

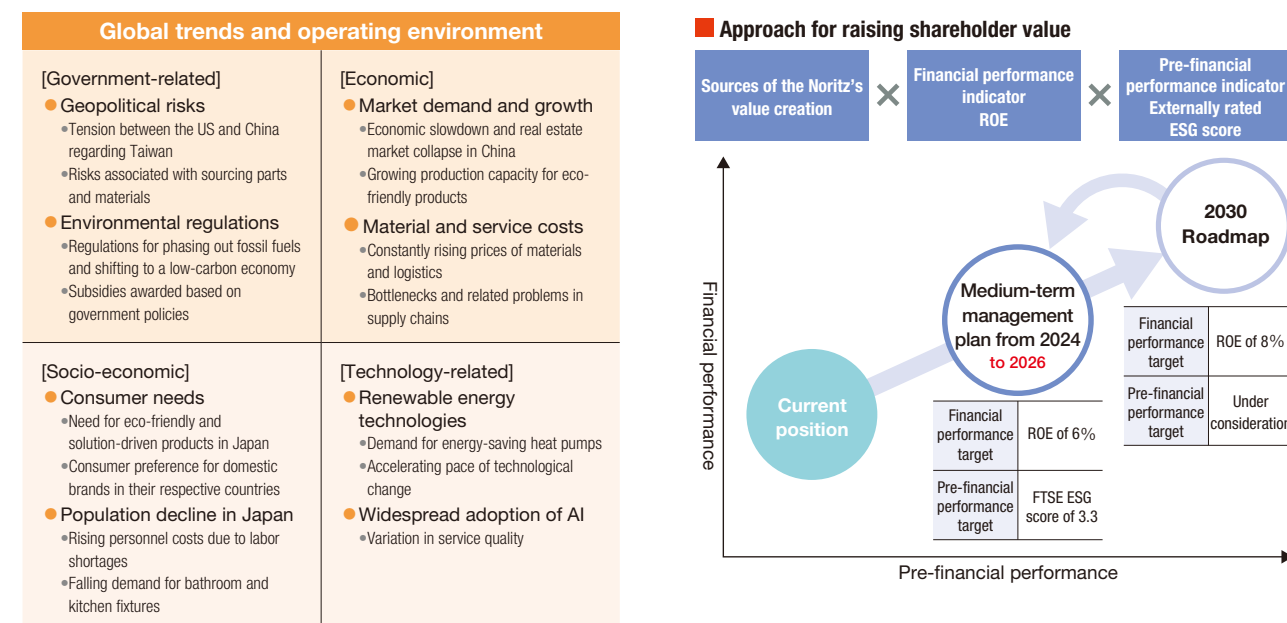
Medium-Term Management Plan

Overview and Progress of the medium-term management plan

Management targets**Aiming to achieve ROE of 6% and an FTSE ESG score of 3.3**

Under the medium-term management plan covering the period from 2024 to 2026, 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.

In light of changes in global trends and the operating environment, Noritz revised the targets in the management plan to net sales of 210 billion yen and operating income of 4.5 billion yen.

**Medium-term management plan performance targets (revised)**

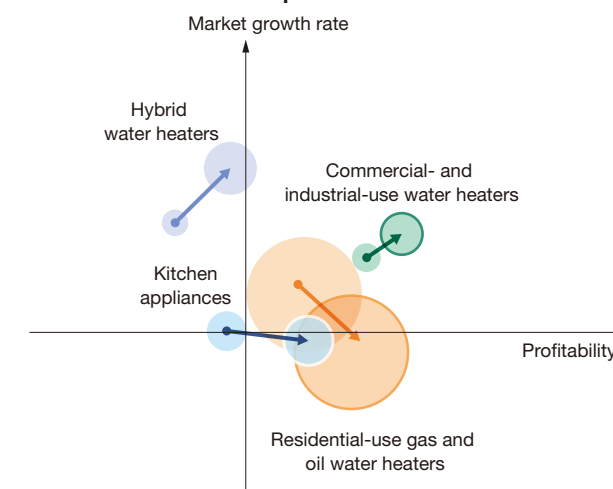
	Fiscal 2024 results	Medium-term management plan performance targets (before revision)	Medium-term management plan performance targets (revised)
Net sales	¥202.2 billion	¥230.0 billion	¥210.0 billion
In Japan	¥133.4 billion	¥145.0 billion	¥140.0 billion
Outside Japan	¥68.7 billion	¥85.0 billion	¥70.0 billion
Operating income	¥2.3 billion	¥9.0 billion	¥4.5 billion
In Japan	¥1.3 billion	¥3.5 billion	¥2.5 billion
Outside Japan	¥1.0 billion	¥5.5 billion	¥2.0 billion
Ordinary income	¥3.5 billion	—	—
Net income attributable to shareholders of parent company	¥4.3 billion	—	—
ROE	3.5%	6.0%	6.0%

Three key strategies**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

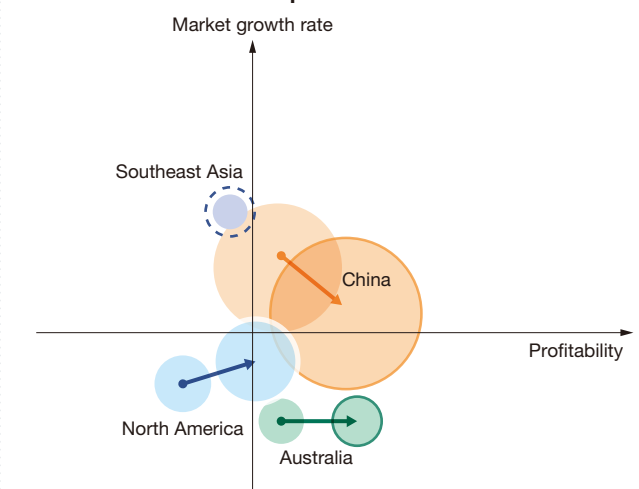
- Promote customer care including the use of apps and the enjoyment of cooking while expanding the mid-range product segment
- Secure profits by improving profit structures and increasing scale

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

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

Medium-Term Management Plan

Progress of the medium-term management plan

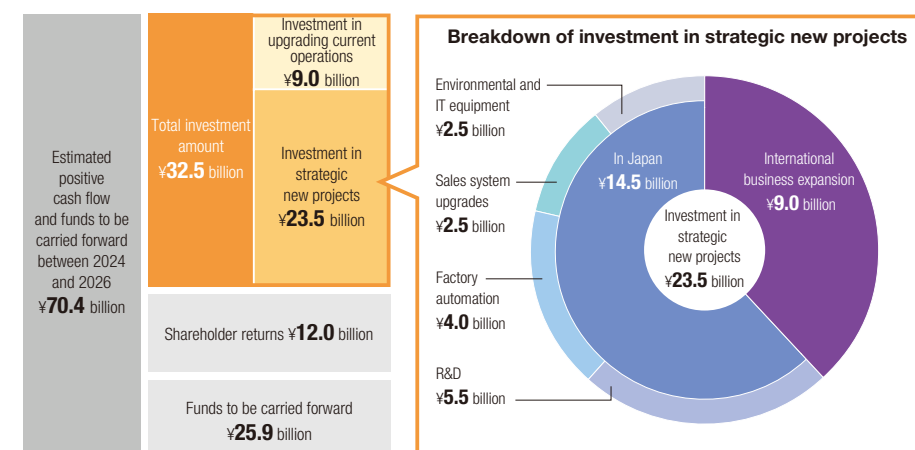
Key strategy 2 Strategically increase investment and allocate capital

1 Invest in growth

The performance plan was revised, but the total investment amount of 32.5 billion yen over three years remains unchanged from the initial plan and is primarily allocated for capital expenditure. 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 projects and growth businesses.

In 2024, approximately 10.4 billion yen in capital investment was made. Investment of 11.0 billion yen is planned for 2025.

Investment allocation



Strategic investment

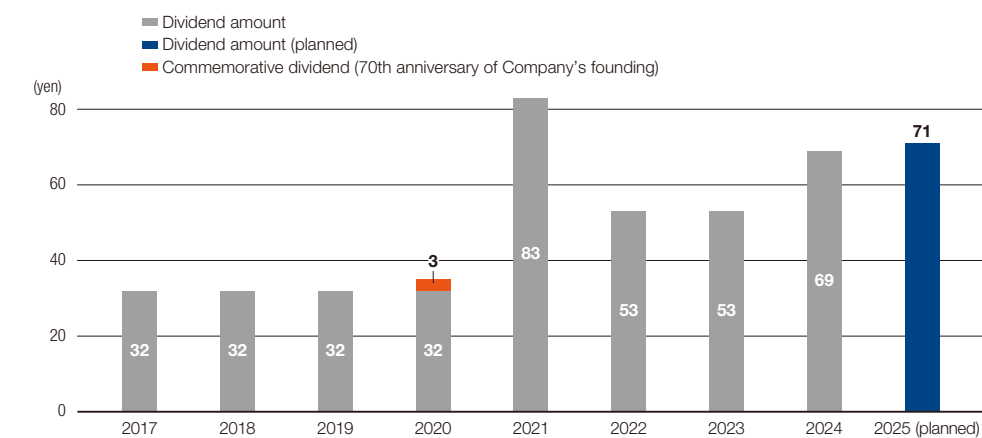
In Japan		
Material issues 1 2 3 4 6		
Purpose	Investment amount	Objective
R&D	¥5.5 billion	Expand lineups of value-added products by developing low-emission products that contribute to decarbonization and solution-driven products that help enhance users' quality of life.
Factory automation	¥4.0 billion	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 issue 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 cost prices through capital investment, and 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

The target is to achieve a consolidated dividend payout ratio of 50% or a consolidated dividend on equity (DOE) ratio of 2.5%, whichever is higher. In 2024, a dividend of 69 yen per share was paid, and for 2025, a dividend of 71 yen per share is planned. In addition, Noritz will execute share buybacks up to a maximum of 2.0 billion yen in 2025 in order to enhance capital efficiency and reinforce shareholder returns by improving capital structures.



- Reduce cross-shareholdings

Noritz will reduce the value of cross-shareholdings from 25% of net assets reported in its standalone balance sheets as of December 31, 2023 to less than 20% of net assets by December 31, 2026 and use the proceeds for growth investments.

In 2024, cross-shareholdings of three companies (with a market value of 2 billion yen as of the beginning of the period) were sold, but due to an increase of approximately 4.5 billion yen in the market value of remaining securities holdings as of the end of the period compared to the previous fiscal year-end, the net asset ratio of cross-shareholdings remain unchanged from the end of the previous fiscal year.

	As of December 31, 2023	As of December 31, 2024
Shares held (billion yen)	30.5	32.9 Increase of 4.5 billion yen
Net assets (billion yen)*	121.9	131.9
Net asset ratio (%)	25.0	25.0

*The amount of shareholders' equity after deducting non-controlling interests and other items is stated as total equity capital.

- Cancellation of treasury shares

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

Medium-Term Management Plan

Progress of the medium-term management plan

Key strategy 3 Make progress in sustainability management

In addition to the sustainable growth of the Noritz Group, advances in society as a whole will be needed to realize the Group's mission. From this perspective, the Group engages with its stakeholders to clarify their expectations and requests. When considering how to respond and what measures to take, management incorporates quality and environmental, social, and governance (ESG) issues in Noritz's pre-financial performance with a view to providing more value to stakeholders.



Relevant Sustainable Development Goals for the Noritz Group



Linking material issues to quality and ESG initiatives

Quality

Provide safe products that last a long time



Material issue
1 Maximize value for product users to maintain the customer base →P.25

Environment

Aim to achieve carbon neutrality



- Material issue
2-1 Develop and supply low-emission and solution-driven residential-use products sold in Japan →P.26
- Material issue
2-2 Develop and supply low-emission and solution-driven non-residential-use products sold in Japan →P.27
- Material issue
2-3 Develop and supply low-emission and solution-driven products sold outside Japan →P.28
- Material issue
3 Use natural resources in ways that facilitate recycling and decarbonization →P.29

Society

Develop intangible assets for providing solutions



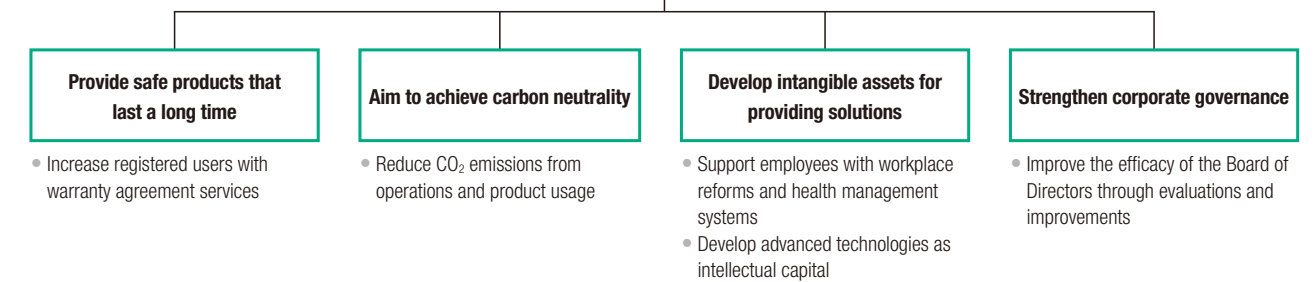
- Material issue
4 Apply intellectual resources to expand the Group's businesses →P.30
- Material issue
5 Develop human resources that can sustain the Group's businesses →P.31
- Material issue
6 Improve manufacturing resources through digital technologies →P.33

Governance

Strengthen corporate governance

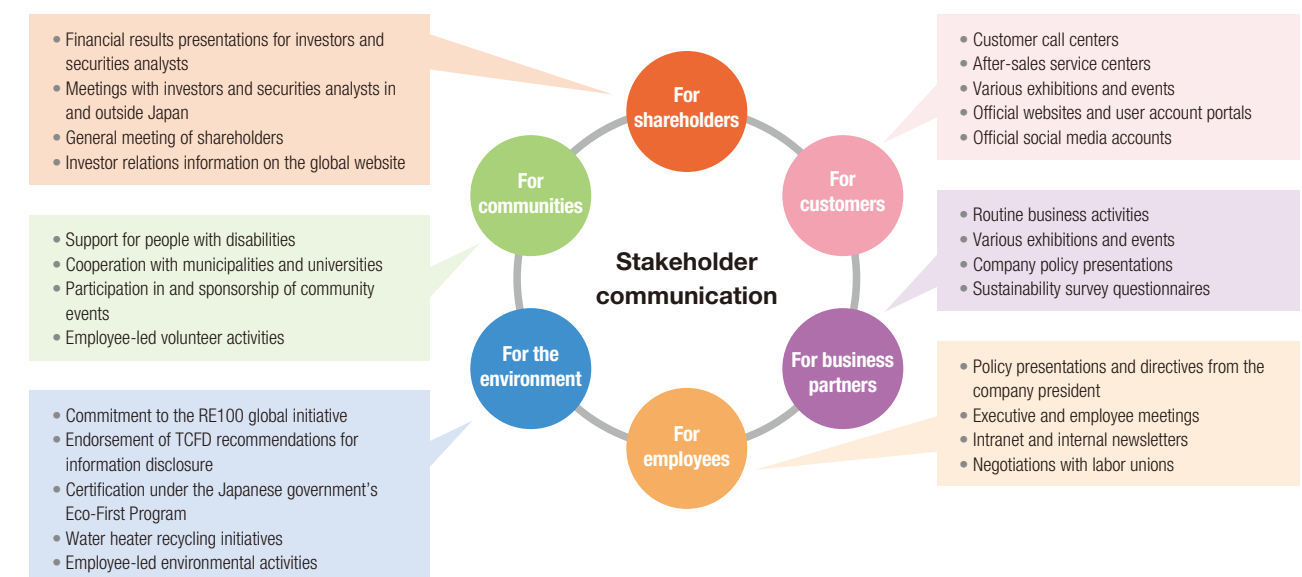
- Improve the efficacy of the Board of Directors through evaluations and improvements →P.34

Quality and ESG-related initiatives



Stakeholder communication

The Noritz Group proactively discloses information and communicates with its stakeholders to confirm their requests and expectations for the Group and to enhance stakeholder engagement.



External evaluations



FTSE Blossom Japan Index

FTSE Blossom Japan Index

The FTSE Blossom Japan Index is an index that evaluates and selects Japanese companies based on the excellence of their ESG practices. Noritz has been included in the index since 2023.



FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

The FTSE Blossom Japan Sector Relative Index is an index designed to measure the performance of Japanese companies with relatively high ESG ratings in individual sectors. Noritz has been included in the index since 2022.

Please visit Noritz's website for more information on its material issues, quality, and ESG initiatives (Japanese only).
<https://www.noritz.co.jp/company/csr/>



Medium-Term Management Plan

Sustainability management under the medium-term management plan

Material issues

Material issue



1

Maximize value for product users to maintain the customer base

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.

■ Introduction of N2C inquiry system deepens connections with customers

The Noritz Contact Center receives approximately 1 million inquiries and repair requests from customers each year. By introducing the new N2C (Noritz to customer) system in place of our earlier database, Noritz has achieved consolidation and automation of information necessary for responding to customer inquiries.

The Noritz Group currently uses multiple systems for inspections, repairs, and so on, but seeks to mitigate various risks by consolidating these systems.

In the future, Noritz will seek to develop next-generation services based on a company-wide shared database.

2024 result and 2026 target

Total number of registered customer accounts
4.75 million → 6 million



An N2C system screen

■ Yu-Pay, a long-term water heater use service

Noritz launched the "Yu-Pay" long-term water heater use service, which offers environmentally-friendly water heaters with minimal initial costs and comprehensive after-sales support covered by use fees only. By paying monthly usage fee, customers can use a water heater for up to 20 years.

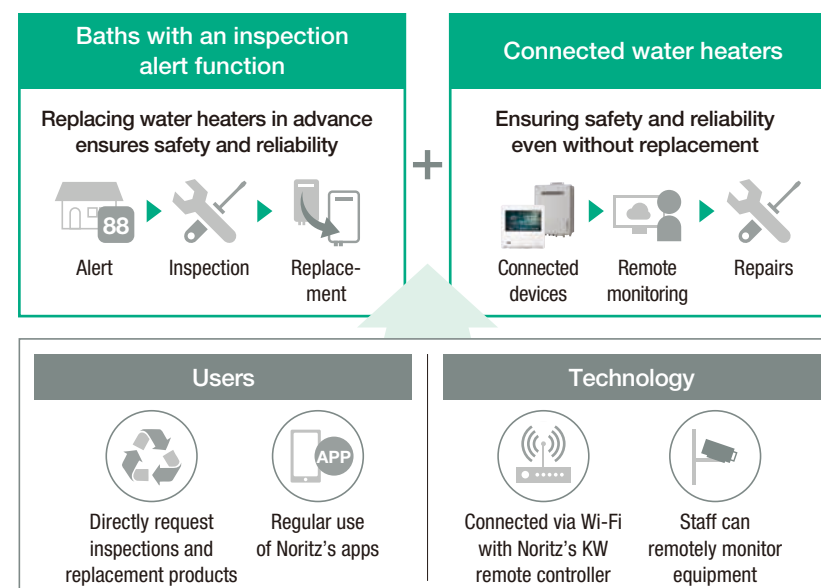
In addition, by utilizing IoT technology, Noritz monitors equipment malfunctions, and at the end of the contract, the equipment is recycled, making this an environmentally-conscious service.



■ 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

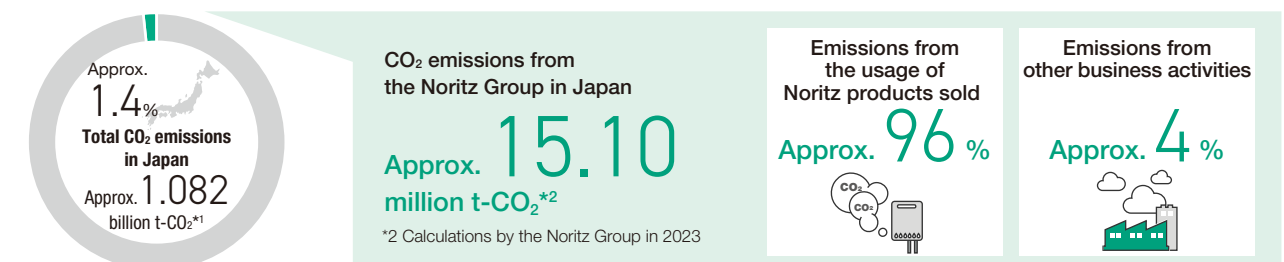
Annual CO₂ emissions from products manufactured by the Noritz Group and operations account for about 1.4% of Japan's total CO₂ emissions. Working to reduce these emissions is a part of the Company's social responsibility, and it is also seen as an opportunity to create new value.

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

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

2024 result and 2026 target

Reduction of CO₂ emissions from product usage in Japan compared with 2018:
30.3% → 20%
Sales of high-efficiency water heaters to total water heater sales in Japan:
43.1% → 50%



*1 Preliminary data of Japan's greenhouse gas emissions in 2023 provided by the Greenhouse Gas Inventory Office, National Institute for Environmental Studies

■ Expand heat pump water heaters

Heat pump water heater was launched under the Noritz brand in June 2024. Noritz is committed to expanding and improving the lineup of high-efficiency water heaters so that it can continue providing hot water, a form of household infrastructure, to customers even in the carbon-neutral society to be achieved by 2050.



Offering helpful and useful solutions for people's everyday lives

■ "Shaan" bathroom heater and dryer with bathroom cleaning function reduces daily bath cleaning time and effort

Noritz innovates new technologies and creates products and services with them, aiming to create a society where people can lead enriched lives while contributing to the earth.

In September 2024, Noritz launched "Shaan," a bathroom heater and dryer with a bathroom cleaning function that utilizes the Aqua Ozone ozonated water disinfection unit. Starting with this product, which reduces the burdens of daily bath cleaning with just the press of a button, Noritz is promoting a new habit of leaving bathroom cleaning to machines.



2024 result and 2026 target

Sales of high-performance products to total product sales in Japan
32.1% → 37%

Medium-Term Management Plan

Sustainability management under the medium-term management plan

Material issues

Material issue



2-2

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

Progress in reducing CO₂ emissions from non-residential-use products has been slow compared with residential-use products in Japan because many facilities, such as spas and hospitals, use boilers that have high environmental impacts.

In this context, Noritz is applying its core technologies to expand its lineups of low-emission products and help reduce CO₂ emissions in the commercial, industrial, and agricultural sectors.

In Japan's non-residential sector, the Noritz Group targets service-driven facilities, such as hotels, as well as production-driven facilities like farms and factories. To expand business going forward, the Group will continue providing unique value-added products and services to small and medium-size commercial

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

2024 result and 2026 target

Amount of CO₂ emissions reduced in Japan (compared with 2018) by replacing boilers with high-efficiency water heaters

279 thousand tons of CO₂ →
330 thousand tons of CO₂

■ Industry's first indoor high-efficiency heat-recovery water heaters for commercial-use launched

Previously, there was no lineup of commercial indoor high-efficiency heat-recovery water heaters for small commercial establishments such as restaurants located in cold regions where outdoor installation of water heaters is not possible, making it impossible for such businesses to install environmentally-friendly water heaters. Noritz recently launched the industry's first indoor high-efficiency heat-recovery water heaters suitable for commercial-use in Japan (excluding hood-installed types), enabling the advancement of carbon neutrality even in indoor commercial facilities.

Noritz is promoting the use of high-efficiency water heaters with thermal efficiency of 95% as replacements for boilers used by industrial facilities, which consume relatively large amounts of gas to heat water, contributing to Japan's transition to a low-carbon economy through reductions in CO₂ emissions.



■ In the thermal solutions business, Noritz is meeting customer needs while solving social issues

In its thermal solutions business, Noritz provides decarbonization and energy-saving value by effectively utilizing unused heat through systems such as waste heat recovery units and heating and cooling systems for aquaponics* (circular agriculture). Noritz combines its core technologies with its ability to plan and design to create these systems and provide them to a wide range of customers.

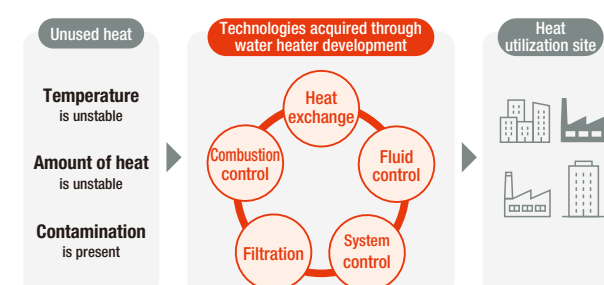
For example, waste heat recovery systems recover heat that would normally be discharged as condensate and by appropriately controlling temperature, amount of heat, and contamination using Noritz's core technologies, water can be preheated.

In addition, heating and cooling systems for aquaponics remove impurities and foreign material, which can impede heat exchangers, providing systems that enable high-

efficiency heat exchange.

Noritz will continue creating solutions that meet customer needs while solving social issues.

* The term "aquaponics" is derived from "aquaculture" and "hydroponics." Aquaponics is a production method that combines traditional aquaculture with hydroponic crop cultivation to grow fish and vegetables together in the same system.



Material issue



2-3

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

Amid growing interest in decarbonization initiatives around the world, the Noritz Group is working to help reduce CO₂ emissions by applying its extensive technological expertise in high-efficiency gas water heaters.

2024 result and 2026 target

Amount of CO₂ emissions reduced outside Japan (compared with 2018) by switching from existing water heater equipment to Noritz Group products

3,392 thousand tons of CO₂ →
4,000 thousand tons of CO₂

■ Completion of the first total redesign in four years of environmentally-friendly, high-efficiency water heaters in North America

As environmental regulations concerning water heaters are tightened in North America and the shift to higher efficiency accelerates, Noritz launched a new high-efficiency water heater in November 2024. This marks the third generation of high-efficiency models for North America, following the first generation in 2017 and the second generation in 2020. This is the first total redesign

in four years. In North America, which has strict environmental and efficiency regulations, Noritz is creating and providing high-efficiency water heaters as a foundation for achieving carbon neutrality.



EZ PRO high-efficiency water heater (third generation)

■ Launch of heat pump water heaters in North America, Australia & China

Noritz is expanding its lineup of heat pump water heaters in Japan and similarly overseas as a part of its efforts to achieve carbon neutrality.

Noritz sells household heat pump water heaters under the "ECOTOUGH" brand in North America and the "ecosmart" brand in Australia. Noritz also launched heat pump water heaters in China in 2024, and these products have been well received in all regions.

The Noritz Group is undertaking initiatives to achieve a carbon-neutral society and will accommodate all types of energy.



Heat pump water heaters launched in North America, Australia, and China

■ Contribution to on-site efficiency with a commercial rack system in North America

In North America, Noritz offers a commercial assembled tankless rack system that is easy to assemble and can significantly reduce on-site labor. The system can be delivered with products pre-assembled into racks tailored to the available space and required capacity for each site, enabling quick and efficient installation. This product has earned high praise from customers involved in commercial facilities.

Noritz will continue creating solutions that solve customer problems.



Commercial assembled tankless rack system

Medium-Term Management Plan

Sustainability management under the medium-term management plan

Material issues

Material issue 3 Use natural resources in ways that facilitate recycling and decarbonization

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

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

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

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

2024 result and 2026 target
Secure 100% of electricity from renewable energy sources at the Akashi Main Factory
Number of products recycled 66 thousand → 150 thousand

■ Noritz's certified as a Green Partner 2024 by the Forestry Agency in recognition of its forest carbon offset initiatives

Noritz is promoting forest carbon offsets for CO₂ emissions generated in the production of environmentally-friendly products such as hybrid water heating systems and the GT-C72 series of gas water heaters (excluding auto-type) as well as CO₂ emissions from energy consumption at facilities engaged in the water heater recycling business.

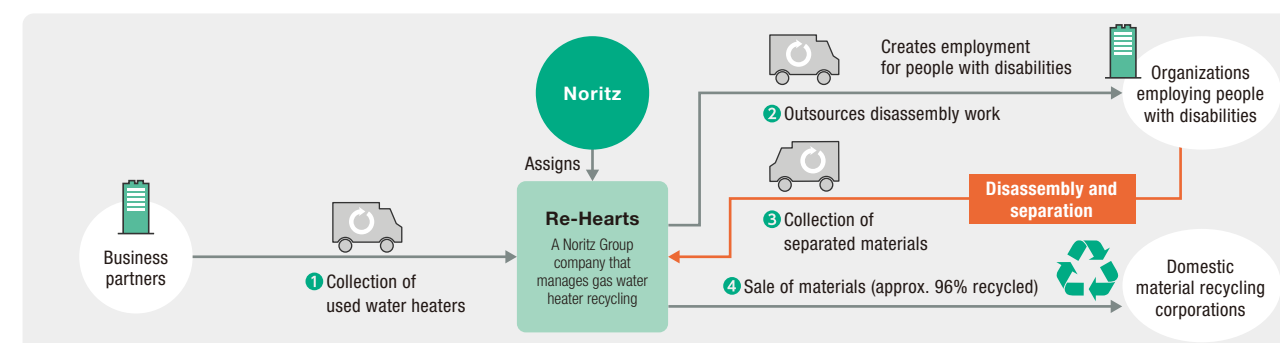
Noritz's forest carbon offset program in Hyogo Prefecture, which utilizes the J-Credit Scheme*, was recognized and Noritz was certified as a Green Partner 2024 by the Forestry

Agency. In the future, Noritz will continue its environmentally-conscious efforts in products and business activities, contributing to the development of a carbon-neutral society and biodiversity conservation.

* A scheme in which the Japanese government certifies, in the form of credits, the amount of CO₂ and other greenhouse gas emissions reduction and absorption achieved through the introduction of energy-saving equipment and forest management



■ Noritz's original model for recycling water heaters and creating employment opportunities for people with disabilities



The Noritz Group has conducted water heater recycling since 2011 to promote the sustainable use of resources and contribute to the development of a circular economy. Within this activity, Re-Hearts K.K., a group company of special subsidiary* S-CORE Hearts K.K., collects used water heaters from Group business partners and outsources disassembly and separation work to organizations that employ people with disabilities. In 2024, 66,000 water heaters were

recycled, and this initiative will be expanded further in the future.

* A company established for the purpose of promoting and stabilizing the employment of persons with disabilities.



S-CORE Hearts' website (Japanese only)

Material issue 4 Apply intellectual resources to expand the Group's businesses

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

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

2024 result and 2026 target
Number of newly developed technologies related to decarbonization or wellness-related issues: 0 → 5
Nikkei Research Brand Strategy Survey score: 580 → 585

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

■ Demonstration experiment using hydrogen combustion technology

The Noritz Group is reinforcing its efforts for the social implementation of hydrogen energy. In Australia, Noritz began a demonstration experiment in December 2024 for a household water heater that runs on 100% hydrogen combustion in collaboration with ATCO Gas Australia Pty Ltd, an energy infrastructure company based in Western Australia.

In addition, in June 2024, Noritz signed an industry-government-academia partnership agreement with the City of Kobe and Kobe City College of Technology (KCCT) to conduct demonstration experiments using KCCT hydrogen combustion technology and foster the development of next-generation engineers.

With the aim of creating a carbon-neutral society by 2050, Noritz will accelerate technological innovation through open innovation and market introduction.



Partnership agreement with ATCO

■ Formulation of a global common brand logo for hydrogen water heaters

Noritz formulated a uniform brand logo for use with hydrogen water heaters in Japan and overseas. This unique brand logo is engraved on hydrogen water heaters, which can be difficult to distinguish from conventional water heaters. Through consistent use in Japan and overseas, Noritz will communicate to the world its sincere approach to addressing environmental issues.

Design Concept:

The icon, comprising two spheres modeled after the structure of a hydrogen molecule, is composed of blue and green colors representing earth as seen from outer space and expressing the sustainable and circular potential of these products. In response to the soft impression created by the icon, the typography curves the horizontal bars of the H to represent the connection of a rich global environment to the future.



■ "+ do (Plus do)" contributes to the joint creation of an enriching future

The "+ do (Plus do)" built-in gas cooker, jointly developed with Tokyo Gas Co., Ltd. based on the concept of "enjoying cooking," was chosen for the JIDA Design Museum Selection*. Through the creation of this type of pre-financial performance, Noritz will continue to provide the simple comforts of life.

* This award program, operated by the Japan Industrial Design Association (JIDA), selects, collects, and preserves outstanding industrial designs with "aim to create a future that is rich in spirit" as its theme with the objective of contributing to the advancement of Japanese culture by passing these designs on to future generations.



The "+ do (Plus do)" built-in gas cooker

Medium-Term Management Plan

Sustainability management under the medium-term management plan

Material issues

Material issue



5

Develop human resources that can sustain the Group's businesses

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.

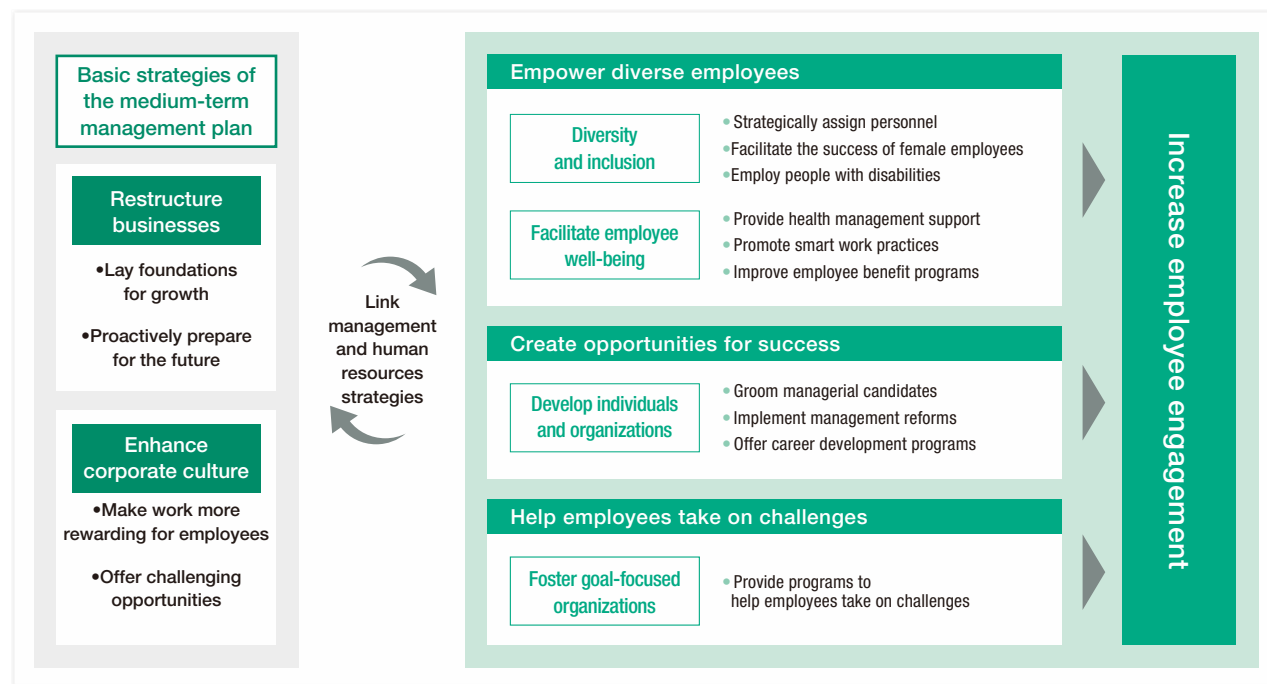
Noritz recognizes the risks of employee turnover and labor shortages in Japan as the country's population continues to decline. Therefore, the Company is taking various steps to increase employee engagement under the medium-term

management plan from 2024 to 2026, placing importance on empowering its diverse employees, creating opportunities for success, and helping employees take on challenges.

2024 result and 2026 target

Employee engagement score

70 → 70



Promoting diversity and inclusion

Noritz actively promotes the employment empowerment of diverse talent, including women, seniors, persons with disabilities, and foreign nationals, and secures and utilizes the human resources necessary for the business portfolio and implements a range of initiatives to help each individual fully demonstrate their capabilities. Noritz revised its employment regulations to allow employees raising children to utilize both the short working hours for child care program and the flextime program at the same time, facilitating more flexible work styles. Other initiatives include the use of the Childcare Support Mirai Concierge, a company-led childcare matching service, support for male employees taking childcare leave, and the introduction of a unique Point-based Incentive System that uses an internal points program to promote employee wellness. Through these efforts, Noritz seeks to create a workplace environment where each employee can thrive by demonstrating their strengths and individuality.



Enhancing employee well-being

While aiming for sustainable growth, Noritz promotes health management in the workplace to help employees maintain good physical and mental health, which is essential for them to maximize their potential. It is carrying out various initiatives for ensuring good health, such as providing stress assessments as a proactive measure for preventing potential mental health problems, as well as information and tools for improving fitness and preventing lifestyle diseases.

The Company has also adopted a tool for measuring employee work engagement in real time as a means to help them perform at their best on the job.



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

In April 2024, Noritz implemented the Hands-On Global Career Training Program as a part of its career education initiatives intended to help employees envision and actively pursue their medium- to long-term career goals.

Through online sessions with employees assigned overseas as well as group work and sessions with international students coming to Japan on government scholarships, the training program provided participants with the opportunity to recognize the importance not only of language proficiency, but also communication skills that respect diversity as well as adaptability and a willingness to take on challenges.

Noritz will continue holding various trainings that support employee career design.



An online session with overseas employees conducted as a part of global career training

Fostering goal-focused organizations

To embed the value statement “Everything starts from a challenge” as a part of the Noritz organizational culture, in 2024, a new evaluation framework that incorporates value-based criteria to assess individual employees was introduced. In addition, Noritz established the Values Awards Program, which recognizes outstanding challenges undertaken by individuals and teams through votes by all employees. In 2024, five teams made up of 41 individuals were selected for commendation under this program.

By focusing on the challenges undertaken by individuals and teams and recognizing their efforts, the objective is to foster a culture where challenges are continuously tackled throughout the organization.



Representatives of the five teams selected for recognition under the Values Award Program

Sustainability management under the medium-term management plan

Material issues

Material issue



6

Improve manufacturing resources through digital technologies

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.

2024 result and 2026 target

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

70% of gas water heater production

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.

Reforming manufacturing with the aim of developing smart factories

At its Akashi Main Factory, Noritz introduced an integrated manufacturing operation information management system and started full-scale operation in December 2024 to promote data-driven management with the objective of reducing costs. By centrally managing data that is dispersed across production sites, Noritz is advancing data-driven management that seamlessly connects the management level with on-site operations. In addition, Noritz is implementing DX in manufacturing operations to improve work efficiency, reduce costs, and enhance quality and productivity throughout the value chain while addressing challenges at manufacturing sites such as labor shortages and improving the work-life balance.



An automated inspection robot integrated with the manufacturing execution system

Demonstration experiment of a fault diagnosis support app using AI

Noritz conducted a proof of concept experiment to diagnose the causes of equipment failures using predictive AI and generative AI. The AI Failure Diagnosis Support App was developed using DataRobot's Enterprise AI Suite, reducing diagnosis times and providing high-quality services that

do not rely on the level of experience of service engineers.

Going forward, Noritz will promote further enhancement of service quality with a view towards expanding the range of subject products and expanding overseas.

Promoting talent development as a DX certified business

As a DX certified company accredited by the Ministry of Economy, Trade and Industry, Noritz seeks to implement data-driven management through the reconstruction of manufacturing systems and development of new sales models that focus on strengthening customer connections. Noritz also emphasizes cultivating internal talent to drive DX including the launch of a special-purpose community site intended to develop talent who can use AI, and commenced information sharing.

