

# Financial Results for First Two Quarters (Interim) of Fiscal 2025, ending March 31, 2025

November 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.

1. Results of First Two Quarters (Interim ) of Fiscal 2025/  
Fiscal 2025 Performance Forecasts
2. Business Outlook

# Fiscal 2025 (First Two Quarters/ Interim): Consolidated Performance Overview

- Significant improvement in results due to ongoing recovery in market conditions since previous year despite rising costs

**Net sales: ¥212.1 billion** (up 10.1% year on year)

Record-high level

Maintained strong momentum from 1Q to post record-high net sales despite difficult market conditions

**Operating income: ¥20.9 billion** (up 107.5% year on year; Operating income to net sales ratio: 9.9%)

Record-high level

Price revisions and cost reductions to combat amid rising raw material and energy costs led to record-high operating income

**Ordinary income: ¥22.3 billion** (up 49.7% year on year; Ordinary income to net sales ratio: 10.5%)

Record-high level

Record-high, foreign exchange loss offset by increased operating income

**Net income attributable to owners of the parent company: ¥12.2 billion**

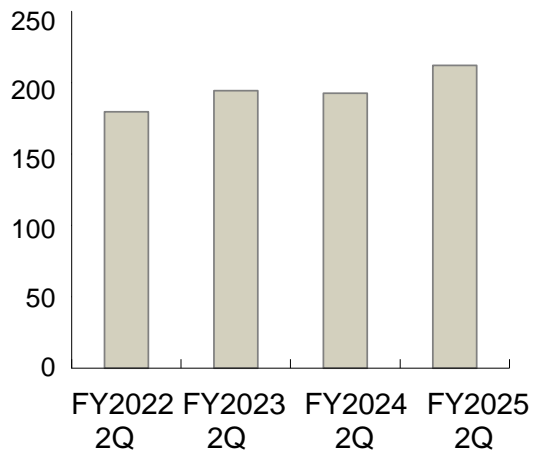
(up 55.0% year on year; Net income to net sales ratio: 5.8%)

# Fiscal 2025 (First Two Quarters/ Interim): Consolidated Financial Results

- Record-high net sales thanks to price revisions and exchange rate fluctuations despite differing levels of recovery in housing markets according to country
- Increase in operating income as production cutbacks from previous year returned to normal despite soaring raw material and energy costs

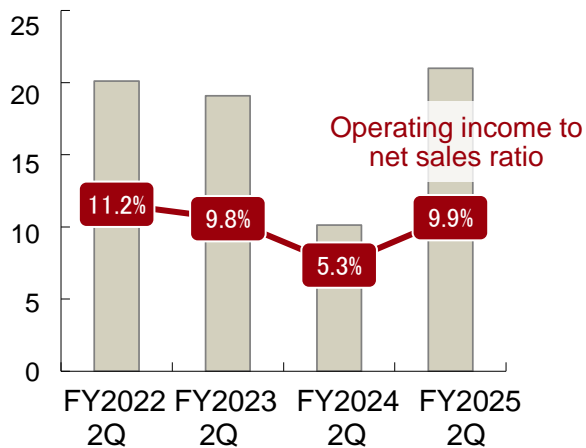
## Net Sales

[Billions of Yen]



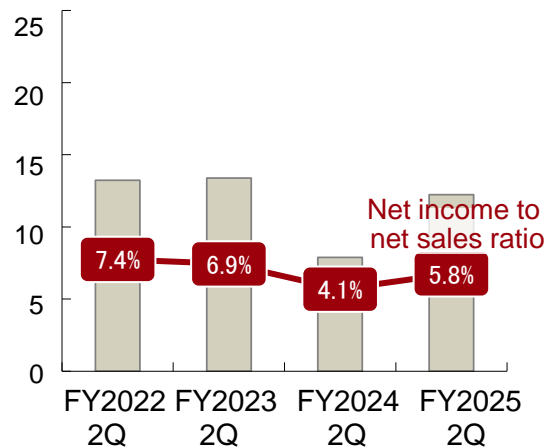
## Operating Income

[Billions of Yen]



## Attributable to owners of the parent company Net Income

[Billions of Yen]



## Fiscal 2025 (First Two Quarters/ Interim): Net Sales by Product

[Billions of Yen]	Fiscal 2024 2Q		Fiscal 2025 2Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	114.47	59.4%	126.74	59.8%	+12.27	+10.7%
Kitchen appliances	42.56	22.1%	46.26	21.8%	+3.70	+8.7%
Air conditioning appliances	9.73	5.1%	9.83	4.6%	+0.10	+1.1%
Commercial-use equipment	5.34	2.8%	5.70	2.7%	+0.35	+6.7%
Others	20.57	10.7%	23.56	11.1%	+2.98	+14.5%
Total	192.69	100.0%	212.12	100.0%	+19.42	+10.1%

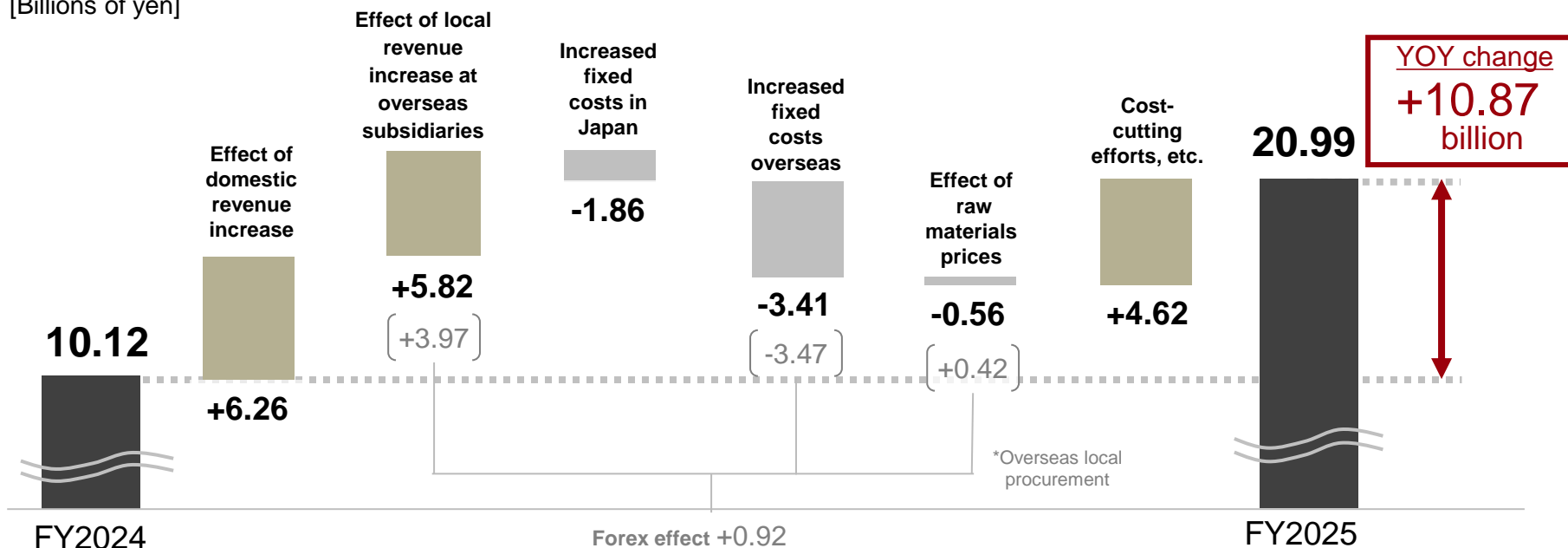
# Fiscal 2025 (First Two Quarters/ Interim): Consolidated Sales/Income Results

[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	212.12	+10.1%	20.99	+107.5%	9.9%	+4.6pt
[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Japan	91.18	+5.2%	9.48	+105.7%	10.4%	+5.1pt
United States	32.15	+24.5%	0.89	-	2.8%	+15.1pt
Australia	16.21	+9.9%	0.72	-2.4%	4.5%	-0.6pt
China	30.79	+8.7%	4.97	-2.7%	16.2%	-1.9pt
South Korea	16.66	+13.2%	0.56	-	3.4%	+3.1pt
Indonesia	8.72	+12.8%	1.98	+51.5%	22.8%	+5.8pt
Others	16.37	+11.7%	2.58	+31.7%	15.8%	+2.4pt
Adjustments	-	-	-0.22	-	-	-

# Fiscal 2025 (First Two Quarters/ Interim): Consolidated Operating Income Analysis

- Significant increase in operating income due to growth in sales of high-value-added products and cost reduction effects

[Billions of yen]



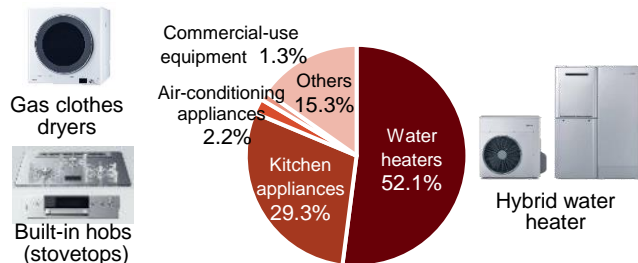


# Japan Fiscal 2025 (First Two Quarters/ Interim) Results

## ■ Segment companies

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

## ■ Net sales by product, Fiscal 2025 (2Q) results



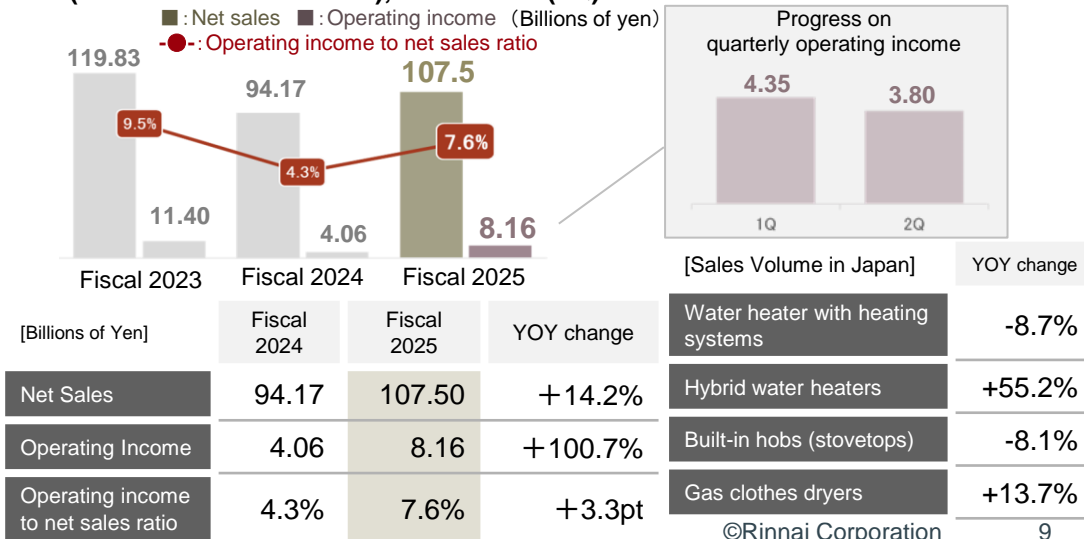
## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	86.67	91.18	+5.2%
Operating Income	4.60	9.48	+105.7%
Operating income to net sales ratio	5.3%	10.4%	+5.1pt

## ■ Non-consolidated results of major company Rinnai (non-consolidated basis)

- Recovery in market conditions in tandem with real demand despite sluggish consumption due to rising prices
- Significant growth in sales of highly distinctive hybrid water heaters (up more than 50% year on year) supported by government subsidies
- Operating income growth driven by increased production utilization ratio amid rising raw material and energy costs

## Rinnai (non-consolidated basis), Fiscal 2025 (2Q) Results



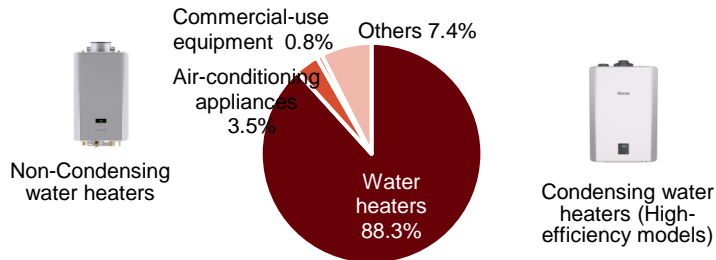
\* From January to June, 2024

# United States Fiscal 2025 (First Two Quarters/ Interim) Results

## ■ Segment company

### Rinnai America

## ■ Net sales by product, Fiscal 2025 (2Q) results



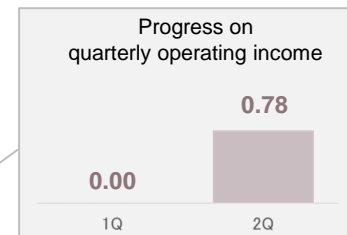
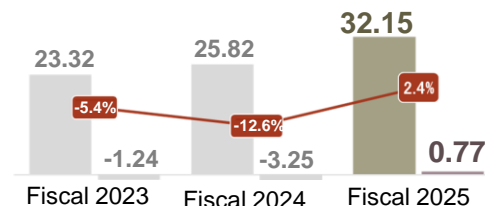
## ■ Non-consolidated results of major company

### Rinnai America

- Ongoing weakness in consumer confidence due to persistently high interest rates
- Increase in sales of tankless water units due to the continued benefit of launching new condensing units
- Significant increase in operating income due to higher revenue and operational efficiency despite increased costs from proactive promotional activities

### Rinnai America, Fiscal 2025 (2Q) Results

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



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	25.82	32.15	+24.5%
Operating Income	-3.17	0.89	—
Operating income to net sales ratio	-12.3%	2.8%	+15.1pt

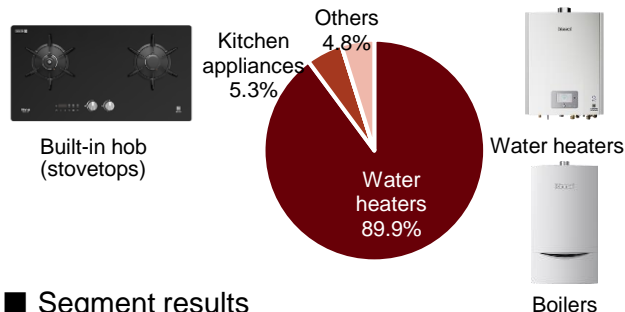
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	25.82	32.15	+24.5%	+11.2%	Tankless water heaters	+12.6%
Operating Income	-3.25	0.77	-	-	Condensing water heaters of total (High-efficiency models)	+30.9%
Operating income to net sales ratio	-12.6%	2.4%	+15.0pt			

# China Fiscal 2025 (First Two Quarters/ Interim) Results

## ■ Segment company

Shanghai Rinnai, Guangzhou Rinnai, Rinnai Hong Kong

## ■ Net sales by product, Fiscal 2025 (2Q) results



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	28.32	30.79	+8.7%
Operating Income	5.11	4.97	-2.7%
Operating income to net sales ratio	18.1%	16.2%	-1.9pt

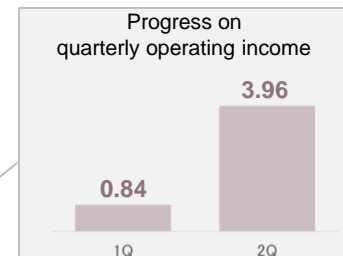
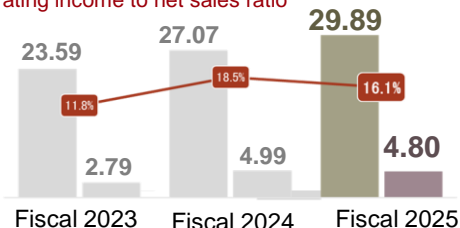
## ■ Non-consolidated results of major company

### Shanghai Rinnai

- Weak consumer sentiment due to economic stagnation, signaling potential increase in distribution inventories in housing appliance market
- Stable unit sales driven by increased e-commerce and online bricks-and-mortar sales
- Decrease in operating income due to continued deterioration in product mix despite revenue increase

### Shanghai Rinnai, Fiscal 2025 (2Q) Results

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



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	27.07	29.89	+10.4%	+2.1%
Operating Income	4.99	4.80	-3.7%	-11.0%
Operating income to net sales ratio	18.5%	16.1%	-2.4pt	

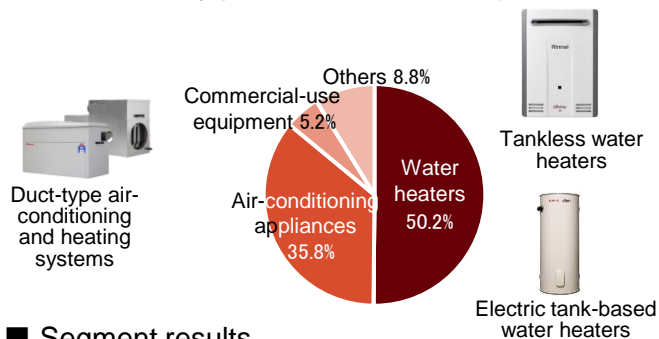
[Sales Volume]	YOY change
Water heaters	+0.9%
Built-in hob (stove tops)	+4.1%
Range hoods	+3.7%
Boilers	+6.8%

# Australia Fiscal 2025 (First Two Quarters/ Interim) Results

## ■ Segment company

Rinnai Australia

## ■ Net sales by product, Fiscal 2025 (2Q) results

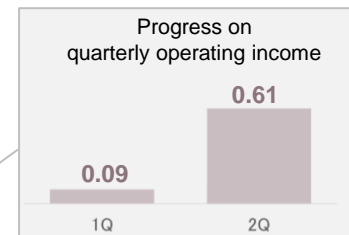
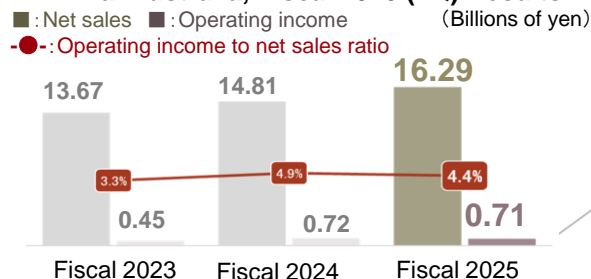


## ■ Non-consolidated results of major company

### Rinnai Australia

- Housing market remained sluggish with ongoing shift towards electrification
- Recovery in sales of core products (tankless water heaters and air conditioners) due to severe winter
- Improved product mix towards higher-margin gas appliances, but not enough to achieve profit growth, resulting in decline in operating income

### Rinnai Australia, Fiscal 2025 (2Q) Results



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	14.75	16.21	+9.9%
Operating Income	0.74	0.72	-2.4%
Operating income to net sales ratio	5.0%	4.5%	-0.6pt

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	14.81	16.29	+10.0%	-0.2%
Operating Income	0.72	0.71	-1.2%	-10.4%
Operating income to net sales ratio	4.9%	4.4%	-0.5pt	

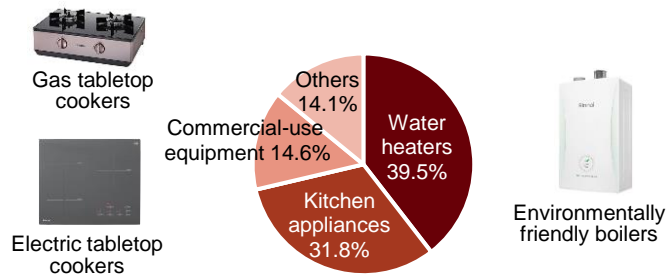
[Sales Volume]	YOY change
Tankless water heaters	-1.1%
Electric tank-based water heaters	-5.8%
Duct-type air-conditioning and heating systems	-15.2%

# South Korea Fiscal 2025 (First Two Quarters/ Interim) Results

## ■ Segment company

Rinnai Korea, RB Korea

## ■ Net sales by product, Fiscal 2025 (2Q) results



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	14.72	16.66	+13.2%
Operating Income	0.04	0.56	-
Operating income to net sales ratio	0.3%	3.4%	+3.1pt

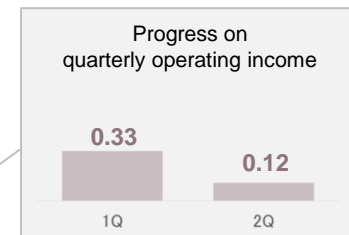
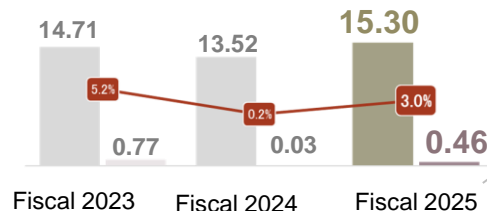
## ■ Non-consolidated results of major company

### Rinnai Korea

- Worsening economic sentiment with continued price competition in the boiler market
- Increase in sales of stoves due to withdrawal of competitors from kitchen appliance market despite decline in boiler sales
- Increase in operating income driven by sales of kitchen appliances

### Rinnai Korea, Fiscal 2025 (2Q) Results

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



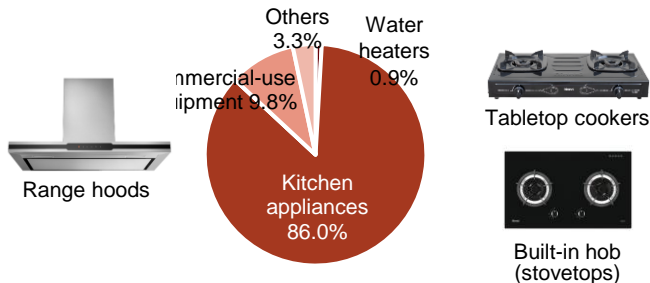
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change		[Sales Volume]	YOY change
			Yen	Local currency		
Net Sales	13.52	15.30	+13.1%	+5.1%	Boilers	-16.4%
Operating Income	0.03	0.46	-	-	Gas tabletop cookers	+57.3%
Operating income to net sales ratio	0.2%	3.0%	+2.8pt		Electric tabletop cookers	+14.7%

# Indonesia Fiscal 2025 (First Two Quarters/ Interim) Results

## ■ Segment company

P.T. Rinnai Indonesia

## ■ Net sales by product, Fiscal 2025 (2Q) results



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	7.73	8.72	+12.8%
Operating Income	1.31	1.98	+51.5%
Operating income to net sales ratio	17.0%	22.8%	+5.8pt

## ■ Non-consolidated results of major company

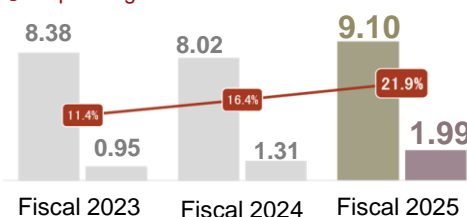
P.T. Rinnai Indonesia

- Persistent cooling of consumer sentiment due to rising prices
- Captured replacement demand for mainstay tabletop stoves, leading to steady sales
- Maintained high profit margin thanks to firm sales and price revisions

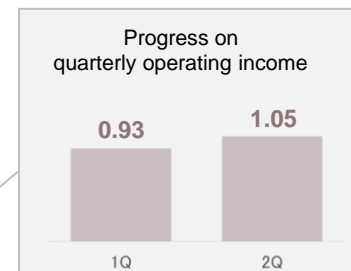
## P.T. Rinnai Indonesia, 2025 (2Q) Results

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

-●- : Operating income to net sales ratio



Progress on quarterly operating income



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	8.02	9.10	+13.5%	+7.2%
Operating Income	1.31	1.99	+51.5%	+43.1%
Operating income to net sales ratio	16.4%	21.9%	+5.5pt	

[Sales Volume]	YOY change
Tabletop cookers	+0.9%
Built-in hob (stovetops)	+19.0%
Range hoods	+6.6%

# Two-Quarter (Interim) Results and Forecasts for 3Q Onward

■ Full-year forecasts remain unchanged in light of expected risks from 3Q onward despite strong interim results

	Two-quarter (interim) results	Forecasts for 3Q onward
Japan	Strong growth in sales of hybrid water heaters driven by normalized business conditions linked to real demand, as well as subsidies, despite sluggish	<ul style="list-style-type: none"> <li>- Expecting continued growth in sales of highly distinctive products that address social issues/needs</li> <li>- Will closely monitor raw material and energy prices while continuing to reduce costs</li> </ul>
United States	<ul style="list-style-type: none"> <li>- Recovery in sales of water heater sales driven by launch of new condensing units</li> <li>- Increase in operating income thanks to higher revenue and operational efficiency despite making aggressive promotional expenditures</li> </ul>	<ul style="list-style-type: none"> <li>- Hope for recovery in new and pre-owned housing markets due to interest rate cuts</li> <li>- Up from initial plan due to continuing positive impact of new products</li> </ul>
China	<ul style="list-style-type: none"> <li>- Economic stagnation signaling potential increase in distribution inventories</li> <li>- Deterioration in product mix despite steady unit sales</li> </ul>	<ul style="list-style-type: none"> <li>- Weak consumer confidence expected to continue due to stagnant economic activities</li> <li>- Focusing on securing profits amid cooling market conditions</li> </ul>
Other main countries	<p>Australia: Recovery supported by severe winter despite harsh market conditions</p> <p>South Korea: Increased sales and income thanks to withdrawal of competitors from kitchen appliance market, allowing us to capture distribution channel</p> <p>Indonesia: Maintained high profit thanks to ongoing prices revisions</p>	<p>Australia: Acquisition of PV sales company expected to generate synergies</p> <p>South Korea: Aiming for turnaround in tough market through launch of new boilers</p> <p>Indonesia: Anticipate continued profit growth due to stable replacement demand</p>
Potential risks	Soaring prices of raw materials (steel, copper, etc.) and energy, slow recovery of consumption due to high prices and interest rates, prolonged slowdown of Chinese business, etc.	

1. Results of First Two Quarters (Interim ) of Fiscal 2025/  
Fiscal 2025 Performance Forecasts

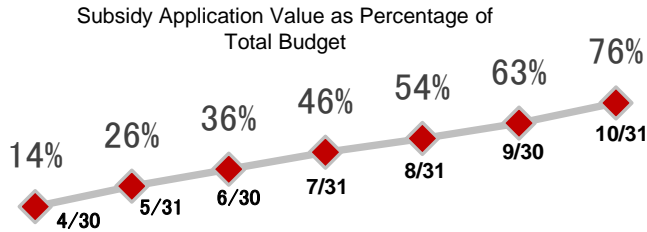
2. Business Outlook



# Japan ~ECO ONE Hybrid Water Heaters~

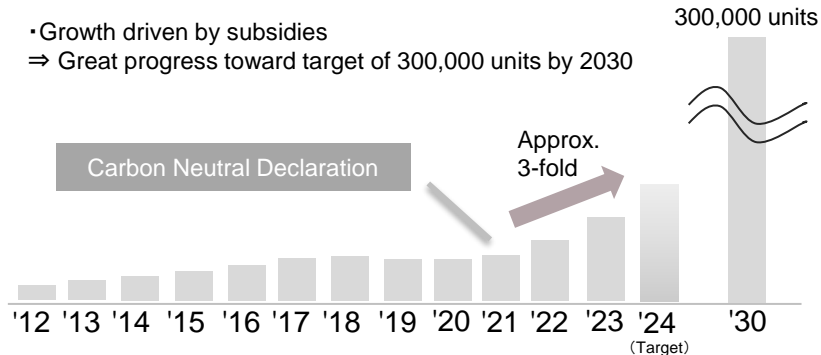
## ■ Subsidies for high-efficiency water heaters (including ECO ONE) (Water Heating Energy Efficiency 2024 Project)

- Total budget: ¥58 billion \* Of this amount, ¥4.5 billion will be used to subsidize removal of electric water heaters and electric thermal storage heaters

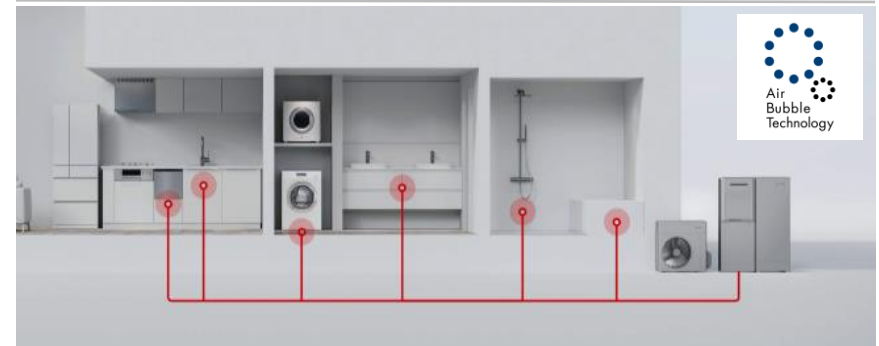


## ■ Hybrid water heater sales: Results (image) and targets

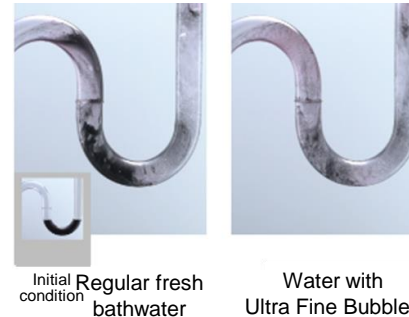
- Growth driven by subsidies
- ⇒ Great progress toward target of 300,000 units by 2030



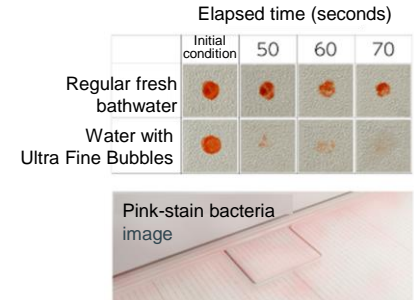
## ■ Hybrid water heater with Ultra Fine Bubbles



Decrease in residual drainpipe grime



Decrease in pink-stain bacteria

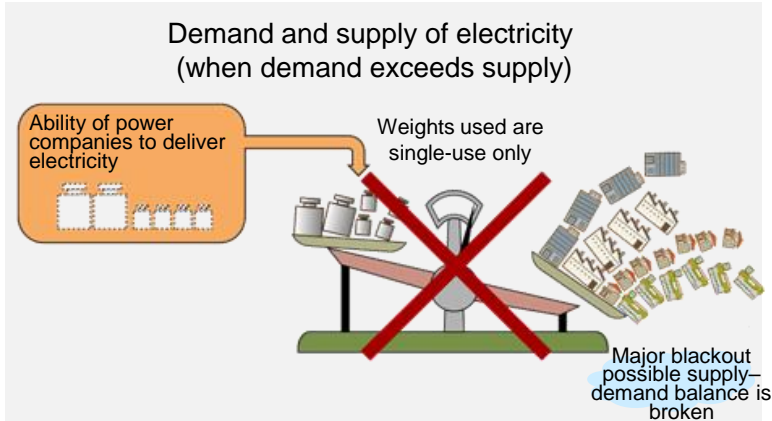


# Japan ~ECO ONE Hybrid Water Heaters~

## ■ Importance of Demand-Response (DR)

- To ensure stable electricity supply, the amount of electricity produced (supply) and the amount consumed (demand) must align at the same time. This requires power companies to adjust their power generation accordingly.
- The increasing share of renewable energy, which fluctuates due to weather and other factors, raises the likelihood of electricity supply-demand imbalances.  
⇒ The importance of Demand-Response (DR)—where energy-consuming devices intelligently adjust their usage based on the supply situation—is increasing

### Overview of energy demand and supply



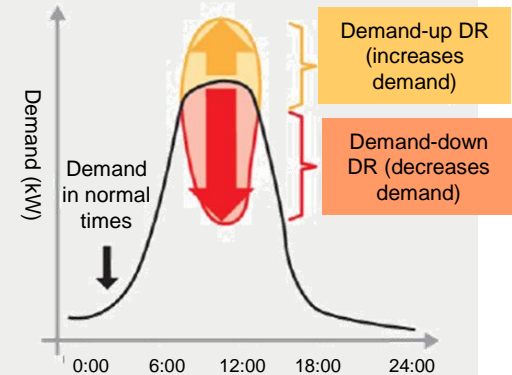
### DR types

#### Demand-up DR

Activating DR can lead to an increase in electricity demand. For example, excess output from renewable energy sources can be absorbed by operating demand-side equipment or charging storage batteries.

#### Demand-down DR

Activating DR can lead to a decrease in electricity demand. During peak demand periods, for example, the output of demand-side equipment can be lowered to achieve a supply-demand balance.

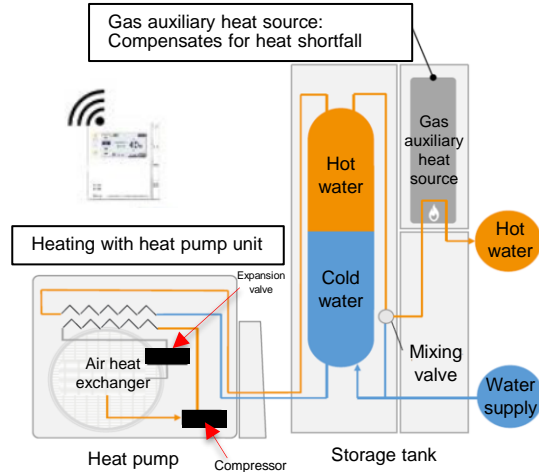


# Japan ~ECO ONE Hybrid Water Heaters~

- Combining the strengths of gas and electricity with a storage tank achieves industry-leading thermal efficiency.
- Implementing both demand-up and demand-down responses allows flexible DR without impacting user convenience.

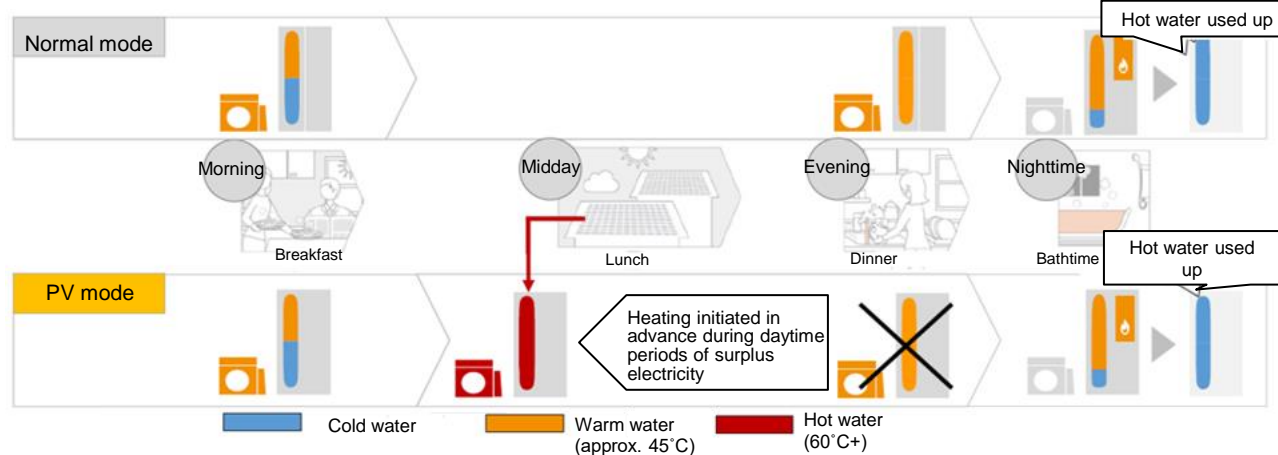
## ■ How ECO ONE works

- Consists of gas heater, heat pump, and storage tank



## ■ One day in the life of ECO ONE hybrid water heater

- In photovoltaic (PV) mode, operation is accelerated (demand-up DR) to maximize daytime self-consumption
- = Demand-down DR: Avoids operation during high-demand periods (late afternoon/evenings)



Source: 3rd DRready Study Session , Ministry of Economy, Trade and Industry  
[https://www.meti.go.jp/shingikai/energy\\_environment/dr\\_ready/pdf/003\\_07\\_00.pdf](https://www.meti.go.jp/shingikai/energy_environment/dr_ready/pdf/003_07_00.pdf)

# United States ~New Condensing Water Heaters~

■ Continued positive impact of new product launches due to aggressive sales promotions, raising the ratio of condensing water heaters

■ Features of new condensing water heaters



**SENSEI<sup>®</sup> RX**  
**SERIES**  
Built for the PRO, by the PRO™

Benefits for consumers



Realizes industry's highest thermal efficiency  
95% (conventional units) ⇒ 98%

Benefits for builders/  
installers



Changeable gas type/ indoor-outdoor installation options  
⇒ Reduced number of models



Bluetooth® connectivity and dedicated smartphone app reduce setup time

■ Sales policies/strategies



Exhibition

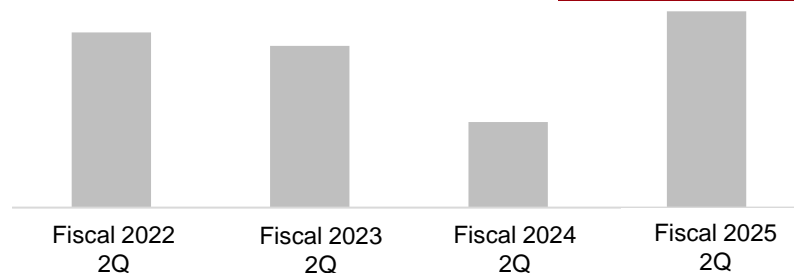


Installation training



Demonstration truck

<Condensing Water Heater Sales Volume>



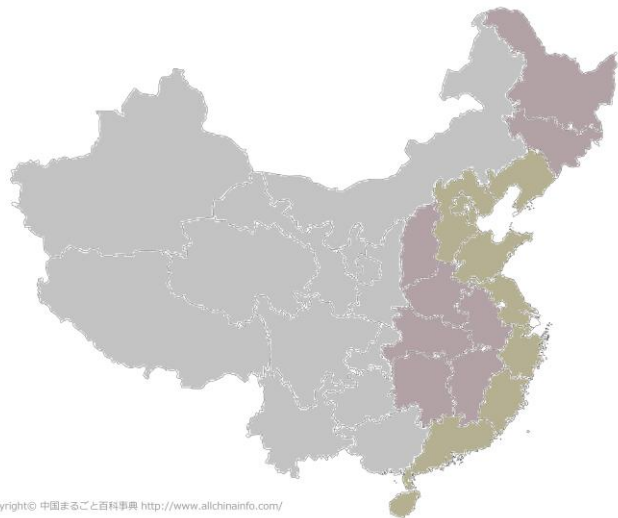
Ratio of condensing units  
+5.5 points (VS Fiscal 2022, 2Q)

# China ~Sales by Geographic Region~

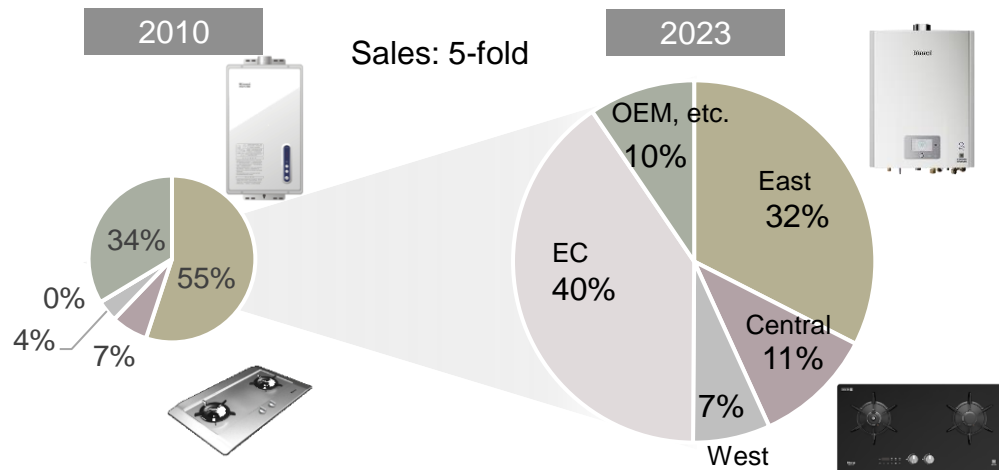
- Expanding geographical coverage due to sales channel reform
- Aim to improve production efficiency and reduce product costs to secure profitability

## ■ Sales by geographic region

■ : East (8 provinces, 2 cities) ■ : Central (8 provinces) ■ : West (6 provinces, 1 city, 5 autonomous regions) ■ : E-commerce ■ : OEM, etc.



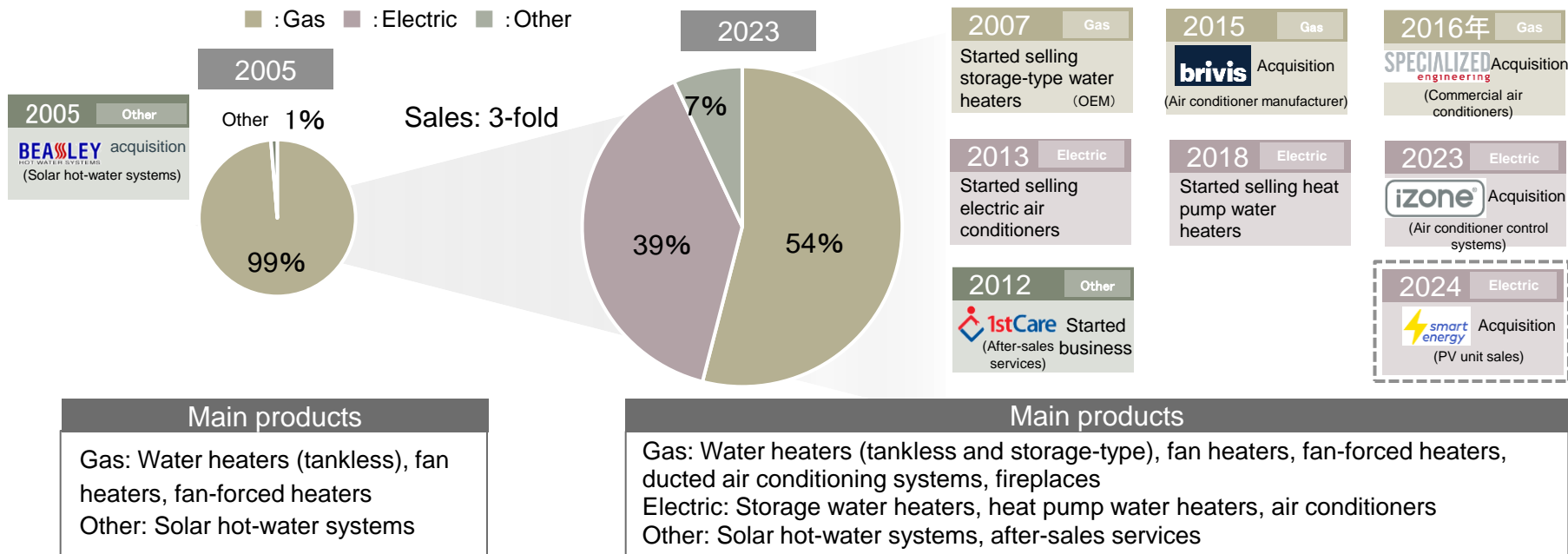
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# Australia ~Business Portfolio Transition~

■ Fastest shift toward electrification among markets where Rinnai Group operates

⇒ We will continue driving business diversification through proactive M&A activities and introduction of new products



# Capital Policy ~Review of Cash Allocation and Future Outlook~

- Make investments to maintain and expand existing businesses; focus on investments to address changing energy mix
- Actual shareholder return surpassed Medium-term plan KPI (total return ratio 40%; 5-year average)

## At time of Medium-Term Business Plan announcement

### Fiscal 2022- 2026 cash flows

#### Inflows

Operating  
cash flow

¥200 billion

Allocation of carried-  
forward cash and deposits  
¥65 billion

#### Outflows

Required investments  
(base scenario)  
¥80 billion

Growth investments and  
strategic expenditures  
~¥125 billion

Shareholder returns  
¥60 billion

#### Results

Made investments to expand existing businesses in key countries  
Postponed some growth investments in new areas in light of business conditions

#### Future

Major investments in existing areas are nearing completion; aim to actively pursue growth investments (Innovation Center construction, etc.) with view to next medium-term plan period

#### Result

Total return ratio KPI of medium-term plan achieved in fiscal year under review

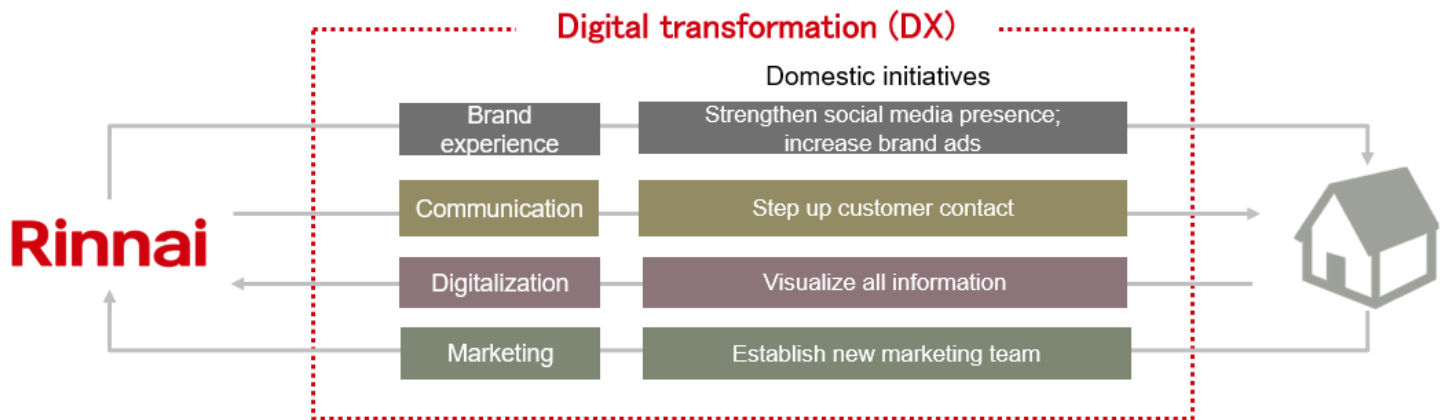
#### Future

Policy to maintain dividend payout ratio of 40% and end up well above target in terms of total return ratio

# DX Initiatives ~Consumer Communication~

(from Medium-Term Business Plan)

## Revolution of Corporate Structure : Become More Consumer-Oriented



We will establish a new marketing organization and build new lines of communication with consumers, both digitally and in the real world, within the framework of DX, by capturing people's essential needs for improved quality of life and linking them to our product planning and sales promotion activities. We will also create a business model that continuously provides value to consumers throughout their lives through brand experiences that they can enjoy with peace of mind.



# DX Initiatives ~Consumer Communication~

## ■ Advancing new initiatives to establish and strengthen connections with Rinnai-brand fans

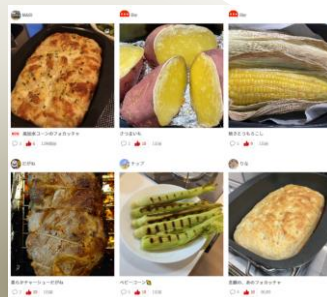
### ■ Physical event for fans



- Participants: 10 (300+ applicants)
- Demonstration of recommended recipes
- Sharing usage techniques and living ideas



### ■ Community site established and operating



- Established: May 2024
- Users interact with each other and ask questions to employees

#### <Reference>



- Established: September 2020
- Followers: 41,000 persons



- Established: September 2020
- Followers: 17,000 persons

### ■ Online events for fans

#### Upcoming event Online meeting with Development Manager ~ Topic: Built-in stoves ~ Date and time

11:00–12:00 & 19:00–20:00,  
Tuesday, August 27, 2024  
11:00–12:00 & 19:00–20:00,  
Thursday, August 29, 2024



- Participants: 8 persons  
(development staff: 3 persons)
- Introduction to dedicated development staff
- Roundtable discussion to exchange opinions with users



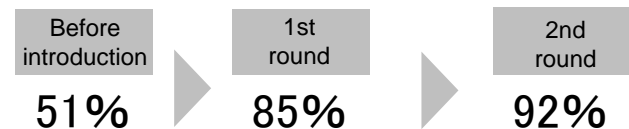
# ESG Topics

## ■ Restricted stock (RS) incentive for Employee Shareholding Association (2nd round) <Same size as 1st round (April 2023)>

Granted RS to expand benefits and improve shareholder's value

Recipients	3,521 persons
Number of shares granted	60 shares/person
Restricted transfer period	Approx. 3 years
Grant date	October 16, 2024

## Employee Shareholding Association membership rate



\* Incentive: 15% of purchase price added at company expense

## ■ Reduction of strategic shareholdings

Fiscal year	2020	2021	2022	2023	2024	2025-2Q
Number of stocks held	102	97	91	88	82	82
Balance sheet amount (¥ millions)	15,775	16,340	14,833	17,036	20,394	19,045
Ratio to net assets	4.6%	4.4%	3.9%	4.2%	4.7%	4.2%
No. of stocks with decreased share count	1	5	6	3	6	1
Sale price (¥ millions)	26	1,885	132	52	94	1,845

