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Consolidated Financial Results for the Three Months Ended June 30, 2025 (Under Japanese GAAP)

(April 1–June 30, 2025)

August 6, 2025

Listed Company Name: Rinnai Corporation

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

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

Representative: Hiroyasu Naito, President

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Anticipated date to begin distributing dividends: —

Supplemental information sheets of quarterly results: Yes

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

I. Performance in the First Quarter of the Fiscal Year Ending March 31, 2026

(April 1– June 30, 2025; amounts less than one million yen are omitted)

(1) Consolidated Operating Results

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

(¥ millions; %)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent company
First Quarter to June 2025	¥102,749 [+4.6%]	¥9,697 [+11.2%]	¥10,679 [-1.9%]	¥6,622 [-2.9%]
First Quarter to June 2024	98,185 [+9.3%]	8,717 [+180.0%]	10,889 [+84.7%]	6,817 [+107.3%]

Notes: Comprehensive income: First quarter of the year ending March 31, 2026; ¥(1,939) million [—%]

First quarter of the year ended March 31, 2025; ¥15,102 million [+91.8%]

(¥)

	Net Income per Share	Fully Diluted Net Income per Share
First Quarter to June 2025	¥47.15	—
First Quarter to June 2024	47.71	—

(2) Consolidated Financial Position

(¥ millions; %)

	Total Assets	Net Assets	Equity Ratio (%)
June 30, 2025	¥574,593	¥443,757	69.1%
March 31, 2025	606,586	461,718	66.9

(Reference) Equity capital: First quarter of the year ending March 31, 2026: ¥396,866 million

Year ended March 31, 2025: ¥405,846 million

II. Dividends

	Dividend per Share				
	1st Quarter (¥)	Interim (¥)	3rd Quarter (¥)	Fiscal Year-End (¥)	Full Year (¥)
Fiscal 2025	—	¥40.00	—	¥40.00	¥ 80.00
Fiscal 2026	—				
Fiscal 2026 (anticipated)		50.00	—	50.00	100.00

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

III. Forecast for the Fiscal Year Ending March 31, 2026 (Consolidated)

(April 1, 2025, to March 31, 2026)

(¥ millions/%)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of the parent company	Net Income per Share (¥)
First half	¥216,400 [+2.0%]	¥21,300 [+1.4%]	¥22,800 [+2.1%]	¥14,000 [+14.3%]	¥ 99.85
Full year	470,000 [+2.1]	50,000 [+8.7]	53,500 [+6.3]	33,000 [+11.1]	237.37

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

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

2. As its meeting held on May 9, 2025, the Board of Directors resolved to undertake a share buyback.

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

* Notes

(1) Changes in scope of consolidation of major subsidiaries during the period: None

Newly included — (Company name: —): Excluded — (Company name: —)

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

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

(a) Changes due to revision of accounting standard: None

(b) Other changes than (a): None

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

(d) Retrospective restatement: None

(4) Number of Outstanding Shares (Common Stock)

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

June 30, 2025: 143,888,571 shares

March 31, 2025: 143,888,571 shares

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

June 30, 2025: 4,054,355 shares

March 31, 2025: 3,248,983 shares

(c) Average number of shares during the term

First quarter of the fiscal year ending March 2026: 140,455,431 shares

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

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

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

Performance forecasts contained in this document are based on information currently available and certain judgments deemed by the Corporation to be reasonable. No intent is implied of promise by the Corporation to achieve such forward-looking statements.

Actual results may differ significantly from such forecasts due to various factors. For more information, please refer to "1. Consolidated Performance, (3) Consolidated Performance Forecasts" on page 5 of this report.

Supplemental information sheets of quarterly results:

Please refer to Supplemental information sheets of quarterly results, which will be posted on the Corporation's website on Wednesday, August 6, 2025.

1. Consolidated Performance

(1) Operating Results

In the first quarter under review, the world economy remained uncertain due to ongoing global inflation, shifts in monetary policy, trade measures and other U.S. policy developments, prolonged stagnation of the Chinese economy amid real estate troubles and other issues, and rising geopolitical risks. The domestic economy also faced uncertainty due to soaring raw material and energy costs, rising prices due to wage increases, and the depreciation of the yen.

In the domestic housing industry, we expect demand to continue declining moderately despite temporary changes in new housing starts stemming from revisions to relevant laws and regulations. However, demand for renovations continued to recover.

Under these circumstances, the Rinnai Group entered the final year of its medium-term business plan, New ERA 2025. Under the plan, we are pursuing three key strategies: “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 achieving sustainable and stable long-term growth.

In the period under review, while our performance varied in major countries, we posted record-high consolidated net sales driven by strong demand for high-value-added products amid growing awareness about energy efficiency. On the earnings side, we reported a year-on-year increase in operating income thanks to price revisions and cost-reduction efforts. This was despite rising costs, particularly of raw materials and energy, stemming from global inflation.

As a result, consolidated net sales amounted to ¥102,749 million, up 4.6% year on year. Operating income rose 11.2%, to ¥9,697 million, and ordinary income slipped 1.9%.

to ¥10,679 million. Net income attributable to owners of the parent company declined 2.9%, to ¥6,622 million.

Our results by geographical segment were as follows:

Japan

Despite a significant decline in new housing starts due to the reactionary effects of regulatory revisions, sales of key products, such as our highly distinctive hybrid water heaters, gas clothes dryers, and air bubble offerings, remained strong, continuing the trend from the previous fiscal year. As a result, net sales in Japan increased 4.1% year on year, to **¥45,961 million**. Due to rising energy prices and other costs, however, operating income declined 4.9%, to **¥4,691 million**.

United States

Although consumer sentiment in the housing appliance market remained subdued due to persistently high interest rates, sales of our core product—a condensing water heater launched at the beginning of the previous fiscal year—remained strong. As a result, sales in the United States increased 10.6%, to ¥17,332 million. Supported by proactive ongoing sales initiatives and an improved product mix, operating income rose to ¥509 million, from ¥45 million in the previous corresponding period.

Australia

Amid continued contraction of the gas appliance market due to government electrification policies, sales of heat pumps and other electric appliances showed strong growth. In addition, demand for air conditioning equipment increased due to extreme heat, contributing to a strong overall sales performance. As a result, sales in Australia jumped 28.0% year on year, to ¥9,276 million, and operating income surged 34.6%, to ¥142 million.

China

Despite the positive effect of government subsidies, revenue declined due to a downturn in consumer sentiment caused by economic factors. As a result, sales in China fell 14.9% year on year, to ¥8,695 million. Despite the impact of lower sales, we posted operating income of ¥1,181 million, down just 1.1% year on year, thanks to rigorous cost controls and a higher sales ratio of mainstay PF2.0 water heaters, which have built-in cost efficiency.

South Korea

In South Korea, while our core boiler market faced persistent price competition due to deteriorating economic sentiment, our proactive sales promotion efforts led to an increase in boiler sales. In the kitchen appliance segment, we improved our product mix despite a decline in sales volume stemming from increased competition. As a result, sales in South Korea rose 4.0%, to ¥8,988 million, and operating income jumped 44.3%, to ¥457 million.

Indonesia

Although the local economy slowed sharply due to reductions in public investment by the government, which impacted sales of our core tabletop stoves, sales of built-in hobs (stovetops) and other high-value-added products increased. As a result, sales in Indonesia edged up 0.5% year on year, to ¥4,333 million, and operating income rose 0.8%, to ¥944 million.

(For references 1)

Sales Composition by Business Segment

(¥ millions; %)

	First Quarter to June 30, 2024		First Quarter to June 30, 2025		Change		Year to March 31, 2025	
	Amount	% of total	Amount	% of total	Amount	%	Amount	% of total
Water heaters	¥57,735	58.8%	¥ 60,605	59.0%	¥2,869	5.0%	¥277,731	60.3%
Kitchen appliances	22,387	22.8	21,957	21.4	(429)	(1.9)	96,266	20.9
Air conditioning appliances	3,818	3.9	4,307	4.2	488	12.8	22,010	4.8
Commercial-use equipment	2,725	2.8	2,330	2.3	(394)	(14.5)	11,738	2.5
Others	11,517	11.7	13,549	13.2	2,031	17.6	52,572	11.4
Total	¥98,185	100.0%	¥102,749	100.0%	¥4,564	4.6%	¥460,319	100.0%

(For references 2)

Overseas Sales

(¥ millions; %)

	First Quarter to June 30, 2024			First Quarter to June 30, 2025		
	Asia	Others	Total	Asia	Others	Total
I. Overseas sales	¥29,219	¥27,158	¥56,378	¥27,571	¥30,798	¥ 58,369
II. Consolidated net sales	—	—	98,185	—	—	102,749
III. Composition ratio of overseas sales to consolidated net sales	29.8%	27.7%	57.4%	26.8%	30.0%	56.8%

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

(2) Financial Position

As of June 30, 2025, Rinnai had total assets of ¥574,593 million, down ¥31,992 million from March 31, 2025. Total liabilities decreased ¥14,031 million, to ¥130,835 million. Net assets were down ¥17,960 million, to ¥443,757 million. The equity ratio at the end of the period was 69.1%.

(3) Consolidated Performance Forecasts

Rinnai has not changed its forecasts for the first two-quarter period ending September 30, 2025 or the full-year period ending March 31, 2026. (Those forecasts were released on May 9, 2025.)

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(¥ millions)

	At March 31, 2025 (Fiscal 2025)	At June 30, 2025 (First Quarter of Fiscal 2026)
ASSETS:		
Current assets		
Cash and deposits	¥170,846	¥159,383
Notes and accounts receivable, and contract assets	93,914	80,124
Electronically recorded monetary claims	12,886	11,478
Marketable securities	5,967	7,583
Products	41,526	39,193
Raw materials and stores	36,826	35,157
Other	6,902	8,740
Less allowance for doubtful accounts	(6,389)	(5,849)
Total current assets	362,482	335,812
Fixed assets		
Tangible fixed assets	152,293	148,331
Intangible fixed assets	7,791	7,160
Investments and advances		
Investments in securities	35,919	35,435
Other	48,133	47,885
Less allowance for doubtful accounts	(34)	(33)
Total investments and advances	84,019	83,288
Total fixed assets	244,103	238,780
Total assets	¥606,586	¥574,593

(¥ millions)

	At March 31, 2025 (Fiscal 2025)	At June 30, 2025 (First Quarter of Fiscal 2026)
LIABILITIES:		
Current liabilities		
Notes and accounts payable	¥ 32,897	¥ 22,017
Electronically recorded obligations	17,906	16,782
Accrued income taxes	7,011	4,342
Accrued employee's bonuses	6,653	3,226
Allowance for product guarantee	7,929	6,767
Other allowances	1,413	1,248
Other	34,793	41,238
Total current liabilities	108,605	95,624
Long-term liabilities		
Allowance environmental measures	2,255	2,255
Allowance related to antimonopoly law	1,065	1,085
Other allowances	73	83
Net defined benefit liabilities	8,313	7,963
Other	24,555	23,824
Total long-term liabilities	36,262	35,211
Total liabilities	144,867	130,835
NET ASSETS:		
Shareholders' equity:		
Common stock	6,484	6,484
Capital surplus	8,428	8,304
Earned surplus	352,932	353,929
Treasury stock	(10,851)	(13,747)
Total shareholders' equity	356,994	354,971
Other accumulated comprehensive income:		
Unrealized gain on marketable securities	8,438	9,139
Foreign exchange translation adjustment	29,357	21,950
Remeasurements of defined benefit plans	11,055	10,805
Total other accumulated comprehensive income	48,851	41,894
Non-controlling interests	55,872	46,891
Total net assets	461,718	443,757
Total liabilities and net assets	¥606,586	¥574,593

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

Consolidated Statements of Income

(¥ millions)

	First Quarter of Fiscal 2025 (From April 1 to June 30, 2024)	First Quarter of Fiscal 2026 (From April 1 to June 30, 2025)
Net sales	¥98,185	¥102,749
Cost of sales	65,491	67,402
Gross profit	32,694	35,347
Selling, general and administrative expenses	23,976	25,650
Operating income	8,717	9,697
Other income:		
Interest income	666	742
Dividends received	381	492
Foreign exchange income	939	—
Other	392	271
Total other income	2,379	1,507
Other expenses:		
Interest expenses	10	32
Foreign exchange loss	—	387
Loss on retirement of fixed assets	77	9
Depreciation	83	77
Other	36	16
Total other expenses	207	524
Ordinary income	10,889	10,679
Income before income taxes	10,889	10,679
Income taxes (current)	3,621	3,119
Income taxes (deferred)	(787)	(276)
Total income taxes	2,833	2,842
Net income	8,055	7,836
Net income attributable to non-controlling interests	1,237	1,214
Net income attributable to owners of the parent company	¥ 6,817	¥ 6,622

Consolidated Statements of Comprehensive Income

(¥ millions)

	First Quarter of Fiscal 2025 (From April 1 to June 30, 2024)	First Quarter of Fiscal 2026 (From April 1 to June 30, 2025)
Net income	¥ 8,055	¥ 7,836
Other comprehensive income		
Unrealized gain on marketable securities	500	703
Foreign exchange translation adjustment	6,894	(10,238)
Remeasurements of defined benefit plans	(348)	(241)
Total of other comprehensive income	7,046	(9,776)
Comprehensive income	15,102	(1,939)
Total comprehensive income attributable to:		
Owners of Rinnai Corporation	11,891	(335)
Non-controlling interest	3,210	(1,604)

(3) Notes to Quarterly Consolidated Financial Statements

Segment Information

1. First Quarter of the Fiscal Year Ended March 31, 2025 (From April 1 to June 30, 2024)

Sales and Income (Loss) by Reportable Segment

(¥ millions)

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

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

2. First Quarter of the Fiscal Year Ending March 31, 2026 (From April 1 to June 30, 2025)

Sales and Income (Loss) by Reportable Segment

(¥ millions)

	Reportable Segments							Others (Note 3)	Adjustments (Note 4)	Amounts in Consolidated Statements of Income (Note 5)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	¥45,961	¥17,332	¥9,276	¥8,695	¥8,988	¥4,333	¥ 94,587	¥8,161	¥ —	¥102,749
Intersegment sales	12,383	—	22	897	158	127	13,588	863	(14,452)	—
Total	58,344	17,332	9,299	9,592	9,146	4,460	108,176	9,025	(14,452)	102,749
Segment Income (loss)	4,691	509	142	1,181	457	944	7,927	1,193	576	9,697

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

Major Changes in Shareholders' Equity

Not applicable.

Assumptions for Going Concern

Not applicable.

Note on Quarterly Consolidated Statements of Cash Flows

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

	First Quarter of Fiscal 2025 (From April 1 to June 30, 2024)	First Quarter of Fiscal 2026 (From April 1 to June 30, 2025)
Depreciation	¥3,444 million	¥3,527 million