

# Full-Year FY2024 Results Briefing Material

February 13, 2025  
NORITZ Corporation

Securities Code:  
5943

The financial outlook in this material is based on information available to the Company as of the publication date and reflects projections on its own and therefore entails risks and uncertainties. Accordingly, there is no guarantee that any results will align with the forecasts.

## ■ Full-Year FY2024 Financial Results

Starting from the current fiscal year, the Company has revised its performance management classification. As a result, the export business of Noritz Corporation, which was previously included in the "Overseas Business" segment, has been reclassified into the "Domestic Business" segment.

Additionally, the segment information for the previous fiscal year has been presented based on the revised classification method.

## Overview

Domestic sales increased due to strong performance in non-residential and kitchen sales; however, overseas sales declined due to a weak Chinese market and sluggish demand for heating equipment in North America.

Operating income of the Domestic Business came closer to the initial forecast, while overseas operating income fell significantly from the initial forecast of ¥3.5bn.

### Net Sales

**¥202.2bn** (up ¥2.2bn vs. forecast, up ¥0.3bn YoY)

- Domestic: ¥133.4bn (up ¥2.0bn YoY)
- Overseas: ¥68.7bn (down ¥1.7bn YoY)

### Operating Income

**¥2.3bn** (up ¥0.7bn vs. forecast, down ¥1.4bn YoY)

- Domestic: ¥1.3bn (up ¥0.9bn YoY)
- Overseas: ¥1.0bn (down ¥2.4bn YoY)

### Net income attributable to shareholders of parent company

**¥4.3bn** (up ¥0.5bn vs. forecast, up ¥3.5bn YoY)

Increased from ¥0.8bn for the same period a year ago due to gain on sale of investment securities

\* Plan (forecast) = Forecast revised in December 2024

# Year-on-Year Comparison

(Millions of yen, unless otherwise stated)

	Q4 FY2023	Q4 FY2024	YoY Change (amount)	Full-year FY2023	Full-year FY2024	YoY Change (amount)	YoY Change (%)
<b>Net sales</b>	57,087	61,010	+3,922	201,891	202,204	+312	+0.2
<b>Domestic business</b>	39,152	42,875	+3,722	131,404	133,486	+2,081	+1.6
<b>Overseas business</b>	17,934	18,135	+200	70,486	68,717	(1,768)	(2.5)
<b>Operating income</b>	3,008	2,811	(196)	3,840	2,395	(1,444)	(37.6)
<b>Domestic business</b>	1,819	2,557	+738	367	1,364	+996	+271.2
<b>Overseas business</b>	1,189	253	(935)	3,473	1,031	(2,441)	(70.3)
<b>Ordinary income</b>	233	3,167	+2,933	1,245	3,579	+2,334	+187.5
<b>Net income attributable to shareholders of parent company</b>	295	2,034	+1,738	868	4,383	+3,514	+404.4
<b>ROE</b>	—	—	—	0.7%	3.5%	—	—

Average exchange rates: USD = ¥152.24, CNY = ¥21.13, AUD = ¥100.12

\* Net sales for the Domestic Business and the Overseas Business reflect external transactions only.

# **Full-Year FY2024 Financial Results: Domestic Business**

## Overview

**Residential sales recovered in Q4, while strong non-residential and kitchen appliance sales helped achieve YoY increases of Q4 and full-year sales and profits.**

- In the Water Heaters & HVAC segment, residential sales continued to grow in H2 after weak sales, while strong non-residential and range hood sales drove performance. Contributions from subsidiary external sales further supported full-year domestic sales growth.
- Operating income rose significantly due to effective cost control.

(Millions of yen, unless otherwise stated)

	Q4 FY2023	Q4 FY2024	YoY Change (amount)	Full-year FY2023	Full-year FY2024	YoY Change (amount)	YoY Change (%)
<b>Net sales</b>	39,152	42,875	+3,722	131,404	133,486	+2,081	+1.6
<b>Water heaters and HVAC</b>	32,419	35,166	+2,746	109,054	108,249	(805)	(0.7)
<b>o/w Residential</b>	30,351	32,614	+2,262	100,697	99,158	(1,539)	(1.5)
<b>o/w Non-residential</b>	2,068	2,552	+484	8,357	9,091	+733	+8.8
<b>Kitchen appliances</b>	4,830	5,224	+394	15,731	16,747	+1,015	+6.5
<b>Other</b>	1,903	2,483	+580	6,618	8,489	+1,871	+28.3
<b>Operating income</b>	1,819	2,557	+738	367	1,364	+996	+271.2

## Initiative 1: Promote Wider Adoption of Eco-Friendly and Social Impact Solutions

### Growth in the water heaters & HVAC / Qualitative improvement and quantitative expansion in the kitchen appliances

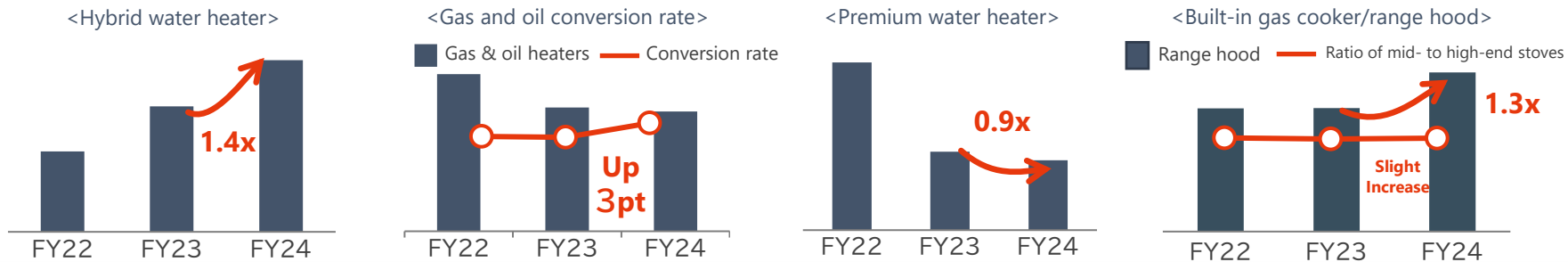
- **Water Heaters & HVAC:** Expand high-value products with carbon neutrality and wellness features while enhancing customer care to improve unit profitability.
- **Kitchen Appliances:** Expand mid-to-high-end built-in gas cooker and range hoods while developing growth channels.

Expansion and adoption of eco-friendly products	Branding of socially impactful products	Qualitative improvement and quantitative expansion in the kitchen appliances segment
 <p>Hybrid water heater      Eco-Jozu</p>	 <p>AQUA OZONE      HIITO Human Thermal Model</p> <p>Water heater with disinfection &amp; sleep support functions</p>	 <p>Built-in gas cooker      Range hood</p>

### [Results] Strong performance of eco-friendly water heaters and expanded range hood sales in the kitchen appliance segment.

\*The graphs compare full-year results (Jan. to Dec.).

- **Water Heaters:** Hybrid models performed well with subsidies and improved conversion rates, while premium water heaters remain a challenge.
- **Kitchen Appliances:** Built-in gas cooker sales stayed flat, though the mid-to-high-end ratio was improved, while range hood sales saw significant growth.



# Initiative 2: Strengthen Customer Relations

**Strengthen customer relationships and increase per-customer revenue through enhanced customer care**

**Expand IoT connections and contract volume through enhanced warranty services.**

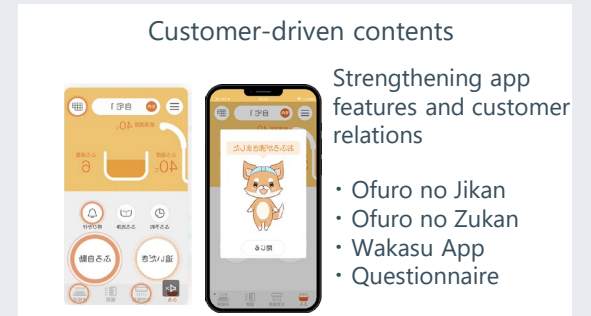
Inspection-based replacement



Accommodating diverse purchasing methods



Services supporting customers

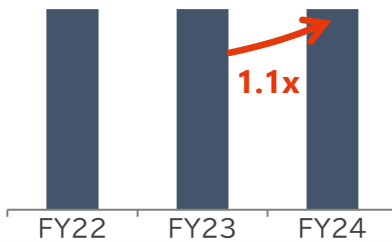


**[Results] Strengthened customer relations drove growth in maintenance contracts and replacements.**

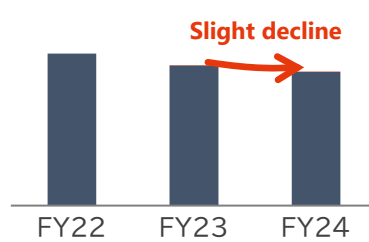
\*The graphs compare full-year results (Jan. to Dec.).

- IoT remote control sales and maintenance contracts grew steadily.
- Inspection volume declined slightly, but enhanced service offerings boosted replacement demands.

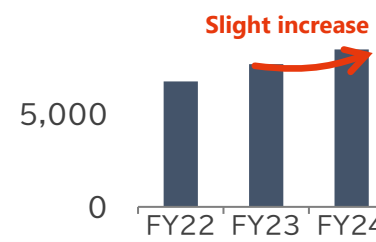
<Number of IoT remote controls>



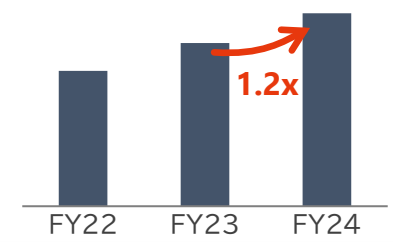
<Number of 10-year inspections>



<Number of replacements initiated by inspections>



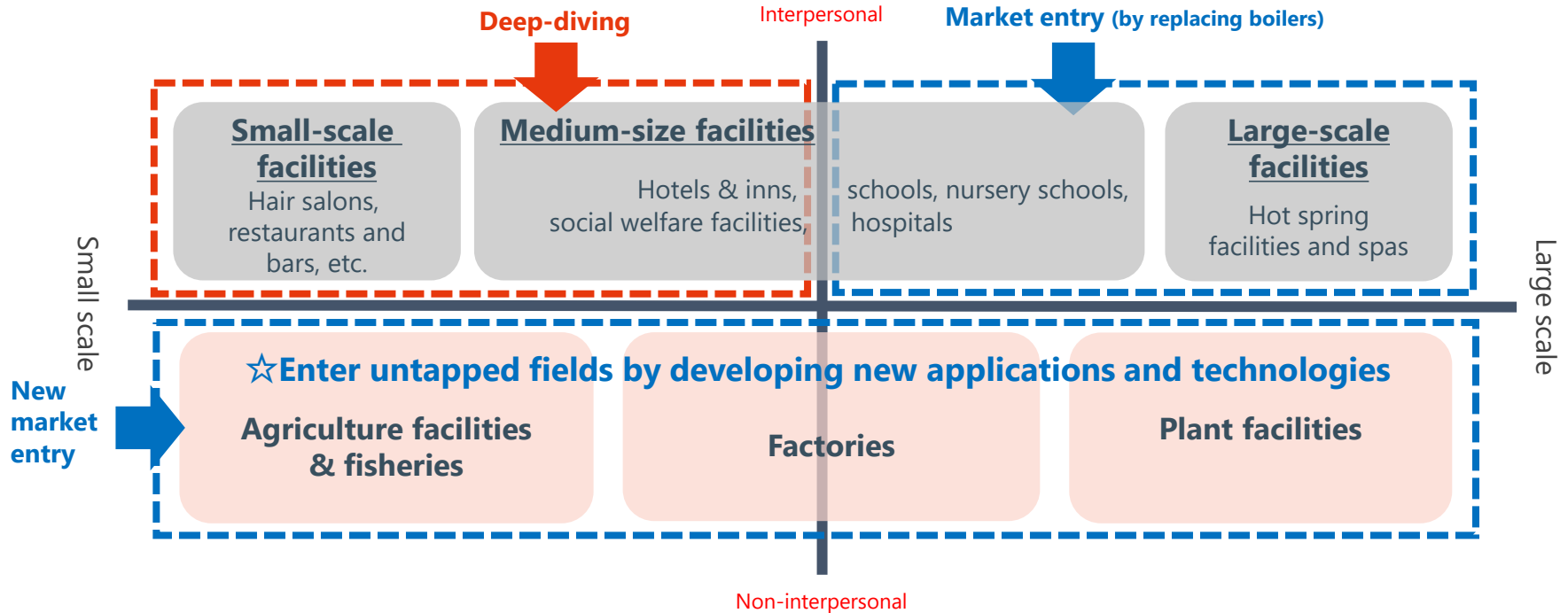
<Cumulative number of residential-use maintenance contracts>





# Initiative 3: Expansion in the Non-Residential Sector

## [Business Expansion Vision for the Non-Residential Sector]



## [Connected Sales Model after Market Entry (Facility engagement centered on maintenance and inspections) ]



# Initiative 3: Expansion in the Non-Residential Sector

## Expanding the non-residential service-driven sector and exploring the production-driven sector

- Develop new markets in the service-driven sectors with specialized new products
- Expand maintenance service profit.
- Explore production-driven sectors (thermal solutions business)



Commercial-use gas water heater  
(\* Specialized product)



Filtration and heating pump unit



Commercial-use heat pump water heater

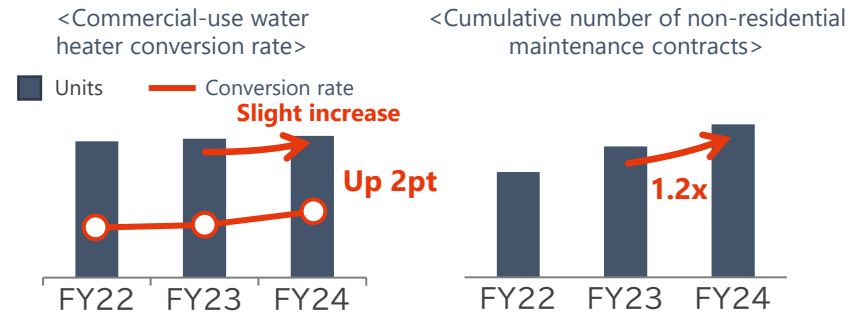
## [Results] Captured CN adoption, inbound demand, and expanded maintenance support.

\*The graphs compare full-year results (Jan. to Dec.).

- Commercial-use water heater sales grew steadily, with a 2-point increase in the conversion rate.
- Rising demand for remote monitoring drove growth in non-residential maintenance contracts.
- Thermal solutions business officially launched\*.



\*December press release



## Initiative 4: Cost Reduction

**Realize smart manufacturing by establishing production system infrastructure and improve in-house production ratio.**

Item	Details
➤ Reduce material costs	Lowering procurement costs for raw materials
➤ Realize a smart factory	Enhancing production facilities with smart technology
	Driving automation and efficiency through digital technologies
➤ Maximize added value through in-house production	Internalizing value-added processes previously outsourced
	Mitigating cost increases
	Optimizing production facilities

**V26**  
**Target**  
**Total: ¥3.0bn**

**Cost Reduction Target by FY2026 (Excluding cost increases from material price and exchange rate fluctuations)**

**FY2024 Results**

**¥0.3bn**



**FY2025 Target**

**¥0.8bn**



**FY2026 Target**

**¥1.9bn**

# **Full-Year FY2024 Financial Results: Overseas Business**

## Overview

### Revenue and profit declined due to weak China market and low heating equipment demand in North America

- **China:** Revenue and profit declined YoY due to weak market conditions, lower demand, intensified price competition, and higher material costs from Q2 and beyond
- **North America:** Strong demand helped achieve YOY increase in sales, but higher marketing costs and weak heating equipment demand resulted in YoY decrease in profit.
- **Australia:** Increased sales volume of tank-type (incl. heat-pump) water heaters and tankless water heaters drove both sales and profit growth.

(Millions of yen, unless otherwise stated)

		Q4 FY2023	Q4 FY2024	YoY Change (amount)	Full-year FY2023	Full-year FY2024	YoY Change (amount)	YoY Change (%)
<b>China</b>	Net sales	10,362	9,770	(592)	42,124	37,631	(4,493)	(10.7)
	Operating income	547	(299)	(847)	2,004	36	(1,967)	(98.2)
<b>North America</b>	Net sales	4,521	4,882	+361	16,255	17,285	+1,030	+6.3
	Operating income	357	221	(135)	542	(156)	(698)	(128.8)
<b>Australia</b>	Net sales	2,427	2,928	+500	10,287	11,799	+1,512	+14.7
	Operating income	217	318	+101	716	1,007	+291	+40.7
<b>Other</b>	Net sales	623	553	(69)	1,819	2,001	+181	+10.0
	Operating income	67	13	(54)	209	142	(66)	(31.8)
<b>Total</b>	Net sales	17,934	18,135	+200	70,486	68,717	(1,768)	(2.5)
	Operating income	1,189	253	(935)	3,473	1,031	(2,441)	(70.3)

## Initiative 1: Facilitate Local Subsidiary Independence to Accelerate Existing Business Growth

### China: Driving the growth of local subsidiary independence and establishing the kitchen appliance business.

- **Water Heaters: Expand regional sales through local operations and distributor partnerships.**
- **E-commerce: Optimize strategy for online and physical stores.**
- **Establish the kitchen appliance business: Expand growth in gas cookers and range hoods.**
- **Investments to strengthen production and development (Innovation Center)**

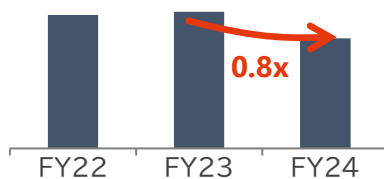


[Results] Despite continued decline in residential water heaters, the kitchen appliances segment remains strong.

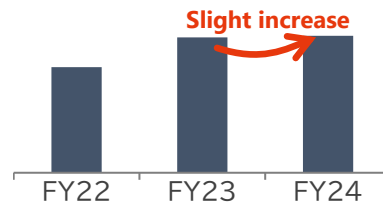
\*The graphs compare full-year results (Jan. to Dec.).

- **Water Heaters: Residential sales declined amid a prolonged market downturn, while commercial sales, including strong-performing combination boilers (heating), slowed in Q4, resulting in a slight increase cumulatively.**
- **Physical Sales: Despite focusing efforts on regional cities, sales volume decreased YoY.**  
**Online Sales: Sales volume declined as price maintenance took priority amid intensified competition.**
- **Kitchen Appliances: Both built-in gas cookers and range hoods posted steady growth.**

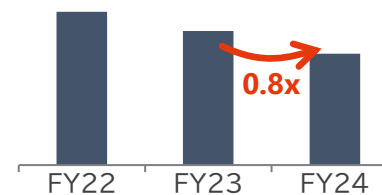
<Noritz China – Residential-use>



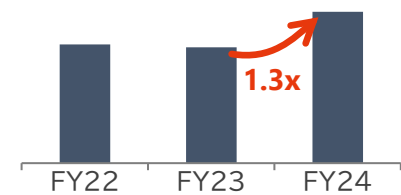
<Noritz China – Heater>



<Noritz China – Commercial-use>



<Noritz China – Kitchen>



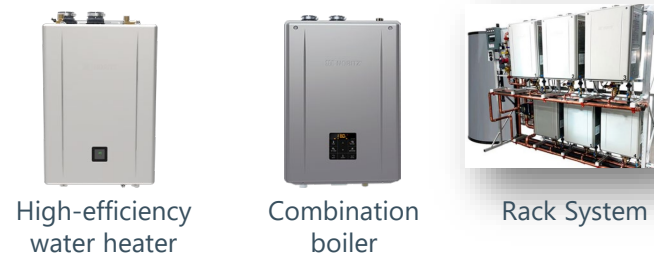
## Initiative 1: Facilitate Local Subsidiary Independence to Accelerate Existing Business Growth

**North America: Establishing a business division to strengthen product development to achieve decarbonization and low-carbon-driven growth.**

- **Residential-use: Expand high-efficiency water heaters for carbon neutrality**
  - Redevelop existing distribution channels with new high-efficiency water heaters.
  - Explore new sales channels.
- **Commercial-use: Establish an academy and expand sales of rack systems.**
- **Heaters: Strengthen sales of combination and high-efficiency boilers**

Key Strengths of Our Products

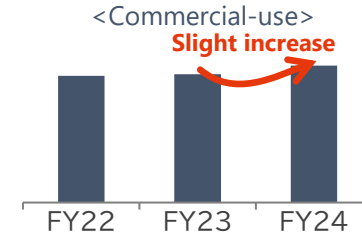
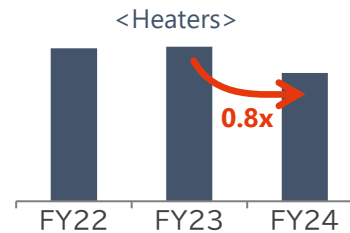
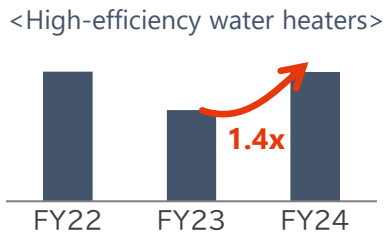
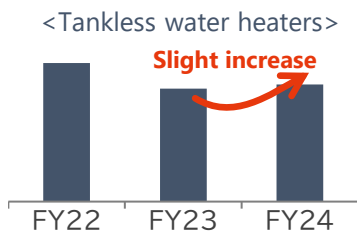
- Versatile exhaust and piping designs for a wide range of applications
- Top-tier thermal efficiency with low NOx combustion
- Vast selection of premixed burner water heaters (Compliant with updated ENERGY STAR standards)



**[Results] Despite continued weak heater demands, high-efficiency water heaters performed well.**

\*The graphs compare full-year results (Jan. to Dec.).

- **Residential-use: Q4 tankless water heater sales recovered, while new products and marketing investments drove strong sales of high-efficiency water heaters, particularly among major homebuilders.**
- **Commercial-use: Sales grew 1.1x YoY in Q4, with a slight increase for the full year.**
- **Heaters: Cast iron and combination boilers underperformed, prompting next-generation equipment development.**



## Initiative 1: Facilitate Local Subsidiary Independence to Accelerate Existing Business Growth

### Australia: Strengthen product lineup (incl. heat pumps) to meet accelerating popularization of electrical appliance

- **Tankless water heaters: Expand sales in Australia and enter the New Zealand market.**
- **Electric products: Strengthen procurement and sales of heat pumps and other electric solutions.**
  - Launch integrated heat pump water heaters.
- **Cost improvement: Upgrade production facilities.**
  - Automate and streamline welding processes.
  - Promote smart factory advances.



Commercial water heaters



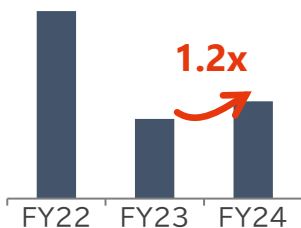
Heat pump water heaters

### [Results] Strong sales of both tank and tankless water heaters drove revenue and profit growth.

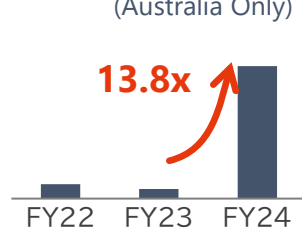
\*The graphs compare full-year results (Jan. to Dec.).

- **Tankless water heaters: Strong residential sales continued in Q4, with commercial sales trending upward. NZ market expansion progressed via major distributor partnerships.**
- **Electric products: Heat pump water heaters performed well.**
- **Cost improvement: Improved tank production efficiency and strategic procurement reduced costs.**

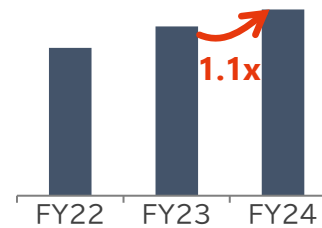
<Tankless water heaters>



<Heat pump water heaters>  
(Australia Only)



<Commercial-use>





## Initiative 2: Promoting New Business Development (Area & Products)

### Establish a sales network in Southeast Asia

- **Strengthen the sales foundation for electric water heaters and water purifiers.**
  - Develop distributor partnerships in Vietnam and neighboring countries.
- **Strengthen the management foundation of Kangaroo**
  - Business support
  - Inventory optimization
- **Production support for Kangaroo**
  - Reduce material costs
  - Improve production efficiency
  - Improve market quality



### [Results] New product launched under the Kangaroo brand.

- **Sales network: Asia Business Headquarters established (Jan 1, 2025).**
- **New products: Launched Kangaroo brand electric water heaters and water purifiers through group collaboration.**
- **Kangaroo: Achieved full-year profitability through improved production efficiency and strengthened sales.**



# Promoting Sustainability Management

## Materiality issues

### Priority tasks for business continuity

Revised based on market conditions.

Key issues	Main initiatives	Metrics and milestones of V-plan 26		2024 results	2030 vision	
		Metrics	Targets			
Maximize value for product users to maintain the customer value	<ul style="list-style-type: none"> <li>Strengthen "connection" with customers</li> </ul>	<ul style="list-style-type: none"> <li>Cumulative number of registered customer accounts through provision of products and services</li> </ul>	<ul style="list-style-type: none"> <li>6 million</li> </ul>	<ul style="list-style-type: none"> <li>4.75 million</li> </ul>	<ul style="list-style-type: none"> <li>9 million</li> </ul>	
Respond to carbon neutral/social issues	Domestic (Residential-use)	<ul style="list-style-type: none"> <li>Standardize high-efficiency water heaters as eco-friendly products and kitchen appliances as social issue solving products</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of eco-friendly product sales</li> <li>Proportion of socially responsive product sales</li> <li>CO2 emissions from product usage (compared with 2018)</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> <li>37%</li> <li>Down 20%</li> </ul>	<ul style="list-style-type: none"> <li>43.1%</li> <li>32.1%</li> <li>Down 30.3%</li> </ul>	<ul style="list-style-type: none"> <li>90% for eco-friendly products</li> <li>40% for socially responsive products</li> <li>Down 30%</li> </ul>
	Domestic (Non-residential-use)	<ul style="list-style-type: none"> <li>Upgrade non-residential equipment to contribute to carbon neutrality</li> <li>Establish a thermal solutions business</li> </ul>	<ul style="list-style-type: none"> <li>Amount of avoided emissions of CO2 through business expansion</li> </ul>	<ul style="list-style-type: none"> <li>330K t-CO2</li> </ul>	<ul style="list-style-type: none"> <li>279K t-CO2</li> </ul>	<ul style="list-style-type: none"> <li>400K t-CO2</li> </ul>
	Overseas	<ul style="list-style-type: none"> <li>Current markets: Expansion of eco-friendly product market</li> <li>New markets: Deployment of proprietary technologies and products</li> </ul>	<ul style="list-style-type: none"> <li>Amount of avoided emissions of CO2 through business expansion</li> </ul>	<ul style="list-style-type: none"> <li>4,000K t-CO2</li> </ul>	<ul style="list-style-type: none"> <li>3,392K t-CO2</li> </ul>	<ul style="list-style-type: none"> <li>7,500K t-CO2</li> </ul>

# Promoting Sustainability Management

## Materiality issues

### Priority tasks for enhancing resources

Key issues	Main initiatives	Metrics and milestones of V-plan 26		2024 results	2030 vision
		Metrics	Targets		
Develop natural capital by facilitation of carbon neutrality and recycling	<ul style="list-style-type: none"> <li>Reduce CO2 emissions from operations</li> <li>Promote recycling business</li> </ul>	<ul style="list-style-type: none"> <li>Achieve RE100</li> <li>Number of products recycled</li> </ul>	<ul style="list-style-type: none"> <li>Achieve NAM</li> <li>150,000 units</li> </ul>	<ul style="list-style-type: none"> <li>—</li> <li>66,000 units</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO2 emissions from operations by 50% (compared to 2018)</li> <li>300,000 units</li> </ul>
Develop human capital that sustain the Group’s business	<ul style="list-style-type: none"> <li>Implement programs to enhance employee wellbeing</li> <li>Promote diversity &amp; Inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive score of employee engagement survey</li> </ul>	<ul style="list-style-type: none"> <li>70</li> </ul>	<ul style="list-style-type: none"> <li>69</li> </ul>	<ul style="list-style-type: none"> <li>73</li> </ul>
Apply intellectual capital to expand the Group’s businesses	<ul style="list-style-type: none"> <li>Create technologies for solving social issues and deploy them worldwide</li> <li>Improve management quality to enhance the corporate brand</li> </ul>	<ul style="list-style-type: none"> <li>Number of newly developed technologies related to decarbonization, wellness, etc.</li> <li>Score from Brand Strategy Survey</li> </ul>	<ul style="list-style-type: none"> <li>5</li> <li>585</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>580</li> </ul>	<ul style="list-style-type: none"> <li>5 (either PAT or new business models)</li> <li>600</li> </ul>
Improve manufacturing capital through digital transformation (DX) and other measures	<ul style="list-style-type: none"> <li>Transform manufacturing through DX, robotics, and module design, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of automated production to total production at the Main Factory</li> </ul>	<ul style="list-style-type: none"> <li>70% of gas water heater production line</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>Realize smart factories</li> </ul>

# ■ “V-plan 26” FY2025 Target

## ■ "V-plan 26" FY2025 Target

(Millions of yen, unless otherwise stated)

	FY2024 Results	FY2025 Targets	YoY Change	FY2026 Targets
<b>Net sales</b>	202,204	<b>205,000</b>	+2,796	210,000
<b>Domestic Business</b>	133,486	<b>137,000</b>	+3,514	140,000
<b>Overseas Business</b>	68,717	<b>68,000</b>	(717)	70,000
<b>Operating income</b>	2,395	<b>3,000</b>	+605	4,500
<b>Domestic Business</b>	1,364	<b>1,500</b>	+136	2,500
<b>Overseas Business</b>	1,031	<b>1,500</b>	+469	2,000
<b>Ordinary income</b>	3,579	<b>3,900</b>	+321	–
<b>Net income attributable to shareholders of parent company</b>	4,383	<b>2,400</b>	(1,983)	–
<b>ROE (%)</b>	3.5	1.9	(1.6)	over 6.0

Average Exchange Rates: USD = ¥150.0, CNY = ¥20.5, AUD = ¥95.8

\*Net sales for the Domestic and Overseas business reflect external transactions only.

# **“V-plan 26” FY2025 Target: Domestic Business**

Delivering New Value Through Realizing a Carbon Neutral Society and Solving Social Challenges

# KPIs: Domestic Business

## Delivering New Values Through Carbon Neutrality and Solutions to Social Challenges

**Initiative 1: Drive top-line growth by strengthening profitability with high-value and eco-friendly products**

**Initiative 2: Capture added value: Create new business opportunities and promote recycling business**

**Initiative 3: Establish a business foundation to provide long-term safety and security**

(Millions of yen, unless otherwise stated)

	FY2024 Results	FY2025 Targets	YoY Change (amount)	YoY Change (%)	FY2026 Targets
<b>Net sales</b>	133,486	137,000	+3,514	+2.6	140,000
<b>Water heaters and HVAC</b>	108,249	111,500	+3,251	+3.0	114,000
<b>o/w Residential</b>	99,158	102,000	+2,842	+2.8	104,000
<b>o/w Non-residential</b>	9,091	9,500	+409	+4.5	10,000
<b>Kitchen appliances</b>	16,747	17,000	+253	+1.5	17,500
<b>Other</b>	8,489	8,500	+11	+0.1	8,500
<b>Operating income</b>	1,364	1,500	+136	+9.9	2,500

## FY2025 Initiatives: Domestic Business

2025 Initiatives and Indicators		
Water heaters and HVAC – residential	Strengthen initiatives on solution-driven products	<ul style="list-style-type: none"> <li>• Secure premium water heater sales volume</li> </ul>
	Accelerate sales of eco-friendly products	<ul style="list-style-type: none"> <li>• Secure hybrid water heater sales volume</li> <li>• High-efficiency water heaters (Conversion rate)</li> </ul>
Water heaters and HVAC – non-residential	Expand service-driven sectors	<ul style="list-style-type: none"> <li>• Secure commercial water heater sales volume</li> <li>• Secure maintenance contract volume</li> </ul>
	Explore production-driven sectors	<ul style="list-style-type: none"> <li>• Secure contract volume for thermal solutions business</li> </ul>
Kitchen appliances	Improve awareness and expand sales of solution-driven products	<ul style="list-style-type: none"> <li>• Built-in gas cooker mid-to-high-end ratio</li> <li>• Secure range hood sales volume</li> </ul>
	Accelerate sales of eco-friendly products	<ul style="list-style-type: none"> <li>• Secure smart eco burner-equipped product sales volume</li> </ul>
Establishment of a business foundation	Create new business opportunities Promote recycling business	<ul style="list-style-type: none"> <li>• Secure inspection-based replacement volume</li> <li>• Secure water heater unit collection volume</li> </ul>
	Customer base (Provide long-term safety and security)	<ul style="list-style-type: none"> <li>• Secure active user volume</li> <li>• Secure service contract volume</li> </ul>



# **“V-plan 26” FY2025 Target: Overseas Business**

Pursuing Growth in North America and Strengthening Initiatives to  
Develop New Businesses in Southeast Asia

# KPIs Overseas Business

## Strengthening Growth in North America and advancing new business development in Southeast Asia

**Initiative 1: Strengthen existing businesses and facilitate local subsidiary independence**

**Initiative 2: Promote new business development (Area & Products)**

(Millions of yen, unless otherwise stated)

		FY2024 Results	FY2025 Targets	YoY Change (amount)	YoY Change (%)	FY2026 Targets
<b>China</b>	Net sales	37,631	36,200	(1,431)	(3.8)	37,000
	Operating income	36	340	+304	+820.3	500
<b>North America</b>	Net sales	17,285	18,000	+715	+4.1	19,000
	Operating income	(156)	0	+156	–	240
<b>Australia</b>	Net sales	11,799	11,800	+1	+0.0	12,000
	Operating income	1,007	1,000	(7)	(0.8)	1,100
<b>Other</b>	Net sales	2,001	2,000	(1)	(0.1)	2,000
	Operating income	142	160	+18	+12.7	160
<b>Total</b>	Net sales	68,717	68,000	(717)	(1.0)	70,000
	Operating income	1,031	1,500	+469	+45.4	2,000

## FY2025 Initiatives: Overseas Business

FY2025 Initiatives and Indicators		
China	Ensure sales volume of water heater and kitchen appliance	<ul style="list-style-type: none"> <li>• Physical (Establish exclusive/dedicated stores): Secure sales volume of water heaters</li> <li>• Online: Secure sales volume of water heaters</li> <li>• Kitchen appliances (Water purifiers/dishwashers): Secure sales volume</li> </ul>
North America	Promote sales of high-efficiency water heaters and commercial equipment, and revitalizing the heater business	<ul style="list-style-type: none"> <li>• High-efficiency water heaters (Premixed burner design): Secure sales volume</li> <li>• Secure sales volume of commercial equipment</li> <li>• Secure sales volume of heating equipment</li> </ul>
Australia	Expand sales of electric products	<ul style="list-style-type: none"> <li>• Secure sales volume of heat pump water heaters</li> <li>• Secure sales volume of commercial-use products</li> </ul>
Southeast Asia	Product development for new market expansion	<ul style="list-style-type: none"> <li>• Product development for local markets: water purifiers, electric water heaters, and kitchen appliances</li> </ul>

# Capital Policy

## Capital Policy (Excerpt)

Initiatives in response to TSE's call for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

Capital policy

Reduce cross-shareholdings

The ratio of cross-held shares to net assets on the consolidated B/S will be reduced from 25% as of December 31, 2023 to **below 20%** by December 2026 with sale proceeds allocated to growth investments.



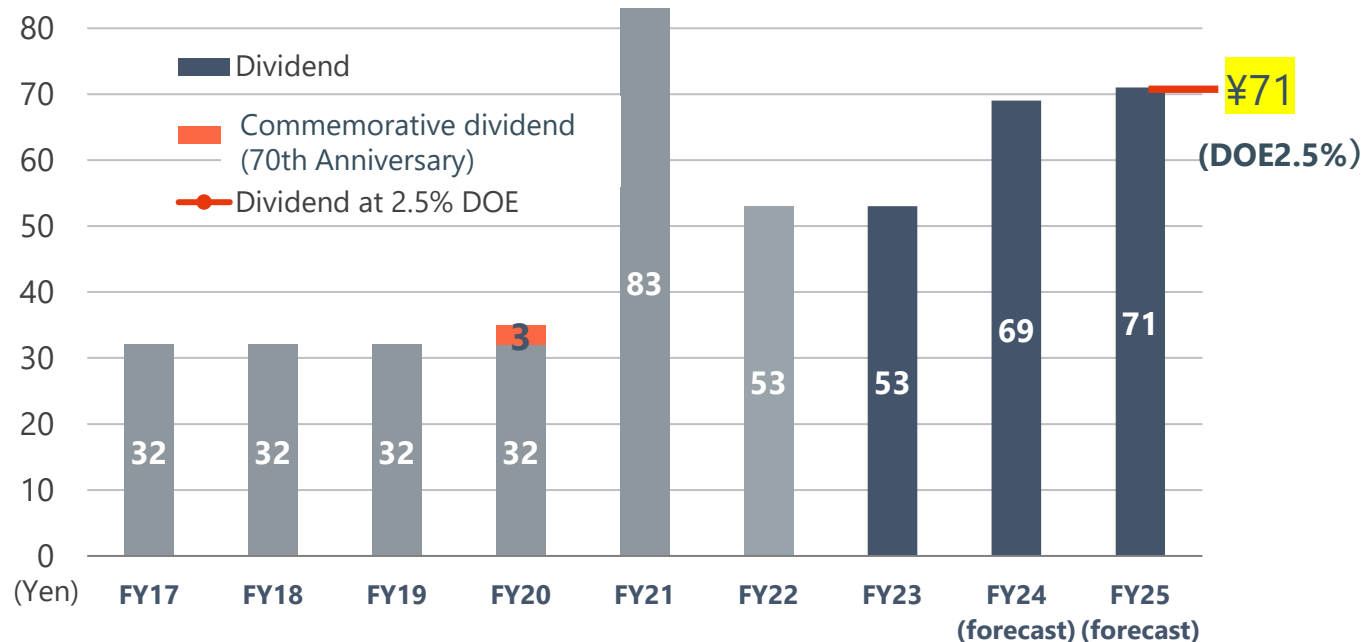
	End of FY2023	End of FY2024
Cross-held shares (bn yen)	305	329 Increased by ¥4.5 bn
Net assets (bn yen)	1,219	1,319
% of net assets	25.0%	25.0%

Although we sold three issues of cross-held shares (at the market value of ¥2.0 bn at beginning of the current fiscal year) during the current fiscal year, but a ¥4.5 bn market value increase in remaining shares kept the ratio of cross-held shares to net assets unchanged from the end of the previous fiscal year.

The annual dividend is forecasted at ¥69 per share, up ¥2 by applying the DOE-based guideline.

## Dividend Policy

- FY2024–FY2026: Adopt the higher of “50% consolidated payout ratio” or “2.5% DOE” to implement shareholder returns that are linked to performance with financial stability considered.



## Share Buyback

- By repurchasing ¥2.0bn of treasury stocks, we aim to improve capital efficiency and increase shareholder returns by improving our capital structure.

This document contains references to forward-looking statements based on the Company's current plans, estimates, expectations, or forecasts concerning its business and industry trends.

Such forward-looking statements are subject to various risks and uncertainties. Both known and unknown risks, uncertainties, and other factors may lead to outcomes that differ materially from those expressed in the forward-looking statements.

The Company makes no commitment that the forward-looking statements or expectations regarding future prospects will prove to be accurate, and actual results may differ significantly from those projected.

The forward-looking statements in this document are based on information available to the Company as of February 2025 and are made as of that date. They do not imply an obligation to update or revise any forward-looking statements in light of future events or circumstances.

Noritz Corporation

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