

Financial Results of Fiscal 2024, ended March 31, 2024

May 9, 2024

Rinnai Corporation

Rinnai

Disclaimer

Forecasts, projections, strategies, and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions that the Company believes are reasonable. Actual results may differ materially from these statements due to various risks and uncertainties. This material is for informational purposes only and is not intended as a solicitation to trade.

1. Fiscal 2024 Results

2. Review of Medium-Term Business Plan
(New ERA 2025) and Future Outlook

3. Fiscal 2025 Outlook

Fiscal 2024: Consolidated Performance Overview

Net sales: ¥430.1 billion (up 1.2% year on year)

[vs target*: down 2.2%]

Record-high level

Despite weak market conditions in the first half of the year, inventory levels began to optimize in the second half, leading to record-high net sales

Operating income: ¥39.3 billion (down 5.0% year on year; Operating income to net sales ratio: 9.2%)

Normalization of the production system and cost reductions in the second half largely compensated for our negative performance in the first half

[vs target*: up 0.9%]

Ordinary income: ¥46.0 billion (up 3.4% year on year; Ordinary income to net sales ratio: 10.7%)

Increase with the help of foreign exchange gain

[vs target*: up 4.7%]

Record-high level

Net income attributable to owners of the parent company: ¥26.6 billion

(up 2.2% year on year; Net income to net sales ratio: 6.2%)

[vs target*: up 6.7%]

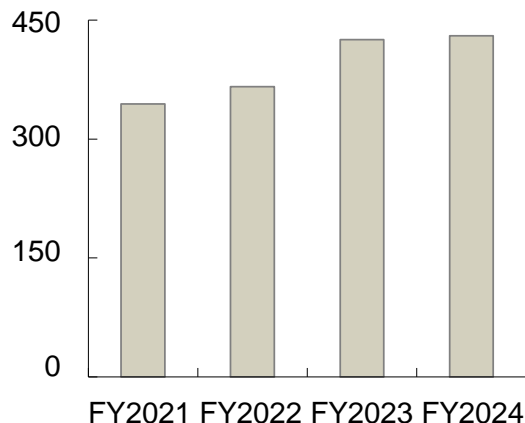
*"vs target" indicates the figure compared to performance forecasts announced August 4, 2023.

- First half: Weak sales due to cooling consumer confidence caused by rising prices and high interest rates
- Second half: Due to optimization of inventory levels, both sales and profit recovered significantly, with second-half profit reaching a record high

Fiscal 2024: Consolidated Financial Results

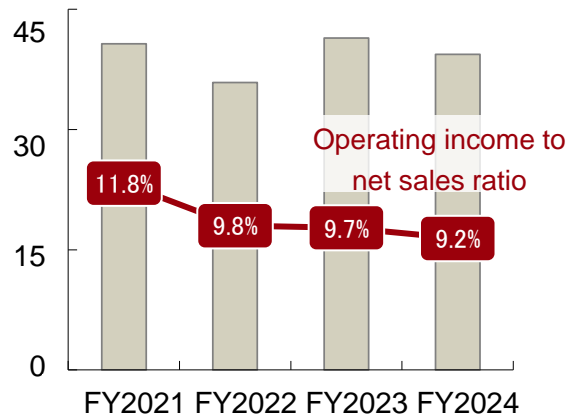
Net Sales

[Billions of Yen]



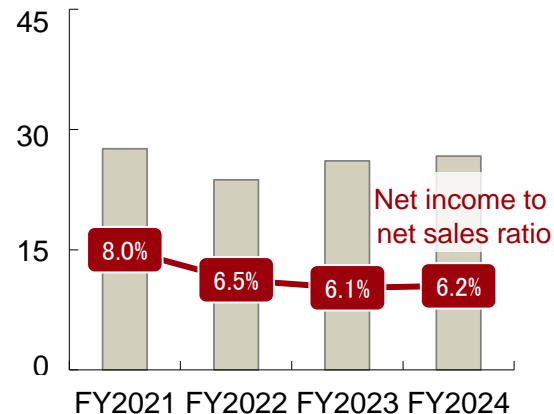
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Net sales up for fourth consecutive year, partly due helped by foreign currency translation
- Profits volatile over past four years due to supply-demand imbalance and supply chain disruptions

Fiscal 2024: Net Sales by Product

[Billions of yen]	Fiscal 2023		Fiscal 2024		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	258.65	60.8%	263.83	61.3%	+5.18	+2.0%
Kitchen appliances	91.78	21.6%	90.49	21.0%	-1.28	-1.4%
Air conditioning appliances	21.94	5.2%	21.74	5.1%	-0.19	-0.9%
Commercial-use equipment	10.66	2.5%	11.21	2.6%	+0.54	+5.1%
Others	42.17	9.9%	42.89	10.0%	+0.71	+1.7%
Total	425.22	100.0%	430.18	100.0%	+4.95	+1.2%

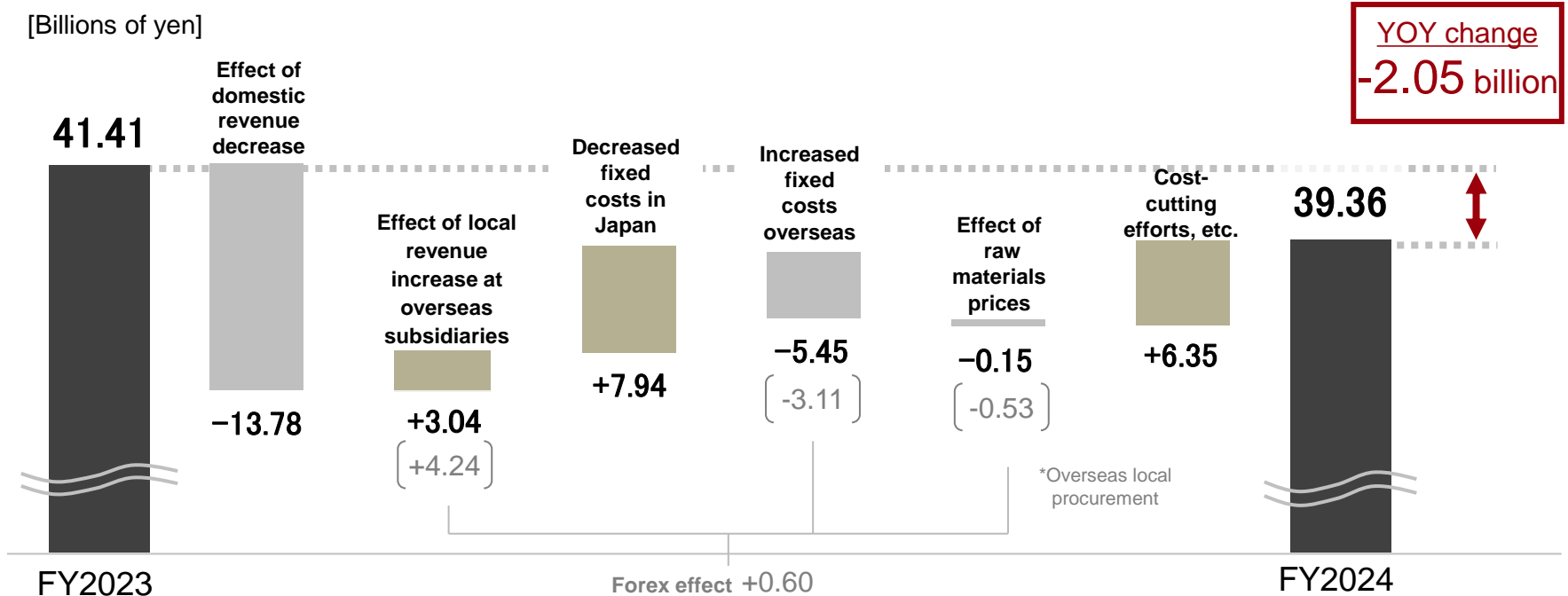
Fiscal 2024: Consolidated Sales/Income Results

[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	430.18	+1.2%	39.36	-5.0%	9.2%	-0.6pt

[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Japan	192.35	-2.3%	17.96	-23.9%	9.3%	-2.6pt
United States	57.87	+3.8%	-1.19	-	-2.1%	-2.6pt
Australia	30.33	+9.7%	1.24	+5.6%	4.1%	-0.2pt
China	71.88	+8.7%	12.14	+14.9%	16.9%	+0.9pt
South Korea	31.87	-0.7%	0.01	-97.7%	0.1%	-2.1pt
Indonesia	14.91	-8.0%	2.74	+14.4%	18.4%	+3.6pt
Others	30.94	+1.3%	4.36	-10.5%	14.1%	-1.9pt
Adjustments	-	-	2.07	-	-	-

Fiscal 2024: Consolidated Operating Income Analysis

[Billions of yen]



- Reductions in fixed costs in Japan and overseas and cost reductions resulting from recovery in production significantly curbed the profit decline in the first half

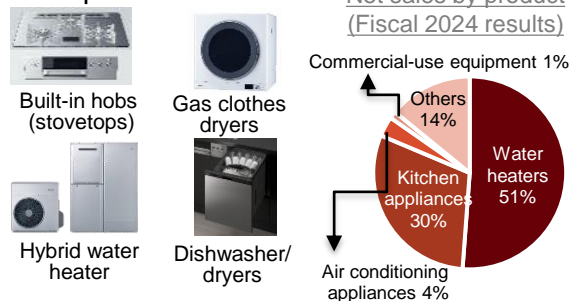
Japan Fiscal 2024 Results

*From April 2023 to March 2024

■ Segment companies

Rinnai (non-consolidated basis), domestic consolidated subsidiaries (manufacture and sales of products)

■ Main products



■ Segment results

[Billions of Yen]

	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	196.83	192.35	-2.3%
Operating Income	23.59	17.96	-23.9%
Operating income to net sales ratio	12.0%	9.3%	-2.6pt

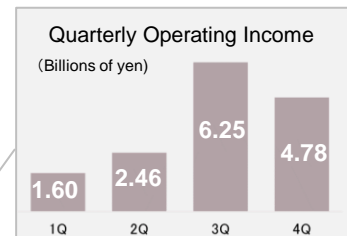
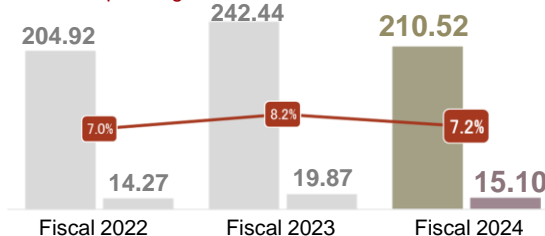
■ Non-consolidated results of major company

Rinnai (non-consolidated basis)

- Recovery trend due to optimization of distribution inventories through the second half and entrenched effects of price revisions
- Increase in sales of key products such as hybrid water heaters

Rinnai (non-consolidated basis), Fiscal 2024 Results

■ : Net sales ■ : Operating income
-●- : Operating income to net sales ratio (Billions of yen)



[Sales Volume in Japan]

YOY change

Water heater with heating systems	-16.3%
Water heater with bath-filling systems	-25.2%
Built-in hobs (stovetops)	-3.9%
Gas clothes dryers	-2.7%

	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	242.44	210.52	-13.2%
Operating Income	19.87	15.10	-24.0%
Operating income to net sales ratio	8.2%	7.2%	-1.0pt

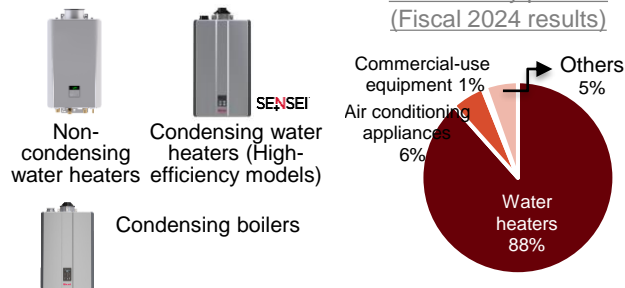
United States Fiscal 2024 Results

*From January to December 2023

■ Segment company

Rinnai America

■ Main products



■ Segment results

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	55.75	57.87	+3.8%
Operating Income (loss)	0.31	-1.19	—
Operating income (loss) to net sales ratio	0.6%	-2.1%	—

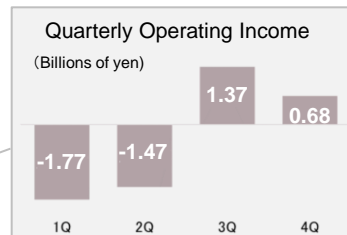
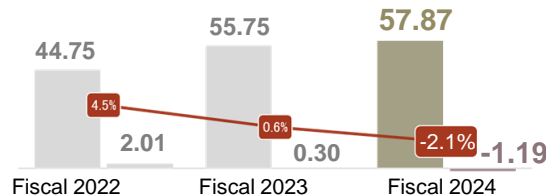
■ Non-consolidated results of major company

Rinnai America

- Adjustments of inventories, which had been high since the beginning of the fiscal year, due to sales promotion and production cutbacks, ran its course
- Inventory optimization led to reductions in warehousing fees, labor costs, and sales promotion expenses, and reduced cumulative losses

Rinnai America, Fiscal 2024 Results

■ : Net sales ■ : Operating income
-●- : Operating income to net sales ratio (Billions of yen)



[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	55.75	57.87	+3.8%	-3.4%	Tankless water heaters	-5.8%
Operating Income (loss)	0.30	-1.19	-	-	Condensing water heaters of total (High-efficiency models)	-13.6%
Operating income (loss) to net sales ratio	0.6%	-2.1%	-	-		

China Fiscal 2024 Results

*From January to December 2023

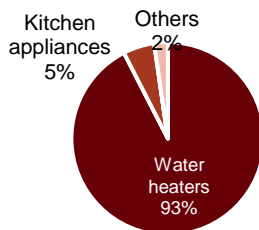
■ Segment companies

Shanghai Rinnai, Guangzhou Rinnai, Rinnai Hong Kong

■ Main products



Net sales by product
(Fiscal 2024 results)



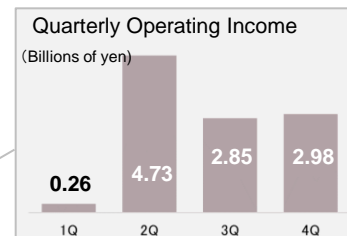
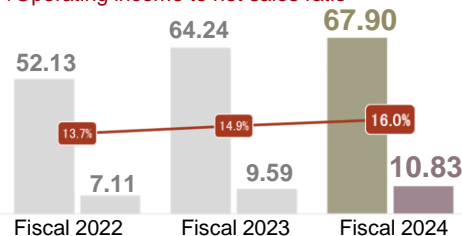
■ Non-consolidated results of major company

Shanghai Rinnai,

- E-commerce channel performed well as real estate market continued to deteriorate
- Increases in both sales and income due to expansion of sales channels and switch to high-value-added products

Shanghai Rinnai, Fiscal 2024 Results

■ : Net sales ■ : Operating income (Billions of yen)
-●- : Operating income to net sales ratio



■ Segment results

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	66.15	71.88	+8.7%
Operating Income	10.56	12.14	+14.9%
Operating income to net sales ratio	16.0%	16.9%	+0.9pt

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	64.24	67.90	+5.7%	+3.5%	Water heaters	+3.3%
Operating Income	9.59	10.83	+13.0%	+10.6%	Built-in hob (stovetops)	-37.9%
Operating income to net sales ratio	14.9%	16.0%	+1.1pt		Range hoods	-23.5%
					Boilers	+4.0%

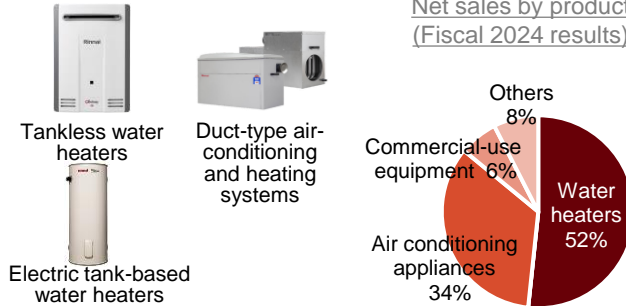
Australia Fiscal 2024 Results

■ Segment company

Rinnai Australia

■ Main products

Net sales by product
(Fiscal 2024 results)



■ Segment results

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	27.65	30.33	+9.7%
Operating Income	1.18	1.24	+5.6%
Operating income to net sales ratio	4.3%	4.1%	-0.2pt

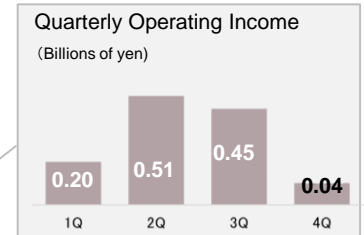
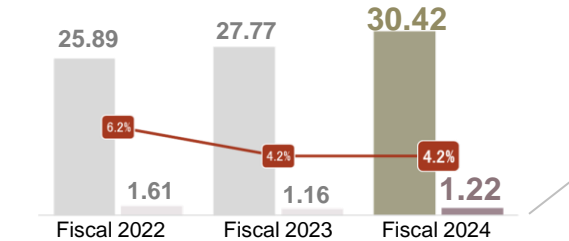
■ Non-consolidated results of major company

Rinnai Australia

- Recovery in sales of mainstay tankless water heaters despite weak housing market
- Growth in sales of electrical products in response to stricter regulations on gas

Rinnai Australia, Fiscal 2024 Results

■ : Net sales ■ : Operating income
-●- : Operating income to net sales ratio (Billions of yen)



[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	27.77	30.42	+9.6%	+6.3%	Tankless water heaters	+4.8%
Operating Income	1.16	1.22	+4.8%	+1.8%	Electric tank-based water heaters	+11.9%
Operating income to net sales ratio	4.2%	4.0%	-0.2pt		Duct-type air-conditioning and heating systems	-6.2%

South Korea Fiscal 2024 Results

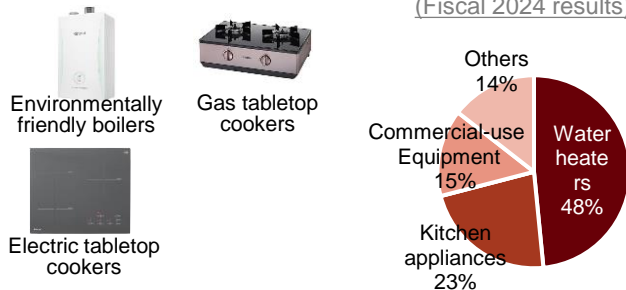
*From January to December 2023

■ Segment companies

Rinnai Korea, RB Korea

■ Main products

Net sales by product
(Fiscal 2024 results)



■ Segment results

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	32.09	31.87	-0.7%
Operating Income	0.70	0.01	-97.7%
Operating income to net sales ratio	2.2%	0.1%	-2.1pt

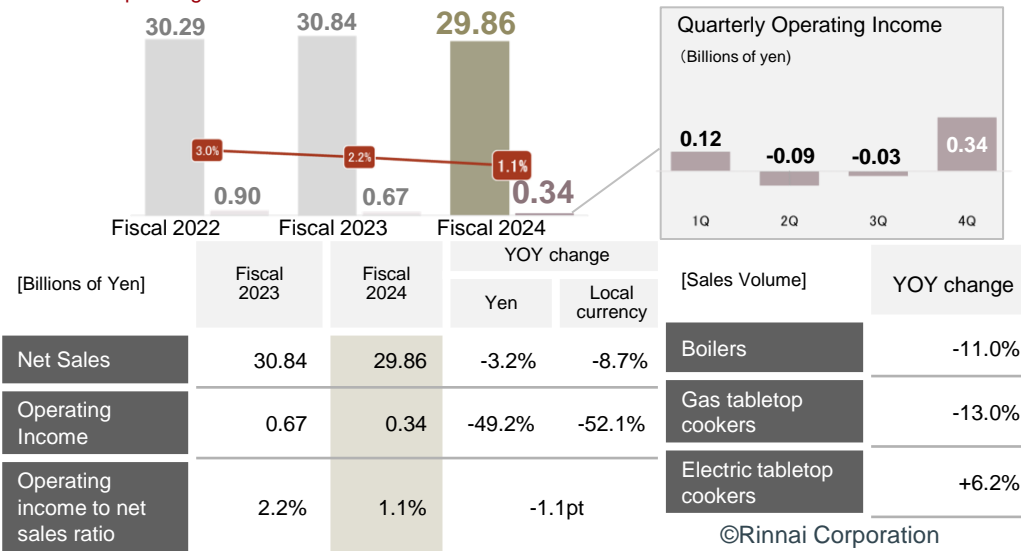
■ Non-consolidated results of major company

Rinnai Korea

- Ongoing price competition and weak market condition despite signs that housing starts have bottomed out
- We continued curbing fixed costs under difficult conditions and ended up turning a profit

Rinnai Korea, Fiscal 2024 Results

■ : Net sales ■ : Operating income (Billions of yen)
● : Operating income to net sales ratio



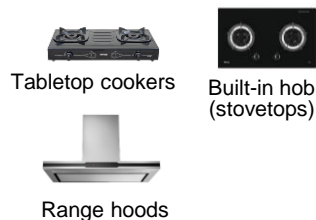
Indonesia Fiscal 2024 Results

*From January to December 2023

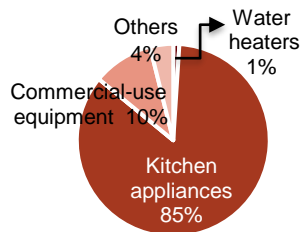
■ Segment company

P.T. Rinnai Indonesia

■ Main products



Net sales by product
(Fiscal 2024 results)



■ Non-consolidated results of major company

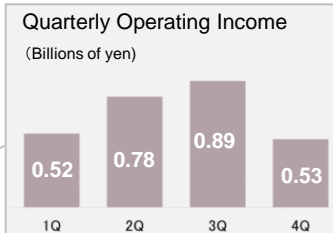
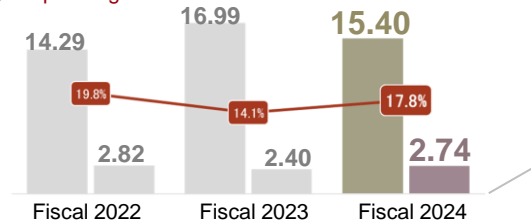
P.T. Rinnai Indonesia

- Weak sales due to cooling consumer sentiment caused by rising prices
- Maintained high profit levels through price revisions, lower raw material prices, and cost reductions

P.T. Rinnai Indonesia, Fiscal 2024 Results

(Billions of yen)

■ : Net sales ■ : Operating income
● : Operating income to net sales ratio



■ Segment results

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change
Net Sales	16.20	14.91	-8.0%
Operating Income	2.40	2.74	+14.4%
Operating income to net sales ratio	14.8%	18.4%	+3.6pt

[Billions of Yen]	Fiscal 2023	Fiscal 2024	YOY change	
			Yen	Local currency
Net Sales	16.99	15.40	-9.3%	-13.4%
Operating Income	2.40	2.74	+14.4%	+9.4%
Operating income to net sales ratio	14.1%	17.8%	+3.7pt	

[Sales Volume]	YOY change
Tabletop cookers	-14.0%
Built-in hob (stovetops)	-24.7%
Range hoods	+2.6%

1. Fiscal 2024 Results

2. Review of Medium-Term Business Plan
(New ERA 2025) and Future Outlook

3. Fiscal 2025 Outlook

Contents

～Review of Medium-Term Business Plan (New ERA 2025) and Future Outlook～

1. Progress of numerical targets and future outlook

Sales, income , shareholder return, ROE , ROIC, products that contribute to “quality of life” and “global environment,” and CO₂ reduction contribution

2. Growth strategies

Direction of three major countries (Japan, United States, China)

3. ESG:

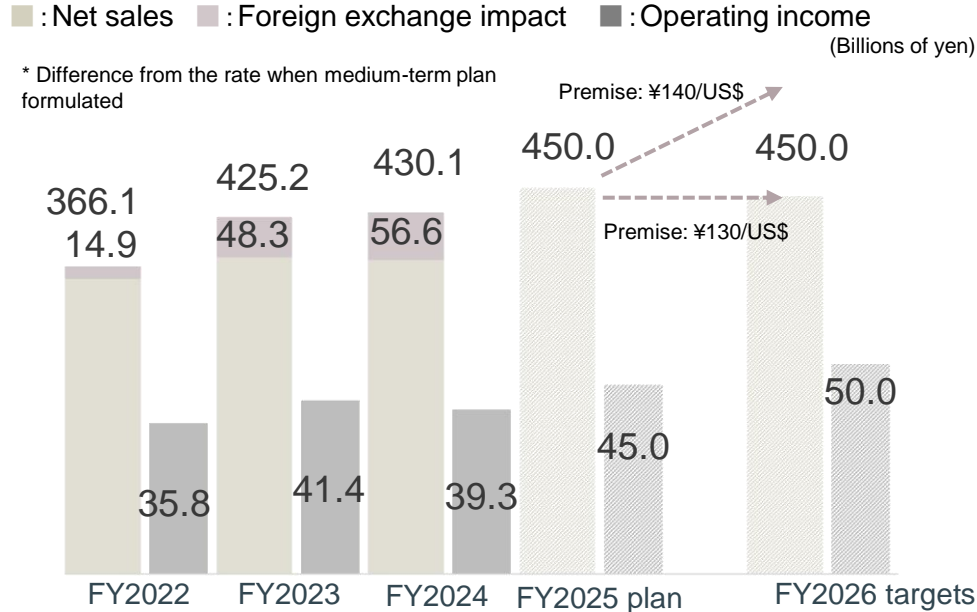
Progress of RIM2050

Executive compensation and share ownership guidelines

Progress of Medium-Term Business Plan (Sales and Income)

Medium-term
target

Net sales: ¥450 billion Operating income: ¥50 billion



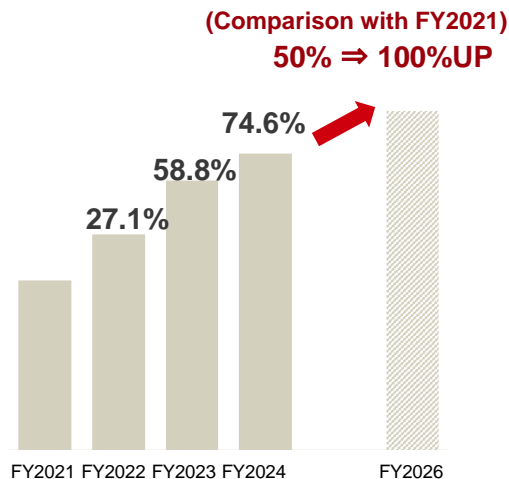
- Net sales exceeded the medium-term target line due to foreign exchange rate, but target for fiscal 2026, ending March 31, 2026, remains unchanged

Progress of Medium-Term Business Plan (Advancement in addressing social challenges)

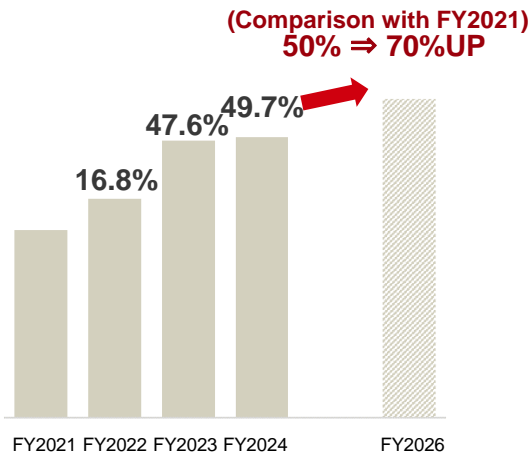
Medium-term target

Products that contribute to “quality of life” and “global environment”: Net sales (comparison with FY2021) 50% up
CO₂ reduction contribution: 7 million ton

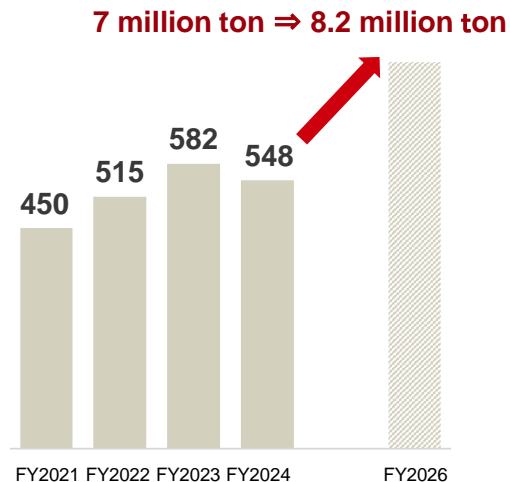
Net sales of products that improve “quality of life”



Net sales of products that benefit the global environment



CO₂ reduction contribution



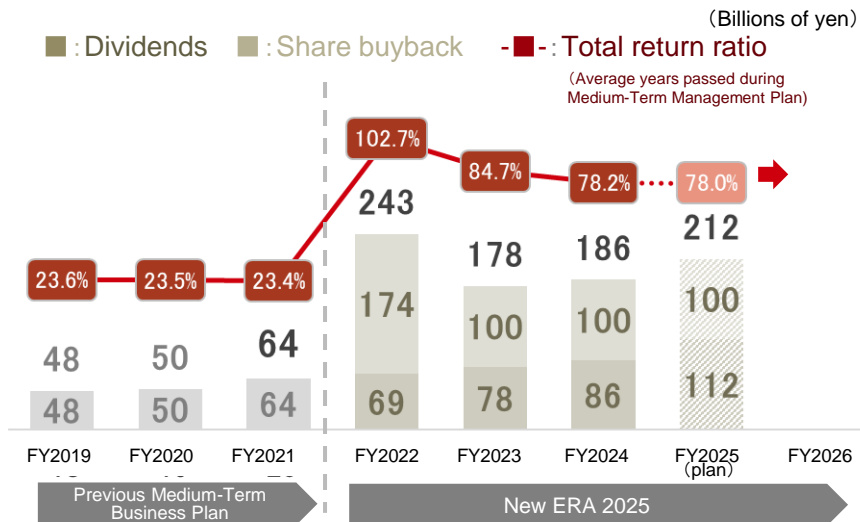
- Significantly exceeding medium-term target line, FY2026 targets revised upwards

Progress of Medium-Term Business Plan (Total Return Ratio, Payout Ratio)

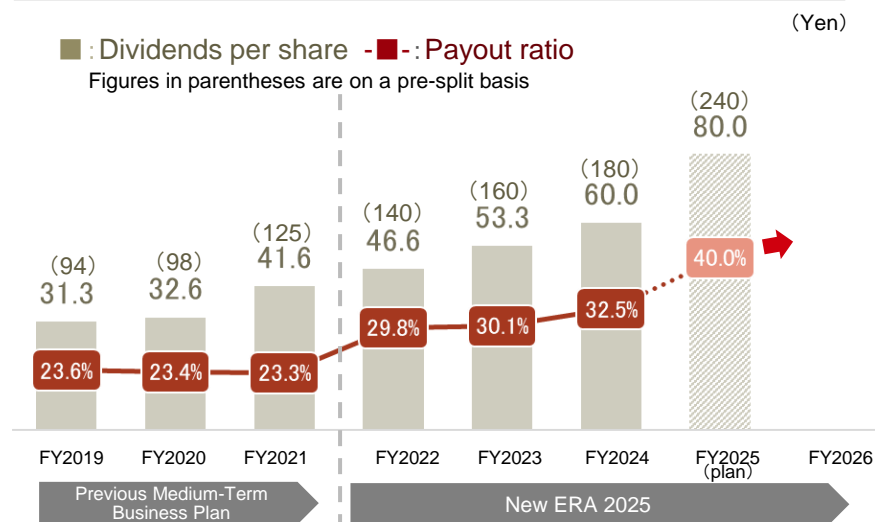
Medium-term
target

Total return ratio (5-year average): 40% Payout ratio: 40%

Total return ratio (average)



Dividends per share, Payout ratio



- Significantly raise shareholder return to achieve ROE of 8% in FY2026 (conscious of cost of capital and stock price)
- Will pursue shareholder return policy with a view to balancing investment with growth

Progress of Medium-Term Business Plan (ROE·ROIC)

Medium-term
target

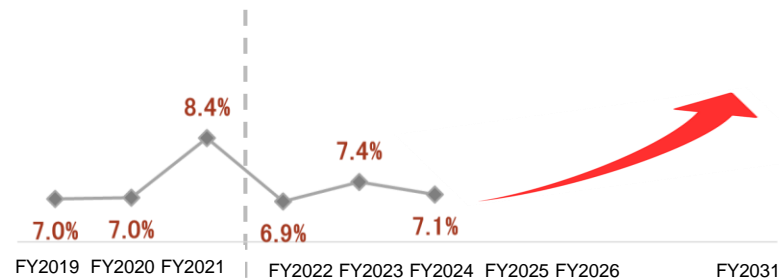
Fiscal 2026 ROE:8% ROIC:19%

ROE ROE = Net income ÷ Equity capital (average of beginning and ending figures)

ROIC ROIC = NOPLAT^{*1} ÷ Invested capital (average of beginning and ending figures)^{*2}

*1 NOPLAT=Operating income × (1—Effective tax rate)
*2 Invested capital =*Accounts receivable + Inventories + Fixed assets – Accounts payable

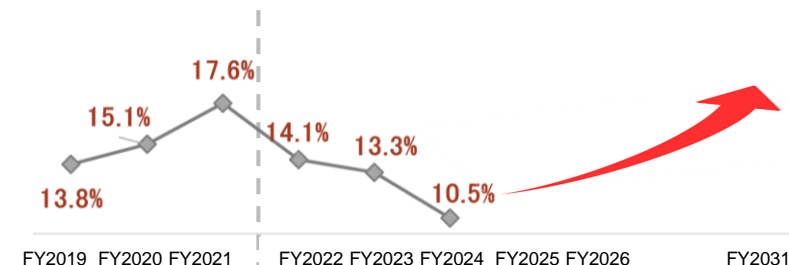
Fixed assets= Property, plant and equipment, and intangible fixed assets only



Previous Medium-Term
Business Plan

New ERA 2025

(Billions of yen)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Net income	20.4	21.5	27.5	23.7	26.0	26.6
Equity capital (average of beginning and ending figures)	293.2	307.3	328.9	342.7	353.6	369.8



Previous Medium-Term
Business Plan

New ERA 2025

(Billions of yen)	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
NOPLAT	21.4	23.9	28.3	24.9	28.8	27.4
Invested capital (average of beginning and ending figures)	155.6	159.1	160.6	177.1	216.2	265.4

- ROE: Targeting 8% in FY2026, then more than 10% thereafter
- ROIC: Plan to improve profits and increase inventory turnover after bottoming out in FY2024

Progress of Medium-Term Business Plan (ROIC analysis)

$$\text{ROIC} = \text{NOPLAT}^{*1} \div \text{Invested capital (average of beginning and ending figures)}^{*2}$$

*1 NOPLAT=Operating income \times (1-Effective tax rate)

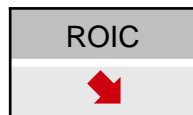
*2 Invested capital =Accounts receivable + Inventories + Fixed assets - Accounts payable

Factor analysis through FY2024

Vs FY2021

➡ : Positive

➡ : Negative



[Numerator]

NOPLAT

Cost of sales ratio

SG&A expenses

[Denominator]

Invested capital turnover ratio

Working capital turnover ratio

Fixed asset turnover ratio

Inventory turnover ratio

Accounts receivable turnover ratio

Accounts payable turnover ratio

tangible fixed asset turnover ratio

Intangible fixed asset turnover ratio

Factor analysis of prior years

- Soaring raw material prices
- Deteriorating production efficiency due to production cutbacks

- Consciously raised inventory levels (Maintained stable supply system)
- Increased product inventories (Reflecting market factors in Japan and USA)

- Fast-tracked production investments in growth countries (USA, China)
- Invested in future growth (Minami-Aoyama, Tokyo)

Actions for future improvement

- Expand sales of high-value-added products
- Conduct rigorous cost reductions
- Normalize production activities

- Establish highly accurate supply-demand management system to reduce inventories
- Optimize inventory levels as market conditions stabilize

- Investment recovery in America and China
- Continue to expand growth investments

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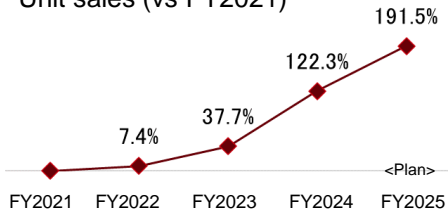
Progress of RIM2050

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Japan: Sales of Environmentally Friendly Products

ECO ONE hybrid water heaters

Unit sales (vs FY2021)



Growing awareness of environmental contribution

Subsidy program for energy-saving appliances

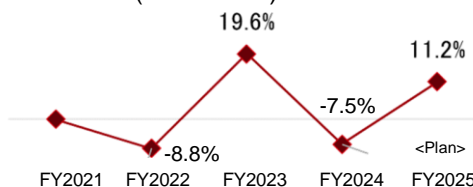
Result: Growth rate up from FY2023

Future: Further growth expected

給湯省エネ2024事業

Eco Jozu high-efficiency water heaters

Unit sales (vs FY2021)



High environmental performance despite initial-cost bottleneck

Result: Sales remained flat

Future: Subsidies will drive growth trend

賃貸集合給湯省エネ2024事業

* Only eligible for replacement in rental housing complexes

ECO ONE: ¥150,000/unit for all models

	Detached houses		Housing complexes	Cold regions
	General housing	Narrow houses		
New houses	<p>April 2024 model change</p> <p>160-liter model</p>	<p>Launched Jun. 2022</p> <p>X5 (70-liter model)</p>	<p>Launched Sept. 2023</p> <p>X5 PS (for balcony installation)</p>	<p>Launched Apr. 2021</p> <p>Heating/cooling hybrid</p>
Existing houses	<p>Launched Sep. 2023</p> <p>ECO ONE X5 Plug-in model</p> <p>X5 Plug-in (no dedicated power supply wiring required for heat pump)</p>			

¥50,000/unit

¥70,000/unit

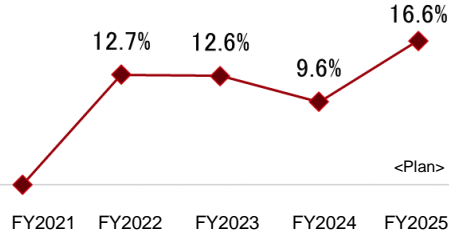
No bathwater reheating	Bathwater reheating	
Hot-water supply only	Bathwater heater	Gas water heater with heating system
→	→	→

Correction: Cold regions models are not eligible for subsidies.

Japan: Sales of Products that Improve Quality-of-Life

Kanta-kun clothes dryers

Unit sales (vs FY2021)



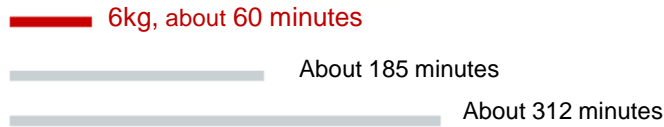
Gas clothes dryer
(Deluxe model)

- Uses power of gas to dry clothes quickly; contributes to significant reduction in housework time

Kantakun

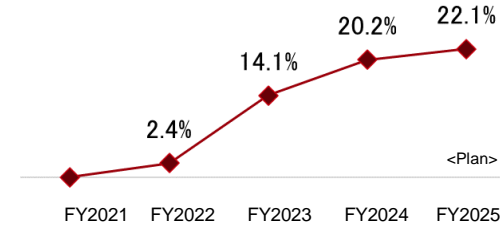
Electric heat pump type

Electric heater type



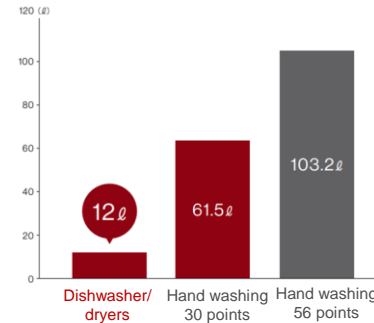
Dishwasher/dryers

Unit sales (vs FY2021)



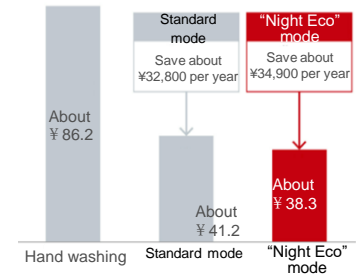
Front-opening
dishwasher

- Saves more water than hand washing



- More savings with "Night Eco" mode

Utility costs per use



United States: New Products in FY2025

Targeting a business turnaround by introducing both gas and electrical products



: Gas products

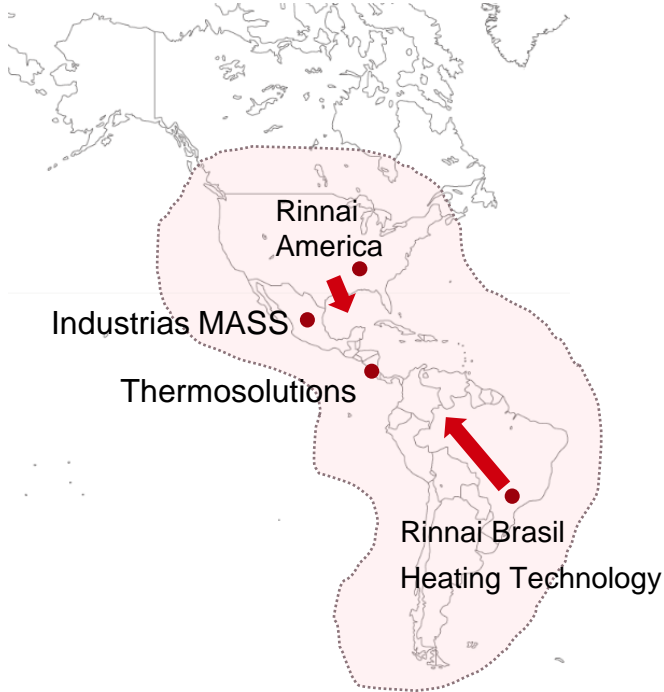


: Electrical products

Condensing water heaters	Condensing boilers	Commercial boilers	Wi-Fi module for tankless water heaters	EHP water heaters	Commercial electric tank-based water heaters
					
SENSEI[®] RX SERIES Built for the PRO, by the PRO [™]	I-SERIES[®] plus Condensing Gas Boiler	(Wall-mounted) (Floor-mounted)			
March 2024~	3Q 2024~	December 2023~ 4Q 2024~	2Q 2024~	2~3Q 2024~	4Q 2024~

- New condensing water heaters have sold well since their launch (unified gas type, indoor/outdoor models; highest efficiency in industry)
- Entered the electric tank-based water heater market with launch of EHP water heaters

United States: Expansion in the Americas



September 2021

Mexico: Acquired Industrias MASS (commercial water heater manufacturer)



Commercial water heaters



Pool heaters

April 2024

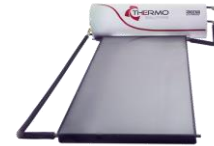
Costa Rica: Acquired Thermosolutions (electric water heater manufacturer)



Electric instantaneous water heaters



Electric tank-based water heaters



Solar water heaters

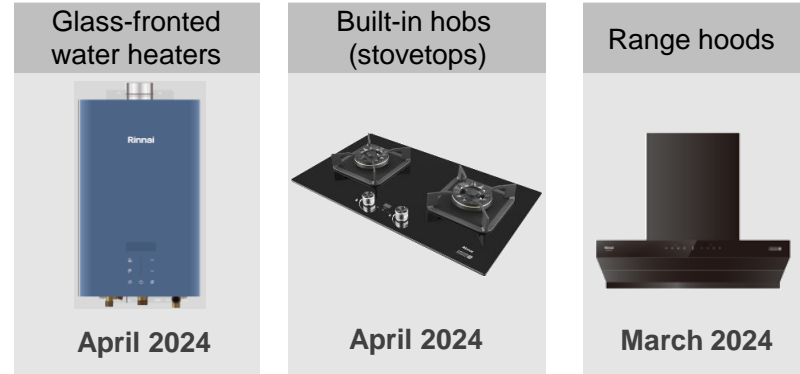
- Deploying synergies with Rinnai America and Rinnai Brazil to expand into Central, North, and South American markets

China: Increasing Sales through Online Bricks-and-Mortar Stores

Increasing sales through online bricks-and-mortar stores

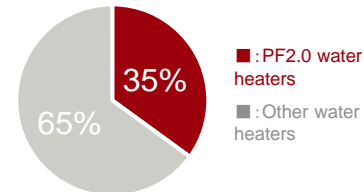


FY2025 new products: Focus on kitchen appliance business



Growing share held by PF2.0 water heaters

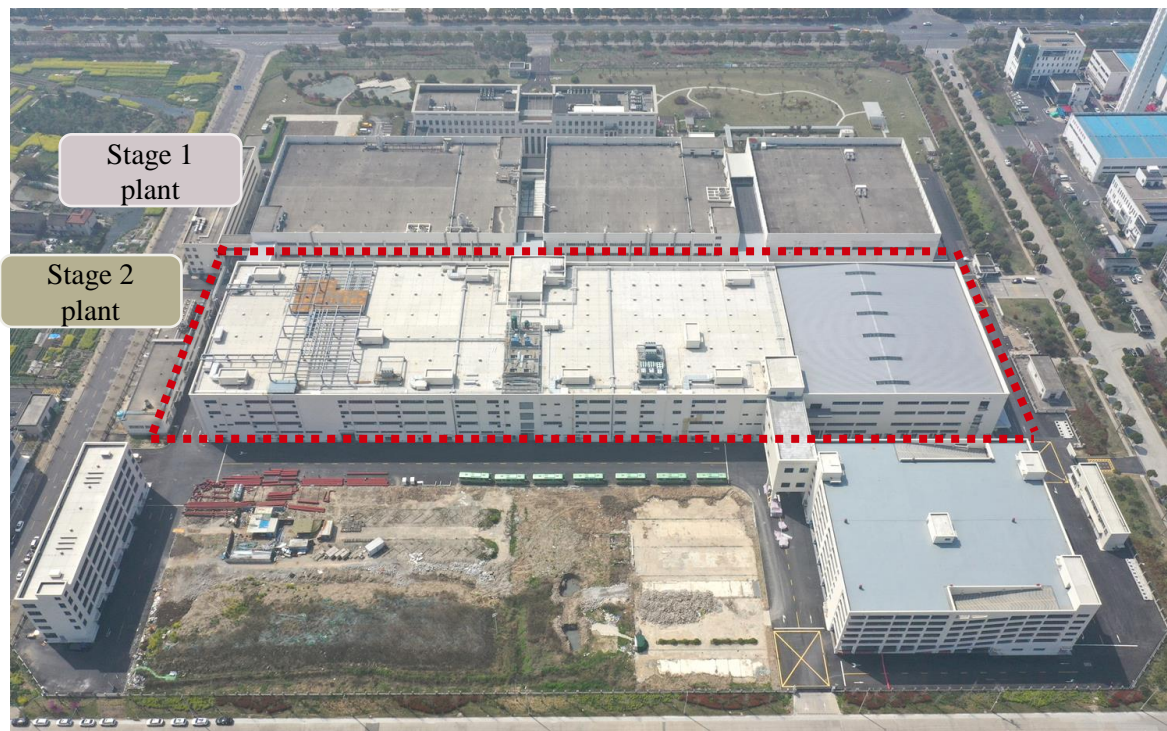
(Note) PF: Main water heater models



2022: Started PF2.0 mass production

Sequential switchover when products are modified or discontinued

China: Fengxian Plant (Stage 2)



Overview of Stage 2 plant

July 2024: Full-scale operation planned

Floor space: 97,893m²

To specialize in water-heating appliances
(water heaters/boilers)

Investment amount (total):
Approx. ¥9 billion

Overview of Stage 1 plant

Floor space: 66,702m²

To specialize in kitchen appliances
(stoves/range hoods)

Contents

～Review of Medium-Term Business Plan (New ERA 2025) and Future Outlook～

1. Progress of numerical targets and future outlook

Sales, income , shareholder return, ROE , ROIC, products that contribute to “quality of life” and “global environment,” and CO₂ reduction contribution

2. Growth strategies

Direction of three major countries (Japan, United States, China)

3. ESG:

Progress of RIM2050

Executive compensation and share ownership guidelines

ESG Topics E: Progress of RIM 2050

In November 2021, we announced the Rinnai Group's Carbon Neutrality Declaration (RIM2050). We have since revised some of the content to reflect market changes the conditions surrounding the Corporation.

Measures for 2030 (Spread of *Eco Jozu*)

Domestic




Further promote *Eco Jozu* conversion rate to contribute to the government's target of 30.5 million high-efficiency water heaters by 20

(Our current *Eco Jozu* conversion rate: 40%)

- ▶ Promote replacement with *Eco Jozu* using subsidies for existing rental housing complexes (subsidy system established in FY2025)
- ▶ Energy-saving performance of *Eco Jozu* exceeds that of *Eco Cute* depending on region (cold regions) and household size (small number of people)

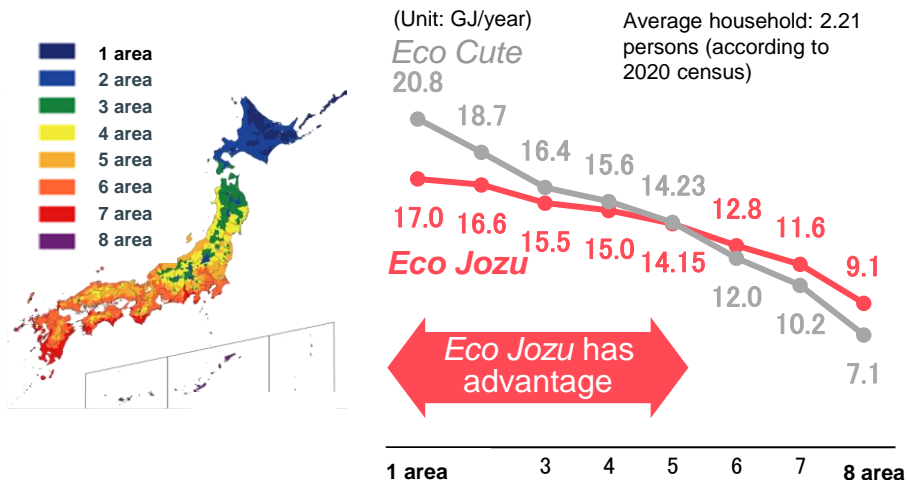
New subsidy for existing rental housing complexes



No bathwater reheating	Bathwater reheating	
Hot-water supply only	Bathwater heater	Gas water heater with heating system
		
¥50,000/unit	¥70,000/unit	

*Right logo source: Housing energy saving 2024 campaign official website

Hot water energy consumption for 2-person household



* Right image source: Building Research Institute (Regional Classification (R1 Edition), Energy Consumption Performance Program)
Primary energy calculated by Rinnai using same program with modal thermal efficiency of 92.5% for *Eco Jozu* and JIS 3.3 conditions for *Eco Cute*.

Measures for 2030 (Expand Use of *ECO ONE* Hybrid Water Heaters)

Domestic

- ▶ Unit sales up significantly (1.6-fold) since FY2024 due to increased subsidies for hybrid water heaters, etc.
- ▶ Thanks to a further increase in subsidies in FY2025, the target of 300,000 units by 2030 (FY 2031) is within sight

Subsidies for *ECO ONE*



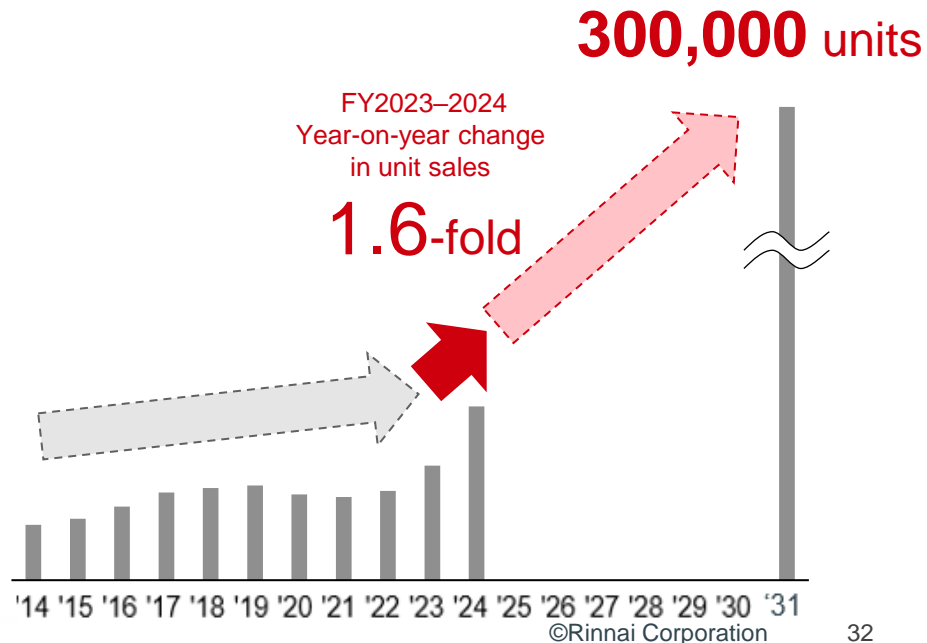
給湯省エネ2024事業

Subsidy ¥150,000/unit (¥50,000/unit in FY2024)



X5 Series
(Mainly for detached houses in urban areas, new condominiums, and water heater replacement)

160-liter model
(Mainly new houses)

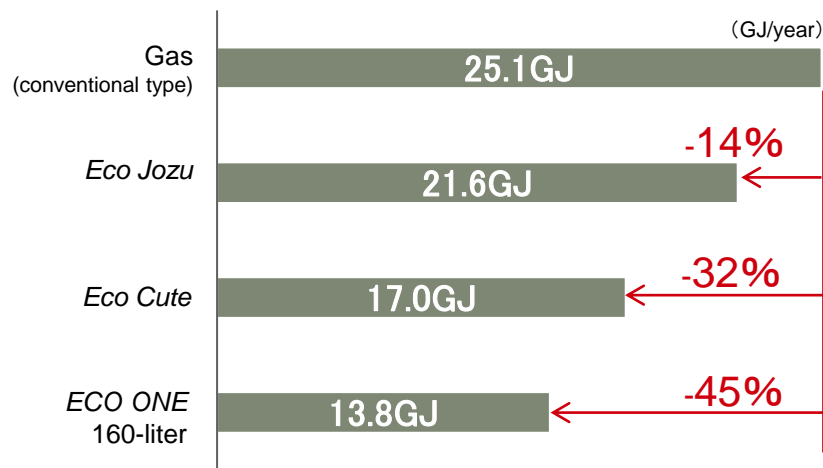


ECO ONE: Initiatives to reach 300,000 units by 2030

Domestic

- ▶ **Strengthen cooperation with** the government for support and regulation while promoting features of *ECO ONE* (unparalleled energy efficiency, etc.)
- ▶ Aiming to increase sales by expanding lineup and increasing flexibility of installation

Primary energy consumption (6 areas, 4-person household)



* Excerpts from Rinnai's materials at the 40th Energy Conservation Subcommittee meeting held on April 22, 2023
Conventional gas model modal thermal efficiency: 78.4%; *Eco Jozu* modal thermal efficiency: 92.5%; *Eco Cute*: JIS 3.5

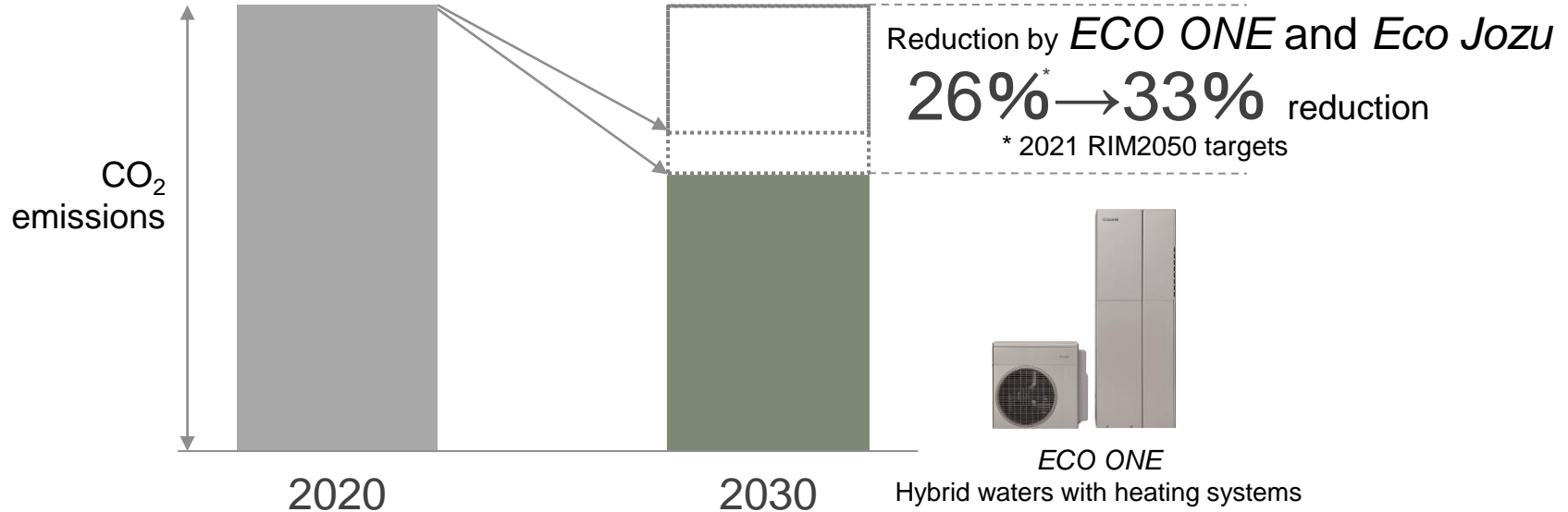
Lineup sequentially expanded since RIM2050 announced

	Detached houses		Housing complexes	Cold regions
	General housing	Narrow houses		
New houses	<p>April 2024 model change</p> <p>160-liter model</p>	<p>Launched Jun. 2022</p> <p>X5 (70-liter model)</p>	<p>Launched Sept. 2023</p> <p>X5 PS (for balcony installation)</p>	<p>Launched Apr. 2021</p> <p>Heating/cooling hybrid</p>
Existing houses	<p>Launched Sep. 2023</p> <p>ECO ONE X5 PLUG-IN MODEL</p> <p>X5 Plug-in (no dedicated power supply wiring required for heat pump)</p>			

Reduction of CO₂ emissions

Domestic

~CO₂ emission reduction by *ECO ONE* and *Eco Jozu*~



By promoting *Eco Jozu* (in addition to *ECO ONE*), we contribute to CO₂ emission reduction

CO₂ Emissions: Targets and Progress

- Having set CO₂ reduction targets, we are promoting reduction activities to achieve carbon neutrality.
- We target “CO₂ reduction contribution”, not CO₂ emission, while we expand our business scale, especially overseas.
- While CO₂ emissions from business activities will increase until around 2025, we will strive to reduce the increase as much as possible. We are targeting substantial reductions by 2030, taking into account the energy infrastructure situation in each country.
- For overseas product use, we set “CO₂ reduction contribution” targets for 2030 and are managing those targets.

Business activities (Scope 1 & 2)

	2020	2022	2030	2050
	Actual result		Target	
Non-consolidated	2.2	100%	50%	0%
Japan	2.8	96%	50%	0%
Overseas	5.4	106%	50%	0%

Product use (Scope3, Category11)

	2020	2022	2030	2050
	Actual result		Target	
	1,680	87%	67%	0%
	2,820	2,986	—	0%
Additional indicator				
CO2 reduction contribution	350	450	1080	—

* Figures for 2020 (base year) indicates CO₂ emissions (unit: 10,000 tCO₂)

* Figures for 2022–2050 indicate ratio of CO₂ emissions in those years to the base year, expressed as percentages (unit: %).

ESG Topics G: Revision of Executive Compensation Plan

Review of compensation breakdown and KPIs

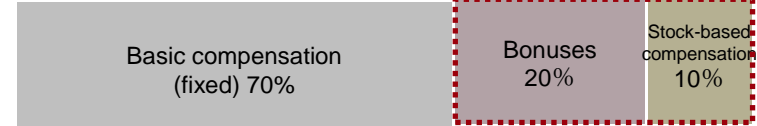
Current

Compensation composition: Fixed:Bonus:Stock-based = 7:2:1

Bonus: Calculation basis: Consolidated/non-consolidated operating income (+ ESG qualitative assessment)

Stock-based compensation: Fixed only

(Current compensation structure)



After revision

Compensation composition: Increase in performance-linked portion

Bonus: Calculation basis: Consolidated operating income/**efficiency indicator (ROE) + Employee engagement improvement** (+ Qualitative evaluation)

Stock-based compensation: Calculation basis: Fixed + **Qualitative evaluation (considering Total Shareholder Return (TSR))**

Share ownership guidelines

President and representative directors Shares equivalent to 1.5x basic compensation by end of 3 years following his/her appointment

Other directors: Shares equivalent to 1x basic compensation by end of 3 years following his/her appointment
(Excluding outside directors)



1. Fiscal 2024 Results

2. Review of Medium-Term Business Plan
(New ERA 2025) and Future Outlook

3. Fiscal 2025 Outlook

Fiscal 2025: Consolidated Sales/Income Plan

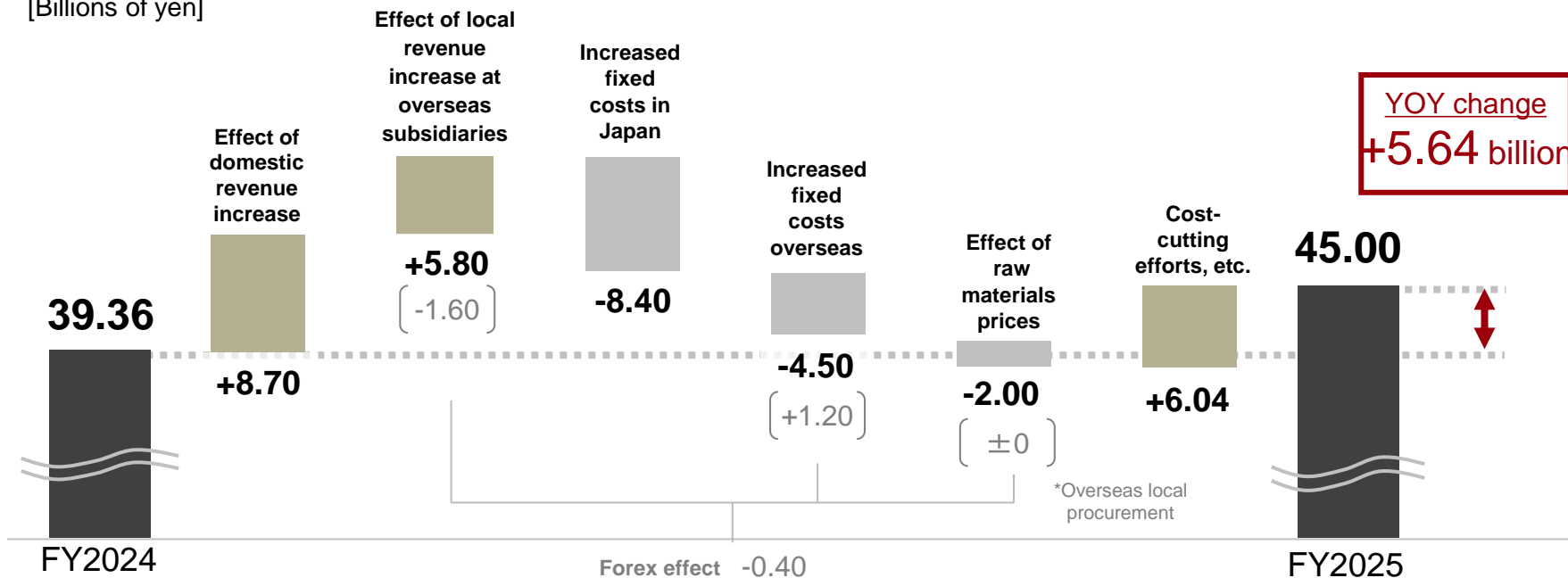
[Billions of yen]	Fiscal 2024 actual	Fiscal 2025 plan	Comparison to fiscal 2024	
			Amount	% change
Net Sales	430.1	450.0	+19.8	+4.6%
Domestic	183.3	192.0	+8.6	+4.7%
Overseas	246.8	258.0	+11.1	+4.5%
Overseas ratio	57.4%	57.3%	-0.1pt	-
Operating income	39.3	45.0	+5.6	+14.3%
Operating margin	9.2%	10.0%	+0.8pt	-
ROE	7.1%	7.4%	+0.3pt	-
ROIC	10.5%	11.4%	+0.9pt	-

*The above figures are rounded down at first decimal point, excluding % change.

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Fiscal 2025: Consolidated Operating Income Plan

[Billions of yen]



- Profit growth expected as business environment heads toward normalization backed by market recovery both in Japan and overseas

Rinnai (non-consolidated basis), Fiscal 2025 Plan

- By eliminating inventories, the company will begin the year in a normal business environment linked to actual demand.
- With the help of subsidies, we plan to increase sales mainly of products that benefit the global environment.
- Despite higher logistics and raw material costs, we expect increase in profit due to cost reduction activities.



Built-in hobs (stovetops)



Hybrid water heater



Gas clothes dryers



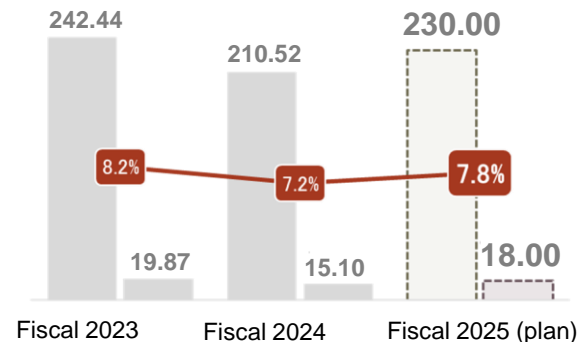
Dishwasher/dryers

[Billions of Yen]

	Fiscal 2024 actual	Fiscal 2025 plan	YOY change
Net Sales	210.52	230.00	+9.3%
Operating Income	15.10	18.00	+19.1%
Operating income to net sales ratio	7.2%	7.8%	+0.6pt

Rinnai (non-consolidated basis), Fiscal 2025 Plan

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Sales Volume Plan in Japan]

YOY Change

Water heater with heating systems	+2.4%
Water heater with bath-filling systems	+11.9%
Built-in hobs (stovetops)	-1.0%
Gas clothes dryers	+19.8%

Rinnai America, Fiscal 2024 Plan

- We expect demand to recover in the housing market thanks to interest rate cuts.
- Although costs are expected to increase in 1Q due to new-product sales promotions, we will return to profitability due to improved operating rates at local factories and the impact of new products.



Non-condensing water heaters



Condensing water heaters (High-efficiency models)

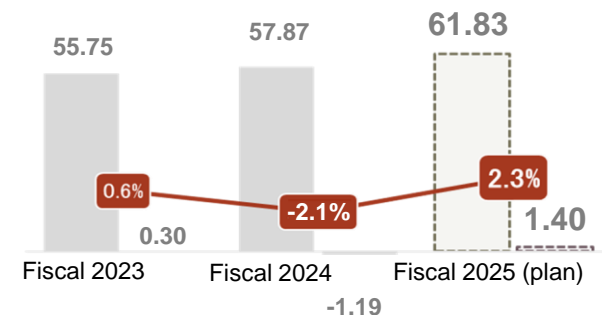


Condensing gas boilers

[Billions of Yen]	Fiscal 2024 actual	Fiscal 2025 plan	YOY change	
			Yen	Local currency
Net Sales	57.87	61.83	+6.8%	+7.3%
Operating Income	-1.19	1.40	-	-
Operating income to net sales ratio	-2.1%	2.3%	-	-

Rinnai America, Fiscal 2025 Plan

■ : Net sales ■ : Operating income
 -●- : Operating income to net sales ratio (Billions of yen)



[Sales Volume Plan]	YOY change
Tankless water heaters	+5.3%
Condensing water heaters of total (High-efficiency models)	+16.0%

Shanghai Rinnai, Fiscal 2025 Plan

- By reinforcing our kitchen appliance business with an expanded product lineup, growing high-value-added products, and reducing costs, we anticipate increases in both sales and income.
- Fengxian Plant (Stage 2) will begin full-scale operation specializing in water-heating appliances in June 2024.



Water heaters



Built-in hob (stovetops)



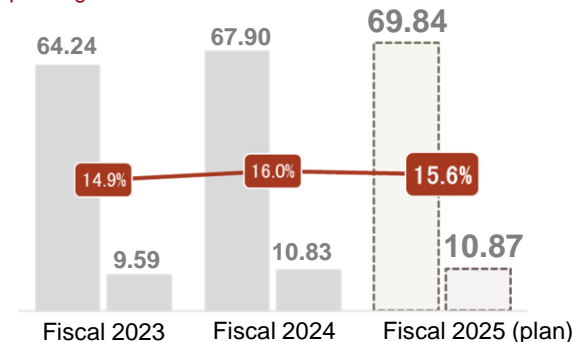
Range hoods



Boilers

Shanghai Rinnai, Fiscal 2025 Plan

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Billions of Yen]	Fiscal 2024 actual	Fiscal 2025 plan	YOY change	
			Yen	Local currency
Net Sales	67.90	69.84	+2.9%	+5.0%
Operating Income	10.83	10.87	+0.3%	+2.4%
Operating income to net sales ratio	16.0%	15.6%	-0.4pt	

[Sales Volume Plan]	YOY change
Water heaters	+4.2%
Built-in hob (stovetops)	+17.4%
Range hoods	+10.9%
Boilers	+14.0%

Major Overseas Subsidiaries: Fiscal 2025 Outlook

[Billions of Yen]		Fiscal 2024 actual	Fiscal 2025 plan	YOY change		Sales Volume Plan (YOY change)	
				Yen	Local currency		
Rinnai Australia	Net Sales	30.42	31.38	+3.1%	+4.6%	Tankless water heater	-3.2%
	Operating Income	1.22	1.61	+32.2%	+34.1%	Electric tank-based water heaters	+11.5%
	Operating Margin	4.0%	5.2%	+1.2pt		Duct-type air-conditioning and heating systems	+22.0%
Rinnai Korea	Net Sales	29.86	31.80	+6.5%	+8.4%	Boilers	+10.5%
	Operating Income	0.34	1.00	+195.2%	+200.5%	Gas tabletop cookers	+0.1%
	Operating Margin	1.1%	3.2%	+2.1pt		Electric tabletop cookers	+36.2%
P.T. Rinnai Indonesia	Net Sales	15.40	16.70	+8.4%	+12.7%	Tabletop cookers	+8.8%
	Operating Income	2.74	3.19	+16.3%	+20.9%	Built-in hob (stovetops)	+40.1%
	Operating Margin	17.8%	19.1%	+1.3pt		Range hoods	+16.3%

Capital Investments and R&D

Consolidated capital investments and R&D costs: Results and forecasts

[Billions of yen]	Fiscal 2024 actual	Fiscal 2025 plan	YOY change
Capital investment	41.1	20.9	-20.2
Depreciation	14.7	14.7	±0.0
R&D expenditure	14.3	15.8	+1.5

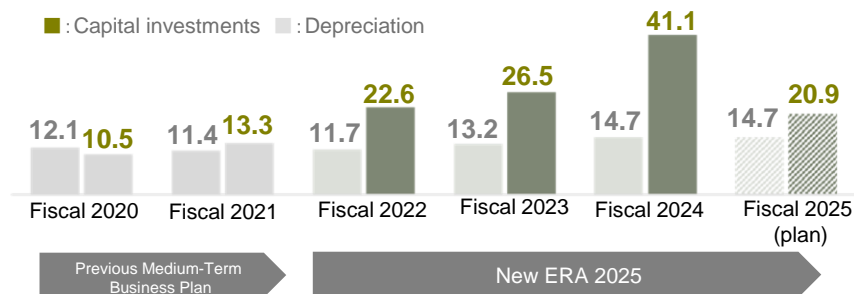
Main capital investment plan in Fiscal 2025

- ▶ Japan: Expansion of Production and Technology Development Center (completed), etc.
- ▶ Overseas: Fengxian Plant (Stage 2) construction and equipment in China, etc.

Capital investment and Depreciation

(Billions of yen)

■ : Capital investments ■ : Depreciation



R&D Expenditure

(Billions of yen)

■ : R & D expenditure

