	0	0
		Rate of Gap	0.0%	0.0%	0.0%	0.0%

Source: Company Data, WRJ Calculation

### Long-Term Prospects

The Company has formulated its midterm management plan, V Plan 26, with the aim of achieving sustainable growth and enhancement of business valuation. In order to achieve its managerial goals, the Company has announced a three-point strategy to focus on, comprising a) transformation of business portfolio, b) expansion of strategic investments and capital policy and 3) promotions of sustainability management.

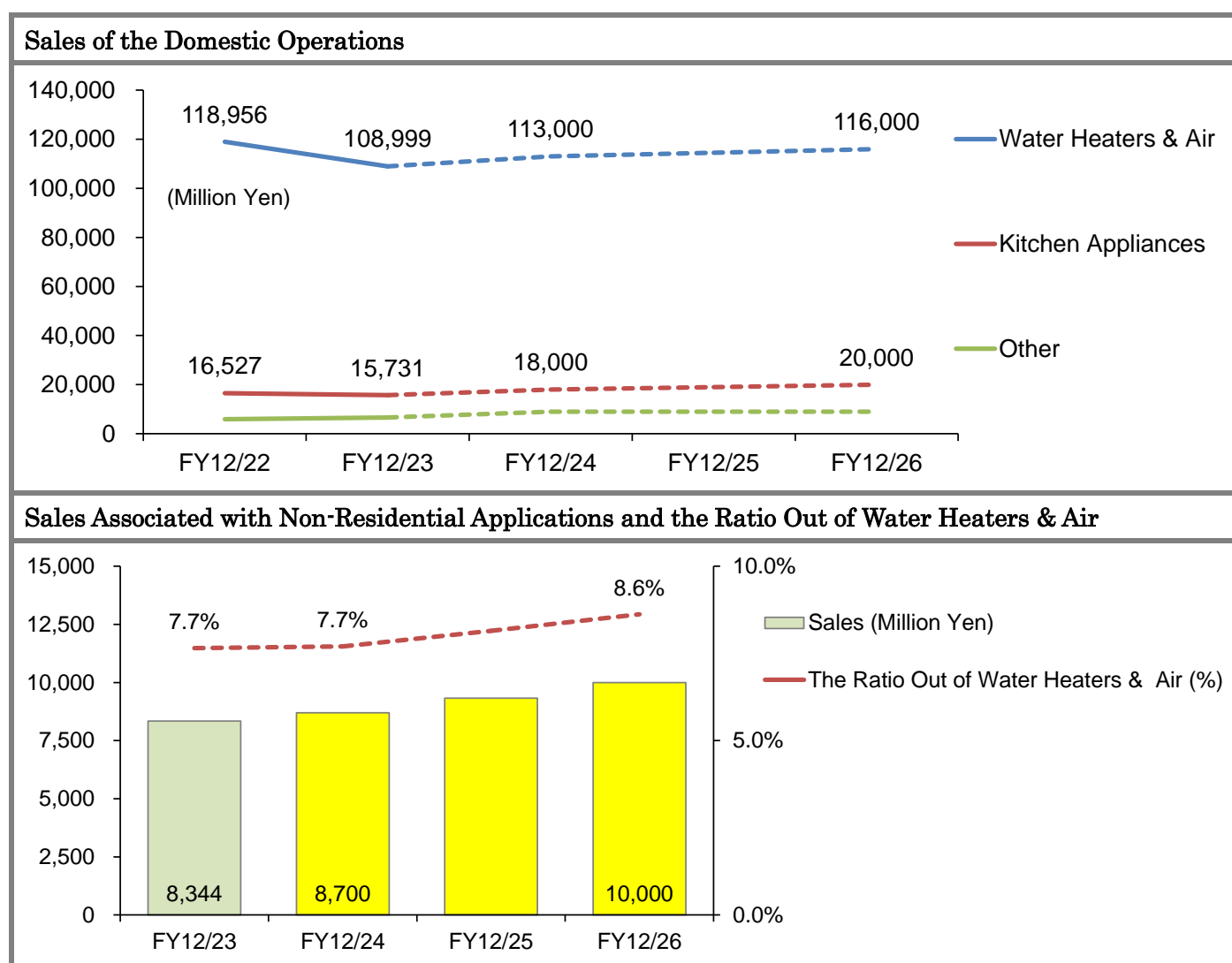


Source: Company Data, WRJ Calculation



### a) Transformation of Business Portfolio

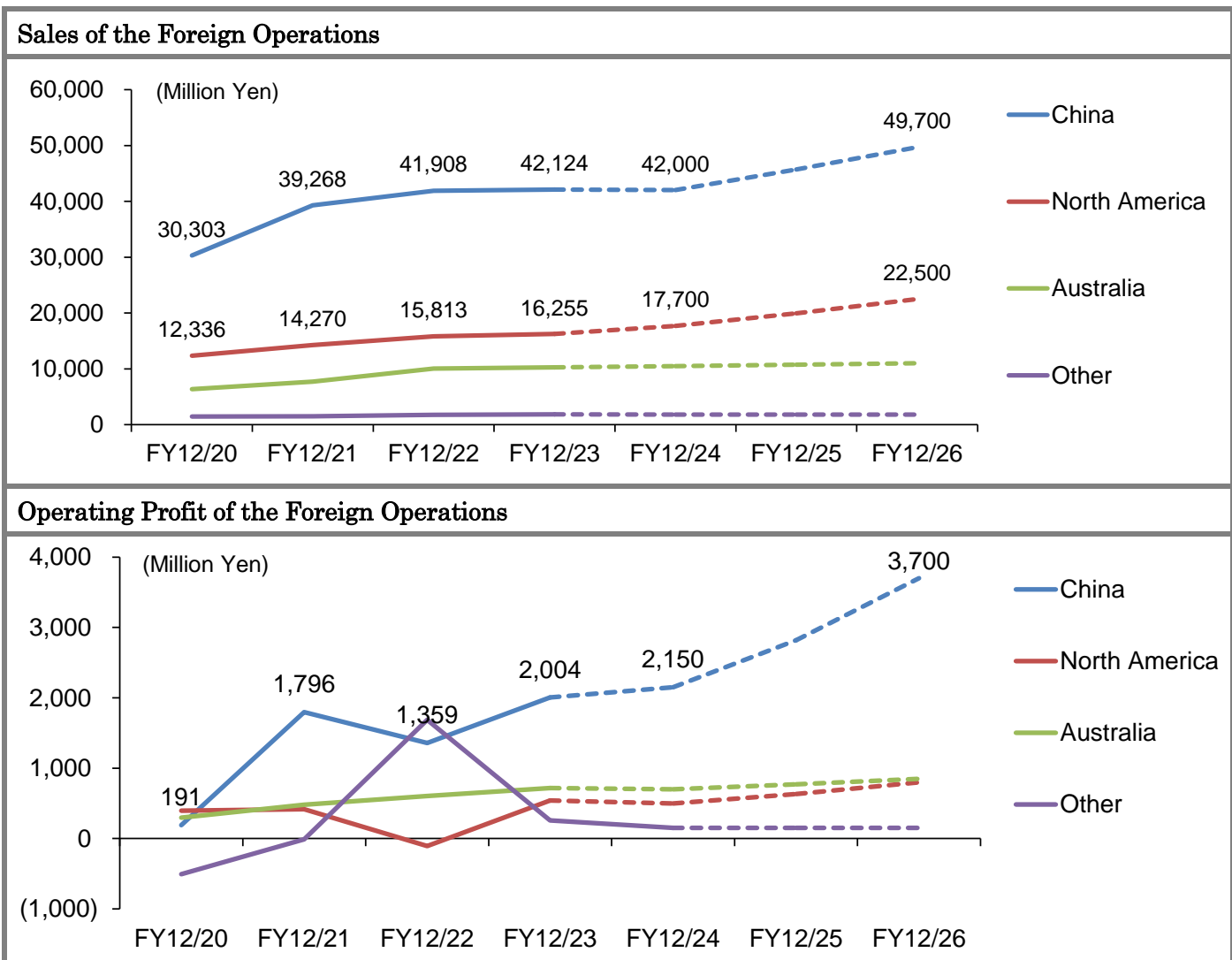
With respect to the Domestic Operations side, the Company is calling for prospective sales of ¥145,000m and operating profit of ¥3,500m for FY12/2026. When setting the actual results of FY12/2023 as the point of origin, the Company is calling for CAGR of 3.4% in sales and 122.0% in operating profit. As the driver for prospective sales, the Company is looking to an increase in sales for those of being associated with non-residential applications (business-grade gas water heaters & oil-fired boilers) in the domain of water heaters & air as well as those of the domain of kitchen appliances. In other words, the Company plans to change its business structure, which is heavily weighted toward gas water heaters & oil-fired boilers for private homes, accounting for the bulk of sales of the mainstay domain of hot water heaters & air. The Company also plans to build a sustainable business foundation for achieving carbon-neutrality through focusing on expanding sales of environmentally enhancing products at the same time. Meanwhile, the reason why the Company is calling for a remarkably elevated level for CAGR in operating profit is that the level was exceptionally low due to one-time factors at the point of origin, the actual results of FY12/2023. Incidentally, when setting the actual results of the previous year, i.e., FY12/2022, as the point of origin, the Company is calling for CAGR of 0.6% in sales and 1.1% in operating profit. As well, the actual results of FY12/2022 were rather boosted by one-time factors as already discussed in depth.



Source: Company Data, WRJ Calculation

With respect to the Foreign Operations side, the Company is calling for prospective sales of ¥85,000m and operating profit of ¥5,500m for FY12/2026. When setting the actual results of FY12/2023 as the point of origin, the Company is calling for CAGR of 6.4% in sales and 16.0% in operating profit. By region, the Company is calling for sales of ¥49,700m in China, sales of ¥22,500m in North America, sales of ¥11,000m in Australia and sales of ¥1,800m in other, respectively 5.7%, 11.4%, 2.3% and minus 1.4% in terms of CAGR. Meanwhile, the Company is to accelerate its focus on business expansion in North America as well as doing so in Southeast Asia in an attempt to break away from its dependence on China and reduce risk on the Foreign Operations side. At the same time, the Company is looking to a further expansion and a stabilization of earnings on the Foreign Operations side as a result of this.

The midterm management plan assumes CAGR of 11.4% for sales in North America versus 5.7% in China, which reflects the Company's above-mentioned policy. Meanwhile, Kangaroo International Joint Venture Company (Hung Yen Province, Vietnam, an equity-method affiliate: 44% stake) is responsible for business developments in Southeast Asia, implying that the Company's sales and operating profit in the income statement are immune to its performance. In China, the Company is deeply involved in both manufacture and sale of products, thereby developing operations with a high marginal profit ratio, while sales are to rise steadily, so a significant increase in earnings will be achieved. The midterm management plan assumes that the Domestic Operations side is to account for 62% of the Company's net increase in earnings and the remaining 38% for the Foreign Operations side, of which 86% is to come from its operations in China.



Source: Company Data, WRJ Calculation

On the Foreign Operations side, the Company saw operating profit margin of 5.0% for the actual results of FY12/2023, while the Company is calling for 6.5% for FY12/2026, implying an increase by 1.5% points during the period of the midterm management plan. In this respect, again, the Company is looking to a contribution from China in particular. In the first place, the Company is mainly exposed to China in sales on the Foreign Operations side and is calling for a major improvement in operating profit margin due to the above-mentioned reasons, i.e., by 2.7% points to 7.4% for FY12/2026 from 4.8% for the actual results of FY12/2023 or during the period of the midterm management plan. At the moment, the Company sees the market conditions in China being unfavorable, while trying to enhance sales over the long-term by means of a region-wise expansion in sales promotions. So far, the Company has made a considerable progress in developing the market for gas heaters & oil-fired boilers in Shanghai, where it now has a market share of more than 30%. In other words, the Company plans to horizontally apply the expertise to promote local sales, accumulated here, to the neighboring cities and/or subnational cities.

Meanwhile, with respect to North America, where the Company is calling for a higher growth rate in sales, operating profit margin is to rise 0.2% points during the period of the midterm management plan, i.e., from 3.3% for FY12/2023 to 3.6% for FY12/2026. According to the Company, the operations in North America are basically of sale of products imported from Japan and thus the business model carries marginal profit ratio relatively lower.

For example, in July 2013, the Company has injected capital into Sakura (Cayman) Co., Ltd. (the Cayman Islands, British Overseas Territory) and thrown own mantle over its manufacturing subsidiary based in China. The Company's manufacturing capacity in China, including the impact from here, has expanded almost as high as that of the Akashi Head Office Factory to date. In other words, it should be the case that the state of business in North America is still in the process of developments in a sense. On the other hand, with respect to Australia with a manufacturing capability, the Company is going for CAGR of no more than 2.3% in sales during the period of the midterm management plan.

In June 2021, the Company acquired Kangaroo as equity method affiliate, having acquired 44% of the shares outstanding. In those days, the Company saw buoyant economy in Vietnam, where Kangaroo is based, as well as in emerging countries laying side-by-side where it was running its operations, but a stagnation of economy in Southeast Asia had been obliged for a while as a result of Corona pandemic triggered by the first case of infection reported in Wuhan, China, in early December 2019. Thus, sales had plummeted for water purifiers and appliances manufactured and sold by Kangaroo. The Company had been trying to improve Kangaroo's performance by implementing various management improvement measures, including personnel reductions, but had been unable to control the deterioration in earnings, which had led to impairment on goodwill that arose at the time of acquisition. For FY12/2023, the Company posted impairment loss of ¥3,375m from here versus equity method investment loss of ¥3,756m.

In response to the above-mentioned results, the Company has set forth measures to improve Kangaroo's performance. In addition to promoting and supporting the strengthening of Kangaroo's management base, the Company plans to support manufacturing at Kangaroo's new factory, which has begun operations in November 2023. Furthermore, as a new initiative, the Company will promote sales of gas water heaters & oil-fired boilers manufactured by Kangaroo in Southeast Asian countries under the NORITZ brand. It appears that the operations are now starting over. The impact of Kangaroo's performance has been assumed being nothing in FY12/2024 Company forecasts and the same is true of assumptions made in the midterm management plan.

#### **b) Expansion of Strategic Investments and Capital Policy**

The Company intends to make business investments of collective ¥32,500m during the period of the midterm management plan (FY12/2024 to FY12/2026). The Company intends to ensure sustainable growth through the said investments. Further, the Company intends to strengthen shareholder returns and reduce cross-shareholdings as well as taking other actions to manage the Company with an awareness of cost of capital and share prices. As well, the main targets for business investments are those of being associated with the Foreign Operations side, which is positioned as a growth business and those of being associated with production reforms. When investments in other strategic issues are included, the Company is to see amount up to collective ¥23,500m (72.3% of the total) with all those strategic investments.

### **c) Promotions of Sustainability Management**

For the promotions of sustainability management, the Company goes, “we provide long-term safety and security through connections (with end users of our products) as the priority issue, while expanding member registrations and developing contracted maintenance services at the same time”. Further, the Company also goes, “we are keen on carbon-neutral initiatives and are to achieve reduction targets for CO2 emission at each Scope”, as well as going, “we develop intangible assets to solve social issues, while promoting investments in and utilization of intangible assets such as human capital and intellectual capital (invalidating art)” and “we are to actively work on strengthening of corporate governance, while evaluation and improvement of board of directors to enhance its effectiveness at the same time”.

## 5.0 Financial Statements

### Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	Net Chg.
<b>Sales</b>	<b>208,396</b>	<b>183,859</b>	<b>178,142</b>	<b>210,966</b>	<b>201,891</b>	<b>212,000</b>	<b>+10,109</b>
Cost of Sales	143,935	125,854	120,949	143,642	138,066	-	-
Gross Profit	64,460	58,005	57,193	67,323	63,824	-	-
SG&A Expenses	61,766	53,241	54,693	60,433	59,984	-	-
<b>Operating Profit</b>	<b>2,693</b>	<b>4,763</b>	<b>2,500</b>	<b>6,889</b>	<b>3,840</b>	<b>5,000</b>	<b>+1,160</b>
Non Operating Balance	744	1,162	1,476	1,011	(2,595)	800	+3,395
<b>Recurring Profit</b>	<b>3,437</b>	<b>5,925</b>	<b>3,976</b>	<b>7,900</b>	<b>1,245</b>	<b>5,800</b>	<b>+4,555</b>
Extraordinary Balance	(504)	(9,986)	4,941	(213)	1,791	-	-
Profit before Income Taxes	2,933	(4,061)	8,917	7,687	3,036	-	-
Total Income Taxes	1,370	(966)	3,216	2,639	1,852	-	-
Profit Attributable to Non-Controlling Interests	50	(81)	220	247	314	-	-
<b>Profit Attributable to Owners of Parent</b>	<b>1,512</b>	<b>(3,013)</b>	<b>5,479</b>	<b>4,800</b>	<b>868</b>	<b>4,170</b>	<b>+3,302</b>
Sales YoY	(0.7%)	(11.8%)	(3.1%)	+18.4%	(4.3%)	+5.0%	-
Operating Profit YoY	(44.0%)	+76.8%	(47.5%)	+175.5%	(44.3%)	+30.2%	-
Recurring Profit YoY	(45.1%)	+72.4%	(32.9%)	+98.7%	(84.2%)	+365.8%	-
Profit Attributable to Owners of Parent YoY	(73.8%)	-	-	(12.4%)	(81.9%)	+379.9%	-
Gross Profit Margin	30.9%	31.5%	32.1%	31.9%	31.6%	-	-
SG&A Ratio	29.6%	29.0%	30.7%	28.6%	29.7%	-	-
Operating Profit Margin	1.3%	2.6%	1.4%	3.3%	1.9%	2.4%	+0.5%
Recurring Profit Margin	1.6%	3.2%	2.2%	3.7%	0.6%	2.7%	+2.1%
Profit Attributable to Owners of Parent Margin	0.7%	(1.6%)	3.1%	2.3%	0.4%	2.0%	+1.5%
Total Income Taxes / Profit before Income Taxes	46.7%	-	36.1%	34.3%	61.0%	-	-

Source: Company Data, WRJ Calculation

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### Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	Net Chg.
Water Heaters & Air	-	-	-	118,956	108,999	113,000	+4,001
Kitchen Appliances	-	-	-	16,527	15,731	18,000	+2,269
Other	-	-	-	5,932	6,618	9,000	+2,382
<b>Domestic Operations</b>	<b>149,834</b>	<b>133,385</b>	<b>115,382</b>	<b>141,417</b>	<b>131,349</b>	<b>140,000</b>	<b>+8,651</b>
Water Heaters & Air	-	-	-	58,542	59,364	-	-
Kitchen Appliances	-	-	-	10,041	10,380	-	-
Other	-	-	-	964	797	-	-
<b>Foreign Operations</b>	<b>58,562</b>	<b>50,473</b>	<b>62,760</b>	<b>69,548</b>	<b>70,542</b>	<b>72,000</b>	<b>+1,458</b>
<b>Sales</b>	<b>208,396</b>	<b>183,859</b>	<b>178,142</b>	<b>210,966</b>	<b>201,891</b>	<b>212,000</b>	<b>+10,109</b>
Domestic Operations	2,396	4,385	(183)	3,345	320	1,500	+1,180
Foreign Operations	297	378	2,683	3,544	3,520	3,500	(20)
<b>Segment Profit</b>	<b>2,693</b>	<b>4,763</b>	<b>2,500</b>	<b>6,889</b>	<b>3,840</b>	<b>5,000</b>	<b>+1,160</b>
Adjustment	-	-	-	-	-	-	-
<b>Operating Profit</b>	<b>2,693</b>	<b>4,763</b>	<b>2,500</b>	<b>6,889</b>	<b>3,840</b>	<b>5,000</b>	<b>+1,160</b>
Domestic Operations	1.6%	3.3%	(0.2%)	2.4%	0.2%	1.1%	+0.8%
Foreign Operations	0.5%	0.7%	4.3%	5.1%	5.0%	4.9%	(0.1%)
Adjustment	-	-	-	-	-	-	-
<b>Operating Profit Margin</b>	<b>1.3%</b>	<b>2.6%</b>	<b>1.4%</b>	<b>3.3%</b>	<b>1.9%</b>	<b>2.4%</b>	<b>+0.5%</b>

Source: Company Data, WRJ Calculation

## Balance Sheet

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2019	FY 12/2020	FY 12/2021	FY 12/2022	FY 12/2023	FY 12/2024	YoY Net Chg.
Cash and Deposit	31,591	30,821	43,432	36,253	26,137	-	-
Accounts Receivables and Contract Assets	46,345	43,320	31,302	43,403	44,009	-	-
Electronically Recorded Monetary Claim	14,501	12,278	9,333	15,161	12,006	-	-
Inventory	20,037	17,470	22,033	32,223	33,821	-	-
Other	5,448	4,163	5,910	5,143	5,545	-	-
<b>Current Assets</b>	<b>117,922</b>	<b>108,052</b>	<b>112,010</b>	<b>132,183</b>	<b>121,518</b>	-	-
Tangible Assets	35,969	33,327	33,865	33,990	36,523	-	-
Intangible Assets	10,460	9,228	9,360	9,693	9,759	-	-
Investments and Other Assets	34,951	39,117	39,290	41,108	39,968	-	-
<b>Fixed Assets</b>	<b>81,382</b>	<b>81,673</b>	<b>82,516</b>	<b>84,791</b>	<b>86,252</b>	-	-
<b>Total Assets</b>	<b>199,305</b>	<b>189,726</b>	<b>194,527</b>	<b>216,974</b>	<b>207,771</b>	-	-
Accounts Payables	40,941	37,004	34,909	48,360	39,281	-	-
Short-Term Debt	1,252	825	809	2,112	2,527	-	-
Other	20,974	21,084	22,890	29,773	25,016	-	-
<b>Current Liabilities</b>	<b>63,167</b>	<b>58,913</b>	<b>58,608</b>	<b>80,245</b>	<b>66,824</b>	-	-
Long-Term Debt	-	40	40	-	-	-	-
Other	21,336	19,801	19,685	17,072	14,279	-	-
<b>Fixed Liabilities</b>	<b>21,336</b>	<b>19,841</b>	<b>19,725</b>	<b>17,072</b>	<b>14,279</b>	-	-
<b>Total Liabilities</b>	<b>84,503</b>	<b>78,755</b>	<b>78,333</b>	<b>97,318</b>	<b>81,104</b>	-	-
<b>Shareholders' Equity</b>	<b>103,365</b>	<b>97,349</b>	<b>100,618</b>	<b>99,948</b>	<b>98,320</b>	-	-
Other	11,436	13,622	15,575	19,708	28,347	-	-
<b>Net Assets</b>	<b>114,801</b>	<b>110,971</b>	<b>116,193</b>	<b>119,656</b>	<b>126,667</b>	-	-
<b>Total Liabilities &amp; Net Assets</b>	<b>199,305</b>	<b>189,726</b>	<b>194,527</b>	<b>216,974</b>	<b>207,771</b>	-	-
Equity Capital	110,965	107,148	111,959	115,274	121,978	-	-
Interest-Bearing Debt	1,252	865	849	2,112	2,527	-	-
Net Debt	(30,339)	(29,956)	(42,583)	(34,141)	(23,610)	-	-
Equity Ratio	55.7%	56.5%	57.6%	53.1%	58.7%	-	-
Net Debt-to-Equity Ratio	(27.3%)	(28.0%)	(38.0%)	(29.6%)	(19.4%)	-	-
ROE (12 months)	1.4%	(2.8%)	5.0%	4.2%	0.7%	3.4%	-
ROA (12 months)	1.7%	3.0%	2.1%	3.8%	0.6%	-	-
Days for Inventory Turnover	50	50	66	81	89	-	-
Quick Ratio	146%	147%	143%	118%	123%	-	-
Current Ratio	187%	183%	191%	165%	182%	-	-

Source: Company Data, WRJ Calculation

## Cash Flow Statement

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2019	FY 12/2020	FY 12/2021	FY 12/2022	FY 12/2023	FY 12/2024	YoY Net Chg.
Operating Cash Flow	6,138	9,415	15,447	2,403	(1,868)	-	-
Investing Cash Flow	(11,304)	(5,432)	(2,522)	(7,790)	(5,664)	-	-
<b>Operating Cash Flow and Investing Cash Flow</b>	<b>(5,166)</b>	<b>3,983</b>	<b>12,925</b>	<b>(5,387)</b>	<b>(7,532)</b>	-	-
Financing Cash Flow	(2,802)	(4,317)	(3,118)	(4,778)	(3,235)	-	-

Source: Company Data, WRJ Calculation

## Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	Net Chg.
No. of Shares FY End (thousand shares)	50,798	50,798	50,798	50,798	50,798	-	-
Net Profit / EPS (thousand shares)	47,622	46,504	45,996	45,872	46,072	-	-
Treasury Shares FY End (thousand shares)	3,774	4,815	4,799	4,837	4,670	-	-
Earnings Per Share	31.75	(64.79)	119.12	104.64	18.84	90.25	-
Earnings Per Share (Fully Diluted)	31.71	-	118.83	104.49	18.82	-	-
Book Value Per Share	2,359.80	2,330.19	2,433.96	2,508.08	2,644.38	-	-
Dividend Per Share	32.00	35.00	83.00	53.00	53.00	67.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	12/2019	12/2020	12/2021	12/2022	12/2023	12/2024	Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	31.75	(64.79)	119.12	104.64	18.84	90.25	-
Book Value Per Share	2,359.80	2,330.19	2,433.96	2,508.08	2,644.38	-	-
Dividend Per Share	32.00	35.00	83.00	53.00	53.00	67.00	-
Payout Ratio	100.8%	-	69.7%	50.6%	281.3%	74.2%	-

Source: Company Data, WRJ Calculation

### Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage, etc.

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