


# Rinnai Group Medium-Term Business Plan 2026-2030

May 12, 2026

Rinnai Corporation

**Rinnai**

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1. Long-Term Vision
  2. Medium-Term Business Plan 2026–2030
    - 2-1. Direction and Numerical Targets
    - 2-2. Key Initiatives
    - 2-3. Capital Policy



Long-Term Vision



# Creating a healthier way of living

In the fields of “heat and lifestyles” and “health and lifestyles,” we will create and deliver **healthy and comfortable lifestyles** to people worldwide while caring for the global environment.



# The “Future of Living” Created by Rinnai



## 6. Water quality

There is a shortage of available water resources. A future that addresses social challenges related to water, which vary by country.



## 1. Energy and the environment

Achieve carbon neutrality.  
A future where diverse energy sources are utilized to address government policies and market needs.



## 2. People's changing lifestyles

A future where changes in quality of life and diverse lifestyles create new value.

## 5. Healthcare

A future that addresses the gap between life expectancy and healthy life expectancy, as well as health challenges associated with aging and lifestyles.



## Creating a healthier way of living

## 4. AI/digital society

Consumer needs are shifting from products to experiences in this digital-normal world.  
A future where everything is network-connected and seamlessly integrated into our lives in a rational and smart way.



## 3. Resilience

A future where we help people prepare for natural disasters, provide support to affected areas, and fulfill our responsibilities as a supplier of daily necessities.





## Where Rinnai Can Make a Difference

Achieve sustainable and steady growth to broadly expand our initiatives aimed at resolving the social issues we are committed to addressing.

### Improve people's quality of life (well-being)



- Help people enjoy exciting lifestyles
- Improve convenience
- Reduce stress
- Enhance safety of living spaces
- Improve hygiene and promote health
- Build resilience

### Address global environmental issues In response to each country's energy policies



- Support diverse energy sources.  
Address each country's energy policies  
Contribute to carbon neutrality
- Reduce CO<sub>2</sub> emissions
- Reduce PM2.5 emissions
- Use water resources efficiently and improve water quality

### Fulfill our responsibilities as a supplier of essential daily goods



- Ensure stable supply of products  
Further strengthen BCP  
Stabilize our supply chains
- Support disaster response activities
- Collaborate with local governments
- Strengthen our after-sales services



# Rinnai's Aspiration

## Aspiration

Leveraging diverse energy sources, we will help resolve social challenges  
in related to “heat and lifestyles” and “health and lifestyles.”

At the same time,

**we respect diverse lifestyles and values around the world and will continue creating better ways of living.**

Support people  
around the world



Deliver value globally  
in line with region-  
specific challenges

Improve people's  
quality of life



Leverage heat and health to  
improve people's quality of life  
and offer products and services  
that enhance well-being

Emphasize people's  
safety and security



Deliver safe, reliable  
products and services  
Provide peace of mind during  
disasters and emergencies

Contribute to the  
global environment



Support diverse energy  
sources and advance  
decarbonization while reducing  
environmental impact

Drive technological  
progress and  
innovation



Keep technology evolving  
and leverage it to drive  
innovation

Take on new  
business frontiers



Adapt to social changes and  
expand our scope of  
contribution to ensure  
ongoing business evolution

A company that is trusted and valued by people around the world through our contributions to everyday living

## Medium-Term Business Plan 2026-2030

# New Medium-Term Business Plan: Direction

Taking advantage of the global trend toward carbon neutrality,  
we are poised to achieve even greater success.

By combining a medium- to long-term perspective with short-term execution capabilities  
and tackling social challenges, we aim to continue achieving sustainable and steady growth.

# accelerate 2030

(accel) **A**nchor the **C**ore and **C**reate **E**xpanding **L**eap

Strengthen existing core businesses to deliver continued expansion

In this medium-term business plan, we define the next five years as a critically important period to further strengthen the foundations established under New ERA 2025, create new businesses, and expand into new regions to accelerate sustainable growth.

# Medium-Term Business Plan (accelerate 2030): Numerical Targets

## Profitability

	Fiscal 2031 target	Fiscal 2026 actual
Consolidated net sales	<b>¥620.0 billion</b> Japan ¥230.0 million Overseas ¥390.0 million	¥470.3 billion Japan ¥199.2 million Overseas ¥271.0 million
Operating income	<b>¥70.0 billion</b>	¥50.5 billion
ROIC (Return on invested capital)	<b>15.0%</b>	11.3%

## Financial strength

	Fiscal 2031 target	Fiscal 2026 actual
ROE (Return on Equity)	<b>10.0%</b>	8.6%
Dividend payout ratio	<b>40.0% level</b> (Progressive dividend as a basic principle)	38.5%

## Environmental contributions

	Fiscal 2031 target	Fiscal 2026 actual
CO <sub>2</sub> emissions from business activities (Group target)	<b>50% *1</b>	91% *1
CO <sub>2</sub> emissions from business activities (parent company only)	<b>50% *1</b>	101% *1
CO <sub>2</sub> emissions during product use (parent company only)	<b>67% *1</b>	74% *1
CO <sub>2</sub> reduction contribution during product use (overseas group companies)	<b>10.8 million tons CO<sub>2</sub></b>	3.81 million tons CO <sub>2</sub>

\*1 Fiscal 2031 (March 2031) interim target in RIM2050 (vs fiscal 2021 (March 2021))

## Social contributions

	Fiscal 2031 target	Fiscal 2026 actual
Growth rate of quality-of-life– enhancing products (value basis)	Vs fiscal 2026 <b>1.5 times</b>	Vs fiscal 2021 <b>2.0 times</b>
Growth rate of environmentally beneficial products (value basis)	Vs fiscal 2026 <b>1.5 times</b>	Vs fiscal 2021 <b>1.7 times</b>
Employee engagement score	<b>61% or more *2</b>	56% *2

\*2 Positive response rate (parent company only)

## Key Initiatives

# Medium-Term Business Plan “accelerate 2030”: Business Strategies

Respond to change



## Expand lineup of electrified products (carbon neutrality)

- Enter the electrification market in earnest in light of national energy policies.
- Roll out products tailored to regional characteristics centered on heat pump water heaters
- Build a competitive advantage by leveraging core technologies and sales networks developed in gas appliances

Strongly protect



## Solidify our foundations and achieve sustainable growth in existing businesses

- Strengthen earnings base through continued launch of strategic products
- Incorporate new needs and technologies to address evolving lifestyles
- Deploy high-value-added products tailored to demand in growth markets

Build stronger foundation



## Strengthen our management foundation

- Strengthen stability of product supply
- Reinforce human capital
- Rebuild business processes through AI and digital technologies
- Strengthen Governance

Challenges for the future



## Create new value

- New businesses
- Leverage strengths to tackle new fields
  - Create new value by fusing proprietary technologies with advanced innovations

Step up use of external resources  
Accelerate execution

# Medium-Term Business Plan “accelerate 2030”: Business Strategies

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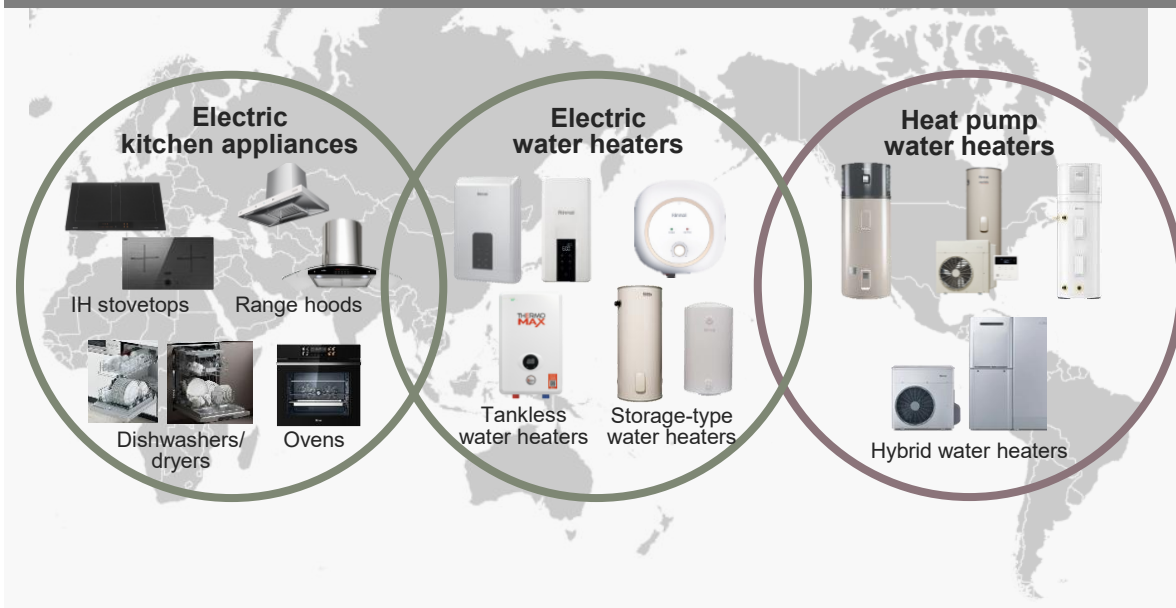
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# Strategy for Electrified Products

- Fully move into electrified products globally (centered on existing lineup) to support a carbon-neutral society
- Leverage our strength in “long-established distribution channels in each market” and “core technologies and user-friendly products (refined through gas appliances)”

## Main fields we should focus on



## Heat pump water heaters

- Leverage in-house heat pump technologies to strengthen lineup and expand sales network
- Drive growth by launching attractive new products with North America (with significantly changing market conditions) as a priority region

## Other electric products

- Leverage existing distribution channels to expand sales centered on countries/regions where Rinnai products are already sold
- Apply functions (refined in development of gas appliances) to electrified products to deliver distinctive value



# Global Strategy for Heat Pump Products

- Consolidate in-house heat pump development and manufacturing technologies to develop an **appealing global lineup of heat pump water heaters**
- Expand heat pump business by leveraging sales networks established through existing products and offering bundled sales with complementary products

## Integrate heat pump technologies

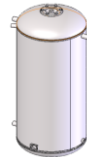
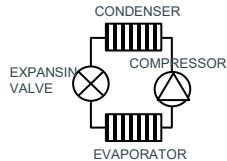
Integrate technologies developed in each country to enhance overall technological capabilities



Heat pump water heaters  
(Oceania)



Hybrid water heaters  
(Japan)



- Standardize components
- In-house production of components
- Conduct joint procurement

Expand lineup of appealing products

## Leverage distribution networks built through gas appliances

Uncover needs through close engagement with users



## Combine with complementary products



Solar power generation



Storage batteries

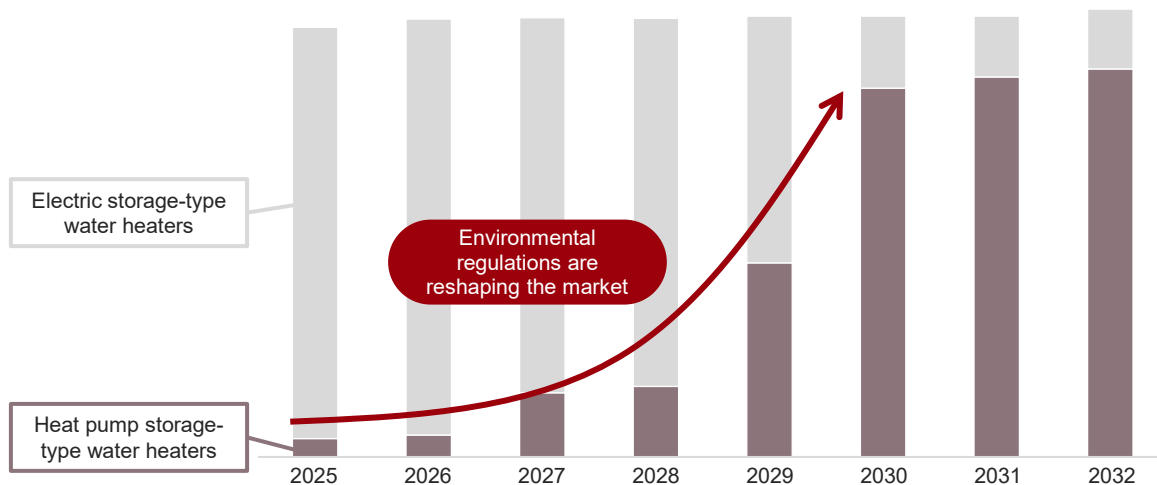
Drive business expansion



# Launch Strategic Heat Pump Water Heaters in North America

- U.S. Department of Energy regulations on thermal efficiency of water heaters are **expected to significantly change the market during the medium-term plan period**
- Use this timing to **launch competitive strategic products**, expand market share, and drive significant growth

North American electric storage-type water heater market (Rinnai forecasts)



Electric heat pump water heaters for North America

\* No. of electric storage-type water heaters = Electric storage water heaters + Heat pump storage water heaters



# Expand Electrified Products and Pursue Proprietary Offerings

- Expand sales by leveraging strong existing distribution channels (built through gas appliances) centered on countries/regions where Rinnai products are already sold
- Apply accumulated core technologies in functionality and performance to electrified products to deliver distinctive value, develop new business models, and improve profitability

## Kitchen



IH cooktops



Dishwashers/dryers



Range hoods

## Bathroom



Tankless water heaters



Storage-type water heaters

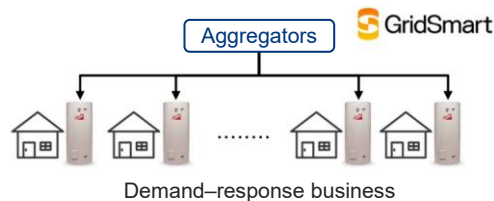
Expand sales by leveraging strong existing distribution channels centered on countries/regions where Rinnai products are already sold



Automated cooking



IH cooktops



Establish a sustainable revenue model by remotely controlling electric water heaters in response to power surpluses and shortages

Deliver distinctive value and develop new business models

# Medium-Term Business Plan “accelerate 2030”: Business Strategies

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Strongly protect

## Solidify our foundations and achieve sustainable growth in existing businesses

- Strengthen earnings base through continued launch of strategic products
- Incorporate new needs and technologies to address evolving lifestyles
- Deploy high-value-added products tailored to demand in growth markets

Build stronger foundation

## Strengthen our management foundation

- Strengthen stability of product supply
- Reinforce human capital
- Rebuild business processes through AI and digital technologies
- Strengthen Governance

Challenges for the future

## Create new value

- New businesses
- Leverage strengths to tackle new fields
  - Create new value by fusing proprietary technologies with advanced innovations

Step up use of external resources  
Accelerate execution

# Our Business Model and Competitive Advantages

Leverage strong earnings foundation to deploy value-added products aligned with market needs and achieve sustainable growth

## Earnings foundation

Stable, defensive, replacement-driven business  
(Economic resilience)

### [Market configuration]

- Replacement-driven demand base (80% replacement; 20% new construction)
- “Heat” demand largely unaffected by social changes
- Essential goods business strongly resilient to economic cycles
- High barriers to entry due to safety regulations and certification requirements
- Robust sales and distribution networks to ensure stable supply



Generate stable and continuous cash flows

## Our value chain strengths



Strong network of distributors, dealers, and contractors

### [Distinctive strengths:

#### Quality + In-house production + Global supply]

- Quality-driven manufacturing
- High quality and profitability through in-house production of core components
- Agile response to local needs through localized global production
- Trusted brand grounded in technology, safety, and reliability



Simultaneously deliver high quality, stable supply, and profitability

## Business model

### [External environment]

- People’s changing lifestyles
- Progress in energy efficiency, electrification, and smart technologies



Technological foundation and supply capability highly aligned with growth markets



Leverage stable earnings and core technologies to invest in and expand into growth areas



# Strategy for Existing Businesses

Drive steady growth in existing businesses through strategies aligned with lifestyle changes in each region to strengthen management foundation

## Mature markets

### Growth driven by the continuous launch of strategic products

Pursue growth by advancing proprietary technologies to enhance competitive advantage in realizing better lifestyles

#### → **Brand of enduring choice**

Leverage information from communication with users to develop more attractive products and services

- Target regions: East Asia, North America, Oceania, and Europe

## Growth markets

### Expand businesses aligned with needs of growth markets

In growth markets driven by “population and income growth and expanding gas infrastructure”: tap into rising demand for higher living standards by leveraging existing technologies and channels to “improve people’s quality of life” in each market

- Expansion markets: Latin America and Southeast Asia  
- New entry markets: India and Africa

- Countries where we have local subsidiaries and distributor presence
- High-growth regions among expansion markets
- Untapped regions





# Advance Proprietary Technologies to Strengthen Competitive Advantage

Enhance functionality and added value of our proprietary technologies and pursue growth while strengthening our competitive advantage on a global scale to improve people's lifestyles

## Improve people's quality of life

Case study: Air bubble products



- Globally roll out water heaters equipped with ultra-fine bubble technology to “improve people’s quality of life”
- Leverage ultra-fine bubble technology to enhance the value of hot water and expand into dishwashers (Japan launch: May 2026)

## Address global environmental issues

Case study: Condensing products

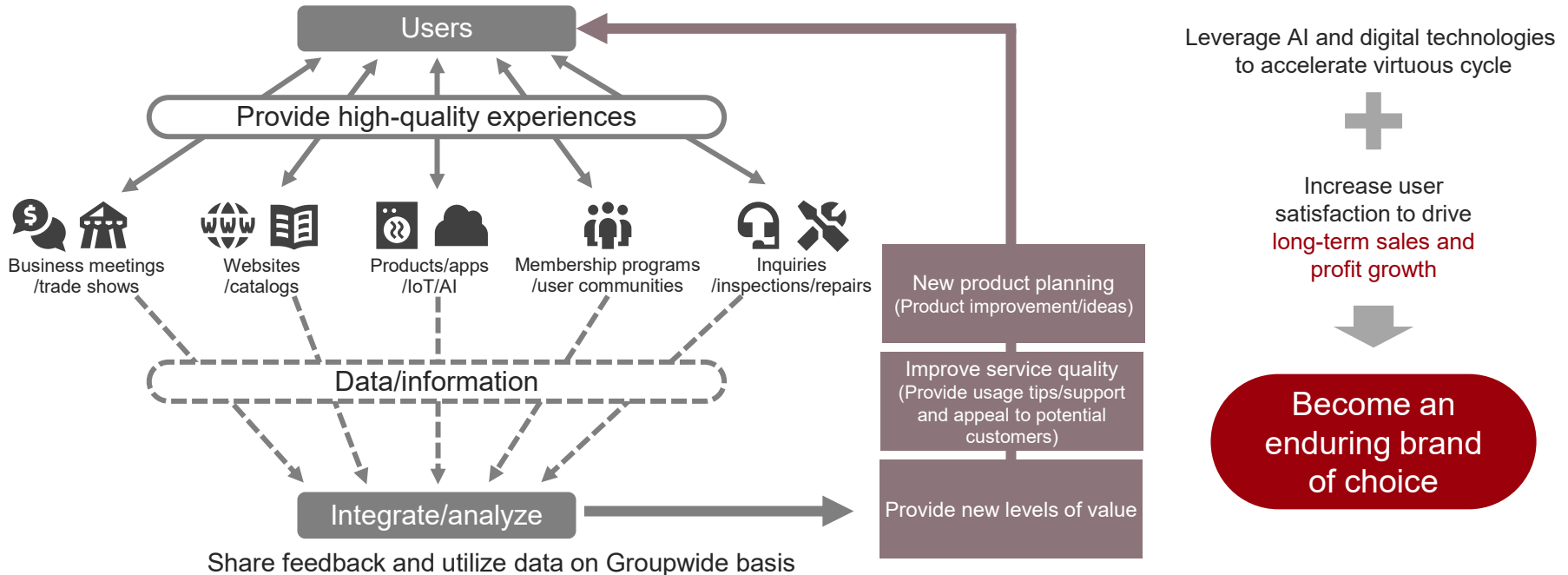


- Promote global transition to highly efficient condensing water heaters and boilers to support a low-carbon society
- Apply condensing technology refined for residential use to commercial water heaters to further support decarbonization



# Enduring Brand of Choice

- Integrate and analyze information gathered through user engagement to provide more appealing products and services
- Repeat this cycle of delivering such offerings to users and **become enduring brand of choice**





# Expand Businesses Aligned with Needs of Growth Markets

- Increase business in growth markets earmarked for population growth, rising middle class driven by income growth, and expanding gas infrastructure
- Leverage our technologies and sales channels to help “improve people’s quality of life”

## Latin America

Central American  
Common Market  
(CACM)

Andean Community

MERCOSUR (Southern  
Common Market)



### Brazil



Tankless water heaters

## Southeast Asia

### Indonesia



Tabletop cookers



Built-in hobs (stovetops)



- Expand business in regions where gas infrastructure is set to grow
- Divide Latin America into three economic blocks and use key countries where Rinnai has a presence as springboard to drive expansion
  - MERCOSUR (Brazil)
  - CACM (Costa Rica) Acquired in 2024
  - Andean Community (Peru) Acquired in 2025

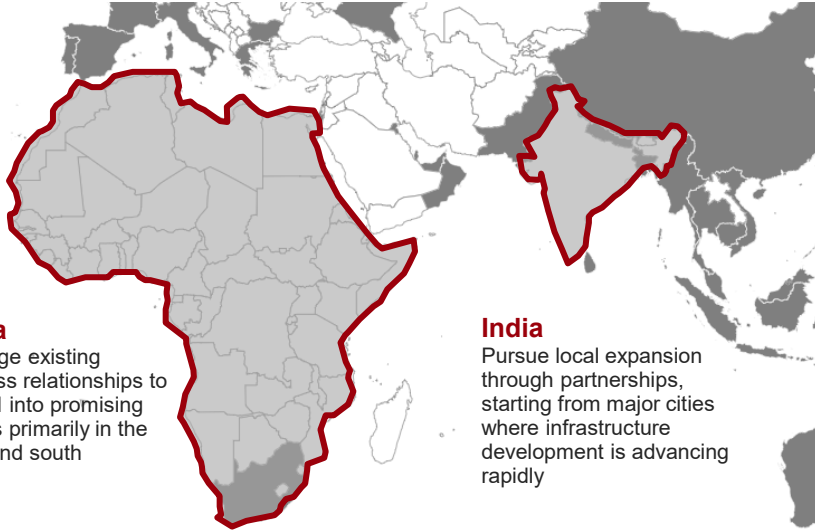
- Regions earmarked for improved living standards driven by population and income growth: Strengthen profitability by expanding product lineups tailored to local needs as demand for convenience and safety increases
- Regions where our products have yet to gain traction: Reinforce our sales structure



# Build Foundations in Untapped Regions

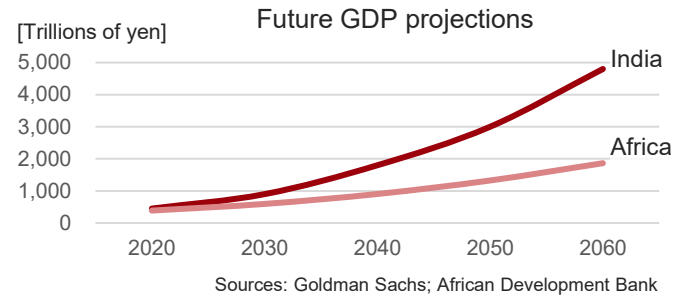
- Leverage our strengths to build foundations in untapped regions earmarked for population growth and economic expansion
- Help improve people's quality of life and address global environmental issues for the growing middle-class consumer base

■ Establish local subsidiaries and agencies    □ Priority strategic regions



**Africa**  
Leverage existing business relationships to expand into promising regions primarily in the north and south

**India**  
Pursue local expansion through partnerships, starting from major cities where infrastructure development is advancing rapidly



Deploy our diverse product portfolio to tap market demand

# Medium-Term Business Plan “accelerate 2030”: Business Strategies

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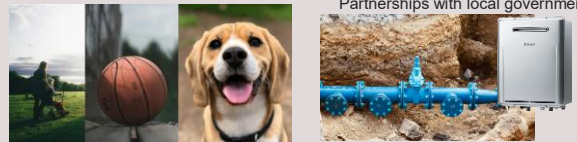
Step up use of external resources  
Accelerate execution



# New Value Creation: Direction

Challenge new businesses adjacent to existing operations (innovative products and business models) and drive new value creation to resolve social issues

Businesses to address going forward \*Shown as examples

	Existing businesses	New businesses	
		Products	Services/solutions
Existing customers	<p>Existing products</p>  <p>Tabletop cookers, Water heaters</p>	<p><b>New categories</b></p>  <p>Hydrogen-fueled equipment      Equipment for the elderly</p>	<p><b>New revenue models</b></p>  <p>Regular maintenance      Upgrade functional enhancement      Usage proposals</p> <p>Equipment subscription</p>
New customers	<p>Untapped regions</p>  <p>Africa      India</p> <p>India/Africa</p>	<p><b>New equipment</b></p>  <p>Water treatment equipment      Healthcare equipment</p>	<p><b>New businesses</b></p>  <p>IoT-enabled equipment Partnerships with local governments</p> <p>Nursing care, sports, pet services      Disaster response</p>



# Entering New Fields

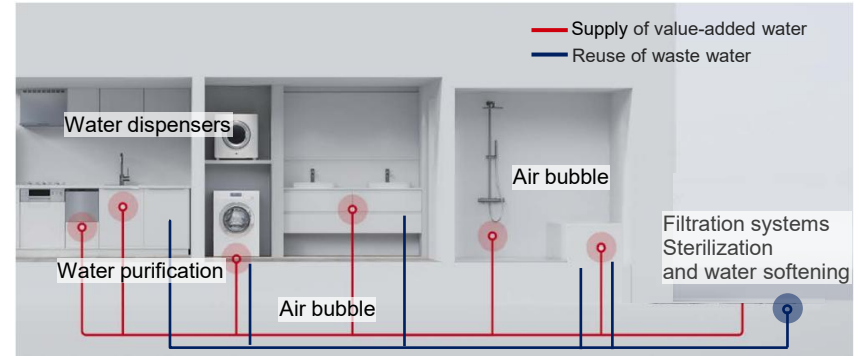
- Explore new needs across diverse regions to become enduring brand of choice
- Leverage strengths in proprietary technologies and established distribution channels to expand business scope

Examples Water treatment solutions to enhance water quality

	Low	Adding value to water		High
Value	Water usage	Dual-income households Reduced housework burden		High-quality living
Technologies	<ul style="list-style-type: none"> <li>- Activated carbon</li> <li>- Filtration systems</li> <li>- UV sterilization</li> <li>- Water softening</li> <li>- Water reuse/recycling</li> </ul>	- Air bubbles (Water-related grime)		<ul style="list-style-type: none"> <li>- Water dispensers (hot water, carbonated water)</li> <li>- Air bubble technology (skin hydration)</li> </ul>
Regions	Drought-affected regions	Economically growing countries		Economically stable countries

Address expected water shortages and work to resolve country-specific water challenges

## Example applications for everyday home use



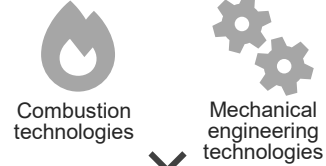


# Fuse Proprietary and New Technologies to Deliver New Value

- Fuse proprietary technologies (refined through existing product development) with advanced innovations to engage society based on Rinnai's vision of value
- Turn new seeds into reality to resolve social issues in health and lifestyles to consistently deliver inspiring value to consumers

## Examples

### Proprietary technologies (strengths)



### New technologies



More comfortable living





# Accelerating New Value Creation

Deploy internal and external resources and step up initiatives to swiftly monetize new businesses

## Internal initiatives

### Promote deployment of internal resources

- Strengthen R&D capabilities for new businesses
- Allocate talent to new business fields
- Explore needs/trends; strengthen M&A capability



Step up exploration of new technologies and needs by investing in talent, equipment, and facilities centered on Innovation Center



Create new value

## External initiatives

### Step up collaboration with external resources

- Partner with universities and research institutions through joint research
- Collaborate with other companies via strategic alliances and M&As

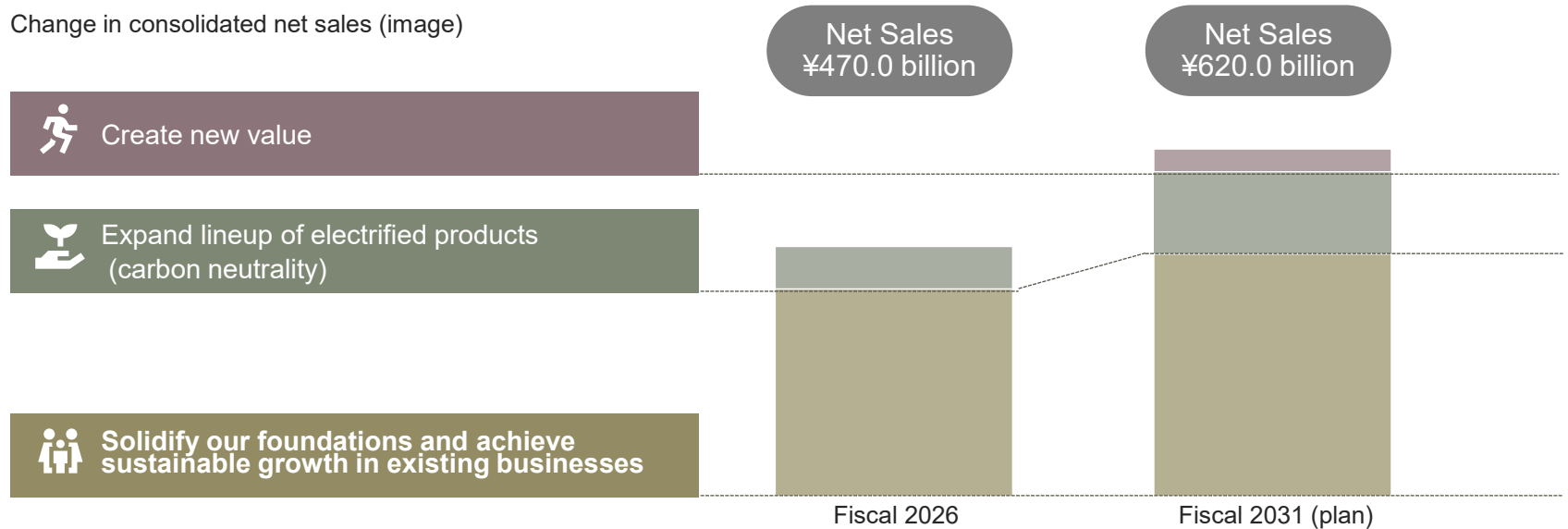


Accelerate creation of new businesses through collaboration with external resources possessing technologies, know-how, and distribution channels

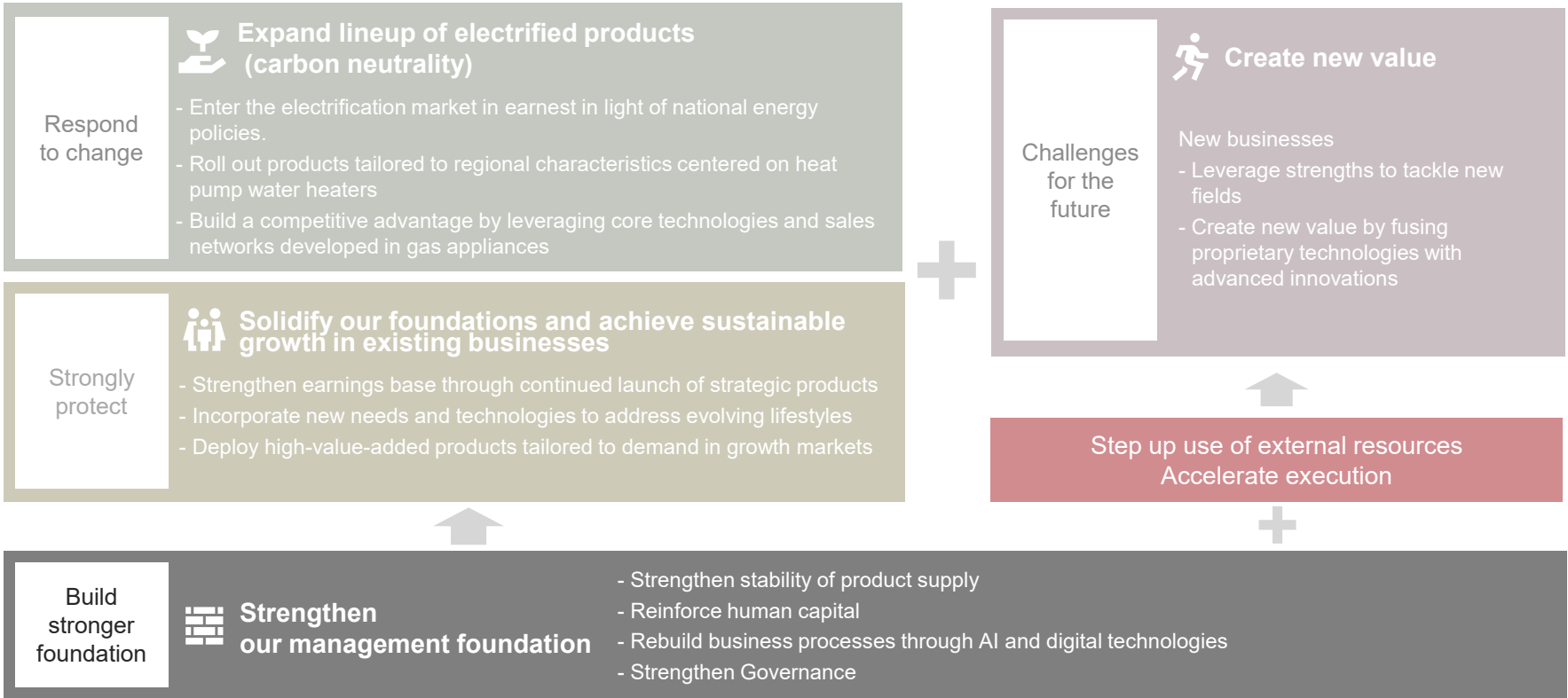
# Strengthen Business Portfolio

- Execute business strategies to further grow and solidify foundations of existing businesses
- Expand electrification business and seed new business fields with view to future

Change in consolidated net sales (image)



# Medium-Term Business Plan “accelerate 2030”: Business Strategies





# Strengthen Stability of Product Supply

Fulfill responsibilities as a provider of essential goods by strengthening systems to ensure stable product supply to customers even in times of emergency

## Ensure stable procurement of raw materials and components

### **Establish and operate systems for stable procurement**

- Practice multi-sourcing
- Ensure safe inventory buffer
- Strengthen information-sharing with suppliers

### **Practice responsible procurement**

- Avoid use of conflict minerals
- Consider the environment and human rights

## Ensure stable operation of production facilities

### **Reduce operational shutdown risks**

- Prepare for natural disasters (fires, earthquakes)
- Protect against cyberattacks

### **Secure a stable talent base**

- Advance automation through AI and robotics
- Enhance workplace environments and employee benefits

## Reduce supply chain risks

### **Expand local production for local consumption**

- Shorten transport distances
- Increase local sourcing of raw materials and components

### **Diversify transportation**

- Secure multiple routes
- Develop alternative transport options



# Reinforce Human Capital

Strongly develop talent needed to “achieve sustainable and steady growth”

Reallocate personnel in line with business strategy

- **“Reallocate personnel to new business areas” in response to constantly changing business conditions**
- **Continuously assess workforce composition and optimize deployment to maximize impact with minimal staffing**

Future challenges and talent development

- **Develop and secure globally capable talent (particularly in management and technical fields)**
- **Identify and develop talent capable of taking on future challenges through engagement in new businesses**
- **Enhance hands-on programs for younger employees (cross-cultural understanding and communication skills)**
- **Step up promotion of women’s participation and advancement**
  - Develop environments where employees can continue performing actively and sustainably regardless of life stage changes
  - Expand development opportunities with view to appointing women to managerial and core positions

Activate people  
and organizations

Targets

Employee  
engagement score

Positive response rate\*

**61% or higher**

\*+5 points vs. fiscal 2026;  
parent company only



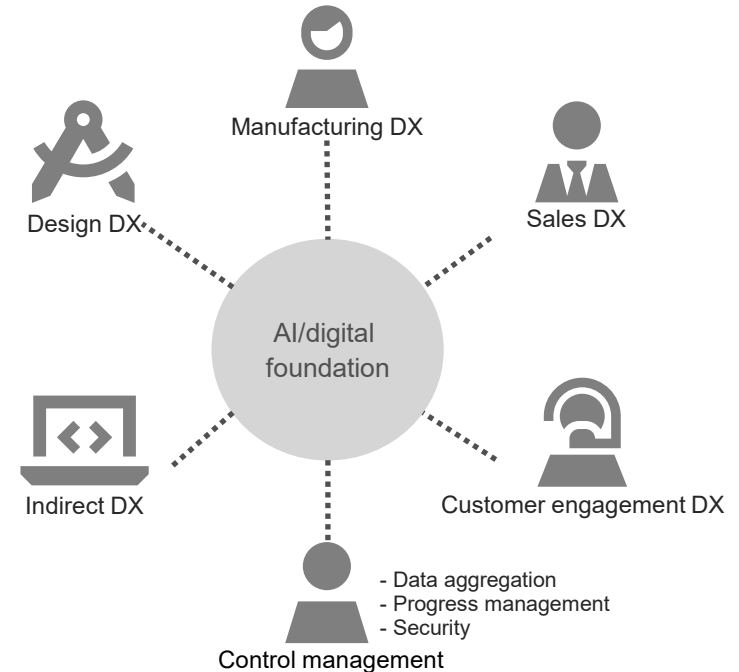
# Rebuild Business Processes through AI and Digital Technologies

Complete DX transformation initiated under New ERA 2025 to help achieve financial targets

## Rebuild business processes

- Improve operational efficiency through full-scale use of AI and digital technologies, and reallocate personnel to activities that create new added value
- From fiscal 2027: Divide DX into five domains and promote initiatives led by governance and control departments

Design DX	Shorten development lead times and reduce development costs
Manufacturing DX	Build smart factories (with improved production efficiency and advanced quality control)
Sales DX	Streamline/automate order processing and improve efficiency of sales activities
Customer engagement DX	Strengthen customer engagement and propose sales activities that support increased revenue
Indirect DX	Fully adopt AI (shift repetitive tasks, document preparation, coordination tasks, etc., to AI)





# Strengthen Governance

- Leverage past initiatives to strengthen governance aimed at achieving sustainable growth of corporate value
- Maintain governance framework that enhances transparency and promotes appropriate risk-taking

## Enhance effectiveness of Board of Directors

- Optimize Board composition (maintain/improve skill sets, diversity, and ratio of outside directors)
- Establish PDCA cycle for effectiveness evaluations to enhance quality of Board discussions
- Conduct succession planning ensure management continuity
- Continuously improve/operate executive compensation systems aligned with shareholder interests

## Enhance transparency and dialogue

- Establish independent advisory framework centered on committees led by outside directors
- Ensure timely and appropriate disclosure, as well as ongoing dialogue with stakeholders and sharing with Board of Directors

## Strengthen monitoring capability

- Review and reassess progress of medium-term plan and key matters (such as M&As) based on key indicators
- Strengthen capital discipline to achieve optimal capital policy and allocation

## Group governance

- Enhance group governance, including of overseas subsidiaries
- Strengthen Board oversight of risk management systems

## Capital Policy

# Capital Management Policy

Aim to enhance corporate value and PBR by improving capital efficiency under a balanced capital allocation approach

Capital allocation	Financial discipline	Manage cash flow effectively and optimize cash levels
	Growth investments	Raise awareness of investment returns and make disciplined investments in areas with high growth potential
Capital efficiency	ROE	Fiscal 2031 target: 10%
	ROIC	Fiscal 2031 target: 15%
Shareholder returns	Dividends	Medium-term management plan period: Pay progressive dividend increases in principle to provide stable and continuous shareholder returns
	Share buybacks	Implement flexibly with comprehensive focus on improving capital efficiency, capital allocation, and share price

Aim to achieve sustainable growth of ROE and ROIC through secured profits exceeding the cost of capital

# Required Levels of Cash

Secure liquidity necessary for business operations and achieve both financial soundness and capital efficiency

## Approach to required levels of cash

- Set the required cash level at 2.5 x monthly sales (working capital)
- Deploy surplus capital (after internal reallocation) toward growth investments, strategic initiatives, and shareholder returns

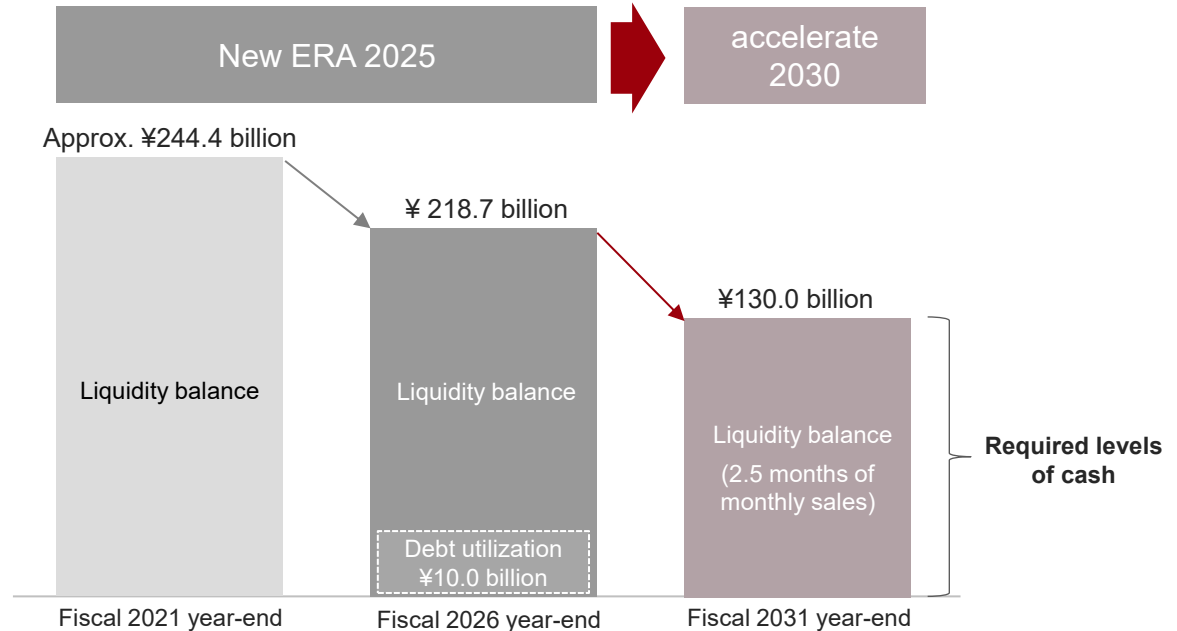
## In emergency scenarios (including disasters)

- In the event of large-scale natural disasters requiring additional funding: Respond without relying solely on cash on hand

Example: Foreign-currency deposits with embedded earthquake protection

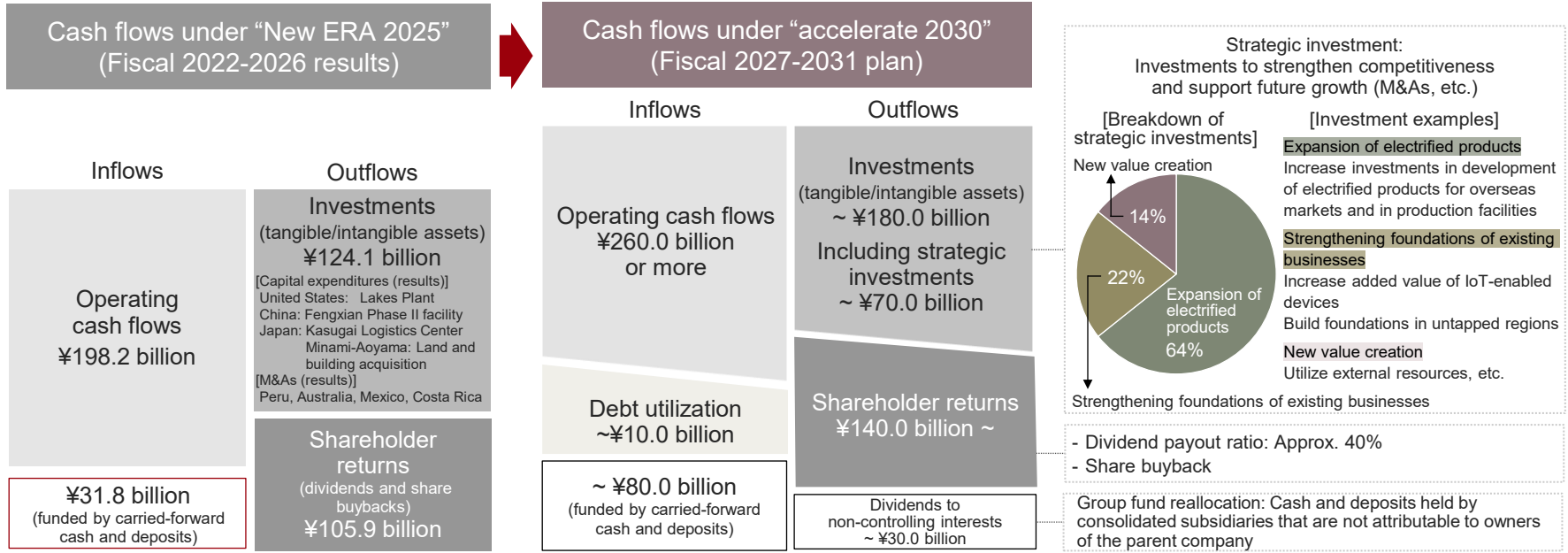
### \*Definition of liquidity

Cash and deposits + Available-for-sale securities  
+ Investment securities – Shares of affiliates



# Capital Allocation

Pursue resource allocation that strengthens earnings power and financial resilience through disciplined strategic investments focused on returns and implementation of shareholder return policy



# ROE and ROIC Targets

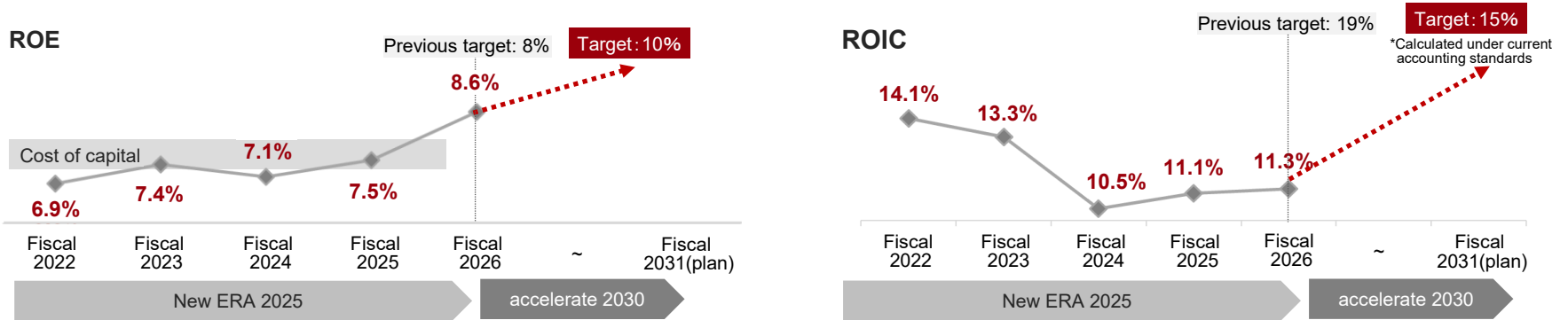
ROE = Net income ÷ Equity (average of beginning and ending balances)

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

\*1 NOPLAT= Operating Income × (1 – Effective tax rate)

\*2 Invested capital = Accounts receivable + Inventories + Fixed assets – Accounts payable

- Pursue further improvements under new plan (despite ROE exceeding cost of capital in final year of previous plan)
- Improve profitability under new plan through return-driven growth investments and recovery of past investments (as ROIC remained below target under previous plan)



## Assumptions for WACC (weighted average cost of capital)

WACC

7.5~9.7%

- Cost of shareholders' equity: 7.7%-9.9% \*Cost of shareholders' equity: calculated using CAPM (capital asset pricing model) (Risk-free rate: 2.3%–2.6%; market risk premium: 6.0%–7.0%; beta: 0.9–1.05)

\*10-year government bond yield

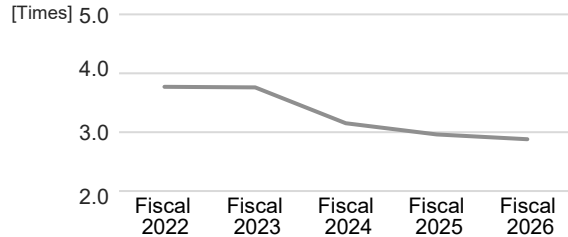
# Capital Policy: Measures to Improve capital Efficiency (ROIC improvement)

## Factors behind ROIC underperformance

Factor 1

Prioritized medium- to long-term investments aimed at future business growth, resulting in fixed asset turnover decline

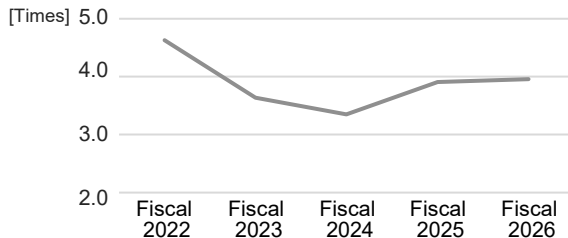
Fixed asset turnover



Factor 2

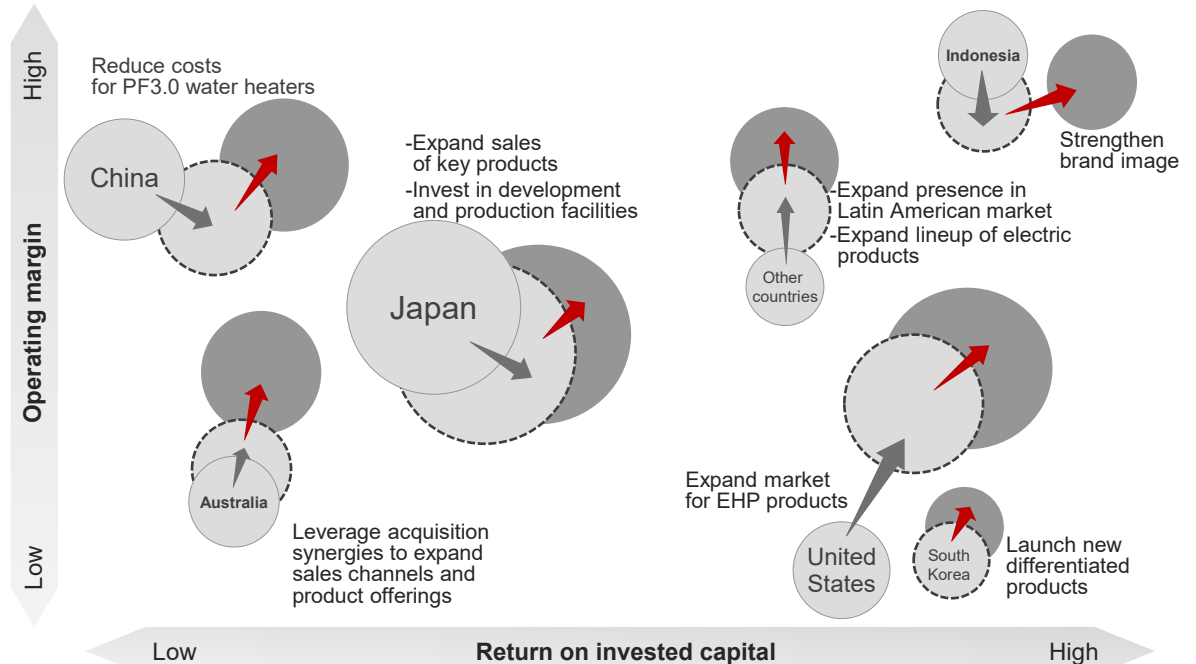
Increase in inventories as part deliberate effort to establish stable product supply system

Inventory turnover



## Region-specific strategies for improving ROIC

Implement strategies in each region to enhance profitability and drive ROIC improvement

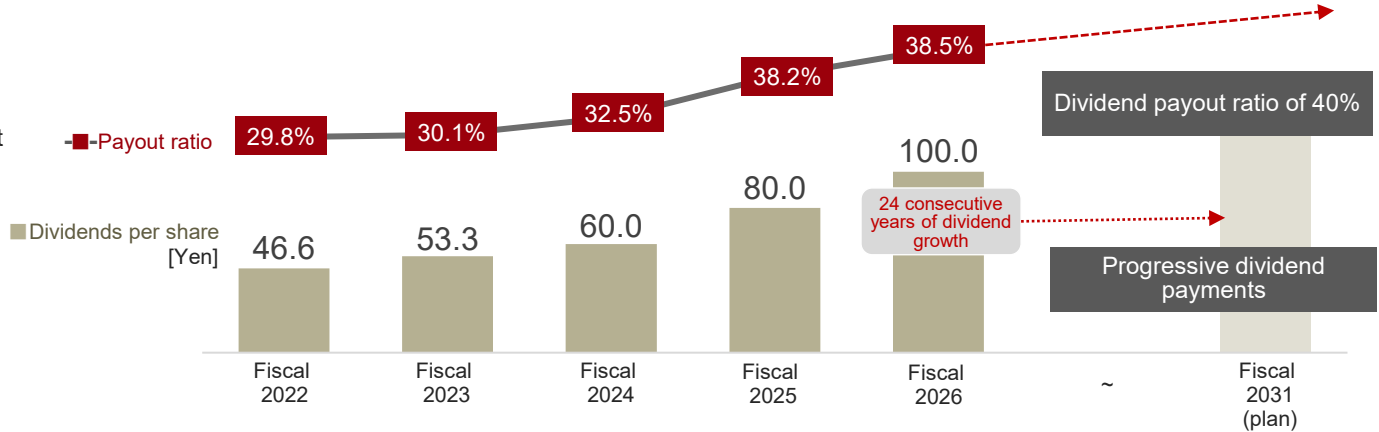


# Return to Shareholders

- Previous medium-term plan period: Increased total return ratio by raising dividend payout ratio and implementing flexible share buybacks
- New medium-term management plan period: Deliver shareholder returns taking into account stock price and optimal capital structure

## Dividends

New medium-term management plan period: Adopt progressive dividend policy in principle and deliver stable and continuous returns to shareholders



## Share buybacks

Implement buybacks flexibly with comprehensive consideration of capital efficiency, capital allocation, and stock price



Supplementary Information

**Rinnai**

# 2026–2030: Expected Changes in the External Environment

- Increased risks of natural disasters (such as earthquakes, typhoons, and extreme weather) and protracted international conflicts
  - Soaring energy prices and exchange rate fluctuations (with an uncertain outlook)
- Global
- **Tighter energy regulations** resulting from efforts to achieve **carbon neutrality** (led by North America, Oceania, and Europe)
  - **Improving quality of life** driven by rising incomes (ASEAN, Asia, India, Africa, and Latin America)
  - **Advances in AI and other digital technologies** transforming work practices in the industrial sector and creating new value in areas such as daily life
- Japan
- Number of **all-electric homes** was declining since Great East Japan Earthquake, but has begun rising again in recent years as part of push toward carbon neutrality
  - **Changing values and lifestyles** driven by generational shifts; growing demand for time-saving solutions among dual-income households
- United States
- Persisting economic tensions, particularly with China; outlook for trade remains uncertain due to factors such as reciprocal tariffs
  - U.S. Department of Energy (DOE) plans to **tighten energy efficiency standards for residential water heaters** (2029)
- China
- **Persisting market stagnation**; outlook for exports and domestic demand remains uncertain due to reciprocal tariffs with United States
  - **Rise of local manufacturers (improved performance and functionality)** and shifting consumer preferences (toward lower prices)

# Quality-of-Life Improvement Criteria

The Rinnai Group has identified the following four areas for improving quality of life

Below are examples of Rinnai products that have improved people's lives in each country and region in comparison with popularized existing products.

1. Reduced stress through improved convenience
2. Increased safety of living spaces
3. Improved levels of hygiene and health
4. Enhanced resilience

	Criteria	Main products	Details of improvement
1	Reduced stress through improved convenience	Gas tankless water heaters (United States) Gas clothes dryers (All regions) Dishwasher/dryers (All regions)	- Endless supply of hot water thanks to gas water heaters - Reduced housework burden thanks to gas clothes dryers and dishwasher/dryers
2	Increased safety of living spaces	Wireless LAN-compatible products (All regions) Gas stoves with sensors (China, ASEAN)	- Remote control and monitoring functions - Stoves equipped with sensors ensure prevention against fires
3	Improved levels of hygiene and health	Air-bubble related products (All regions) Water purifiers, Water Ionizers (All regions) Gas and electric water heaters (ASEAN)	- Ultra-fine bubbles, Micro Bubble Bath units have health improvement benefits - Increased hygiene levels thanks to better water purifiers - Water heaters installed in houses that previously did not have them
4	Enhanced resilience	<i>ECO ONE</i> (Japan) Gas stoves (ASEAN)	- Hot water supply even in times of disaster - Cooking possible even during electricity blackouts

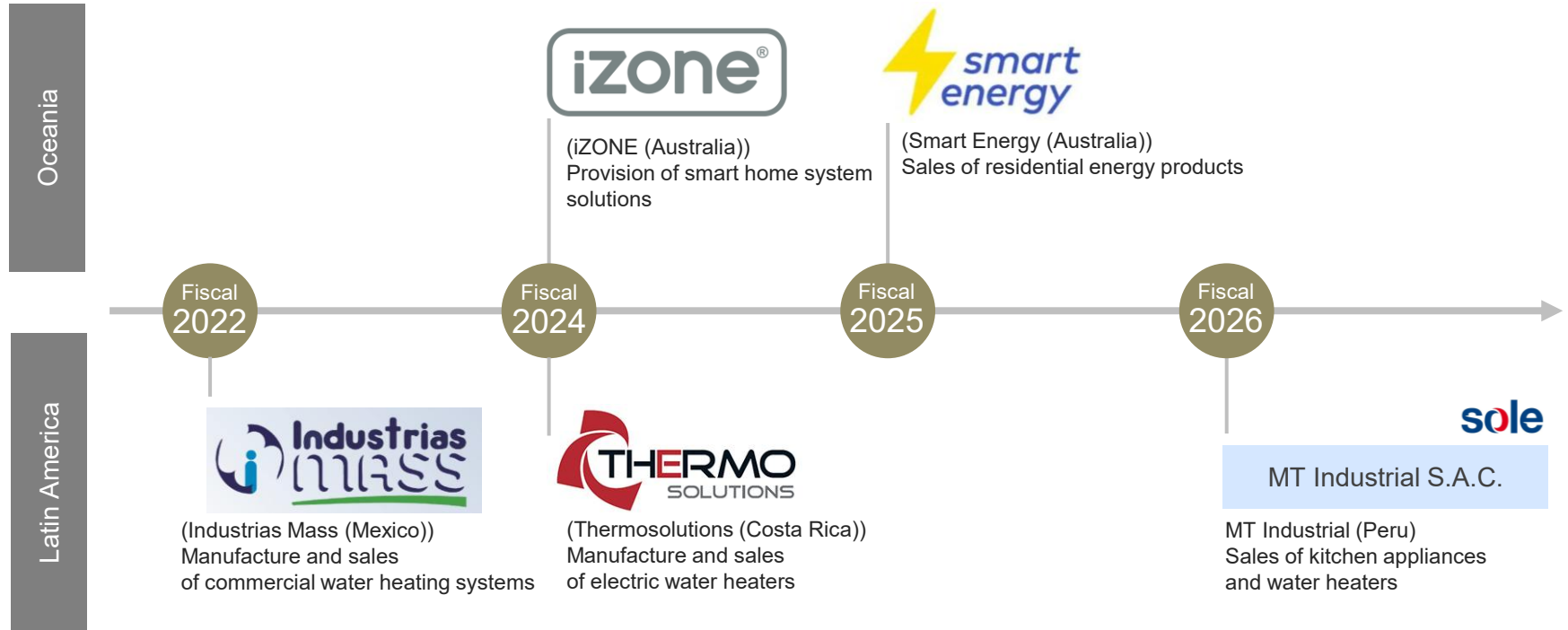
# Criteria for Addressing Global Environmental Issues

- Designate offering that reduce CO<sub>2</sub> and PM2.5 emissions as products that benefit the global environment
- Designated products in current medium-term management plan period: “Gas water heaters,” which contribute to a low-carbon society, and “gas boilers,” which help reduce PM2.5 emissions

	Goal	Main products reflecting the energy situation in each country and region	Details of environmental contribution
1	Reduce CO <sub>2</sub> emissions	Heat pump water heaters (All regions)	Highly energy-efficient water heaters help reduce CO <sub>2</sub> emissions
		<i>ECO ONE, ECO Jozu</i> (Japan)	
		Tankless gas water heaters (United States, Australia)	
		Gas water heaters (China)	
		Condensing boilers (South Korea)	
		Gas tabletop stoves, Built-in hobs (stovetops) (Indonesia)	Gas stoves with high combustion efficiency help reduce CO <sub>2</sub> emissions
		Solar hot water panels (Brazil)	Using solar heat to supply hot water helps reduce CO <sub>2</sub> emissions
	IH cooktops, Solar Panels, Battery storage (All regions)	Reduce CO <sub>2</sub> emissions through increased sales of electrified products	
2	Reduce PM2.5 emissions	Boilers (China, Mongolia)	Switching from coal boilers to gas boilers helps reduce PM2.5 emissions

# M&A Results in Previous Medium-Term Business Plan (New ERA 2025) Period

Strategically implemented M&As and effectively expanded our business domains through Group synergies that leverage the strengths of existing businesses



Performance forecasts and other future-oriented predictions contained in these materials are based on the Company's judgments using available information. Actual results may differ from such forecasts and predictions due to changing future circumstances.

**Rinnai**