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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)

May 12, 2026

Listed Company Name: Rinnai Corporation

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

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

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Date of the General Meeting of Shareholders: June 26, 2026

Anticipated date to begin distributing dividends: June 29, 2026

Anticipated date for releasing annual securities report: June 25, 2026

Supplemental information sheets of financial results: Yes

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

1. Performance for the Year Ended March 31, 2026

(April 1, 2025 to March 31, 2026; Amounts less than one million yen are omitted)

(1) Consolidated Operating Results (Year ended March 31)

(Percentage figures in columns indicate increase or decrease from the previous term.)

(¥ millions)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net income Attributable to Owners of the Parent Company (% change)
Fiscal 2026	470,392 (+2.2)	50,531 (+9.8)	57,686 (+14.6)	36,160 (+21.8)
Fiscal 2025	460,319 (+7.0)	46,005 (+16.9)	50,323 (+9.2)	29,691 (+11.3)

Note: Comprehensive income:

Year ended March 31, 2026: ¥61,677 million (+26.6%)

Year ended March 31, 2025: ¥48,705 million (-5.7%)

	Net Income per Share (¥)	Fully Diluted Net Income per Share (¥)	Ratio of Net Income to Equity Capital (%)	Ratio of Ordinary Income to Total Assets (%)	Ratio of Operating Income to Net Sales (%)
Fiscal 2026	259.96	—	8.6	9.2	10.7
Fiscal 2025	209.66	—	7.5	8.5	10.0

References: Equity in earnings of companies accounted for using the equity method:

Year ended March 31, 2026: ¥— million Year ended March 31, 2025: ¥— million

(2) Consolidated Financial Position (at March 31)

(¥ millions)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
Fiscal 2026	649,569	494,124	67.3	3,166.84
Fiscal 2025	606,586	461,718	66.9	2,885.72

(Reference) Equity capital: Year ended March 31, 2026; ¥437,253 million

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

(3) Consolidated Cash Flows (Years ended March 31) (¥ millions)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Fiscal 2026	49,298	(30,905)	(21,931)	134,506
Fiscal 2025	57,502	(22,685)	(26,503)	136,300

2. Dividends

	Dividend per Share				
	1st Quarter (¥)	Interim (¥)	3rd Quarter (¥)	Fiscal Year- End (¥)	Full Year (¥)
Fiscal 2025	—	40.00	—	40.00	80.00
Fiscal 2026	—	50.00	—	50.00	100.00
Fiscal 2027 (anticipated)	—	53.00	—	53.00	106.00

	Total Dividends (Full Year) (¥ millions)	Consolidated Payout Ratio (%)	Consolidated Ratio of Dividends to Net Assets (%)
Fiscal 2025	11,270	38.2	2.9
Fiscal 2026	13,836	38.5	3.3
Fiscal 2027 (anticipated)		40.3	

3. Forecast for the Fiscal Year Ending March 31, 2027

(April 1, 2026, to March 31, 2027)

(¥ millions)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net income Attributable to Owners of the Parent Company (% change)	Net Income per Share (¥)
Two-quarter total	231,000(+6.7)	19,600(-13.8)	21,400(-15.3)	13,000(-18.3)	94.15
Full year	500,000 (+6.3)	50,500 (-0.1)	54,100 (-6.2)	36,300 (+0.4)	262.91

(Percentage figures in columns indicate increase or decrease from the previous term.)

Note: Due to the high degree of uncertainty surrounding the recent escalation of tensions in the Middle East, it is difficult to make a reasonable estimate at this time. Accordingly, our earnings forecasts do not factor in the potential impact of the Middle East situation. Any event deemed likely to have a material impact on our results will be disclosed promptly.

* Notes

- (1) Changes in scope of consolidation of major subsidiaries during the period: Yes
Newly included one company (Company name: MT Industrial S.A.C.):
Excluded — (Company name: —)
- (2) 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
- (3) Number of Outstanding Shares (Common Stock)
 - (a) Number of outstanding shares at fiscal year-end (including treasury stock)
Year ended March 31, 2026: 141,126,771 shares
Year ended March 31, 2025: 143,888,571 shares
 - (b) Number of treasury stock at fiscal year-end
Year ended March 31, 2026: 3,054,379 shares
Year ended March 31, 2025: 3,248,983 shares
 - (c) Average number of shares during the term
Year ended March 31, 2026: 139,100,477 shares
Year ended March 31, 2025: 141,613,313 shares

References: Summary of Nonconsolidated Results

1. Nonconsolidated Performance for the Year Ended March 31, 2026

(April 1, 2025 to March 31, 2026; Amounts less than one million yen are omitted)

(1) Nonconsolidated Operating Results (Years ended March 31) (¥ millions)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net Income (% change)
Fiscal 2026	242,025 (+3.1)	23,436 (+25.1)	38,819 (+41.0)	31,322 (+38.6)
Fiscal 2025	234,682 (+11.5)	18,726 (+24.0)	27,528 (+7.9)	22,598 (+14.0)

(Percentage figures in columns indicate increase or decrease from the previous term.)

	Net Income per Share (¥)	Fully Diluted Net Income per Share (¥)
Fiscal 2026	225.18	—
Fiscal 2025	159.58	—

(2) Nonconsolidated Financial Position (at March 31) (¥ millions)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
Fiscal 2026	307,248	247,215	80.5	1,790.48
Fiscal 2025	286,716	234,252	81.7	1,665.62

(Reference) Equity capital: Year ended March 31, 2026; ¥247,215 million

Year ended March 31, 2025; ¥234,252 million

* This report is exempt from an auditing process.

* 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, (4) Future Outlook" on page 7 of this report.

*Supplemental information sheets of financial results are posted on the Corporation's website on Tuesday, May 12, 2026.

1. Consolidated Performance

(1) Fiscal Year in Review

In the fiscal year in review (April 1, 2025–March 31, 2026), business conditions remained unstable due to uncertainties surrounding government policies in various countries, geopolitical risks, and fluctuations in foreign exchange rates. In addition, the operating environment continues to be unpredictable amid rising raw material prices and other factors. The domestic economy saw improvements in employment and income conditions, but the outlook remained uncertain due to downside risks stemming from U.S. trade policies and other factors. In the domestic housing industry, new housing starts are expected to continue declining gradually, while replacement demand driven by renovations continues to underpin overall demand.

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.” Based on these strategies, we worked to enhance management quality and strengthen our business foundation. Through these initiatives, we have sought to both fulfill our promise to customers (“Creating a healthier way of living”) and achieve sustainable, steady long-term growth while enhancing corporate value over the medium and long terms. As a result, we surpassed the targets for both revenue and earnings established in the medium-term business plan.

Despite regional variations in economic and housing market conditions in major countries, consolidated net sales rose to an all-time high, driven by sustained expansion in high-value-added product sales. On the earnings side as well, we posted record-high operating income, supported by increased revenue and cost-reduction initiatives. This was despite continued increases in various costs related to higher raw material prices and tariffs.

As a result, consolidated net sales amounted to ¥470,392 million, up 2.2% year on year. Operating income rose 9.8%, to ¥50,531 million, and ordinary income increased 14.6%, to ¥57,686 million. Net income attributable to owners of the parent company jumped 21.8%, to ¥36,160 million.

Our results by geographical segment were as follows:

Japan

While the new housing market was weakened by higher inflation and interest rates, the renovation market remained firm, supported by steady demand. In addition, sales of key products—including our *ECO ONE* hybrid water heaters with heating systems, gas clothes dryers, and air bubble products, which address energy-saving preferences and time-saving household needs—performed strongly. As a result, sales in Japan rose 1.7%, to ¥207,201 million. On the earnings side, operating income increased 21.5%, to ¥27,115 million,

supported by increased sales and an improved product mix. This was despite higher raw material and energy costs and the need to carry out free repairs of bathroom heater/dryers during the period.

United States

Against a backdrop of inflationary pressures and elevated interest rates, housing demand in the United States remained subdued. Under these conditions, sales of our core condensing water heaters performed strongly. As a result, sales in the United States rose 8.5%, to ¥72,134 million. On the earnings side, profitability was limited by tariffs and difference in timing in implementing price increases, with operating income declining 12.8%, to ¥1,856 million.

Australia

In Australia, housing demand remained high despite an upward trend interest rates to address inflation. In the water heater market, sales of heat pump water heaters performed strongly amid a shift in demand from gas to electric appliances. As a result, sales in Australia increased 20.3%, to ¥44,044 million, and operating income jumped 88.6%, to ¥2,110 million, thanks to a significant contribution by an acquired company.

China

In China, unit sales of various products declined as consumer sentiment remained weak amid an economic slowdown. As a result, sales declined 11.5%, to ¥60,682 million. Due to efforts to secure earnings through flexible production adjustments and cost controls, operating income fell 6.7%, to ¥9,415 million.

South Korea

While the South Korean economy remained lackluster, sales of core boiler equipment increased. Sales in South Korea decreased 1.3%, to ¥34,284 million, while operating income rose 17.7%, to ¥1,094 million.

Indonesia

Supported by steady demand for mainstay tabletop stoves, sales in Indonesia increased 3.2%, to ¥17,555 million, and operating income rose 0.0%, to ¥3,843 million.

References 1: Net sales by product

(¥ millions)

	Year ended March 31, 2025 (April 1, 2024, to March 31, 2025)		Year ended March 31, 2026 (April 1, 2025, to March 31, 2026)		Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	277,731	60.3	281,920	59.9	4,189	1.5
Kitchen appliances	96,266	20.9	93,279	19.8	(2,987)	(3.1)
Air conditioning appliances	22,010	4.8	24,269	5.2	2,258	10.3
Commercial-use equipment	11,738	2.5	11,921	2.5	183	1.6
Others	52,572	11.4	59,001	12.5	6,428	12.2
Total	460,319	100.0	470,392	100.0	10,073	2.2

References 2: Overseas sales

(¥ millions)

	Year ended March 31, 2025 (April 1, 2024, to March 31, 2025)			Year ended March 31, 2026 (April 1, 2025, to March 31, 2026)		
	Asia	Other regions	Total	Asia	Other regions	Total
I. Overseas sales	144,370	121,001	265,372	137,232	134,508	271,740
II. Consolidated net sales	—	—	460,319	—	—	470,392
III. Composition ratio of overseas sales to consolidated net sales	31.4%	26.3%	57.6%	29.2%	28.6%	57.8%

Note: Overseas sales of the above indicate sales of the Corporations in overseas countries or regions.

(2) Financial Position

As of March 31, 2026, the Rinnai Group had total assets of ¥649,569 million, up ¥42,983 million from a year earlier. This rise stemmed mainly from an increase in intangible fixed assets.

Total liabilities increased ¥10,577 million, to ¥155,445 million, due to increases in short-term borrowings and deferred tax liabilities. This was despite a decrease in electronically recorded obligations.

Net assets were up ¥32,405 million, to ¥494,124 million, boosted by net income attributable to owners of the parent company and foreign exchange translation adjustment.

As a result, the equity ratio at fiscal year-end was 67.3%.

(3) Cash Flows

Cash and cash equivalents at March 31, 2026, stood at ¥134,506 million, down ¥1,793 million, or 1.3%, from a year earlier.

Net cash provided by operating activities amounted to ¥49,298 million, down 14.3% from the previous year. Main factors included the secured operating income and a cash decrease due to trade payables and allowance for product guarantee.

Net cash used in investing activities totaled ¥30,905 million, up 36.2% from the previous year. Main factors were purchases of shares of subsidiaries due to a change in the scope of consolidation.

Net cash used in financing activities was ¥21,931 million, down 17.3% from the

previous year. Main factors were an increase in short-term borrowings, acquisition of treasury stock, and dividends paid.

(4) Future Outlook

Looking ahead, we expect business conditions surrounding the Rinnai Group to remain extremely challenging amid heightened global supply risks for components stemming from the recent situation in the Middle East, as well as rising raw material costs.

Under these circumstances, the Group has launched a new medium-term business plan, “accelerate 2030,” starting in April 2026. As a company committed to creating healthy and comfortable lifestyles, we will provide a range of products and services aimed at addressing social challenges under the themes of “improve people’s quality of life,” “address global environmental issues,” and “fulfill our responsibilities as a supplier of essential daily goods.”

In Japan, we will promote the expansion and adoption of our key products—including gas clothes dryers, air bubble products, and our *ECO ONE* hybrid water heaters with heating systems—while focusing on the strategic launch of new products. In these ways, we will work to solidify our business foundation.

In the United States, our primary overseas market, the outlook for trade policy remains uncertain. However, the market for high-efficiency tankless water heaters (condensing water heaters) and heat pump water heaters is expected to continue growing. In line with our business strategy of expanding our lineup of electrical appliances, we will focus on further broadening our product range and increasing sales.

In China, we expect sluggish consumer spending to persist amid economic slowdown. Nevertheless, we will strive to maintain high profit margins through strategic sales initiatives and ongoing efforts to manage fixed costs and improve productivity.

In other business regions, as well, we will leverage our existing technologies and sales channels to help improve people’s quality of life in growing markets earmarked for population and income growth. In countries and regions where rising environmental awareness is driving a shift from gas to electric appliances, we will introduce electric products and review of our business portfolio.

In the fiscal year ending March 2027, we forecast consolidated net sales of ¥500,000 million (up 6.3% year on year), operating income of ¥50,500 million (down 0.1%), ordinary income of ¥54,100 million (down 6.2%), and net income attributable to owners of the parent company of ¥36,300 million (up 0.4%).

Please note that, due to the high degree of uncertainty surrounding the recent escalation of tensions in the Middle East, it is difficult to make a reasonable estimate at this time. Accordingly, our earnings forecasts do not factor in the potential impact of the Middle East situation. Any event deemed likely to have a material impact on our results will be disclosed promptly.

2. Medium-Term Business Plan

The Rinnai Group has formulated a new medium-term business plan, “accelerate 2030,” commencing in April 2026.

1. Contextual background

Looking ahead, the global economic outlook remains unclear amid ongoing geopolitical risks. Furthermore, surging raw material and energy costs, as well as exchange rate volatility, are further increasing uncertainty in the Group’s business environment. Given such conditions, we recognize that flexible operations and risk management are more important than ever. Meanwhile, changes in the market environment driven by advances in digitalization and AI, as well as the global acceleration of decarbonization, are creating new growth opportunities. In particular, tighter energy regulations associated with carbon neutrality—led by North America, Oceania, and Europe—alongside growing demand for smart homes and IoT, are becoming increasingly evident.

2. Strategic direction of “accelerate 2030”

Against this external backdrop, the Rinnai Group aims to achieve further growth by leveraging the global trend toward carbon neutrality as a tailwind. By combining a medium-to long-term perspective with strong short-term execution, we will take on the challenge of addressing social issues and strive to be a company that delivers sustainable and steady growth. Under “accelerate 2030,” we will further solidify our business foundation through four core strategies, while embracing the challenge of developing new domains (businesses and regions) to accelerate sustainable growth. Through this plan, the Rinnai Group aims to become a global solutions company continuing to create more comfortable living environments, that leverages diverse energy sources to help resolve social issues in the fields of “heat and lifestyles” and “health and lifestyles” .

3. Business strategies

(1) Increase business in electrified products (carbon neutrality): Considering the energy policies of various nations, we will make a full-scale entry into this market and expand our operations—centered on heat pump water heaters—while leveraging the core technologies and sales networks we have cultivated through our gas appliance business.

(2) Create new value: By integrating our proprietary core technologies with advanced technologies like AI and IoT, we will address social issues in health and daily living while delivering new value and experiences. In addition, we will take on new businesses adjacent to our existing operations and strengthen collaboration with external resources to accelerate transformation.

(3) Solidify our foundations in existing businesses: In mature markets, we will enhance our competitive advantage by continuously introducing strategic products and advancing our proprietary technologies in order to solidify our business foundation. In growth markets like Latin America, Southeast Asia, India, and Africa, we will capture demand driven by population and income growth. Here, we will leverage our existing technologies and distribution networks to help improve people's quality of life.

(4) Strengthen our management foundation: We will remain committed to quality under the principle of "quality is our destiny" while working to ensure stable product supply. In addition, we will enhance organizational efficiency and productivity by leveraging AI and digital technologies to develop globally capable talent, promote diversity, and reengineer our business processes.

<Numerical targets for Fiscal 2031, ending March 31, 2031>

Consolidated net sales: ¥620,000 million

Consolidated operating income: ¥70,000 million

Consolidated operating margin: 11.3%

Return on equity (ROE): 10%

Return on invested capital (ROIC): 15%

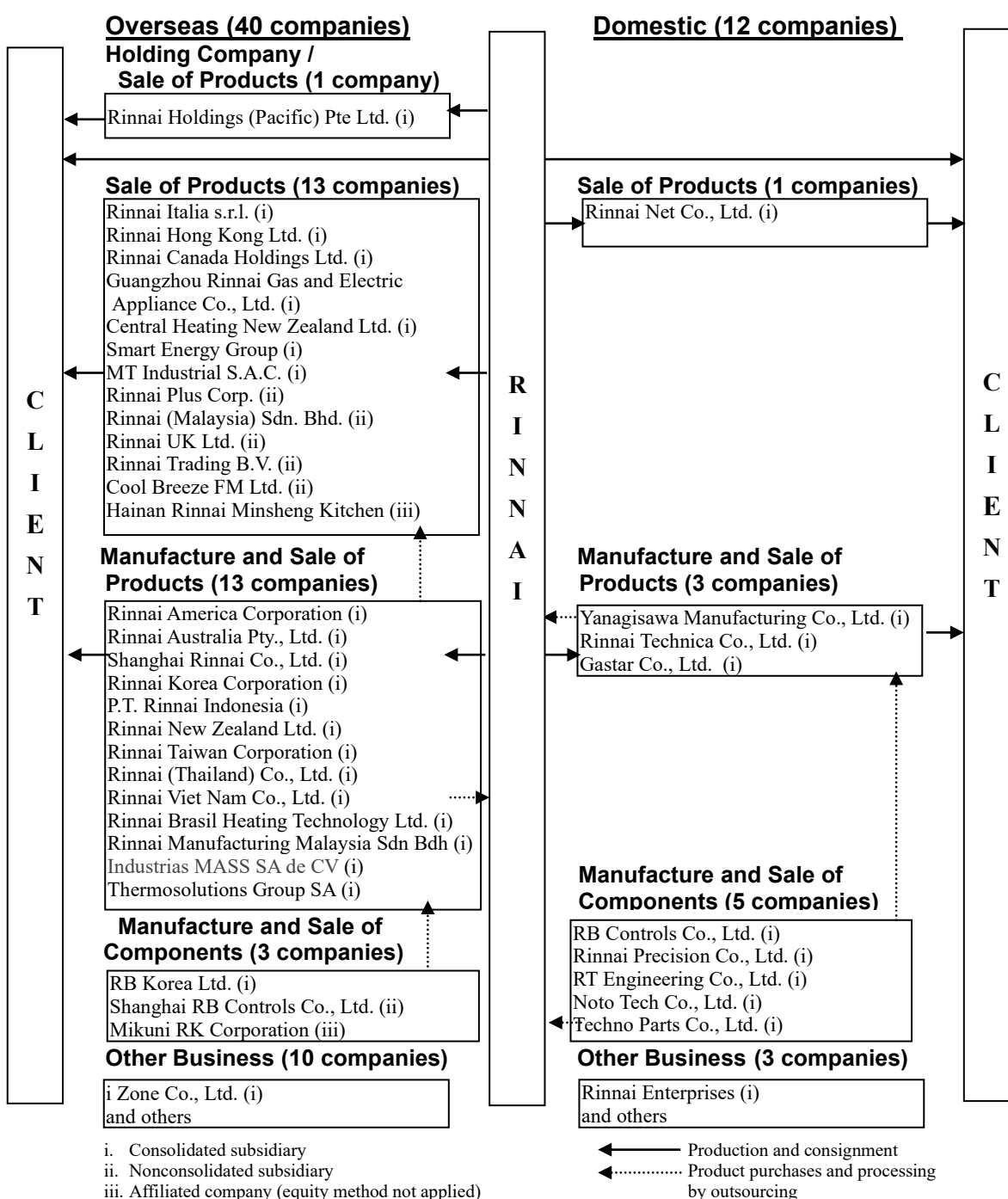
Dividend payout ratio: Approx. 40% (with progressive dividend increases as a basic policy)

Sales of quality-of-life improvement and environmentally beneficial products: 1.5 times the fiscal 2026 (March 2026) level

Employee engagement score: 61% (positive response rate)

3. Outline of Rinnai Group Companies

The Rinnai Group consists of the parent company, 50 subsidiaries, and two affiliated companies, for a total of 53 companies. These include 42 consolidated subsidiaries. The Group is primarily engaged in the manufacture and sale of heating appliances and components, and related businesses. The Group's structure and business flow are shown below.



4. Basic Policy Regarding Selection of Accounting Standard

The Rinnai Group has prepared these consolidated financial statements based on to the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), except for Chapters 7 and 8. With respect to application of international accounting standards, the Group's policy is to respond appropriately after considering various circumstances in Japan and overseas.

5. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheets

(¥ millions)

	At March 31, 2025 (Year ended March 31, 2025)	At March 31, 2026 (Year ended March 31, 2026)
	Amount	Amount
ASSETS		
Current assets		
Cash and deposits	170,846	172,202
Notes and accounts receivable, and contract assets	93,914	94,649
Electronically Recorded Monetary Claims	12,886	13,494
Marketable securities	5,967	12,922
Products	41,526	44,324
Raw materials and stores	36,826	36,104
Other	6,902	6,973
Less allowance for doubtful accounts	(6,389)	(6,485)
Total current assets	362,482	374,185
Fixed assets		
Tangible fixed assets		
Buildings and structures	119,017	124,626
Accumulated depreciation	(54,281)	(58,669)
Buildings and structures (net)	64,736	65,957
Machinery and vehicles	86,431	90,036
Accumulated depreciation	(64,185)	(67,863)
Machinery and vehicles (net)	22,246	22,173
Tools and fixtures	44,628	45,607
Accumulated depreciation	(40,119)	(40,055)
Tools and fixtures (net)	4,509	5,551
Land	49,330	51,993
Lease assets	9,171	11,850
Accumulated depreciation	(3,705)	(4,093)
Lease assets (net)	5,465	7,757
Construction in progress	6,006	4,384
Total tangible fixed assets	152,293	157,817
Intangible fixed assets		
Goodwill	2,859	6,891
Other	4,931	11,055
Total intangible fixed assets	7,791	17,946
Investments and advances		
Investments in securities	35,919	33,829
Net defined benefit assets	37,596	52,006
Deferred income taxes	5,631	4,357
Other	4,905	9,437
Less allowance for doubtful accounts	(34)	(12)
Total investments and advances	84,019	99,618
Total fixed assets	244,103	275,383
Total assets	606,586	649,569

(¥ millions)

	At March 31, 2025 (Year ended March 31, 2025)	At March 31, 2026 (Year ended March 31, 2026)
	Amount	Amount
LIABILITIES		
Current liabilities		
Notes and accounts payable	32,897	29,439
Electronically recorded obligations	17,906	12,923
Short-term borrowings	—	12,801
Other payables	21,988	21,625
Accrued consumption taxes	1,983	1,921
Accrued income taxes	7,011	7,069
Accrued employee's bonuses	6,653	6,644
Allowance for product guarantee	7,929	5,481
Other	12,234	12,708
Total current liabilities	108,605	110,615
Long-term liabilities		
Deferred tax liabilities	17,741	26,369
Allowance for environmental measures	2,255	2,255
Allowance related to antimonopoly law	1,065	—
Net defined benefit liabilities	8,313	7,389
Other	6,887	8,815
Total long-term liabilities	36,262	44,829
Total liabilities	144,867	155,445
NET ASSETS:		
Shareholders' equity:		
Common stock	6,484	6,484
Capital surplus	8,428	8,324
Earned surplus	352,932	367,029
Treasury stock	(10,851)	(10,568)
Total shareholders' equity	356,994	371,269
Other accumulated comprehensive income:		
Unrealized gain on marketable securities	8,438	12,024
Foreign exchange translation adjustment	29,357	34,213
Remeasurements of defined benefit plans	11,055	19,745
Total other accumulated comprehensive income	48,851	65,983
Non-controlling interests	55,872	56,870
Total net assets	461,718	494,124
Total liabilities and net assets	606,586	649,569

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

(¥ millions)

	Fiscal 2025 (April 1, 2024, to March 31, 2025)	Fiscal 2026 (April 1, 2025, to March 31, 2026)
	Amount	Amount
Net sales	460,319	470,392
Cost of Sales	304,257	306,704
Gross Profit	156,062	163,687
Selling, general and administrative expenses		
Transportation and packing	12,339	12,552
Advertising	6,306	6,165
Sales promotion	11,011	10,777
Transfer to allowance for product guarantee	7,877	5,221
Salary and bonuses	33,181	35,522
Transfer to allowance for employee's bonuses	3,178	3,071
Retirement benefit expenses	(67)	270
Depreciation	4,119	4,393
Transfer to allowance for doubtful accounts	389	(49)
Other	31,718	35,230
Total selling, general and administrative expenses	110,056	113,156
Operating income	46,005	50,531
Other income:		
Interest income	3,005	3,294
Dividends received	560	716
Foreign exchange income	—	1,724
Other	1,715	2,196
Total other income	5,280	7,931
Other expenses:		
Interest expenses	97	137
Foreign exchange loss	100	—
Loss on retirement of fixed assets	218	105
Depreciation	335	250
Other	211	283
Total other expenses	962	777
Ordinary income	50,323	57,686
Extraordinary income:		
Gain on sale of investment securities	843	1,095
Subsidy income	—	365
Reversal of allowance related to antimonopoly law	—	※2 870
Total extraordinary income	843	2,331
Extraordinary losses:		
Loss related to antimonopoly law	※1 1,169	—
Impairment loss	111	96
Loss on reduction of fixed assets	—	365
Excavation research expenses for buried cultural properties	—	63
Total extraordinary losses	1,280	525
Income before income taxes	49,886	59,492
Income taxes:		
Current	12,844	13,896
Deferred	(146)	2,286
Total income taxes	12,698	16,182
Net income	37,188	43,310
Net income attributable to non-controlling interests	7,497	7,149
Net income attributable to owners of the parent company	29,691	36,160

Consolidated Statements of Comprehensive Income

(¥ millions)

	Fiscal 2025 (April 1, 2024, to March 31, 2025)	Fiscal 2026 (April 1, 2025, to March 31, 2026)
	Amount	Amount
Net income	37,188	43,310
Other comprehensive income		
Unrealized gain on marketable securities	(261)	3,584
Foreign exchange translation adjustment	10,656	6,062
Remeasurements of defined benefit plans	1,121	8,719
Total other comprehensive income	11,516	18,367
Comprehensive income	48,705	61,677
Total comprehensive income attributable to:		
Owners of Rinnai Corporation	37,238	53,292
Non-controlling interest	11,466	8,385

(3) Consolidated Statements of Shareholders' Equity

Fiscal 2025 (April 1, 2024, to March 31, 2025)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current term	6,484	8,428	342,493	(10,936)	346,470
Net changes during the current term					
Dividends paid			(9,940)		(9,940)
Net income attributable to owners of the parent company			29,691		29,691
Acquisition of treasury stock				(10,001)	(10,001)
Disposition of treasury stock		5		769	775
Retirement of treasury stock		(9,316)		9,316	—
Transfer from earned surplus to capital surplus		9,310	(9,310)		—
Net other changes than shareholders' equity during the current term					
Total net changes during the current term	—	—	10,439	84	10,524
Balance at the end of current term	6,484	8,428	352,932	(10,851)	356,994

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on marketable securities	Foreign exchange translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of current term	8,690	22,671	9,941	41,304	49,663	437,438
Net changes during the current term						
Dividends paid						(9,940)
Net income attributable to owners of the parent company						29,691
Acquisition of treasury stock						(10,001)
Disposition of treasury stock						775
Retirement of treasury stock						—
Transfer from earned surplus to capital surplus						—
Net other changes than shareholders' equity during the current term	(251)	6,685	1,113	7,547	6,208	13,756
Total net changes during the current term	(251)	6,685	1,113	7,547	6,208	24,280
Balance at the end of current term	8,438	29,357	11,055	48,851	55,872	461,718

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

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current term	6,484	8,428	352,932	(10,851)	356,994
Net changes during the current term					
Dividends paid			(12,558)		(12,558)
Net income attributable to owners of the parent company			36,160		36,160
Acquisition of treasury stock				(10,001)	(10,001)
Disposition of treasury stock		63		715	779
Retirement of treasury stock		(9,568)		9,568	—
Change in ownership interest of parent due to transactions with non-controlling interests		(104)			(104)
Transfer from earned surplus to capital surplus		9,505	(9,505)		—
Net other changes than shareholders' equity during the current term					—
Total net changes during the current term	—	(104)	14,096	282	14,275
Balance at the end of current term	6,484	8,324	367,029	△10,568	371,269

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on marketable securities	Foreign exchange translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of current term	8,438	29,357	11,055	48,851	55,872	461,718
Net changes during the current term						
Dividends paid						(12,558)
Net income attributable to owners of the parent company						36,160
Acquisition of treasury stock						(10,001)
Disposition of treasury stock						779
Retirement of treasury stock						—
Change in ownership interest of parent due to transactions with non-controlling interests						(104)
Transfer from earned surplus to capital surplus						—
Net other changes than shareholders' equity during the current term	3,585	4,855	8,689	17,131	998	18,130
Total net changes during the current term	3,585	4,855	8,689	17,131	998	32,405
Balance at the end of current term	12,024	34,213	19,745	65,983	56,870	494,124

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Fiscal 2025 (April 1, 2024, to March 31, 2025)	Fiscal 2026 (April 1, 2025, to March 31, 2026)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	49,886	59,492
Depreciation and amortization	15,141	15,076
Increase (decrease) in allowance for doubtful accounts	(345)	(156)
Increase (decrease) in allowance for product guarantee	3,123	(2,452)
(Increase) decrease in net defined benefit assets	(2,651)	(2,467)
Increase (decrease) in net defined benefit liabilities	(248)	(200)
Loss related to antimonopoly law	1,169	—
Interest and dividends income	—	(870)
(Gain) loss on sale of investment securities	(3,565)	(4,011)
Decrease (increase) in trade receivables and contract assets	(843)	(1,095)
	2,657	2,500
Decrease (increase) in inventories	6,692	2,348
Increase (decrease) in trade payables	(4,935)	(10,151)
Increase (decrease) in accrued consumption taxes	(531)	(142)
Increase (decrease) in other liability	(2,133)	(2,141)
Other	1,633	2,874
Subtotal	65,049	58,603
Interest and dividends received	3,673	4,410
Interest paid	(105)	(142)
Income taxes paid	(11,114)	(13,937)
Subsidy income received	—	365
Net cash provided by operating activities	57,502	49,298
Cash flows from investing activities		
Transfers to time deposits	(65,900)	(64,399)
Withdrawals from time deposits	56,809	57,694
Purchases of securities	(3,465)	(6,618)
Proceeds from redemption of securities	2,950	3,541
Purchases of tangible fixed assets	(16,843)	(14,889)
Purchases of intangible fixed assets	(558)	(402)
Purchases of investments in securities	(124)	(509)
Proceeds from sales/and redemption of investments in securities	8,242	5,543
Purchase of shares of subsidiaries due to change in scope of consolidation	(3,452)	(11,074)
Other	(344)	208
Net cash used in investing activities	(22,685)	(30,905)
Cash flows from financing activities		
Proceeds from short-term borrowings	—	10,000
Acquisition of treasury stock	(10,011)	(10,010)
Dividends paid	(9,935)	(12,554)
Dividends paid to non-controlling interests	(4,987)	(7,664)
Repayments of lease obligations	(1,569)	(1,604)
Other	—	(96)
Net cash used in financing activities	(26,503)	(21,931)
Effect of exchange rate fluctuations on cash and cash equivalents	4,157	1,745
Net increase (decrease) in cash and cash equivalents	12,470	(1,793)
Cash and cash equivalents at beginning of year	123,829	136,300
Cash and cash equivalents at end of year	136,300	134,506

(5) Notes to Consolidated Financial Statements

Note regarding the assumption of a going concern

There are no relevant items.

Note on change in presentation (Consolidated balance sheets)

Goodwill, which was previously included in “Intangible fixed assets,” has been presented separately from the fiscal year in review due to its increased materiality. As a result, the amount of ¥7,791 million, previously included in “Intangible fixed assets” in the balance sheets in the previous fiscal year, has now been reclassified into “Goodwill” of ¥2,859 million and “Other” of ¥4,931 million within “Intangible fixed assets.”

Segment Information

1. Summary of Reportable Segments

With respect to its business segments, Rinnai is able to obtain delineated financial data from among its structural units. Accordingly, its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance.

The Rinnai Group is engaged mainly in the production and sales of heat appliances. The Corporation (parent company) and domestic subsidiaries are in charge of business activities in Japan, while mainly overseas subsidiaries in the United States, Australia, and elsewhere are in charge of business activities in the respective regions. Local subsidiaries operate as independently managed units. With respect to products handled, they advance their operations based on their comprehensive strategies for their specific regions.

Accordingly, the reportable segments of the Corporation, which are geographic segments based on its production and sales system, consist of six regions: Japan, United States, Australia, China, South Korea, and Indonesia.

2. Calculation Methods of Sales, Income (Loss), Assets, and Other Items by Reportable Segment

Accounting treatments of the reportable segments of the Corporation are much the same in the accounting treatments of the Consolidated Financial Statements.

Income of the reportable segment indicates figures based on operating income.

3. Sales, Income (Loss), Assets, and Other Items by Reportable Segment

Year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

(¥ millions)

	Reportable Segments							Others (Note 3)	Adjustments (Note 4, 5)	Amounts in Consolidated Statements of Income (Note 6)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	203,731	66,457	36,605	68,596	34,719	17,010	427,120	33,198	—	460,319
Intersegment sales	42,682	—	113	2,807	667	696	46,966	3,524	(50,491)	—
Total	246,413	66,457	36,719	71,403	35,386	17,706	474,087	36,723	(50,491)	460,319
Segment Income	22,309	2,130	1,119	10,095	930	3,842	40,427	5,022	555	46,005
Segment Assets	361,236	53,317	37,242	99,757	23,694	19,918	595,166	49,986	(38,567)	606,586
Others										
Depreciation	8,561	1,196	830	2,125	1,092	401	14,208	933	—	15,141
Amortization of goodwill	—	83	214	—	—	—	297	23	—	320
Impairment loss	—	—	49	61	—	—	111	—	—	111
Increase in tangible fixed assets and intangible fixed assets	9,337	264	474	3,482	1,218	122	14,899	1,959	—	16,858

Notes:1. "United States" includes sales from subsidiaries in Canada, Mexico, and Costa Rica, which conduct integrated business activities based on comprehensive sales strategies.

2. "Australia" includes sales from a subsidiary in Malaysia, which complements the production system and conducts integrated 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. "Adjustments" of segment assets refers to intersegment transactions to eliminate.

6. "Segment income" is adjusted from operating income in Consolidated Statements of Income.

Year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

(¥ millions)

	Reportable Segments							Others (Note 3)	Adjustments (Note 4, 5)	Amounts in Consolidated Statements of Income (Note 6)
	Japan	United States (Note 1)	Australia (Note 2)	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	207,201	72,134	44,044	60,682	34,284	17,555	435,902	34,489	—	470,392
Intersegment sales	46,107	—	144	2,860	617	590	50,320	3,402	(53,722)	—
Total	253,309	72,134	44,188	63,542	34,901	18,146	486,222	37,892	(53,722)	470,392
Segment Income	27,115	1,856	2,110	9,415	1,094	3,843	45,436	5,179	(84)	50,531
Segment Assets	388,880	55,178	43,193	98,673	24,960	18,776	629,664	69,411	(49,505)	649,569
Others										
Depreciation	7,982	1,207	1,042	2,370	1,212	362	14,177	898	—	15,076
Amortization of goodwill	—	103	442	—	—	—	545	22	—	567
Impairment loss	—	—	—	96	—	—	96	—	—	96
Increase in tangible fixed assets and intangible fixed assets	9,920	334	3,866	1,520	1,175	200	17,017	1,008	—	18,026

Notes:1. "United States" includes sales from subsidiaries in Canada, Mexico and Costa Rica, which conduct integrated business activities based on comprehensive sales strategies.

2. "Australia" includes sales from a subsidiary in Malaysia, which complements the production system, and conducts integrated business activities.

3. "Others" include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil, Peru and other regions.

4. "Adjustments" of segment income refers to intersegment transactions to eliminate.

5. "Adjustments" of segment assets refers to intersegment transactions to eliminate.

6. "Segment income" is adjusted from operating income in Consolidated Statements of Income.

7. "Increase in tangible fixed assets and intangible fixed assets" does not include increase due to newly consolidation.

Per Share Data

	Fiscal 2025 (April 1, 2024, to March 31, 2025)	Fiscal 2026 (April 1, 2025, to March 31, 2026)
1. Net assets per share	¥2,885.72	¥3,166.84
2. Net income per share	¥209.66	¥259.96

Notes: 1. Fully diluted net income per share is not indicated because there is no residual equity.

2. Net assets per share are calculated based on the following amounts.

	At End of Fiscal 2025 (As of March 31, 2025)	At End of Fiscal 2026 (As of March 31, 2026)
Net assets	¥461,718 million	¥494,124 million
Deduction from net assets	¥55,872 million	¥56,870 million
[Non-controlling interest]	[¥55,872 million]	[¥56,870 million]
Net assets at year-end related to common shares	¥405,846 million	¥437,253 million
Number of common shares at year-end used in calculations	140,639,588 shares	138,072,392 shares

3. Net income per share is calculated based on the following amounts.

	Fiscal 2025 (April 1, 2024, to March 31, 2025)	Fiscal 2026 (April 1, 2025, to March 31, 2026)
Net income attributable to owners of the parent company	¥29,691 million	¥36,160 million
Amount not attributable to common shares	— million	— million
Net income attributable to owners of the parent company related to common shares	¥29,691 million	¥36,160 million
Average number of shares during the term	141,613,313 shares	139,100,477 shares

Subsequent Events

There are no relevant items.

Notes on Quarterly Consolidated Statements of Income

**1. Loss related to antimonopoly law*

In the previous fiscal year, Rinnai Brasil Heating Technology Ltd., a subsidiary of Rinnai Corporation, received an administrative notice from Brazil's Administrative Council for Economic Defense regarding that nation's antimonopoly law. In connection with this matter, the Corporation provided an allowance for estimated future losses arising from the alleged violation of that law.

**2: Reversal of allowance related to antimonopoly law*

In the previous fiscal year, Rinnai Brasil Heating Technology Ltd., a subsidiary of Rinnai Corporation, received an administrative notice from Brazil's Administrative Council for Economic Defense regarding that nation's antimonopoly law. In connection with this matter, the Corporation provided an allowance for estimated future losses arising from the alleged violation of that law. During the current consolidated fiscal year, a settlement was reached with the local authorities, and the amount of the loss was finalized. As a result, the Corporation recorded differences between loss amounts and allowance, as a "Reversal of allowance related to antimonopoly law."

Notes on Acquisition

The Board of Directors of Rinnai Corporation decided at its meeting on October 23, 2025, that the Corporation would acquire all of the shares of MT Industrial S.A.C. (hereafter, "MT Industrial") and make it a subsidiary. Subsequently, the Corporation entered into a share transfer agreement on October 24, 2025, and acquired all shares on October 31, 2025.

(1) Overview of acquisition

(a) Name and business of acquired company

Company name: MT Industrial S.A.C.

Business activities: Sale of water heaters, home appliances, and sanitary equipment
Installation and maintenance services for products sold

(b) Main reasons for acquisition

Further expand the Group's business scale in Central and South America, a key strategic market

(c) Date of acquisition

October 31, 2025 (deemed acquisition date: December 31, 2025)

(d) Legal form of the business acquisition

Acquisition of shares for cash consideration

(e) Name of acquired company

No change

(f) Ratio of voting rights acquired

100%

(g) Primary basis for determining the acquired company

Purchase of shares by the Corporation in exchange for cash

(2) Period of the acquired company's results included in the consolidated financial statements

Since December 31, 2025 is the deemed acquisition date, and only the balance sheets of the acquired company as of December 31 (its fiscal year-end) has been consolidated, the acquired company's results are not included in the consolidated statements of income for the fiscal year in review.

(3) Acquisition cost of acquired company and type of consideration

Consideration of acquisition	Cash	¥11,176 million
Acquisition cost		¥11,176 million

(4) Major acquisition-related expenses

Fees and commissions paid to advisors: ¥170 million

(5) Amount, origin, amortization method, and amortization period of goodwill

(a) Amount of goodwill recognized: ¥4,518 million

(b) Reason for recognition

The goodwill arose from the expected future excess earnings capacity anticipated from future business development.

(c) Amortization method and period: Nine-year equal amortization

(6) Assets acquired and liabilities assumed on acquisition date

Current assets	¥5,940 million
Fixed assets	¥8,557 million
<u>Total assets</u>	<u>¥14,497 million</u>
Current liabilities	¥4,884 million
<u>Long-term liabilities</u>	<u>¥2,674 million</u>
<u>Total liabilities</u>	<u>¥7,559 million</u>

(7) Amounts allocated to intangible fixed assets (other than goodwill from acquisition cost) and amortization periods

<u>Category</u>	<u>Amount</u>	<u>Amortization period</u>
Trademark rights	¥3,210 million	20 years
Customer-related assets	¥3,285 million	17 years

(8) Estimate of the impact on the consolidated statements of income for the fiscal year in review (assuming the acquisition was completed on the first day of the fiscal year) and the method used to calculate that estimate

Net sales	¥11,140 million
Operating income	¥124 million

The estimated impact is calculated as the difference between sales and income figures for MT Industrial for the period from January 1, 2025 to December 31, 2025 (assuming the acquisition had been completed on the first day of the fiscal year) and sales and income figures presented in the Corporation's consolidated statements of income. The calculation also assumes that figures for goodwill, trademark rights, and customer-related assets recognized at the time of the acquisition arose on the first day of the fiscal year, with amortization adjusted accordingly. The information presented in this note is unaudited.

6. Other

Changes in Directors and Audit & Supervisory Board members

(1) Change in representative director

- Retiring Representative Director:

Tsunenori Narita, Representative Director (currently, Executive Vice President)

(2) Other changes in officers

- New candidate for directors:

Hirohisa Ooi, Director (currently, Senior Managing Executive Officer, and Chief of Corporate Planning Headquarters)

Noriaki Kato, Outside Director (currently, Outside Director of Sumitomo Mitsui Trust Group, Inc.)

- Retiring Outside Director

Takashi Kamio, Outside Director

- New candidate for Audit & Supervisory Board Member:

Ayako Yoshino, Outside Audit & Supervisory Board Member
(currently, Lawyer of Goto Ota & Tateoka law office)

(currently, Outside Director of Aiphone Co., Ltd.)

- Retiring Audit & Supervisory Board Member:

Ippei Watanabe, Outside Audit & Supervisory Board Member

(3) Scheduled date of assumption of office and retirement: June 26, 2026