

# Consolidated Results 2025 4Q

## Consolidated Performance Overview for January to December 2025

During fiscal 2025, the Japanese economy was expected to see a gradual recovery supported by improvements in the employment and income environments. However, the impact on consumer spending by persistently high raw material and energy prices and continued rising prices became a risk. The future outlook overseas remained uncertain, with factors such as the future direction of trade policies by the U.S. government and the protracted stagnation of China's real estate market.

Against this backdrop, the Group entered the second year of its Medium-Term Management Plan "V-plan 26" in order to respond to changes in the business environment and aim for sustainable growth and enhancement of corporate value. The Group has positioned the three-year period of the Medium-Term Management Plan as a phase for "initiating reform," with the aim of reforming to the structure that is biased towards the residential use water heater business in the Domestic Business, and in the Overseas Business, mitigating the risk in overly relying on the Chinese market and cultivating new markets. In the second year, fiscal 2025, the Group boosted earning power through high value-added products and environmentally friendly products in the Domestic Business and proceeded with restructuring of current operations in Chinese and North American regions in the Overseas Business.

As a result, consolidated operating results for fiscal 2025 were as follows: net sales of ¥202.0 billion (a decrease of 0.1% year on year), operating income of ¥4.3 billion (an increase of 79.5% year on year), ordinary income of ¥5.5 billion (an increase of 54.9% year on year), and net income attributable to shareholders of parent company of ¥3.3 billion (a decrease of 23.4% year on year).

	2022	2023	2024	2025	2026 (plan)
Net Sales	¥210.9	¥201.8	¥202.2	¥202.0	<b>¥210.0</b>
Domestic Business*	141.4	131.4	133.4	136.7	<b>140.0</b>
Overseas Business*	69.5	70.4	68.7	65.3	<b>70.0</b>
Operating Income	6.8	3.8	2.3	4.3	<b>4.5</b>
Domestic Business	3.3	0.3	1.3	2.1	<b>2.2</b>
Overseas Business	3.5	3.4	1.0	2.1	<b>2.3</b>
Ordinary Income	7.9	1.2	3.5	5.5	<b>5.5</b>
Net Income attributable to shareholders of parent company	4.8	0.8	4.3	3.3	<b>8.6</b>

\*Does not include figures for internal transactions

## Explanation by Segment

Operating results by segment are described below.

### i. Domestic Business

In fiscal 2025, the Domestic Business segment saw sales of ¥136.7 billion (an increase of 2.4% year on year) and segment income of ¥2.1 billion (an increase of 55.5% year on year). Both sales and income increased due to the effectiveness of price revisions at the beginning of the year, increased sales of environmentally friendly products and high value-added products, as well as improvement of cost rates, despite impact from soaring costs and foreign exchange. Among products for residential use in the Water Heaters section, the newly launched natural refrigerant hybrid water heater “HP HB R290” was recognized for its environmental performance, energy efficiency, and ease of installation, achieving growth that exceeded demand. Sales of high-efficiency water heaters targeting the Ministry of Economy, Trade and Industry’s Top Runner standard also increased. Among products for commercial use as well, the effects of revising prices for commercial water heaters and the increase in maintenance contracts contributed to higher sales in both equipment and services. In the Kitchen Appliances section, sales of the newly launched premium model “PROGRE” remained strong, while range hood sales also increased due to expanded sales channels. Consequently, we achieved higher sales and higher income for the overall domestic business.

### ii. Overseas Business

In fiscal 2025, the Overseas Business segment saw sales of ¥65.3 billion (a decrease of 5.0% year on year) and segment income of ¥2.1 billion (an increase of 111.3% year on year). In the Chinese region, despite decreasing sales amid the continued slump in market conditions, income increased through cost control aligned with decrease in sales. In the North American region, we achieved profitability through strong sales performance across high-efficiency water heaters and other residential use tankless water heaters, commercial appliances, and heating appliances. In the Australian region, sales of tankless water heaters and heat pump water heaters were strong, and growth continued. In the Southeast Asian region, we cultivated new regions by developing new water purifier products under the Noritz brand and launching them in Thailand, among other activities. Consequently, we experienced lower sales and higher income for the overall overseas business.

## 2. Overview of Financial Position for Fiscal 2025

Total assets at the end of fiscal 2025 were ¥237.1 billion (an increase of ¥13.3 billion from the end of the previous fiscal year). Due to the decrease in cash and deposits and other factors, current assets were ¥124.1 billion (a decrease of ¥2.1 billion from the end of the previous fiscal year). In addition, due to the increase in investment securities and other factors, noncurrent assets were ¥113.0 billion (an increase of ¥15.5 billion from the end of the previous fiscal year).

Due to the increase in deferred tax liabilities, liabilities were ¥92.0 billion (an increase of ¥5.2 billion from the end of the previous fiscal year). Total net assets were ¥145.0 billion (an increase of ¥8.0 billion from the end of the previous fiscal year).

## 3. Overview of Cash Flow for Fiscal 2025

Cash and cash equivalents (“funds”) on a consolidated basis at the end of fiscal 2025 were ¥22.8 billion, a decrease of ¥4.4 billion compared to the end of the previous fiscal year.

The cash flow conditions for fiscal 2025 are as follows.

### Cash Flow from Operating Activities

Funds from operating activities were ¥9.9 billion (an increase of ¥1.3 billion from the previous fiscal year). This is mainly due to income before income taxes of ¥5.5 billion, depreciation and amortization of ¥7.7 billion, an increase in trade receivables of ¥1.5 billion, a decrease in inventories of ¥0.7 billion, an increase in retirement benefit asset of ¥1.2 billion, and income taxes paid of ¥1.3 billion.

### Cash Flow from Investment Activities

Funds used in investment activities were ¥11.1 billion (an increase of ¥5.1 billion from the end of the previous fiscal year). This is mainly due to payments for purchase of tangible fixed assets of ¥6.2 billion.

### Cash Flow from Financing Activities

Funds used in financing activities were ¥3.6 billion (an increase of ¥1.1 billion from the end of the previous fiscal year). This is mainly due to payments for purchase of treasury stock of ¥2.0 billion and dividends paid of ¥3.2 billion.

### Trend of Cash Flow Indicators

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Capital adequacy ratio (%)	58.7	59.0	59.0
Capital adequacy ratio based on market value (%)	33.5	34.4	38.5
Ratio of interest-bearing debt to cash flow (years)	—	1.0	1.1
Interest coverage ratio (times)	—	60.5	60.5

Notes:  $\text{Capital adequacy ratio} = \text{Capital adequacy} / \text{Total assets}$

$\text{Capital adequacy ratio based on market value} = \text{Market capitalization} / \text{Total assets}$

$\text{Ratio of interest-bearing debt to cash flow} = \text{Interest-bearing debt} / \text{Operating cash flow}$

$\text{Interest coverage ratio} = \text{Operating cash flow} / \text{Interest payment}$

1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the total number of shares issued at the end of the fiscal year (excluding treasury stock).
3. Operating cash flow is the cash flow from operating activities in the consolidated statement of cash flows. Interest-bearing debt includes all liabilities on the consolidated balance sheet for which interest is paid. In addition, interest payments are based on the amount of interest paid in the consolidated statement of cash flows.
4. Ratio of interest-bearing debt to cash flow and interest coverage ratio are not shown if operating cash flow is negative.

## 4. Future Outlook

The future outlook of the global economy remains uncertain due to the potential slowdown in overseas economies, particularly in China; rising prices driven by soaring fuel and raw material costs and other factors; heightened geopolitical risks stemming from situations in Ukraine, the Middle East, and other areas; and the impact of prolonged tensions between Japan and China, among other factors.

Amid this environment, the Group is entering the final year of its Medium-Term Management Plan “V-plan 26.” Under “V-plan 26,” we will continue to promote the Domestic and Overseas businesses based on three priority strategies of “Transformation of Business Portfolio,” “Expansion of Strategic Investments and Capital Policy,” and “Promotion of Sustainability Management.”

In Domestic Business segment, we aim to expand sales of environmentally friendly products in the residential-use water heaters and HVAC business, such as hybrid water heaters and heat pump products, as well as the high-efficiency gas water heater “Eco-Jozu.” We will enhance the appeal of customer experience value and increase sales of premium water heaters. In the non-residential sector, we will expand sales of commercial-use water heating systems through reliable replacements utilizing existing stock and expand the production-driven markets in the Thermal Solutions Business. In the Kitchen Appliances business, we aim to increase the ratio of mid-to-high-end built-in stoves through functional appeal based on real experiences and expand sales of range hoods in growth channels. Additionally, we will further advance the construction of business foundations, such as building a connection base with customers and achieving competitive costs through cost improvement.

In the Overseas Business segment, considering the uncertain market environment in the Chinese region, we aim to stabilize profits by expanding sales of water heaters in regions outside of Shanghai through the expansion of exclusive stores, improving our strength in the kitchen appliances field, and continuing to reduce fixed costs. In the North American region, we aim to maintain profitability by mixing channels and expanding the sales of commercial equipment, and strengthening efforts with heat pump products that respond to the energy shift. In the Australian region, we will maintain stable growth by expanding the sales volume of heat pump products leveraging the strength of tanks and continuing cost improvements. Additionally, we plan to expand the Noritz brand in Southeast Asia, starting from the newly established representative office in Bangkok, Thailand.

## 5. Consolidated Financial Highlights

Noritz Corporation and Consolidated Subsidiaries Years ended December 31, 2022, 2023, 2024 and 2025

Millions of yen

	2022	2023	2024	2025
<b>Fiscal Year:</b>				
Net sales	¥210,966	¥201,891	¥202,204	<b>¥202,049</b>
Operating income	6,889	3,840	2,395	<b>4,300</b>
Operating margin (%)	3.3	1.9	1.2	<b>2.1</b>
Net income attributable to shareholders of parent company	4,800	868	4,383	<b>3,358</b>
Net cash provided by operating activities	2,403	(1,868)	8,618	<b>9,962</b>
Net cash used in investing activities	(7,790)	(5,664)	(5,996)	<b>(11,125)</b>
Net cash used in financing activities	(4,778)	(3,235)	(2,477)	<b>(3,673)</b>
Cash and cash equivalents	35,147	25,159	27,346	<b>22,850</b>
Capital expenditures	6,223	9,201	10,425	<b>11,187</b>
Depreciation and amortization	6,590	7,438	7,599	<b>7,777</b>
<b>At Fiscal Year-End:</b>				
Total assets	¥216,974	¥207,771	¥223,767	<b>¥237,119</b>
Net assets	119,656	126,667	136,939	<b>145,029</b>
<b>Per Share Data (Yen):</b>				
Net income	¥104.64	¥18.84	¥94.89	<b>¥73.51</b>
Cash dividend	53.00	53.00	69.00	<b>74.00</b>
Net assets	2,508.08	2,644.38	2,852.62	<b>3,058.39</b>
<b>Financial Ratios (%):</b>				
Return on equity (ROE)	4.2	0.7	3.5	<b>2.5</b>
Equity ratio	53.1	58.7	59.0	<b>59.0</b>