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Information in this report is as of March 31, 2026

Working to achieve net-zero CO_2 emissions

To contribute to the planet and the communities it serves, Noritz is developing products that save energy and use renewables as part of efforts to achieve carbon neutrality by 2050.

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Noritz Corporation

https://www.noritzglobal.com/

Environment Social Governance Guidance for Collaborative Value Creation

This report was compiled in line with the *Guidance for Collaborative Value Creation* issued by Japan's Ministry of Economy, Trade and Industry, which aims to have companies and investors engage with each other to jointly create value.

WE SUPPORT UN GLOBAL COMPACT

As a signatory to the United Nations Global Compact since 2012, Noritz Corporation has committed to the compact's 10 principles in four areas, and works to contribute to the sustainability of society on that basis.

NORITZ
The Simple Comforts of Life

NORITZ REPORT 2026

Noritz Corporation

Mission

The Simple Comforts of Life

We want to popularize soaking in the bath at home.
Noritz was founded on the firm belief of its founder, Toshiro Ota, that "quality baths bring joy to people." This was based on his experience of feeling soothed by taking even just a short bath after rigorous training sessions during his time at a naval academy.
Soaking in a bath was a source of joy for him back then, and over time, it became indispensable for people everywhere in Japan. Our goal for 2030 is to spread this joy.

We are determined to go from being the company that provides water heaters to the company that provides "the simple comforts of life." Noritz is spreading the simple comforts of daily life.

Vision

Take Our Established Businesses to New Heights

We will deliver our products through different energy sources while enhancing quality and efficiency and minimizing our environmental impact.

Innovate in New Fields

We will endeavor to develop products that bring greater comfort to everyday activities that involve hot water, making these innovations accessible around the world.

Values

Everything Starts from a Challenge

Always strive for a higher level and initiate change.
Lead by action, move forward with determination, and foster trust in the team.
Take on challenges, fulfill our purpose, and create new value as we envision the future.

Editorial Policy

Message from the report production team
This report is the 12th annual report published by Noritz Corporation since its initial report in 2015. The report has been compiled as a source of information for the Company's growing number of investors about consolidated financial results and targets as well as the Noritz Group's approach to creating value. Additional information is also available on Noritz's official website.

Disclaimer
This report contains statements regarding plans, strategies, and other activities of Noritz Corporation or the Noritz Group. Those statements that are not historical facts as of March 31, 2026, are forward-looking statements, and, therefore, are subject to risks and uncertainties. Future outcomes and financial results may differ greatly from those forward-looking statements due to various factors.

Period covered by this report
January 1 to December 31, 2025
(some information is as of March 31, 2026)

Companies covered by this report
Noritz Corporation and its Group companies inside and outside of Japan

Guidelines used for compiling this report
IIRC International Integrated Reporting Framework, United Nations Sustainable Development Goals, ISO 26000 international standards, GRI Sustainability Reporting Guideline, SASB Standards, United Nations Global Compact Principles, Charter of Corporate Behavior issued by the Japan Business Federation, and Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry

Previously published report: May 2025 **Next scheduled publication:** May 2027

Contents

History of Noritz

By developing products in response to changing societal trends and energy diversification, Noritz has continued to offer value to consumers while growing in step with society over its history.
Going forward, we will contribute to people's lives by providing hot water through our business activities.

Product History

1950s - 60s

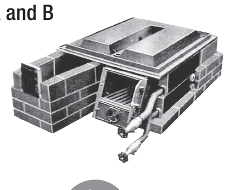
From coal to gas and oil

Began to popularize water heaters in ordinary households. In a period of high economic growth, bathrooms were even installed in apartment complexes.

1951 Powered by fire wood or coal

Released the Noritz Bath Types A and B

Until the 1950s, energy sources were generally firewood and coal. In the postwar period, Noritz developed its Noritz Bath Types A and B with tiles that could efficiently retain heat, allowing users to efficiently heat a bath using a small amount of fuel.



1961 Powered by gas

An industry first

Released the GS gas water heater, the industry's first made of aluminum

In the 1960s, Japanese homes switched to using gas as an energy source. Noritz launched its highly efficient and smartly designed GS model of water heaters made of aluminum instead of copper, which was commonly used for gas heaters at that time.

1966

An industry first

Released a gas cooker with a user-friendly piezoelectric igniter

1968

Sales launch of gas bath heaters with a "gas cutoff" safety device to prevent heating an empty tub

1970s - 90s

Diversifying energy sources

Progress in fully-automated bathtub water heaters accelerated at an unprecedented pace. A boom in multi-function showers arrived. The era of comfortable bathing.

1970

An industry first

Released the Magicon gas heater controller with a switch for igniting and extinguishing the pilot burner from inside the bathroom

1977 Powered by gas and electricity

An industry first

Released the Yu-Bic gas water heater, the industry's first with a water tank for instantly supplying hot water

Noritz was the first in the industry to equip a gas water heater with an electrical power source, allowing the compact yet powerful system to stably heat water and be turned on remotely inside the home.

1982

Released the Yu-Core GT gas water heater equipped with an automatic bath water reheating function

1983 Powered by gas

An industry first

Released the GRQ-1600A fully automatic gas bathwater heater

Noritz released its first fully automatic gas bathwater heater, greatly improving convenience for users by allowing them to fill the bathtub with just a press of a button.

1993

Released the environmentally-friendly Low NOx burner

1997

An industry first

Released the Osoji Yokuso automatic self-cleaning bathtub

1997

Debut of "voice remote controller," which notifies users when the bath is ready through voice and melody

2000s

Responding to calls for addressing global warming

Providing added value by developing products in response to energy saving measures as well as energy diversification.

2002 Powered by gas

Released the Eco-Jozu high-efficiency heat-recovery water heater

Noritz developed an innovative gas water heater that could efficiently heat water by reusing exhaust heat. Its superior energy-saving performance was good for the environment and helped users save on costs.

2010 Powered by gas and solar energy

Released an integrated heating and solar panel system with space heating capabilities

This system integrated a solar panel system made up of a water storage tank and heating equipment with a high-efficiency Eco-Jozu model water heater. In addition to water, the system enabled floors to be heated by solar power.

2014

An industry first

Released a gas cooker with multiple burners, allowing users to stew, steam, and grill various dishes

2017

An industry first

Released high-efficiency gas water heaters equipped with bath monitoring and bacteria killing functions

2023

Released the Aqua Ozone water disinfectant treatment system for helping users keep bathtubs clean and the Hiito human thermal model bathtub designed to help users relax before bed.

AQUA OZONE

HIITO

2023 Powered by hydrogen

Announced the prototype model of a 100% hydrogen-fueled water heater

Noritz succeeded in developing a water heater that uses 100% hydrogen as fuel. As the world aims to achieve carbon neutrality, hydrogen is a promising energy source because it emits no CO_2 when burned. By designing this heater to attain the maximum capacity of currently available household water heaters, Noritz intends to offer products with the same level of convenience while also ensuring safety.

2024

Released the Shaan bathroom heater and dryer that makes housework easier

Featuring a bathroom cleaning function using the Aqua Ozone water disinfectant treatment technology, this bathroom heater and dryer maintains bathroom hygiene and mitigates the burden of housework through an automated cycle of overhead ozonated water spraying, ventilation, and drying.

2025 Powered by gas and electricity

Released the HPHB R290 hybrid water heater with a natural refrigerant

By integrating the non-CFC natural refrigerant R290 with new smart control technology, Noritz achieved highly efficient water heating. The design adapts to diverse living environments, featuring a stable supply through a heat pump and gas power system with solar power integration, disaster resilience, and superior operational ability.

2030 Vision

Take Our Established Businesses to New Heights

Innovate in New Fields

Company History

1951
Founded in Kobe as Noritsu Bath Industry

1956
Established research facilities within the Hyogo Prefectural Industrial Promotion Hall (currently Hyogo Prefectural Institute of Technology)

1957
Issued first corporate bonds as a Japanese small-to medium-sized enterprise

1962
Established the Akashi Factory in Akashi, Hyogo Prefecture

1968
Changed trade name to Noritz Corporation

1984
Listed in the Second Section of the Osaka Securities Exchange market
Changed company logo. Changed English notation to "NORITZ"

1985
Listed in the Second Section of the Tokyo Stock Exchange market

1986
Completed construction of an R&D center in Minami Futami, Akashi City, Hyogo Prefecture

1987
Designated to the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange markets

1990
Akashi Main Factory constructed

1993
Overseas expansion-commencement of operations in China
Established Shanghai Shuixian Noritz Co., Ltd., a joint venture in Shanghai

2002
Commenced operations in North America
Established Noritz America Corporation in California

2004
Established Noritz Hong Kong Co., Ltd. and Noritz (Shanghai) Home Appliance Co., Ltd.

2011
Launched the medium-term management plan from 2011 to 2016
Completed the construction of the Eco-Products R&D Center

2011
Merged with Noritz Electronics Technology Inc.
Merged a portion of Harman's sales function into Noritz

2013
Competed construction of the Contact Center

2017
Launched the medium-term management plan from 2017 to 2020

2021
Launched the medium-term management plan from 2021 to 2023

2021
Noritz and Kobe University entered into a comprehensive collaboration agreement aimed at fostering innovation in the fields of decarbonization, DX, and wellness

2024
Launched the medium-term management plan from 2024 to 2026

2025
Made Ogihara MFG Co., Ltd. a subsidiary

Noritz Today

Our core technologies

Combustion control technology	Heat exchange technology	Fluid control technology
Combustion methods compatible with the regulations and decarbonization of each country	Heat-recovery heat exchangers that recycle exhaust heat	Technology that controls fluids such as water, gas, and air

High added-value technology lineup

Water heaters

Low NOx and premixed burner design

Hydrogen combustion technology

Kitchen appliances

Smart Eco burners

Improved thermal efficiency

Heat-recovery heat exchangers

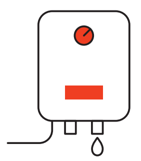
PRO-TEC Mecha

New functions

Aqua Ozone ozonated water disinfection unit

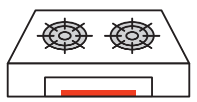
Hiito human thermal model technology

Residential-use water heaters and HVAC business



Water heaters, hydronic heating systems, gas fan heaters, gas cogeneration systems, water storage tanks for fuel cells, solar water heaters

Kitchen appliance business



Built-in gas cookers, countertop gas cookers, range hoods, built-in combination microwave ovens

Non-residential business

Commercial-use water heaters, thermal solutions, filtration devices, industrial-use solar power generation systems, repair and maintenance

Business

Founded	Share of Japan's water heater market	Customer (user) relationships	Net assets
1951	About 40 %	5.06 million (in Japan)	¥145,029 million (consolidated)

Consolidated equity ratio	Employees	R&D personnel	All employees working outside Japan
59.0 % (in the Noritz Group)	5,934 employees (in the Noritz Group)	505 R&D personnel (in the Noritz Group)	41.4 %

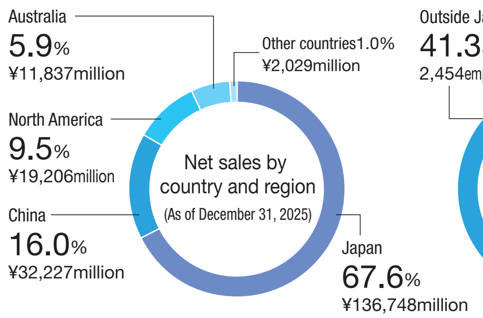
Manufacturing sites

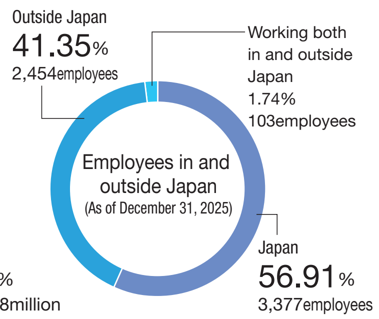
8 factories in Japan

7 factories overseas

Global expansion

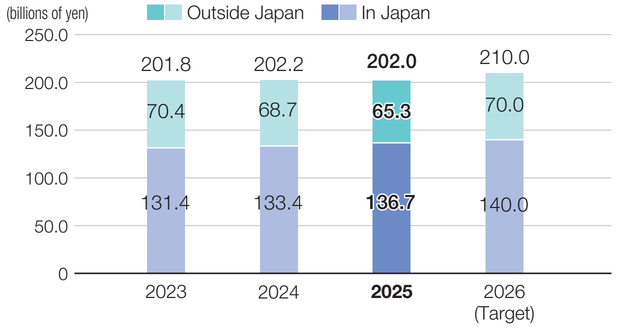
Operations in 18 countries and areas





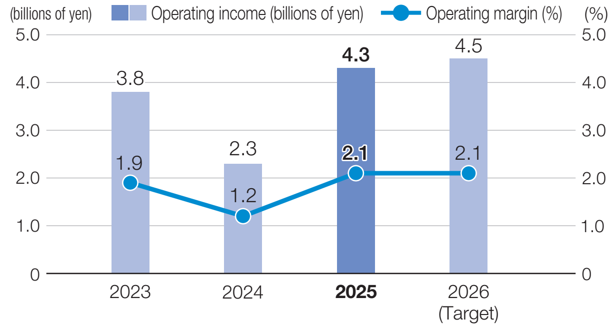
Financial data

Net sales

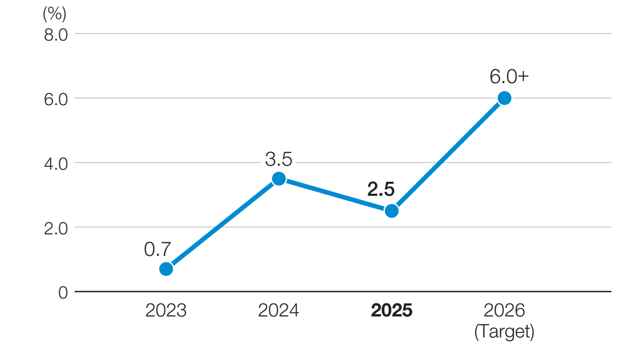


* Effective from the fiscal year ended December 31, 2024, the method for calculating reportable segments has been changed. Accordingly, the figures for the fiscal year ended December 31, 2023, have been reclassified to reflect the new calculation method for comparative purposes.

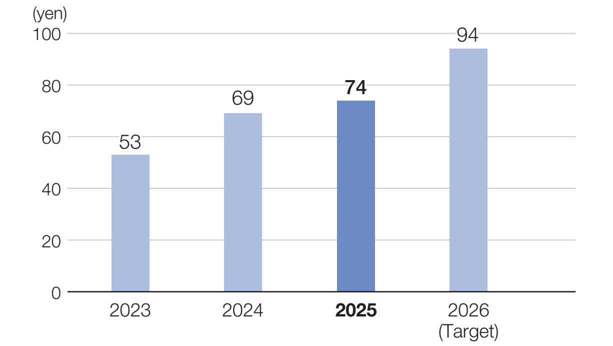
Operating income and margin



Return on equity (ROE)



Dividend per share



Non-financial data

CO_2 emissions from usage of the Group's products in Japan

FY2025 results	FY2026 target
13.78 million tons (Previous FY 13.58 million tons CO_2)	15.59 million tons

Amount of CO_2 reduced by the Group outside Japan

FY2025 results	FY2026 target
2.78 million tons (Previous FY 3.39 million tons CO_2)	4.00 million tons

CO_2 emissions from the Group's operations in Japan[1]

FY2025 results	FY2026 target
19,224 tons (Previous FY 19,260 tons CO_2)	15,325 tons

Ratio of female managers at Noritz Corporation

FY2025 results	FY2026 target
7.3 % (Previous FY 6.3)	8.0 %

Number of employees with disabilities employed by the Group in Japan[2,3,4]

FY2025 results

Overall number 174 (Previous FY 175)

Applied number 118 (Previous FY 118)

Ratio of employees with disabilities employed by the Group in Japan[2,3,4]

FY2025 results	FY2026 target
Overall ratio 3.97 % (Previous FY 3.91 %)	Applied ratio 3.00 %
Applied ratio 3.13 % (Previous FY 3.05 %)	

1. The result for 2025 is currently being verified by a third-party organization, and was calculated using the method for calculating emissions from municipal gas consumption in fiscal 2024 because the method for fiscal 2025 has not been published at the time of preparing this report.
2. Figures are as of June 30 for each year.
3. The number of employees and the ratio of employees are calculated by counting people with severe disabilities as 2 people, and people with disabilities who work with short hours as 0.5 people.
4. The statutory employment rate for persons with disabilities is 2.5% from April 2024 to June 2026 and will be 2.7% starting July 2026.

Message from the President

President and CEO

Masayuki Takenaka

Steadily achieve our "V-Plan 26" medium-term management plan and build foundations for future growth At the Noritz Group, we will continue to bring "joy" to all through our products and services.

My role as the new president

Looking to a future beyond the "indispensable" products of today

My name is Masayuki Takenaka and I was appointed President and CEO on July 1 last year (2025). I am truly grateful for your support. Since our establishment in 1951, for 75 years, Noritz has supported the foundations of people's everyday lives and Japanese society through "hot water." Our founder's firm belief was that "quality baths bring joy to people." This has remained the belief of everyone at Noritz, despite different eras and changing values throughout the years. We have continued to ask how our work contributes to society and how we support people's everyday lives— this pride and responsibility has affected me personally, and it has helped to build the history of Noritz. Today, we appear to be facing an endless stream of new challenges and opportunities. These include climate change, energy security, demographic changes, innovation in digital technology, and the diversification of values and lifestyles. We have all directly experienced dramatic changes and unexpected developments in a society that has been profoundly transformed by the COVID-19 pandemic. Partly as a result of the use of social media for communication and dramatic progress in information distribution, we now live in an age when, in addition to providing "convenience" and comfort", companies are required to supply fundamental value and build trust in society. Amid these tides of change, in addition to remaining aware of our responsibilities as an "indispensable" business, the Noritz Group has continued to pursue unique value that only we are able to create for society. We will work hand in hand with all of our diverse stakeholders, including our employees, customers, suppliers, local communities, and new partners, as we aim to create new joy, contribute to society, and continue to evolve boldly. We will continue to value a "site-led" approach, open dialogue, and a culture of taking on new challenges without fear of failure or change as we make ceaseless progress.

Achieving "V-Plan 26" and moving towards our goals for 2030

Three responsibilities - key issues for our management

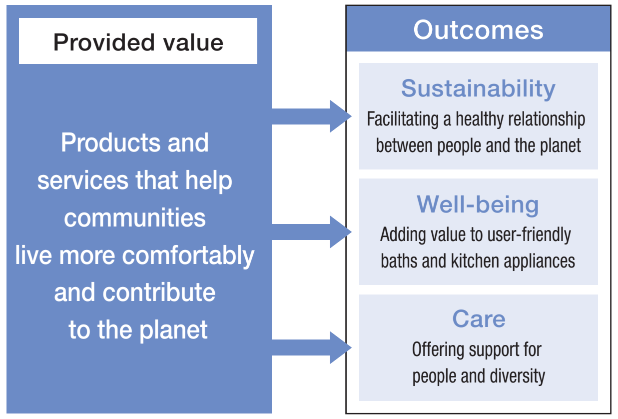
During the fiscal year ended December 31, 2025, in our business in Japan we secured increases in both revenue and income by promoting low-emission products and realizing cost reductions and productivity improvements. In our international business, we recorded decreased revenue in China due to the ongoing market slump, but our business returned to profit in North America and achieved stable growth in Australia. These factors helped us to increase income from our international business and continue to improve our earnings structure. Despite taking into account uncertainty in global trends, in the fiscal year ended December 31, 2025, we significantly exceeded the income target set out in our start-of-year plan. Our hard work in improving profitability and capital efficiency have steadily started to show results. The Noritz Group sees 2026, which is the final year of our "V-Plan 26" medium-term management plan, as a year for building foundations as we prepare for the next medium-term management plan. As President, during this final fiscal year of the plan, I will work to further increase the effectiveness of our management so that we can take steady steps towards our vision for 2030. I will also give my all to ensuring that first of all we achieve "V-Plan 26" as a waypoint that will lead to our future long-term direction. As a sign of this determination, in the fiscal year ending December 31, 2026, we plan to achieve net sales of ¥210 billion, operating income of ¥4.5 billion, net income attributable to shareholders of parent company of ¥8.6 billion, and ROE in excess of 6%, and we will work hard to realize management with a strong awareness of capital costs. We will make efforts to improve profitability while increasing capital efficiency, and we aim to increase our corporate value in a way that proves worthy of the trust placed in us by capital markets. "V-Plan 26" includes numerous policies for each

Message from the President

business and function, and it sets out a clear roadmap to realization. As President, I have set out three key areas where the management holds particular responsibility in ensuring that we execute the overall policy of the medium-term management plan consistently and produce results in the final year. Firstly, we need to reform our financial structure to increase profitability. Secondly, we need to realize a portfolio concept that increases our growth potential. Thirdly, we need to raise our Group's organizational capabilities in a way that increases our integrated strengths. When addressing the first of these responsibilities (reforming our financial structure to increase profitability), we will pay particular attention to increasing "earning power" and "capital efficiency" simultaneously. Specifically, we will seek to increase sales, improve our product mix, steadily implement ongoing measures such as reductions in cost of goods sold, and improve our operating profit margin. At the same time, we will thoroughly pursue efforts to prioritize investments that target growth and increased profit, while also prioritizing collection management and increasing our return on invested capital. Furthermore, as a result of comprehensive measures, including capital policies such as cash allocation, we aim to establish management that exceeds the cost of capital through increased ROE and improved P/B ratio. For this reason, we have not described the financial targets set out under "V-Plan 26" as "plans" but as "performance." When tackling the second of these responsibilities (realizing a portfolio concept that increases our growth potential), we will accelerate the structural readjustments across our businesses in Japan and overseas and concentrate our management resources in growth domains. In our business in Japan working on the assumption of promoting a business model tailored to an "all energy" approach, we will produce results when shifting to a more profitable portfolio by encouraging a transition away from a business structure that has been heavily weighted towards residential-use hot water, and by expanding our non-residential business and heat solutions business. In our international business, we will ensure both stability and growth in our business by controlling the risks of overreliance on China while positioning North America, Australia, and Southeast Asia as growth drivers. By establishing these policies in the form of "growth" during 2026, we will increase the reproducibility of growth as 2030 approaches. Regarding the third of these responsibilities (raising our Group's organizational capabilities in a way that increases our integrated strengths), built on an approach of people-led management, we will evolve into an organization that not only plans out strategy, but "gets the job done." In particular, we will strengthen collaboration across businesses and regions, and increase the speed of decision-making and execution. At the same time, we will continue to examine progress with priority measures and investment projects, and we will manage in order to produce results from the perspective of overall optimization, rather than individual optimization. In addition, based on an "all-member management" philosophy, we will develop human resources and organizational systems that encourage us to take on challenges, and reinforce our culture of encouraging every individual in the workplace to think, act, and achieve results autonomously. By positioning the final fiscal year of "V-Plan 26" as a year for "demonstrating through execution", we will establish across our entire Group the execution skills needed for the next growth stage.

Moreover, under our "V-Plan 26" medium-term management plan, Noritz has clarified the outcomes (value provided) of realizing our mission to provide "The Simple Comforts of Life" and offer "products and services that help communities live more comfortably and contribute to the planet." We have placed three key words at the core of our management and business activities—sustainability, well-being, and care. We regard efforts to reduce CO_2 emissions, develop and introduce energy-saving technologies, and pursue sustainability in product lifecycles and entire supply chains as not just a corporate responsibility. Rather, we also see it as part of a value creation process that will increase joy in people's lives and society through our business, and lead to an even better future. Specifically, we are focusing on co-creation initiatives such as the "Bringing Smiles to People Project" in partnership with local welfare service providers and sales companies, as well as the co-creation of value through new care services in cooperation with government agencies, places of education, and local communities. We are also paying attention to creating solutions to previously unseen social needs. These measures do not lead directly to financial value in the short term, such as sales or profits. However, by steadily gaining non-financial value such as sympathy and trust from our employees, customers, and society, we will strengthen our competitiveness and business platform for the future. The Noritz Group's vision for 2030 is to be a company that continues to deliver indispensable products while also continuing to come up with new indispensable ideas. We will realize long-term improvements in corporate value through the creation of sustainable value built on human capital and intellectual capital. At the same time, by contributing to carbon neutrality through our products and business activities, and providing value that supports people's everyday lives, we will contribute to the realization of a society that offers people rich lives while also contributing to the planet. We see 2026 as a year in which we will prepare the ground for our next medium-term management plan. We will work hard to achieve sustainable increases in our corporate value through investor relations and shareholder relations activities that prioritize highly transparent information disclosure and dialogue, while achieving both short-term results and medium- to long-term growth.

Provided value and outcomes



Reconsidering the "Noritz way" during times of change

Finding opportunities for growth through people-led co-creation and innovation

As the business environment becomes increasingly uncertain, companies need to equip themselves with both the ability to deliver results in the short term and the ability to create sustainable value that continues to adapt to change. During these times of change, the Noritz Group has continued to reconsider what the "Noritz way" is, and to use this essence to discover people-led co-creation and innovation.

The source of the Noritz Group's competitiveness lies in the judgment and execution skills of people who are strongly rooted in the workplace. By carefully detecting as an organization the lessons learned through contact with our customers and in our everyday work, and using this to improve our business and create new value, we have increased our ability to adapt to changes in the environment. We adjust strategies and understandings in the workplace and increase the speed and quality of decision-making by developing systems that link suggestions from the workplace directly to management and by providing opportunities for direct dialogue between our executives and employees.

We also need to remember that building partnerships between diverse people across different generations, departments, regions and countries is an important element when it comes to turning change into growth opportunities. Combining different specializations and values is a way of generating new ideas and business potential. As part of our efforts to co-create beyond the confines of our Group, we collaborate with local organizations employing people with disabilities, local businesses, local governments, universities, and companies in other industries. Pursuing measures that address the challenges facing society, we steadily build knowhow and relationships of trust that will lead to future business opportunities.

We are also working to promote digital transformation as a platform for supporting this co-creation and innovation. Beyond work efficiency improvements, we will increase the sophistication of customers' experiences and services in order to strengthen value, including quality, safety, and reliability, thereby increasing the sustainability of our earnings base. By combining human knowledge with digital technology, we aim to build a business management structure that is resilient to change.

The Noritz Group believes that it is the accumulation of people-led co-creation and innovation that will produce sustainable growth in times of change and increased corporate value in the medium to long term. We will continue to evolve "the Noritz way" on the foundation of trust and execution skills, while earnestly addressing changes in society and markets.

Taking on growth and challenge as "One Team," and our promise for the future

At the Noritz Group, we will continue to bring "joy" to all through our products and services.

As markets and society continue to change at an unprecedented pace, Noritz prioritizes a culture of taking personal responsibility for responding to change, rather than seeing change as somebody else's problem. The starting point for innovation and growth at Noritz comes from believing that your own actions are linked to the future of society and the Company, and sharing an attitude of taking the first steps yourself. New services and products are produced when diverse values and specializations come together during open dialogue flexibly conducted beyond the confines of department, generation, and rank. Noritz is boldly facing up to highly complex and difficult challenges based on the strengths of "One Team" that respects, recognizes, and complements individual strengths, weaknesses, and unique characteristics. We see the role of a company as one of continuing to grow along with the times, without fear of change. In addition to technology and capital, we make full use of each and every employee's passion, intelligence, and spirit of challenge. At the same time, we listen carefully to the views expressed by our customers and society, and work to realize "The Simple Comforts of Life" across all domains. Looking ahead, we aim to be a partner who co-creates the future beyond simply providing products and services by gaining a close understanding of society and people's lives and accompanying our partners as we seek solutions to problems together. As we develop our business globally, we will continue to address the wide range of issues faced by local communities and come up with "forms of joy" alongside our partners in various locations around the world, without limiting ourselves to Japan. Noritz wants to continue achieving fundamental evolution that takes us beyond being an "indispensable" partner and towards a company that is chosen and appreciated, while prioritizing open communication and responsible action so that the happiness of our employees, the trust of our partners, and our bonds with local communities interact and create synergistic effects. In order to achieve this objective, your ongoing understanding and support will be indispensable to us.

Moving forward, the Noritz Group will continue to bring "joy" to all through our products and services.

Value creation process

Broad trends	Growing demands for reducing CO_2 emissions globally
Expansion of recycling throughout society	Global population growth
Aging population and labor shortages in Japan	Increasingly serious risks of securing water supplies
Rising risks of securing raw materials and need for supply chain management	Widening diversity of individual values

Inputs Sources of value creation

Natural capital Essential resources for Noritz's operations	● 130,330 gigajoules of energy consumed annually by Noritz Corporation ● 28,934 tons of materials used annually by Noritz Corporation (of which metals totaled 27,650 tons)
Human capital Diverse personnel behind the Group's businesses	● 5,934 employees in the Noritz Group ● 41.4% of all employees working outside Japan
Intellectual capital Core technologies refined over Noritz's history	● Combustion control, heat exchange, and fluid control technologies ● 505 R&D personnel group-wide
Social and relationship capital A customer base built up since the Company's founding	● Operations in 18 countries and areas ● Almost 5.06 million registered customer accounts in Japan ● Wide-reaching customer service network
Manufactured capital Production technologies applied globally	● 8 factories in Japan and 7 overseas ● Pressing, die casting, resin molding, welding, and pipe production technologies
Financial capital Businesses supported by a solid financial base	● Consolidated net assets of ¥145,029 million ● Consolidated equity ratio of 59.0%

Value creation cycle

Values

Everything Starts from a Challenge

Process Business activities

R&D → Manufacturing → Quality assurance → Sales → After-sales service

Expanding and exploring ways to promote decarbonization and recycling

Residential market — Expanding
- Releasing new eco-friendly products
- Offering more eco-friendly products with high added-value
- Expanding the range of the kitchen appliances

Non-residential market — Exploring
Cultivating commercial, industrial, and agricultural markets for eco-friendly products

Global markets — Expanding and exploring
- Releasing new eco-friendly products in North America and Australia
- Offering more kitchen appliances in China
- Expanding the water purifier business in Southeast Asia
- Cultivating new markets in various countries

Drivers of success ·Applied thermal technology ·Digital solutions ·A global reach ·New connections with customers ·Customer service capabilities

Mission The Simple Comforts of Life

Outcomes Value offered to people and communities worldwide

Products and services that help communities live more comfortably and contribute to the planet

Sustainability	Well-being	Care
● Facilitating a healthy relationship between people and the planet	● Adding value to user-friendly baths and kitchen appliances	● Offering support for people and diversity

Outputs Targeted results of business activities (V-Plan 26)

Financial targets	Net sales	¥210 billion
	Return on equity (ROE)	6%+
Environmental targets	CO_2 emissions from the Group's products in Japan*	20% reduction
	CO_2 emissions from the Group's operations in Japan*	40% reduction
	Number of the Group's products recycled in Japan	150,000

Vision

Take our established businesses to new heights and innovate in new fields

*Compared with the amount of CO_2 emissions in 2018

Materiality Key issues

Priority tasks for business continuity	Priority tasks for enhancing resources	
Maximize value for product users to maintain the customer base	Use natural resources in ways that facilitate recycling and decarbonization	Apply intellectual resources to expand the Group's businesses
Develop and supply low-emission and solution-driven products (Residential-use and non-residential-use products sold in Japan, and products sold outside Japan)	Develop human resources that can sustain the Group's businesses	Improve manufacturing resources through digital technologies

Corporate governance and strategies

Board of Directors	● Improve efficacy ● Ensure independence and objectivity
Enterprise risk management	● Manage important risks ● Improve internal controls
Financial strategies	● Increase return on capital ● Strategically allocate cash flows

Noritz's technological capabilities and environmental commitment

What are the strengths Noritz has refined in a changing era?

As energy transition progresses, housing equipment is required not only to be environmentally friendly but also to offer safety, reliability, and the flexibility to adapt to future changes. Leveraging the technology and business foundations Noritz has cultivated over many years as a water heater manufacture, we have been working to create products and systems that do not depend on a single energy source. It is these accumulated strengths that enable us to offer the option of hybrid water heaters.

Combustion, heat exchange, and fluid control

Through the development and manufacturing of gas water heaters, Noritz has refined its core technologies over many years, such as combustion, heat exchange, and fluid control. These technologies, which have delivered the stable hot water temperature control, high safety, and durability required of housing equipment, serve as a vital foundation for our hybrid water heaters.

Environmental performance

Amid the ongoing progress toward decarbonization, there is a strong demand for housing equipment to reduce its environmental impact. Noritz has been dedicated not only to improving energy-saving performance, but also to developing environmentally friendly technologies, including the use of natural refrigerants. Our technology choices, made with a focus on medium- to long-term regulatory trends and societal demands, allow us to create products with mitigated future risks.

System integration capabilities

To make a hybrid water heater system viable, it is essential not only to optimize the performance of the gas water heaters, hot water storage unit, and heat pump individually, but also to have the capabilities to control and design the entire system optimally. Noritz designs products on the premise of seamless coordination between these units, honing the system integration capabilities needed to derive optimal solutions by combining different energy sources.

Installation and services

To ensure the purchase and use of our products with peace of mind, it is essential to have a system that provides customers with comprehensive support including installation and after-sales service. Noritz has a nationwide network for installation, high-quality customer call centers, and after-sales service centers. This business foundation serves as a vital pillar in establishing new systems, such as hybrid water heaters, as a standard within society.

HPHB R290 hybrid water heater with a natural refrigerant, leveraging our strengths

The environment surrounding residential-use water heaters is reaching a significant turning point, driven by the progress of decarbonization, volatile energy prices, etc. Under these circumstances, we are pursuing the choice of a hybrid water heater utilizing R290, a natural refrigerant, from the perspective of how to combine multiple energy sources to derive an optimal solution. Since we launched the first hybrid water heater in 2013, we have continued to improve the product. In November 2025, we launched our latest model HPHB R290. It is gathering significant interest in the market. In the following Special Feature, our persons in charge of planning and development discuss the objectives and background of our new product, designed in anticipation of the changing competitive landscape in the water heater sector.

Special Feature

The game-changing possibilities brought by the "natural refrigerant hybrid water heater"

General Manager of the Heat Pump Products Development Department, Environmental Product Development Department, Research & Development Headquarters
Yoshinori Iwahashi

Hot Water Products Planning Group, Marketing Department, Domestic Business Headquarters
Ikki Jinno

Opening up a new market for water heaters after more than a decade of trial and error

Iwahashi Being given the opportunity to introduce the "natural refrigerant hybrid water heater" in the Noritz Report is very meaningful for me as a developer. The entire development team believes this is a revolutionary product that has the potential to become a game-changer for water heaters.

Jinno Looking back over the past decade or more, I can't help but reflect on how much has changed. We started developing the concept for the new "HPHB R290" product in 2022. I have been responsible for product planning, and Mr. Iwahashi has played the role of team leader.

Iwahashi At the time, hybrid water heaters already existed as a product domain. However, they had not yet attracted the attention of the market. Not only were they not attracting much attention in the industry, but there wasn't even much interest at Noritz, and we really struggled to communicate their value to people.

Jinno Ever since we overcame that adversity and Noritz took the bold decision to make a large investment in natural refrigerant hybrid water heaters, there has been huge excitement at Noritz, including among the sales teams. I also get the sense that this new product is one that has given hope to our younger employees, who will be responsible for our Company's future.

Iwahashi Thinking back, it was in 2021 when I felt the tide had changed. The Japanese government declared that it would aim to achieve carbon neutrality by 2050 and realize a decarbonized society. For me, this was when the game really started to change. From then on, there were major developments in the legal system, and GWP (Global Warming Potential) started to become a priority in the residential domain. This was what led to a major change in the value customers demanded from residential-use water heaters. At this point, Noritz designated natural refrigerant hybrid water heaters as a core commercial product in our development plans to follow the national government's roadmap.

Jinno Recently, the number of units sold has surpassed anything that would have been conceivable a few years ago. People not just at Noritz but also at the sales companies clearly have a different view of the product now. A few years ago, both the planning and the development teams would work steadily on the product, doing what we could within our limited budgets. In contrast, Noritz has now made large investments in the new product in terms of both facilities and promotion, and we are putting a lot of our resources on the line. I'm happy to say that the product has been very well received by our clients.

Iwahashi It was approximately 13 years ago that Noritz released our first-generation natural refrigerant hybrid water heater, in 2013. As I explained earlier, there was a period of around 10 years when the product didn't sell well, and this made us feel small as developers.

Jinno At the time, the CO_2 heat pump water heater (registered trademark: Eco-Cute) was in its heyday. I

remember there being very few companies who would handle hybrid water heaters.

Iwahashi Despite this situation, after the first generation was launched, we worked steadily to add improvements and carry out model changes. The accumulation of these efforts has now become a huge asset and source of competitive advantage for us. At Noritz, the natural refrigerant hybrid water heater has been positioned as a core product that we will build upon towards 2050.

Jinno The product is now being used proactively not just by gas companies but also by electricity businesses. It genuinely feels that the world has changed. We placed a huge burden on the development team members when carrying out the recent major product change.

Iwahashi I could speak all day about the hard work that went into developing the HPHB R290 Series. However, if I were to summarize, I would describe it as an effort that involved innovating all aspects of the product without being bound by the technology that was already being used for existing hybrid water heaters. For example, when controlling the hot water supply temperature, we did not simply use the controls that were already being used for hot water tanks. Instead, we developed the product by adapting newly used components to the control methods used for gas water heaters. Still, hot water tanks have their own unique conditions and challenges that differ to gas water heaters, and we faced a huge range of challenges during the development process. Despite this, we received invaluable advice from technicians with detailed knowledge of gas water heater specifications. The recent product is not something that was created only by the members of the hybrid water heater development team. We were only able to achieve the results thanks to the help of people across numerous involved departments.

Jinno The key point of the recently developed product is R290 (propane). While we knew this was a refrigerant that is difficult to handle, we were also certain that this was our one and only option when considering the global environment and the customer's perspective. The conventional wisdom in the industry had been to use fluorocarbon refrigerants. The management's determination not to choose this option made it possible for us to realize the natural refrigerant hybrid water heater.

When we consider the role played by the "All Noritz" network, we undoubtedly benefited from the strengths of our assets in installation and after-sales services, and of course the knowhow accumulated from developing, manufacturing, and selling gas water heaters since 1951. Our clients, installers, and after-sales service providers all gave development inputs to the new product, and we can confidently declare that this product is one that combines our total resources across the whole value chain.

Competitive advantages in energy savings and ease of installation, in addition to environmental performance

Jinno Mr. Iwahashi, from the development side what do you see as the main features of the natural refrigerant hybrid water heater?

Iwahashi In addition to its strong environmental performance as a product that can contribute towards carbon neutrality, major features include the fact that it can contribute to energy savings based on its unique control technology, as well as the benefit that it can be installed in both detached homes and apartment buildings because we have achieved industry-leading reductions in weight and size. Moreover, as a winner of the 2025 GOOD DESIGN AWARD, we are confident that the HPHB R290 Series has an elegant design. In fact, three elements combine to make a single natural refrigerant hybrid water heater— the gas water heater, the hot water tank, and the heat pump unit— and all three were designed and manufactured by Noritz. This was what allowed us to come up with a consistent design.

Jinno Among these features, ease of installation might not be something that the average customer easily understands, but the product has received high praise from installers who fit the equipment. The smaller and lighter heat pump unit reduces their work burden. What's more, even with large volume tanks, a unique feature of Noritz's products is that the gas water heater, the hot water tank, and the heat pump unit can be installed individually. Sites where units need to be replaced require flexibility, and this design makes it possible to come up with solutions.

Iwahashi Another important technical point is that our competitors' hybrid water heaters make it necessary to properly collect the refrigerant when the unit is being replaced, similar to an air conditioning unit. This results in additional work and costs. Many gas companies are unable to collect the refrigerant because they are unable to install air conditioning units. Previously, this would have meant that when a gas company visits a site to replace the water heater, an air conditioning company would also need to be called separately just to collect the refrigerant, in the case it was another company's hybrid water heater that needed to be replaced. This was very troublesome. In contrast, the natural refrigerant hybrid water heater uses an environmentally-friendly natural refrigerant, which means it is not necessary to collect the refrigerant when units are replaced. This feature has been described as a great convenience by installers. As a result, gas companies' sales representatives have actively recommended that their customers use Noritz's natural refrigerant hybrid water heater.

Jinno We should also point out that Noritz's natural refrigerant hybrid water heater can be used in combination with ordinary Eco-Jozu gas water heaters.

Iwahashi That's right. At customers' homes where a gas water heater is already installed, a hybrid water heater can be installed by adding a hot water tank and heat pump unit later. Currently, Noritz's product is the only one that makes this possible. This was only made possible by the fact that Noritz possesses combustion technology cultivated through our gas water heater business, in addition to advanced technologies that maintain stable water temperatures.

Jinno Another feature we mustn't forget is the product's outstanding energy-saving performance. Demonstration testing in private homes showed that after introducing the natural refrigerant hybrid water heater in November 2025, gas consumption decreased significantly in December. Pleasing our customers while producing such excellent results makes us truly happy as members of the product planning team.

Pursuing product development from the long-term perspective of 2050

Jinno As the industry focuses its attention on R290, which is used for the natural refrigerant hybrid water heater, is seems likely that our competitors will release similar products.

Iwahashi There is a strong possibility. However, it is not that simple to establish the technology that is needed to create a natural refrigerant hybrid water heater product. Noritz has been able to overcome numerous challenges in linking different systems for the product only because it has developed the heat pump unit in-house from its inaugural model. It would be no easy task to try to establish this technology from scratch.

Jinno The important thing is to tackle challenges ahead of the times. This is the real game-changer. The truth is we still have work to do when it comes to the number of units we have been selling recently, but I would encourage the sales teams to actively propose the product to customers with confidence and pride.

Iwahashi The impression I get is that the natural refrigerant hybrid water heater is steadily becoming a product that our customers choose. Looking ahead, I have a strong desire to develop even better products.

Jinno We can also see this new product as a symbol of our "V-Plan 26" medium-term management plan.

Iwahashi That's absolutely right. We have proposed expanding the heat pumps business as a measure for transforming our business portfolio. It was a major achievement that last year in addition to existing standard models, we were able to launch sales of a plug-in heat pump unit that requires no specialist electrical work to be carried out. Because sales only recently started, we have yet to see results as figures, but we plan is to have the natural refrigerant hybrid water heater contribute to the "V-Plan 26" concept.

Jinno I feel certain that when momentum starts to build behind the new product's sales, it will lead to a transformation, both in the medium-term during V-Plan 26 and in the residential energy field in the future.

Iwahashi When you think from the long-term perspective of 2050, in the context of the major theme of achieving carbon neutrality and balancing the demand and supply of electricity, we will need to have demand response (controlling electricity demand and supply adjustments). The natural refrigerant hybrid water heater is highly compatible with demand response systems because it uses both gas and electricity to create hot water. From a technological perspective, it is important to pursue the best mix of energy. I want to be able to deliver product development to society in ways that anticipate the social problems of the future.

Jinno From the perspective of the product planning team, it will be essential for us to seize market opportunities and adapt to energy transformations as we prepare for 2040 and 2050. Currently, gas and electricity are the main sources of power. However, it is clear that the time will come when we start to switch to new energy, such as hydrogen. Whatever source of energy becomes mainstream, Noritz's product planning team believes it is our mission to plan products that adapt to it.

Noritz already possesses a product lineup that is compatible with a wide range of energy types, including gas, oil, electricity, hybrid (gas and electricity), and solar water heaters. Put another way, we believe we are the only manufacturer who can continue to develop unchanging value to our customers, irrespective of the type of energy. As we move forward, we will use this strength to our advantage to increase our corporate value while addressing the needs of society.

Path toward Achieving the 2030 Vision

Promotion of the "V-Plan 26" medium-term management plan

Take our established businesses to new heights and innovate in new fields—in order to realize our 2030 Vision, Noritz will steadily promote the "V-Plan 26" medium-term management plan to achieve ROE in excess of 6% and an FTSE ESG score of 3.3, carrying out three key strategies: shift to a more profitable business portfolio (in and outside Japan), strategically increase investment and allocate capital, and make progress in sustainability management (six material issues).

2021–2023

Previous Medium-Term Management Plan

V-Plan 23

- Ensure the sustainability of our existing operations
- Develop innovative ways to maintain customer loyalty
- Foster continuously goal-focused organizations

2024–2026

Current Medium-Term Management Plan

V-Plan 26

Aim to achieve ROE in excess of 6% and an FTSE ESG score of 3.3

Three key strategies

1. Shift to a more profitable business portfolio
2. Strategically increase investment and allocate capital
3. Make progress in sustainability management

Materiality (Issues to which Noritz should make a commitment)

1 Maximize value for product users to maintain the customer base	2 Develop and supply low-emission and solution-driven products	3 Use natural resources in ways that facilitate recycling and decarbonization
4 Apply intellectual resources to expand the Group's businesses	5 Develop human resources that can sustain the Group's businesses	6 Improve manufacturing resources through digital technologies

Externally rated ESG score

Business in Japan

Reform structures that overemphasize residential-use fossil-fuel water heater business

Global markets

Mitigate risks of reliance on the Chinese market and develop new markets

Strategic investment

In Japan	Outside Japan
Purpose	Market
R&D	China
Factory automation	North America
Sales system upgrades	Australia
Environmental and IT equipment	Southeast Asia

Capital allocation

- Increase shareholder returns
- Reduce cross-shareholdings
- Cancellation of treasury shares

2027 and onward

Next Medium-Term Management Plan

2030

Vision

Take Our Established Businesses to New Heights
Innovate in New Fields

2050

Realize carbon neutrality

Value offered to people and communities worldwide

Products and services that help communities live more comfortably and contribute to the planet

Sustainability

Facilitating a healthy relationship between people and the planet

Noritz will take initiatives to achieve a carbon-neutral society under the theme of "environment, energy saving, and resource conservation" across both residential and non-residential sectors, and will accommodate all types of energy.

Well-being

Adding value to user-friendly baths and kitchen appliances

We will continue to bring happiness to society and our customers by solving social issues and pursuing intellectual curiosity in the realms of "Health, Life, and Culture," providing both physical and mental health and well-being.

Care

Offering support for people and diversity

By offering support for our customers through connectivity, we will provide safety and security based on empathy and interaction to realize comfortable lifestyles and, through our products and services, cultivate mutual trust and a sense of attachment—the sources of our value creation.

Financial Strategy - Message from the CFO

Managing Executive Officer,
Head of Corporate Planning
Headquarters

Eiichi Kishi

Based on financial discipline, we will execute strategic growth investments while increasing capital efficiency, and realize improvements in our sustainable corporate value.

Looking back on 2025

In 2025, we made progress in improving profitability and building a platform for growth by executing innovation.

Noritz aims to increase corporate value by establishing sustainable corporate growth and realizing both financial performance and pre-financial performance (social value). We are currently implementing our medium-term management plan "V-Plan 26" covering the three years from fiscal 2024 through to fiscal 2026. The fiscal year 2026 will be the final year of the plan.

We have designated the three-year period of this medium-term management plan as a phase of "starting to execute innovation", and we have set out the following three key strategies: 1) shift to a more profitable business portfolio, 2) strategically increase investment and allocate capital, and 3) make progress in sustainability management. We have set targets for the fiscal year ending December 31, 2026 of ROE in excess of 6%, a FTSE ESG score of at least 3.3, and early improvements in P/B ratio.

In terms of our consolidated performance in 2025, which was the second fiscal year of the medium-term management plan, we recorded net sales of ¥202.049 billion (down 0.1% YoY) and operating income of ¥4.3 billion (up 79.5% YoY). Despite the slight decrease in revenue, we achieved a large increase in operating income.

In Japan, despite the impact of soaring raw materials prices and exchange rate impacts, we successfully increased both revenue and income as a result of the price revisions we carried out at the start of the year in addition to increased sales of low-emission products and high added value products, as well as an improved COGS ratio.

Outside Japan, we recorded decreased revenue but increased income overall. In China, sales decreased as a result of the ongoing sluggish market, but thoroughly controlling expenses to match the level of sales allowed us to increase income. In North America, we achieved strong sales of residential tankless water heaters, such as high-efficiency water heaters, as well as commercial equipment and kitchen appliances, and this helped us to achieve a profit. In Australia, we recorded strong sales of tankless water heaters and heat pump water heaters, and our business is continuing to grow. In Southeast Asia, we developed our first water purifier under the Noritz brand, and we worked to develop new business areas, for example by launching sales in Thailand.

Regarding our performance targets for the final fiscal year of "V-Plan 26", taking into account trends in demand for residential-use water heaters in Japan as well as the uncertainties in Chinese market conditions, we have decided to set targets of ¥210.0 billion in net sales and ¥4.5 billion in operating income. We aim to ensure our performance targets for 2026 are met, while also continuing to target the management indices set out at the start of the plan— ROE in excess of 6%, and a FTSE ESG score of at least 3.3.

Creating corporate value through growth investments and capital efficiency improvements

Aiming to increase sustainable corporate value by achieving both growth investments and improved capital efficiency, based on financial discipline

Against a backdrop of progress in energy transition and changes to market structures, a major turning point is approaching in terms of the business environment surrounding Noritz. Under this environment, rather than seeking to grow as an extension of our existing business, we will need to execute innovation that entails financial discipline.

Noritz places the establishment of the following positive cycle at the heart of our management— increase our earning power, invest the funds generated strategically, and link to future growth. Increasing ROE means increasing the quality of management through improvements to earning power and capital efficiency. What's more, steadily executing growth investments and showing the results to the market will lead to improvements in our P/E ratio, and consequently our P/B ratio.

As set out in the plan, we plan to make a total of ¥32.5 billion in strategic investments, composed of ¥23.5 billion of investment in strategic new projects and ¥9.0 billion investment in upgrading current operations. Accordingly, we are executing growth investments at a level that is approximately 1.5 times the size of our investment in a normal year. During the V-Plan 26 period, we will establish an ongoing positive cycle of growth by steadily creating returns on our investments in strategic projects and using this to fund further strategic investments targeting the next medium-term management plan.

As part of efforts to improve our capital efficiency, we are actively selling cross-shareholdings under a policy of reducing cross-shareholdings to less than 20% of net assets. We anticipate ¥8.6 billion in net income attributable to shareholders of parent company, including the sale of the cross-shareholdings. We also anticipate achieving ROE in excess of 6%, which is a financial target under V-Plan 26. Furthermore, our basic policy on shareholder returns is to pay a consolidated dividend payout ratio of 50%, and we plan to implement annual dividends of ¥94.

As an additional shareholder return measure, Noritz plans to execute share buybacks in fiscal 2026 up to a maximum of 1.0 billion yen. By the end of 2026, Noritz will cancel our outstanding shares, retaining only 5%. Moving forward, we will continue to work on improving the P/B ratio through improvements to corporate value by implementing management with an awareness of capital costs and our share price.

V-Plan 26 is an important milestone on the path towards 2030. We aim to achieve both short-term performance and medium- to long-term growth, while pursuing thoroughly disciplined investment allocation and building a financial platform that gains the trust of the markets.

Towards 2026

Aiming for sustainable growth and higher corporate value by increasing the sophistication of our management platform in order to raise our powers of execution under V-Plan 26

In fiscal 2026, the final year of the "V-Plan 26" medium-term management plan, Noritz plans to achieve net sales of ¥210.0 billion (up 4.0% YoY) and operating income of ¥4.5 billion (up 5.0% YoY).

By business, in Japan we anticipate net sales of ¥140.0 billion and operating income of ¥2.2 billion, whereas in the business outside Japan, we anticipate net sales of ¥70.0 billion and operating income of ¥2.3 billion.

In Japan, we see growth opportunities in the structural changes to society as it moves towards carbon neutrality, particularly in the residential-use water heaters domain, which is a mature market. In addition to promoting sales of high added value products (low-emission products and social solutions-driven products) through our communication strategy, we will strengthen business platforms that generate stable income by building competitive cost structures.

In the international business, we aim for sustainable growth and increased earning power by executing strategies tailored to regional characteristics. In China, we will expand business and optimize costs; and in North America, we will optimize our channel mix and increase sales of commercial equipment, while adapting to energy shifts. In Southeast Asia, we will expand the development of water purifiers and electric water heaters and promote COGS improvements; whereas in Australia, we will reinforce our business platform by increasing the profitability of existing business, optimizing our product lineup, and increasing the efficiency of supply chains.

As we work steadily towards achieving V-Plan 26, Noritz will promote corporate innovation alongside efforts to execute our business strategy. At each level—organizations, human resources, work processes, and governance—we will increase the sophistication of our management platforms and build systems that allow us to adapt promptly and flexibly to changes in our environment. This is what will ensure that we realize the growth strategies and profit targets set out under "V-Plan 26".

In addition to increasing our sustainable corporate value, these measures will help us to uphold the trust that has been placed in us by our stakeholders

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.

Broad trends

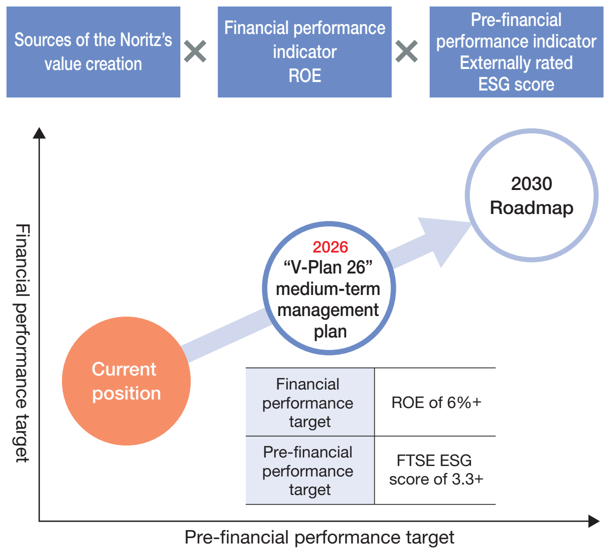
[Government-related]
- Geopolitical risks
  - Tension between the US and China regarding Taiwan,and the situation in the Middle East
  - Risks associated with sourcing parts and materials
- Environmental regulations
  - Regulations for phasing out fossil fuels and shifting to a low-carbon economy
  - Subsidies awarded based on government policies

[Economic]
- Market demand and growth
  - Economic slowdown and real estate market collapse in China
  - Growing production capacity for eco-friendly products
- Material and service costs
  - Constantly rising prices of materials and logistics
  - Bottlenecks and related problems in supply chains

[Socio-economic]
- Consumer needs
  - Need for eco-friendly and solution-driven products in Japan
  - Consumer preference for domestic brands in their respective countries
- Population decline in Japan
  - Rising personnel costs due to labor shortages
  - Falling demand for bathroom and kitchen fixtures

[Technology-related]
- Renewable energy technologies
  - Demand for energy-saving heat pumps
  - Accelerating pace of technological change
- Widespread adoption of AI
  - Variation in service quality

Approach for raising shareholder value



"V-Plan 26" medium-term management plan performance targets (revised)

	Fiscal 2024 results	Fiscal 2025 results	"V-Plan 26" medium-term management plan performance targets (revised)
Net sales	¥202.2 billion	¥202.0 billion	¥210.0 billion
In Japan	¥133.4 billion	¥136.7 billion	¥140.0 billion
Outside Japan	¥68.7 billion	¥65.3 billion	¥70.0 billion
Operating income	¥2.3 billion	¥4.3 billion	¥4.5 billion
In Japan	¥1.3 billion	¥2.1 billion	¥2.2 billion
Outside Japan	¥1.0 billion	¥2.1 billion	¥2.3 billion
Ordinary income	¥3.5 billion	¥5.5 billion	¥5.5 billion
Net income attributable to shareholders of parent company	¥4.3 billion	¥3.3 billion	¥8.6 billion
Return on equity (ROE)	3.5%	2.5%	6.0%+

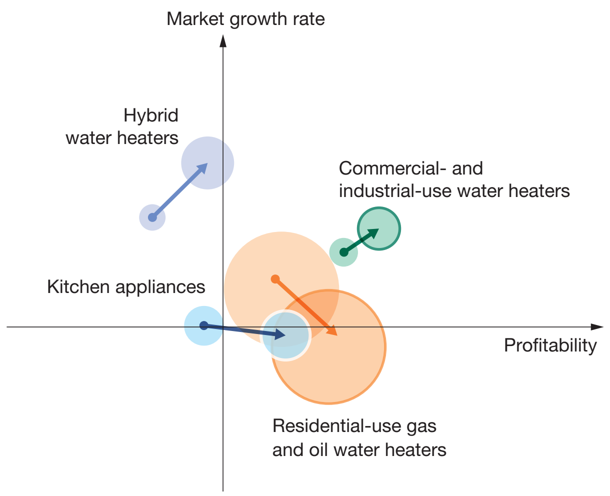
Key strategy 1 Shift to a more profitable business portfolio

Noritz devises strategies for each business in the Group's portfolio based on assessments of their profitability and potential market growth. Accordingly, in Japan, Noritz will restructure the mainstay residential-use water heater business and cultivate new markets internationally to reduce the risk of over-dependence on the Chinese market.

In Japan

Noritz has relied heavily on its gas and oil residential-use water heater business because it accounts for a high percentage of sales in Japan, but to improve the balance of its portfolio in light of future market growth potential, it will allocate more operational resources to growth businesses, particularly hybrid and other low-emission water heaters, as well as commercial- and industrial-use water heaters. Furthermore, Noritz will promote solution-driven products while working to improve customer relations and expand the services it offers.

Direction of the business portfolio from 2023 to 2026



Reform structures that overemphasize residential-use fossil-fuel water heater business

Water heater business
- Promote carbon neutrality
- Increase unit profit by expanding wellness functions and customer care
- Reduce costs through smart production and automation driven by digital transformation (DX)

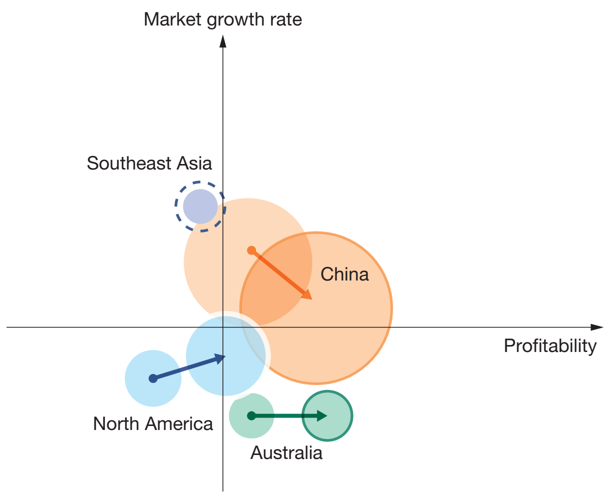
Kitchen appliance business
- Promote customer care including the use of apps and the enjoyment of cooking while expanding the mid-range product segment
- Secure profits by improving profit structures and increasing scale

Non-residential business
- Develop new markets in service-driven fields through the introduction of application-specific new products
- Cultivate production-driven markets and develop new business

Outside Japan

Noritz has positioned its international business as the Group's growth driver. In consideration of future market growth potential, however, it recognizes the serious risk of overdependence on China, which accounts for a high proportion of international sales. Therefore, to alleviate this risk, Noritz will reorganize its business portfolio, shifting operational resources to other markets—particularly North America but also Australia and Southeast Asia—while maintaining growth in China. In this way, it aims to stabilize earnings and expand its business internationally.

Direction of the business portfolio from 2023 to 2026



Mitigate risks of reliance on the Chinese market and develop new markets

China
- Invest in strengthening production and development capabilities to achieve self-sustained growth (e.g. the innovation center in China)
- Make a full-scale entry into the kitchen appliance market and expand into regional cities

North America
- Contribute to carbon neutrality
- Expand the commercial water heater business (reinforce three-company collaboration)
- Promote higher efficiency in the heating system business

Australia
- Expand heat pump commodities
- Improve product quality and lower costs through capital investment
- Establish a head factory for storage-type water heaters
- Expand business in New Zealand

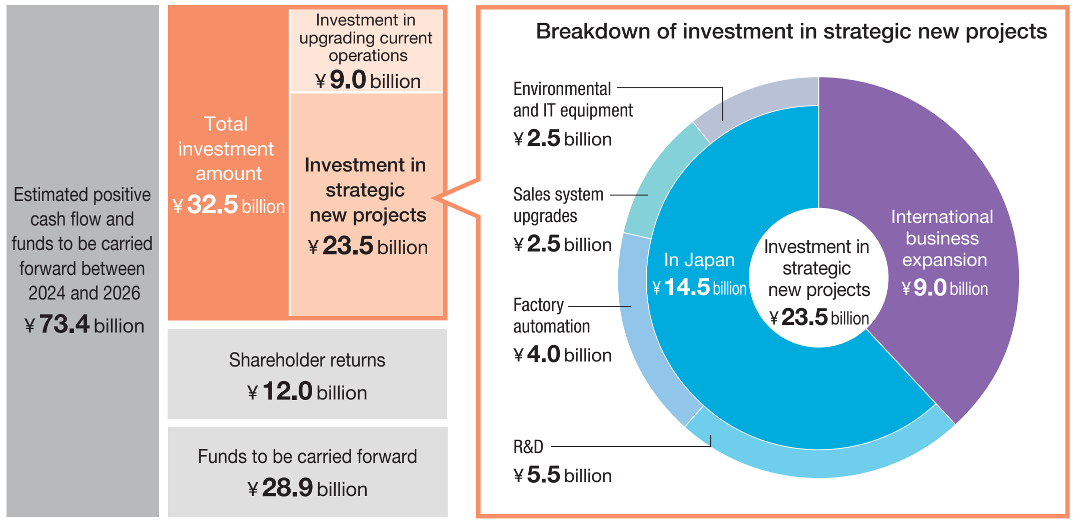
Progress of the "V-Plan 26" medium-term management plan

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 1 2 3 4 6

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

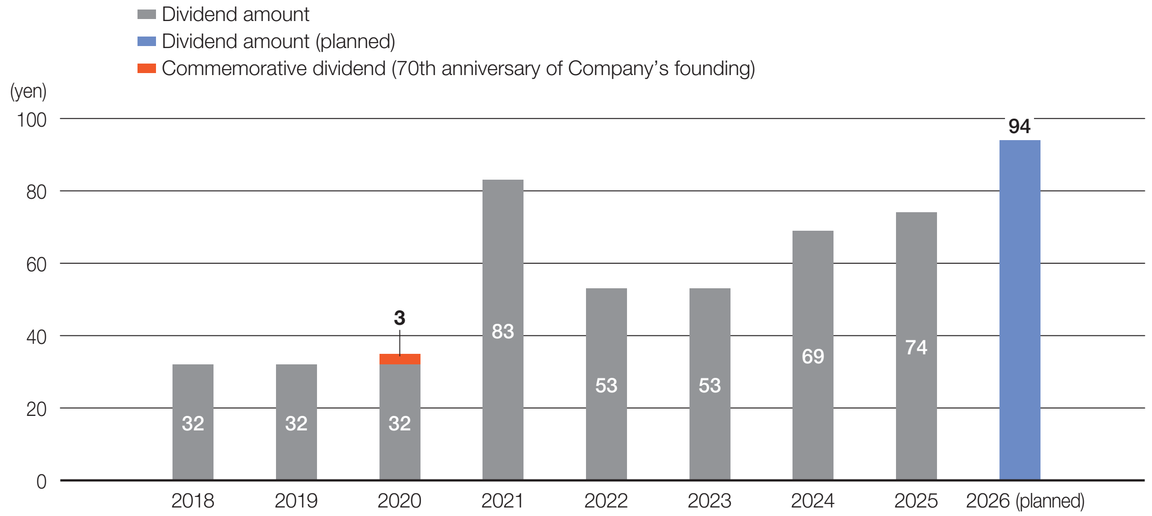
Noritz has raised the dividend on equity (DOE) ratio from 2.0% to 2.5%.

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.

Q + E S G

Quality Environment Society Governance

Relevant Sustainable Development Goals for the Noritz Group

Linking material issues to quality and ESG initiatives

Quality	Environment	Society	Governance
Provide safe products that last a long time	Aim to achieve carbon neutrality	Develop intangible assets for providing solutions	Strengthen corporate governance
Material issue 1: Maximize value for product users to maintain the customer base	Material issue 2-1: Develop and supply low-emission and solution-driven residential-use products sold in Japan Material issue 2-2: Develop and supply low-emission and solution-driven non-residential-use products sold in Japan Material issue 2-3: Develop and supply low-emission and solution-driven products sold outside Japan Material issue 3: Use natural resources in ways that facilitate recycling and decarbonization	Material issue 4: Apply intellectual resources to expand the Group's businesses Material issue 5: Develop human resources that can sustain the Group's businesses Material issue 6: Improve manufacturing resources through digital technologies	● Improve the efficacy of the Board of Directors through evaluations and improvements

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	● Newly developed products and services can provide value to consumers and contribute to reducing carbon emissions.	● 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	● 90%	● 50%	● 44.3%
					● Proportion of high-performance products sales in Japan	● 40%	● 37%	● 31.3%
					● Reduction of CO_2 emissions from product usage in Japan compared with 2018	● 30% reduction	● 20% reduction	● 29.3% reduction
		2-2 Non-residential-use products sold in Japan		● Upgrade non-residential equipment to low-emission products ● Establish a non-residential thermal solutions business	● Amount of CO_2 emissions reduced in Japan (compared with 2018) by replacing boilers with high-efficiency water heaters	● 400 thousand tons of CO_2	● 330 thousand tons of CO_2	● 282 thousand tons of CO_2
		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 CO_2 emissions reduced outside Japan (compared with 2018) by replacing storage-type water heaters with tankless water heaters	● 7.50 million tons of CO_2	● 4.00 million tons of CO_2	● 2.78 million tons of CO_2
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 CO_2 emissions from operations ● Make advances in the recycling business	● Secure 100% of electricity from renewable energy sources	● Reduce business CO_2 emissions by 50% compared with 2018	● Achieve target at the Akashi Main Factory	—
					● Number of products recycled	● Collect 300,000 units for recycling	● 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:	● 5 (either patented or sources of a new business model)	● 5	● 1
					● Score from the Nikkei Research Brand Strategy Survey	● 600	● 585	● 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.

Updated the “WAKASU” app for remote water heater control

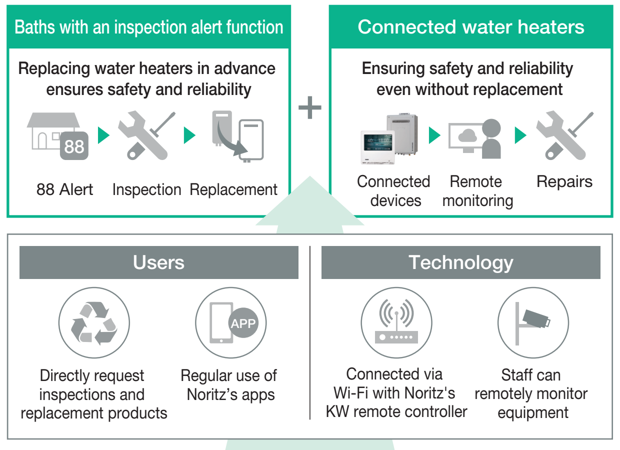
In July 2025, Noritz updated the “WAKASU” app, a dedicated application for wireless LAN-compatible remote controllers.

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.



Material issue 2-1 Develop and supply low-emission and solution-driven residential-use products sold in Japan

Issues and Policies

Annual CO_2 emissions from products manufactured by the Noritz Group and operations account for about 1.3% of Japan's total CO_2 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 CO_2, reducing CO_2 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.

*2 Calculations by the Noritz Group in 2024

*1 Preliminary data of Japan's greenhouse gas emissions in 2024 provided by the Greenhouse Gas Inventory Office, National Institute for Environmental Studies

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.

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 CO_2 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 CO_2 emissions in the commercial, industrial, and agricultural sectors.

Targets and Results

2025 result and 2026 target

CO_2 emissions reduced* by the spread of our products

282 thousand t-CO_2 → 330 thousand t-CO_2

*CO_2 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 CO_2 emissions and improve operational efficiency.

Progress of Initiatives

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

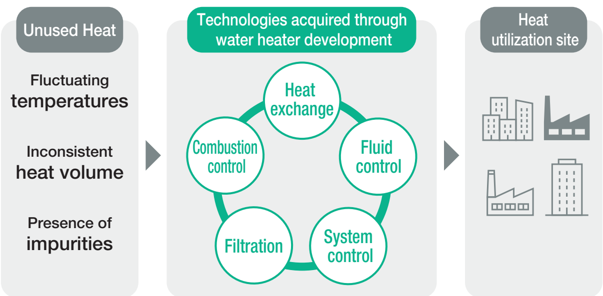
To achieve carbon neutrality in Japan's non-residential (commercial) sector, the Company is driving the replacement of widely used, large storage-tank boilers with "Multi-System" water heaters that connect multiple high-efficiency, tankless models. Unlike boilers that waste energy keeping large volumes of stored water hot, instantaneous water heaters heat water instantly and only on demand, cutting both energy consumption and CO_2 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 CO_2 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

CO_2 emissions reduced* by the spread of our products

2.78 million t-CO_2 → 4 million t-CO_2

*CO_2 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 CO_2 heat pump water heaters in North America

Noritz and Nihon Itomic Co., Ltd. are jointly driving the expansion of commercial CO_2 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 CO_2 reduction and renewable energy utilization through equipment adopting CO_2 refrigerant, both companies aim to realize a decarbonized society and expand their market presence.

新しい幸せを、わかすこと。 NORITZ | ITOMIC

[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 CO_2 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 CO_2 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.

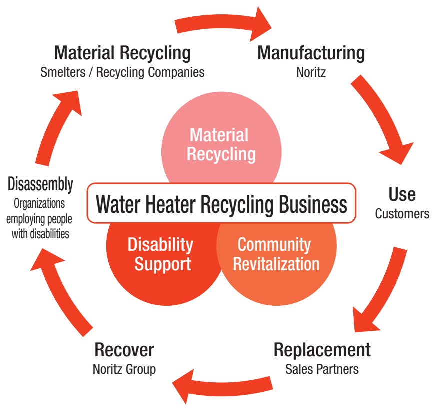
*An international initiative that has set a target of sourcing 100% of energy consumed in business activities from renewable energy.

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 in manufacturing with recycled materials, and create employment opportunities for 1,500 people with disabilities across Japan. These efforts support not only a more circular use of resources, but also stronger partnerships with local governments, expanded employment opportunities in regional communities, and improved social support services. Noritz will continue to expand this unique recycling model as part of its efforts to advance a circular economy while creating meaningful social value.



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

S-core 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).

NORITZ
神戸大学大学院 人間発達環境学研究科
Graduate School of Human Development and Environment
神戸大学 ウェルビーイング推進本部 ウェルビーイング先端研究センター

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.

HP

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 (KIM: KENKO Investment for Health)."

2026 健康経営優良法人 KENKO Investment for Health 大規模法人部門

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.

Aidemy

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.

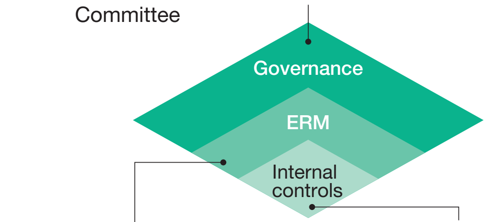
To address these challenges, Noritz began integrating its production and sales planning processes in 2023 while exploring new planning approaches leveraging AI and statistical techniques. As a result, the Company is building a new planning framework that combines AI-based sales forecasting with mathematical 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.

Corporate Governance

Approach to corporate governance

To advance sustainability management with the objective of carrying out the “V-Plan 26” medium-term management plan and to address risks associated with materiality-related initiatives, Noritz established an integrated system in which the governance structure (the Board of Directors and Sustainability Committee) works in conjunction with enterprise risk management (ERM) to monitor risk response status. In addition, to ensure that ERM functions effectively, Noritz implemented the internal control system across three sets of organizations, thereby operating governance, ERM, and internal control as a management framework.

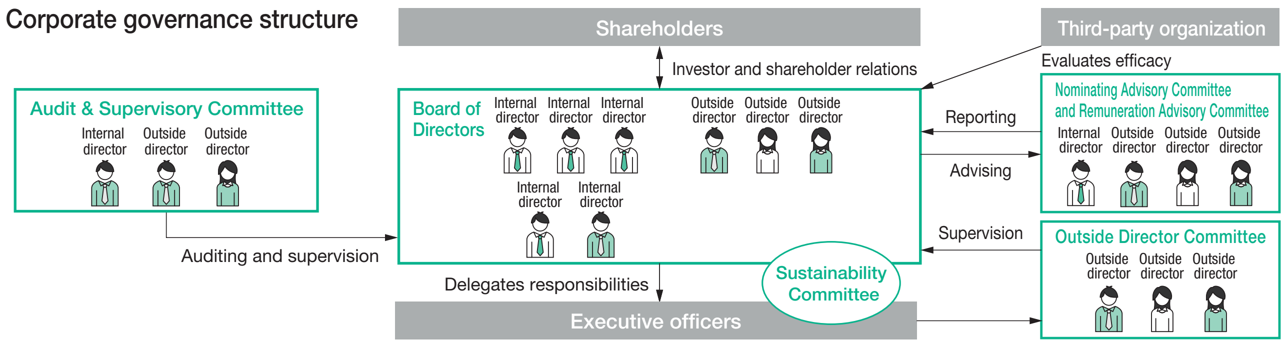


Corporate governance system

Assigning responsibilities to speed up decision-making and strengthen supervision

Noritz has established an Audit & Supervisory Committee for the purpose of effectively balancing management execution and supervision. Furthermore, although it is not mandatory in Japan, the Company has voluntarily established a Nominating Advisory Committee, Remuneration Advisory Committee, and Outside Officer Committee to strengthen its corporate governance system and the supervisory role of outside directors. The Nominating Advisory Committee and Remuneration Advisory Committee provide pertinent advice and guidance to the Board of Directors, and a majority of their members are outside directors. The Outside Officer Committee is comprised exclusively of outside directors.

Corporate governance structure



Skill matrix of directors (as of March 31, 2026)

Position	Name	Corporate management	Strategy development skills				Management strategy				
			Marketing / Business planning	Manufacturing	IT/DX	Global	Management strategy	Finance / Accounting	ESG / sustainability		
									Environmental	Social	Governance
Chairman and Representative Director.CEO	Satoshi Haramaki	●	●	●		●	●		●	●	●
President and Representative Director.COO	Masayuki Takenaka	●	●		●		●	●	●	●	●
Director and Senior Managing Executive Officer	Atsushi Yoshimoto		●	●	●		●		●	●	●
Director and Senior Managing Executive Officer	Hidenari Ikeda	●	●			●	●		●	●	●
Outside director	Izumi Noda				●		●		●	●	●
Director and member of the Audit & Supervisory Committee	Naoki Hirano	●	●					●		●	●
Lead outside director and member of the Audit & Supervisory Committee	Yasuhiro Tani					●		●	●	●	●
Outside director and member of the Audit & Supervisory Committee	Mina Ito	●				●	●			●	●

(Notes) 1. Each Director’s skills assessment marked with a circle (●) is based on the skills they possess in their experience and the skills they are expected to demonstrate in light of their current roles.
2. Directors marked with a circle (●) in the “Corporate management” field possess or are expected to possess all of the skills in the Strategy development skills and Management strategy fields. However, only those skills that they particularly possess or are expected to possess are marked with a circle (●).
3. The skills required in the “Social” category of Management strategy are mainly related to human rights and human resource development and training. The skills based on the perspective of “solving social issues” are assessed in “Marketing/Business planning” of Strategy development skills and “Management strategy” of Management expertise.

Corporate Governance

Enhancing the effectiveness of the Board of Directors

Making improvements based on evaluation results

Noritz has been assessing the effectiveness of its Board of Directors since 2017, and began having the results evaluated and analyzed by a third-party organization in 2021. Based on the evaluation results for 2024, a number of issues to address were specified for improving the Board's effectiveness in 2025. To address the issue of increasing opportunities for more intensive discussions on ESG-related management issues, we continued to hold discussions on ERM and monitored our progress in reduction of CO_2 emissions, a medium-term environmental issue. In addition, to address the issue of continuously monitoring the details of decisions made by resolution of the Board of Directors, Noritz conducted monitoring based on reports from the relevant departments, with a particular focus on investor relations and shareholder relations and risk management, and discussed the progress, environmental changes, and future challenges. Regarding the investment projects approved by the Board of Directors, we reviewed the progress and conducted monitoring of the effectiveness based on reports from the persons in charge in each relevant department.

Issues being addressed in 2026 to improve the Board's effectiveness

(1) Further enrich discussions on ESG-related management issues
(2) Continuously monitor decisions made on important investment projects
(3) Hold regular discussions that contribute to improving group governance

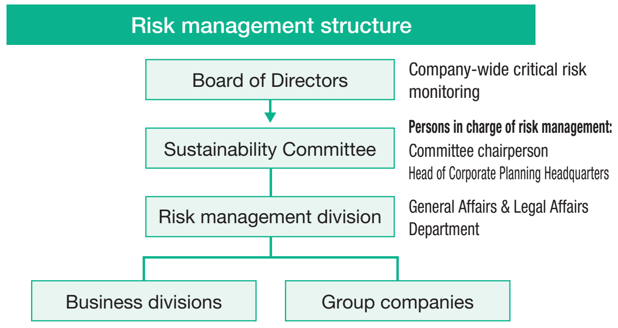
Remuneration and Other Compensation for Directors

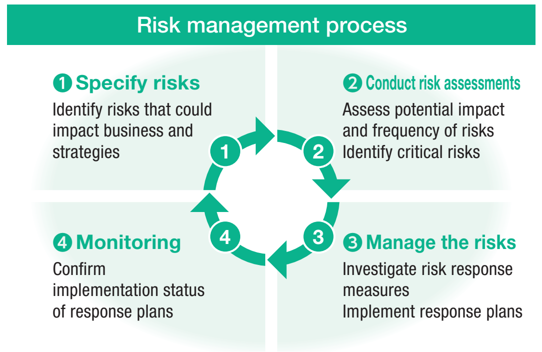
Noritz established a policy for determining the details of individual remuneration and other compensation for Directors in 2021. Based on the concept that director remuneration is essential in encouraging a commitment to medium- to long-term stock price appreciation and corporate value enhancement by sharing the benefits and risks of stock price fluctuations with shareholders, Noritz has established remuneration and compensation as follows. The remuneration for the Company's Representative Director and Executive Directors consists of four components: basic remuneration (monthly remuneration), performance-linked annual cash bonuses, share-based remuneration, and performance share units. As for share-based remuneration, we allocate shares of the Company's common stock (as restricted stock), which is subject to a predefined transfer restriction period and provisions such as grounds for the Company's acquisition of the shares without consideration. The introduction of performance share units was approved at the 74th Annual General Meeting of Shareholders held in 2024. Under this scheme, numerical targets, including ESG targets (consolidated ROE and reduction rates for CO_2 emissions from the Group's products and operations), are set for an evaluation period determined by the Board of Directors, and shares of the Company's common stock (as restricted stock) are then allocated according to the degree of achievement of these numerical targets and other factors. The number of shares to be allocated to each director is determined by multiplying the base number of units set for each position by an evaluation coefficient based on the degree of achievement of numerical targets and other factors, and then multiplying the number of shares resulting from the evaluation by the tenure ratio of each director.

Promotion of enterprise risk management (ERM)

Promoting integrated risk management throughout the Group with a unified concept

The Noritz Group undertakes enterprise risk management (ERM) measures with the aim of ensuring sustainable business operations. Noritz has deployed strategic risk management throughout the Group that goes beyond conventional business risk management, which focuses on crisis preparedness, and integrated it with management strategies to support continuity and the development of business activities. Also, Noritz identified and assessed business risks that may affect business activities in each value chain and strategic risks that may hinder the achievement of key initiatives in the medium-term management plan. Noritz implemented measures to prevent the occurrence of risks that would have substantial impact on business activities and minimize business interruption time in the event of occurrence of a risk, thereby promoting the creation of a framework for rapid recovery including business continuity planning (BCP). Noritz also examined the presence of risks that could impact medium- to long-term strategic priorities to establish a new ERM framework that can identify critical risks with impacts on business activities as a whole. Based on the risks identified by individual departments, the Board of Directors determines company-wide critical risks according to their frequency and potential impact, and risk response monitoring is conducted twice annually at meetings of the Sustainability Committee, which meets twice a year, and the Board of Directors with the participation of outside directors.





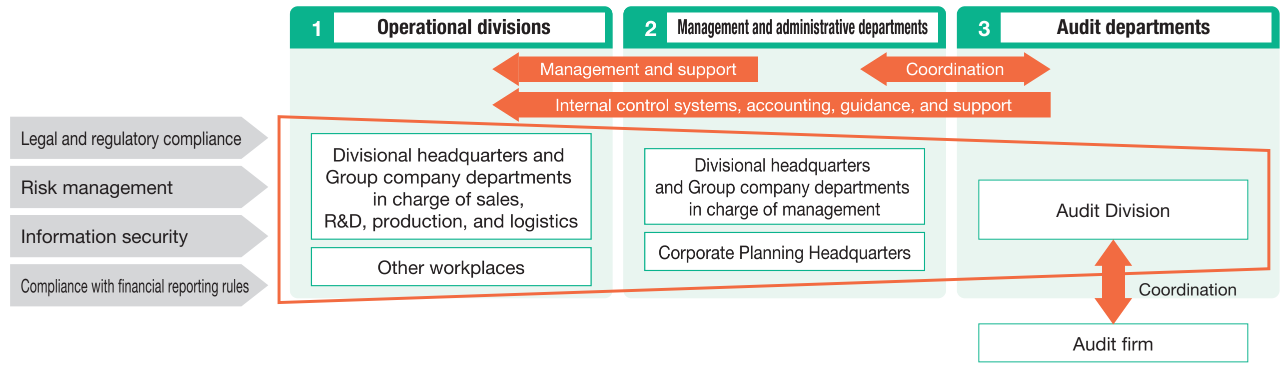
Strengthening internal controls

An internal control system bolstered by three sets of organizations

The Group has worked to strengthen its internal control system across three sets of organizations: operational divisions, management and administrative departments, and audit departments. To ensure that audit departments can conduct independent assessments of internal controls, the Group established a set of guidelines as evaluation criteria and conducted annual assessments of the internal controls that pertain to each management and administrative department. As a result, the effectiveness of internal control functions has been further enhanced across all three sets of organizations under the system.

In addition, to strengthen overseas governance, the Group conducts individual governance meetings with overseas Group companies. These discussions provide opportunities to examine and discuss each company's risks and concerns, thereby enhancing group-wide collaboration and fostering a shared awareness of governance. In the future, the Group will continue to hold these meetings each year to further reinforce governance structures throughout the entire Group.

Executing internal controls across three sets of organizations



Compliance initiatives

Noritz conducts compliance training for employees to enhance their knowledge and awareness of compliance. In addition to compliance training programs for new employees and management, Noritz also provides legal training relevant to each department (such as training on the Act on the Protection of Personal Information and the Copyright Act). For overseas Group companies, Noritz carries out initiatives to raise awareness of anti-corruption measures based on items of the Noritz Group Code of Ethics, including fair and equitable transactions and transparent business activities, while ensuring compliance with each country's anti-corruption laws. May and September are designated as Compliance Months, during which the entire Noritz Group engages in compliance promotion activities. In May, each workplace holds discussions under the theme of "Deepening the understanding of harassment", and in September, we conduct information security training.

Compliance training for new employees

Message from an outside director

Management becomes more refined as people polish their skills - an approach to value creation with human capital at its core

Outside director
Izumi Noda

For me, the essence of human capital management does not lie in making full use of human assets as “resources”; rather, it can be found in building up “capabilities” as an organization by allowing people to make judgments, learn, and take better choices in light of their philosophy. Noritz’s mission to pursue “The Simple Comforts of Life” refers not only to hot water itself. It can also be interpreted as a phrase that describes an attitude of setting the right temperature for living and providing an ongoing peace of mind. Heating up water also implies warming up invisible possibilities and making a new start. The peace of mind this creates is not something that can be accomplished through technology alone. An attitude of questioning safety, not compromising on quality, having the sensitivity not to miss signs of anything unusual, and listening to the views of customers and colleagues— an accumulation of daily judgments based on this approach is what builds trust and creates corporate value.

As decarbonization and the transition of energy moves forward, businesses are being forced to ask not just what products they will make, but also how they will choose products and continue to supply them. The final year of the medium-term management plan is a milestone that will allow Noritz to look back on what it has achieved so far and link this to the next stage of growth. Financial efficiency, refinement of our portfolio, and organizational strength across the Group all come down to one question— “What are we prioritizing when we make decisions?” The goal of human capital management is to increase the quality of judgment to support improvements in financial indices.

Can we use our management philosophy as our guiding compass amid times of change? Will workplace judgment remain consistent and will we translate learnings into future growth? Human capital is the foundation that supports this consistency and also enables us to achieve both discipline and challenge as set out. In the international business, it is important to permeate this philosophy to overcome differences in regulations and business practices, and to link Japanese and overseas know-how to allow people to learn from each other.

The Board of Directors sees human capital as something more than developing systems. It is an investment to increase the quality of decision-making and to make execution reliable. I want to deepen debate on an ongoing basis on topics such as which domains require us to possess specialist knowledge, and what roles we expect from frontline employees and management. From a monitoring perspective, it is also important to carefully question whether measures have remained true to their original purpose and are advancing businesses that increase quality, productivity, and customer value. We also need to question whether we might have overlooked any risks. As an outside director, I will do my best not to make presumptions, and instead uncover gaps between our philosophy and reality, and to hasten progress through dialogue. Continuing to do this will allow us to build an organization where our everyday actions help to firmly establish “The Simple Comforts of Life.”

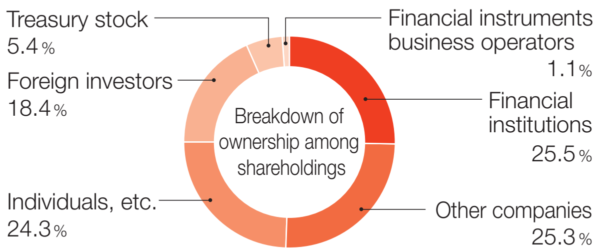
Company Overview and Stock Information

Company details (as of December 31, 2025)

Name	Noritz Corporation
Founded	March 1951
Headquarters address	Head office address: Eiko Building, 93 Edomachi, Chuo-ku, Kobe, Hyogo, Japan
	Tokyo head office address: 19th Floor, Shinjuku Sumitomo Building, 2-6-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan
Paid-in capital	¥20,167 million
Representatives	Satoshi Haramaki, Chairman and Representative Director.CEO
	Masayuki Takenaka, President and Representative Director.COO
Number of employees	1,985; 5,934 including Group companies

Stocks information (as of December 31, 2025)

(1) Total number of authorized shares	156,369,000
(2) Total number of issued shares	48,554,930
(3) Number of shareholders	12,245



	Number of shares held	Number of shareholders
Financial institutions	12,377,383	29
Other companies	12,271,934	224
Individuals, etc.	11,813,156	11,791
Foreign investors	8,926,871	174
Treasury stock	2,642,429	1
Financial instruments business operators	523,157	26

(4) Major stockholders

Rank	Names	Number of shares held	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	5,402,100	11.77
2	Noritz Clients’ Shareholding Association	2,400,509	5.23
3	Sumitomo Mitsui Banking Corporation	1,739,695	3.79
4	Daiichi Life Insurance Co., Ltd.	1,612,200	3.51
5	Chofu Seisakusho Co., Ltd.	1,520,000	3.31
6	Nippon Active Value Fund Plc	1,500,000	3.27
7	State Street Bank and Trust Company 505103	1,437,469	3.13
8	Noritz Employees’ Shareholding Association	1,314,715	2.86
9	Noritz Customers’ Shareholding Association	1,126,761	2.45
10	Nippon Electric Glass Co., Ltd.	1,119,300	2.44

(Notes) 1. The top 10 major shareholders are listed.
2. Treasury stock of 2,642,429 shares owned by Noritz is not included in the above table.
3. Treasury stock of 2,642,429 shares is not included in calculating the shareholding ratio.