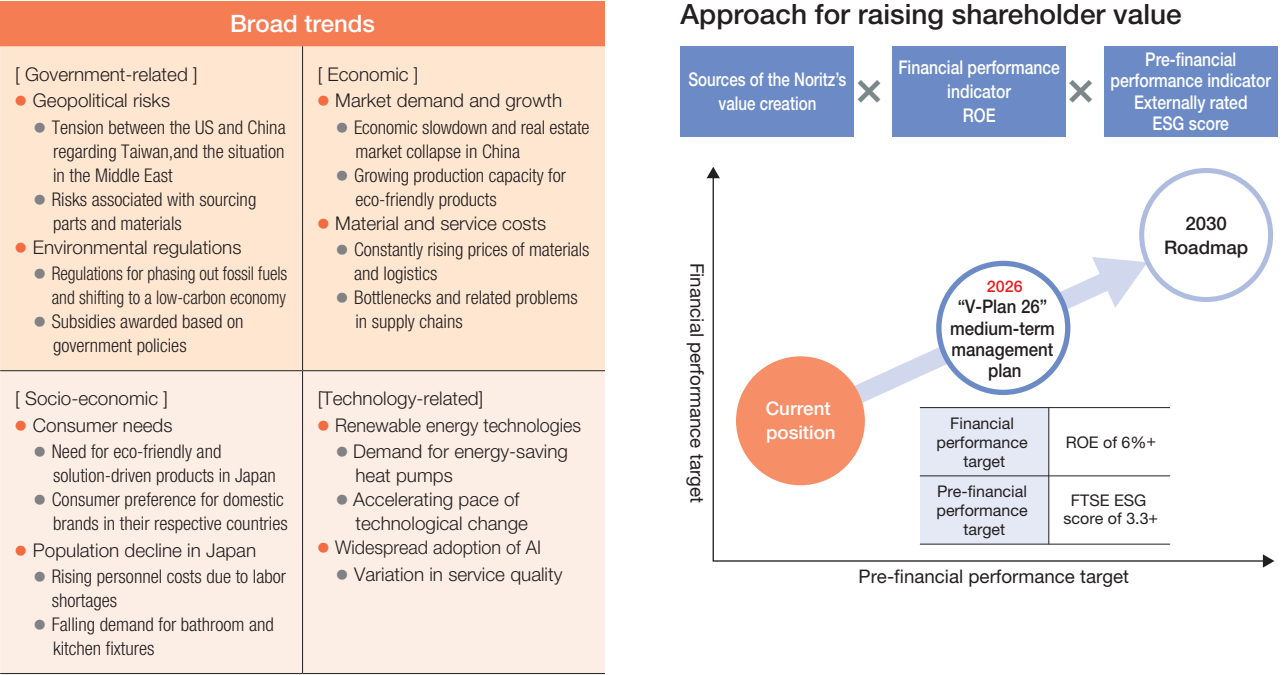


Overview and Progress of the “V-Plan 26” medium-term management plan

Management targets

Aiming to achieve ROE of 6%+ and an FTSE ESG score of 3.3+

Under the “V-Plan 26” medium-term management plan, which was formulated by backcasting from the goals envisioned in its 2030 Roadmap, Noritz aims to enhance corporate value along two axes: financial performance and pre-financial performance that leads to future financial performance. Noritz set return on equity (ROE) in excess of 6% as an indicator of financial performance and an FTSE ESG score of at least 3.3 as an indicator of pre-financial performance. To achieve these targets, Noritz is carrying out our priority strategies: shifting to a more profitable business portfolio, strategically increasing investment and allocating capital, and making progress in sustainability management.



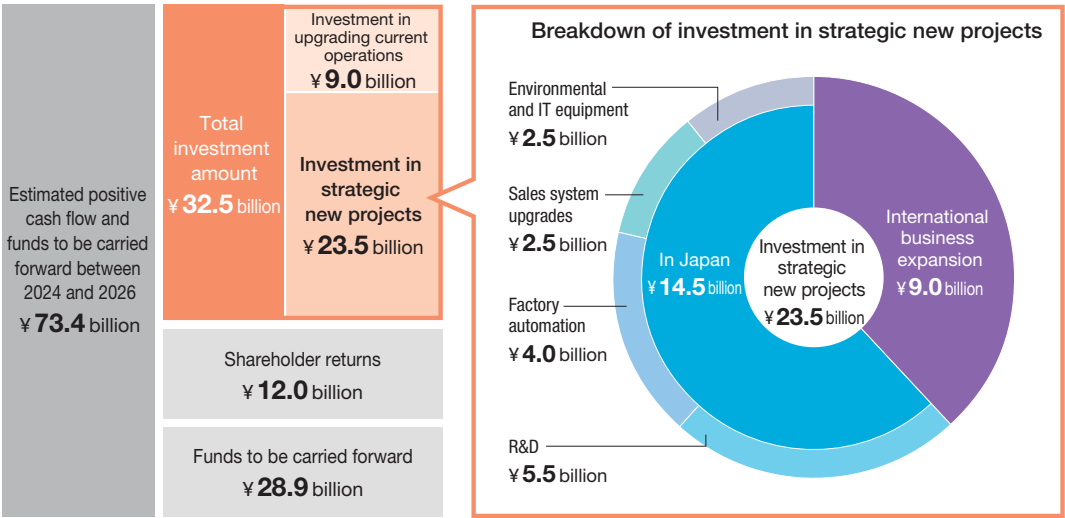
Progress of the “V-Plan 26” medium-term management plan

Key strategy 2 Strategically increase investment and allocate capital

1 Invest in growth

Under the “V-Plan 26” medium-term management plan, we plan to invest a total of 32.5 billion yen over three years. Of this amount, 23.5 billion yen will be invested in production innovation to create smart factories and the construction of new facilities outside Japan with the objective of achieving sustainable growth through investment in strategic new projects. In 2025, 11.2 billion yen in capital investment was made. Investment of 10.9 billion yen is planned for 2026.

Investment allocation



Strategic investment

In Japan		
Material issues 12346		
Purpose	Investment amount	Objective
R&D	¥5.5 billion	Expand lineups of value-added products by developing low-emission products that contribute to decarbonization and solution-driven products that help enhance users' quality of life.
Factory automation	¥4.0 billion	Automate production lines with a view to creating smart factories.
Sales system upgrades	¥2.5 billion	Rebuild service platforms and adopt digital technologies and IoT to strengthen relations with customers.
Environmental and IT equipment	¥2.5 billion	Install equipment needed for obtaining electricity entirely from renewable sources, and IT-related equipment for facilitating digitalization.

Outside Japan		
Material issues 2		
Market	Investment amount	Objective
China	¥9.0 billion	Construct an innovation center, enable subsidiaries to grow independently by improving their production and development capabilities, and establish a value chain entirely based in China.
North America		Newly release tankless water heaters with a premixed burner design to promote sales of low-emission tankless models and expand the market for these products.
Australia		Improve product quality and lower costs through capital investment. Establish a head factory for storage-type water heaters.
Southeast Asia		Invest in the development of water heaters and kitchen appliances that meet regional needs and create business in Southeast Asia.

2 Capital allocation

● Increase shareholder returns

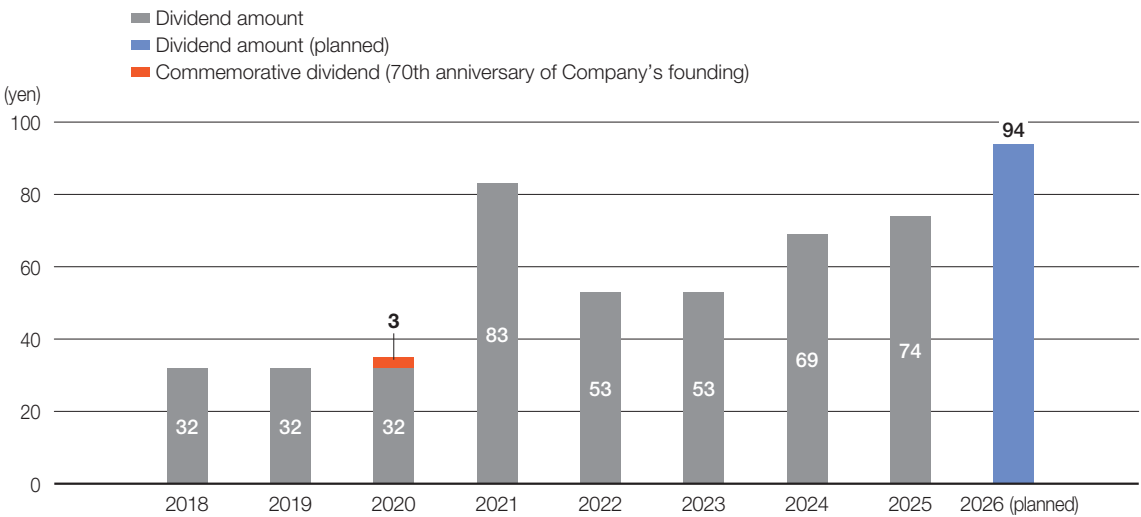
Noritz has raised the dividend on equity (DOE) ratio from 2.0% to 2.5%.

The target of shareholder returns is to achieve a consolidated dividend payout ratio of 50% or a consolidated dividend on equity (DOE) ratio of 2.5%, whichever is higher.

As for share buybacks, we will consider the executions in a flexible manner.

In 2025, a dividend of 74 yen per share was paid. And for 2026, a dividend of 94 yen per share is planned as a consolidated dividend payout ratio of 50% is applied.

In addition, Noritz executed share buybacks of approximately 2.0 billion yen in 2025. For 2026, we will execute share buybacks up to a maximum of 1.0 billion yen.



● Reduce cross-shareholdings

Noritz will reduce the value of cross-shareholdings as a percentage of consolidated net assets from 25% as of December 31, 2023 to less than 20% by December 31, 2026 and use the proceeds for growth investments.

The cumulative reduction of cross-shareholdings during the current medium-term management plan reached seven companies (equivalent to approximately 4.3 billion yen) as of the end of 2025.

● Cancellation of treasury shares

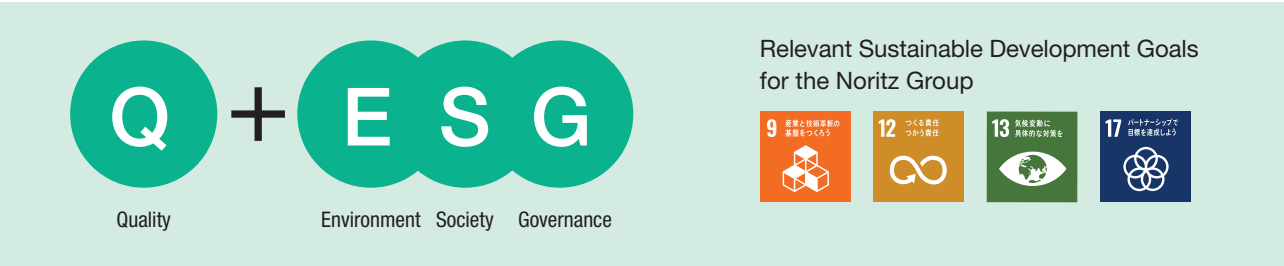
By the end of 2026, Noritz will cancel its outstanding shares, retaining only 5%.

Overview and Progress of the “V-Plan 26” medium-term management plan

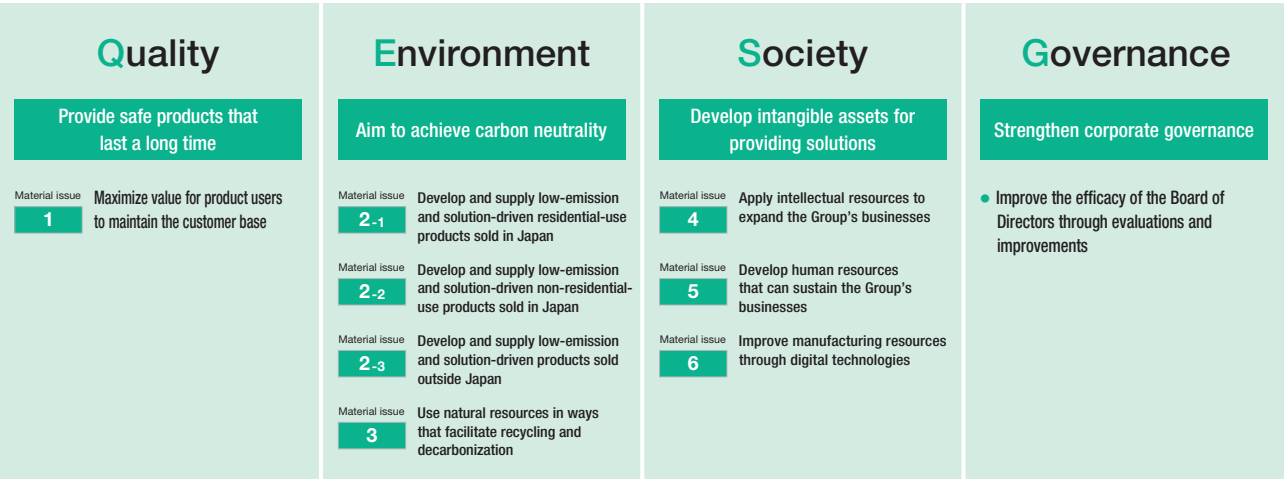
Key strategy 3 Make progress in sustainability management

The Group has engaged with its stakeholders to clarify their expectations and requests, and incorporated quality and environmental, social, and governance (ESG) issues (Q+ESG) in Noritz’s pre-financial performance with a view to providing more value to stakeholders.

In 2024, in response to increasingly diverse requests and expectations from its stakeholders, the Group identified six material issues that have financial impact. To achieve our 2030 Roadmap, we are working on these key issues along with Q+ESG.



Linking material issues to quality and ESG initiatives



Initiatives and performance indicators for material issues

Key issues		Opportunities	Main initiatives	KPIs	2030 Roadmap	FY2026 target under V-Plan 26	2025 year-end results
Priority tasks for business continuity	1 Maximize value for product users to maintain the customer base	The customer base can be reinforced by offering services that meet needs for safety and comfort, and a new business model and revenue base can be created by enhancing product maintenance services.	Improve relations with customers	Cumulative number of registered customer accounts in Japan	9 million	6 million	5.06 million
	2 Develop and supply low-emission and solution-driven products	2-1 Residential-use products sold in Japan	Standardize high-efficiency water heaters (low-emission products) and high-performance gas cookers (solution-driven products)	- Proportion of high-efficiency water heater sales in Japan - Proportion of high-performance products sales in Japan - Reduction of CO₂ emissions from product usage in Japan compared with 2018	90% 40% 30% reduction	50% 37% 20% reduction	44.3% 31.3% 29.3% reduction
		2-2 Non-residential-use products sold in Japan	- Newly developed products and services can provide value to consumers and contribute to reducing carbon emissions. - Upgrade non-residential equipment to low-emission products - Establish a non-residential thermal solutions business	Amount of CO₂ emissions reduced in Japan (compared with 2018) by replacing boilers with high-efficiency water heaters	400 thousand tons of CO₂	330 thousand tons of CO₂	282 thousand tons of CO₂
		2-3 Products sold outside Japan	- Expand markets for low-emission products in countries of operations - Deploy technologies and launch products in new countries	Amount of CO₂ emissions reduced outside Japan (compared with 2018) by replacing storage-type water heaters with tankless water heaters	7.50 million tons of CO₂	4.00 million tons of CO₂	2.78 million tons of CO₂
Priority tasks for enhancing resources	3 Use natural resources in ways that facilitate recycling and decarbonization	A sustainable business model can be established through efforts to reduce the environmental impacts of the Company and society.	- Reduce CO₂ emissions from operations - Make advances in the recycling business	- Secure 100% of electricity from renewable energy sources - Number of products recycled	- Reduce business CO₂ emissions by 50% compared with 2018 - Collect 300,000 units for recycling	- Achieve target at the Akashi Main Factory 150,000	— 85,000
	4 Apply intellectual resources to expand the Group's businesses	- Technological capabilities can be leveraged to secure competitive advantages. - Products can be differentiated from those of competitors.	- Develop technical solutions for decarbonization and wellness-related issues, and apply them worldwide - Improve management quality to enhance the corporate brand	- Number of newly developed technologies related to decarbonization or wellness-related issues - Score from the Nikkei Research Brand Strategy Survey	5 (either patented or sources of a new business model) 600	5 585	1 579
	5 Develop human resources that can sustain the Group's businesses	- Collective capabilities can be maximized by enabling diverse employees to apply their skills. - Encouraging individuals to draw on their strengths can lead to innovations.	- Implement programs to enhance employee well-being - Diversity and inclusion	Employee engagement score	73	70	69
	6 Improve manufacturing resources through digital technologies	The use of digital technologies can increase productivity.	Introduce digital applications, automation, modular design, and other innovations to manufacturing operations	Proportion of automated production to total production at the Akashi Main Factory	Realize smart factories by digitalizing factory operations and deploying AI and IoT	70% of gas water heater production	—

Progress of the “V-Plan 26” medium-term management plan

Key strategy 3 Make progress in sustainability management

Material issue

1

Maximize value for product users to maintain the customer base

Issues and Policies

Advancements in internet and IoT technologies have made it easier to provide information to our customers. By facilitating interaction between Noritz and customers, Noritz supports safe, secure, and comfortable lifestyles.

Targets and Results

2025 result and 2026 target

Total number of registered customer accounts

5.06 million → 6 million

Progress of Initiatives

Noritz Contact Center awarded highest “Three-Star” rating in HDI Benchmarking for third consecutive year

The Noritz Contact Center awarded highest Three-Star Recognition from HDI* Japan in Customer Support Ratings in 2025 for “Inquiry Desk” and “Web Support” categories for third consecutive year.

The Noritz Contact Center remains committed to resolving customer concerns and inquiries with human warmth and expertise. Furthermore, we will leverage

high-usability digital content to provide optimal service and further enhance customer satisfaction.

*Help Desk Institute: Founded in the U.S. in 1989, HDI is the world’s largest professional association for the support services industry.

3 Stars Customer Service

HDI-Japan 2025

3 Stars Support Portal

HDI-Japan 2025

Updated the “WAKASU” app for remote water heater control

In July 2025, Noritz updated the “WAKASU” app, a dedicated application for wireless LAN-compatible remote controllers.

The latest update goes beyond basic remote control of water heaters while on the go or at home, such as bath filling and temperature settings, repositioning the app as a

comprehensive support tool for the user's daily lifestyle. It brings more excitement to our customers' daily bath.



Ensuring safe and dependable products by connecting with users

Noritz has equipped almost all of its water heaters with an inspection alert function as a means to prevent accidents and breakdowns after many years of use. Specifically, the code number “88” is displayed by its remote controller after 10 years of usage. The inspections provide opportunities to check the condition of the equipment and offer replacement models before the water heaters wear out, thereby ensuring safety and reliability for users. By deploying IoT to connect with customers, Noritz plans to provide services for even safer product usage in the future.

For its commercial-use water heaters, the Noritz Group concludes maintenance contracts with its customers in Japan and other countries, allowing it to conduct periodic inspections at their facilities and help prevent downtime from product breakdowns.

Baths with an inspection alert function

Replacing water heaters in advance ensures safety and reliability

88 Alert Inspection Replacement

Connected water heaters

Ensuring safety and reliability even without replacement

Connected devices Remote monitoring Repairs

Users

Directly request inspections and replacement products

Regular use of Noritz's apps

Technology

Connected via Wi-Fi with Noritz's KW remote controller

Staff can remotely monitor equipment

Material issue

2-1

Develop and supply low-emission and solution-driven residential-use products sold in Japan

Issues and Policies

Annual CO₂ emissions from products manufactured by the Noritz Group and operations account for about 1.3% of Japan's total CO₂ emissions. Working to reduce these emissions is a part of the Company's social responsibility, and it is also seen as an opportunity to create new value.

Targets and Results

2025 result and 2026 target

Sales of high-efficiency water heaters to total water heater sales in Japan 44.3% → 50%

Sales of high-performance products to total product sales in Japan 31.3% → 37%

As responses to environmental issues become increasingly important including the government's declaration that it will achieve carbon neutrality by 2050, the Noritz Group recognizes that as a company that handles water heaters and kitchen appliances that emit CO₂, reducing CO₂ emissions is

its greatest issue. Recognizing this trend as an opportunity, Noritz is accelerating its efforts to develop and market low-emission products and use a wider range of energy sources to help achieve a sustainable society while also providing the means for people to live more comfortable lives.

CO₂ emissions from the Noritz Group in Japan

Approx. 14.19 million t-CO₂*2

*2 Calculations by the Noritz Group in 2024

Emissions from the usage of Noritz products sold

About 96%

Emissions from other business activities

About 4%

As responses to environmental issues become increasingly important including the government's declaration that it will achieve carbon neutrality by 2050, the Noritz Group recognizes that as a company that handles water heaters and kitchen appliances that emit CO₂, reducing CO₂ emissions is

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Progress of Initiatives

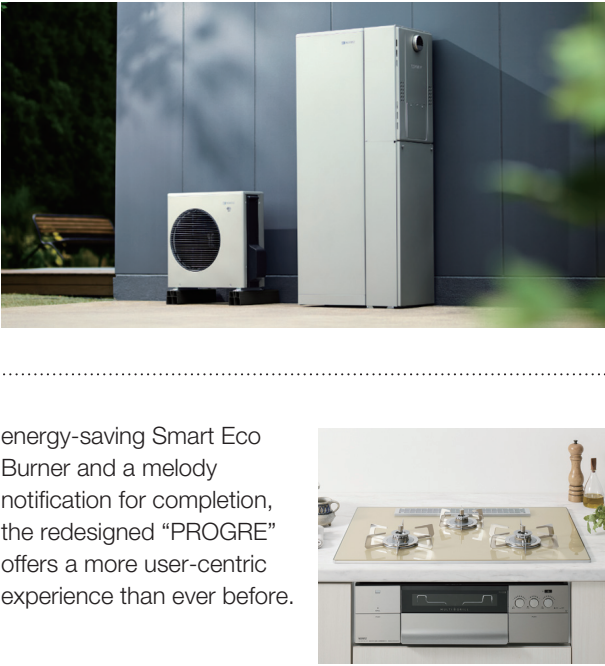
Launched HPHB R290, a hybrid water heater combining eco-friendliness and energy efficiency

In November 2025, Noritz launched the “HPHB R290” natural refrigerant hybrid water heater, which achieves outstanding eco-friendliness and high energy efficiency by adopting the low-environmental-impact natural refrigerant R290 and incorporating a “New Smart Control” feature for highly efficient water heating. The compact design of the heat pump unit, combined with a significantly lighter hot water storage unit, enhances flexibility of construction and installation.

Enhancing energy efficiency and cooking performance of the “PROGRE” built-in gas cooktop

In August 2025, Noritz remodeled its premium built-in gas cooktop “PROGRE,” which is based on the concept of “Bringing Japanese ‘Delicious’ to Life with Fire.” By linking with the “TSUNAGU RECIPE” app, users can personalize their cooking experience and store recipes. Along with the

energy-saving Smart Eco Burner and a melody notification for completion, the redesigned “PROGRE” offers a more user-centric experience than ever before.



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Progress of the “V-Plan 26” medium-term management plan

Key strategy 3 Make progress in sustainability management

Material issue

2-2

Develop and supply low-emission and solution-driven non-residential-use products sold in Japan

Issues and Policies

Progress in reducing CO₂ emissions from non-residential-use products has been slow compared with residential-use products in Japan because many facilities, such as spas and hospitals, use boilers that have high environmental impacts. In this context, Noritz is applying its core technologies to expand its lineups of low-emission products and help reduce CO₂ emissions in the commercial, industrial, and agricultural sectors.

Targets and Results

2025 result and 2026 target

CO₂ emissions reduced* by the spread of our products

282 thousand t-CO₂ → 330 thousand t-CO₂

*CO₂ emissions reduced by switching from conventional boilers to high-efficiency water heaters.

The non-residential business is divided into two areas: “human-service facilities” like hotels, which provide hot water for personal comfort, and “industrial/agricultural facilities,” which utilize hot water for production processes. To expand business going forward, the Group will continue providing unique value-added

products and services to small and medium-size commercial facilities while leveraging its competitive advantages to offer optimal solutions to a broader range of facilities. In this way, the Group intends to provide essential products and services that help users reduce CO₂ emissions and improve operational efficiency.

Progress of Initiatives

Noritz delivers eco-transforming commercial water heaters with a full lineup of indoor and outdoor models

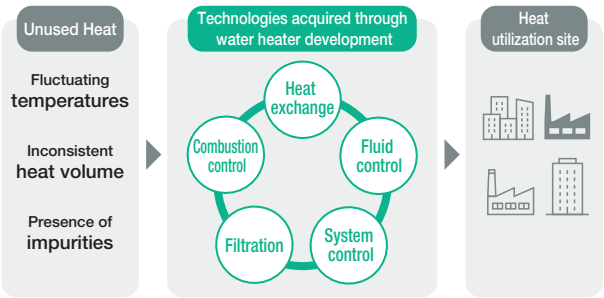
To achieve carbon neutrality in Japan’s non-residential (commercial) sector, the Company is driving the replacement of widely used, large storage-tank boilers with “Multi-System” water heaters that connect multiple high-efficiency, tankless models. Unlike boilers that waste energy keeping large volumes of stored water hot, instantaneous water heaters heat water instantly and only on demand, cutting both energy consumption and CO₂ emissions. In September 2026, the Company will launch the GQ-C5052WZD-F, the industry’s first indoor-type

commercial gas water heater with a Grade 50 capacity. By enabling the replacement of aging, indoor large-sized boilers with its high-efficiency gas water heaters (“Eco-Jozu”)—even in cold-climate facilities where outdoor installation is impossible—the Company contributes to both environmental sustainability and lower running costs. It remains committed to driving the adoption of high-efficiency water heaters across diverse environments—unrestricted by energy sources such as electricity, gas, or oil—to help deliver a carbon-neutral future.

Balancing customer solutions and social issue resolution through Noritz’s thermal solutions business

Within the Thermal Solutions segment, Noritz’s driving force lies in delivering tangible value through “decarbonization” and “energy conservation.” This is achieved by combining our core engineering expertise with pioneering (+α) capabilities. Specifically, Noritz develops and delivers a wide range of systems, including “waste heat recovery systems” that effectively utilize heat generated from industrial processes, as well as heating and cooling systems that combine renewable energy with sensing technologies for optimal efficiency. Additionally, in July 2025, Noritz became a registered supporter of the “Akashi Decarbonized Management Power-Up Program” promoted by Akashi City in Hyogo Prefecture. Through solution proposals utilizing unused heat—such as industrial waste heat and renewable energy—the Company supports local businesses in Akashi

City in their efforts to achieve decarbonized management and reduce energy costs. Noritz will continue to create innovative solutions that address both customer challenges and social issues.



Material issue

2-3

Develop and supply low-emission and solution-driven products sold outside Japan

Issues and Policies

Amid growing interest in decarbonization initiatives around the world, the energy transition is underway. The Company will drive CO₂ emissions reductions not only by leveraging its proven high-efficiency water heating technologies from Japan, but also by accelerating its transition to diverse energy sources.

Targets and Results

2025 result and 2026 target

CO₂ emissions reduced* by the spread of our products

2.78 million t-CO₂ → 4 million t-CO₂

*CO₂ emissions reduced by switching from storage-tank water heaters to high-efficiency water heaters.

In overseas markets, we offer high-efficiency commercial gas water heating systems pre-assembled at our factories to fit site-specific needs, thereby helping address critical social challenges like labor shortages. By capturing evolving lifestyle trends amid rising living

standards in Southeast Asia, we deliver high-value-added products that help build comfortable and sustainable living environments.

Progress of Initiatives

Expanding commercial CO₂ heat pump water heaters in North America

Noritz and Nihon Itomic Co., Ltd. are jointly driving the expansion of commercial CO₂ heat pump water heaters in North America. As part of this initiative, the companies co-exhibited at the “AHR Expo 2026” held in Las Vegas, USA, in February 2026. This collaboration addresses the rising demand for electrification and decarbonization in North America, serving as a core initiative in Noritz’s overseas growth strategy. The products are developed by Nihon Itomic, manufactured by the Noritz Group’s RB, and distributed by Noritz America. By promoting CO₂ reduction and renewable energy utilization through equipment adopting CO₂ refrigerant, both companies aim to realize a decarbonized society and expand their market presence.



[Southeast Asia] Noritz brand makes first entry into the Thai market

In October 2025, Noritz commenced shipments of water purifiers (electrolyzed hydrogen water generators) to the Thai market, marking its first brand entry. Manufacturing is handled by Vietnam-based Kangaroo International Joint Venture Company, delivering high-quality, highly reliable products tailored to local needs. The Company also launched the “NORITZ ASEAN” website to expand sales channels and enhance customer outreach. On the ground, participation in sports events in Bangkok generated strong interest and yielded valuable feedback from highly health-conscious local customers. Moving forward, Noritz will continue to collaborate with local partners to drive further expansion in the Southeast Asian market, broadening its product lineup from water purifiers to electric water heaters and other diverse offerings.



Progress of the “V-Plan 26” medium-term management plan

Key strategy 3 Make progress in sustainability management

Material issue

3

Use natural resources in ways that facilitate recycling and decarbonization

Issues and Policies

Substantial energy is consumed in the manufacture of products. Maintaining and reducing CO₂ emissions even as production volume increases is a major issue. Noritz is working to effectively use limited resources through means such as conservation and resource recycling.

Targets and Results

2025 result and 2026 target

Secure 100% of electricity from renewable energy sources

Achieve target at the Akashi Main Factory

Products recycled 85,000 units → 150,000 units

The Noritz Group is a member of RE100* and is working to source 100% of all electricity used at all business sites, including overseas Group companies, from renewable energy by 2050. The Group is also promoting resource recycling through its water heater recycling business. The Group is taking action to achieve net-zero CO₂ emissions

across all of its business operations by 2050 and, to contribute to the realization of a circular economy through its products and businesses, seeks to cut the waste it generates in Japan by 40% (compared to 2018) by 2030.

*An international initiative that has set a target of sourcing 100% of energy consumed in business activities from renewable energy.

Progress of Initiatives

Promoting a circular recycling model for used water heaters while supporting local communities

Noritz is developing a closed-loop recycling program that recovers used water heaters and reuses their materials in new products, supporting both sustainability and local community. About 95% of a water heater's materials can be recycled. The program also creates employment opportunities for people with disabilities by partnering with local social welfare facilities to handle much of the disassembly work. Since 2009, Noritz has operated this recycling business in collaboration with Group companies, retail partners, and organizations employing people with disabilities. Going forward, the Company aims to expand its collection network and strengthen local collection and disassembly systems by working with smelters, recycling companies, and local governments.

By 2030, Noritz aims to collect 300,000 used water heaters annually, replace 20% of the aluminum and 25% of the copper used



Recycling manufacturing waste into mineral soil conditioners while supporting employment for people with disabilities

S-score Hearts Co., Ltd., a special subsidiary of the Noritz Group, and Sun and Hope Co., Ltd., a special subsidiary of the welzo Group, have launched a joint recycling initiative that supports both sustainability and employment opportunities for people with disabilities. The project recycles nonstandard white marble chips generated during the production of water heater neutralizers into “ZEOCAL,” a mineral soil conditioner launched in October 2025. By combining calcium derived from white marble with zeolite, the product helps regulate soil

pH, improve water retention, and enhance work efficiency. Through environmentally responsible manufacturing that creates opportunities for employees with disabilities, the companies aim to further expand material recycling initiatives.



Material issue

4

Apply intellectual resources to expand the Group's businesses

Issues and Policies

For the Noritz Group, its value creation is rooted in the technologies it has accumulated over many years, while the trust of stakeholders is vital for growing sustainably in the future.

Targets and Results

2025 result and 2026 target

Number of newly developed technologies related to decarbonization or wellness-related issues: 1 → 5

Score from the Nikkei Research Brand Strategy Survey 579 → 585

To respond to diversifying needs and create new value, it is essential that Noritz integrates new technologies and ideas to supplement its core technologies of combustion control,

heat exchange, and fluid control. By promoting open innovation that transcends internal and external barriers, Noritz is creating additional value.

Progress of Initiatives

Noritz and Kobe University launch joint Well-Being Project

Noritz and Kobe University have launched the “Well-being Project,” a joint research initiative. This project is part of a comprehensive partnership agreement signed in November 2021 to advance collaboration in decarbonization, digital transformation (DX), and wellness. The project aims to scientifically verify the effects of bathing on physical and mental health, and apply those findings to the development of new products and services. A new bathing research facility will be launched using Noritz's latest technologies at

Kobe University Graduate School of Human Development and Environment. The project will also conduct multifaceted research on how bathing methods and environments affect well-being. By sharing scientifically grounded insights into the benefits of bathing culture, the partners aim to contribute to public well-being and improve quality of life (QOL).



Product Value Created Through Intellectual Capital: HPHB R290 and Shaan

The HPHB R290 hybrid water heater with a natural refrigerant won the FY2025 Good Design Award. In addition to its outstanding energy efficiency and environmental performance, the product was recognized for its refined design, which elegantly integrates advanced technologies, earning it a place in the “Judges’ Selection.” Meanwhile, Shaan, a bathroom heater and dryer with a bathroom cleaning function equipped with “AQUA OZONE,” reflects the Company’s ability to apply its accumulated

technological expertise in new ways. The product is expected to play an important role in the Company's future business growth.



Advancing hybrid water heater technology through patent innovation

During the development of the “HPHB R290” hybrid water heater with a natural refrigerant, Noritz filed 51 patent applications, 22 of which have been incorporated into the commercial product. To maximize energy efficiency, the Company developed and applied for patents on hot water

storage control technology that minimizes the operation of auxiliary heat sources by predicting hot water usage more accurately. Through the creation of intellectual capital, Noritz will continue to provide the simple comfort of life.



Progress of the “V-Plan 26” medium-term management plan

Key strategy 3 Make progress in sustainability management

Material issue

5

Develop human resources that can sustain the Group's businesses

Issues and Policies

For the Noritz Group, human resources—its employees—is the most important form of capital for maximizing value for customers and helping realize a sustainable society.

Targets and Results

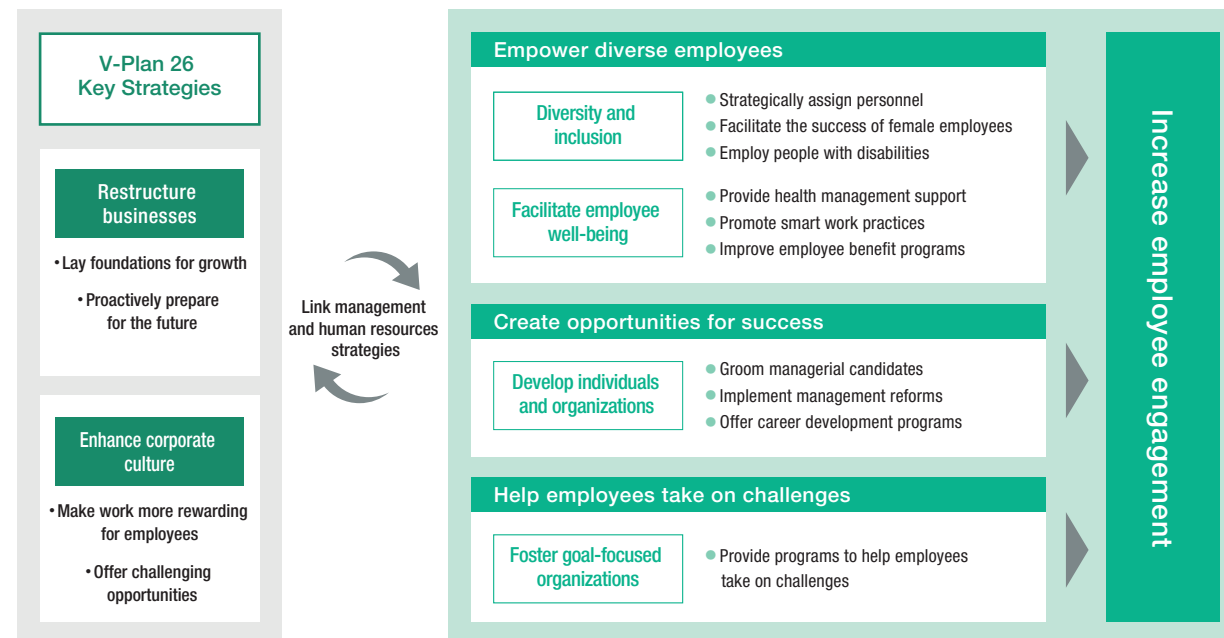
2025 result and 2026 target

Employee engagement score

69 → 70

Noritz recognizes the risks of employee turnover and labor shortages in Japan as the country's population continues to decline. Therefore, the Company is taking various steps to increase employee engagement under

the V-Plan 26, placing importance on empowering its diverse employees, creating opportunities for success, and helping employees take on challenges.



Progress of Initiatives

Supporting employees in balancing childcare and work

As demographic changes such as declining birthrates, population aging, and labor shortages continue to reshape society, supporting employees in balancing childcare and work has become increasingly important to long-term corporate sustainability. Noritz is expanding its support programs beyond statutory requirements to meet the diverse needs of employees at different stages of life.

As part of this effort, the Company introduced “Kosodate Mirai Concierge” (Future Childcare Concierge), a service that helps employees find childcare facilities, including company-managed nurseries, and provides enrollment support, parenting and childcare information, and health and childcare

consultations with professional staff. The service helps reduce common concerns among working parents, such as difficulty finding reliable information or knowing where to seek advice, creating a supportive environment where employees can continue working with confidence.

In addition, Noritz supports flexible work arrangements that help employees balance childcare and work through staggered working hours and flextime systems. These programs are designed to support a wide range of employees and are not limited to specific groups.



Enhancing employee well-being

To realize the Noritz Group's Mission of providing “The Simple Comforts of Life,” the Company believes that employees themselves must also be healthy and fulfilled. Noritz aims to create a workplace where employees feel engaged in their work and can thrive professionally. In 2022, the Company renewed its Pledge on Health and Wellness. Rather than focusing solely on responding to illness and injury after they occur, Noritz is working to create an environment where employees can stay healthy and perform at their best over the long term. To support disease prevention and promote employee health and well-being, the Company, health insurance society, and

labor union work together closely on a range of initiatives.

Additionally, the Company continues to expand programs and policies that support work-life balance and allow employees to choose flexible work arrangements.

In recognition of its strategic approach to employee health and well-being, Noritz and its Group company S-core Hearts Co., Ltd. have been certified under “KIH Outstanding Organizations (KIH: KENKO Investment for Health).”



Noritz Pledge on Health and Wellness

As it aims to realize its mission of providing “The Simple Comforts of Life,” the Noritz Group will work to ensure the good health and well-being of every employee

This mission expresses the Group's sincere commitment to society, and the Group recognizes that to provide the simple comforts of life, all of its employees must also be healthy and satisfied with their jobs.

For Noritz, health is not simply a matter of being free of illness, but has a broader meaning encompassing physical, mental, and social well-being and contentment.

From this standpoint, Noritz will work together with its health insurance association and labor union to provide comprehensive systems for supporting employees so that they can maintain their health and well-being, and work with enthusiasm and passion.

In that way, Noritz will maintain its commitment to making positive contributions to people and their communities going forward.

Developing individuals and organizations

As part of its employee development initiatives, Noritz launched its Hands-on Global Career Training program in 2024 to help employees build and pursue medium- to long-term career goals. Selected employees participate in overseas training programs designed to foster global perspectives and leadership skills.

In 2025, participants worked together with local team members to develop business strategies addressing social issues and presented their ideas in a contest.

The program has not only expanded employees' interest in international opportunities, but also encouraged them to take a more proactive

approach to career planning. Noritz will continue to provide training programs that support employees' long-term career development.



Fostering goal-focused organizations

Through its new business proposal program, Noritz aims to foster employees with an entrepreneurial mindset who are willing to take on challenges with ambition and integrity. In November 2025, the Company held an “Innovator Camp” in Kamiyama, Tokushima Prefecture, for employees who advanced past the first round of the program's screening process. By experiencing the region's unique values and spirit of innovation, participants broadened their perspectives and developed more innovative and unconventional ways of thinking, while strengthening a mindset focused on creating new value.



Progress of the “V-Plan 26” medium-term management plan

Key strategy 3 Make progress in sustainability management

Material issue

6

Improve manufacturing resources through digital technologies

Issues and Policies

Using digital technologies to transform manufacturing facilities not only reduces costs, but also contributes to addressing social issues, such as the shrinking working age population and the growing need to achieve a work-life balance amidst increasingly diverse values.

Targets and Results

FY2026 target

Proportion of automated production to total production at the Akashi Main Factory

70%

To devise solutions to labor shortages and a better work-life balance for its factory workers, Noritz is utilizing robotics and AI to transform its production facilities into smart factories by 2030. Noritz is currently advancing manufacturing innovation through the introduction of robots

and modular designs. Achieving digital transformation (DX) in manufacturing will require that numerous employees possess the perspectives and skills needed to utilize data and digital technologies, and consequently, Noritz is placing strong emphasis on talent development.

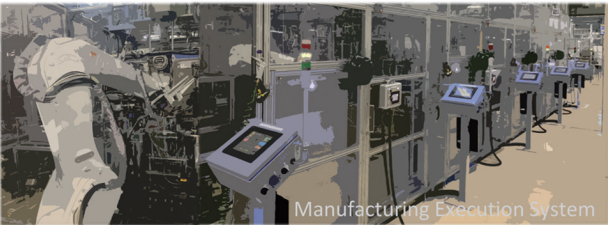
Progress of Initiatives

Digital Transformation in Manufacturing

At the Akashi Main Factory, Noritz is preparing to introduce automation equipment for the production of single-function water heaters based on a modular design. On the assembly lines, the Company is implementing automation across a range of processes, including parts assembly, transport, inspection, and packaging, enabling production with fewer personnel than conventional production lines.

In addition, the plant is introducing automated production lines for exterior parts processing, including pressing and transport operations. As part of these automation efforts, Noritz revised its

coating processes and strengthened quality control measures related to those changes. These initiatives have improved production efficiency while also helping reduce material costs.



Promoting DX talent development

As part of its DX initiatives, Noritz has partnered with Aidemy, Inc. to strengthen DX talent development. The Company introduced the “Aidemy Business” online DX learning platform to its production division in April 2024, and expanded the program to the sales division in April 2025. Leveraging a diverse range of over 250 courses, Noritz offers job-specific

curricula designed to enhance digital and IT literacy while cultivating specialists. Moving forward, the Company will continue to strengthen its digital talent to adapt to changes in the business environment and support sustainable growth.



DX-driven production and sales planning

Accurate production planning is critical to cost reduction. When the accuracy of planning declines, excessive adjustments are required upstream in the supply chain, resulting in operational inefficiencies. Previously, Noritz manually developed production plans for each of its more than 30,000 product variants across all models.

To address these challenges, Noritz began integrating its production and sales planning processes in 2023 while

exploring new planning approaches leveraging AI and statistical techniques. As a result, the Company is building a new planning framework that combines AI-based sales forecasting with mathematical optimization for production planning.

Moving forward, Noritz will continue improving planning accuracy to ensure stable product supply and provide customers with products at competitive prices.