

NORITZ (5943)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY12/2023		201,891	3,840	1,245	868	18.84	53.00	2,644.38
FY12/2024		202,204	2,395	3,579	4,383	94.89	69.00	2,852.62
FY12/2025CoE		205,000	3,000	3,900	2,400	51.87	71.00	-
FY12/2024	YoY	0.2%	(37.6%)	187.5%	404.4%	-	-	-
FY12/2025CoE	YoY	1.4%	25.2%	8.9%	(45.2%)	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY12/2024		96,012	(127)	410	(354)	-	-	-
Q3 to Q4 FY12/2024		106,192	2,522	3,169	4,737	-	-	-
Q1 to Q2 FY12/2025CoE		96,500	50	500	280	-	-	-
Q3 to Q4 FY12/2025CoE		108,500	2,950	3,400	2,120	-	-	-
Q1 to Q2 FY12/2025CoE	YoY	0.5%	-	21.8%	-	-	-	-
Q3 to Q4 FY12/2025CoE	YoY	2.2%	17.0%	7.3%	(55.2%)	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (4 April 2025)

Cost Reduction


NORITZ, running operations mainly to manufacture and sell gas water heaters & oil-fired boilers both in Japan and foreign countries, is working on measures to achieve a significant cost reduction during the period of the midterm management plan V-Plan 26 (FY12/2024 to FY12/2026). The impact was rather limited in earnings for FY12/2024, the first year of the plan, while the Company is calling for cost reduction of cumulative ¥3,000m throughout the three-year period of the midterm management plan V-Plan 26, which is to be achieved by realization of smart manufacturing scheme through the establishment of a robust infrastructure of manufacturing system and an increase in the rate of in-house production. The Company is calling for prospective sales of ¥210,000m, operating profit ¥4,500m and operating profit margin of 2.1% for FY12/2026, the final year of the plan. Based on a simple comparison, it would appear the Company's earnings are to be driven mostly by the cost reduction. In the actual results for FY12/2024, the Company was inevitably suffering from a decline in earnings due mainly to sluggishness of market conditions in China, but a recovery in earnings is to begin and persist for FY12/2025 and thereafter, having hit the bottom for FY12/2024. The Company suggests CAGR of 1.9% in sales and 37.1% in operating profit for FY12/2026, when setting the actual results for FY12/2024 as the point of origin.

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2.0 Company Profile

Happiness is a Warm Ofuro

Company Name	<div>NORITZ CORPORATION</div> <div>Company HP</div> <div>Financial Highlights</div> <div>Share Price (Japanese)</div> <div> NORITZ</div> <div>The Simple Comforts of Life</div>
Established	10 March 1951
Listing	4 April 2022: Tokyo Stock Exchange Prime Market (ticker: 5943) 1 June 1987: Tokyo/Osaka Stock Exchange 1st section 6 August 1985: Tokyo Stock Exchange 2nd section 1 August 1984: Osaka Stock Exchange 2nd section
Capital	¥20,167m (as of the end of December 2024)
No. of Shares	48,554,930 shares, including 2,285,456 treasury shares (as of the end of Dec. 2024)
Main Features	<ul style="list-style-type: none">● Springhead of business: happiness is a warm ofuro, i.e., Japanese bath● 40% share out of the market for gas water heaters & oil-fired boilers in Japan● Focus on sales of non-residential products (principally those of business-grade gas water heaters & oil-fired boilers) and kitchen appliances
Segments	I . Domestic Operations II . Foreign Operations
Representative	President and CEO: Satoshi Haramaki
Shareholders	Master Trust Bank of Japan, T. 9.85%, Client Share Ownership Plan 4.82%, Sumitomo Mitsui Banking 3.73%, Dai-ichi Life 3.46%, CHOFU SEISAKUSHO 3.26%, NIPPON ACTIVE VALUE FUND PLC 3.22% (as of the end of December 2024, but for treasury shares)
Head Office	Kobe-city, Hyogo-prefecture, JAPAN
No. of Personnel	Consolidated: 6,128, Parent: 2,038 (as of the end of December 2024)

Source: Company Data

3.0 Corporate Philosophy

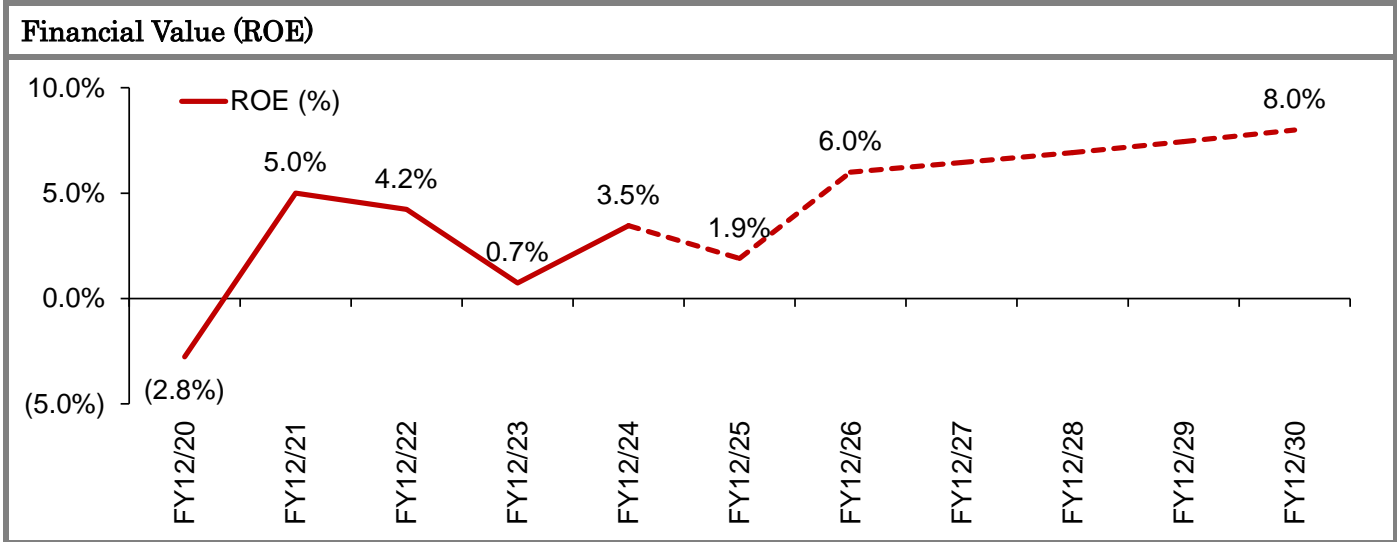
Signpost on the Road to Goal for 2030

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



Source: Company Data

The background for the Company to have newly formulated Vision is that it firmly believes in crucial importance for itself to drive the two wheels, i.e., one to drive its efforts to make further progress in indispensable regular life (an absolute must) delivered by itself so far and another one to drive its efforts to contribute to society by means of delivering end users of its products with an absolute must newly explored. The Company intends to use Vision as a compass to ensure that it achieves sustainable growth from a long-term perspective.



Source: Company Data

The approach to improving corporate value set out in the midterm management plan V-Plan 26 (FY12/2024 to FY12/2026) emphasizes the importance of improving both financial value (ROE) and non-financial value (Q+ESG). With respect to financial value (ROE), the Company aims to achieve ROE of 6% or higher for FY12/2026, as well as aiming to achieve ROE of 8% or higher as the goal for 2030 (FY12/2030). Meanwhile, with respect to non-financial value (Q+ESG), the Company aims to achieve FTSE (external ESG score) of 3.3 or higher for FY12/2026. For non-financial value (Q+ESG), it should be noted that the Company's own concept is added to the general ESG concept. Specifically, the Company suggests that this reflects the fact that it places importance on one of the issues of Promotions of Sustainability Management advocated with the

Company History (extract)

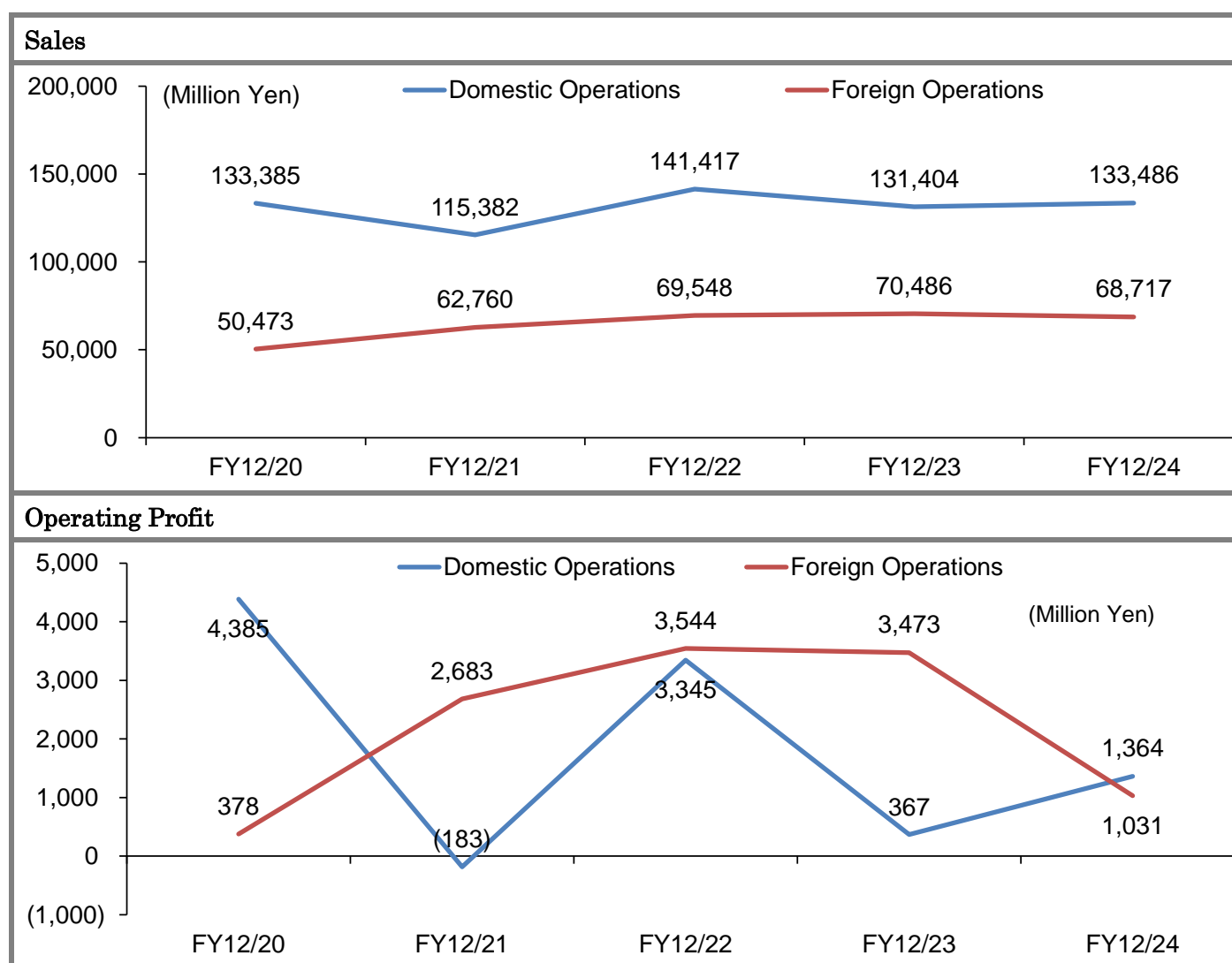
Date	Events
March 1951	Noritsu Bath Industry K.K., set up with capital of ¥530,000; head office, inaugurated in Ikuta-ku, Kobe-city (changed to Chuo-ku, Kobe-city in December 1980 due to change of the address)
May 1955	Tokyo local office, opened in Chiyoda-ku, Tokyo; upgraded to branch office in March 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 Laboratory, 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	能率香港集团有限公司 (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 reform 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

FY12/2024

For FY12/2024, sales came in at ¥202,204m (up 0.2% YoY), operating profit ¥2,395m (down 37.6%), recurring profit ¥3,579m (up 187.5%) and profit attributable to owners of parent ¥4,383m (up 404.4%), while operating profit margin 1.2% (down 0.7% points). The Company has secured increased sales and earnings on the Domestic Operations side, but decreased sales and earnings on the Foreign Operations side. With respect to the latter, the Company saw substantially declined earnings in China, where it suffered from the impact of sluggishness of local market conditions, having resulted in a major decline in operating profit as a whole for the Company.

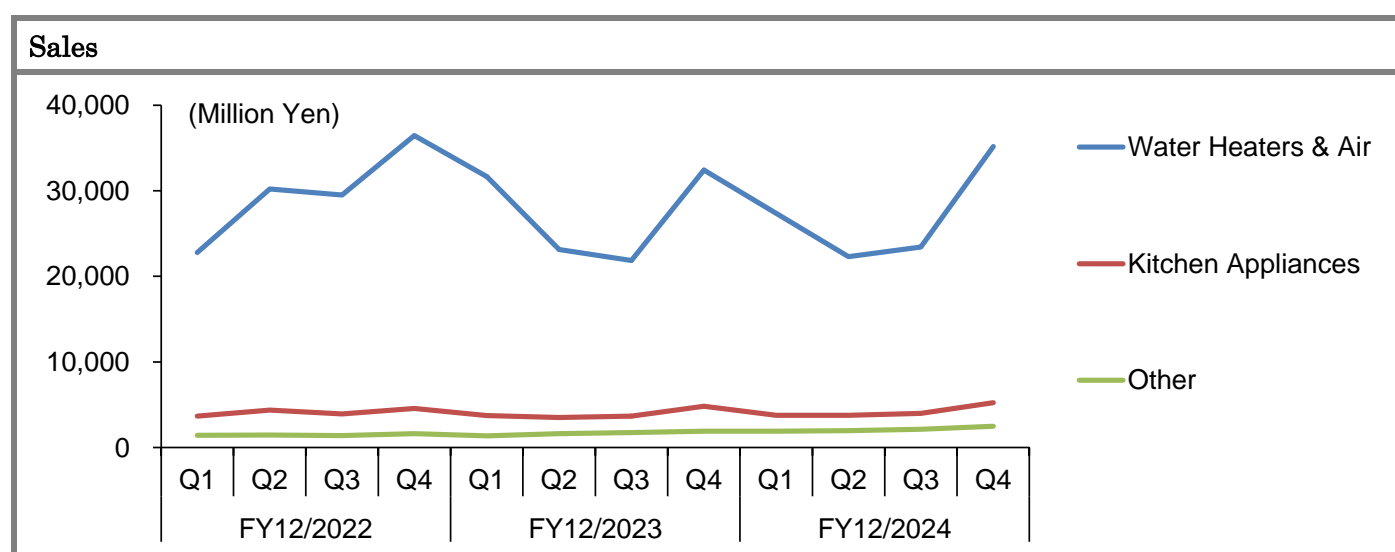


Source: Company Data, WRJ Calculation

Nevertheless, the Company saw a substantial improvement at the non-operating level as well as at the extraordinary level. The former was basically attributable to the fact that an equity-method affiliate that is responsible for business development in Southeast Asia, returned to profitability at the operating level, i.e., Kangaroo International Joint Venture Company, located in Hung Yen Province, Vietnam, in which the Company has a 44% stake. Meanwhile, the latter was basically attributable to the fact that the Company posted the gain on sale of investment securities as much as ¥3,942m.

Domestic Operations (66.0% of sales and 57.0% of operating profit)

On the Domestic Operations side, sales came in at ¥133,486m (up 1.6%), operating profit ¥1,364m (up 271.7%) and operating profit margin 1.0% (up 0.7% points) for FY12/2024. Meanwhile, by domain, sales of the mainstay domain of water heaters & air (principally comprising those of gas water heaters & oil-fired boilers) came in at ¥108,249m (down 0.7%), sales of the domain of kitchen appliances ¥16,747m (up 6.5%) and sales of the domain of other ¥8,489m (up 28.3%). With respect to sales of the mainstay domain of water heaters & air (principally comprising those of gas water heaters & oil-fired boilers), the Company also suggests that sales comprised those of residential products and non-residential (business-grade) products, while the former came in at ¥99,158m (down 1.5%) and the latter ¥9,091m (up 8.8%). At the same time, the Company saw operating profit margin having improved a lot due mainly to higher sales and successful measures to cut back on costs.



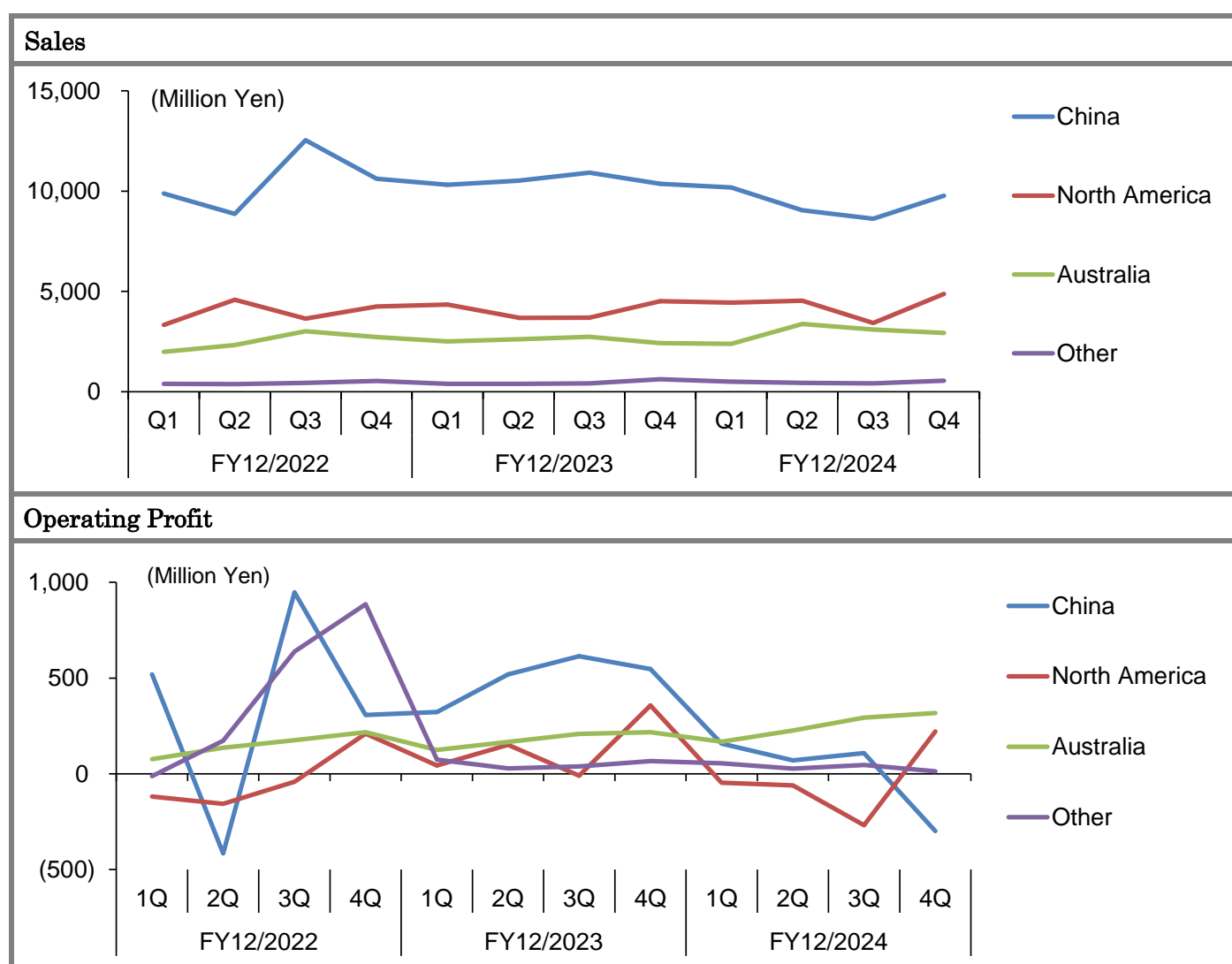
Source: Company Data, WRJ Calculation

Sales have failed to increase for the mainstay domain of water heaters & air (principally comprising those of gas water heaters & oil-fired boilers) as those of residential products, accounting for the bulk of total, have done so, negatively affected by a decrease in housing starts and sluggish demand for durable goods. Meanwhile, sales of non-residential (business-grade) products have risen, having steadily captured an increase in demand related to inbound visitors. In other words, as demand for goods and services in Japan from tourists visiting from overseas increases, investment in accommodation facilities is also progressing, which is driving sales of the Company's non-residential (business-grade) products. For Q4 (October to December), meanwhile, the Company did see a seasonal pick up in sales for the domain of water heaters & air, but it was not substantial enough to realize an increase on a full-year basis.

More importantly, however, the Company has achieved increased sales on the Domestic Operations side as a whole, driven by increased sales for the domain of kitchen appliances and the domain of other. With respect to the former, principally comprising those of built-in stove burners and exhaust hoods to be adopted in a fitted kitchen, the Company suggests that it has benefited from an increase in replacement demand for exhaust hoods. As for the latter, the Company suggests that external sales via own subsidiary were favorable for components and products associated with air heating, e.g., those of heat pumps or devices that extract heat from a heat source such as air or water and transport the heat.

Foreign Operations (34.0% of sales and 43.0% of operating profit)

On the Foreign Operations side, sales came in at ¥68,717m (down 2.5%), operating profit ¥1,031m (down 70.3%) and operating profit margin 1.5% (down 3.4% points) for FY12/2024. By region, sales in China came in at ¥37,631m (down 10.7%), sales in North America ¥17,285m (up 6.3%), sales in Australia ¥11,799m (up 14.7%) and sales in Other ¥2,001m (up 10.0%). In China, the Company is mainly exposed to sales of the domain of water heaters & air (principally comprising those of gas water heaters & oil-fired boilers) with an exposure to the domain of kitchen appliances as in Japan, while being exclusively exposed to the domain of water heaters & air in North America, Australia and so on.



Source: Company Data, WRJ Calculation

Sales have declined in China and thus earnings, having had a significant impact to the decline in operating profit on the Foreign Operations side as a whole. Meanwhile, sales have risen in North America, but the Company has suffered from some operating loss on a full-year basis due to changes in sales mix and an increase in expenses, which is another factor for a decline in earnings on the Foreign Operations side.

In China, the impact of the deterioration in market conditions has become apparent for Q2 (April to June), which was followed by further decline in demand and intensified price-oriented competition for Q3 (July to September). With respect the latest results for Q4 (October to December), sales have picked up due to the creation of demand as a result of the government's subsidy policy. Still, this was not substantial enough to compensate for the above-mentioned sluggishness on a full-year basis. The Company also suggests that there is an aspect that hiking prices of raw materials led to a deterioration in cost rate, which is another factor for the decline in earnings.

Sales have risen in North America, driven by firm sales of tankless water heaters as a result of enhanced marketing activities. However, the said activities have brought in an increase in costs, while sales were sluggish for highly-profitable products related to air heating, having resulted in some operating loss for the full-years results.

In Australia, sales and earnings have risen a lot and accounted for 97.7% of operating profit on the Foreign Operations side as a whole for FY12/2024. There was a great benefit from higher sales, which was attributable to the impact of the local government's policy of promoting the use of electric appliances. According to the Company, this has led to steady growth in sales of heat pump water heaters and tankless water heaters.

Revision of Management Targets

The actual results for FY12/2024, the first year of the midterm management plan V-Plan 26 (FY12/2024 to FY12/2026), were lower than assumptions, i.e., those of FY12/2024 initial Company forecasts and thus the Company has revised down its management targets for FY12/2026, the final year of the plan. According to the Company, this has a lot to do with persisting uncertainty associated with market conditions, i.e., those of housing industry in Japan and those of China, while the impact of higher costs in general is mentioned as another factor.

The management targets for FY12/2026, the final year on the plan, has been revised down by ¥20,000m (8.7%) from ¥230,000m to ¥210,000m in sales and ¥4,500m (50.0%) from ¥9,000m to ¥4,500m in operating profit, although the targets have remained unchanged for prospective ROE at 6% or higher. The Company is advocating a reduction in cross-shareholdings and is supposed to see the gains on sale of investment securities in the foreseeable future, which looks contributing to the levels of prospective ROE.

FY12/2024 Company Forecasts and Actual Results

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
FY12/2024CoE	08-Aug-24	Q2 Results	205,000	3,200	4,200	4,700
		Amount of Gap	(7,000)	(1,800)	(1,600)	530
		Rate of Gap	(3.3%)	(36.0%)	(27.6%)	12.7%
FY12/2024CoE	12-Nov-24	Q3 Results	205,000	3,200	4,200	4,700
FY12/2024CoE	05-Dec-24	Revision	200,000	1,600	2,600	3,800
		Amount of Gap	(5,000)	(1,600)	(1,600)	(900)
		Rate of Gap	(2.4%)	(50.0%)	(38.1%)	(19.1%)
FY12/2024Act	13-Feb-25	Q4 Results	202,204	2,395	3,579	4,383
		Amount of Gap	2,204	795	979	583
		Rate of Gap	1.1%	49.7%	37.7%	15.3%
FY12/2024CoE	14-Feb-24	Q4 Results	212,000	5,000	5,800	4,170
FY12/2024Act	13-Feb-25	Q4 Results	202,204	2,395	3,579	4,383
		Amount of Gap	(9,796)	(2,605)	(2,221)	213
		Rate of Gap	(4.6%)	(52.1%)	(38.3%)	5.1%
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
Q1 to Q2 FY12/2024Act	08-Aug-24	Q2 Results	96,012	(127)	410	(354)
		Amount of Gap	(5,487)	(327)	(189)	(524)
		Rate of Gap	(5.4%)	-	(31.6%)	-
Q1 to Q2 FY12/2024CoE	14-Feb-24	Q4 Results	101,500	200	600	170
Q1 to Q2 FY12/2024Act	08-Aug-24	Q2 Results	96,012	(127)	410	(354)
		Amount of Gap	(5,487)	(327)	(189)	(524)
		Rate of Gap	(5.4%)	-	(31.6%)	-
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
Q3 to Q4 FY12/2024CoE	08-Aug-24	Q2 Results	108,988	3,327	3,790	5,054
		Amount of Gap	(1,512)	(1,473)	(1,410)	1,054
		Rate of Gap	(1.4%)	(30.7%)	(27.1%)	26.4%
Q3 to Q4 FY12/2024CoE	12-Nov-24	Q3 Results	108,988	3,327	3,790	5,054
Q3 to Q4 FY12/2024CoE	05-Dec-24	Revision	103,988	1,727	2,190	4,154
		Amount of Gap	(5,000)	(1,600)	(1,600)	(900)
		Rate of Gap	(4.6%)	(48.1%)	(42.2%)	(17.8%)
Q3 to Q4 FY12/2024Act	13-Feb-25	Q4 Results	106,192	2,522	3,169	4,737
		Amount of Gap	2,204	795	979	583
		Rate of Gap	2.1%	46.0%	44.7%	14.0%
Q3 to Q4 FY12/2024CoE	14-Feb-24	Q4 Results	110,500	4,800	5,200	4,000
Q3 to Q4 FY12/2024Act	13-Feb-25	Q4 Results	106,192	2,522	3,169	4,737
		Amount of Gap	(4,308)	(2,278)	(2,031)	737
		Rate of Gap	(3.9%)	(47.5%)	(39.1%)	18.4%

Source: Company Data, WRJ Calculation

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
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		Net Chg.
Sales	54,304	99,752	144,803	201,891	50,555	96,012	141,193	202,204		+313
Cost of Sales	37,164	68,224	98,874	138,066	34,284	65,678	97,028	139,061		+995
Gross Profit	17,140	31,528	45,929	63,824	16,270	30,333	44,164	63,142		(682)
SG&A Expenses	15,322	30,251	45,097	59,984	15,501	30,461	44,580	60,746		+762
Operating Profit	1,817	1,276	832	3,840	769	(127)	(415)	2,395		(1,445)
Non Operating Balance	(17)	107	179	(2,595)	25	537	827	1,184		+3,779
Recurring Profit	1,800	1,383	1,011	1,245	794	410	412	3,579		+2,334
Extraordinary Balance	(229)	187	215	1,791	(182)	(560)	3,342	3,547		+1,756
Profit before Income Taxes	1,571	1,570	1,226	3,036	612	(150)	3,754	7,126		+4,090
Total Income Taxes	227	377	439	1,852	283	126	1,238	2,522		+670
Profit Attributable to Non-Controlling Interests	73	130	214	314	41	77	166	221		(93)
Profit Attributable to Owners of Parent	1,270	1,061	573	868	287	(354)	2,348	4,383		+3,515
Sales YoY	+24.9%	+4.2%	(3.6%)	(4.3%)	(6.9%)	(3.7%)	(2.5%)	+0.2%		-
Operating Profit YoY	-	+59.2%	(71.0%)	(44.3%)	(57.7%)	-	-	(37.6%)		-
Recurring Profit YoY	-	(8.8%)	(74.4%)	(84.2%)	(55.9%)	(70.3%)	(59.2%)	+187.5%		-
Profit Attributable to Owners of Parent YoY	-	+105.8%	(74.4%)	(81.9%)	(77.4%)	-	+309.8%	+404.4%		-
Gross Profit Margin	31.6%	31.6%	31.7%	31.6%	32.2%	31.6%	31.3%	31.2%		(0.4%)
SG&A Ratio	28.2%	30.3%	31.1%	29.7%	30.7%	31.7%	31.6%	30.0%		+0.3%
Operating Profit Margin	3.3%	1.3%	0.6%	1.9%	1.5%	(0.1%)	(0.3%)	1.2%		(0.7%)
Recurring Profit Margin	3.3%	1.4%	0.7%	0.6%	1.6%	0.4%	0.3%	1.8%		+1.2%
Profit Attributable to Owners of Parent Margin	2.3%	1.1%	0.4%	0.4%	0.6%	(0.4%)	1.7%	2.2%		+1.7%
Total Income Taxes / Profit before Income Taxes	14.4%	24.0%	35.8%	61.0%	46.2%	-	33.0%	35.4%		(25.6%)
Income Statement	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		
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024		Net Chg.
Sales	54,304	45,448	45,051	57,088	50,555	45,457	45,181	61,011		+3,923
Cost of Sales	37,164	31,060	30,650	39,192	34,284	31,394	31,350	42,033		+2,841
Gross Profit	17,140	14,388	14,401	17,895	16,270	14,063	13,831	18,978		+1,083
SG&A Expenses	15,322	14,929	14,846	14,887	15,501	14,960	14,119	16,166		+1,279
Operating Profit	1,817	(541)	(444)	3,008	769	(896)	(288)	2,810		(198)
Non Operating Balance	(17)	124	72	(2,774)	25	512	290	357		+3,131
Recurring Profit	1,800	(417)	(372)	234	794	(384)	2	3,167		+2,933
Extraordinary Balance	(229)	416	28	1,576	(182)	(378)	3,902	205		(1,371)
Profit before Income Taxes	1,571	(1)	(344)	1,810	612	(762)	3,904	3,372		+1,562
Total Income Taxes	227	150	62	1,413	283	(157)	1,112	1,284		(129)
Profit Attributable to Non-Controlling Interests	73	57	84	100	41	36	89	55		(45)
Profit Attributable to Owners of Parent	1,270	(209)	(488)	295	287	(641)	2,702	2,035		+1,740
Sales YoY	+24.9%	(13.0%)	(17.3%)	(6.1%)	(6.9%)	+0.0%	+0.3%	+6.9%		-
Operating Profit YoY	-	-	-	(25.2%)	(57.7%)	-	-	(6.6%)		-
Recurring Profit YoY	-	-	-	(94.1%)	(55.9%)	-	-	-		-
Profit Attributable to Owners of Parent YoY	-	-	-	(88.5%)	(77.4%)	-	-	+589.8%		-
Gross Profit Margin	31.6%	31.7%	32.0%	31.3%	32.2%	30.9%	30.6%	31.1%		(0.2%)
SG&A Ratio	28.2%	32.8%	33.0%	26.1%	30.7%	32.9%	31.2%	26.5%		+0.4%
Operating Profit Margin	3.3%	(1.2%)	(1.0%)	5.3%	1.5%	(2.0%)	(0.6%)	4.6%		(0.7%)
Recurring Profit Margin	3.3%	(0.9%)	(0.8%)	0.4%	1.6%	(0.8%)	0.0%	5.2%		+4.8%
Profit Attributable to Owners of Parent Margin	2.3%	(0.5%)	(1.1%)	0.5%	0.6%	(1.4%)	6.0%	3.3%		+2.8%
Total Income Taxes / Profit before Income Taxes	14.4%	-	-	78.1%	46.2%	-	28.5%	38.1%		(40.0%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative/Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	Net Chg.	
Water Heaters & Air	31,660	54,784	76,635	109,054	27,365	49,672	73,082	108,249	(805)	
Kitchen Appliances	3,724	7,221	10,901	15,731	3,758	7,525	11,522	16,747	+1,016	
Other	1,356	2,963	4,715	6,618	1,913	3,873	6,005	8,489	+1,871	
Domestic Operations	36,740	64,970	92,252	131,404	33,037	61,070	90,610	133,486	+2,082	
Water Heaters & Air	14,779	29,268	44,207	59,308	14,468	29,303	42,272	57,245	(2,063)	
Kitchen Appliances	2,538	5,127	7,739	10,380	2,863	5,329	7,904	10,876	+496	
Other	245	386	604	797	186	308	405	596	(201)	
Foreign Operations	17,563	34,782	52,551	70,486	17,518	34,941	50,582	68,717	(1,769)	
Sales	54,304	99,752	144,803	201,891	50,555	96,012	141,193	202,204	+313	
Domestic Operations	1,249	(157)	(1,451)	367	434	(724)	(1,193)	1,364	+997	
Foreign Operations	567	1,434	2,283	3,473	334	596	777	1,031	(2,442)	
Segment Profit	1,817	1,276	832	3,840	769	(127)	(415)	2,395	(1,445)	
Adjustment	-	-	-	-	-	-	-	-	-	
Operating Profit	1,817	1,276	832	3,840	769	(127)	(415)	2,395	(1,445)	
Domestic Operations	3.4%	(0.2%)	(1.6%)	0.3%	1.3%	(1.2%)	(1.3%)	1.0%	+0.7%	
Foreign Operations	3.2%	4.1%	4.3%	4.9%	1.9%	1.7%	1.5%	1.5%	(3.4%)	
Adjustment	-	-	-	-	-	-	-	-	-	
Operating Profit Margin	3.3%	1.3%	0.6%	1.9%	1.5%	(0.1%)	(0.3%)	1.2%	(0.7%)	

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	Net Chg.	
Water Heaters & Air	31,660	23,124	21,851	32,419	27,365	22,307	23,410	35,167	+2,748	
Kitchen Appliances	3,724	3,497	3,680	4,830	3,758	3,767	3,997	5,225	+395	
Other	1,356	1,607	1,752	1,903	1,913	1,960	2,132	2,484	+581	
Domestic Operations	36,740	28,230	27,282	39,152	33,037	28,033	29,540	42,876	+3,724	
Water Heaters & Air	14,779	14,489	14,939	15,101	14,468	14,835	12,969	14,973	(128)	
Kitchen Appliances	2,538	2,589	2,612	2,641	2,863	2,466	2,575	2,972	+331	
Other	245	141	218	193	186	122	97	191	(2)	
Foreign Operations	17,563	17,219	17,769	17,935	17,518	17,423	15,641	18,135	+200	
Sales	54,304	45,448	45,051	57,088	50,555	45,457	45,181	61,011	+3,923	
Domestic Operations	1,249	(1,406)	(1,294)	1,818	434	(1,158)	(469)	2,557	+739	
Foreign Operations	567	867	849	1,190	334	262	181	254	(936)	
Segment Profit	1,817	(541)	(444)	3,008	769	(896)	(288)	2,810	(198)	
Adjustment	-	-	-	-	-	-	-	-	-	
Operating Profit	1,817	(541)	(444)	3,008	769	(896)	(288)	2,810	(198)	
Domestic Operations	3.4%	(5.0%)	(4.7%)	4.6%	1.3%	(4.1%)	(1.6%)	6.0%	+1.3%	
Foreign Operations	3.2%	5.0%	4.8%	6.6%	1.9%	1.5%	1.2%	1.4%	(5.2%)	
Adjustment	-	-	-	-	-	-	-	-	-	
Operating Profit Margin	3.3%	(1.2%)	(1.0%)	5.3%	1.5%	(2.0%)	(0.6%)	4.6%	(0.7%)	

Source: Company Data, WRJ Calculation

Foreign Operations (Cumulative/Quarterly)

Foreign Operations	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	Net Chg.
China	10,318	20,842	31,761	42,124	10,187	19,240	27,860	37,631	(4,493)
North America	4,350	8,038	11,734	16,255	4,438	8,980	12,403	17,285	+1,030
Australia	2,507	5,124	7,859	10,287	2,383	5,763	8,870	11,799	+1,512
Other	388	777	1,195	1,819	508	955	1,447	2,001	+182
Sales	17,563	34,782	52,551	70,486	17,518	34,941	50,582	68,717	(1,769)
China	323	842	1,456	2,004	158	228	336	36	(1,968)
North America	44	196	185	542	(47)	(108)	(377)	(156)	(698)
Australia	125	291	499	716	168	394	689	1,007	+291
Other	74	103	141	209	55	82	129	142	(67)
Operating Profit	567	1,434	2,283	3,473	334	596	777	1,031	(2,442)
China	3.1%	4.0%	4.6%	4.8%	1.6%	1.2%	1.2%	0.1%	(4.7%)
North America	1.0%	2.4%	1.6%	3.3%	(1.1%)	(1.2%)	(3.0%)	(0.9%)	(4.2%)
Australia	5.0%	5.7%	6.3%	7.0%	7.0%	6.8%	7.8%	8.5%	+1.6%
Other	19.1%	13.3%	11.8%	11.5%	10.8%	8.6%	8.9%	7.1%	(4.4%)
Operating Profit Margin	3.2%	4.1%	4.3%	4.9%	1.9%	1.7%	1.5%	1.5%	(3.4%)
Foreign Operations	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	Net Chg.
China	10,318	10,524	10,919	10,362	10,187	9,053	8,620	9,770	(592)
North America	4,350	3,688	3,695	4,521	4,438	4,542	3,422	4,882	+361
Australia	2,507	2,617	2,735	2,427	2,383	3,380	3,107	2,928	+501
Other	388	389	418	623	508	447	419	553	(70)
Sales	17,563	17,219	17,768	17,935	17,518	17,423	15,641	18,135	+200
China	323	519	614	547	158	70	108	(299)	(846)
North America	44	152	(10)	357	(47)	(61)	(268)	221	(136)
Australia	125	166	208	217	168	226	294	318	+101
Other	74	29	38	67	55	27	46	13	(54)
Operating Profit	567	867	849	1,189	334	262	180	253	(936)
China	3.1%	4.9%	5.6%	5.3%	1.6%	0.8%	1.3%	(3.1%)	(8.3%)
North America	1.0%	4.1%	(0.3%)	7.9%	(1.1%)	(1.3%)	(7.8%)	4.5%	(3.4%)
Australia	5.0%	6.3%	7.6%	8.9%	7.0%	6.7%	9.5%	10.9%	+1.9%
Other	19.1%	7.5%	9.1%	10.8%	10.8%	6.0%	11.0%	2.4%	(8.4%)
Operating Profit Margin	3.2%	5.0%	4.8%	6.6%	1.9%	1.5%	1.2%	1.4%	(5.2%)

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	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YoY	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	Net Chg.	
Cash and Deposit	37,835	35,571	27,963	26,137	29,172	28,689	29,216	29,022	+2,885	
Accounts Receivables and Contract Assets	39,116	35,021	38,036	44,009	38,145	35,787	34,891	44,163	+154	
Electronically Recorded Monetary Claim	14,408	11,385	9,522	12,006	13,905	12,184	10,058	13,979	+1,973	
Inventory	33,380	36,813	39,321	33,821	33,982	35,921	34,410	32,320	(1,501)	
Other	4,441	4,949	5,783	5,545	5,794	6,671	6,359	6,783	+1,238	
Current Assets	129,180	123,739	120,625	121,518	120,998	119,252	114,934	126,267	+4,749	
Tangible Assets	34,425	35,921	36,231	36,523	36,350	38,229	38,225	38,796	+2,273	
Intangible Assets	9,637	9,972	10,106	9,759	10,240	10,875	10,330	10,626	+867	
Investments and Other Assets	41,897	45,522	45,905	39,968	46,943	47,592	45,112	48,077	+8,109	
Fixed Assets	85,960	91,416	92,242	86,252	93,534	96,697	93,668	97,500	+11,248	
Total Assets	215,140	215,155	212,868	207,771	214,533	215,949	208,603	223,767	+15,996	
Accounts Payables	45,562	40,030	37,975	39,281	37,361	35,782	32,829	37,681	(1,600)	
Short-Term Debt	4,445	4,174	3,532	2,527	1,961	2,007	3,056	3,227	+700	
Other	27,374	27,781	28,226	25,016	26,126	25,854	25,815	27,708	+2,692	
Current Liabilities	77,381	71,985	69,733	66,824	65,448	63,643	61,700	68,616	+1,792	
Long-Term Debt	-	-	-	-	748	694	627	562	+562	
Other	16,218	16,622	16,788	14,279	15,455	15,560	15,323	17,650	+3,371	
Fixed Liabilities	16,218	16,622	16,788	14,279	16,203	16,254	15,950	18,212	+3,933	
Total Liabilities	93,600	88,607	86,521	81,104	81,652	79,898	77,650	86,828	+5,724	
Shareholders' Equity	100,162	99,989	98,024	98,320	97,648	97,098	98,323	100,450	+2,130	
Other	21,378	26,559	28,322	28,347	35,232	38,953	32,629	36,489	+8,142	
Net Assets	121,540	126,548	126,346	126,667	132,880	136,051	130,952	136,939	+10,272	
Total Liabilities & Net Assets	215,140	215,155	212,868	207,771	214,533	215,949	208,603	223,767	+15,996	
Equity Capital	117,043	122,042	121,646	121,978	127,953	130,839	126,311	131,989	+10,011	
Interest-Bearing Debt	4,445	4,174	3,532	2,527	2,709	2,701	3,683	3,789	+1,262	
Net Debt	(33,390)	(31,397)	(24,431)	(23,610)	(26,463)	(25,988)	(25,533)	(25,233)	(1,623)	
Equity Ratio	54.4%	56.7%	57.1%	58.7%	59.6%	60.6%	60.6%	59.0%	-	
Net Debt-to-Equity Ratio	(28.5%)	(25.7%)	(20.1%)	(19.4%)	(20.7%)	(19.9%)	(20.2%)	(19.1%)	-	
ROE (12 months)	5.7%	4.5%	2.6%	0.7%	(0.1%)	(0.4%)	2.1%	3.5%	-	
ROA (12 months)	4.9%	3.7%	2.3%	0.6%	0.1%	0.1%	0.3%	1.7%	-	
Days for Inventory Turnover	81	108	117	78	90	104	100	70	-	
Quick Ratio	118%	114%	108%	123%	124%	120%	120%	127%	-	
Current Ratio	167%	172%	173%	182%	185%	187%	186%	184%	-	

Source: Company Data, WRJ Calculation

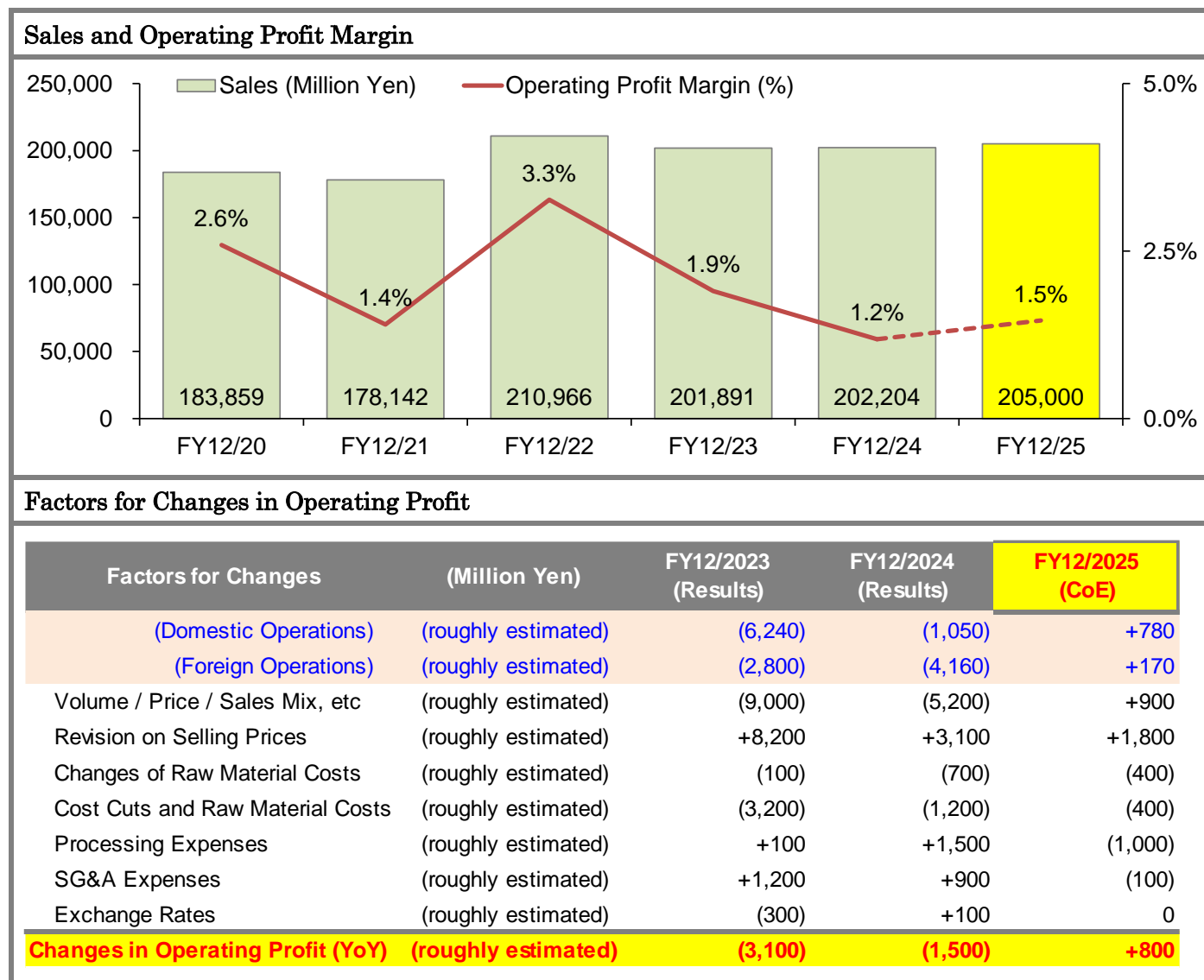
Cash Flow Statement (Cumulative)

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	YoY	
(Million Yen)	12/2023	12/2023	12/2023	12/2023	12/2024	12/2024	12/2024	12/2024	Net Chg.	
Operating Cash Flow	-	1,348	-	(1,868)	-	6,455	-	8,618	+10,486	
Investing Cash Flow	-	(3,148)	-	(5,664)	-	(5,253)	-	(5,996)	(332)	
Operating Cash Flow and Investing Cash Flow	-	(1,800)	-	(7,532)	-	1,202	-	2,622	+10,154	
Financing Cash Flow	-	235	-	(3,235)	-	(1,340)	-	(2,477)	+758	

Source: Company Data, WRJ Calculation

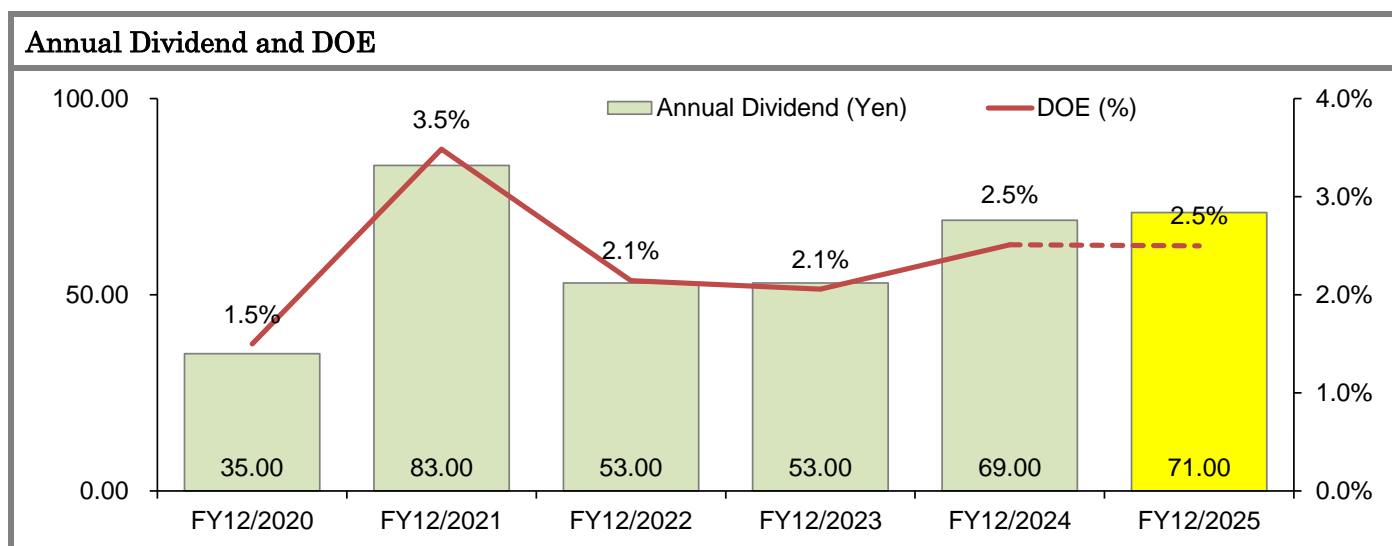
FY12/2025 Company Forecasts

FY12/2025 Company forecasts, announced on 13 February 2025, are going for prospective sales of ¥205,000m (up 1.4% YoY), operating profit of ¥3,000m (up 25.2%), recurring profit of ¥3,900m (up 8.9%) and profit attributable to owners of parent of ¥2,400m (down 45.2%), while operating profit margin of 1.5% (up 0.3% points).



Source: Company Data, WRJ Calculation

In light of the Company's Factors for Changes in Operating Profit, it appears that the factor of revision on selling prices is to roughly compensate for increased costs in general. Meanwhile, the Company is looking to the factor of volume / price / sales mix, etc. to increase operating profit and thus the Company's operating profit is to rise to a corresponding extent, generally speaking. In particular, the Company is looking to a contribution from a stable increase in sales volume on the Domestic Operations side. Housing starts in Japan will remain sluggish, but the Company has hope of benefiting from a steady recovery in replacement demand. Meanwhile, in China, the Company has set out a policy to intensively focus on sales promotions for brick-and-mortar-store-oriented sales channels, where it is rather easier to maintain and/or enhance profitability, when compared with online-shopping-oriented sales channels (some 80% of the local market), where the Company is exposed to fierce price-oriented competition, while the Company is to be involved with the latter as well to an extent for itself to maintain local production volume.



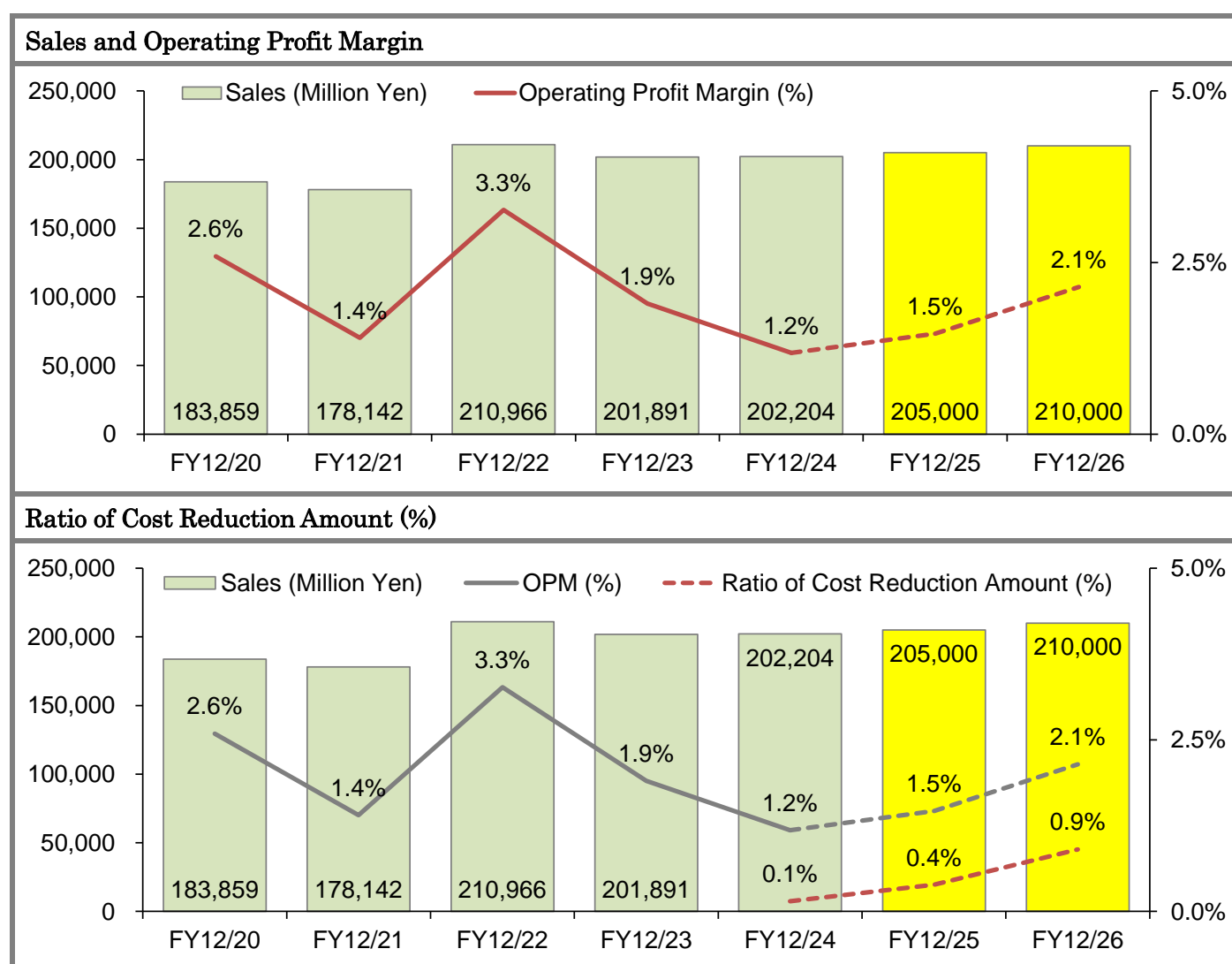
Source: Company Data, WRJ Calculation

Meanwhile, Company forecasts are going for planned annual dividend of ¥71.00 per share for FY12/2025, implying payout ratio of 136.9% and/or DOE of 2.5%. The Company used to advocate capital policy of paying dividend, equating to 2.0% in terms of dividend on equity ratio (DOE) as the target, while the midterm management plan V-Plan 26 (FY12/2024 to FY12/2026) advocates paying dividend, equating to 2.5% in terms of DOE or 50% in terms of payout ratio, whichever being higher. Consequently, the Company has paid annual dividend of ¥69.00 per share for FY12/2024, implying payout ratio of 72.7% and DOE of 2.5% versus annual dividend of ¥53.00 per share for FY12/2023, implying payout ratio of 281.3% and DOE of 2.1%.

Now, the Company plans to increase annual dividend by ¥2.00 from FY12/2024 to FY12/2025 in line with an increase in equity during the relevant period. According to the Company, the average equity during the year is used as the denominator for working out the levels of DOE. Furthermore, the Company will acquire own shares with a total upper limit of ¥2,000m (1.4 million shares or some 3.0% of the total number of issued shares excluding treasury shares) with the aim of improving capital efficiency and strengthening shareholder returns through an improvement in the capital structure. The acquisition period is from 14 February 2025 to 31 December 2025.

Long-Term Prospects

The midterm management plan V-Plan 26 (FY12/2024 to FY12/2026) is currently calling for prospective sales of ¥210,000m, operating profit of ¥4,500m and operating profit margin of 2.1% as the management targets for FY12/2026, the final year of the plan, having gone through revision made on 13 February 2025. Thus, the Company suggests CAGR of 1.9% in sales and 37.1% in operating profit for FY12/2026, when setting the actual results for FY12/2024 as the point of origin. In other words, a recovery in earnings is to begin and persist, having hit the bottom for FY12/2024. During the relevant period, the Company is to see improvement of operating profit margin by 0.9% points.



Source: Company Data, WRJ Calculation

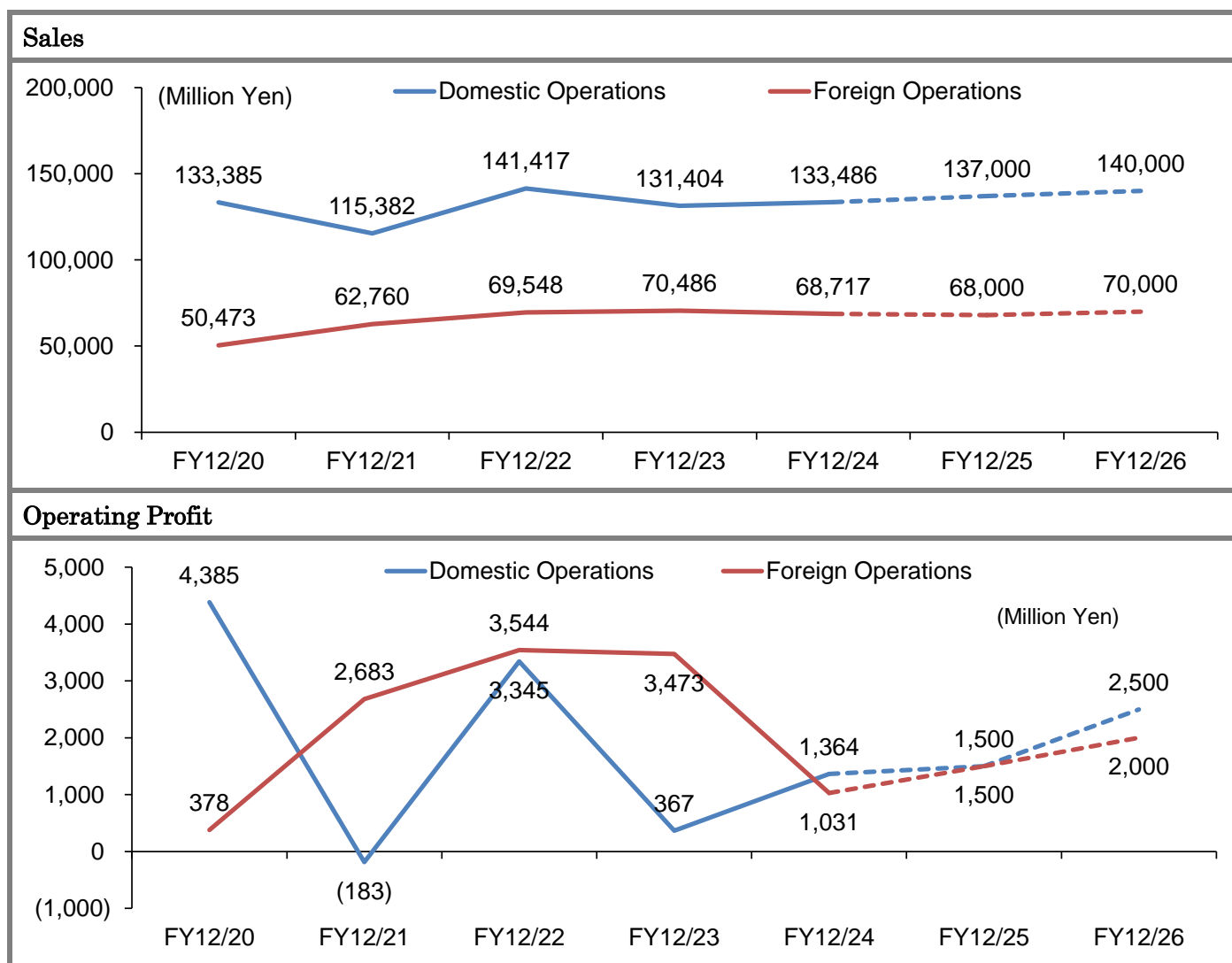
The prospective rate of increase in sales is rather limited, but substantial in operating profit, which is attributable to the fact that the Company is looking to progress to be made steadily for its measures to cut back on costs. The impact of the cost reduction equated to no more than ¥300m in the amount for FY12/2024, but the Company expects ¥800m for FY12/2025 and ¥1,900m for FY12/2026. If calculated simply, the ratio to sales equates to 0.1%, 0.4% and 0.9%, respectively, which looks generating a considerable impact ever-increasing on the improvement of the Company's operating profit margin.

Thus, the Company is calling for cost reduction of cumulative ¥3,000m throughout the three-year period of the midterm management plan V-Plan 26, which is to be achieved by realization of smart manufacturing scheme through the establishment of a robust infrastructure of manufacturing system and an increase in the rate of in-house production. On top of making efforts for a) material cost reduction via cutting back of procurement prices, the Company is to achieve b) realization of smart factory via its efforts to promote automation and efficiency of production facilities by means of the smartification of production equipment and other DX measures, as well as trying to benefit from c) incorporation of added value through in-house production within the Group by means of capturing the added value of the operations outsourced so far, preventing any cost increases and optimizing manufacturing locations.

For FY12/2024, the first year of the plan, the impact stemming from all those measures was rather limited to earnings during the relevant period as the said measures have just begun being executed, while the Company suggests that it has made steady progress in achieving the above-mentioned goal to date. At the same time, it should be noted that the Company is looking to an ever-increasing benefit from launch of new products based on the development stemming from here for FY12/2026, the final year of the midterm management plan V-Plan 26, which is to be followed by sustainable expansion of sales for all those new products thereafter.

With respect to a) material cost reduction, the Company suggests that this could have a significant impact. For example, with respect to “materials” such as copper, stainless steel and steel, i.e., those of being more like raw materials, the Company can hardly control procurement prices because the market trends are almost like the exclusive determinants for the prices, i.e., being outside the management efforts. More importantly, meanwhile, there remains a room for innumerable components (procured goods: 5,000 to 6,000 in the number of items) the Company procures to cut back on unit procurement prices by means of promoting standardization. In fact, the Company has laid out a policy to do so and this is also true of the above-mentioned state that it has made steady progress in achieving the goal to date, as far as we could gather. If there is significant progress in the overall standardization of components and so on for a variety of products manufactured in Japan, China and so on across the board, which is to have a significant impact.

On the other hand, with respect to b) realization of smart factory, it appears that there is an aspect that the Company takes general measures to cope with needs to reduce the workload in line with labor scarcity, while executing general measures to literally prevent any cost increases with respect to c) incorporation of added value through in-house production within the Group.

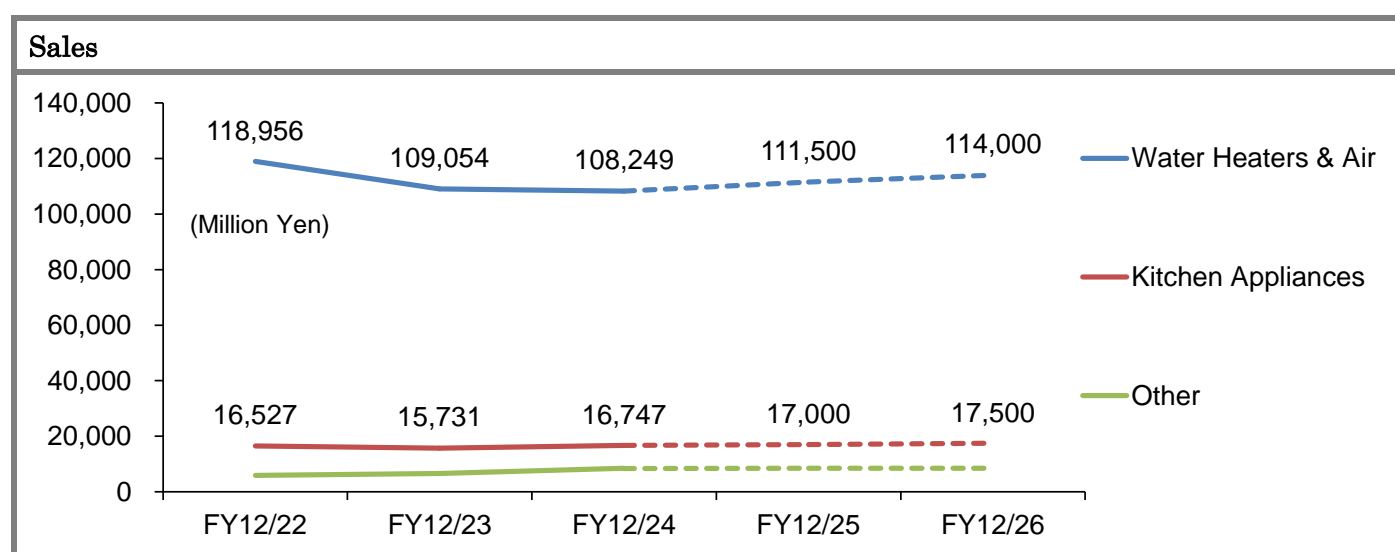


Source: Company Data, WRJ Calculation

In order to achieve the above-mentioned management targets, the Company has announced that it plans to aggressively pursue the following priority strategies: Transformation of Business Portfolio, Expansion of Strategic Investment & Capital Policy and Promotions of Sustainability Management. Transformation of Business Portfolio, being the particular focus of the Company, is planned to be promoted mutually on the Domestic Operations side and the Foreign Operations side. The Company advocates such promotions by domain on the Domestic Operations side and by region on the Foreign Operations side, as follows:

Domestic Operations

On the Domestic Operations side, the Company is calling for prospective sales of ¥140,000m and operating profit of ¥2,500m for FY12/2026, the final year of the plan. When setting the actual results of FY12/2024 as the point of origin, the Company is calling for CAGR of 2.4% in sales and 35.4% in operating profit. Meanwhile, by domain, the Company is calling for prospective sales of ¥114,000m (CAGR of 2.6%) for the mainstay domain of water heaters & air (principally comprising those of gas water heaters & oil-fired boilers), ¥17,500m (2.2%) for the domain of kitchen appliances and ¥8,500m (0.1%) for the domain of other. With respect to sales of the mainstay domain of water heaters & air, the Company also suggests that prospective sales comprise those of residential products and non-residential (business-grade) products, calling for ¥104,000m (2.4%) and ¥10,000m (up 4.9%), respectively. Meanwhile, the Company is to see improvement by 0.8% points in operating profit margin from 1.0% to 1.8%.



Source: Company Data, WRJ Calculation

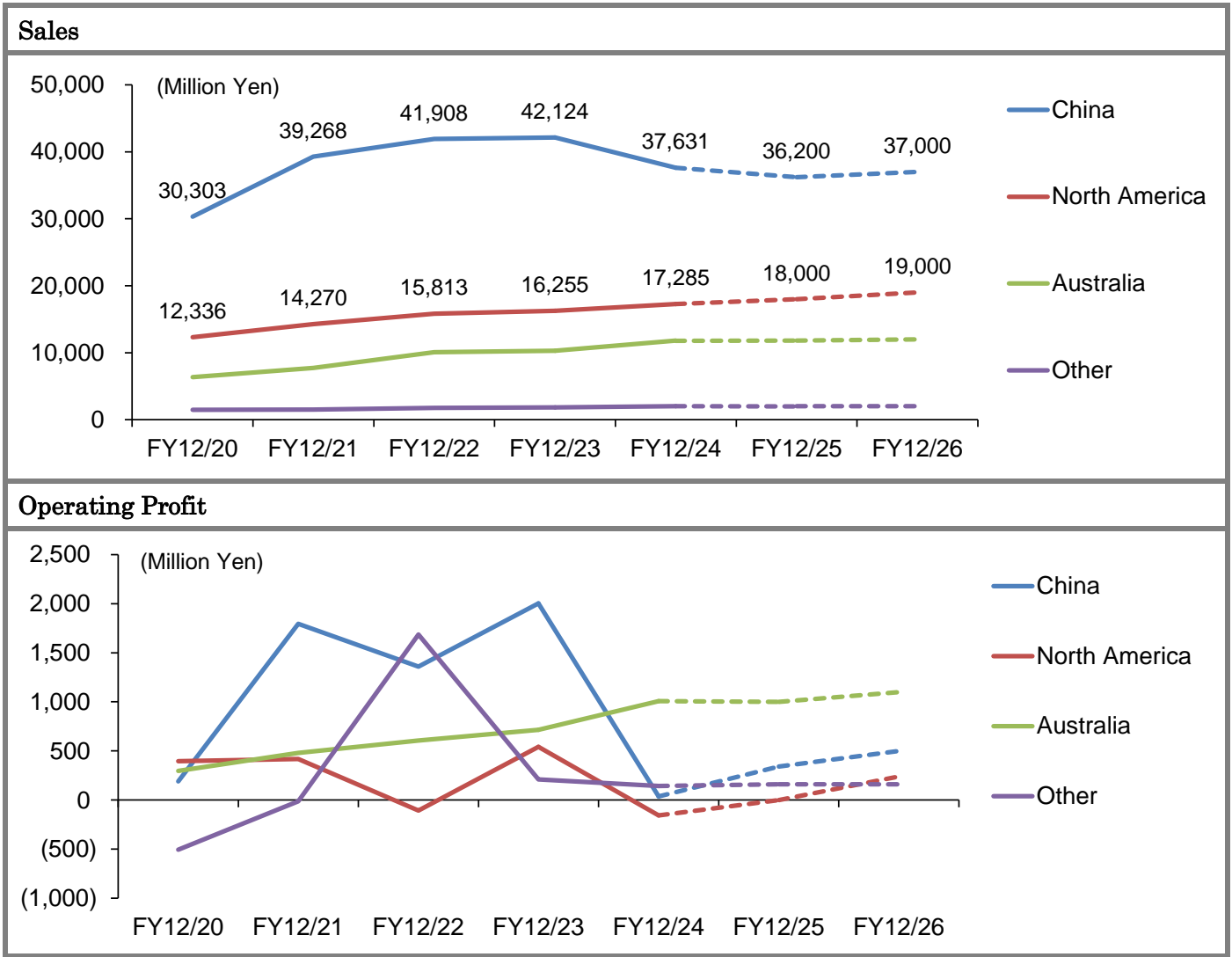
The Company's Transformation of Business Portfolio on the Domestic Operations side is to break away from the business structure that is overly dependent on residential products, accounting for the bulk of sales in the mainstay domain of water heaters & air (principally comprising those of gas water heaters & oil-fired boilers). In other words, the Company now focuses on sales promotions for non-residential (business-grade) products and the domain of kitchen appliances, aiming to achieve stable growth on the Domestic Operations side from a long-term perspective.

With respect to non-residential products (principally comprising business-grade gas water heaters & oil-fired boilers), the Company is now trying to further cultivate markets, combined with higher unit selling prices, for small-scale facilities (barbershops, beauty salons, restaurants, etc.) and medium-scale facilities (hotels, ryokan, welfare facilities, etc.), where it has been able to maintain a high market share. Furthermore, the Company is also trying to enter new markets by persuading replacement of kerosene / heavy oil boilers with business-grade gas water heaters, represented by those of medium-scale facilities (schools, nursery schools, hospitals, etc.) and large-scale facilities (hot spring facilities, etc.) that the Company has not entered yet to date. For the said replacement, there is another aspect for the Company to contribute to the realization of a carbon-neutral society and the Company would like to actively work on the measures from this perspective as well.

In addition to all those so-called interpersonal markets, the Company is now trying to enter so-called non-interpersonal markets, e.g., those of agriculture, fishery, factory, plant facilities, etc., at the same time, which are all new markets for the Company. It appears that the Company is now beginning to develop technology and products suitable for them.

Foreign Operations

On the Foreign Operations side, the Company is calling for prospective sales of ¥70,000m and operating profit of ¥2,000m for FY12/2026, the final year of the plan. When setting the actual results of FY12/2024 as the point of origin, the Company is calling for CAGR of 0.9% in sales and 39.3% in operating profit. By region, the Company is calling for sales of ¥37,000m (CAGR of minus 0.8%) in China, sales of ¥19,000m (4.8%) in North America, sales of ¥12,000m (0.8%) in Australia and sales of ¥2,000m (minus 0.0%) in the category of other. Meanwhile, the Company is to see improvement by 1.4% points in operating profit margin from 1.5% to 2.9%.



Source: Company Data, WRJ Calculation

The Company's Transformation of Business Portfolio on the Foreign Operations side is to break away from the business structure that is overly dependent on the performance trends of China, which has a large scale of sales. In addition to promoting business expansion in North America, the Company is to accelerate its business development in Southeast Asia for the sake of risk diversification. Thus, the Company aims to achieve stable growth also on the Foreign Operations side from a long-term perspective. For the business development in Southeast Asia, it appears that the Company is looking to a major contribution from the equity-method affiliate being responsible for the local operations, i.e., Kangaroo International Joint Venture Company, located in Hung Yen Province, Vietnam, in which the Company has a 44% stake. Meanwhile, the Company currently benefits from increased earnings in Australia, although sales are rather smaller than those of China and North America, while likely to remain as the key earnings pillar towards FY12/2026, the final year of the midterm management plan V-Plan 26.

With respect to China, which had a significant impact to lower earnings on the Foreign Operations side for FY12/2024, sales are to hardly increase towards FY12/2026, the final year of the midterm management plan V-Plan 26. However, it is assumed that there will be a major contribution for earnings, which is to account for almost half of the improvement of earnings on the Foreign Operations side as a whole from FY12/2024 to FY12/2026. According to the Company, there will be a benefit from its efforts to lower break-even point for sales in the local business operations, driven by the measures to cut back on fixed costs with a policy to promote independence of local subsidiaries.

Expansion of Strategic Investment and Capital Policy

The Company intends to make business investment of collective ¥32,500m during the period of the midterm management plan V-Plan 26 (FY12/2024 to FY12/2026), intending to ensure sustainable growth through the said investment. Further, the Company intends to strengthen shareholder returns as mentioned earlier and reduce cross-shareholdings as well as taking other actions to conduct management with an awareness regarding cost of capital and share prices. For information, the main targets for business investment are that of being associated with the Foreign Operations side, which is positioned as a growth business realm, that of being associated with research & development and that of production reforms. When investment in other strategic issues is also included, the Company is to see amount up to collective ¥23,500m (72.3% of total) with such new and/or strategic investment.

Promotions of Sustainability Management

For the promotions of sustainability management, the Company goes, “we provide long-term safety and security through direct connections (with end users of our products) as the priority issue, while expanding member enrollment and keeping up contracted maintenance services at the same time,” with the initiatives of the Q+ESG concept as the foundation. Further, the Company also goes, “we are keen on carbon-neutrality initiatives and are to achieve our reduction targets for CO2 emission related to our products and business”, as well as going, “we develop intangible assets to solve social issues, while promoting utilization of intangible assets such as human capital (reform of working practices and health management) and intellectual capital (development of advanced technology). Elsewhere, the Company goes, “we actively work on strengthening of corporate governance as well as evaluation and improvement of board of directors to enhance its effectiveness at the same time.”

5.0 Financial Statements

Income Statement

Income Statement	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	Net Chg.
Sales	183,859	178,142	210,966	201,891	202,204	205,000	+2,796
Cost of Sales	125,854	120,949	143,642	138,066	139,061	-	-
Gross Profit	58,005	57,193	67,323	63,824	63,142	-	-
SG&A Expenses	53,241	54,693	60,433	59,984	60,746	-	-
Operating Profit	4,763	2,500	6,889	3,840	2,395	3,000	+605
Non Operating Balance	1,162	1,476	1,011	(2,595)	1,184	900	(284)
Recurring Profit	5,925	3,976	7,900	1,245	3,579	3,900	+321
Extraordinary Balance	(9,986)	4,941	(213)	1,791	3,547	-	-
Profit before Income Taxes	(4,061)	8,917	7,687	3,036	7,126	-	-
Total Income Taxes	(966)	3,216	2,639	1,852	2,522	-	-
Profit Attributable to Non-Controlling Interests	(81)	220	247	314	221	-	-
Profit Attributable to Owners of Parent	(3,013)	5,479	4,800	868	4,383	2,400	(1,983)
Sales YoY	(11.8%)	(3.1%)	+18.4%	(4.3%)	+0.2%	+1.4%	-
Operating Profit YoY	+76.8%	(47.5%)	+175.5%	(44.3%)	(37.6%)	+25.2%	-
Recurring Profit YoY	+72.4%	(32.9%)	+98.7%	(84.2%)	+187.5%	+8.9%	-
Profit Attributable to Owners of Parent YoY	-	-	(12.4%)	(81.9%)	+404.4%	(45.2%)	-
Gross Profit Margin	31.5%	32.1%	31.9%	31.6%	31.2%	-	-
SG&A Ratio	29.0%	30.7%	28.6%	29.7%	30.0%	-	-
Operating Profit Margin	2.6%	1.4%	3.3%	1.9%	1.2%	1.5%	+0.3%
Recurring Profit Margin	3.2%	2.2%	3.7%	0.6%	1.8%	1.9%	+0.1%
Profit Attributable to Owners of Parent Margin	(1.6%)	3.1%	2.3%	0.4%	2.2%	1.2%	(1.0%)
Total Income Taxes / Profit before Income Taxes	-	36.1%	34.3%	61.0%	35.4%	-	-

Source: Company Data, WRJ Calculation

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Segmented Information

Segmented Information	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.Act FY	Cons.CoE FY	YoY
(Million Yen)	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	Net Chg.
Water Heaters & Air	-	-	118,956	109,054	108,249	111,500	+3,251
Kitchen Appliances	-	-	16,527	15,731	16,747	17,000	+253
Other	-	-	5,932	6,618	8,489	8,500	+11
Domestic Operations	133,385	115,382	141,417	131,404	133,486	137,000	+3,514
Water Heaters & Air	-	-	58,542	59,308	57,245	-	-
Kitchen Appliances	-	-	10,041	10,380	10,876	-	-
Other	-	-	964	797	596	-	-
Foreign Operations	50,473	62,760	69,548	70,486	68,717	68,000	(717)
Sales	183,859	178,142	210,966	201,891	202,204	205,000	+2,796
Domestic Operations	4,385	(183)	3,345	367	1,364	1,500	+136
Foreign Operations	378	2,683	3,544	3,473	1,031	1,500	+469
Segment Profit	4,763	2,500	6,889	3,840	2,395	3,000	+605
Adjustment	-	-	-	-	-	-	-
Operating Profit	4,763	2,500	6,889	3,840	2,395	3,000	+605
Domestic Operations	3.3%	(0.2%)	2.4%	0.3%	1.0%	1.1%	+0.1%
Foreign Operations	0.7%	4.3%	5.1%	4.9%	1.5%	2.2%	+0.7%
Adjustment	-	-	-	-	-	-	-
Operating Profit Margin	2.6%	1.4%	3.3%	1.9%	1.2%	1.5%	+0.3%

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	Net Chg.
Cash and Deposit	30,821	43,432	36,253	26,137	29,022	-	-
Accounts Receivables and Contract Assets	43,320	31,302	43,403	44,009	44,163	-	-
Electronically Recorded Monetary Claim	12,278	9,333	15,161	12,006	13,979	-	-
Inventory	17,470	22,033	32,223	33,821	32,320	-	-
Other	4,163	5,910	5,143	5,545	6,783	-	-
Current Assets	108,052	112,010	132,183	121,518	126,267	-	-
Tangible Assets	33,327	33,865	33,990	36,523	38,796	-	-
Intangible Assets	9,228	9,360	9,693	9,759	10,626	-	-
Investments and Other Assets	39,117	39,290	41,108	39,968	48,077	-	-
Fixed Assets	81,673	82,516	84,791	86,252	97,500	-	-
Total Assets	189,726	194,527	216,974	207,771	223,767	-	-
Accounts Payables	37,004	34,909	48,360	39,281	37,681	-	-
Short-Term Debt	825	809	2,112	2,527	3,227	-	-
Other	21,084	22,890	29,773	25,016	27,708	-	-
Current Liabilities	58,913	58,608	80,245	66,824	68,616	-	-
Long-Term Debt	40	40	-	-	562	-	-
Other	19,801	19,685	17,072	14,279	17,650	-	-
Fixed Liabilities	19,841	19,725	17,072	14,279	18,212	-	-
Total Liabilities	78,755	78,333	97,318	81,104	86,828	-	-
Shareholders' Equity	97,349	100,618	99,948	98,320	100,450	-	-
Other	13,622	15,575	19,708	28,347	36,489	-	-
Net Assets	110,971	116,193	119,656	126,667	136,939	-	-
Total Liabilities & Net Assets	189,726	194,527	216,974	207,771	223,767	-	-
Equity Capital	107,148	111,959	115,274	121,978	131,989	-	-
Interest-Bearing Debt	865	849	2,112	2,527	3,789	-	-
Net Debt	(29,956)	(42,583)	(34,141)	(23,610)	(25,233)	-	-
Equity Ratio	56.5%	57.6%	53.1%	58.7%	59.0%	-	-
Net Debt-to-Equity Ratio	(28.0%)	(38.0%)	(29.6%)	(19.4%)	(19.1%)	-	-
ROE (12 months)	(2.8%)	5.0%	4.2%	0.7%	3.5%	1.9%	-
ROA (12 months)	3.0%	2.1%	3.8%	0.6%	1.7%	-	-
Days for Inventory Turnover	50	66	81	89	84	-	-
Quick Ratio	147%	143%	118%	123%	127%	-	-
Current Ratio	183%	191%	165%	182%	184%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	12/2020	12/2021	12/2022	12/2023	12/2024	12/2025	Net Chg.
Operating Cash Flow	9,415	15,447	2,403	(1,868)	8,618	-	-
Investing Cash Flow	(5,432)	(2,522)	(7,790)	(5,664)	(5,996)	-	-
Operating Cash Flow and Investing Cash Flow	3,983	12,925	(5,387)	(7,532)	2,622	-	-
Financing Cash Flow	(4,317)	(3,118)	(4,778)	(3,235)	(2,477)	-	-

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act FY 12/2020	Cons.Act FY 12/2021	Cons.Act FY 12/2022	Cons.Act FY 12/2023	Cons.Act FY 12/2024	Cons.CoE FY 12/2025	YoY Net Chg.
No. of Shares FY End (thousand shares)	50,798	50,798	50,798	50,798	48,555	-	-
Net Profit / EPS (thousand shares)	46,504	45,996	45,872	46,072	46,190	-	-
Treasury Shares FY End (thousand shares)	4,815	4,799	4,837	4,670	2,285	-	-
Earnings Per Share	(64.79)	119.12	104.64	18.84	94.89	51.87	-
Earnings Per Share (Fully Diluted)	-	118.83	104.49	18.82	94.75	-	-
Book Value Per Share	2,330.19	2,433.96	2,508.08	2,644.38	2,852.62	-	-
Dividend Per Share	35.00	83.00	53.00	53.00	69.00	71.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act FY 12/2020	Cons.Act FY 12/2021	Cons.Act FY 12/2022	Cons.Act FY 12/2023	Cons.Act FY 12/2024	Cons.CoE FY 12/2025	YoY Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	(64.79)	119.12	104.64	18.84	94.89	51.87	-
Book Value Per Share	2,330.19	2,433.96	2,508.08	2,644.38	2,852.62	-	-
Dividend Per Share	35.00	83.00	53.00	53.00	69.00	71.00	-
Payout Ratio	-	69.7%	50.6%	281.3%	72.7%	136.9%	-

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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