

Financial Results for First Quarter of Fiscal 2025, ending March 31, 2025

August 7, 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.

Fiscal 2025 (1Q): Consolidated Performance Overview

Net sales: ¥98.1 billion (up 9.3% year on year)

Record-high level

Record-higher net sales partly due to foreign exchange factors amid normalizing business conditions worldwide

Operating income: ¥8.7 billion

(up 180.0% year on year, operating income to net sales ratio: 8.9%)

Increase in operating income thanks to price revisions and cost reduction activities despite continued high domestic raw material costs

Ordinary income: ¥10.8 billion

(up 84.7% year on year, ordinary income to net sales ratio: 11.1%)

Increase with the help of foreign exchange gain, in addition to operating profit

Net income attributable to owners of the parent company: **¥6.8 billion**

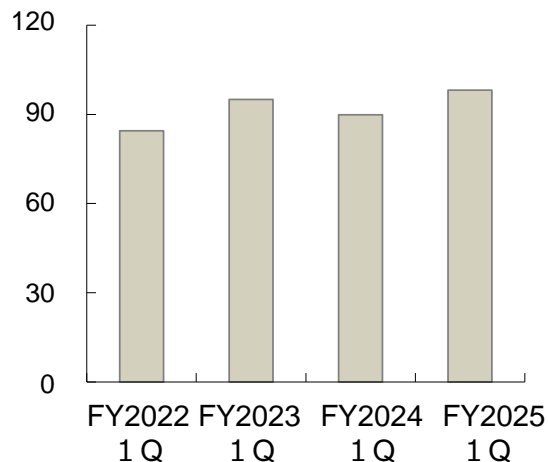
(up 107.3% year on year, net income to net sales ratio: 6.9%)

- Return to normal business environment and a smooth start toward achieving medium-term business plan

Fiscal 2025 (1Q) : Consolidated Financial Results

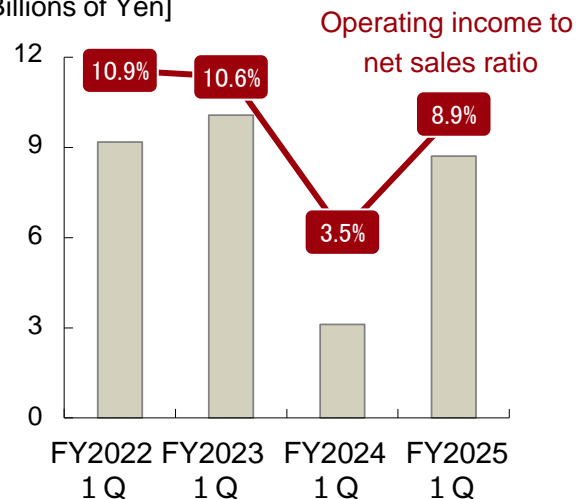
Net Sales

[Billions of Yen]



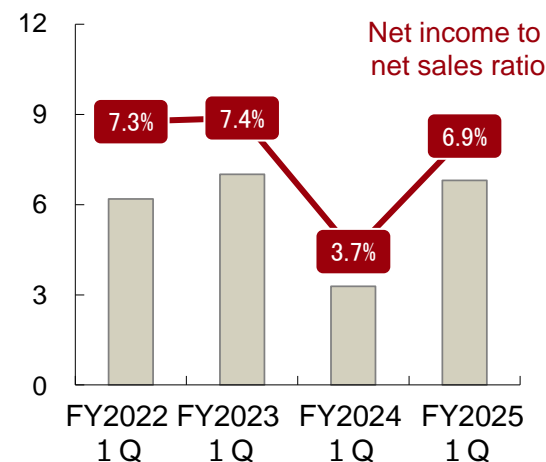
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Record-higher net sales supported by price revisions and foreign exchange factors despite weak global housing market
- The impact of elevated inventories in the major markets of Japan and the United States has dissipated, and earning power has recovered under normalized business conditions

Fiscal 2025 (1Q): Net Sales by Product

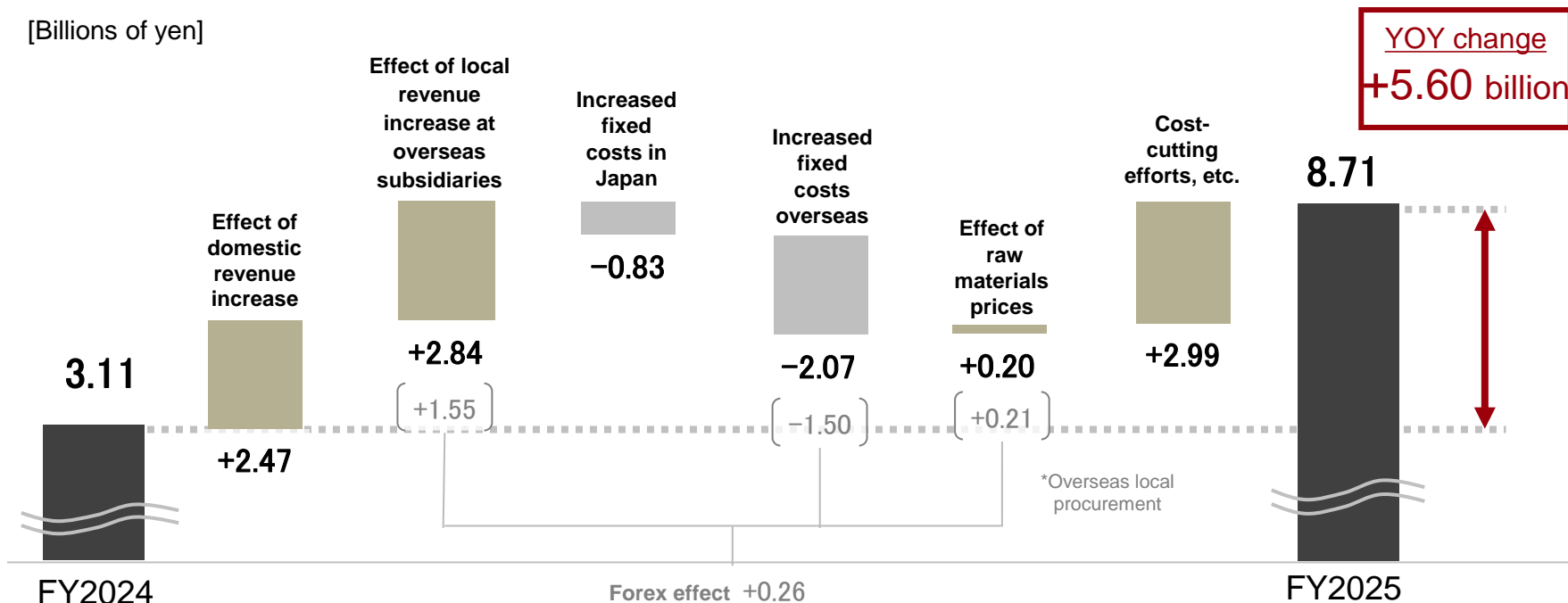
[Billions of yen]	Fiscal 2024 1Q		Fiscal 2025 1Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	53.72	59.8%	57.73	58.8%	+4.01	+7.5%
Kitchen appliances	20.33	22.6%	22.38	22.8%	+2.05	+10.1%
Air conditioning appliances	3.58	4.0%	3.81	3.9%	+0.23	+6.5%
Commercial-use equipment	2.50	2.8%	2.72	2.8%	+0.21	+8.7%
Others	9.70	10.8%	11.51	11.7%	+1.81	+18.7%
Total	89.85	100.0%	98.18	100.0%	+8.33	+9.3%

Fiscal 2025 (1Q): Consolidated Sales/Income Results

[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	98.18	+9.3%	8.71	+180.0%	8.9%	+5.4pt
[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Japan	44.16	+4.8%	4.93	+171.2%	11.2%	+6.9pt
United States	15.67	+24.8%	0.04	-	0.3%	+14.2pt
Australia	7.24	+7.0%	0.10	-50.6%	1.5%	-1.7pt
China	10.21	+2.2%	1.19	-16.3%	11.7%	-2.6pt
South Korea	8.64	+8.0%	0.31	+137.2%	3.7%	+2.0pt
Indonesia	4.31	+29.8%	0.93	+77.2%	21.7%	+5.8pt
Others	7.92	+12.3%	1.19	+20.2%	15.1%	+1.0pt
Adjustments	-	-	-0.01	-	-	-

Fiscal 2025 (1Q): Consolidated Operating Income Analysis

[Billions of yen]



- Improved production efficiency in line with normalized business activities. Expand effects of cost cutting efforts, etc.

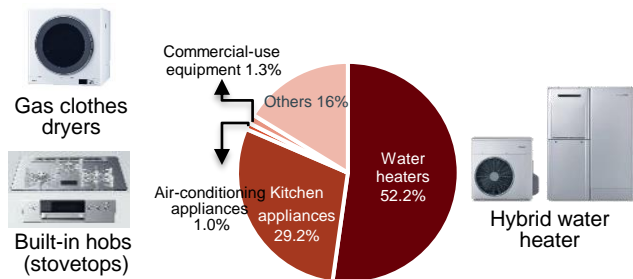
Japan Fiscal 2025 (1Q) Results

*From April to June 2024

■ Segment companies

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

■ Net sales by product, Fiscal 2025 (1Q) results



■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	42.14	44.16	+4.8%
Operating Income	1.81	4.93	+171.2%
Operating income to net sales ratio	4.3%	11.2%	+6.9pt

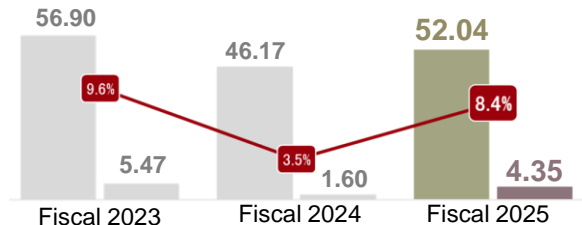
■ Non-consolidated results of major company

Rinnai (non-consolidated basis)

- The supply-demand imbalance caused by COVID-19 outbreak has settled down, enabling the fiscal year to begin under normal business conditions
- Significant growth in sales of highly distinctive hybrid water heaters and gas clothes dryers
- Increase in operating income due to price revisions and higher production capacity utilization despite soaring raw material prices

Rinnai (non-consolidated basis), Fiscal 2024 (1Q) Results

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







[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	[Sales Volume in Japan]	YOY change
Net Sales	46.17	52.04	+12.7%	Water heater with heating systems	-17.5%
Operating Income	1.60	4.35	+171.2%	Hybrid water heaters	+57.0%
Operating income to net sales ratio	3.5%	8.4%	+4.9pt	Built-in hobs (stovetops)	-10.9%
				Gas clothes dryers	+36.6%

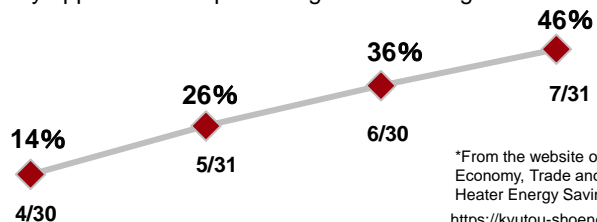
Japan Topics : *ECO ONE* hybrid water heater with heating systems

■ Subsidy for high-efficiency water heaters (including *ECO ONE*) (Water Heater Energy Saving 2024 Project)

- Total budget: ¥58 billion (Of which ¥4 billion used to subsidize removal of electric water heaters and electric space heaters)

ECO ONE: ¥150,000/unit for all models			
	Detached houses		Housing complexes
	General housing	Narrow houses	
New houses	<div>April 2024 model change</div>  <p>160-liter model</p>	<div>Launched Jun. 2022</div>  <p>X5 (70-liter model)</p>	<div>Launched Sept. 2023</div> 
Existing houses	<div>Launched Sep. 2023</div>  <p>X5 Plug-in model</p>		

- Subsidy applications as percentage of total budget

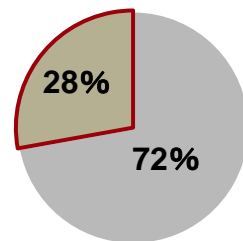


*From the website of the Ministry of Economy, Trade and Industry's Water Heater Energy Saving 2024 Project
<https://kyutou-shoene2024.meti.go.jp>

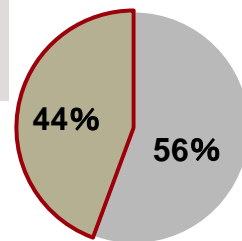
■ Percentage of hybrid water heaters (new construction vs replacement)

■ : New construction ■ : Replacement

Fiscal 2024 (1Q) results

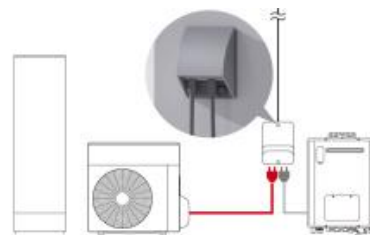


Fiscal 2025 (1Q) results



Replacement
+250% YOY

- Driven by X5 plug-in model, which requires no dedicated power supply wiring for its heat pump



Existing external power point can be used, when replacing gas water heaters

*Each wiring breaker must be 20A

Japan Topics: New kitchen appliance *DELICIA*

Launch: August 20, 2024
 100V type: ¥434,830~ (including tax)
 3V type: ¥379,500~ (including tax)
 * Recommended retail prices

■ New cookware (The Cocotte Round with toast/pizza plate)

- Large-capacity stovetop waterless cooking pot (The Cocotte Round) now available as option

Kitchenware	The Cocotte	The Cocotte Round
		
Capacity	2.4L	3.1L
Weight	1.7kg	1.7kg
Size	height 110 x width 228 x depth 272mm	height 139 x width 287 x depth 232mm
Corresponding area	On the stove, grill	On the stove



Anhydrous cooking
Tomato curry



Steamed cooking
Shrimp Shumai



Boiled cooking
Boiled chicken and pumpkin



Oven style cooking
Apple cake

- Toast/pizza plate included with all models



- Surface of the toast comes into direct contact with the plate, preventing moisture from escaping and leaving a fluffy texture

■ +R RECIPE (smartphone app) allows continuous auto cooking and finishing touches

- Some recipes allow for continuous auto cooking
- Finishing touches can be adjusted according to preference



Basic hamburger steak



Non-fried pork cutlet



Luxurious butter toast

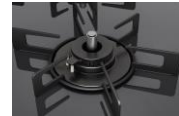


Melly baked sweet potato



■ All-black lineup

- Launch of all-black model that comes entirely in highly popular black color

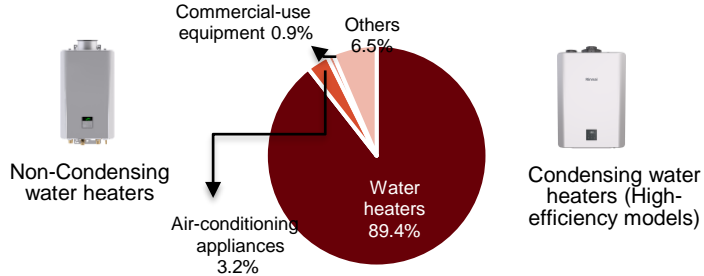


United States Fiscal 2025 (1Q) Results

■ Segment company

Rinnai America

■ Net sales by product, Fiscal 2025 (1Q) results



■ Segment results

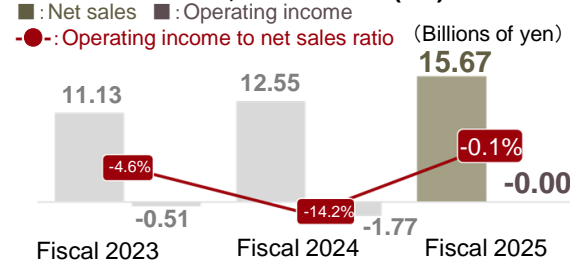
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	12.55	15.67	+24.8%
Operating Income	-1.74	0.04	—
Operating income to net sales ratio	-13.9%	0.3%	+14.2pt

■ Non-consolidated results of major company

Rinnai America

- Signs of recovery in new construction market, but existing home market remained sluggish
- Increase in sales of tankless water heaters due to introduction of new condensing units
- Increase in sales promotion expenses due to aggressive activities (including participation in trade shows) aligned with new product launches

Rinnai America, Fiscal 2025 (1Q) Results



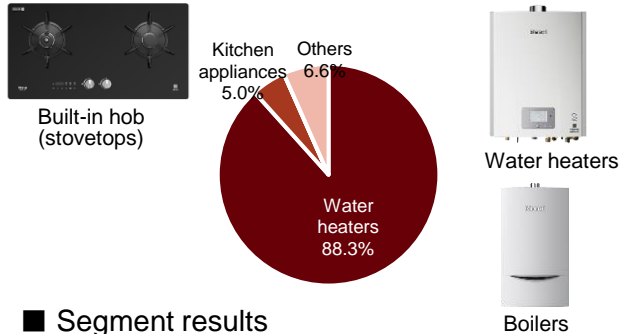
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	12.55	15.67	+24.8%	+12.5%	Tankless water heaters	+13.4%
Operating Income	-1.77	-0.00	-	-	Condensing water heaters of total (High-efficiency models)	+41.9%
Operating income to net sales ratio	-14.2%	-0.1%	+14.1pt			

China Fiscal 2025 (1Q) Results

■ Segment companies

Shanghai Rinnai, Guangzhou Rinnai, Rinnai Hong Kong

■ Net sales by product, Fiscal 2025 (1Q) results



■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	9.99	10.21	+2.2%
Operating Income	1.42	1.19	-16.3%
Operating income to net sales ratio	14.3%	11.7%	-2.6pt

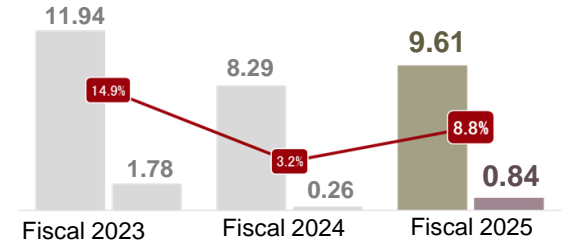
■ Non-consolidated results of major company

Shanghai Rinnai

- Weak consumer sentiment due to sluggish housing market and economic activity
- Increase in unit sales of mainstay water heaters due to expanded network of bricks-and-mortar stores owned by e-commerce platforms
- Decline in operating income in real terms due to deterioration of product mix*

Shanghai Rinnai, Fiscal 2025 (1Q) Results

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



[Billions of Yen]	Fiscal 2024*	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	8.29	9.61	+15.9%	+9.0%	Water heaters	+9.2%
Operating Income	0.26	0.84	+222.0%	+203.0%	Built-in hob (stove tops)	-20.0%
Operating income to net sales ratio	3.2%	8.8%	+5.6pt		Range hoods	-4.6%
					Boilers	+12.4%

*The Company revised its cost and revenue recognition criteria in the second quarter of fiscal 2024. (Previously, adjustments were made within China segment.) The results for the first quarter of fiscal 2024 (with above revision applied) are shown below.

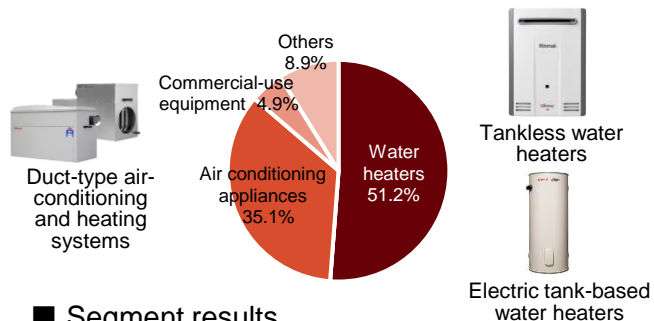
Net sales: ¥9.47 billion; operating income: ¥1.23 billion; operating margin: 13.0%

Australia Fiscal 2025 (1Q) Results

■ Segment company

Rinnai Australia

■ Net sales by product, Fiscal 2025 (1Q) results



■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	6.77	7.24	+7.0%
Operating Income	0.21	0.10	-50.6%
Operating income to net sales ratio	3.2%	1.5%	-1.7pt

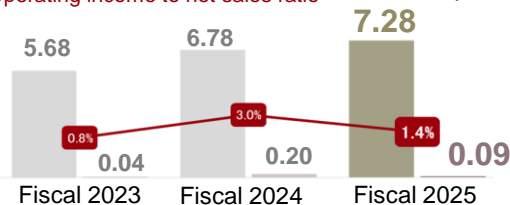
■ Non-consolidated results of major company

Rinnai Australia

- Weak housing market and shift in demand toward electrification
- Increase in sales of electric products despite sluggish sales of mainstay tankless water heaters
- Decline in sales of gas appliances (such as tankless water heaters), which have high profit margins, leading to lower overall profitability

Rinnai Australia, Fiscal 2025 (1Q) Results

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



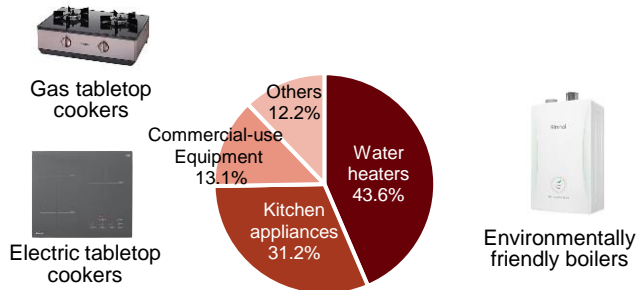
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	6.78	7.28	+7.4%	-0.2%	Tankless water heaters	-3.1%
Operating Income	0.20	0.09	-51.2%	-54.6%	Electric tank-based water heaters	-3.6%
Operating income to net sales ratio	3.0%	1.4%	-1.6pt		Duct-type air-conditioning and heating systems	-18.9%

South Korea Fiscal 2025 (1Q) Results

■ Segment companies

Rinnai Korea, RB Korea

■ Net sales by product, Fiscal 2025 (1Q) results



■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	8.00	8.64	+8.0%
Operating Income	0.13	0.31	+137.2%
Operating income to net sales ratio	1.7%	3.7%	+2.0pt

■ Non-consolidated results of major company

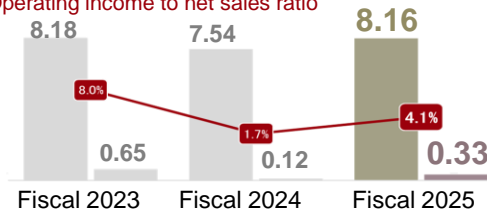
Rinnai Korea

- Rising prices and interest rates caused ongoing deterioration in market sentiment; continued intensification of price competition in boiler market
- Decline in sales of mainstay boilers despite disciplined approach and price controls
- Expansion of sales territory as kitchen appliance competitors withdrew from the market, leading to increased market share

Rinnai Korea, Fiscal 2025 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)

● : Operating income to net sales ratio



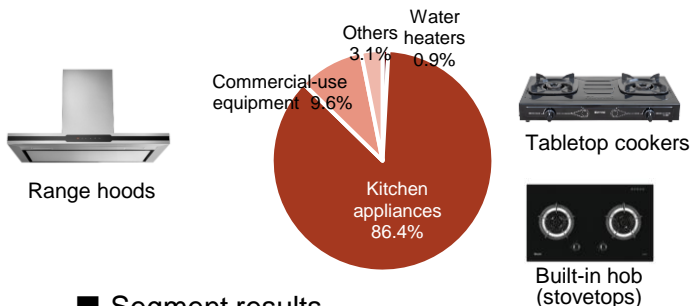
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	7.54	8.16	+8.2%	+1.3%	Boilers	-19.2%
Operating Income	0.12	0.33	+162.6%	+145.9%	Gas tabletop cookers	+60.0%
Operating income to net sales ratio	1.7%	4.1%	+2.4pt		Electric tabletop cookers	+43.1%

Indonesia Fiscal 2025 (1Q) Results

■ Segment company

P.T. Rinnai Indonesia

■ Net sales by product, Fiscal 2025 (1Q) results



■ Segment results

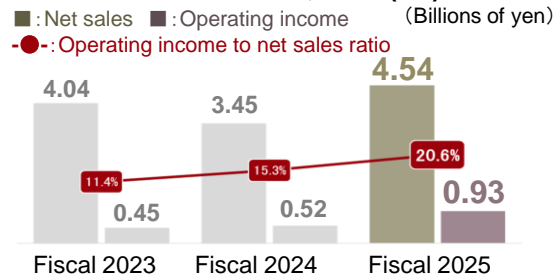
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	3.32	4.31	+29.8%
Operating Income	0.52	0.93	+77.2%
Operating income to net sales ratio	15.9%	21.7%	+5.8pt

■ Non-consolidated results of major company

P.T. Rinnai Indonesia

- Continuously cooling of consumer sentiment due to rising prices
- Increased sales mainly due to rush demand of mainstay tabletop cookers before price revisions
- Price revisions under the decreased raw material costs led to an increase in profit margins

P.T. Rinnai Indonesia, 2025 (1Q) Results



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	3.45	4.54	+31.6%	+22.2%	Tabletop cookers	+18.6%
Operating Income	0.52	0.93	+77.2%	+64.7%	Built-in hob (stovetops)	+8.8%
Operating income to net sales ratio	15.3%	20.6%	+5.3pt		Range hoods	+2.1%

Consolidated Performance Forecasts: Progress Report

[Millions of yen]

		Net Sales	Operating Income	VS Net sales	Ordinary Income	VS Net sales	Net income attributable to owners of the parent company	VS Net sales
Consolidated estimates	1st half	212,000	17,300	8.2%	18,900	8.9%	11,500	5.4%
	YOY change	+10%	+71%		+27%		+46%	
	Full year	450,000	45,000	10.0%	48,000	10.7%	28,300	6.3%
	YOY change	+5%	+14%		+4%		+6%	
Consolidated results	1st half	98,185	8,717	8.9%	10,889	11.1%	6,817	6.9%
	YOY change	+9%	+180%		+85%		+107%	
	VS 1st half estimates	46%	50%		58%		59%	

- Revenue and income trending slightly above forecasts
- No change in forecasts due to conservative exchange rate assumptions (USD: 140 yen) despite sharp exchange rate fluctuations.

