

Fiscal 2027 Outlook

Impact of Middle East Situation

■ Impacts in fiscal 2026

- No impact at this time on production stemming from increased risks to crude oil supply
- We have not placed any restrictions on orders and there are no significant delivery delays

■ Potential impacts in fiscal 2027

- Risk that procurement conditions for certain materials, such as solvents, may deteriorate, potentially affecting production
- Rising material costs could negatively impact profits

- Impact of Middle East situation remains highly uncertain; difficult to accurately estimate financial impact at this time
- Our earnings forecasts do not factor in potential impact of Middle East situation; we will promptly disclose any significant changes should they occur

Fiscal 2027: Consolidated Sales/Income Plan

[Billions of yen]	Fiscal 2026 actual	Fiscal 2027 plan	Comparison with fiscal 2026	
			Amount	% change
Net Sales	470.3	500.0	+29.7	+6.3%
Domestic	198.6	205.0	+6.4	+3.2%
Overseas	271.7	295.0	+23.3	+8.6%
Overseas ratio	57.8%	59.0%	+1.2pt	-
Operating income	50.5	50.5	-0.3	-0.1%
Operating margin	10.7%	10.1%	-0.6pt	-

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

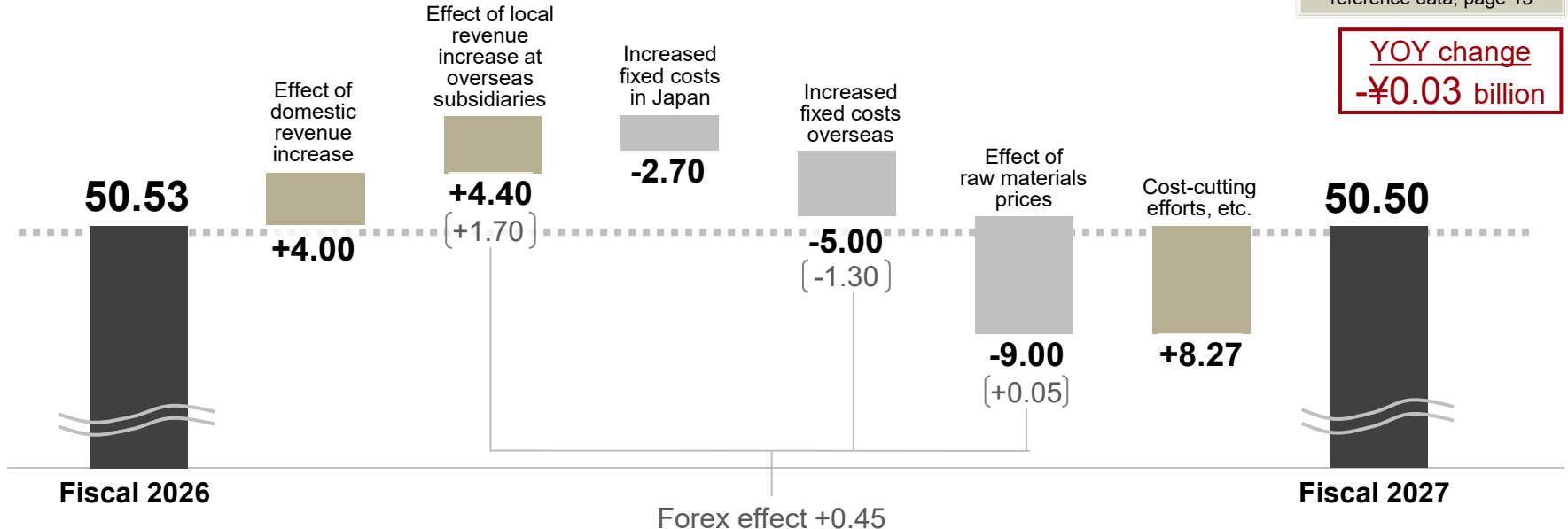
Fiscal 2027: Consolidated Operating Income Plan

- Aim to secure profits through cost-reduction measures to address significant cost increases despite expected sales growth both in Japan and overseas

[Billions of yen]

Projected exchange rates for fiscal 2027 are listed on reference data, page 13

YOY change
-¥0.03 billion



Rinnai (non-consolidated basis), Fiscal 2027 Plan

- Market concern about environmental issues expected to continue growing as renovation market remains resilient
- Aim to further increase sales through focus on launching new products in key products
- Aim to increase profits through higher sales of value-added products and cost reductions despite increasingly challenging cost environment



Built-in hobs (stove tops)



Hybrid water heaters



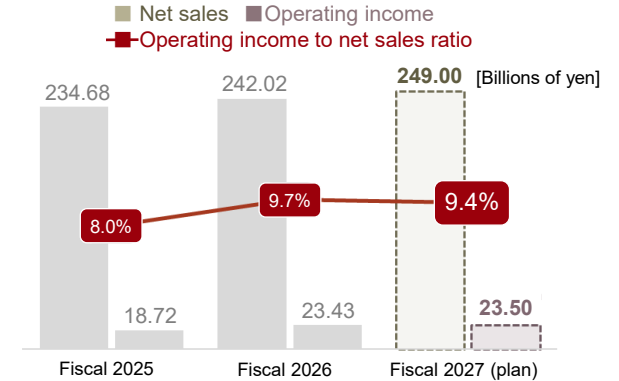
Gas clothes dryers



Dishwasher/dryers

[Billions of yen]	Fiscal 2026 actual	Fiscal 2027 plan	YOY change
Net Sales	242.02	249.00	+2.9%
Operating Income	23.43	23.50	+0.3%
Operating income to net sales ratio	9.7%	9.4%	-0.3pt

Rinnai (non-consolidated basis), Fiscal 2027 plan



[Sales volume plan in Japan]	YOY Change
Water heater with heating systems	+3.0%
Hybrid water heaters	+15.7%
Built-in hobs (stove tops)	+1.4%
Gas clothes dryers	+5.9%

Japan Topics: Expanding Sales of Key Products*1

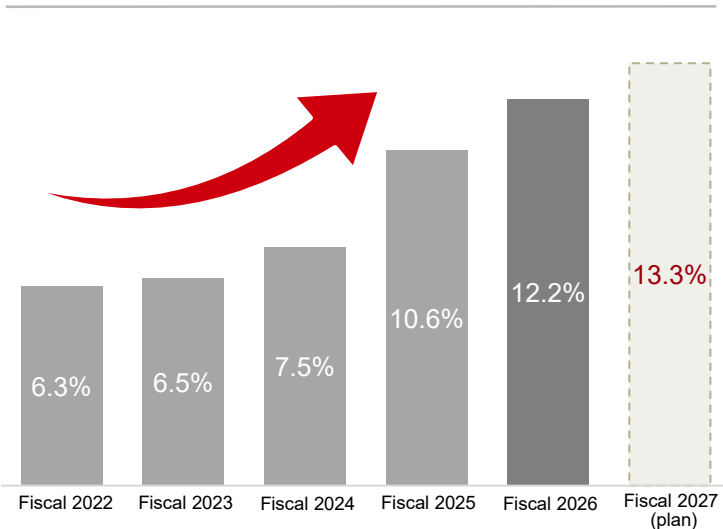
*1 Key products: High-value-added products that meet consumer needs

- ① Hybrid water heater with heating systems,
- ② Air Bubble products, ③ Gas clothes dryers

*2 UFB: Ultra-fine bubbles





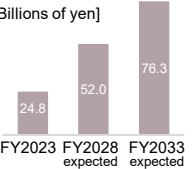



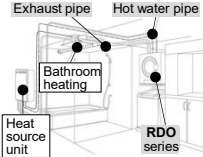
- Ongoing growth in both sales and income supported by new product launches and market expansion

Ratio of key product sales in total sales



Sales of high-value-added key products expected to continue growing steadily despite ongoing downward trends in population, number of households, and new housing starts

Key products that will drive domestic sales growth

Hybrid water heater with heating systems	<p>Take advantage of subsidies</p>  <p>- Utilize subsidies for both new and existing homes to promote home purchases and equipment replacements</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Subsidies for energy-efficient housing</p>  <p>Region No. 5-8 ¥1.1 million /household</p> </div> <div style="text-align: center;"> <p>Subsidies for high-efficiency water heaters</p>  <p>Maximum ¥120,000 /household</p> </div> </div>
Air Bubble products	<p>Acquire certifications</p>  <p>- Market for fine bubble products is growing</p> <p>- Obtained industry certification (fine bubble category) regarding effectiveness evaluation validity for UFB*2</p> <div style="text-align: right;"> <p>Domestic market size (fine bubble category) [Billions of yen]</p>  <p>FY2023 FY2028 expected FY2033 expected</p> </div> <p><small>Source: Fine Bubble Industries Association *Survey and Analysis of Market Trends in the Fine Bubble Industry*</small></p>
Gas clothes dryers	<p>Launch new products</p>  <p>- Hot-water model (providing greater installation flexibility) scheduled for release in autumn 2026</p> <div style="display: flex; align-items: center;"> <div style="text-align: center;"> <p>Gas type *Existing lineup</p>  <p>Indoors Under eaves</p> </div> <div style="margin: 0 10px;">+</div> <div style="text-align: center;"> <p>Hot-water type</p>  <p>For indoor use only</p> </div> </div> <div style="text-align: right;"> <p>Installation image</p>  <p>Exhaust pipe Hot water pipe Bathroom heating Heat source unit RDO series</p> </div>

Japan Topics: Initiatives Toward GX ZEH

- Revision of the ZEH standards in April 2027 (GX ZEH) presents opportunity to further expand sales of *ECO ONE* hybrid water heaters

■ Overview of new ZEH standards (GX ZEH)

	Previous ZEH standard	GX ZEH (effective April 2027)
Primary energy consumption reduction rate (excluding renewable energy)	Reduction of 20% or more	Reduction of 35% or more
Building envelope performance	Thermal Insulation Grade 5	Thermal Insulation Grade 6
Solar power generation	Required	Required
Required equipment	None	Advanced energy management (HEMS) Storage battery

ZEH standard: Raising primary energy consumption reduction rate



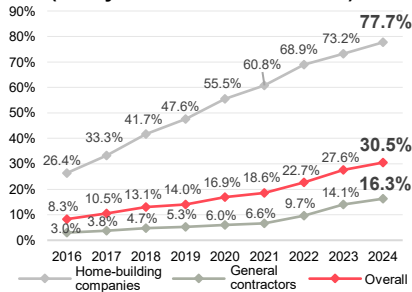
Increase in share of ZEH/GX ZEH in new housing construction



Expand sales *ECO ONE*
(which delivers industry-leading energy efficiency)

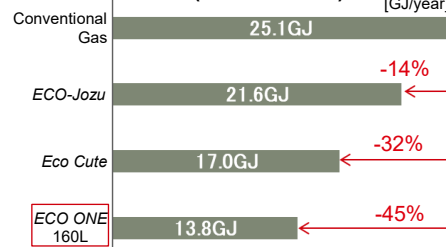


ZEH adoption rate (newly built detached houses)



Source: Sustainable open Innovation Initiative (SII)

Primary energy consumption (water heaters)



*Source: Rinnai materials from 40th Energy conservation subcommittee meeting on April 22, 2023
 Conventional Gas: Mode thermal efficiency 78.4%
 ECO Jozu: Mode thermal efficiency 92.5%, Eco Cute: JIS3.5

■ Initiatives to increase sales of hybrid water heaters

Case Study: "Discover! Rinnai 2026"

Working with multiple manufacturers, we are planning a residential equipment exhibition to present the full range of systems needed across the home to support the spread of GX ZEH.

→ Enhance market presence of *ECO ONE*



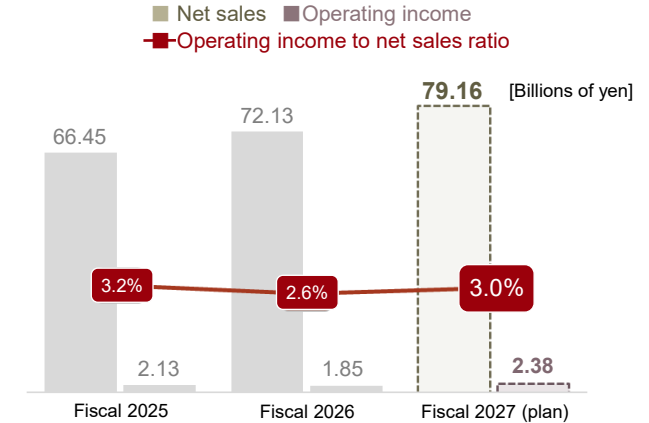
United States, Fiscal 2027 Plan

- Aim to improve profit margins and increase market share by continuously improving production efficiency and expanding our lineup of heat pump water heaters
- New tariff measures expected to have a negative impact on profits, so we will accelerate recovery of investments while looking to implement price increases commensurate with scale of impact



[Billions of yen]	Fiscal 2026 actual	Fiscal 2027 plan	YOY change	
			Yen	Local currency
Net Sales	72.13	79.16	+9.8%	+9.7%
Operating Income	1.85	2.38	+28.6%	+27.8%
Operating income to net sales ratio	2.6%	3.0%	+0.4pt	

Rinnai America, Fiscal 2027 plan



[Sales volume plan]	YOY Change
Tankless water heaters	+0.6%
Condensing water heaters of total (High-efficiency models)	+4.7%
Heat pump water heaters	+104.5%

Shanghai Rinnai, Fiscal 2027 Plan

- Take proactive measures (such as expanding large-scale online physical retail channels and enhancing brand recognition) despite prolonged downturn in market conditions
- Maintain profit margins through ongoing control of fixed costs and productivity improvements



Water heaters



Built-in hobs (stovetops)



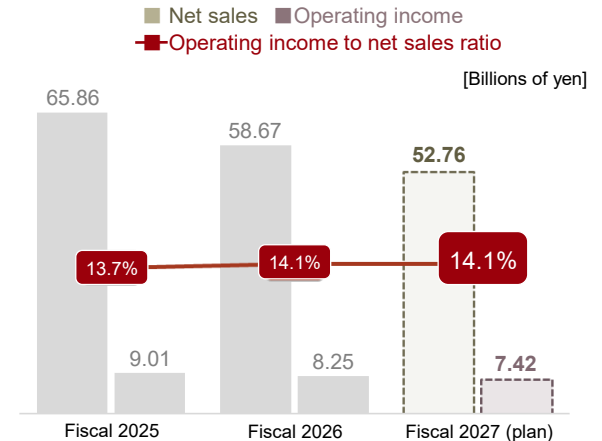
Range hoods



Boilers

[Billions of yen]	Fiscal 2026 actual	Fiscal 2027 plan	YOY change	
			Yen	Local currency
Net Sales	58.67	52.76	-10.1%	-13.0%
Operating Income	8.25	7.42	-10.1%	-13.0%
Operating income to net sales ratio	14.1%	14.1%	-0.0pt	

Shanghai Rinnai, Fiscal 2027 plan



[Sales volume plan]	YOY change
Water heaters	-7.6%
Built-in hob (stovetops)	-7.4%
Range hoods	+1.0%
Boilers	-9.9%

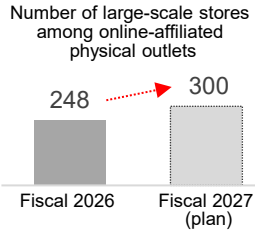
China Topics: Initiatives to Reinforce Sales Under Difficult Conditions

- Deploy strategic sales initiatives amid expectations of prolonged market downturn

■ Expand sales via online-affiliated physical stores

- Expecting an increase in large-scale stores directly operated by major online platforms
- Strengthen retail sales through online-affiliated physical stores to secure revenue and profit

Projected number of stores handling Rinnai products in Shanghai



■ Strengthen brand recognition through marketing

- Effectively promote Rinnai's proprietary ultra-fine bubble (UFB) water heaters
- Promote adoption of high-function water heaters through experiences that resonate with consumers

Advertise across multiple media channels



Appeal to consumers through UFB experiences



■ Award received in "JD Gold List" (JD.com Ranking)

- First-time recognition in official rankings based on sales performance and consumer evaluations
- Enhance brand recognition by leveraging award-related advantages (such as preferential display positioning)

First-ever award received in the gas water heater category



- Take various initiatives to directly communicate Japanese quality to consumers

- Highlight brand strength and high quality we have built over time to drive expansion of high-value-added products

Major Overseas Subsidiaries: Fiscal 2027 Outlook

[Billions of yen]		Fiscal 2026 actual	Fiscal 2027 plan	YOY change	Sales volume plan YOY change	
Rinnai Australia	Net Sales	44.18	49.66	+12.4%	Tankless water heaters	-11.4%
	Operating Income	2.48	3.37	+35.7%	Electric tank-based water heaters	+6.2%
	Operating Margin	5.6%	6.8%	+1.2pt	Heat pump water heaters	+46.1%
Rinnai Korea	Net Sales	31.11	31.22	+0.4%	Boilers	+13.3%
	Operating Income	0.91	0.91	+0.3%	Gas tabletop cookers	-3.5%
	Operating Margin	2.9%	2.9%	-0.0pt	Electric tabletop cookers	+5.1%
P.T. Rinnai Indonesia	Net Sales	18.14	18.54	+2.2%	Tabletop cookers	+0.8%
	Operating Income	3.84	4.09	+6.5%	Built-in hobs (stovetops)	+26.6%
	Operating Margin	21.2%	22.1%	+0.9pt	Range hoods	+16.6%

Capital Investment and R&D

- Concentrate capital investment in growth segments with emphasis on returns
- Continue investing in R&D to strengthen technological foundation

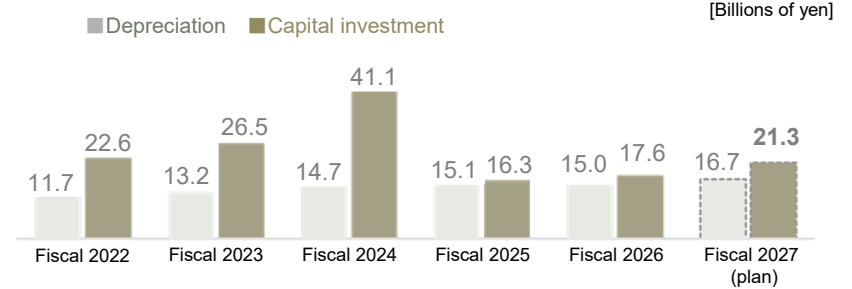
Consolidated capital investments and R&D costs: Results and forecasts

[Billions of yen]	Fiscal 2026 actual	Fiscal 2027 plan	YOY change
Capital investment	17.6	21.3	+3.6
Depreciation	15.0	16.7	+1.6
R&D expenditure	15.9	17.0	+1.1

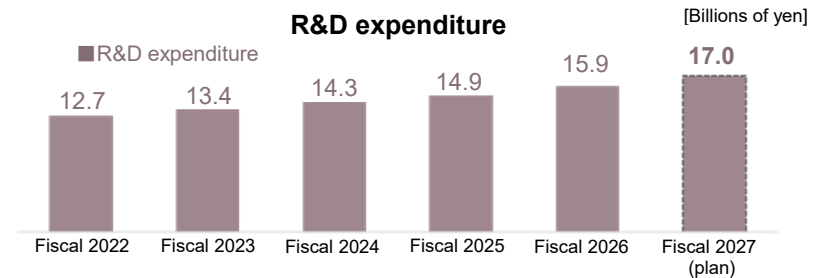
Main capital investment plan in fiscal 2027

- ▶ Invest in development and production facilities for electrified products for overseas markets

Capital investment, depreciation



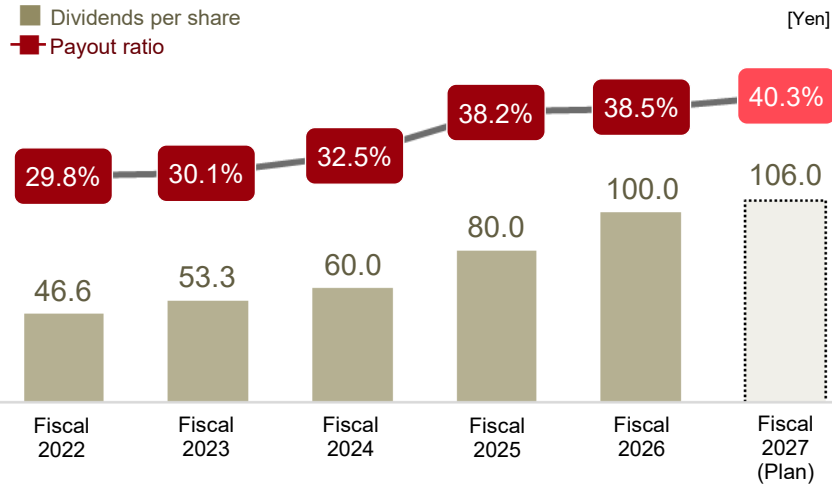
R&D expenditure



Return to Shareholders

- Maintain stable dividends despite expected challenging business conditions in fiscal 2027

■ Dividends per share, Payout ratio



■ Fiscal 2027 dividend policy

Focusing on stable dividends, we plan to increase the dividend payment, with the payout ratio expected to reach around 40%

■ Share buyback policy

Conduct buybacks flexibly while enhancing capital efficiency, optimizing capital allocation, and being mindful of share price

