

Consolidated Results 2024 3Q

1. Consolidated Performance Overview for January to September 2024

During the first nine months of the fiscal year ending December 31, 2024, the Japanese economy continued to recover gradually from the accelerated normalization of economic activities, but the impact of rising prices did not lead to a significant increase in consumer purchasing power. Overseas, the prolonged real estate recession in China has made the economic outlook uncertain. In addition, the situation remained uncertain due to the soaring costs of raw materials and energy, and heightened geopolitical risks, among other factors.

Against this backdrop, the Group has launched a Medium-Term Management Plan “V-plan 26” this fiscal year, with priority strategies of “Transformation of Business Portfolio,” “Expansion of Strategic Investments and Capital Policy,” and “Promotion of Sustainability Management” in order to respond to changes in the business environment and aim for sustainable growth and enhancement of corporate value. Under “V-plan 26,” in its Domestic Business the Company works toward achieving a carbon-neutral society by allocating management resources to provide new value through environmentally friendly products as well as products that solve social issues, while in its Overseas Business it will aim to expand its business and profits in North America region and develop new businesses in Southeast Asia.

As a result, consolidated operating results for the first nine months of the fiscal year ending December 31, 2024, were as follows: net sales of ¥141.1 billion (a decrease of 2.5% year on year), operating loss of ¥0.4 billion (operating income of ¥0.8 billion in the same period of the previous fiscal year), ordinary income of ¥0.4 billion (a decrease of 59.2% year on year), and net income attributable to shareholders of parent company of ¥2.3 billion (an increase of 309.8% year on year).

	2021	2022	2023 3Q	2024 3Q	Billions of yen 2024 (plan)
Net Sales	¥178.1	¥210.9	¥144.8	¥141.1	¥205.0
Domestic Business*	115.3	141.4	92.2	90.6	134.0
Overseas Business*	62.7	69.5	52.5	50.5	71.0
Operating Income	2.5	6.8	0.8	(0.4)	32.0
Domestic Business	(0.1)	3.3	(1.4)	(1.1)	15.0
Overseas Business	2.6	3.5	2.2	0.7	17.0
Ordinary Income	3.9	7.9	1.0	0.4	42.0
Net Income attributable to shareholders of parent company	5.4	4.8	0.5	2.3	47.0

*Does not include figures for internal transactions

Operating results by segment are described below.

Effective from the first quarter of the fiscal year ending December 31, 2024, the Company changed the method for calculating profit or loss of reportable segments. Accordingly, when presenting year-on-year comparisons, the segment profit or loss of the current period will be compared against a figure of profit or loss of the corresponding previous period that has been restated using the new calculation method.

i. Domestic Business

In the Domestic Business segment, for the first nine months of the fiscal year ending December 31, 2024, we achieved sales of ¥90.6 billion (a decrease of 1.8% year on year) and segment loss of ¥1.1 billion (segment loss of ¥1.4 billion in the same period of the previous fiscal year).

In the Water Heaters section, overall unit sales for residential gas and oil water heaters declined due to the sluggish housing market, but unit sales of environmentally friendly products such as Eco-Jozu and hybrid water heaters continued to increase. In the Commercial section, we also promoted our initiatives to achieve carbon neutrality, such as by promoting the replacement of boilers with commercial gas water heaters.

In the Kitchen Appliances section, unit sales of high-grade built-in gas cookers and range hoods increased, and overall unit sales of built-in gas cookers also showed a recovery trend. Consequently, the operating loss improved despite a decrease in sales for the overall domestic business.

ii. Overseas Business

In the Overseas Business segment, for the first nine months of the fiscal year ending December 31, 2024, net sales were ¥50.5 billion (a decrease of 3.7% year on year), and segment income was ¥0.7 billion (a decrease 66.0% year on year).

In the Chinese region, amid worsening market conditions, sales of heating and kitchen appliances were strong, but income from water heaters decreased due to a decrease in unit sales and rising raw material prices. In the North American region, unit sales of high-efficiency water heaters continued to grow, while sluggish sales of heaters continued. In the Australian region, sales of heat pump water heaters and commercial water heaters were strong. Consequently, we experienced lower sales and lower income for the overall overseas business.

2. Overview of Financial Position for the Period

Total assets at the end of the third quarter were ¥208.6 billion (up ¥0.8 billion from the end of the previous fiscal year). Due to the decrease in bills receivable, accounts receivable, and contract assets, current assets were ¥114.9 billion (a decrease of ¥6.5 billion from the end of the previous fiscal year). In addition, due to the increase in investment securities and other factors, noncurrent assets were ¥93.6 billion (an increase of ¥7.4 billion from the end of the previous fiscal year).

Due to the decrease in bills payable and accounts payable, liabilities at the end of the third quarter were ¥77.6 billion (a decrease of ¥3.4 billion from the end of the previous fiscal year).

Total net assets at the end of the third quarter were ¥130.9 billion (an increase of ¥4.2 billion from the end of the previous fiscal year). As a result, the equity ratio was 60.6%.

3. Explanation Regarding Consolidated Operating Results Forecast and Other Forward-looking Statements

There have been no changes to the consolidated operating results forecast announced in the consolidated results on August 8, 2024.

4. Consolidated Financial Highlights

Noritz Corporation and Consolidated Subsidiaries Years ended December 31, 2021, 2022, 2023 and 2024

	Millions of yen			
	2021	2022	2023	2024 3Q
Fiscal Year:				
Net sales	¥178,142	¥210,966	¥201,891	¥141,193
Operating income	2,500	6,889	3,840	(415)
Operating margin (%)	1.4	3.3	1.9	(2.9)
Net income attributable to shareholders of parent company	5,479	4,800	868	2,348
Net cash provided by operating activities	15,477	2,403	(1,868)	–
Net cash used in investing activities	(2,522)	(7,790)	(5,664)	–
Net cash used in financing activities	(3,118)	(4,778)	(3,235)	–
Cash and cash equivalents	43,159	35,147	25,159	27,732
Capital expenditures	6,019	6,223	9,201	8,173
Depreciation and amortization	6,136	6,590	7,438	5,047
At Fiscal Year—End:				
Total assets	¥194,527	¥216,974	¥207,771	¥208,603
Net assets	116,193	119,656	126,667	130,952
Per Share Data (Yen):				
Net income	¥119.12	¥104.64	¥18.84	¥50.88
Cash dividend	83.00	53.00	53.00	67.00
Net assets	2,433.96	2,508.08	2,644.38	2,733.18
Financial Ratios (%):				
Return on equity (ROE)	5.0	4.2	0.7	1.9
Equity ratio	57.6	53.1	58.7	60.6