

# Financial Results of Fiscal 2025, ended March 31, 2025

May 9, 2025

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.

# Request to Users of Bathroom Heater/Dryers to Stop Use Immediately, and Wait for Inspection and Repair

- A recall was filed on April 15, 2025.

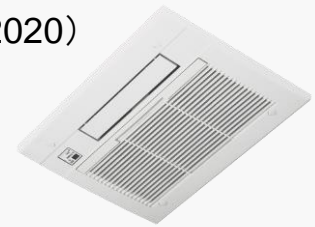
It has come to light that bathroom heater/dryers manufactured by Rinnai more than 10 years ago may, on rare occasions, catch fire due to gradual deterioration of certain components. To address this situation, an inspection and repair program will be implemented at no charge to users of affected products.

Models subject to inspection and repair work: Bathroom heater/dryers

Number of units produced: 372,398 (Production period: August 2003 – August 2020)

Scope of inspection and repair: Attach a control board to prevent a fire

Inspection period: From May 2025



**Impact on performance: ¥2,540 million**

(Booked in fiscal year ended March 31, 2025, on non-consolidated statements of income as operating expenses)

1. Fiscal 2025 Results

2. Fiscal 2026 Outlook

3. Review of Medium-Term Business Plan (New ERA 2025) and Pathway to New Plan

# Fiscal 2025: Consolidated Performance Overview

- Ongoing growth in sales of high-value-added products despite continued sluggish consumer sentiment due to rising costs

**Net sales: ¥460.3 billion** (up 7.0% year on year)

Record-high net sales thanks to normalization of supply chains and supply-demand conditions following pandemic-related disruptions

Record-high level

[vs target: up 2.3%]

**Operating income: ¥46.0 billion** (up 16.9% year on year; Operating income to net sales ratio: 10.0%)

Record-high operating income due to sales increase and thorough cost reduction efforts despite rising costs

Record-high level

[vs target: up 2.2%]

**Ordinary income: ¥50.3 billion** (up 9.2% year on year; Ordinary income to net sales ratio: 10.9%)

Increase in interest income led by interest rate hikes despite recording foreign exchange losses

Record-high level

[vs target: up 4.8%]

**Net income attributable to owners of the parent company: ¥29.6 billion**

(up 11.3% year on year; Net income to net sales ratio: 6.5%)

Record-high level

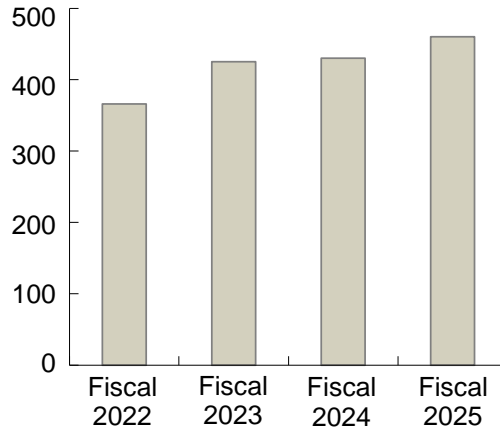
[vs target: up 4.9%]

# Fiscal 2025: Consolidated Financial Results

- Continuously posted record-high net sales since start of current medium-term business plan (fiscal 2022 ended March 31, 2022)
- Operating income showing steady upward trend despite volatility caused by rising manufacturing costs and supply-demand disruptions

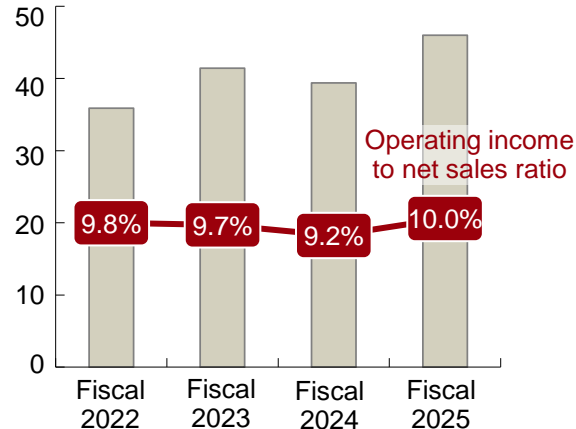
## Net Sales

[Billions of Yen]



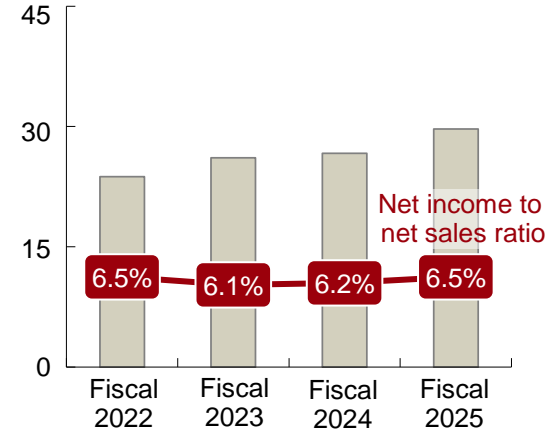
## Operating Income

[Billions of Yen]



## Attributable to owners of the parent company Net Income

[Billions of Yen]



# Fiscal 2025: Net Sales by Product

[Billions of yen]	Fiscal 2024		Fiscal 2025		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	263.83	61.3%	277.73	60.3%	+13.89	+5.3%
Kitchen appliances	90.49	21.0%	96.26	20.9%	+5.77	+6.4%
Air conditioning appliances	21.74	5.1%	22.01	4.8%	+0.26	+1.2%
Commercial-use equipment	11.21	2.6%	11.73	2.5%	+0.52	+4.7%
Others	42.89	10.0%	52.57	11.4%	+9.68	+22.6%
Total	430.18	100.0%	460.31	100.0%	+30.13	+7.0%

# Fiscal 2025: Consolidated Sales/Income Results

[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Consolidated</b>	460.31	+7.0%	46.00	+16.9%	10.0%	+0.8pt

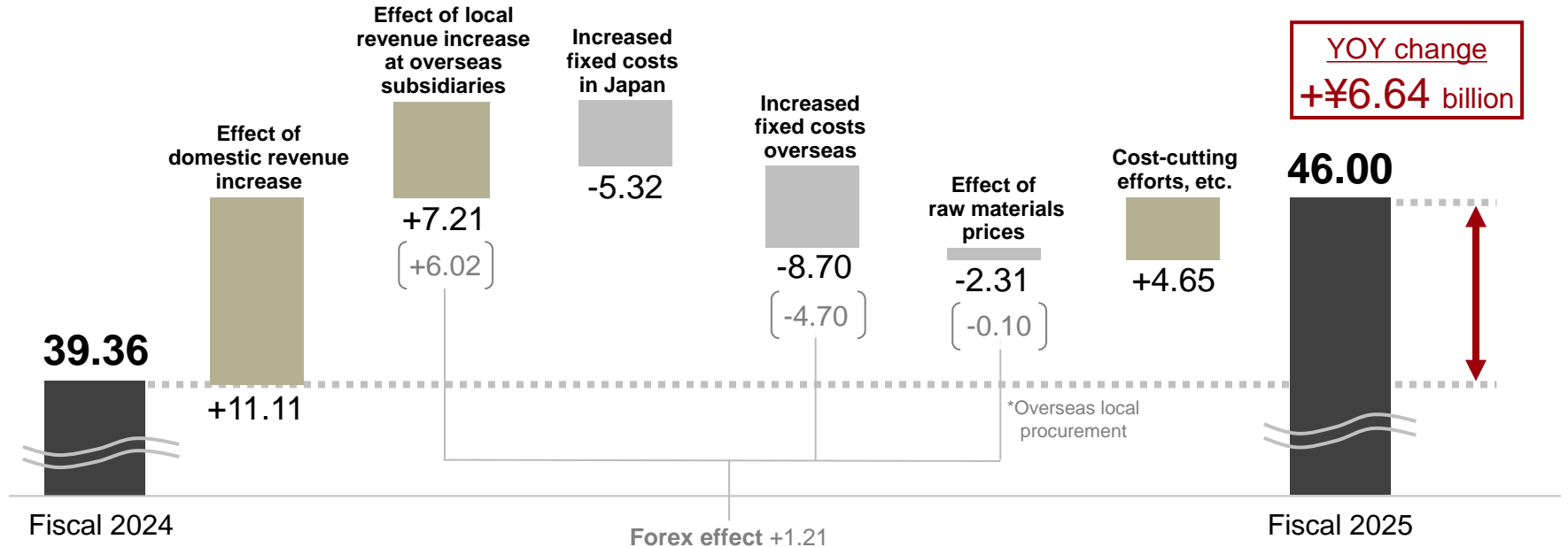
  

[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
<b>Japan</b>	203.73	+5.9%	22.30	+24.2%	11.0%	+1.7pt
<b>United States</b>	66.45	+14.8%	2.13	-	3.2%	+5.3pt
<b>Australia</b>	36.60	+20.7%	1.11	-10.2%	3.1%	-1.0pt
<b>China</b>	68.59	-4.6%	10.09	-16.9%	14.7%	-2.2pt
<b>South Korea</b>	34.71	+8.9%	0.93	-	2.7%	+2.6pt
<b>Indonesia</b>	17.01	+14.1%	3.84	+39.9%	22.6%	+4.2pt
<b>Others</b>	33.19	+7.3%	5.02	+15.2%	15.1%	+1.0pt
<b>Adjustments</b>	-	-	0.55	-73.3%	-	-

# Fiscal 2025: Consolidated Operating Income Analysis

- Domestic revenue increase drive profit growth, recall-related expenses included in “Cost-cutting efforts, etc.”

[Billions of yen]

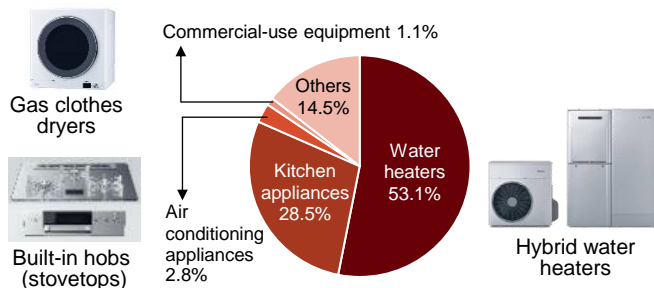


# Japan Fiscal 2025 Results

## ■ Segment companies

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

## ■ Net sales by product (Fiscal 2025 results)



## ■ Segment results

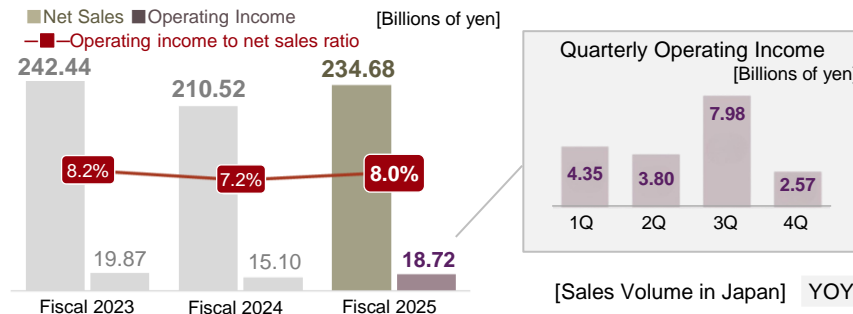
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	192.35	203.73	+5.9%
Operating Income	17.96	22.30	+24.2%
Operating income to net sales ratio	9.3%	11.0%	+1.7pt

## ■ Non-consolidated results of major company

### Rinnai (non-consolidated basis)

- Overall market conditions normalized over the full year despite ongoing gradual decline in new housing starts
- Significant growth in sales of hybrid water heaters boosted by government subsidies for high-efficiency water heaters
- Provided approx. ¥2.5 billion allowance for product warranties related to free inspections of bathroom heater/dryers

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



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	210.52	234.68	+11.5%
Operating Income	15.10	18.72	+24.0%
Operating income to net sales ratio	7.2%	8.0%	+0.8pt

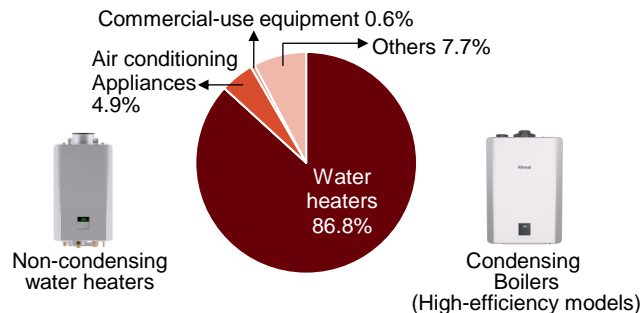
[Sales Volume in Japan]	YOY change
Water heater with heating systems	+3.4%
Hybrid water heaters	+39.4%
Built-in hobs (stovetops)	-4.3%
Gas clothes dryers	+16.0%

# United States Fiscal 2025 Results

## ■ Segment companies

Rinnai America

## ■ Net sales by product (Fiscal 2025 results)



## ■ Segment results

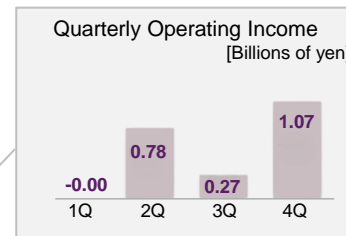
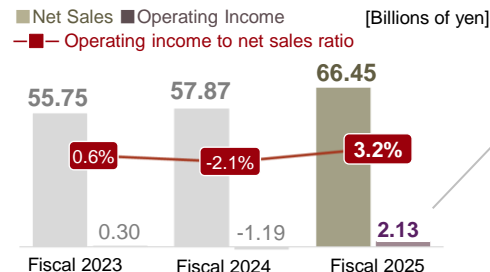
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	57.87	66.45	+14.8%
Operating Income	-1.19	2.13	-
Operating income to net sales ratio	-2.1%	3.2%	+5.3pt

## ■ Non-consolidated results of major company

### Rinnai America

- Benefited from expansion in the tankless water heater market due to growing concern of energy efficiency despite sluggish consumer sentiment
- Increase in sales backed by strong sales of new condensing water heaters and boilers
- Higher sales plus increased local production led to improved factory operating efficiency, resulting in ¥3.32 billion increase in operating income

### Rinnai America, Fiscal 2025 Results



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	57.87	66.45	+14.8%	+6.6%
Operating Income	-1.19	2.13	-	-
Operating income to net sales ratio	-2.1%	3.2%	-	-

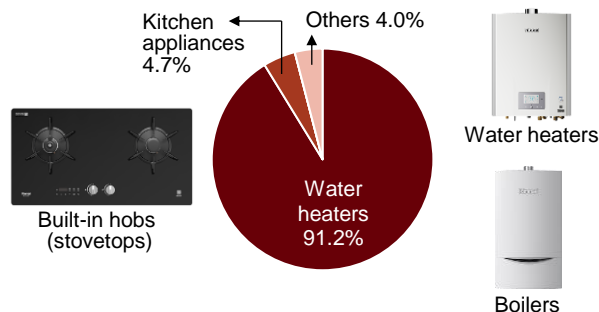
[Sales Volume]	YOY change
Tankless water heaters	+7.0%
Condensing water heaters of total (High-efficiency models)	+25.7%

# China Fiscal 2025 Results

## ■ Segment companies

Shanghai Rinnai, Guangzhou Rinnai,  
Rinnai Hong Kong

## ■ Net sales by product (Fiscal 2025 results)



## ■ Segment results

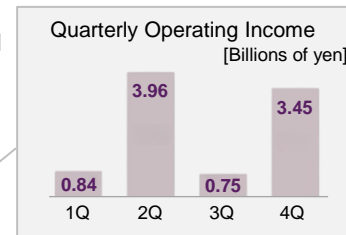
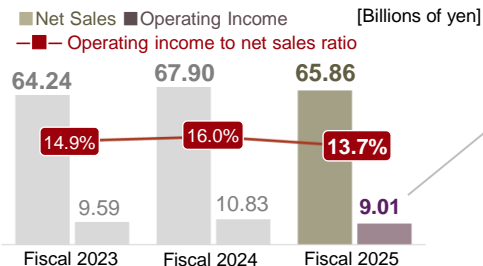
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	71.88	68.59	-4.6%
Operating Income	12.14	10.09	-16.9%
Operating income to net sales ratio	16.9%	14.7%	-2.2pt

## ■ Non-consolidated results of major company

### Shanghai Rinnai

- Consumer sentiment weakened in the second half due to economic slowdown, resulting in high distribution inventory levels
- Despite positive impact of subsidies, sales through distributors and retailers struggled, while e-commerce channels remained firm
- Management efforts—including production adjustments, cost reductions, and a higher PF2.0 sales ratio—curbed the profit decline

### Shanghai Rinnai, Fiscal 2025 Results



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	67.90	65.86	-3.0%	-8.7%
Operating Income	10.83	9.01	-16.8%	-21.6%
Operating income to net sales ratio	16.0%	13.7%	-2.3pt	

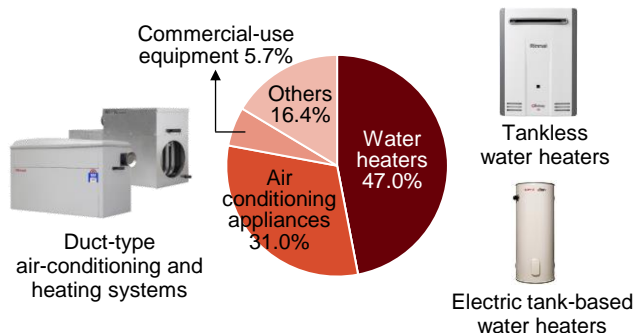
[Sales Volume]	YOY change
Water heaters	-13.6%
Built-in hobs (stovetops)	-9.7%
Range hoods	-11.8%
Boilers	+6.6%

# Australia Fiscal 2025 Results

## ■ Segment companies

Rinnai Australia

## ■ Net sales by product (Fiscal 2025 results)



## ■ Segment results

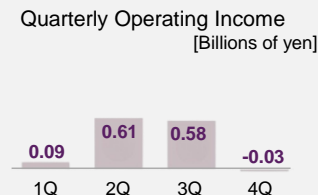
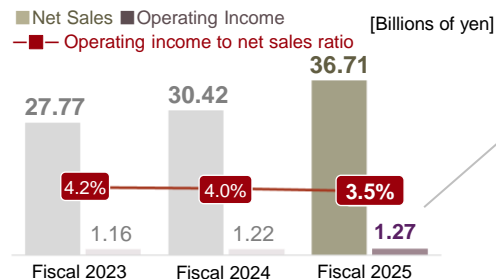
[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	30.33	36.60	+20.7%
Operating Income	1.24	1.11	-10.2%
Operating income to net sales ratio	4.1%	3.1%	-1.0pt

## ■ Non-consolidated results of major company

### Rinnai Australia

- Government-led electrification policies caused gas appliance market to contract despite signs of recovery in the housing market
- Sales of core tankless water heaters remained flat, but revenue growth benefited from acquisition aligned with electrification trend
- Rising share of electric products led to decline in profit margin

### Rinnai Australia, Fiscal 2025 Results



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	30.42	36.71	+20.7%	+12.7%
Operating Income	1.22	1.27	+3.9%	-2.9%
Operating income to net sales ratio	4.0%	3.5%	-0.5pt	

[Sales Volume]	YOY change
Tankless water heaters	+0.5%
Electric tank-based water heaters	-1.9%
Duct-type air-conditioning and heating systems	-8.3%

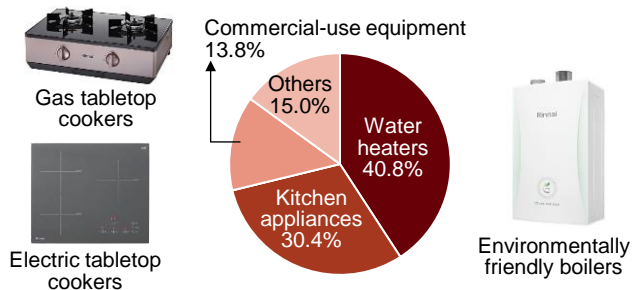
# South Korea Fiscal 2025 Results

\*From January to December 2024

## ■ Segment companies

Rinnai Korea, RB Korea

## ■ Net sales by product (Fiscal 2025 results)



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	31.87	34.71	+8.9%
Operating Income	0.01	0.93	-
Operating income to net sales ratio	0.1%	2.7%	+2.6pt

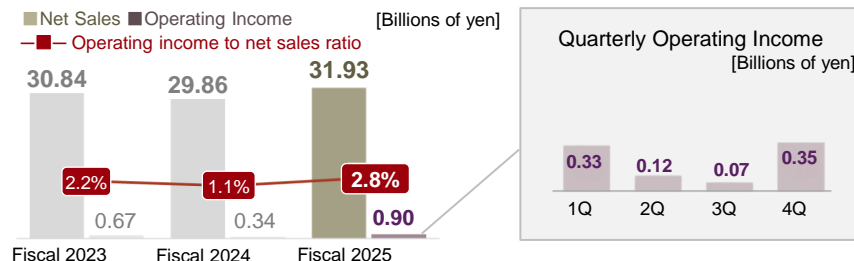
## ■ Non-consolidated results of major company

### Rinnai Korea

※UFB Ultrafine Bubble

- Our core boiler market contracted and faced ongoing price competition
- Sales of kitchen appliances increased thanks to expansion of sales territory
- Promoted newly launched boiler equipped with UFB\*—including through TV commercials—to deliver income growth

### Rinnai Korea, Fiscal 2025 Results



[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change	
			Yen	Local currency
Net Sales	29.86	31.93	+6.9%	+3.7%
Operating Income	0.34	0.90	+164.0%	+155.9%
Operating income to net sales ratio	1.1%	2.8%	+1.7pt	

[Sales Volume]	YOY change
Boilers	-13.9%
Gas tabletop cookers	+41.3%
Electric tabletop cookers	+11.4%

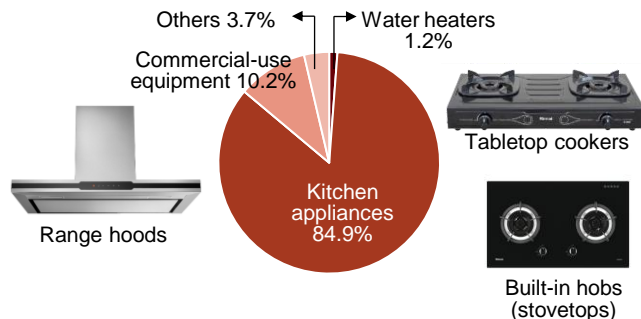
# Indonesia Fiscal 2025 Results

\*From January to December 2024

## ■ Segment companies

P.T. Rinnai Indonesia

## ■ Net sales by product (Fiscal 2025 results)



## ■ Segment results

[Billions of Yen]	Fiscal 2024	Fiscal 2025	YOY change
Net Sales	14.91	17.01	+14.1%
Operating Income	2.74	3.84	+39.9%
Operating income to net sales ratio	18.4%	22.6%	+4.2pt

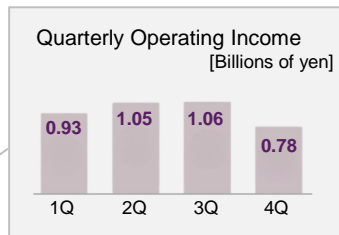
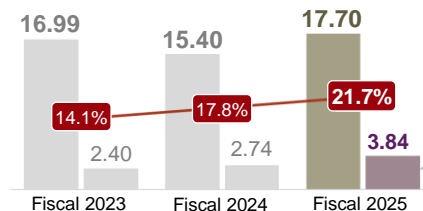
## ■ Non-consolidated results of major company

P.T. Rinnai Indonesia

- Consumer sentiment remained weak due to rising prices and energy costs
- Sales of table-top gas stoves, where we boast a high market share, remained steady
- Improved product mix in addition to price revisions led to significant increase in income

## P.T. Rinnai Indonesia, Fiscal 2025 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	15.40	17.70	+14.9%	+11.0%
Operating Income	2.74	3.84	+40.0%	+35.1%
Operating income to net sales ratio	17.8%	21.7%	+3.9pt	

[Sales Volume]	YOY change
Tabletop cookers	+3.2%
Built-in hobs (stove tops)	+17.2%
Range hoods	+13.6%

1. Fiscal 2025 Results

2. Fiscal 2026 Outlook

3. Review of Medium-Term Business Plan (New ERA 2025) and Pathway to New Plan

# Fiscal 2026: Consolidated Sales/Income Plan

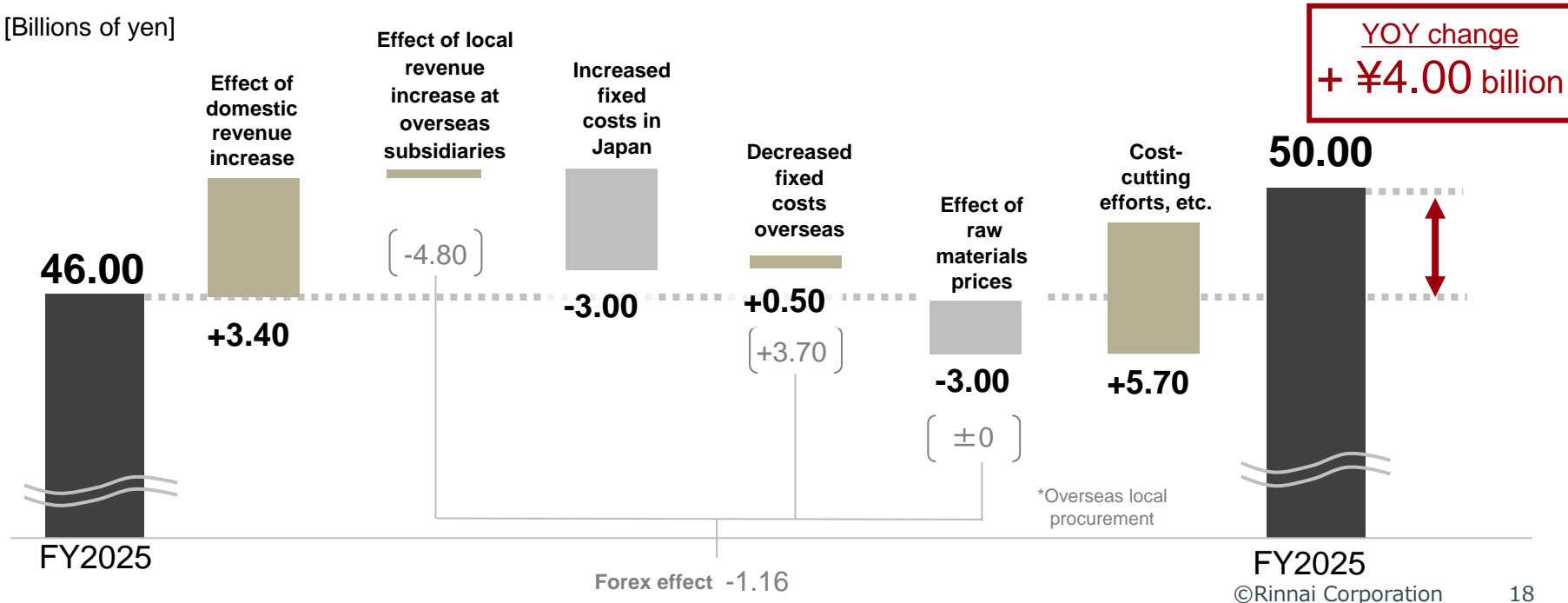
[Billions of yen]	Fiscal 2025 actual	Fiscal 2026 plan	Comparison to fiscal 2025	
			Amount	% change
Net Sales	<b>460.3</b>	<b>470.0</b>	<b>+9.7</b>	<b>+2.1%</b>
Domestic	195.8	202.0	+6.2	+3.2%
Overseas	264.4	268.0	+3.6	+1.3%
Overseas ratio	57.4%	57.0%	-0.5pt	-
Operating income	<b>46.0</b>	<b>50.0</b>	<b>+4.0</b>	<b>+8.7%</b>
Operating margin	10.0%	10.6%	+0.6pt	-
ROE	<b>7.5%</b>	<b>8.0%</b>	<b>+0.5pt</b>	-
ROIC	<b>11.1%</b>	<b>12.0%</b>	<b>+0.9pt</b>	-

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

# Fiscal 2025: Consolidated Operating Income Plan

- Rising raw material costs and assumption of strong yen led to negative impact on profits
- Aim to achieve targets of Medium-Term Business Plan through price revision effect and sales expansion of high-value-added products

[Billions of yen]



# Rinnai (non-consolidated basis), Fiscal 2026 Plan

- Demand for energy-efficient and high-value-added products is expected to remain firm despite weak consumer sentiment
- We will promote further sales expansion of key products that reflect consumer needs
- We plan to increase profit by reducing costs despite expected increases in logistics and raw material costs



Built-in hobs (stovetops)



Hybrid water heaters



Gas clothes dryers



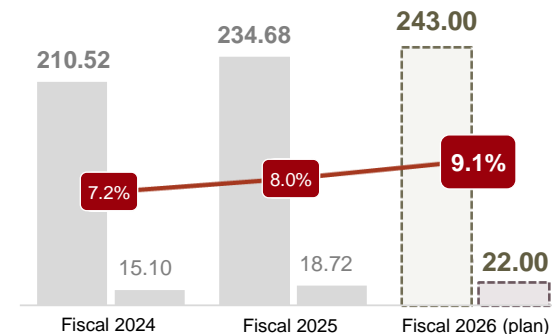
Dishwasher/dryers

[Billions of Yen]

	Fiscal 2025 actual	Fiscal 2026 plan	YOY change
Net Sales	234.68	243.00	+3.5%
Operating Income	18.72	22.00	+17.5%
Operating income to net sales ratio	8.0%	9.1%	+1.1pt

## Rinnai (non-consolidated basis), Fiscal 2026 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	+2.9%
Hybrid water heaters	+37.9%
Built-in hobs (stovetops)	+1.1%
Gas clothes dryers	+10.3%

# Rinnai America, Fiscal 2026 Plan

\*From January to December 2025

\* Impact of tariffs on business performance is not included in the plan, because the impact is unclear as of today. Price revision planned when implementing measures

- Amid uncertainty about trade policies (including tariffs), we expect growing environmental awareness and regulations to drive growth in high-efficiency tankless water heater market
- While actively promoting sales, we plan to improve profit margins by further enhancing production efficiency at local factories



Non-condensing gas water heaters



Condensing gas water heaters (High-efficiency models)

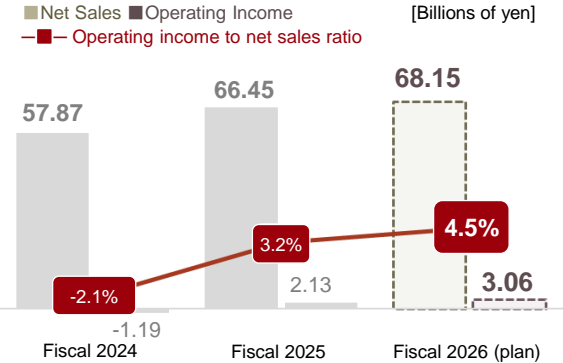


Condensing gas boilers

[Billions of Yen]

	Fiscal 2025 actual	Fiscal 2026 plan	YOY change	
			Yen	Local currency
Net Sales	66.45	68.15	+2.5%	+7.1%
Operating Income	2.13	3.06	+44.0%	+50.4%
Operating income to net sales ratio	3.2%	4.5%	+1.3pt	

## Rinnai America, Fiscal 2026 Plan



[Sales Volume Plan]

	YOY Change
Tankless gas water heaters	+2.8%
Condensing water heaters of total (High-efficiency models)	+8.1%

# Shanghai Rinnai, Fiscal 2026 Plan

- While the market outlook remains pessimistic, we will take advantage of government subsidies for high-efficiency products to increase the sales ratio for our core PF2.0 water heaters
- We aim to enhance brand recognition of our kitchen appliances through new products tailored to market needs (high-output burners and high-airflow ventilation systems)



Water heaters



Built-in hobs (stovetops)



Range hoods



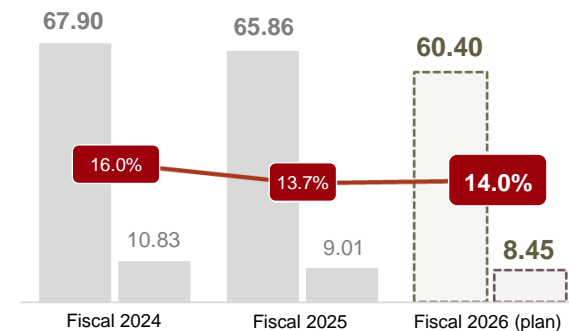
Boilers

[Billions of Yen]

	Fiscal 2025 actual	Fiscal 2026 plan	YOY change	
			Yen	Local currency
Net Sales	65.86	60.40	-8.3%	-4.2%
Operating Income	9.01	8.45	-6.2%	-2.1%
Operating income to net sales ratio	13.7%	14.0%	+0.3pt	

## Shanghai Rinnai, Fiscal 2026 Plan

■ Net Sales ■ Operating Income [Billions of yen]  
 — Operating income to net sales ratio



[Sales Volume Plan]

YOY Change

Water heaters	-7.7%
Built-in hobs (stovetops)	+40.6%
Range hoods	+18.1%
Boilers	-12.0%

# Major Overseas Subsidiaries: Fiscal 2026 Outlook

[Billions of Yen]		Fiscal 2025 actual	Fiscal 2026 plan	YOY change		Sales Volume Plan (YOY change)	
				Yen	Local currency		
Rinnai Australia	Net Sales	36.71	38.26	+4.2%	+8.8%	Tankless water heaters	-9.9%
	Operating Income	1.27	2.10	+65.4%	+72.7%	Electric tank-based water heaters	-2.1%
	Operating Margin	3.5%	5.5%	+2.0pt		Heat pump water heaters	+17.4%
Rinnai Korea	Net Sales	31.93	34.11	+6.8%	+11.5%	Boilers	+35.3%
	Operating Income	0.90	1.38	+54.3%	+61.1%	Gas tabletop cookers	-11.5%
	Operating Margin	2.8%	4.1%	+1.3pt		Electric tabletop cookers	+30.9%
P.T. Rinnai Indonesia	Net Sales	17.70	18.36	+3.7%	+8.4%	Tabletop cookers	+2.1%
	Operating Income	3.84	4.29	+11.6%	+16.6%	Built-in hobs (stovetops)	+16.2%
	Operating Margin	21.7%	23.4%	+1.7pt		Range hoods	+33.2%

# Capital Investments and R&D

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

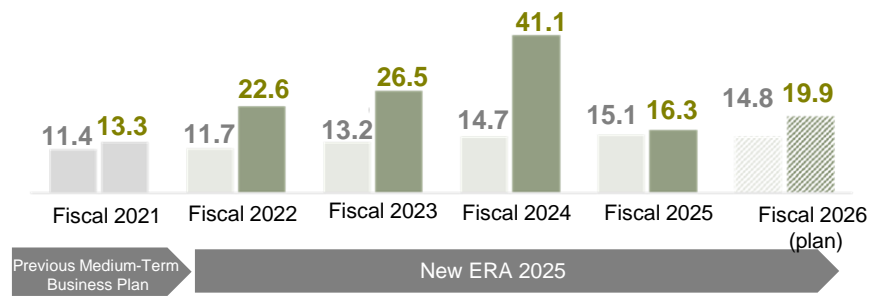
[Billions of yen]	Fiscal 2025 actual	Fiscal 2026 plan	YOY change
Capital investment	16.3	19.9	+3.6
Depreciation	15.1	14.8	-0.2
R&D expenditure	14.9	16.8	+1.8

## Main capital investment plan in Fiscal 2026

- ▶ Japan: Investments in new areas
- ▶ Overseas: Integration of head office, factory, and warehouse functions in Australia

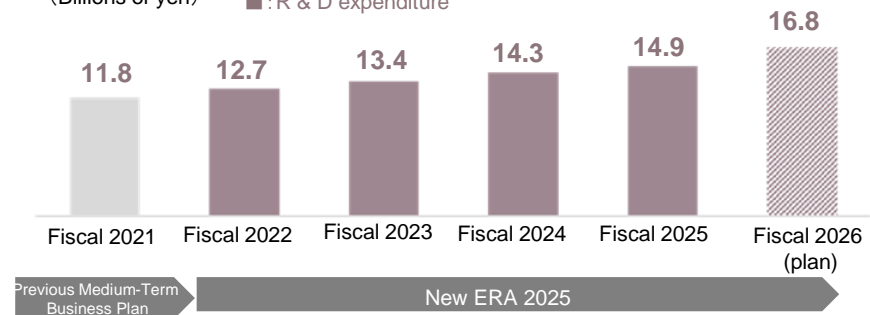
## Capital investment and Depreciation

(Billions of yen) ■ : Capital investments ■ : Depreciation



## R&D Expenditure

(Billions of yen) ■ : R & D expenditure



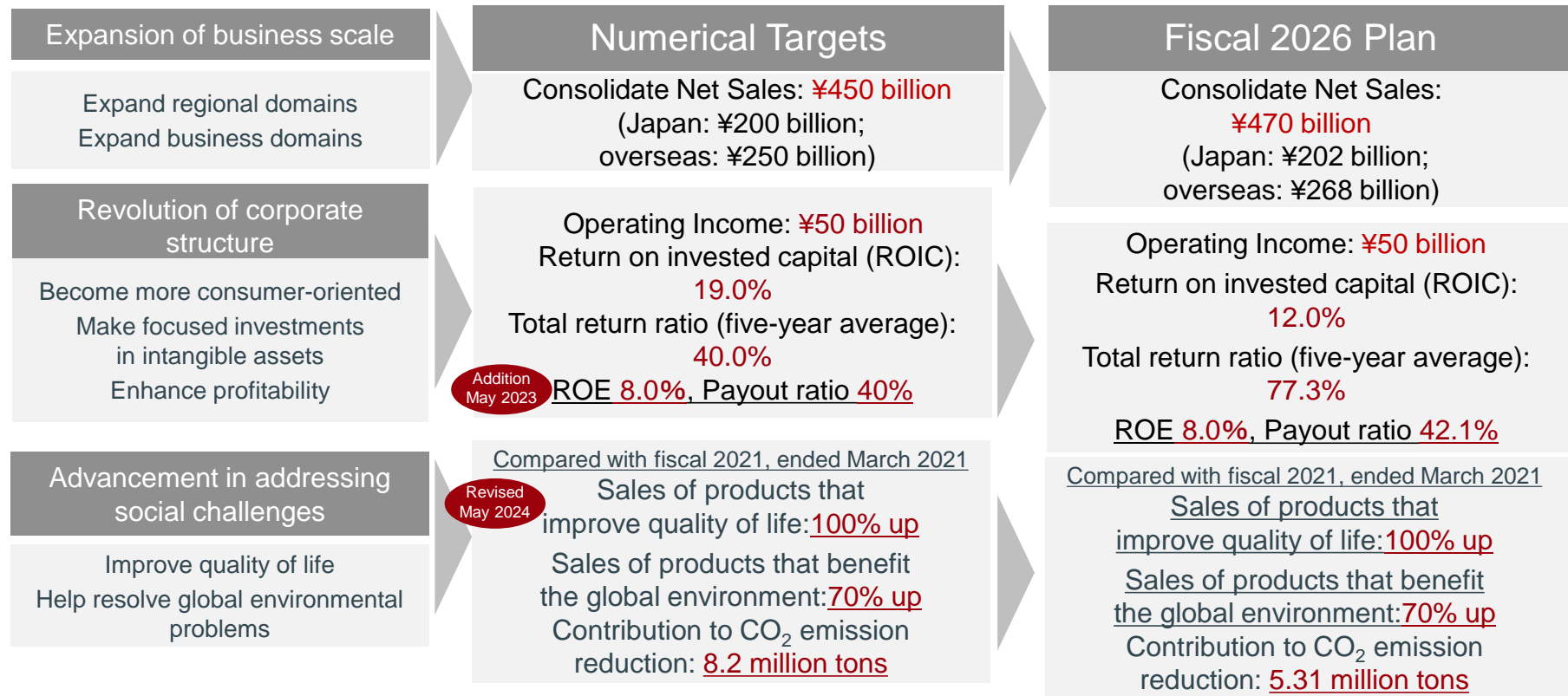
1. Fiscal 2025 Results

2. Fiscal 2026 Outlook

3. Review of Medium-Term Business Plan (New ERA 2025) and Pathway to New Plan

# Review of Medium-Term Business Plan (New ERA 2025) and Pathway to New Plan and Fiscal 2026 Plan

\* Underlined: addition and revised



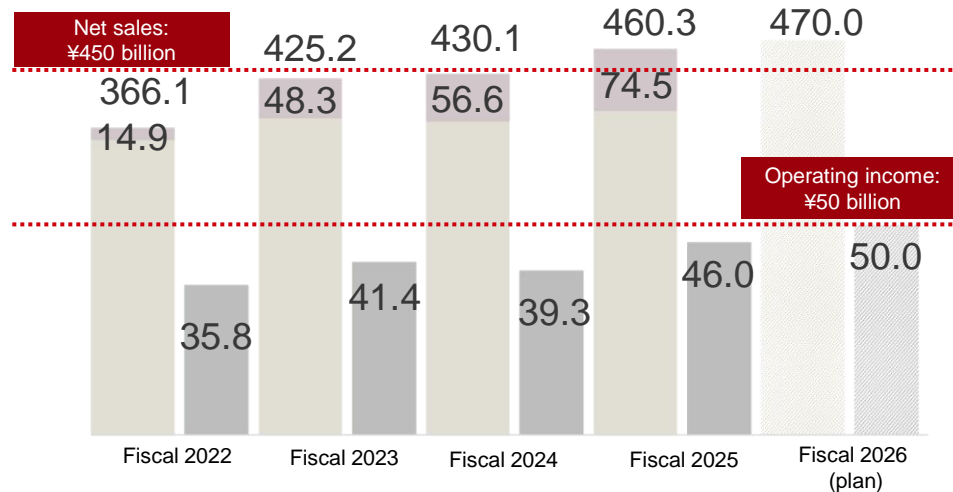
# Progress of Medium-Term Business Plan (Net Sales and Operating Income)

- Net sales: Achieved target one year ahead of schedule supported in part by forex impact; aiming for even better results in final year
- Operating income: Disruptions in supply-demand balance due to COVID-19 led to profit volatility, but we aim to achieve medium-term plan target in final year

## Net sales and operating income

■ : Net sales ■ : Forex impact ■ : Operating income [Billions of yen]

\*Difference from figures based on exchange rate at time of plan's formulation



## Main market changes affecting our business

- Changes in business environment due to COVID-19
  - Supply shortages caused by supply chain disruptions
    - Higher inventory levels (to ensure supply of essential goods)
    - Shifts in consumer behavior, including increased stay-at-home demand
- Housing market slowdown due to rising interest rates
- Growing focus on carbon neutrality
  - Stronger emphasis on energy efficiency driving growth in high-value-added products
  - Electrification policies in some countries leading to contraction of gas appliance market
- Soaring raw material and energy costs
  - Reduce costs
  - Implement price revisions
- Sharp currency fluctuations

# Outlook for Fiscal 2026 Onward and Direction of Initiatives

- Three key markets drive Group performance responding to each market trends

## Japan

Business  
Environment

- Gradual declines in population and number of households  
⇒ Market expected to contract
- Carbon neutrality efforts under way and surging energy prices  
⇒ Energy efficiency awareness expected to increase

## United States

- Gradual increases in population and number of households
- Moving toward carbon neutrality, but energy policies vary by state
- Energy efficiency awareness expected to grow
- Trade policy remains uncertain

## China

- Market stagnation expected to continue
- Consumer income levels projected to rise  
⇒ Customer base for our products expected to expand

Our  
Initiatives

- Growing demand for improved living standards  
⇒ Further increase sales of key products
- Enhance manufacturing capabilities and expand globally
- Expand into electric products through technology integration

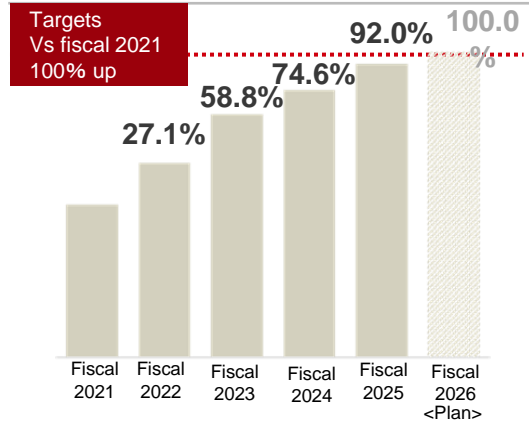
- Maximize advantages of local production (supported by Japan) to further enhance manufacturing capabilities (including increase local procurement ratio)
- Increase number of electrical products to expand sales

- Utilize new factory to improve productivity and reduce costs
- Leverage e-commerce channel to expand sales territory
- Leverage equipped with automatic temperature control (technology cultivated in Japan) to tap market

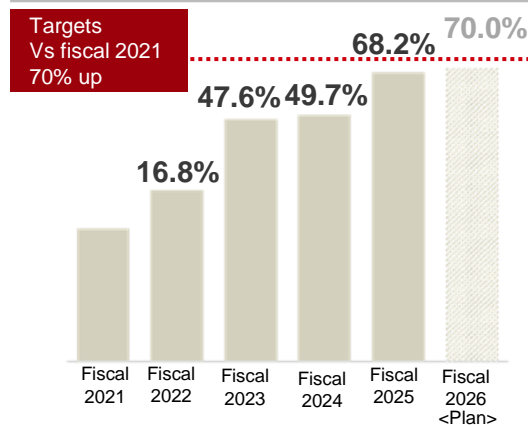
# Progress of Medium-Term Business Plan (Advancement in Addressing Social Challenges)

- Sales of products that help improve quality of life and benefit the environment are progressing steadily
- CO<sub>2</sub> reduction contribution volume slowed significantly due to decline in water heater sales in China (key contributing market) and is expected to fall short of target

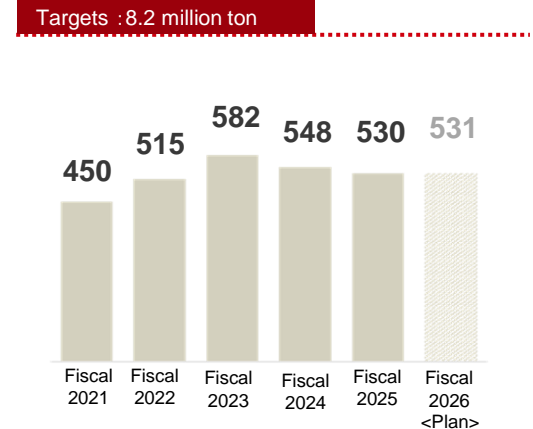
Sales of products that improve quality of life



Sales of products that benefit the global environment



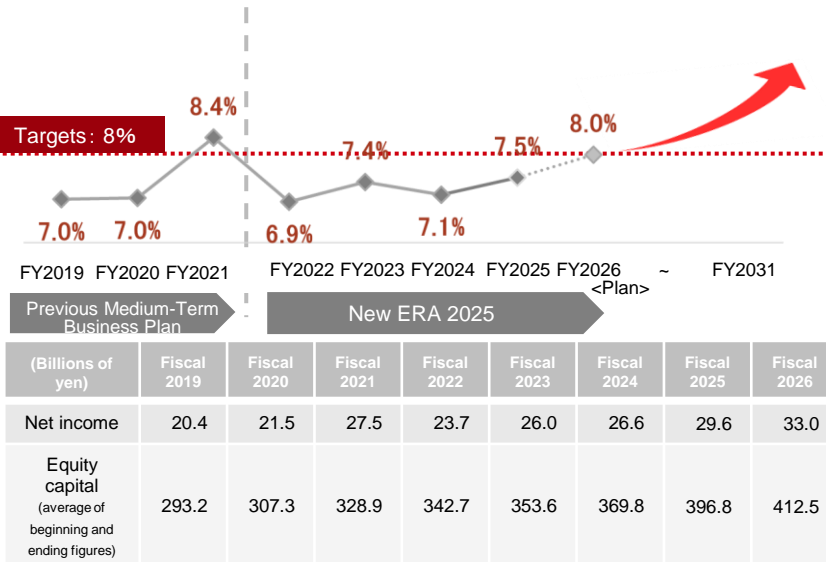
Contribution to CO<sub>2</sub> emission reduction



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

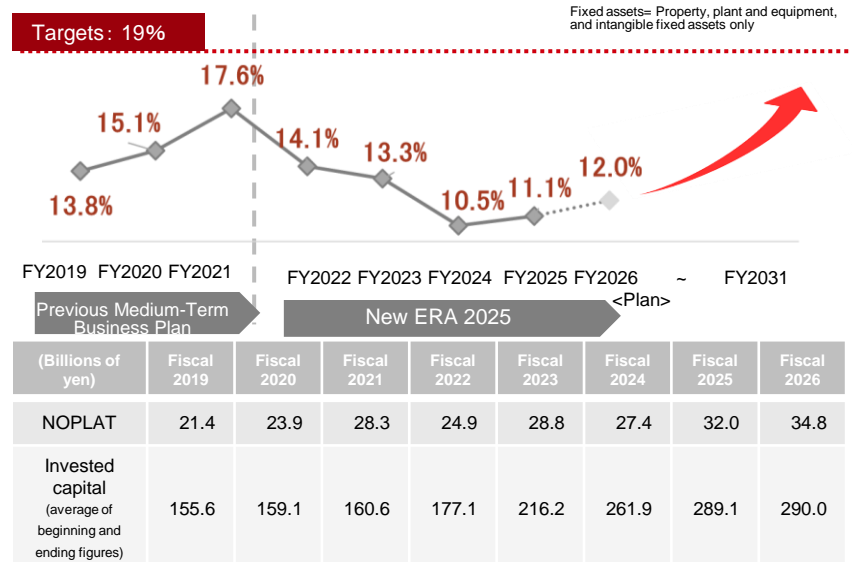
- Capital efficiency remains below target
- Working to improve capital efficiency through continued profit growth and more effective capital management

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



ROIC = NOPLAT<sup>\*1</sup> ÷ Invested capital (average of beginning and ending figures)<sup>\*2</sup>

**ROIC** <sup>\*1</sup> NOPLAT = Operating income × (1 - Effective tax rate)  
<sup>\*2</sup> Invested capital = \*Accounts receivable + Inventories + Fixed assets - Accounts payable



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

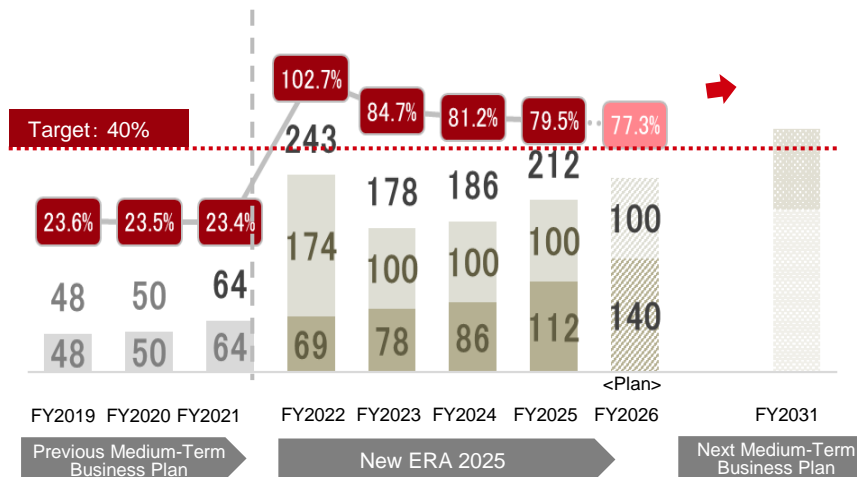
- Fiscal 2026: Significantly raise level of shareholder returns to ensure ROE reaches at least 8%
- Going forward: Continue improving capital efficiency while maintaining stable dividends

Five-year total shareholder return: ¥106 billion (includes planned returned)

## Total return ratio (average)

(100 millions of yen)

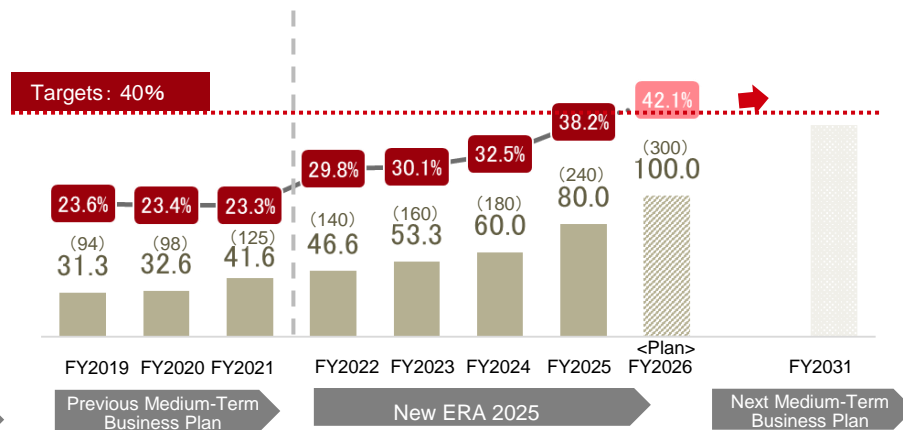
■ : Dividends ■ : Share buyback ■ : Total return ratio  
(Average years passed during Medium-Term Management Plan)



## Dividends per share, Payout ratio

(Yen)

■ : Dividends per share ■ : Payout ratio  
Figures in parentheses are before stock split



# Capital policy direction from Fiscal 2026

-To improve capital efficiency, we will (1) Swiftly recover investments and (2) Effectively control equity capital and invested capital

[Numerator]	Profit			[Capital investment highlights] United States: Griffin Factory China: Fengxian No. 2 Factory Japan: Kasugai Logistics Center; purchase of land and buildings in Minami-Aoyama [M&A highlights] Australia, Mexico, Costa Rica	
	Maximize profit through swift investment recovery (Examples) Essential investments: Generate global synergies (eliminate waste) Growth investments: Accelerate returns through proactive allocation of human capital to new business domains				
[Denominator]	R O E	Equity capital	R O I C	Inventories	Fixed assets
		Promote appropriate controls with focus on capital efficiency		Optimize production system to reduce BCP inventory levels	Focus on capital efficiency Disciplined investment execution
		Examples: Shareholder returns, debt leveraging Credit rating obtained: A+		Example: Production relocation	

# Capital policy direction from Fiscal 2026

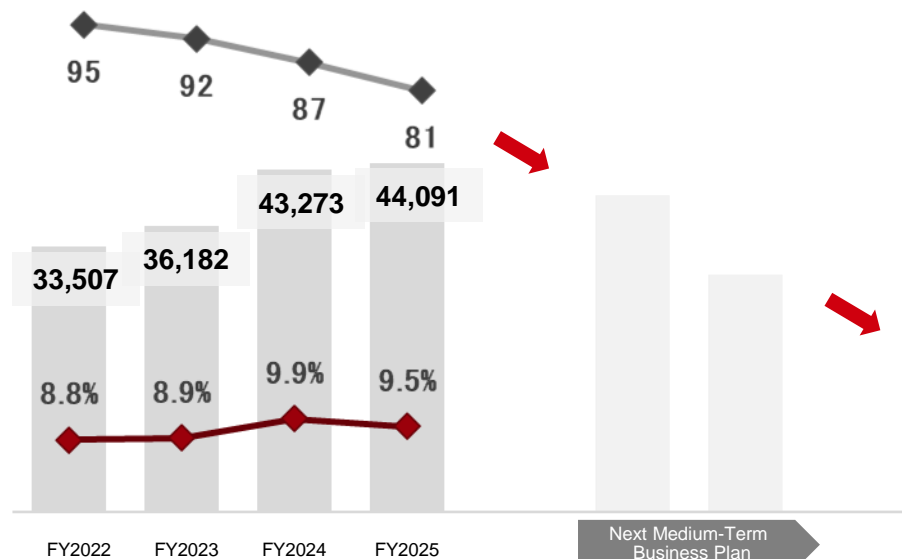
- Accelerate strategic shareholdings reduction, and secure liquidity on hand
- Respond to flexible capital needs through growth investments and share buyback

## Promote reduction of strategic shareholdings

-◆- : Number of issues    ■ : Balance sheet amount (Millions of yen)

-◆- : Percentage of net assets

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025
Number of issues	95	92	87	81
Balance sheet amount (Millions of yen)	33,507	36,182	43,273	44,091
Percentage of net assets	8.8%	8.9%	9.9%	9.5%
Number of issues with a decrease in number of shares	6	3	6	9
Sales price (Millions of yen)	132	52	94	1,873



- Despite reduction, balance sheet amount increased due to stock price rise
- Focus on capital efficiency, formulate plan to gradually reduce in the period of next medium-term management plan

