

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 Results Update (17 May 2024)

V Plan 26


On 14 May 2024, NORITZ, which manufactures and sells products belonging to the category of Water Heaters (gas water heaters and oil-fired boilers) and that of Kitchen Appliances, released its Q1 FY12/2024 results. It has been revealed that the short-term performance is unfavorable but that the Company is planning to see a sustainable growth from a long-term perspective at the same time. The Company's midterm management plan, V Plan 26, is calling for prospective CAGR of 4.4% in sales and 32.8% in operating profit, which is expected to lead to ROE of 6.0% or higher for the final year of the plan, i.e., FY12/2026, versus 0.7% for the actual results of FY12/2023. Meanwhile, the Company suggests that the actual results of Q1 were line with assumptions of FY12/2024 Company forecasts. It appears that sales on the Domestic Business side have inevitably suffered from a recoil reduction stemming from concentrated sales due to one-time factors during the same period of the previous year, which led to a major decline in earnings. Still, prospects of recovery in earnings for H2 have remained unchanged, according to the Company. We are to interview with Satoshi Haramaki, the Company's President and CEO, to discuss the details of V Plan 26, which is to be followed by distribution of our Company Report, based on the interview, and thus ongoing coverage of the Company.

IR Representative: Tsutomu Matsuzaki, Corporate Communication Division

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2.0 Company Profile

Happiness is a Warm Ofuro

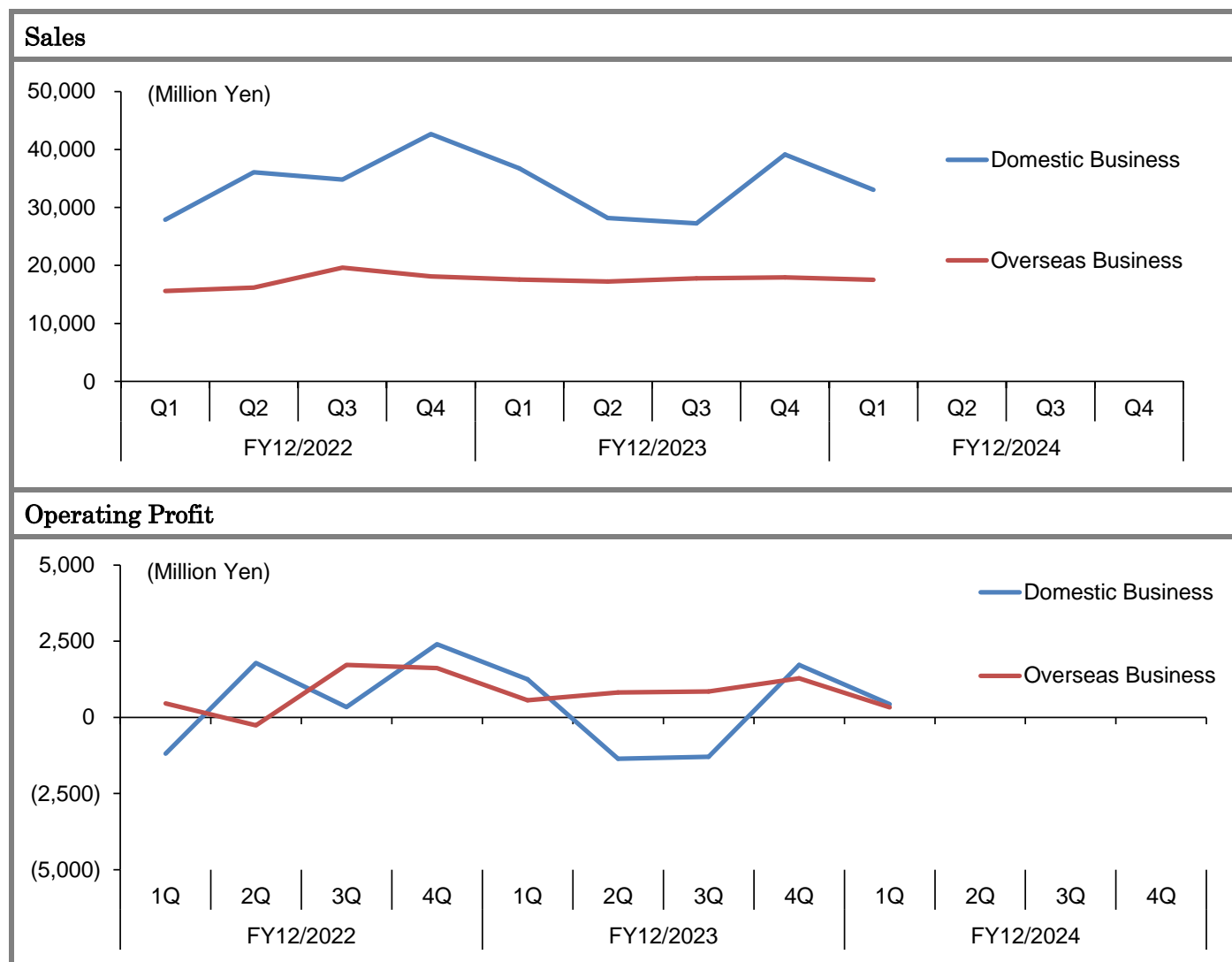
Company Name	<p>NORITZ CORPORATION</p> <p>Company HP</p> <p>IR Information</p> <p>Share Price (Japanese)</p>	 <p>NORITZ</p> <p>The Simple Comforts of Life</p>
Established	10 March 1951	
Listing	<p>4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 5943)</p> <p>1 June 1987: Tokyo/Osaka Stock Exchange 1st section</p> <p>6 August 1985: Tokyo Stock Exchange 2nd section</p> <p>1 August 1984: Osaka Stock Exchange 2nd section</p>	
Capital	¥20,167m (as of the end of March 2024)	
No. of Shares	48,554,930 shares, including 2,426,491 treasury shares (as of the end of Mar. 2024)	
Main Features	<ul style="list-style-type: none"> ● Springhead of business: happiness is a warm ofuro, i.e., Japanese bath ● 40% share in the market for Japan's gas water heaters and oil-fired boilers ● Currently cultivating growth markets, e.g., China, US and Australia 	
Segments	<p>I . Domestic Business</p> <p>II . Overseas Business</p>	
Representative	President and CEO: Satoshi Haramaki	
Shareholders	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)	
Head Office	Kobe-city, Hyogo-prefecture, JAPAN	
No. of Personnel	Consolidated: 6,232, Parent: 2,061 (as of the end of March 2024)	

Source: Company Data

3.0 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 of 1.5% (down 1.8% points).



Source: Company Data, WRJ Calculation

On the Domestic Business side, 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), while sales ¥17,518m (down 0.3%), operating profit ¥334m (down 41.1%) and operating profit margin 1.9% (down 1.3%) on the Overseas Business side.

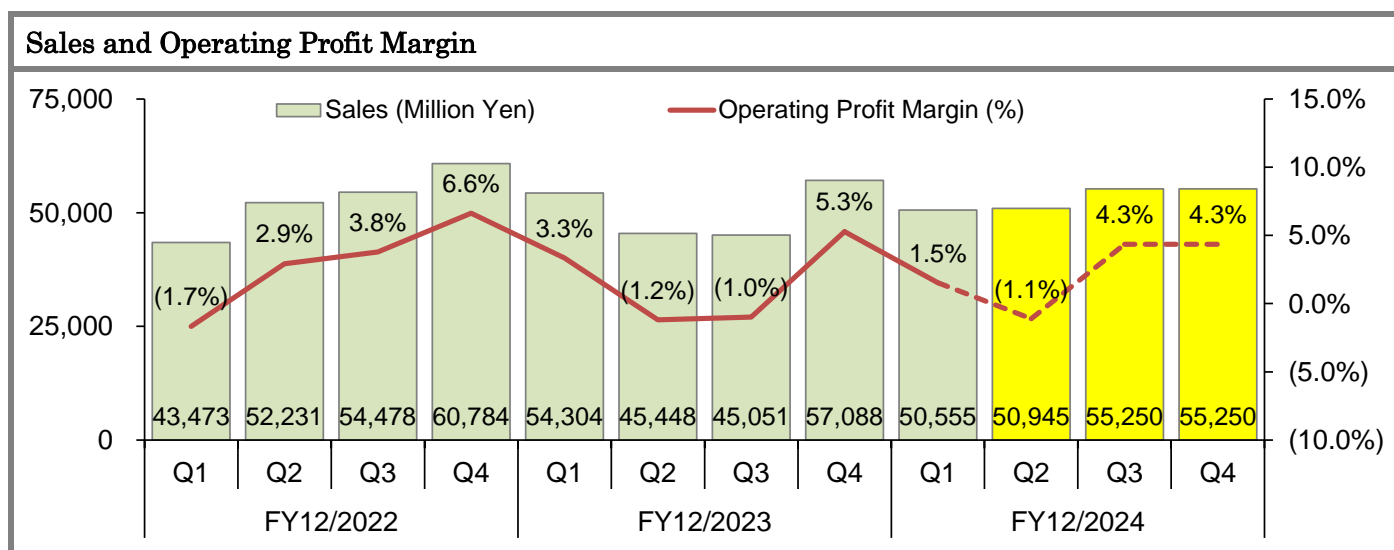
On the Domestic Business side, sales of Water Heaters came in at ¥27,365m (down 13.6%), sales of Kitchen Appliances ¥3,758m (up 0.9%) and sales of Other ¥1,913m (up 41.1%). With respect to gas water heaters and oil-fired boilers, collectively accounting for some 95% of sales for Water Heaters, it was unavoidable to suffer from a recoil reduction stemming from concentrated sales due to one-time factors during the same period of the previous year, according to the Company. Further, the Company sees a weakness in the market for housing, which is raised as another factor for a decline in sales.

Meanwhile, sales of non-residential (gas water heaters and oil-fired boilers for business purposes), which are disclosed as a constituent for the category of Water Heaters, came in at ¥2,402m (up 8.6%), implying a strength. By the way, sales for the category 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.

Sales on the Overseas Business side have remained almost unchanged over the same period of the previous year, but there is an aspect that yen's depreciation was beneficial. With respect to China, the mainstay by region, sales declined by 7.5% on a local currency basis, having brought forth the bulk of decline in earnings on the Overseas Business side as a whole. In addition to a decline in sales on a local currency basis, the Company suggests that sales mix has worsened. In China, the Company's exposure to products, relatively lower in prices and thus added value, is increasing on the expense of the opponents.

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 ¥5,800m (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). At the same time, Company forecasts have remained unchanged also for planned annual dividend, going for ¥67.00 per share, implying payout ratio of 74.2%.



Source: Company Data, WRJ Calculation

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. 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.

4.0 Financial Statements

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		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Sales	54,304	99,752	144,803	201,891	50,555	-	-	-	-	(3,749)
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
Operating Profit	1,817	1,276	832	3,840	769	-	-	-	-	(1,048)
Non Operating Balance	(17)	107	179	(2,595)	25	-	-	-	-	+42
Recurring Profit	1,800	1,383	1,011	1,245	794	-	-	-	-	(1,006)
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)
Profit Attributable to Owners of Parent	1,270	1,061	573	868	287	-	-	-	-	(983)
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		Net Chg.
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		
Sales	54,304	45,448	45,051	57,088	50,555	-	-	-	-	(3,749)
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
Operating Profit	1,817	(541)	(444)	3,008	769	-	-	-	-	(1,048)
Non Operating Balance	(17)	124	72	(2,774)	25	-	-	-	-	+42
Recurring Profit	1,800	(417)	(372)	234	794	-	-	-	-	(1,006)
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)
Profit Attributable to Owners of Parent	1,270	(209)	(488)	295	287	-	-	-	-	(983)
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		
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	Net Chg.
Water Heaters	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
Domestic Business	36,740	64,944	92,215	131,349	33,037	-	-	-	-	(3,703)
Water Heaters	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)
Overseas Business	17,563	34,807	52,588	70,542	17,518	-	-	-	-	(45)
Sales	54,304	99,752	144,803	201,891	50,555	-	-	-	-	(3,749)
Domestic Business	1,249	(106)	(1,400)	320	434	-	-	-	-	(815)
Overseas Business	567	1,383	2,232	3,520	334	-	-	-	-	(233)
Segment Profit	1,817	1,276	832	3,840	769	-	-	-	-	(1,048)
Adjustment	-	-	-	-	-	-	-	-	-	-
Operating Profit	1,817	1,276	832	3,840	769	-	-	-	-	(1,048)
Domestic Business	3.4%	(0.2%)	(1.5%)	0.2%	1.3%	-	-	-	-	(2.1%)
Overseas Business	3.2%	4.0%	4.2%	5.0%	1.9%	-	-	-	-	(1.3%)
Adjustment	-	-	-	-	-	-	-	-	-	-
Operating Profit Margin	3.3%	1.3%	0.6%	1.9%	1.5%	-	-	-	-	(1.8%)

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		
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	Net Chg.
Water Heaters	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
Domestic Business	36,740	28,204	27,270	39,133	33,037	-	-	-	-	(3,703)
Water Heaters	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)
Overseas Business	17,563	17,244	17,781	17,954	17,518	-	-	-	-	(45)
Sales	54,304	45,448	45,050	57,087	50,555	-	-	-	-	(3,749)
Domestic Business	1,249	(1,355)	(1,293)	1,720	434	-	-	-	-	(815)
Overseas Business	567	816	848	1,287	334	-	-	-	-	(233)
Segment Profit	1,817	(541)	(444)	3,008	769	-	-	-	-	(1,048)
Adjustment	-	-	-	-	-	-	-	-	-	-
Operating Profit	1,817	(541)	(444)	3,008	769	-	-	-	-	(1,048)
Domestic Business	3.4%	(4.8%)	(4.7%)	4.4%	1.3%	-	-	-	-	(2.1%)
Overseas Business	3.2%	4.7%	4.8%	7.2%	1.9%	-	-	-	-	(1.3%)
Adjustment	-	-	-	-	-	-	-	-	-	-
Operating Profit Margin	3.3%	(1.2%)	(1.0%)	5.3%	1.5%	-	-	-	-	(1.8%)

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		
	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	12/2024	Net Chg.
Operating Cash Flow	-	1,348	-	(1,868)	-	-	-	-	-	-
Investing Cash Flow	-	(3,148)	-	(5,664)	-	-	-	-	-	-
Operating Cash Flow and Investing Cash Flow	-	(1,800)	-	(7,532)	-	-	-	-	-	-
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.
(Million Yen)	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
Current Assets	129,180	123,739	120,625	121,518	120,998	-	-	-		(8,182)
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
Fixed Assets	85,960	91,416	92,242	86,252	93,534	-	-	-		+7,574
Total Assets	215,140	215,155	212,868	207,771	214,533	-	-	-		(607)
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)
Current Liabilities	77,381	71,985	69,733	66,824	65,448	-	-	-		(11,933)
Long Term Debt	-	-	-	-	748	-	-	-		+748
Other	16,218	16,622	16,788	14,279	15,455	-	-	-		(763)
Fixed Liabilities	16,218	16,622	16,788	14,279	16,203	-	-	-		(15)
Total Liabilities	93,600	88,607	86,521	81,104	81,652	-	-	-		(11,948)
Shareholders' Equity	100,162	99,989	98,024	98,320	97,648	-	-	-		(2,514)
Other	21,378	26,559	28,322	28,347	35,232	-	-	-		+13,854
Net Assets	121,540	126,548	126,346	126,667	132,880	-	-	-		+11,340
Total Liabilities & Net Assets	215,140	215,155	212,868	207,771	214,533	-	-	-		(607)
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 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

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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