

NORITZ (5943)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY12/2024		202,204	2,395	3,579	4,383	94.89	69.00	2,852.62
FY12/2025		202,049	4,300	5,544	3,358	73.51	74.00	3,058.39
FY12/2026CoE		210,000	4,500	5,500	8,600	188.07	94.00	-
FY12/2025	YoY	(0.1%)	79.5%	54.9%	(23.4%)	-	-	-
FY12/2026CoE	YoY	3.9%	4.6%	(0.8%)	156.0%	-	-	-
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 FY12/2025		98,523	1,658	2,236	1,204	-	-	-
Q3 to Q4 FY12/2025		103,526	2,642	3,308	2,154	-	-	-
Q1 to Q2 FY12/2026CoE		98,800	380	930	2,648	-	-	-
Q3 to Q4 FY12/2026CoE		111,200	4,120	4,570	5,952	-	-	-
Q1 to Q2 FY12/2026CoE	YoY	0.3%	(77.1%)	(58.4%)	119.9%	-	-	-
Q3 to Q4 FY12/2026CoE	YoY	7.4%	55.9%	38.1%	176.3%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (30 March 2026)


Structural Reform and Capital Efficiency

NORITZ, which develops domestic and overseas operations centered on the manufacture and sale of gas water heaters & oil-fired boilers, has been steadily improving its earnings structure despite operating in markets where demand has not necessarily been robust, supported by progress in product mix improvements and cost-reduction initiatives. In FY12/2025, while sales posted a slight decline, earnings improved substantially both domestically and overseas. In Japan, alongside the steady penetration of price revisions, although market maturity has continued in the core residential applications, a rising sales mix of high value-added environmentally conscious products and other high value-added products, i.e., high-efficiency water heaters and premium water heaters enabled value-based growth and improved profitability, offsetting lower volumes. In the non-residential applications, the steady capture of replacement demand for business-grade water heaters and the expansion of proposals combining maintenance and services supported earnings. Overseas, although sales declined amid weak market conditions in China, earnings improved markedly due to fixed-cost reductions and a review of the sales structure, while in Q4 (October–December), new kitchen appliances performed well in China and North America achieved a turnaround to profitability as sales recovered. Looking ahead, the Company forecast for FY12/2026 calls for continued sales and profit growth, although in Japan, a sharper-than-expected rise in copper prices remains a source of concern despite cautious assumptions on raw material costs. On the capital policy front, capital efficiency has been improving through the reduction of cross-shareholdings, progressing in parallel with structural reforms on the business side.

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2.0 Company Profile

Happiness is a Warm Ofuro

Company Name	<p>NORITZ CORPORATION</p> <p>Company HP</p> <p>Investor Relations</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 December 2025)	
No. of Shares	48,554,930 shares, including 2,828,129 treasury shares (as of the end of Dec. 2025)	
Main Features	<ul style="list-style-type: none"> ● Springhead of business: happiness is a warm ofuro, i.e., Japanese bath ● Leading the market for gas water heaters & oil-fired boilers in Japan ● Focus on the non-residential applications (business-grade gas water heaters & oil-fired boilers, etc.) and kitchen appliances 	
Segments	<p>I . Domestic Operations</p> <p>II . Overseas Operations</p>	
Representatives	President & CEO: Masayuki Takenaka / Chairman & CEO: Satoshi Haramaki	
Shareholders	Master Trust Bank of Japan, T. 11.77%, Client Share Ownership Plan 5.23%, Sumitomo Mitsui Banking 3.79%, Dai-Ichi Life 3.51%, CHOFU SEISAKUSHO 3.31%, NIPPON ACTIVE VALUE FUND PLC 3.27% (as of the end of December 2025, excluding treasury shares)	
Head Office	Kobe-city, Hyogo-prefecture, JAPAN	
No. of Personnel	Consolidated: 5,934, Parent: 1,985 (as of the end of December 2025)	

Source: Company Data

3.0 Corporate Philosophy

A Guideline Toward the Vision for 2030

On 14 February 2024, the Company announced that it had formulated its medium-term management plan “V-Plan 26” (FY12/2024-FY12/2026). At the same time, it disclosed that it had reviewed its corporate philosophy framework. While continuing its existing Mission, “We bring the new happiness to a boil,” the Company has not only set forth “V-Plan 26” but also established a new Vision for 2030 (FY12/2030), representing its long-term aspirations. Specifically, the new Vision is expressed as “We strive to persistently deliver an absolute must and to newly create an absolute must.”

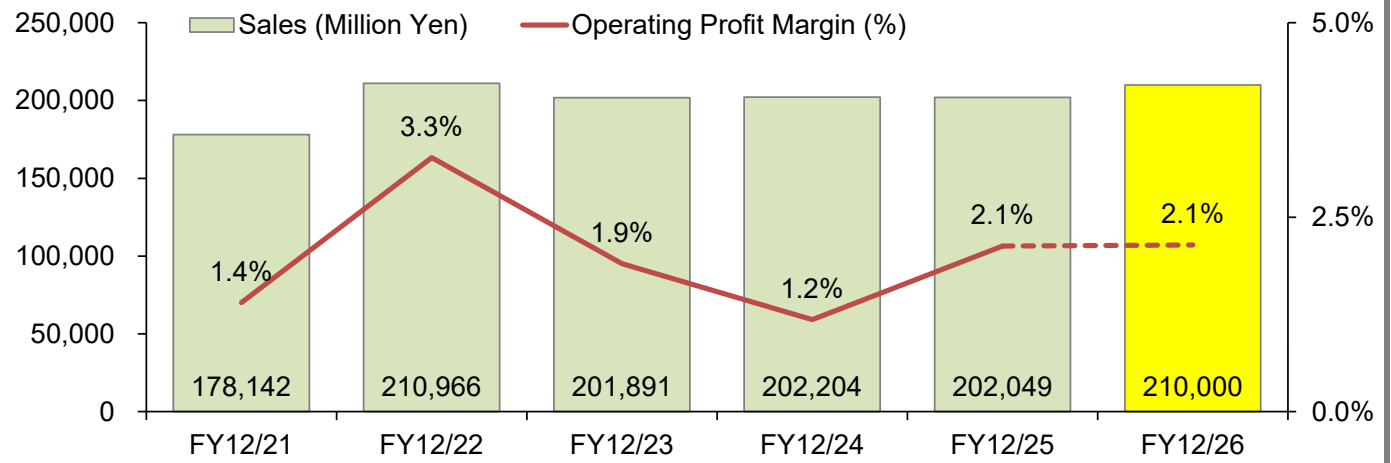
A Guideline Toward the Vision for 2030



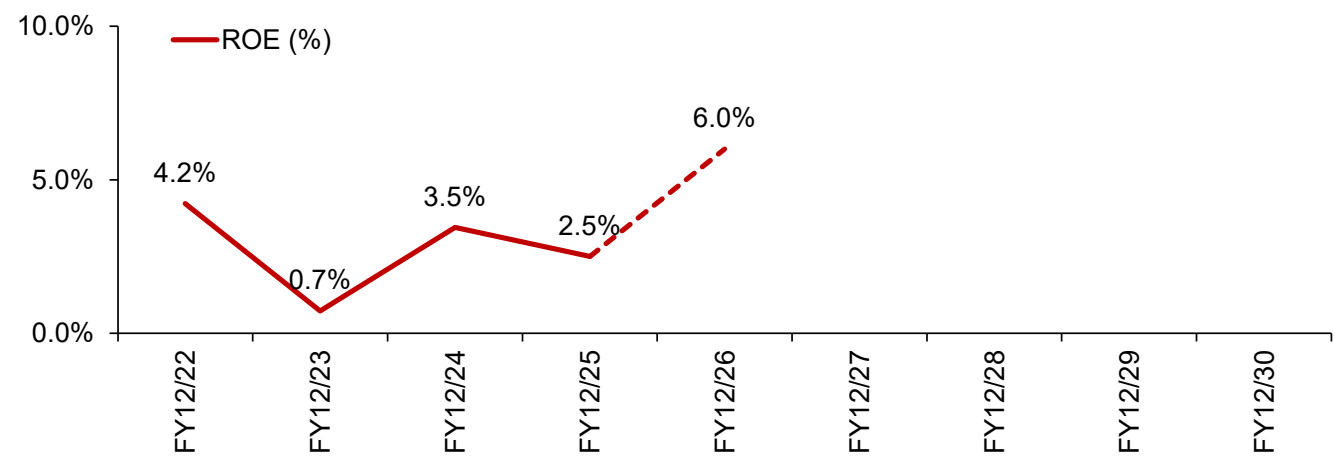
Source: Company Data

The background cited for establishing the new Vision is the Company’s belief that two pillars are critically important: first, to further evolve the indispensable daily life that the Company has consistently delivered and must never change; and second, to explore and provide new indispensable offerings—even those not currently available—to end consumers, who are the ultimate users of its products, thereby contributing to society. The Company intends to use this Vision as a compass to achieve sustainable growth from a medium- to long-term perspective.

Medium-Term Management Plan “V-Plan 26” (FY12/2024-FY12/2026)



Financial Value (ROE)



Source: Company Data, WRJ Calculation

Under the medium-term management plan “V-Plan 26” (FY12/2024-FY12/2026; management targets revised on 13 February 2025), the Company has set forth a policy to actively pursue three key strategies: “transformation of the business portfolio,” “expansion of strategic investments & capital policy” and “promotion of sustainability management.” At the same time, it plans to achieve sales of ¥210,000m, operating profit of ¥4,500m and an operating profit margin of 2.1% in the final year, FY12/2026. It should be also noted that, on 10 February 2026, the Company announced the results for FY12/2025 as well as the Company forecast for FY12/2026, and based on the latter, the targets set for the final year of the medium-term management plan have remained unchanged in the course of developments to date.

In addition, under the concept of enhancing corporate value pursued in the medium-term management plan “V-Plan 26,” the Company places importance on improving both financial value (ROE) and non-financial value (Q+ESG). With regard to financial value (ROE), the Company is targeting an ROE of more than 6% in FY12/2026. Compared with 2.5% in FY12/2025, this would represent a substantial improvement; however, it should be noted that this is not predicated on a significant expansion of operating earnings but is largely attributable to the recognition of gains on the sale of shares arising from the promotion of reductions in cross-shareholdings. In other words, the planned increase in ROE is not expected to be achieved primarily through a further enhancement of the profitability of the core business, but rather reflects, to a large extent, the outcome of measures aimed at revising the capital structure. Naturally, the Company is also aware of this perspective, and has set forth a policy to gradually improve capital efficiency in parallel with initiatives to improve the business structure.

Meanwhile, non-financial value (Q+ESG) is positioned as an important element linking business activities with medium- to long-term enhancement of corporate value. Specifically, this concept is based on building a foundation for sustainable competitiveness through initiatives such as contributing to the reduction of environmental impacts by expanding sales of environmentally friendly products and promoting the adoption of high-efficiency water heaters, strengthening “connections” with customers centered on safety and peace of mind, as well as efforts in human resource development and the enhancement of governance. While these initiatives do not directly translate into short-term performance fluctuations, they are expected to be evaluated as factors that underpin business stability and profitability over the medium- to long-term. Furthermore, the Company’s approach to enhancing corporate value is characterized by not favoring either financial value or non-financial value (Q+ESG), but by seeking to enhance both in a complementary manner. At present, improvements in ROE driven by capital policy are taking the lead; however, improvements in product mix, cost reduction initiatives and ESG-conscious business operations being implemented in parallel are expected to contribute to a structural uplift in earnings power over the medium- to long-term.

Promotion of Sustainability Management

The Company, which is actively promoting sustainability management, has set forth a policy to strengthen its responses to carbon neutrality and social issues by focusing on the development and expansion of environmentally friendly products and products designed to address social challenges. To meet the Top Runner standards under Japan’s Energy Conservation Act, the Company is accelerating the promotion of latent-heat recovery water heaters and the development of hybrid water heaters, and is regarded as positioning itself as an industry leader.

For latent-heat recovery water heaters, a mechanism is adopted that recovers and reuses heat (latent heat) contained in exhaust gases, thereby reducing fuel consumption and significantly improving energy-saving performance. Meanwhile, hybrid water heaters refer to high-efficiency water heating systems that combine a gas water heater with an electric heat pump water heater, leveraging the strengths of both in order to maximize energy-saving performance. A heat pump is a technology that transfers thermal energy from air or water to efficiently perform heating and/or cooling.

As its vision toward 2030 (FY12/2030), the Company has set forth targets of achieving a domestic sales composition ratio of 90% for environmentally friendly products (versus 40% in 2023) and reducing CO₂ emissions from products sold by 30% compared with 2018. Further details on the Company's related initiatives are disclosed in "[NORITZ REPORT 2025](#)."

Selected Company History

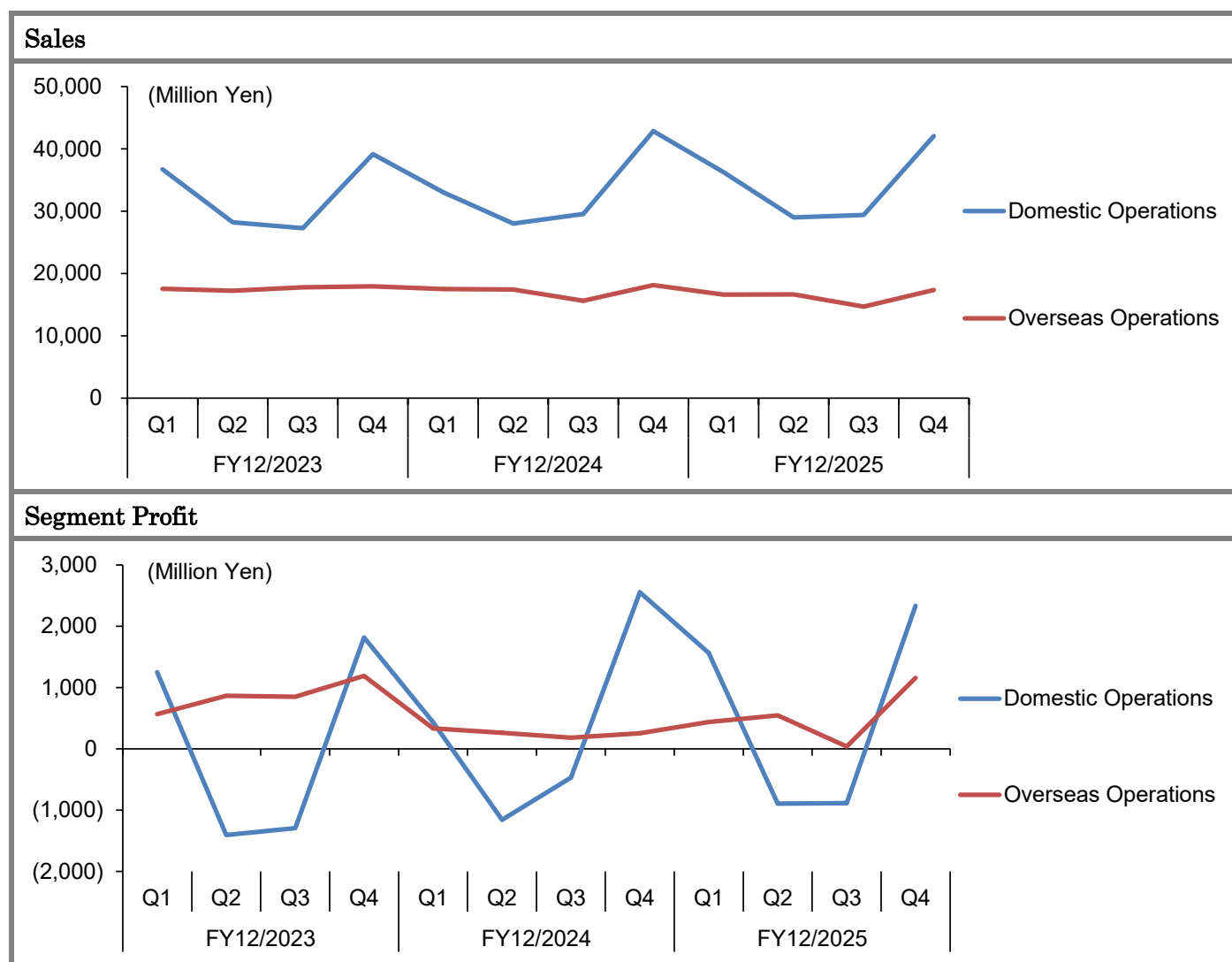
Date	Events
March 1951	Noritsu Bath Industry K.K., set up with capital of ¥530,000; head office, inaugurated in Ikuta-ku, Kobe-city (changed to Chuo-ku, Kobe-city in December 1980 due to change of the address)
May 1955	Tokyo local office, opened in Chiyoda-ku, Tokyo; upgraded to branch office in March 1994; Tokyo showroom NOVANO, opened in November 1987 (closed in March 2020) in current location of 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 these 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 a 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 an affiliate with capital injection (consolidated as a 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 a 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 a 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 a 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 a subsidiary with the acquisition of the shares
January 2019	PB Heat, LLC (Pennsylvania, U.S.A.), consolidated as a subsidiary with the acquisition of equity interest
February 2019	Facilities Resource Group LLC (Michigan, U.S.A.), consolidated as a 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 an 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

FY12/2025

In FY12/2025, sales came in at ¥202,049m (down 0.1%), operating profit ¥4,300m (up 79.5%), recurring profit ¥5,544m (up 54.9%) and profit attributable to owners of parent ¥3,358m (down 23.4%). By segment, the Domestic Operations recorded sales growth and profit growth, while the Overseas Operations saw a sales decline but profit growth. It should be also noted that, at the extraordinary gains and losses level, the impact of ¥3,942m in gains on sale of investment securities recorded in FY12/2024 has run its course.



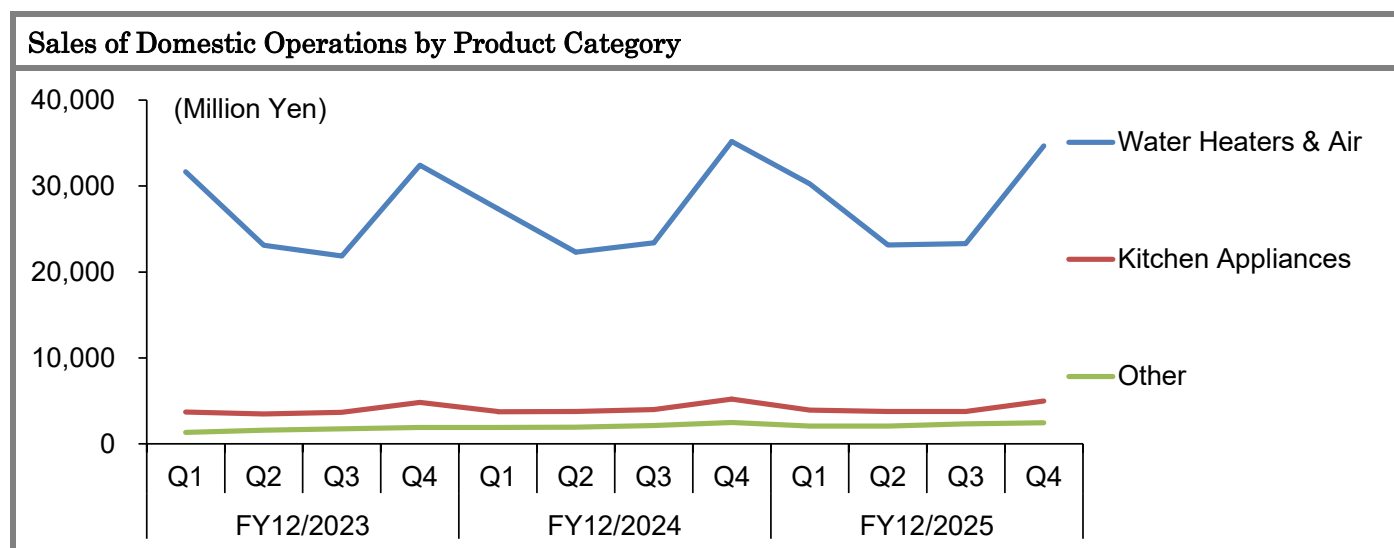
Source: Company Data, WRJ Calculation

In FY12/2025, while the Company faced different challenges in the Domestic Operations and the Overseas Operations, improvements in earnings structure progressed in both. In the Domestic Operations, despite continued demand constraints, sales growth and profit growth were supported by the penetration of price revisions and improvements in product mix driven by expanded sales of environmentally friendly and high value-added products. In the Overseas Operations, although sales declined due to sluggish market conditions in China, revisions to the cost structure centered on fixed cost reductions in China proved effective. Together with improved profitability in North America and Australia, segment profit in the Overseas Operations increased significantly. While neither business has entered a phase of expansion driven by volume growth, profitability is considered to be improving through structural enhancements.

Domestic Operations (67.7% of sales and 49.3% of segment profit)

Sales came in at ¥136,748m (up 2.4%), segment profit ¥2,121m (up 55.5%) and segment profit margin 1.6% (up 0.5% point). By product category, sales in the Water Heaters & Air (gas water heaters & oil-fired boilers, etc.) came in at ¥111,356m (up 2.9%), Kitchen Appliances ¥16,448m (down 1.8%) and Other ¥8,943m (up 5.3%). Within the Water Heaters & Air, sales for the residential applications (household gas water heaters & oil-fired boilers, etc.) came in at ¥101,414m (up 2.3%), while those for the non-residential applications (business-grade gas water heaters & oil-fired boilers, etc.) came in at ¥9,942m (up 9.4%).

The background behind sales growth in the Domestic Operations is cited as the effects of price revisions, together with expanded sales of environmentally friendly products and high value-added products in the residential applications of the Water Heaters & Air (gas water heaters & oil-fired boilers, etc.), which forms the core of sales. Specifically, growth in high-efficiency water heaters and hybrid water heaters was described as particularly notable. For hybrid water heaters using natural refrigerants, sales including new models are said to have expanded at a pace exceeding overall market trends, reflecting evaluations of industry-leading environmental performance, energy efficiency and ease of installation.

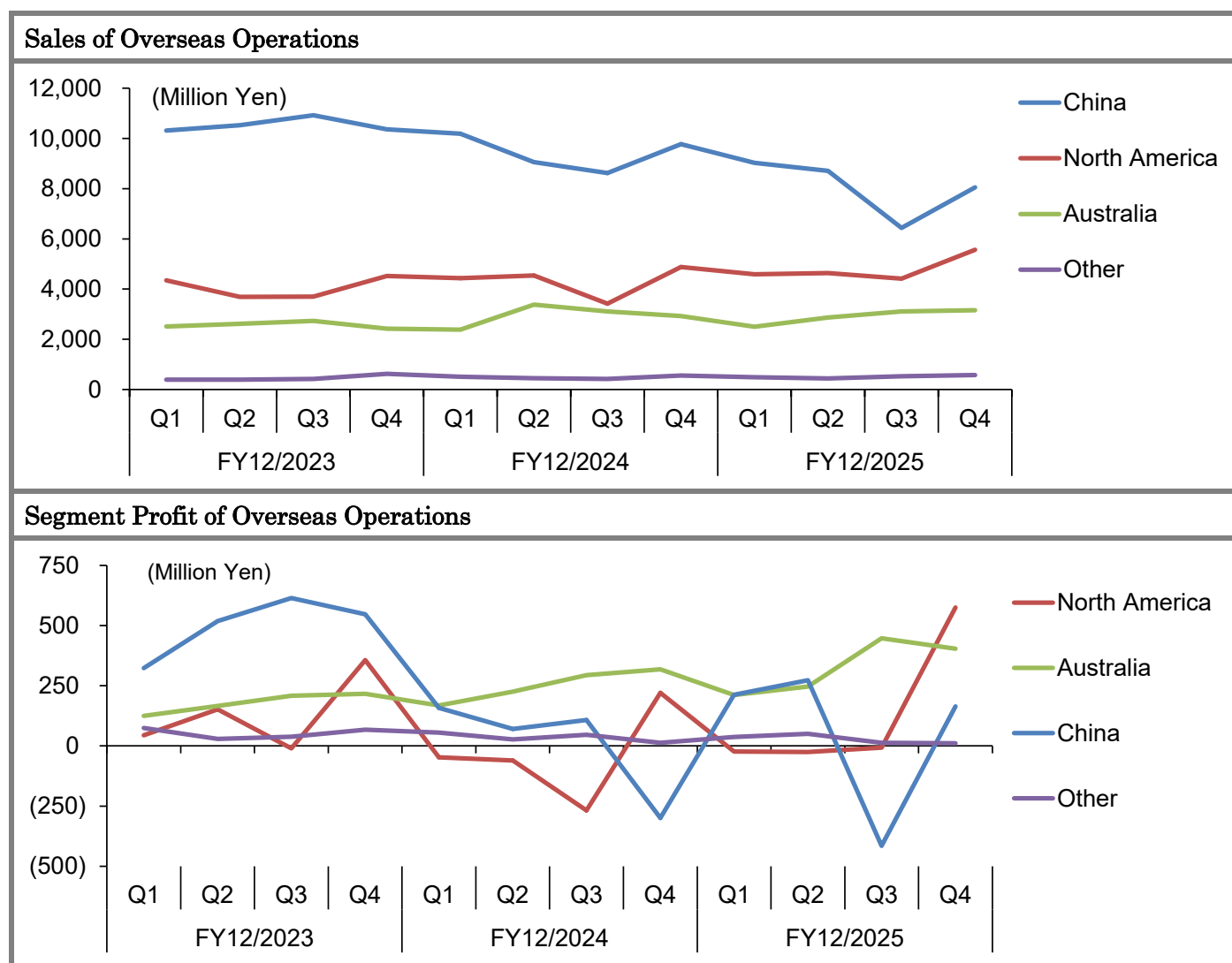


Source: Company Data, WRJ Calculation

First, high value-added products refer to so-called premium water heaters that are equipped with additional functions and features, such as sterilization and sleep support, compared with conventional water heaters. Next, with regard to hybrid water heaters, which are classified as environmentally friendly products, a key characteristic is their ability to achieve both energy efficiency and comfort by utilizing both gas and electricity. In addition, high-efficiency water heaters (marketed under the product name “Eco-Jozu”) are characterized by their ability to reduce gas consumption by reusing heat from exhaust gases compared with conventional gas water heaters. In other words, both types contribute to the reduction of CO₂ emissions while simultaneously reducing primary energy consumption.

Overseas Operations (32.3% of sales and 50.7% of segment profit)

Sales came in at ¥65,301m (down 5.0%), segment profit ¥2,179m (up 111.3%) and segment profit margin 3.3% (up 1.8% point). In China, which accounts for a large portion of sales, sales declined due to continued sluggish market conditions, resulting in a sales decline for the Overseas Operations as a whole. On the earnings side, however, a turnaround to profitability was achieved in North America, profits increased in Australia and profit growth was also recorded in China, leading to a significant increase in segment profit for the Overseas Operations. The primary factor behind the profit increase in China is cited as thorough progress in fixed cost reductions implemented to address declining unit sales.



Source: Company Data, WRJ Calculation

As noted above, in China, North America and Australia respectively, changes in sales levels and changes in earnings levels have not necessarily moved in tandem, which appears to largely reflect differences in profit structures by region. In other words, different factors are driving earnings fluctuations in each region and, as a result, it may be considered that the Company's stated objective of reducing its dependence on China has, in a sense, already been achieved.

In the Company forecast for FY12/2026, sales growth and profit growth in China are factored in as drivers of sales growth and profit growth for the Overseas Operations. According to the Company, while sluggish market conditions are expected to persist locally, it plans to accelerate demand development across regional cities throughout China, in addition to Shanghai, its existing sales base, by leveraging sales agents (exclusive dealers). In terms of product category initiatives, the Company intends to focus on bundled sales of products in both the Water Heaters & Air (gas water heaters & oil-fired boilers, etc.) and the Kitchen Appliances.

Company Forecast for FY12/2025 and Actual Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY12/2025CoE	13-Feb-25	Q4 Results	205,000	3,000	3,900	2,400
FY12/2025CoE	13-May-25	Q1 Results	205,000	3,000	3,900	2,400
FY12/2025CoE	07-Aug-25	Q2 Results	205,000	3,000	3,900	2,400
FY12/2025CoE	11-Nov-25	Q3 Results	205,000	3,000	3,900	2,400
FY12/2025CoE	04-Dec-25	Revision	202,000	4,000	5,200	3,100
		Amount of Gap	(3,000)	1,000	1,300	700
		Rate of Gap	(1.5%)	33.3%	33.3%	29.2%
FY12/2025Act	10-Feb-26	Q4 Results	202,049	4,300	5,544	3,358
		Amount of Gap	49	300	344	258
		Rate of Gap	0.0%	7.5%	6.6%	8.3%
FY12/2025CoE	13-Feb-25	Q4 Results	205,000	3,000	3,900	2,400
FY12/2025Act	10-Feb-26	Q4 Results	202,049	4,300	5,544	3,358
		Amount of Gap	(2,951)	1,300	1,644	958
		Rate of Gap	(1.4%)	43.3%	42.2%	39.9%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY12/2025CoE	13-Feb-25	Q4 Results	96,500	50	500	280
Q1 to Q2 FY12/2025CoE	13-May-25	Q1 Results	96,500	50	500	280
Q1 to Q2 FY12/2025CoE	07-Aug-25	Q2 Results	98,523	1,658	2,236	1,204
		Amount of Gap	2,023	1,608	1,736	924
		Rate of Gap	2.1%	-	347.2%	330.0%
Q1 to Q2 FY12/2025CoE	13-Feb-25	Q4 Results	96,500	50	500	280
Q1 to Q2 FY12/2025Act	07-Aug-25	Q2 Results	98,523	1,658	2,236	1,204
		Amount of Gap	2,023	1,608	1,736	924
		Rate of Gap	2.1%	-	347.2%	330.0%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY12/2025CoE	13-Feb-25	Q4 Results	108,500	2,950	3,400	2,120
Q3 to Q4 FY12/2025CoE	13-May-25	Q1 Results	108,500	2,950	3,400	2,120
Q3 to Q4 FY12/2025CoE	07-Aug-25	Q2 Results	106,477	1,342	1,664	1,196
		Amount of Gap	(2,023)	(1,608)	(1,736)	(924)
		Rate of Gap	(1.9%)	(54.5%)	(51.1%)	(43.6%)
Q3 to Q4 FY12/2025CoE	11-Nov-25	Q3 Results	106,477	1,342	1,664	1,196
Q3 to Q4 FY12/2025CoE	04-Dec-25	Revision	103,477	2,342	2,964	1,896
		Amount of Gap	(3,000)	1,000	1,300	700
		Rate of Gap	(2.8%)	74.5%	78.1%	58.5%
Q3 to Q4 FY12/2025Act	10-Feb-26	Q4 Results	103,526	2,642	3,308	2,154
		Amount of Gap	49	300	344	258
		Rate of Gap	0.0%	12.8%	11.6%	13.6%
Q3 to Q4 FY12/2025CoE	13-Feb-25	Q4 Results	108,500	2,950	3,400	2,120
Q3 to Q4 FY12/2025Act	10-Feb-26	Q4 Results	103,526	2,642	3,308	2,154
		Amount of Gap	(4,974)	(308)	(92)	34
		Rate of Gap	(4.6%)	(10.4%)	(2.7%)	1.6%

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
(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.
	12/2024	12/2024	12/2024	12/2024	12/2025	12/2025	12/2025	12/2025	12/2025	
Sales	50,555	96,012	141,193	202,204	52,860	98,523	142,610	202,049	202,049	(155)
Cost of Sales	34,284	65,678	97,028	139,061	35,571	67,128	97,904	138,349	138,349	(712)
Gross Profit	16,270	30,333	44,164	63,142	17,288	31,394	44,705	63,700	63,700	+558
SG&A Expenses	15,501	30,461	44,580	60,746	15,281	29,735	43,896	59,399	59,399	(1,347)
Operating Profit	769	(127)	(415)	2,395	2,007	1,658	809	4,300	4,300	+1,905
Non Operating Balance	25	537	827	1,184	158	578	956	1,244	1,244	+60
Recurring Profit	794	410	412	3,579	2,165	2,236	1,765	5,544	5,544	+1,965
Extraordinary Balance	(182)	(560)	3,342	3,547	(14)	(29)	(34)	(1)	(1)	(3,548)
Profit before Income Taxes	612	(150)	3,754	7,126	2,151	2,207	1,731	5,543	5,543	(1,583)
Total Income Taxes	283	126	1,238	2,522	615	806	838	1,929	1,929	(593)
Profit Attributable to Non-Controlling Interests	41	77	166	221	103	196	220	254	254	+33
Profit Attributable to Owners of Parent	287	(354)	2,348	4,383	1,432	1,204	671	3,358	3,358	(1,025)
Sales YoY	(6.9%)	(3.7%)	(2.5%)	+0.2%	+4.6%	+2.6%	+1.0%	(0.1%)	(0.1%)	-
Operating Profit YoY	(57.7%)	-	-	(37.6%)	+160.8%	-	-	+79.5%	+79.5%	-
Recurring Profit YoY	(55.9%)	(70.3%)	(59.2%)	+187.5%	+172.6%	+444.7%	+327.8%	+54.9%	+54.9%	-
Profit Attributable to Owners of Parent YoY	(77.4%)	-	+309.8%	+404.4%	+398.3%	-	(71.4%)	(23.4%)	(23.4%)	-
Gross Profit Margin	32.2%	31.6%	31.3%	31.2%	32.7%	31.9%	31.3%	31.5%	31.5%	+0.3%
SG&A Ratio	30.7%	31.7%	31.6%	30.0%	28.9%	30.2%	30.8%	29.4%	29.4%	(0.6%)
Operating Profit Margin	1.5%	(0.1%)	(0.3%)	1.2%	3.8%	1.7%	0.6%	2.1%	2.1%	+0.9%
Recurring Profit Margin	1.6%	0.4%	0.3%	1.8%	4.1%	2.3%	1.2%	2.7%	2.7%	+1.0%
Profit Attributable to Owners of Parent Margin	0.6%	(0.4%)	1.7%	2.2%	2.7%	1.2%	0.5%	1.7%	1.7%	(0.5%)
Total Income Taxes / Profit before Income Taxes	46.2%	-	33.0%	35.4%	28.6%	36.5%	48.4%	34.8%	34.8%	(0.6%)

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.
	12/2024	12/2024	12/2024	12/2024	12/2025	12/2025	12/2025	12/2025	12/2025	
Sales	50,555	45,457	45,181	61,011	52,860	45,663	44,087	59,439	59,439	(1,572)
Cost of Sales	34,284	31,394	31,350	42,033	35,571	31,557	30,776	40,445	40,445	(1,588)
Gross Profit	16,270	14,063	13,831	18,978	17,288	14,106	13,311	18,995	18,995	+17
SG&A Expenses	15,501	14,960	14,119	16,166	15,281	14,454	14,161	15,503	15,503	(663)
Operating Profit	769	(896)	(288)	2,810	2,007	(349)	(849)	3,491	3,491	+681
Non Operating Balance	25	512	290	357	158	420	378	288	288	(69)
Recurring Profit	794	(384)	2	3,167	2,165	71	(471)	3,779	3,779	+612
Extraordinary Balance	(182)	(378)	3,902	205	(14)	(15)	(5)	33	33	(172)
Profit before Income Taxes	612	(762)	3,904	3,372	2,151	56	(476)	3,812	3,812	+440
Total Income Taxes	283	(157)	1,112	1,284	615	191	32	1,091	1,091	(193)
Profit Attributable to Non-Controlling Interests	41	36	89	55	103	93	24	34	34	(21)
Profit Attributable to Owners of Parent	287	(641)	2,702	2,035	1,432	(228)	(533)	2,687	2,687	+652
Sales YoY	(6.9%)	+0.0%	+0.3%	+6.9%	+4.6%	+0.5%	(2.4%)	(2.6%)	(2.6%)	-
Operating Profit YoY	(57.7%)	-	-	(6.6%)	+160.8%	-	-	+24.2%	+24.2%	-
Recurring Profit YoY	(55.9%)	-	-	-	+172.6%	-	-	+19.3%	+19.3%	-
Profit Attributable to Owners of Parent YoY	(77.4%)	-	-	+589.8%	+398.3%	-	-	+32.0%	+32.0%	-
Gross Profit Margin	32.2%	30.9%	30.6%	31.1%	32.7%	30.9%	30.2%	32.0%	32.0%	+0.9%
SG&A Ratio	30.7%	32.9%	31.2%	26.5%	28.9%	31.7%	32.1%	26.1%	26.1%	(0.4%)
Operating Profit Margin	1.5%	(2.0%)	(0.6%)	4.6%	3.8%	(0.8%)	(1.9%)	5.9%	5.9%	+1.3%
Recurring Profit Margin	1.6%	(0.8%)	0.0%	5.2%	4.1%	0.2%	(1.1%)	6.4%	6.4%	+1.2%
Profit Attributable to Owners of Parent Margin	0.6%	(1.4%)	6.0%	3.3%	2.7%	(0.5%)	(1.2%)	4.5%	4.5%	+1.2%
Total Income Taxes / Profit before Income Taxes	46.2%	-	28.5%	38.1%	28.6%	341.1%	-	28.6%	28.6%	(9.5%)

Source: Company Data, WRJ Calculation

Segment Information (Cumulative / Quarterly)

Segment 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		
	12/2024	12/2024	12/2024	12/2024	12/2025	12/2025	12/2025	12/2025	12/2025	Net Chg.
Water Heaters & Air	27,365	49,672	73,082	108,249	30,251	53,397	76,705	111,356		+3,107
Kitchen Appliances	3,758	7,525	11,522	16,747	3,939	7,711	11,474	16,448		(299)
Other	1,913	3,873	6,005	8,489	2,064	4,154	6,478	8,943		+454
Domestic Operations	33,037	61,070	90,610	133,486	36,254	65,263	94,658	136,748		+3,262
Water Heaters & Air	14,468	29,303	42,272	57,245	13,866	27,986	40,265	55,117		(2,128)
Kitchen Appliances	2,863	5,329	7,904	10,876	2,663	5,034	7,368	9,789		(1,087)
Other	186	308	405	596	75	238	319	394		(202)
Overseas Operations	17,518	34,941	50,582	68,717	16,605	33,259	47,952	65,301		(3,416)
Sales	50,555	96,012	141,193	202,204	52,860	98,523	142,610	202,049		(155)
Domestic Operations	434	(724)	(1,193)	1,364	1,568	673	(213)	2,121		+757
Overseas Operations	334	596	777	1,031	438	985	1,022	2,179		+1,148
Segment Profit	769	(127)	(415)	2,395	2,007	1,658	809	4,300		+1,905
Adjustment	-	-	-	-	-	-	-	-		-
Operating Profit	769	(127)	(415)	2,395	2,007	1,658	809	4,300		+1,905
Domestic Operations	1.3%	(1.2%)	(1.3%)	1.0%	4.3%	1.0%	(0.2%)	1.6%		+0.5%
Overseas Operations	1.9%	1.7%	1.5%	1.5%	2.6%	3.0%	2.1%	3.3%		+1.8%
Adjustment	-	-	-	-	-	-	-	-		-
Operating Profit Margin	1.5%	(0.1%)	(0.3%)	1.2%	3.8%	1.7%	0.6%	2.1%		+0.9%

Segment 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		
	12/2024	12/2024	12/2024	12/2024	12/2025	12/2025	12/2025	12/2025	12/2025	Net Chg.
Water Heaters & Air	27,365	22,307	23,410	35,167	30,251	23,146	23,308	34,651		(516)
Kitchen Appliances	3,758	3,767	3,997	5,225	3,939	3,772	3,763	4,974		(251)
Other	1,913	1,960	2,132	2,484	2,064	2,090	2,324	2,465		(19)
Domestic Operations	33,037	28,033	29,540	42,876	36,254	29,009	29,395	42,090		(786)
Water Heaters & Air	14,468	14,835	12,969	14,973	13,866	14,120	12,279	14,852		(121)
Kitchen Appliances	2,863	2,466	2,575	2,972	2,663	2,371	2,334	2,421		(551)
Other	186	122	97	191	75	163	81	75		(116)
Overseas Operations	17,518	17,423	15,641	18,135	16,605	16,654	14,693	17,349		(786)
Sales	50,555	45,457	45,181	61,011	52,860	45,663	44,087	59,439		(1,572)
Domestic Operations	434	(1,158)	(469)	2,557	1,568	(895)	(886)	2,334		(223)
Overseas Operations	334	262	181	254	438	546	37	1,157		+903
Segment Profit	769	(896)	(288)	2,810	2,007	(349)	(849)	3,491		+681
Adjustment	-	-	-	-	-	-	-	-		-
Operating Profit	769	(896)	(288)	2,810	2,007	(349)	(849)	3,491		+681
Domestic Operations	1.3%	(4.1%)	(1.6%)	6.0%	4.3%	(3.1%)	(3.0%)	5.5%		(0.4%)
Overseas Operations	1.9%	1.5%	1.2%	1.4%	2.6%	3.3%	0.3%	6.7%		+5.3%
Adjustment	-	-	-	-	-	-	-	-		-
Operating Profit Margin	1.5%	(2.0%)	(0.6%)	4.6%	3.8%	(0.8%)	(1.9%)	5.9%		+1.3%

Source: Company Data, WRJ Calculation

Overseas Operations (Cumulative / Quarterly)

Overseas Operations	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.
	12/2024	12/2024	12/2024	12/2024	12/2025	12/2025	12/2025	12/2025	12/2025	
China	10,187	19,240	27,860	37,631	9,026	17,736	24,173	32,227		(5,404)
North America	4,438	8,980	12,403	17,285	4,589	9,224	13,641	19,206		+1,921
Australia	2,383	5,763	8,870	11,799	2,502	5,372	8,682	11,837		+38
Other	508	955	1,447	2,001	487	926	1,454	2,029		+28
Sales	17,518	34,941	50,582	68,717	16,605	33,259	47,952	65,301		(3,416)
China	158	228	336	36	212	486	70	235		+199
North America	(47)	(108)	(377)	(156)	(23)	(48)	(56)	519		+675
Australia	168	394	689	1,007	211	459	906	1,310		+303
Other	55	82	129	142	37	88	101	113		(29)
Operating Profit	334	596	777	1,031	438	985	1,022	2,179		+1,148
China	1.6%	1.2%	1.2%	0.1%	2.3%	2.7%	0.3%	0.7%		+0.6%
North America	(1.1%)	(1.2%)	(3.0%)	(0.9%)	(0.5%)	(0.5%)	(0.4%)	2.7%		+3.6%
Australia	7.0%	6.8%	7.8%	8.5%	8.4%	8.5%	10.4%	11.1%		+2.5%
Other	10.8%	8.6%	8.9%	7.1%	7.6%	9.5%	6.9%	5.6%		(1.5%)
Operating Profit Margin	1.9%	1.7%	1.5%	1.5%	2.6%	3.0%	2.1%	3.3%		+1.8%

Overseas Operations	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.
	12/2024	12/2024	12/2024	12/2024	12/2025	12/2025	12/2025	12/2025	12/2025	
China	10,187	9,053	8,620	9,770	9,026	8,710	6,437	8,053		(1,717)
North America	4,439	4,541	3,422	4,882	4,589	4,635	4,417	5,564		+682
Australia	2,383	3,380	3,107	2,928	2,502	2,869	3,107	3,155		+227
Other	508	447	419	553	487	438	528	575		+22
Sales	17,518	17,423	15,641	18,135	16,605	16,654	14,692	17,349		(786)
China	158	70	108	(299)	212	273	(415)	164		+463
North America	(47)	(60)	(268)	221	(23)	(25)	(7)	575		+354
Australia	168	226	294	318	211	247	447	404		+86
Other	55	27	46	13	37	50	13	11		(2)
Operating Profit	334	262	180	253	438	546	37	1,157		+904
China	1.6%	0.8%	1.3%	(3.1%)	2.3%	3.1%	(6.4%)	2.0%		+5.1%
North America	(1.1%)	(1.3%)	(7.8%)	4.5%	(0.5%)	(0.5%)	(0.2%)	10.3%		+5.8%
Australia	7.0%	6.7%	9.5%	10.9%	8.4%	8.6%	14.4%	12.8%		+1.9%
Other	10.8%	6.0%	11.0%	2.4%	7.6%	11.4%	2.5%	1.9%		(0.4%)
Operating Profit Margin	1.9%	1.5%	1.2%	1.4%	2.6%	3.3%	0.3%	6.7%		+5.3%

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2024	Q2 12/2024	Q3 12/2024	Q4 12/2024	Q1 12/2025	Q2 12/2025	Q3 12/2025	Q4 12/2025		
Cash and Deposit	29,172	28,689	29,216	29,022	30,358	29,285	24,743	25,565	(3,457)	
Accounts Receivables and Contract Assets	38,145	35,787	34,891	44,163	39,616	36,393	38,064	45,833	+1,670	
Electronically Recorded Monetary Claim	13,905	12,184	10,058	13,979	14,857	11,625	10,155	14,400	+421	
Inventory	33,982	35,921	34,410	32,320	29,804	30,018	33,062	31,750	(570)	
Other	5,794	6,671	6,359	6,783	4,811	5,159	5,736	6,566	(217)	
Current Assets	120,998	119,252	114,934	126,267	119,446	112,480	111,760	124,114	(2,153)	
Tangible Assets	36,350	38,229	38,225	38,796	38,345	38,669	39,604	41,047	+2,251	
Intangible Assets	10,240	10,875	10,330	10,626	10,222	10,121	10,597	10,705	+79	
Investments and Other Assets	46,943	47,592	45,112	48,077	47,982	48,086	52,985	61,252	+13,175	
Fixed Assets	93,534	96,697	93,668	97,500	96,550	96,878	103,187	113,005	+15,505	
Total Assets	214,533	215,949	208,603	223,767	215,996	209,359	214,947	237,119	+13,352	
Accounts Payables	37,361	35,782	32,829	37,681	36,575	32,771	32,904	38,525	+844	
Short-Term Debt	1,961	2,007	3,056	3,227	3,288	3,212	4,894	5,982	+2,755	
Other	26,126	25,854	25,815	27,708	25,245	24,707	25,300	26,458	(1,250)	
Current Liabilities	65,448	63,643	61,700	68,616	65,108	60,690	63,098	70,965	+2,349	
Long-Term Debt	748	694	627	562	494	426	359	291	(271)	
Other	15,455	15,560	15,323	17,650	17,287	17,544	18,838	20,833	+3,183	
Fixed Liabilities	16,203	16,254	15,950	18,212	17,781	17,970	19,197	21,124	+2,912	
Total Liabilities	81,652	79,898	77,650	86,828	82,890	78,661	82,296	92,090	+5,262	
Shareholders' Equity	97,648	97,098	98,323	100,450	99,956	98,580	96,054	99,540	(910)	
Other	35,232	38,953	32,629	36,489	33,149	32,117	36,597	45,489	+9,000	
Net Assets	132,880	136,051	130,952	136,939	133,105	130,697	132,651	145,029	+8,090	
Total Liabilities & Net Assets	214,533	215,949	208,603	223,767	215,996	209,359	214,947	237,119	+13,352	
Equity Capital	127,953	130,839	126,311	131,989	128,265	125,869	127,815	139,850	+7,861	
Interest-Bearing Debt	2,709	2,701	3,683	3,789	3,782	3,638	5,253	6,273	+2,484	
Net Debt	(26,463)	(25,988)	(25,533)	(25,233)	(26,576)	(25,647)	(19,490)	(19,292)	+5,941	
Equity Ratio	59.6%	60.6%	60.6%	59.0%	59.4%	60.1%	59.5%	59.0%	-	
Net Debt-to-Equity Ratio	(20.7%)	(19.9%)	(20.2%)	(19.1%)	(20.7%)	(20.4%)	(15.2%)	(13.8%)	-	
ROE (12 months)	(0.1%)	(0.4%)	2.1%	3.5%	4.3%	4.6%	2.1%	2.5%	-	
ROA (12 months)	0.1%	0.1%	0.3%	1.7%	2.3%	2.5%	2.3%	2.4%	-	
Days for Inventory Turnover	90	104	100	70	76	86	98	71	-	
Quick Ratio	124%	120%	120%	127%	130%	127%	116%	121%	-	
Current Ratio	185%	187%	186%	184%	183%	185%	177%	175%	-	

Source: Company Data, WRJ Calculation

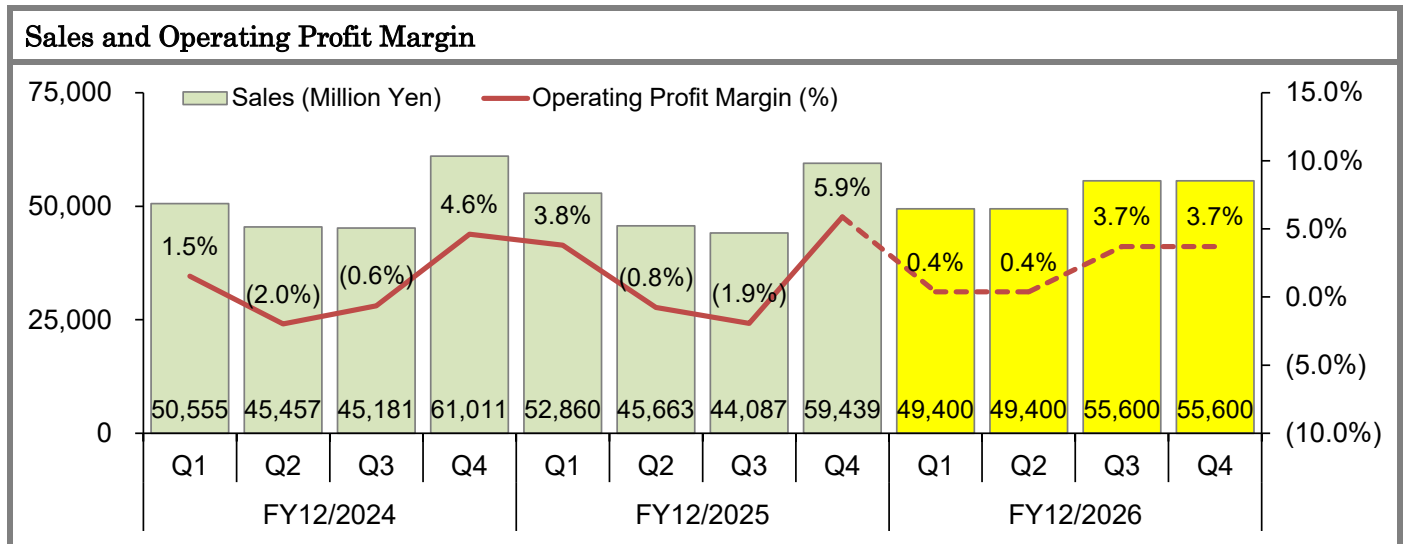
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 12/2024	Q1 to Q2 12/2024	Q1 to Q3 12/2024	Q1 to Q4 12/2024	Q1 12/2025	Q1 to Q2 12/2025	Q1 to Q3 12/2025	Q1 to Q4 12/2025		
Operating Cash Flow	-	6,455	-	8,618	-	9,171	-	9,962	+1,344	
Investing Cash Flow	-	(5,253)	-	(5,996)	-	(4,574)	-	(11,125)	(5,129)	
Operating Cash Flow and Investing Cash Flow	-	1,202	-	2,622	-	4,597	-	(1,163)	(3,785)	
Financing Cash Flow	-	(1,340)	-	(2,477)	-	(3,500)	-	(3,673)	(1,196)	

Source: Company Data, WRJ Calculation

Company Forecast for FY12/2026

Under the Company forecast for FY12/2026, announced on 10 February 2026, sales of ¥210,000m (up 3.9%), operating profit of ¥4,500m (up 4.6%), recurring profit of ¥5,500m (down 0.8%) and profit attributable to owners of parent of ¥8,600m (up 156.0%) are expected, while an operating profit margin of 2.1% (up 0.0% point) is projected.



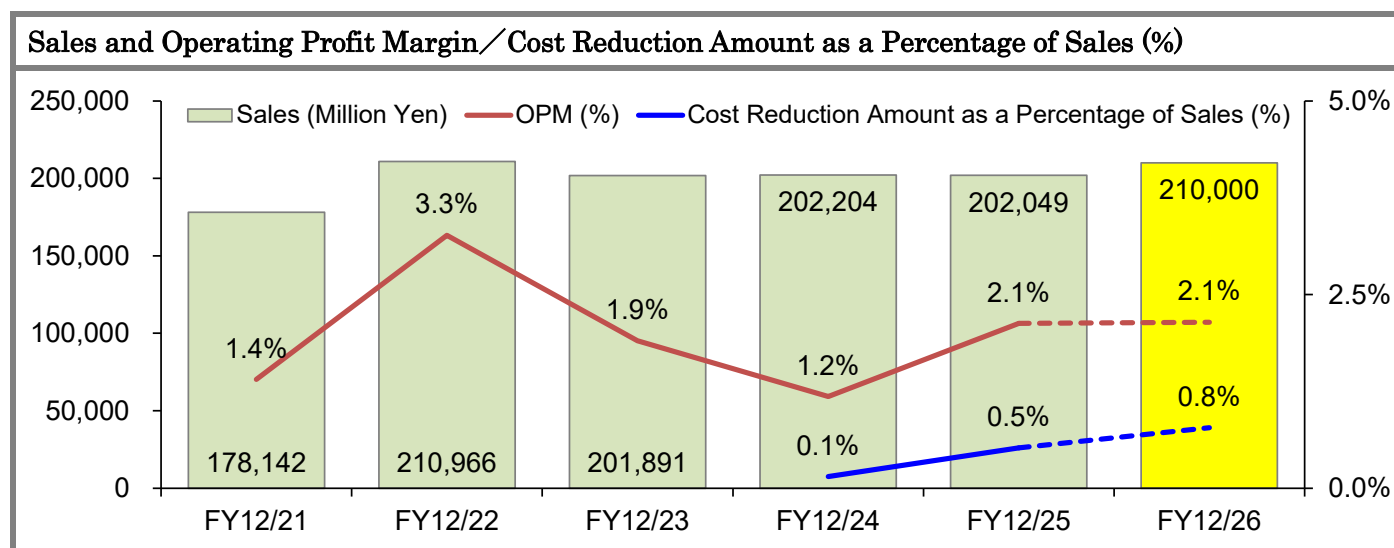
Source: Company Data, WRJ Calculation (quarterly figures for FY12/2026 are evenly allocated based on the half-year Company forecast)

The Company positions the reduction of cross-shareholdings as one of its key capital policies. As of the end of FY12/2023, the ratio stood at 25% of net assets, and the Company has set forth a policy to reduce this to below 20% by the end of FY12/2026, the final year of the current medium-term management plan. Based on the Company's indications, however, this ratio has currently risen to around less than 30%, largely reflecting share price appreciation. In FY12/2026, sales of cross-shareholdings and the recognition of related gains are expected to progress as this capital policy is implemented. As a result, extraordinary gains arising from such sales are to be recorded, and a significant impact from this factor is also factored into the Company forecast for FY12/2026.

Meanwhile, for FY12/2025, the annual dividend came in at ¥74.00 per share (¥35.00 as of the end of Q2 and ¥39.00 as of the yearend, payout ratio 101.0% and DOE of 2.5%), while for FY12/2026, the planned annual dividend is ¥94.00 per share (¥47.00 as of the end of Q2 and ¥47.00 as of the yearend, payout ratio 50.2%). The Company's capital policy is to pay dividends based on whichever is higher between a payout ratio of 50% and a DOE of 2.5%, and this policy is also expected to be met for FY12/2026. Given the recognition of the aforementioned extraordinary gains in FY12/2026, dividends based on the flow-based payout ratio are expected to exceed those based on the stock-based DOE. It should be also noted that the guideline for share buybacks for FY12/2026 is set at a total upper limit of ¥1,000m.

Medium- to Long-Term Outlook

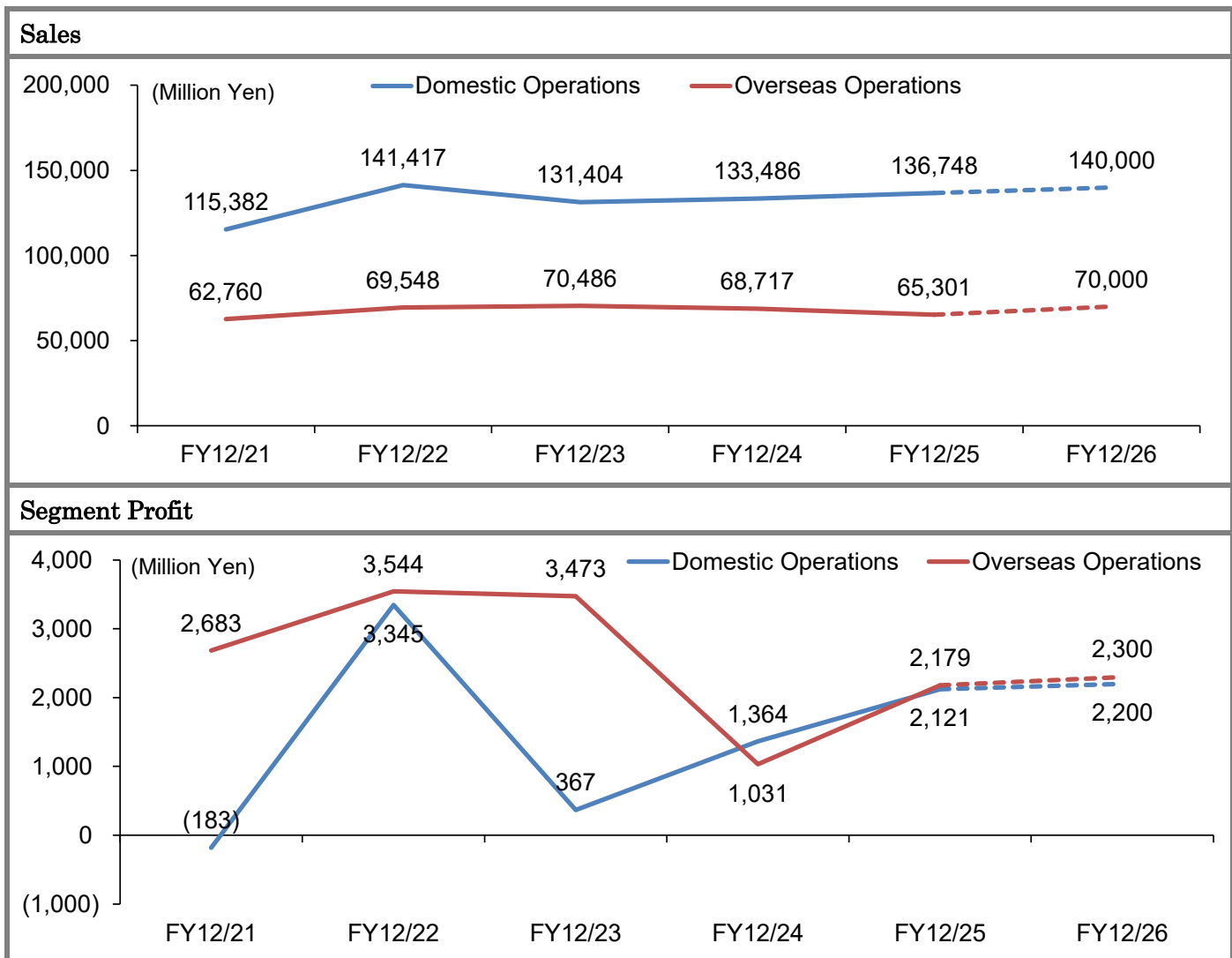
Under the medium-term management plan “V-Plan 26” (FY12/2024-FY12/2026; management targets revised on 13 February 2025), the Company has set management targets for the final year, FY12/2026, of sales of ¥210,000m, operating profit of ¥4,500m and an operating profit margin of 2.1%. As already described, “promotion of sustainability management” is positioned as one of the key strategies under the plan, while “transformation of the business portfolio” and “expansion of strategic investments & capital policy” are likewise set forth as core strategies. Details of the latter two are discussed below.



Source: Company Data, WRJ Calculation

In FY12/2025, operating profit margin came in at 2.1%, representing an increase of 0.9% point compared with 1.2% in FY12/2024. According to our estimates, 0.4% point of this improvement is attributable to the implementation of cost reduction initiatives advocated under the medium-term management plan “V-Plan 26” (FY12/2024-FY12/2026). While the cost reduction amount in the first year, FY12/2024, came in at ¥302m (equivalent to 0.1% of sales), it expanded to ¥1,055m (0.5%) in FY12/2025. Meanwhile, the total cost reduction amount over the period of “V-Plan 26” (FY12/2024-FY12/2026) is expected to reach ¥3,000m, implying that cost reductions of ¥1,643m (0.8%) are anticipated toward FY12/2026.

Under the medium-term management plan “V-Plan 26” (FY12/2024-FY12/2026; management targets revised on 13 February 2025), the Company plans to pursue “a) reduction of material costs” through savings in procurement materials, to achieve “b) realization of smart factories” by promoting automation and efficiency via smart equipment and digital transformation (DX), and further to advance “c) capturing added value through in-house production within the Group” by internalizing outsourced value, preventing cost increases and optimizing production sites. Looking ahead to FY12/2027 and beyond, it is expected that new product launches based on these initiatives implemented during the plan period, together with their sustained expansion, will contribute to earnings growth on a steady upward trajectory.



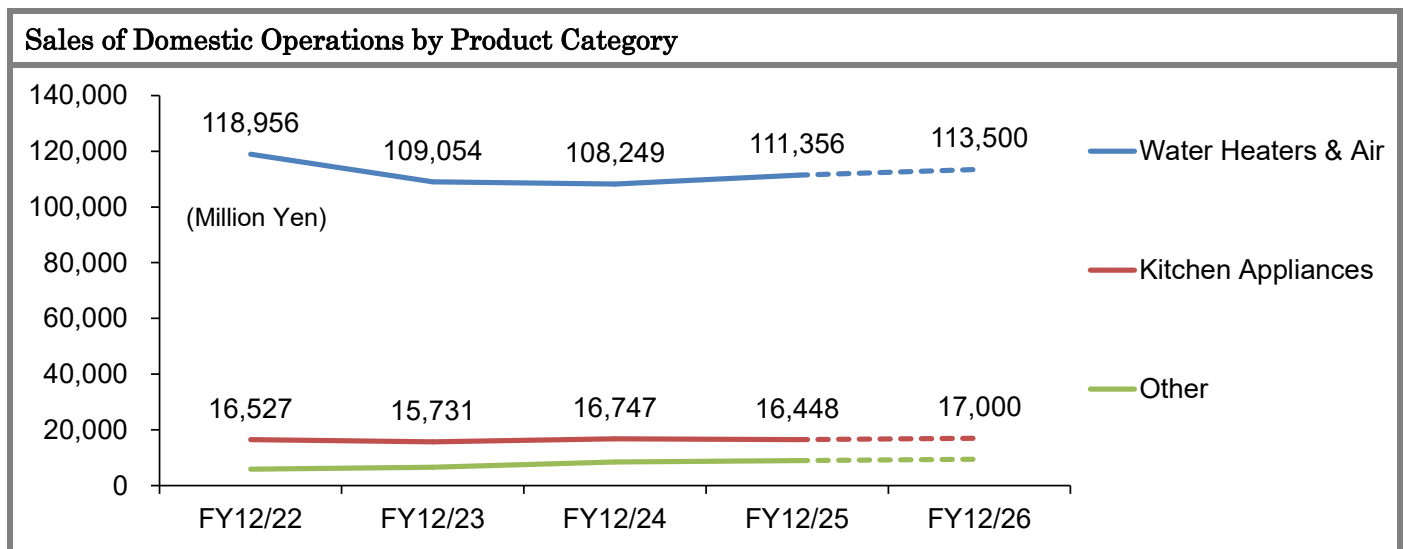
Source: Company Data

As noted above, while total cost reductions resulting from the implementation of cost reduction initiatives over the period amount to ¥3,000m, a substantial portion is expected to stem from “a) reduction of material costs.” With respect to materials such as copper, stainless steel and steel, which are highly exposed to market fluctuations, the impact of market trends is considered unavoidable and largely outside the scope of management control. By contrast, for the numerous components procured by the Company, including processed parts numbering approximately 5,000–6,000 items, there remains significant scope to lower procurement unit prices through the promotion of standardization, and the Company has set forth a policy to actively advance such standardization. According to the Company, which operates major manufacturing bases in both Japan and China, it plans over time to make substantial progress in broadly standardizing components used across products manufactured at each of these sites.

Meanwhile, with regard to “b) realization of smart factories,” the Company is promoting manufacturing transformation through initiatives such as the introduction of robots and modular design in order to reduce labor burden and address labor shortages. In addition, with respect to “c) capturing added value through in-house production within the Group,” various measures are being implemented to prevent cost increases as well as to enhance quality and productivity across the entire value chain.

Domestic Operations

For the Domestic Operations, the Company plans to achieve sales of ¥140,000m (up 2.4% YoY), segment profit of ¥2,200m (up 3.7%) and a segment profit margin of 1.6% (up 0.0% point) in the final year, FY12/2026. By product category, sales are projected at ¥113,500m (up 1.9%) for the core Water Heaters & Air (gas water heaters & oil-fired boilers, etc.), ¥17,000m (up 3.4%) for Kitchen Appliances and ¥9,500m (up 6.2%) for Other. Within the Water Heaters & Air, sales for the residential applications (household gas water heaters & oil-fired boilers, etc.) are expected to reach ¥103,000m (up 1.6%), while those for the non-residential applications (business-grade gas water heaters & oil-fired boilers, etc.) are projected at ¥10,500m (up 5.6%).



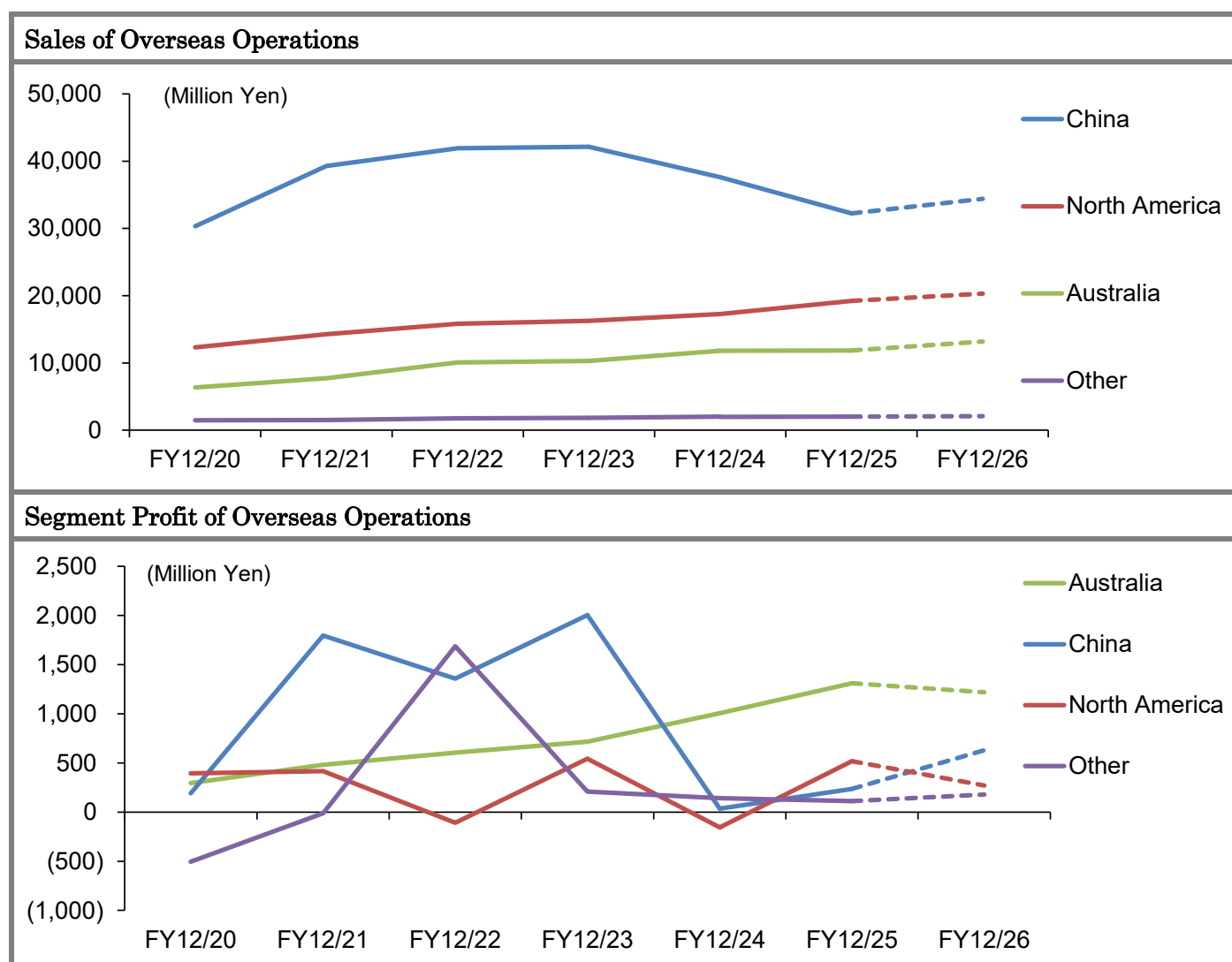
Source: Company Data

What the Company advocates as “transformation of the business portfolio” in the Domestic Operations is a shift away from a business structure overly dependent on the residential applications (household gas water heaters & oil-fired boilers, etc.), which currently forms the core of sales in the Water Heaters & Air (gas water heaters & oil-fired boilers, etc.). In other words, by focusing on expanding sales in the non-residential applications (business-grade gas water heaters & oil-fired boilers, etc.) and the Kitchen Appliances, the Company aims to achieve stable growth in the Domestic Operations from a medium- to long-term perspective.

Amid limited expansion in volumes, the Company is advancing business operations centered on raising unit prices and expanding sales opportunities. In the residential applications (household gas water heaters & oil-fired boilers, etc.), it aims to achieve sales growth on a value basis through revisions to product mix, while in the non-residential applications (business-grade gas water heaters & oil-fired boilers, etc.), it is seeking to create recurring sales opportunities by capturing replacement demand and strengthening proposals that combine maintenance, servicing and ancillary services. In parallel with these initiatives, the Company is also proceeding with reviews of its cost structure and management with a focus on asset efficiency, thereby working to stabilize its earnings base without relying on volume growth.

Overseas Operations

For the Overseas Operations, the Company plans to achieve sales of ¥70,000m (up 7.2% YoY), segment profit of ¥2,300m (up 5.6%) and a segment profit margin of 3.3% (down 0.1% point) in the final year, FY12/2026. By region, sales are projected at ¥34,400m (up 6.7%) in China, ¥20,300m (up 5.7%) in North America, ¥13,200m (up 11.5%) in Australia and ¥2,100m (up 3.5%) in Other.



Source: Company Data, WRJ Calculation

What the Company advocates as “transformation of the business portfolio” in the Overseas Operations is a shift away from a business structure dependent on performance trends in China, which accounts for a large share of sales. In addition to promoting business expansion in North America, the Company plans to accelerate its development in Southeast Asia in order to advance risk diversification. Through these initiatives, it aims to achieve stable growth in the Overseas Operations from a medium- to long-term perspective.

Under the above policy, the Overseas Operations is being managed with a clear delineation of roles by region. In China, without assuming a recovery in market conditions, efforts are being made to enhance profitability through the restructuring of sales channels and the containment of fixed cost levels. In North America, the Company aims to expand business scale and build up earnings by adjusting the sales mix toward business-grade products and strengthening its sales structure. In Australia, it plans to pursue stable growth by expanding sales of existing product lines while advancing business development tailored to local market conditions. Meanwhile, in Southeast Asia, the Company has set forth a policy to further advance regional diversification across the Overseas Operations as a whole by developing new markets.

With respect to business development in Southeast Asia, this region is positioned as new market development with medium- to long-term growth potential in mind. The Company is advancing market penetration primarily through Kangaroo, an equity-method affiliate in Vietnam (Kangaroo International Joint Venture Company). While Kangaroo has strong local brand recognition in water purifiers and home appliances, the Company is contributing to improvements in Kangaroo's profitability through manufacturing support and cost improvement initiatives. As a result, equity-method investment losses have been on a declining trend and the Southeast Asia business is gradually moving toward greater stability.

In addition, the Company has begun direct market development under its own brand, launching Noritz-branded water purifiers in the Thai market in October 2025. Using this as a starting point, it is advancing expansion into surrounding countries including Thailand, thereby building a business foundation in Southeast Asia. In the region, the Company recognizes substantial latent demand in areas such as water purifiers and electric water heaters, reflecting water quality issues and the state of living infrastructure, and has indicated a policy to secure regional diversification and growth potential for the Overseas Operations as a whole through product domains distinct from its existing water heater offerings.

Expansion of Strategic Investments & Capital Policy

The Company plans total investments of ¥32,500m over the period of the medium-term management plan "V-Plan 26" (FY12/2024-FY12/2026), with the aim of ensuring sustainable growth. In addition, as mentioned earlier, it intends to promote management initiatives that are conscious of capital cost and stock price, including proactive shareholder return measures and the reduction of cross-shareholdings. The majority of the planned investments are to be allocated to new and strategic areas such as the Overseas Operations, R&D and production reform, amounting to ¥23,500m (72.3% of the total), while the remaining ¥9,000m (27.7%) is designated for renewal investments in existing operations.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2021	FY 12/2022	FY 12/2023	FY 12/2024	FY 12/2025	FY 12/2026	YoY Net Chg.
Sales	178,142	210,966	201,891	202,204	202,049	210,000	+7,951
Cost of Sales	120,949	143,642	138,066	139,061	138,349	-	-
Gross Profit	57,193	67,323	63,824	63,142	63,700	-	-
SG&A Expenses	54,693	60,433	59,984	60,746	59,399	-	-
Operating Profit	2,500	6,889	3,840	2,395	4,300	4,500	+200
Non Operating Balance	1,476	1,011	(2,595)	1,184	1,244	1,000	(244)
Recurring Profit	3,976	7,900	1,245	3,579	5,544	5,500	(44)
Extraordinary Balance	4,941	(213)	1,791	3,547	(1)	-	-
Profit before Income Taxes	8,917	7,687	3,036	7,126	5,543	-	-
Total Income Taxes	3,216	2,639	1,852	2,522	1,929	-	-
Profit Attributable to Non-Controlling Interests	220	247	314	221	254	-	-
Profit Attributable to Owners of Parent	5,479	4,800	868	4,383	3,358	8,600	+5,242
Sales YoY	(3.1%)	+18.4%	(4.3%)	+0.2%	(0.1%)	+3.9%	-
Operating Profit YoY	(47.5%)	+175.5%	(44.3%)	(37.6%)	+79.5%	+4.6%	-
Recurring Profit YoY	(32.9%)	+98.7%	(84.2%)	+187.5%	+54.9%	(0.8%)	-
Profit Attributable to Owners of Parent YoY	-	(12.4%)	(81.9%)	+404.4%	(23.4%)	+156.0%	-
Gross Profit Margin	32.1%	31.9%	31.6%	31.2%	31.5%	-	-
SG&A Ratio	30.7%	28.6%	29.7%	30.0%	29.4%	-	-
Operating Profit Margin	1.4%	3.3%	1.9%	1.2%	2.1%	2.1%	+0.0%
Recurring Profit Margin	2.2%	3.7%	0.6%	1.8%	2.7%	2.6%	(0.1%)
Profit Attributable to Owners of Parent Margin	3.1%	2.3%	0.4%	2.2%	1.7%	4.1%	+2.4%
Total Income Taxes / Profit before Income Taxes	36.1%	34.3%	61.0%	35.4%	34.8%	-	-

Source: Company Data, WRJ Calculation

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Segment Information

Segment Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 12/2021	FY 12/2022	FY 12/2023	FY 12/2024	FY 12/2025	FY 12/2026	YoY Net Chg.
Water Heaters & Air	-	118,956	109,054	108,249	111,356	113,500	+2,144
Kitchen Appliances	-	16,527	15,731	16,747	16,448	17,000	+552
Other	-	5,932	6,618	8,489	8,943	9,500	+557
Domestic Operations	115,382	141,417	131,404	133,486	136,748	140,000	+3,252
Water Heaters & Air	-	58,542	59,308	57,245	55,117	-	-
Kitchen Appliances	-	10,041	10,380	10,876	9,789	-	-
Other	-	964	797	596	394	-	-
Overseas Operations	62,760	69,548	70,486	68,717	65,301	70,000	+4,699
Sales	178,142	210,966	201,891	202,204	202,049	210,000	+7,951
Domestic Operations	(183)	3,345	367	1,364	2,121	2,200	+79
Overseas Operations	2,683	3,544	3,473	1,031	2,179	2,300	+121
Segment Profit	2,500	6,889	3,840	2,395	4,300	4,500	+200
Adjustment	-	-	-	-	-	-	-
Operating Profit	2,500	6,889	3,840	2,395	4,300	4,500	+200
Domestic Operations	(0.2%)	2.4%	0.3%	1.0%	1.6%	1.6%	+0.0%
Overseas Operations	4.3%	5.1%	4.9%	1.5%	3.3%	3.3%	(0.1%)
Adjustment	-	-	-	-	-	-	-
Operating Profit Margin	1.4%	3.3%	1.9%	1.2%	2.1%	2.1%	+0.0%

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	Net Chg.
Cash and Deposit	43,432	36,253	26,137	29,022	25,565	-	-
Accounts Receivables and Contract Assets	31,302	43,403	44,009	44,163	45,833	-	-
Electronically Recorded Monetary Claim	9,333	15,161	12,006	13,979	14,400	-	-
Inventory	22,033	32,223	33,821	32,320	31,750	-	-
Other	5,910	5,143	5,545	6,783	6,566	-	-
Current Assets	112,010	132,183	121,518	126,267	124,114	-	-
Tangible Assets	33,865	33,990	36,523	38,796	41,047	-	-
Intangible Assets	9,360	9,693	9,759	10,626	10,705	-	-
Investments and Other Assets	39,290	41,108	39,968	48,077	61,252	-	-
Fixed Assets	82,516	84,791	86,252	97,500	113,005	-	-
Total Assets	194,527	216,974	207,771	223,767	237,119	-	-
Accounts Payables	34,909	48,360	39,281	37,681	38,525	-	-
Short-Term Debt	809	2,112	2,527	3,227	5,982	-	-
Other	22,890	29,773	25,016	27,708	26,458	-	-
Current Liabilities	58,608	80,245	66,824	68,616	70,965	-	-
Long-Term Debt	40	-	-	562	291	-	-
Other	19,685	17,072	14,279	17,650	20,833	-	-
Fixed Liabilities	19,725	17,072	14,279	18,212	21,124	-	-
Total Liabilities	78,333	97,318	81,104	86,828	92,090	-	-
Shareholders' Equity	100,618	99,948	98,320	100,450	99,540	-	-
Other	15,575	19,708	28,347	36,489	45,489	-	-
Net Assets	116,193	119,656	126,667	136,939	145,029	-	-
Total Liabilities & Net Assets	194,527	216,974	207,771	223,767	237,119	-	-
Equity Capital	111,959	115,274	121,978	131,989	139,850	-	-
Interest-Bearing Debt	849	2,112	2,527	3,789	6,273	-	-
Net Debt	(42,583)	(34,141)	(23,610)	(25,233)	(19,292)	-	-
Equity Ratio	57.6%	53.1%	58.7%	59.0%	59.0%	-	-
Net Debt-to-Equity Ratio	(38.0%)	(29.6%)	(19.4%)	(19.1%)	(13.8%)	-	-
ROE (12 months)	5.0%	4.2%	0.7%	3.5%	2.5%	6.0%	-
ROA (12 months)	2.1%	3.8%	0.6%	1.7%	2.4%	-	-
Days for Inventory Turnover	66	81	89	84	83	-	-
Quick Ratio	143%	118%	123%	127%	121%	-	-
Current Ratio	191%	165%	182%	184%	175%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
(Million Yen)	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	Net Chg.
Operating Cash Flow	15,447	2,403	(1,868)	8,618	9,962	-	-
Investing Cash Flow	(2,522)	(7,790)	(5,664)	(5,996)	(11,125)	-	-
Operating Cash Flow and Investing Cash Flow	12,925	(5,387)	(7,532)	2,622	(1,163)	-	-
Financing Cash Flow	(3,118)	(4,778)	(3,235)	(2,477)	(3,673)	-	-

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
	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	Net Chg.
No. of Shares FY End (thousand shares)	50,798	50,798	50,798	48,555	48,555	-	-
Net Profit / EPS (thousand shares)	45,996	45,872	46,072	46,190	45,681	-	-
Treasury Shares FY End (thousand shares)	4,799	4,837	4,670	2,285	2,828	-	-
Earnings Per Share	119.12	104.64	18.84	94.89	73.51	188.07	-
Earnings Per Share (Fully Diluted)	118.83	104.49	18.82	94.75	73.45	-	-
Book Value Per Share	2,433.96	2,508.08	2,644.38	2,852.62	3,058.39	-	-
Dividend Per Share	83.00	53.00	53.00	69.00	74.00	94.00	-
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
	12/2021	12/2022	12/2023	12/2024	12/2025	12/2026	Net Chg.
Share Split Factor	1	1	1	1	1	1	-
Earnings Per Share	119.12	104.64	18.84	94.89	73.51	188.07	-
Book Value Per Share	2,433.96	2,508.08	2,644.38	2,852.62	3,058.39	-	-
Dividend Per Share	83.00	53.00	53.00	69.00	74.00	94.00	-
Payout Ratio	69.7%	50.6%	281.3%	72.7%	101.0%	50.2%	-

Source: Company Data, WRJ Calculation

Disclaimer

The information presented in this report has been compiled by Walden Research Japan based on IR Information disclosed by the Company in a neutral and professional manner. IR Information refers to the following sources related to the Company: a) details obtained through our direct interviews with the Company, b) information presented at briefings for institutional investors, c) timely disclosure documents and d) information published on the Company's website.

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