

# Consolidated Financial Results

## First Quarter of the Fiscal Year Ending March 2025

(April 1–June 30, 2024)

August 7, 2024

### Listed Company Name: Rinnai Corporation

Listings: Prime Section of the Tokyo Stock Exchange, and Premiere Section of Nagoya Stock Exchange (Securities Code: 5947)

Website: <https://www.rinnai.co.jp>

Representative: Hiroyasu Naito, President

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Anticipated date to begin distributing dividends: —

Supplemental information sheets of quarterly results: Yes

Information meeting of quarterly results: Yes (for analysts and institutional investors)

## I. Performance in the First Quarter of the Fiscal Year Ending March 31, 2025

(April 1– June 30, 2024; amounts less than one million yen are omitted)

### (1) Consolidated Operating Results

Percentage figures in parentheses indicate increase or decrease from the previous term.

(¥ millions; %)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent company
First Quarter to June 2024	¥98,185 [+9.3%]	¥8,717 [+180.0%]	¥10,889 [+84.7%]	¥6,817 [+107.3%]
First Quarter to June 2023	89,853 [-5.4%]	3,113 [-69.1%]	5,895 [-48.4%]	3,288 [-53.1%]

Notes: Comprehensive income: First quarter of the year ending March 31, 2025; ¥15,102 million [+91.8%]

First quarter of the year ended March 31, 2024; ¥7,873 million [-57.3%]

(¥)

	Net Income per Share	Fully Diluted Net Income per Share
First Quarter to June 2024	¥47.71	—
First Quarter to June 2023	22.49	—

### (2) Consolidated Financial Position

(¥ millions; %)

	Total Assets	Net Assets	Equity Ratio (%)
June 30, 2024	¥570,186	¥438,656	68.5%
March 31, 2024	577,088	437,438	67.2

(Reference) Equity capital: First quarter of the year ending March 31, 2025: ¥390,676 million

Year ended March 31, 2024: ¥387,774 million

## II. Dividends

	Dividend per Share				
	1st Quarter (¥)	Interim (¥)	3rd Quarter (¥)	Fiscal Year-End (¥)	Full Year (¥)
Fiscal 2024	—	¥30.00	—	¥30.00	¥60.00
Fiscal 2025	—				
Fiscal 2025 (anticipated)		40.00	—	40.00	80.00

Notes: 1. Revision of dividend forecast in period under review: None

## III. Forecast for the Fiscal Year Ending March 31, 2025 (Consolidated)

(April 1, 2024, to March 31, 2025)

(¥ millions/%)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent company	Net Income per Share (¥)
First half	¥212,000 [+10.0%]	¥17,300 [+70.9%]	¥18,900 [+26.8%]	¥11,500 [+45.5%]	¥ 80.55
Full year	450,000 [+4.6]	45,000 [+14.3]	48,000 [+4.2]	28,300 [+6.1]	199.88

Note: Percentage figures in parentheses indicate increase or decrease from the previous fiscal year.

Notes: 1. Revision of fiscal year forecast in period under review: None

2. As its meeting held on May 9, 2024, the Board of Directors resolved to undertake a share buyback.

The above forecasts for “Net income per share” take into account this buyback.

**\* Notes**

(1) Changes in scope of consolidation of major subsidiaries during the period: None  
Newly included — (Company name: —): Excluded — (Company name: —)

(2) Application of special accounting method for quarterly consolidated financial reporting:  
None

(3) Changes in accounting policies; changes in accounting estimates; retrospective restatement

(a) Changes due to revision of accounting standard: Yes

(b) Other changes than (a): None

(c) Changes in the rules for the accounting estimates: None

(d) Retrospective restatement: None

Note: For more information, please refer to “2. Consolidated Financial Statements and Main Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 11 of this report.

(4) Number of Outstanding Shares (Common Stock)

(a) Number of outstanding shares at term-end (including treasury stock)

June 30, 2024: 146,677,171 shares

March 31, 2024: 146,677,171 shares

(b) Number of treasury stock shares at term-end

June 30, 2024: 4,726,965 shares

March 31, 2024: 3,473,623 shares

(c) Average number of shares during the term

First quarter of the fiscal year ending March 2025: 142,892,467 shares

First quarter of the fiscal year ended March 2024: 146,234,057 shares

\* Quarterly review process by certified public accountants and accounting auditors: None

**\* Note on appropriate use of performance forecasts, and other specified notes**

Performance forecasts contained in this document are based on information currently available and certain judgments deemed by the Corporation to be reasonable. No intent is implied of promise by the Corporation to achieve such forward-looking statements. Actual results may differ significantly from such forecasts due to various factors. For more information, please refer to “1. Consolidated Performance, (3) Consolidated Performance Forecasts” on page 6 of this report.

**Supplemental information sheets of quarterly results:**

Please refer to Supplemental information sheets of quarterly results, which will be posted on the Corporation’s website on Wednesday, August 7, 2024.

## 1. Consolidated Performance

### (1) Operating Results

In the first quarter under review, the world economic outlook remained uncertain due to weakened business confidence caused by ongoing global price hikes and monetary tightening, a sluggish Chinese economy affected by real estate issues, and a stagnating housing market in the United States. In Japan as well, although economic and social activities are gradually normalizing, the situation remained unpredictable due to soaring raw material and energy costs, rising prices amid wage increases and other factors, and the unprecedented depreciation of the yen.

The domestic housing industry saw moderate declines in new housing starts, especially owner-occupied properties, while the housing appliance sector benefited from signs of recovery in home renovations.

Under these circumstances, the Rinnai Group pursued three key strategies under its medium-term business plan, New ERA 2025: “Advancement in addressing social challenges,” “Expansion of business scale,” and “Revolution of corporate structure.”

Specifically, we are expanding sales of products that help improve quality of life and benefit the global environment, which we have defined as key areas for resolving social issues.

- (1) In Japan, we are expanding sales of our *ECO ONE* hybrid water heaters with heating systems, which combine high energy efficiency with resilience through its dual heat sources of gas and electricity. Overseas, we are promoting our tankless water heaters, which boast superior energy efficiency and provide an uninterrupted supply of hot water.
- (2) We are promoting gas clothes dryers, which use powerful warm air that only gas can provide to dry clothes quickly, in 14 countries around the world.
- (3) We are introducing our air bubble products in the Asian region. These products enhance health by enabling bathing in hot water infused with microscopic bubbles, and they also have a powerful cleansing property to simplify daily cleaning.

In these ways, we are broadening our lineup of priority products to support the Group's carbon neutrality commitment, RIM 2050. We are also making steady progress in fulfilling our promise to customers: “Creating a healthier way of living.”

In terms of revenue, the supply–demand imbalance caused by the global COVID-19 outbreak, which had persisted for several years, seemed to be ending. Combined with the benefits of a weak yen, we achieved record-high net sales for the period. On the earnings side, we maintained normal production activities in Japan from the beginning of the period. Despite soaring raw material costs, we achieved a year-on-year increase in operating income due to price revisions and cost reduction efforts.

As a result, consolidated net sales amounted to ¥98,185 million, up 9.3% year-on-year. Operating income jumped 180.0%, to ¥8,717 million, and ordinary income rose 84.7% to ¥10,889 million. Net income attributable to owners of the parent company surged 107.3%, to ¥6,817 million.

Our results by geographical segment were as follows:

#### **Japan**

In Japan, our market inventories, which were elevated in the previous fiscal year, returned to normal. In addition, sales of our priority products, including our *ECO ONE* hybrid water heaters with heating systems, gas clothes dryers, and air bubble products, remained robust. As a result, sales in Japan grew 4.8% year on year, to ¥44,162 million, and operating income surged 171.2%, to ¥4,931 million.

#### **United States**

Despite the sluggish U.S. housing market due to high interest rates, sales of tankless water heaters rebounded with the introduction of new mainstay condensing units. Accordingly, sales in the United States increased 24.8%, to ¥15,674 million. On the earnings side, we engaged in aggressive sales promotion activities, including participation in exhibitions and

running sales campaigns aligned with new product launches. As a result, in addition to the profit recovery due to the sales increase, we posted operating income of ¥45 million, compared with an operating loss of ¥1,748 million in the previous corresponding period.

### **Australia**

Amid challenging market conditions characterized by continued weakness in the housing market and a shift in demand toward electrification, sales in Australia declined slightly on a local-currency basis. Thanks for foreign exchange factors, however, sales in yen terms rose 7.0%, to ¥7,247 million. On the earnings side, operating income fell 50.6%, to ¥106 million, due to lower sales of mainstay tankless water heaters and ducted air-conditioning and heating systems.

### **China**

In China, consumer sentiment remained weak due to the economic slowdown caused by a real estate market recession and other factors. Nevertheless, we posted growth in unit sales of mainstay water heaters as we increased the number of transactions with bricks-and-mortar stores owned by e-commerce platforms and expanded our sales territory as a result. Accordingly, sales in China grew 2.2%, to ¥10,215 million. Due partly to deterioration of our product mix, however, operating income declined 16.3%, to ¥1,194 million.

### **South Korea**

In South Korea, rising prices and interest rates caused ongoing deterioration in market sentiment, while sales of mainstay boilers remained sluggish as price competition continued to intensify. On the other hand, we posted increased sales of kitchen appliances thanks to expansion of our sales territory as competitors withdrew from the market. As a result, sales in South Korea rose 8.0%, ¥8,643 million, and operating income jumped 137.2%, to ¥317 million.

### **Indonesia**

In Indonesia, sales of mainstay tabletop stoves recovered despite weak consumer sentiment due to rising prices. We also made further price revisions. As a result, sales climbed 29.8%, to ¥4,314 million, and operating income jumped 77.2%, to ¥937 million.

(For references 1)

### **Sales Composition by Business Segment**

(¥ millions; %)

	First Quarter to June 30, 2023		First Quarter to June 30, 2024		Change		Year to March 31, 2024	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total
Water heaters	¥53,722	59.8%	¥57,735	58.8%	¥4,013	7.5%	¥263,839	61.3%
Kitchen appliances	20,336	22.6	22,387	22.8	2,050	10.1	90,495	21.0
Air conditioning appliances	3,587	4.0	3,818	3.9	231	6.5	21,746	5.1
Commercial-use equipment	2,506	2.8	2,725	2.8	218	8.7	11,212	2.6
Others	9,701	10.8	11,517	11.7	1,816	18.7	42,891	10.0
Total	¥89,853	100.0%	¥98,185	100.0%	¥8,332	9.3%	¥430,186	100.0%

(For references 2)

**Overseas Sales**

(¥ millions; %)

	First Quarter to June 30, 2023			First Quarter to June 30, 2024		
	Asia	Others	Total	Asia	Others	Total
I. Overseas sales	¥26,516	¥23,004	¥49,520	¥29,219	¥27,158	¥56,378
II. Consolidated net sales	—	—	89,853	—	—	98,185
III. Composition ratio of overseas sales to consolidated net sales	29.5%	25.6%	55.1%	29.8%	27.7%	57.4%

Note: Above indicates sales of the Corporation and consolidated subsidiaries in overseas countries or regions.

**(2) Financial Position**

As of June 30, 2024, Rinnai had total assets of ¥570,186 million, down ¥6,902 million from March 31, 2024. Total liabilities decreased ¥8,120 million, to ¥131,530 million. Net assets were up ¥1,218 million, to ¥438,656 million. The equity ratio at the end of the period was 68.5%.

**(3) Consolidated Performance Forecasts**

Rinnai has not changed its forecasts for the first two-quarter period ending September 30, 2024 or the full-year period ending March 31, 2025. (Those forecasts were released on May 9, 2024.)

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheets

(¥ millions)

	At March 31, 2024 (Fiscal 2024)	At June 30, 2024 (First Quarter of Fiscal 2025)
<b>ASSETS:</b>		
Current assets		
Cash and deposits	¥147,600	¥139,592
Notes and accounts receivable, and contract assets	91,694	88,328
Electronically recorded monetary claims	12,879	12,117
Marketable securities	8,068	8,961
Products	41,699	42,904
Raw materials and stores	39,953	38,885
Other	5,717	6,150
Less allowance for doubtful accounts	(6,175)	(6,262)
Total current assets	341,437	330,677
Fixed assets		
Tangible fixed assets	147,425	150,501
Intangible fixed assets	3,642	4,310
Investments and advances		
Investments in securities	40,834	40,566
Other	43,796	44,179
Less allowance for doubtful accounts	(48)	(48)
Total investments and advances	84,582	84,697
Total fixed assets	235,650	239,509
<b>Total assets</b>	<b>¥577,088</b>	<b>¥570,186</b>

	(¥ millions)	
	At March 31, 2024 (Fiscal 2024)	At June 30, 2024 (First Quarter of Fiscal 2025)
<b>LIABILITIES:</b>		
Current liabilities		
Notes and accounts payable	¥ 24,427	¥ 21,569
Electronically recorded obligations	28,937	22,187
Accrued income taxes	5,244	4,001
Accrued employee's bonuses	6,159	3,183
Allowance for product guarantee	4,806	4,920
Other allowances	1,379	1,252
Other	35,936	42,080
Total current liabilities	106,890	99,196
Long-term liabilities		
Allowance environmental measures	2,255	2,255
Other allowances	77	90
Net defined benefit liabilities	8,809	8,723
Other	21,617	21,264
Total long-term liabilities	32,759	32,333
<b>Total liabilities</b>	<b>139,650</b>	<b>131,530</b>
<b>NET ASSETS:</b>		
Shareholders' equity:		
Common stock	6,484	6,484
Capital surplus	8,428	8,428
Earned surplus	342,493	345,015
Treasury stock	(10,936)	(15,629)
Total shareholders' equity	346,470	344,298
Other comprehensive income:		
Unrealized gain on marketable securities	8,690	9,193
Foreign exchange translation adjustment	22,671	27,590
Remeasurements of defined benefit plans	9,941	9,593
Total of other comprehensive income	41,304	46,377
Non-controlling interests	49,663	47,979
<b>Total net assets</b>	<b>437,438</b>	<b>438,656</b>
<b>Total liabilities and net assets</b>	<b>¥577,088</b>	<b>¥570,186</b>



## (2) Consolidated Statements of Income, and Statements of Comprehensive Income

### Consolidated Statements of Income

(¥ millions)

	First Quarter of Fiscal 2024 (From April 1 to June 30, 2023)	First Quarter of Fiscal 2025 (From April 1 to June 30, 2024)
Net sales	¥89,853	¥98,185
Cost of sales	63,848	65,491
Gross profit	26,004	32,694
Selling, general and administrative expenses	22,891	23,976
Operating income	3,113	8,717
Other income:		
Interest income	524	666
Dividends received	310	381
Foreign exchange income	1,709	939
Other	395	392
Total other income	2,940	2,379
Other expenses:		
Interest expenses	14	10
Loss on retirement of fixed assets	23	77
Depreciation	83	83
Other	35	36
Total other expenses	157	207
Ordinary income	5,895	10,889
Income before income taxes	5,895	10,889
Income taxes (current)	2,108	3,621
Income taxes (deferred)	(584)	(787)
Total income taxes	1,523	2,833
Net income	4,371	8,055
Net income attributable to non-controlling interests	1,083	1,237
Net income attributable to owners of the parent company	¥ 3,288	¥ 6,817

## Consolidated Statements of Comprehensive Income

(¥ millions)

	First Quarter of Fiscal 2024 (From April 1 to June 30, 2023)	First Quarter of Fiscal 2025 (From April 1 to June 30, 2024)
Net income	¥4,371	¥8,055
Other comprehensive income		
Unrealized gain on marketable securities	1,603	500
Foreign exchange translation adjustment	2,204	6,894
Remeasurements of defined benefit plans	(306)	(348)
Total of other comprehensive income	3,501	7,046
Comprehensive income	7,873	15,102
Total comprehensive income attributable to:		
Owners of Rinnai Corporation	5,756	11,891
Non-controlling interest	2,116	3,210

### (3) Notes to Quarterly Consolidated Financial Statements

#### Changes in Accounting Policies

##### **(Application of the Accounting Standard for Current Income Taxes)**

Effective the beginning of period under review, the Corporation has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter, the “Revised Accounting Standard 2022”).

Amendments to categories in which current income taxes apply (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of Paragraph 20–3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of Paragraph 65–2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, the “Revised Implementation Guidance 2022”). This change in accounting policies had no impact on the Corporation’s consolidated financial statements for the period under review.

For the amendment related to the revised accounting treatment for consolidated financial statements (when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies have been deferred for tax purposes), the Revised Implementation Guidance 2022 has been adopted from the beginning of period under review.

This change in accounting policies has been applied retrospectively. Hence, the consolidated financial statements for both the previous corresponding period and the previous fiscal year have been modified retrospectively. This change had no impact on both the consolidated financial statements for the previous corresponding period and the previous fiscal year.

#### Segment Information

##### **1. First Quarter of the Fiscal Year Ended March 31, 2024 (From April 1 to June 30, 2023)** **Sales and Income (Loss) by Reportable Segment**

	Reportable Segments							Others (Note 3)	Adjustments (Note 4)	Amounts in Consolidated Statements of Income (Note 5)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	¥42,146	¥12,555	¥6,770	¥9,994	¥8,004	¥3,322	¥82,793	¥7,059	¥ —	¥89,853
Intersegment sales	6,754	—	14	451	185	135	7,541	749	(8,291)	—
Total	48,900	12,555	6,784	10,446	8,190	3,457	90,335	7,809	(8,291)	89,853
Segment Income (loss)	1,818	(1,748)	214	1,427	133	529	2,374	997	(258)	3,113

Notes:1. “United states” include sales from subsidiaries in Canada and Mexico, which conduct integrate business activities based on comprehensive sales strategies.

2. “Australia” include sales from a subsidiary in Malaysia, which complements the production system, and conducts integrate business activities.

3. “Others” include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.

4. “Adjustments” of segment income refers to intersegment transactions to eliminate.

5. “Segment income (loss)” is adjusted from operating income in Consolidated Statements of Income.

**2. First Quarter of the Fiscal Year Ending March 31, 2025 (From April 1 to June 30, 2024)**  
**Sales and Income (Loss) by Reportable Segment**

(¥ millions)

	Reportable Segments							Others (Note 3)	Adjustments (Note 4)	Amounts in Consolidated Statements of Income (Note 5)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	¥44,162	¥15,674	¥7,247	¥10,215	¥8,643	¥4,314	¥ 90,258	¥7,927	¥ —	¥98,185
Intersegment sales	10,644	—	37	633	146	235	11,698	887	(12,585)	—
Total	54,807	15,674	7,284	10,849	8,790	4,549	101,956	8,814	(12,585)	98,185
Segment Income (loss)	4,931	45	106	1,194	317	937	7,533	1,199	(14)	8,717

Notes: 1. "United states" include sales from subsidiaries in Canada, Mexico, and Costa Rica, which conduct integrate business activities based on comprehensive sales strategies.  
2. "Australia" include sales from a subsidiary in Malaysia, which complements the production system, and conducts integrate business activities.  
3. "Others" include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.  
4. "Adjustments" of segment income refers to intersegment transactions to eliminate.  
5. "Segment income (loss)" is adjusted from operating income in Consolidated Statements of Income.

**Assumptions for Going Concern**

Not applicable.

**Major Changes in Shareholders' Equity**

Not applicable.

**Note on Quarterly Consolidated Statements of Cash Flows**

The Corporation has not prepared quarterly consolidated statements of cash flows for the period under review. Depreciation (including of intangible assets) for the period under review is as follows:

	First Quarter of Fiscal 2024 (From April 1 to June 30, 2023)	First Quarter of Fiscal 2025 (From April 1 to June 30, 2024)
Depreciation	¥3,257 million	¥3,444 million