

Consolidated Financial Results

First Three Quarters of the Fiscal Year Ending March 2025

(April 1–December 31, 2024)

February 12, 2025

Listed Company Name: Rinnai Corporation

Listings: Prime Market of Tokyo Stock Exchange, and Premier Market 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 analyst and institutional investors)

I. Performance in the First Three Quarters of the Fiscal Year Ending March 31, 2025

(April 1–December 31, 2024; amounts less than one million yen are omitted)

(1) Consolidated Operating Results

(¥ millions; %)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net income attributable to owners of the parent company (% change)
Three Quarters to Dec. 2024	¥332,319 [+7.1%]	¥35,055 [+37.6%]	¥38,849 [+27.5%]	¥22,878 [+31.7%]
Three Quarters to Dec. 2023	310,162 [-1.3%]	25,468 [-24.4%]	30,471 [-16.5%]	17,375 [-18.9%]

(Reference)

Comprehensive Income: First three quarters of the year ending March 31, 2025; ¥29,113 million (-24.1%)
First three quarters of the year ended March 31, 2024; ¥38,337 million (-19.0%)

(¥)

	Net Income per Share	Fully Diluted Net Income per Share
Three Quarters to Dec. 2024	¥161.22	—
Three Quarters to Dec. 2023	120.10	—

Note: Percentage figures in net sales, operating income, ordinary income and net income columns indicate increase or decrease from the previous term.

(2) Consolidated Financial Position

(¥ millions; %)

	Total Assets	Net Assets	Equity Ratio (%)
December 31, 2024	¥ 574,650	¥ 443,085	68.2%
March 31, 2024	577,088	437,438	67.2

(Reference) Equity capital: Three quarters of the year ending March 31, 2025; ¥ 391,753 million
Year ended March 31, 2024; ¥ 387,774 million

II. Dividends

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

Note: 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 (¥)
Full year	¥450,000 [+4.6%]	¥45,000 [+14.3%]	¥48,000 [+4.2%]	¥28,300 [+6.1%]	¥199.84

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

Note: Changes in performance forecasts since most recent announcement: None

* 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

Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies) on page 10 of this report.

(4) Number of Outstanding Shares (Common Stock)

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

December 31, 2024: 146,677,171 shares

March 31, 2024: 146,677,171 shares

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

December 31, 2024: 6,035,723 shares

March 31, 2024: 3,473,623 shares

(c) Average number of shares during the term

First three quarters of the fiscal year ending March 2025: 141,905,256 shares

First three quarters of the fiscal year ended March 2024: 144,681,223 shares

* A quarterly review process by certified public accountant or audit corporation: None

* Note on appropriate use of performance forecasts

Performance forecasts contained in this document are based on information currently available and certain judgments deemed by the Corporation to be reasonable. Actual results may differ significantly from such forecasts due to various factors. For more information, please refer to “1. Consolidated Performance, (3) Explanation about Consolidated Performance Forecasts” on page 5 of this report.

* Supplemental information sheets of financial results are posted on the Corporation’s website on Wednesday, February 12, 2025.

1. Consolidated Performance

(1) Operating Results

In the first three quarters under review (April 1–December 31, 2024), the world economic outlook remained uncertain due to weakened business confidence caused by ongoing global price hikes and monetary tightening, as well as prolonged stagnation of the Chinese economy, which continues to face to real estate and other issues. In Japan as well, the situation remained unpredictable due to soaring raw material and energy costs, rising prices amid wage increases, and other factors, as well as sharp exchange rate fluctuations.

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

As mentioned above, the environment surrounding the Corporation remains challenging. However, we are gradually recovering from the impacts of the COVID-19 pandemic, including supply chain disruptions and fluctuations in demand within the housing appliance sector.

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. Examples of main products are shown below.

ECO ONE hybrid water heaters with heating systems

In addition to providing high energy efficiency, these products offer strong resilience with dual heat sources—gas and electricity—and can flexibly adapt to demand responses. As a result, they are expected to play a role in the quest for carbon neutrality.

Tankless water heaters

Tankless water heaters deliver hot water instantly and offer higher energy efficiency compared with tank-based water heaters, which store preheated water. Moreover, there is no risk of running out of hot water. Accordingly, we are working to further expand sales of these products.

Air bubble products (Ultra Fine Bubbles & Micro Bubbles)

These products generate ultra-fine bubbles in hot water, providing health-enhancing and hair-beautifying benefits. They also have a powerful cleansing property to simplify daily cleaning. We are rolling out these products in Japan and across the broader Asian market.

Gas clothes dryers

With the powerful warm air that only gas can provide, gas clothes dryers enable quick drying, which helps reduce household chore time. We are working to popularize these products, which we offer in 14 countries around the world.

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,” and sustainable and stable long-term growth.

In the period under review, while our performance varied in major countries, we maintained the strong performance seen in the first two quarters, resulting in record-high net sales for the three-quarter period. On the earnings side, we posted record-high operating income due to cost reduction efforts. This was despite increased costs due to rising global prices of raw materials and energy.

As a result, consolidated net sales amounted to ¥332,319 million, up 7.1% year-on-year. Operating income jumped 37.6%, to ¥35,055 million, and ordinary income rose 27.5%, to ¥38,849 million. Net income attributable to owners of the parent company climbed 31.7%, to ¥22,878 million.

Our results by geographical segment were as follows:

Japan

In Japan, market conditions remained stable, driven by real demand, despite weak consumer sentiment due to rising prices. Sales of our priority products, including ECO ONE hybrid water heaters with heating systems, gas clothes dryers, and air bubble products, increased significantly. As a result,

sales in Japan grew 5.9% year on year, to ¥151,220 million. During the period, we compensated for rising costs of raw materials and energy by improving our product mix. Accordingly, operating income jumped 56.0%, to ¥18,878 million.

United States

In the United States, the new housing market showed signs of recovery, but the existing housing market remained stagnant. Amid these conditions, sales of our flagship condensing water heaters remained strong. We also expanded our product lineup with the launch of a new condensing boiler. Accordingly, sales in the United States increased 14.7%, to ¥47,733 million. On the earnings side, higher production volumes and improved profitability at local factories led to operating income of ¥1,040 million, compared with an operating loss of ¥1,928 million in the previous corresponding period.

Australia

While the new housing market showed signs of recovery, the overall housing market remained sluggish. However, sales of core gas appliances continued recovering due to the impact of a severe winter. As a result, sales in Australia rose 15.2%, to ¥26,129 million. Despite the increase in revenue, operating income declined 11.2%, to ¥1,038 million, due to retirement of goodwill and other expenses related to a new corporate acquisition, which prevented profit growth.

China

In China, consumer sentiment declined sharply from the third quarter due to stagnant economic activity caused by a real estate market recession and other factors, leading to clear increases in distribution inventories. On the other hand, e-commerce sales remained steady. Accordingly, sales in China declined 4.3%, to ¥44,844 million, and operating income fell 26.4%, to ¥6,152 million.

South Korea

Amid ongoing deterioration in market sentiment due to rising prices and interest rates, the gas appliance market remained sluggish while our mainstay boilers continued to face price competition. On the other hand, we maintained stable sales of kitchen appliances in which we gained market share as competitors withdrew from the market. As a result, sales in South Korea rose 12.6%, ¥24,747 million, and operating income was ¥613 million, compared with an operating loss of ¥122 million in the previous corresponding period.

Indonesia

Amid weak consumer sentiment due to rising prices, we implemented price revisions for mainstay tabletop stoves, which maintain a high market share. As a result, sales in Indonesia increased 8.8%, to ¥13,041 million, and operating income jumped 38.9%, to ¥2,972 million.

(For references 1) Sales Composition by Business Segment

(¥ millions; %)

	Three Quarters to Dec. 31, 2023		Three Quarters to Dec. 31, 2024		Change		Year to March 31, 2024	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total
Water heaters	¥185,115	59.7%	¥196,504	59.1%	¥11,388	6.2%	¥263,839	61.3%
Kitchen appliances	68,536	22.1	72,837	21.9	4,301	6.3	90,495	21.0
Air conditioning appliances	16,697	5.4	16,580	5.0	(116)	(0.7)	21,746	5.1
Commercial-use equipment	8,236	2.7	8,630	2.6	393	4.8	11,212	2.6
Others	31,576	10.2	37,766	11.4	6,190	19.6	42,891	10.0
Total	¥310,162	100.0%	¥332,319	100.0%	¥22,157	7.1%	¥430,186	100.0%

(For references 2) Overseas Sales

(¥ millions; %)

	Three Quarters to Dec. 31, 2023			Three Quarters to Dec. 31, 2024		
	Asia	Others	Total	Asia	Others	Total
I. Overseas sales	¥97,279	¥76,676	¥173,955	¥100,151	¥87,684	¥187,835
II. Consolidated net sales	—	—	310,162	—	—	332,319

III. Composition ratio of overseas sales to consolidated net sales	31.4%	24.7%	56.1%	30.1%	26.4%	56.5%
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Note: Above indicates sales of the Corporation and consolidated subsidiaries in overseas countries or regions.

(2) Financial Position

As of December 31, 2024, Rinnai had total assets of ¥574,650 million, down ¥2,438 million from March 31, 2024. Total liabilities decreased ¥8,085 million, to ¥131,564 million. Net assets were up ¥5,647 million, to ¥443,085 million. The equity ratio at the end of the period was 68.2%.

(3) Explanation about Consolidated Performance Forecasts

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

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(¥ millions)	
	At March 31, 2024 (Fiscal 2024)	At December 31, 2024 (Three Quarters of Fiscal 2025)
ASSETS:		
Current assets		
Cash and deposits	¥147,600	¥140,801
Notes and accounts receivable, and contract assets	91,694	92,338
Electronically recorded monetary claims	12,879	13,190
Marketable securities	8,068	8,204
Products	41,699	41,778
Raw materials and stores	39,953	37,827
Other	5,717	7,567
Less allowance for doubtful accounts	(6,175)	(5,700)
Total current assets	341,437	336,008
Fixed assets		
Property, plant and equipment	147,425	149,593
Intangible fixed assets	3,642	9,188
Investments and advances		
Investments in securities	40,834	36,515
Other	43,796	43,390
Less allowance for doubtful accounts	(48)	(45)
Total investments and advances	84,582	79,860
Total fixed assets	235,650	238,642
Total assets	¥577,088	¥574,650

(¥ millions)

	At March 31, 2024 (Fiscal 2024)	At December 31, 2024 (Three Quarters of Fiscal 2025)
LIABILITIES:		
Current liabilities		
Notes and accounts payable	¥ 24,427	¥ 26,935
Electronically recorded obligations	28,937	17,572
Accrued income taxes	5,244	4,600
Accrued employee's bonuses	6,159	4,308
Allowance for product guarantee	4,806	4,967
Other allowances	1,379	1,498
Other	35,936	35,664
Total current liabilities	106,890	95,547
Long-term liabilities		
Allowance for environmental measures	2,255	2,255
Allowance related to antimonopoly law	—	1,208
Reserves	77	92
Net defined benefit liabilities	8,809	8,844
Other	21,617	23,617
Total long-term liabilities	32,759	36,017
Total liabilities	139,650	131,564
NET ASSETS:		
Shareholders' equity:		
Common stock	6,484	6,484
Capital surplus	8,428	8,433
Earned surplus	342,493	355,431
Treasury stock	(10,936)	(20,167)
Total shareholders' equity	346,470	350,181
Other comprehensive income:		
Unrealized gain on marketable securities	8,690	8,881
Foreign exchange translation adjustment	22,671	23,783
Remeasurements of defined benefit plans	9,941	8,906
Total other comprehensive income	41,304	41,571
Non-controlling interests	49,663	51,332
Total net assets	437,438	443,085
Total liabilities and net assets	¥577,088	¥574,650

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

Consolidated Statements of Income

	(¥ millions)	
	Three Quarters of Fiscal 2024 (From April 1 to December 31, 2023)	Three Quarters of Fiscal 2025 (From April 1 to December 31, 2024)
Net sales	¥310,162	¥332,319
Cost of sales	212,316	219,408
Gross profit	97,845	112,910
Selling, general and administrative expenses	72,377	77,854
Operating income	25,468	35,055
Other income:		
Interest income	1,757	2,160
Dividends received	463	527
Foreign exchange income	1,759	521
Other	1,733	1,206
Total other income	5,713	4,415
Other expenses:		
Interest expenses	53	59
Loss on retirement of fixed assets	160	166
Share buyback costs	156	9
Depreciation	250	251
Other	89	134
Total other expenses	710	622
Ordinary income	30,471	38,849
Extraordinary income:		
Gain on sale of investment securities	—	791
Subsidy income	204	—
Total extraordinary income	204	791
Extraordinary losses:		
Loss related to antimonopoly law	—	※1,198
Loss on reduction of fixe assets	134	—
Impairment loss	110	—
Total extraordinary losses	244	1,198
Income before income taxes	30,431	38,441
Income taxes (current)	7,186	9,638
Income taxes (deferred)	367	1,168
Total income taxes	7,553	10,806
Net income	22,878	27,634
Net income attributable to non-controlling interests	5,502	4,756
Net income attributable to owners of the parent company	¥ 17,375	¥ 22,878

Consolidated Statements of Comprehensive Income

(¥ millions)

	Three Quarters of Fiscal 2024 (From April 1 to December 31, 2023)	Three Quarters of Fiscal 2025 (From April 1 to December 31, 2024)
Net Income	¥22,878	¥27,634
Other comprehensive income		
Unrealized gain on marketable securities	1,556	189
Foreign exchange translation adjustment	14,824	2,320
Remeasurements of defined benefit plans	(922)	(1,031)
Total other comprehensive income	15,459	1,478
Comprehensive income	38,337	29,113
Total comprehensive income attributable to:		
Owners of Rinnai Corporation	29,130	23,145
Non-controlling interest	9,207	5,968

(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

First Three Quarters of the Fiscal Year Ended March 31, 2024 (April 1 to December 31, 2023)

	Reportable Segments							Others (Note 3)	Adjustments (Note 4)	Amounts on consolidated statements of income (Note 5)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Sales										
Outside clients	¥142,791	¥41,625	¥22,680	¥46,867	¥21,982	¥11,990	¥287,937	¥22,224	¥ —	¥310,162
Intersegment	21,028	—	81	1,392	558	396	23,457	2,375	(25,832)	—
Total	163,819	41,625	22,761	48,260	22,541	12,386	311,394	24,599	(25,832)	310,162
Income (loss)	12,102	(1,928)	1,168	8,361	(122)	2,139	21,721	3,089	658	25,468

- 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 (loss) refers to intersegment transactions to eliminate.
5. “Segment income (loss)” is adjusted from operating income in Consolidated Statements of Income.

**First Three Quarters of the Fiscal Year Ending March 31, 2025
(April 1 to December 31, 2024)**

	Reportable Segments							Others (Note 3)	Adjustments (Note 4)	Amounts on consolidated statements of income (Note 5)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Sales										
Outside clients	¥151,220	¥47,733	¥26,129	¥44,844	¥24,747	¥13,041	¥307,716	¥24,603	¥ —	¥332,319
Intersegment	33,503	—	100	2,203	461	591	36,860	2,732	(39,592)	—
Total	184,723	47,733	26,229	47,047	25,209	13,632	344,576	27,335	(39,592)	332,319
Income (loss)	18,878	1,040	1,038	6,152	613	2,972	30,694	3,846	514	35,055

- 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 (loss) 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.

Notes on Major Changes in Shareholders’ Equity
Not applicable.

Note on Quarterly Consolidated Statements of Income
****Loss Related to Antimonopoly Law***

On September 5, 2024, Rinnai Brasil Heating Technology Ltd., a subsidiary of Rinnai Corporation, received a recommendation from Brazil’s Administrative Council for Economic Defense regarding that nation’s antimonopoly law. The Corporation has made a provision for the estimated losses that may arise in the future in connection with the alleged violation of that law.

Note on Quarterly Consolidated Statements of Cash Flows
The Corporation has not prepared consolidated statements of cash flows for the three-quarter period under review. However, cumulative depreciation expenses for the period (including amortization of intangible fixed assets, excluding goodwill) are as follows.

	Three Quarters of Fiscal 2024 (From April 1 to December 31, 2023)	Three Quarters of Fiscal 2025 (From April 1 to December 31, 2024)
Depreciation	¥10,709 million	¥11,100 million