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Notice of Convocation of the 76th Ordinary General Shareholders' Meeting: Other Information Provided Electronically (Items Omitted from the Delivery Document)

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76th Fiscal Year

(April 1, 2025–March 31, 2026)

Rinnai Corporation

Pursuant to applicable laws and the Corporation's Articles of Incorporation, the above items are not included in the Notice of Convocation for shareholders who have made a written request.

At this Ordinary General Shareholders' Meeting, the Corporation will uniformly distribute a document describing items related to the matters subject to the measures for provision in electronic format, excluding the above items, regardless of whether or not a request for delivery of such document has been made.

I. Business Report

System to Ensure Execution of Business and Overview of Its Operational Status

1. An overview of systems to ensure appropriateness of business activities

An overview of systems to ensure that execution of business by directors conforms to legal regulations and the Articles of Incorporation, as well as other systems to ensure appropriateness of business activities, is given below.

(1) System to ensure that execution of business by directors and employees of the Corporation and its subsidiaries conforms to legal regulations and the Articles of Incorporation

- To ensure that directors and employees of the Corporation and its subsidiaries are constantly aware of the need to observe legal regulations and the Articles of Incorporation when executing their duties, the Group has formulated the Rinnai Group Code of Ethics, which consists of the Company Motto, Brand Promise, and the Rinnai Code of Conduct. The Corporation and its subsidiaries shall work to ensure that all directors and employees are fully familiarized with them.
- In addition to establishing the Business Ethics Committee, we shall formulate basic policy of corporate ethics and promote compliance with those ethics.
- If a director becomes aware of an incident in which there is suspicion of a major legal violation, he or she shall immediately report the incident to the Audit & Supervisory Board and the Board of Directors.
- The Corporation has set up a Corporate Ethics Hotline as an internal reporting system to handle incidents in which there is suspicion of a major legal violation. Operation of the hotline is based on the Corporation's business ethics manual.
- If an Audit & Supervisory Board member believes there is a problem with the internal compliance system or Corporate Ethics Hotline, he or she shall convey his or her opinion and seek measures to correct the situation.

(2) System for storing and managing information related to the execution of duties by directors

- Information related to the execution of duties by directors shall be stored and managed appropriately according to the Corporation's internal procedures for managing paper and electronic documents, in a manner appropriate to its storage medium and in an easily retrievable form.

(3) Regulations and other systems for managing the risk of loss at the Corporation and its subsidiaries

- As part of its risk management system, we shall determine risk management regulations and promote internal checks and awareness activities on a Groupwide basis, according to relevant regulations under the Risk Management Committee chaired by the president. Risk Management Committee shall determine who is responsible for each risk.

(4) System to ensure efficient execution of duties by directors of the Corporation and its subsidiaries

- To ensure that directors execute their duties in an efficient manner, Board of Directors' meetings shall be held on a regular basis to discuss and debate important matters and make executive decisions.
- Directors formulate management strategy and track the progress of management plans at the Groupwide executive meeting held every year.
- Execution of business based on decisions made at Board of Directors' meetings shall be performed by the relevant director according to the Corporation's rules and procedures.

- The Corporation formulates the Group management direction, management plan and management numerical targets in each fiscal year, based on the numerical targets on medium-term management plan, and management indicators on consolidated basis. Each department formulates an action plan, according to the Groupwide plan and target for each fiscal year, and the Corporation practices consistent management of each department.

(5) System to ensure appropriate operations in the Corporation and its subsidiaries

- To ensure that business at Rinnai Group companies is conducted appropriately, the Corporation shall formulate Rinnai Code of Conduct to serve as a behavioral guide for Rinnai Group companies. Based on the charter, The Corporation and group companies shall create their own specific regulations.
- Business control of Rinnai Group companies shall be based on reporting and approval rules determined by management procedures and the relevant companies' procedures.
- Internal audits by the Internal Control Office and relevant divisions were carried out in accordance with the business content and operating scale of each Group company.

(6) System applicable to employees who support to Audit & Supervisory Board members; and system to ensure effective execution of instructions to such employees

- The Internal Control Office shall provide support to Audit & Supervisory Board members. An employee assigned to provide support shall give priority to instructions given by the relevant Audit & Supervisory Board member. In the event that a dedicated employee is required due to the nature of the duties, members of the Board of Directors and the Audit & Supervisory Board shall select the employee after proper discussion.
- Changes in personnel and assessment of performance of assigned persons as support staff for Audit & Supervisory Board members shall require the consent of the Audit & Supervisory Board.

(7) System for reporting to Audit & Supervisory Board members; other systems to ensure effective execution of audits by Audit & Supervisory Board members

- Directors and employees shall report immediately to the Audit & Supervisory Board incidents that could cause significant damage to the operations or business performance of the Corporation and its subsidiaries. Moreover, Audit & Supervisory Board members can request reports from directors and employees at any time as required.
- The Audit & Supervisory Board shall hold regular meetings with representative directors, outside directors, the Internal Control Office, and the accounting auditor to exchange opinions and ensure proper communication of intentions.

(8) System to ensure that individuals who have made reports to the Audit & Supervisory Board as described in (7) above will not be treated unfavorably (put at a disadvantage) on the basis of such reports

- Every effort shall be made to ensure that directors and employees of the Corporation and its subsidiaries who report information to a member of the Audit & Supervisory Board will not be treated unfavorably on the basis of the report given.

(9) Matters concerning expenses incurred by a member of the Audit & Supervisory Board in the process of executing duties

- Total costs and debt processing incurred in the process of executing duties by a member of the Audit & Supervisory Board shall be covered by the Corporation based on application by said member.

2. An overview of the operational status of systems to ensure appropriateness of business activities

An overview of operational status of systems to ensure appropriateness of business activities in the fiscal year in review is given below.

(1) Matters related to compliance

- We worked to instill a deeper awareness of the Rinnai Code of Conduct and appropriate behavior among all employees. We conducted a survey to gauge the level of employee awareness and disclosed the results. As part of our main internal compliance education activities, we conducted in-person training sessions on the Antimonopoly Act for sales employees.
  In addition, we created educational videos explaining the revisions to the Proper Transactions Act, amended in January 2026, and posted them on the Corporation's intranet.
- As for our whistleblowing system, we established corporate ethics counseling contact points inside and outside the Corporation and appointed an outside law firm to handle external inquiries. However, there were no logged reports of suspected serious legal or regulatory violations during the fiscal year in review.

(2) Matters related to risk management

- The Risk Management Committee, chaired by the President and consisting of senior employees, was held regularly (4 times a year). Responsible personnel from each division reported on and confirmed the status of internal inspections and improvement measures related to risks, including those involving Group subsidiaries, as well as recent significant risks. In these ways, we promote information sharing and efforts to prevent risks before they materialize.

(3) Matters related to execution of duties by directors

- During the fiscal year in review, the Board of Directors met 13 times to discuss and approve key agenda items and receive business reports.
- The executive meeting, attended by executives responsible for operating divisions at the Corporation and at Group companies, met regularly to review progress on annual business plans and confirm status toward achieving goals and any issues requiring attention.
- The minutes of Board of Directors' meetings and Executive Committee meetings, along with approval documents, in written form were properly stored and managed.

(4) Matters related to appropriateness of the Group's business

- Key business management issues at Group companies were properly handled in accordance with approval rules established under the Corporation's management rules. Also, through regular opportunities to provide updates on business activities and the delivery of monthly business reports, the Corporation was able to confirm the status of progress on fiscal management plans and pinpoint issues requiring attention.
- Internal audits by the Internal Control Office were carried out based on plans drafted to match the business content and operating scale of each Group company. In addition, to ensure the effectiveness of internal audits, the Corporation reports regularly to President (twice a year) and the Audit & Supervisory Board members (four times a year) on the status of internal control audits. Details of internal control reports are also conveyed to the Board of Directors.

(5) Matters related to ensuring the effectiveness of audits by members of the Audit & Supervisory Board

- Members of the Audit & Supervisory Board held regular meetings based on the audit plan determined by the Audit & Supervisory Board. Members of the Audit & Supervisory Board attended meetings of the Board of Directors, Executive Committee, Risk Management Committee, and other bodies and stated their opinions, as necessary. They also looked over approval documents, monthly business reports, and records of important meetings to verify their contents. Furthermore, members of the Audit & Supervisory Board communicated with the accounting auditor and exchanged opinions regarding the audit plan proposed by the accounting auditor and the results obtained through the audit. In addition, members of the Audit & Supervisory Board exchanged opinions with the representative director, outside directors, and the Internal Control Office.

II. Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity
Year ended March 31, 2026

(Millions of yen)

	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**
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
Cancellation 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**

(Millions of yen)

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain (loss) on marketable securities	Foreign exchange translation adjustment	Remeasure-ments 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**
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
Cancellation 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**

Notes to Consolidated Financial Statements

[Notes to Significant Accounting Policies of Consolidated Financial Statements]

1. Scope of Consolidation

(1) Number of consolidated subsidiaries and names of major companies

Consolidated subsidiaries: 42 companies

Major consolidated subsidiaries: RB Controls Co., Ltd., Gastar Co., Ltd., and Shanghai Rinnai Co., Ltd., Rinnai America Corporation

MT Industrial S.A.C. is newly included in the scope of consolidation due to the acquisition of its shares on October 31, 2025.

(2) Major nonconsolidated subsidiaries:

Nonconsolidated subsidiary: Rinnai UK Ltd.

Reason for exclusion: The above nonconsolidated subsidiary is excluded from the scope of consolidation because its activities have not been deemed material, and total assets, net sales, net income and earned surplus of the nonconsolidated company are not significant compared to the consolidated amounts.

2. Application of Equity Method

(1) Number and names of nonconsolidated subsidiaries and affiliated companies for which the equity method is applied:

Number of nonconsolidated subsidiaries for which the equity method is applied: 0

(2) Major nonconsolidated subsidiaries and affiliated companies for which the equity method is not applied:

Name of major nonconsolidated subsidiary: Rinnai UK Ltd.

Name of major affiliated company: Mikuni RK Corporation

Reason for exclusion: The above companies are excluded from application under the equity method because their net income and earned surplus are not significant compared with the consolidated amounts and their activities are not deemed material.

3. Fiscal Year-End of Consolidated Subsidiaries

Subsidiaries for which the fiscal year-end date differs from the date of the consolidated term (fiscal year-end date: December 31): Rinnai Australia Pty., Ltd., Rinnai America Corporation, Rinnai New Zealand Ltd., Rinnai Holdings (Pacific) Pte Ltd., Rinnai Hong Kong Ltd., Rinnai Taiwan Corporation, Rinnai Korea Corporation, Shanghai Rinnai Co., Ltd., Rinnai (Thailand) Co., Ltd., Rinnai Viet Nam Co., Ltd., RB Korea Ltd., Rinnai Canada Holdings Ltd., Rinnai Brazil Heating Technology Ltd., P.T. Rinnai Indonesia, Rinnai Italia s.r.l., Guangzhou Rinnai Gas and Electric Appliance Co., Ltd, Rinnai Manufacturing Malaysia Sdn Bhd, Central Heating New Zealand Ltd., Industrias Mass S.A. de C.V., Thermosolutions Group SA, Smart Energy Group, iZone Pty., Ltd., MT Industrial S.A.C., and other nine companies.

In preparing its consolidated financial reports, the Corporation uses financial statements available as of the settlement date. However, the Corporation addresses adjustments necessary from a consolidated perspective should material transactions occur between January 1 and the consolidated fiscal year-end of March 31.

4. Matters Concerning Accounting Policies
(1) Valuation standards and calculation methods for significant assets
(a) Securities and investments in securities
Other securities than stocks without market value are stated at market value. (Unrealized gain or loss, net of income taxes is reported in net assets, while any cost of sales is calculated based on the moving-average cost method.)
Stocks without market value are stated at cost using the moving-average cost method.

(b) Inventories
Products
Valued at cost using the first-in, first-out method (balance sheet amount is written-down to net selling value if profitability of assets has decreased).
Raw materials and stores
Valued at cost using the last purchase price method (balance sheet amount is written-down to net selling value if profitability of assets has decreased).

(2) Depreciation of fixed assets
Property, plant and equipment (excluding leased assets)
The Corporation and its domestic consolidated subsidiaries use the declining-balance method (but the straight-line method for buildings, not including attachments, acquired on or after April 1, 2007, and for facilities attached to buildings and structures that were acquired on or after April 1, 2016). Overseas subsidiaries use the straight-line method.
The estimated useful lives of principal items are as follows:
Buildings and structures: 7–50 years
Machinery, equipment and vehicles: 7–17 years
Tools, furniture, and fixtures: 2–15 years

Intangible fixed assets (excluding leased assets
The Corporations use the straight-line method.
The estimated useful lives of principal items are as follows:
Software for internal use: 5 years
Trademark rights: 20 years
Customer-related assets: 17 years

Leased assets
Leased assets are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value.

(3) Accounting for major accruals
Allowances for doubtful accounts
The Corporations provide for possible loan losses and records on the books the amounts that are unlikely to be recovered. Primarily, this consists of an allowance for general claims, calculated according to historical loss ratios, and an allowance for specific claims, such as bankrupted or doubtful loans calculated based on the potential to recover respective credits.

Accrued employees' bonuses
Accrued employees' bonuses are provided for at the estimated amounts, which are to be paid for services rendered prior to the term-end.

Allowance for product guarantee
The Corporation and some of its consolidated subsidiaries, as contingency against future outlays of free-of-charge repair costs for their products, have estimated a future product guarantee expense amount based on past performance. For items where individual amounts can be reasonably estimated, we have provided an allowance for product guarantee to cover losses expected to occur in the next and subsequent consolidated fiscal years.

Allowances for environmental measures
Allowances for environmental measures are provided for at the reasonable estimated amounts, which are to be paid for future environmental measures.

(4) Basis for recording important income and expenses
The main performance obligations of the principal operations of the Corporation and its consolidated subsidiaries related to revenues arising from contracts with customers and the usual time at which such performance obligations are fulfilled (the normal time at which revenues are recognized) are as follows.

Sales of products and merchandise
The Group primarily manufactures and sells heat-related products and recognizes revenue from these sales at the time of delivery of the products. The customer obtains control of the products at the time of delivery. For sales in Japan, revenue from such products is recognized at the time of shipment since the period between the time of shipment and the time of delivery is a normal period.

Under its product sales contract, the Corporation has a product warranty obligation to repair or replace, free of charge, any product due to failure or defects that occur after delivery. This warranty obligation is recognized as an allowance for product guarantee because it provides assurance to the customer that the product will perform as intended according to the specifications set forth in the contract with the customer.

Revenue is recognized based on the transaction price set in the contract with the customer. When a product is sold with a rebate, which is conditional on the customer purchasing a certain amount of the product within a certain period of time, the transaction price is calculated based on the consideration promised to the customer in the contract, less the estimated amount of rebate.

Since considerations for transactions are received within one year of fulfillment of the performance obligation, they do not include a significant financial component.

(5) Method and Period of Goodwill Amortization
Amortization of goodwill is calculated by the straight-line method over a period of five or ten years.

(6) Other Significant Accounting Policies
Translation of major foreign-currency assets and liabilities
Claims and credits denominated in foreign currencies are translated into yen at spot market exchange rates prevailing at the term-end, and gains or losses are credited or charged to income as incurred.

The assets and liabilities of overseas subsidiaries are translated into yen at the spot rates prevailing at the term-end, while earnings and expenditures are translated into yen amounts at the average exchange rate for the term. Differences arising from translation are included in non-controlling interests and in the foreign exchange translation adjustment of net assets on the consolidated balance sheets.

Hedge-accounting methods
Hedge-accounting method
The Corporation applies deferred hedge accounting. In addition, hedge designation accounting is applied for forward exchange contracts used to hedge against exchange rate risk when requirements for such treatment are met.

Exchange contracts on transactions undertaken among consolidated companies are accounted for at market value and gains or losses are recognized as incurred. There were no applicable items at the end of the fiscal year in review.

Hedging method and hedging targets
Hedging methods and hedging targets for which hedge accounting was applied in the fiscal year in review are as summarized below.

- Hedging method: Forward exchange contracts
- Hedging targets: Anything with the potential for loss due to fluctuations in currency prices

Hedging policy
The purpose is to avert risk prompted by fluctuating exchange rates, within the targeted claims and obligations. No speculative trading is conducted.

Method for effectively assessing hedge transactions
The Corporations utilize forward exchange contracts that ensure effective hedging.

Other
The Corporations execute derivative transactions within limits determined by their corporate rules.

Accounting standard for assets and liabilities related to retirement benefits
Assets and liabilities related to retirement benefits are booked according to projected retirement benefit obligations and pension plan assets at fiscal year-end. Note that, in calculating retirement benefit obligations, the Corporation applied the benefit formula standard for attributing projected retirement benefits to a period up to the fiscal year in review.

Prior service costs are expensed using the straight-line method over a fixed period (five years) within the average remaining service period of employees at the time the costs are incurred.

Actuarial differences are proportional amounts calculated by the straight-line method over a fixed period (10 years) within the average remaining service period of employees at the time such gains or losses are realized in each fiscal year and expensed from the fiscal year following the one in which the difference occurred.

Unrecognized actuarial differences and unrecognized prior service costs are adjusted for tax effect and booked in the net assets section as a component of other accumulated comprehensive income with said amounts recorded as an accumulated retirement benefit adjustment increase or decrease (Remeasurements of defined benefit plans).

[Notes to Revenue Recognition]

1. Breakdown of revenue from contracts with customers

The Group is engaged in the business of manufacturing and selling heat-related products and parts and other peripheral businesses.
Below is a breakdown of revenues by product category.

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

	Reportable Segments						Others	Total
	Japan	United States	Australia	China	South Korea	Indonesia		
Water heaters	113,151	61,369	17,278	56,546	14,410	254	18,909	281,920
Kitchen appliances	56,205	10	—	2,379	9,831	14,986	9,865	93,279
Air conditioning appliances	5,622	3,789	13,271	—	—	—	1,585	24,269
Commercial-use equipment	2,274	340	2,517	—	4,128	1,771	889	11,921
Others	29,947	6,625	10,976	1,755	5,913	542	3,239	59,001
Total	207,201	72,134	44,044	60,682	34,284	17,555	34,489	470,392

Notes: 1. The above figures indicate amounts after elimination of intersegment transactions.
2. “United States” include sales from subsidiaries in Canada, Mexico and Costa Rica, which conduct integrated business activities based on comprehensive sales strategies.
3. “Australia” include sales from a subsidiary in Malaysia, which complements the production system, and conducts integrate business activities.
4. “Others” indicate geographical segments which are not included in reportable segments, and include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.

2. Basis for understanding revenue from contracts with customers

Information that provides a basis for understanding revenues from contracts with customers is described in “Notes to Significant Accounting Policies of Consolidated Financial Statements, 4. Matters concerning accounting policy, (4) Standards for recording important income and expenses.”

3. Information for understanding revenues for the fiscal year in review and thereafter (consolidated basis)

(1) Balance of contract assets, contract liabilities, etc.

Below is a breakdown of receivables, contract assets, and contract liabilities arising from contracts with customers.

In the Consolidated Balance Sheets, receivables and contract assets arising from contracts with customers are included in “Notes and accounts receivable and contract assets” and “Electronically recorded monetary claims,” and contract liabilities are included in “Other” under current liabilities.

(¥ millions)

	Fiscal 2026 (at March 31, 2026)
Receivable arising from contracts with customers (at beginning of period)	106,752
Receivable arising from contracts with customers (at end of period)	108,120
Contract assets (at beginning of period)	48
Contract assets (at end of period)	24
Contract liabilities (at beginning of period)	2,663
Contract liabilities (at end of period)	1,559

Notes: 1. Contract liabilities relate to payments received in advance of performance under the contract and are reversed upon recognition of revenue.
2. Of the revenue recognized in the year under review, the amount included in contract liabilities at the

beginning of the period was ¥1,789 million.

(2) Transaction prices allocated to remaining performance obligations
The Corporation and its consolidated subsidiaries apply the practical expedient method in noting transaction price allocated to remaining performance obligations and do not include contracts with an initial expected term of one year or less in the notes. Furthermore, there are no significant amounts in the consideration received from customer contracts that are not included in the transaction price.

[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. In addition, the amount of “Goodwill” in the previous fiscal year is ¥2,859 million.

[Notes on Accounting Estimates]
Valuation of goodwill and intangible fixed assets in connection with the acquisition of MT Industrial S.A.C.

1. Amounts recorded in the consolidated financial statements
Intangible fixed assets
Goodwill ¥6,891 million
Other ¥11,055 million

Goodwill and intangible fixed assets (other) recorded on the balance sheet at the end of the fiscal year in review include goodwill of ¥4,518 million, trademark rights of ¥3,210 million, and customer-related assets of ¥3,285 million yen, all arising from MT Industrial S.A.C., a consolidated subsidiary acquired during the year.

2. Other information useful to users of the consolidated financial statements
During the fiscal year, the Corporation acquired all outstanding shares of MT Industrial S.A.C. and made it a consolidated subsidiary. The acquisition price of the shares was determined based on the share value evaluated from a business plan using future cash flows that incorporate excess earning power. At the deemed acquisition date, the identifiable assets acquired and liabilities assumed of MT Industrial S.A.C. were allocated based on market value, and the difference between the acquisition cost and the allocated amount was recorded as goodwill.

The business plan used as the basis for evaluating the acquisition cost includes key assumptions, such as sales growth rates based on market growth rates and market share by major product, gross profit margins for major products, the inflation rate in Peru (where the business operates), and discount rates. The allocation of acquisition cost to identifiable intangible fixed assets also incorporates key assumptions, including customer attrition rates for customer-related assets and royalty rates, as well as discount rates for trademark valuations.

As these key assumptions involve estimation uncertainty, significant developments arising from future changes in the business environment or other factors may require the recognition of impairment losses on goodwill and intangible fixed assets.

[Notes to Consolidated Balance Sheets]

1. Assets pledged as collateral and related liabilities

(Millions of yen)

Pledged assets:	
Cash and deposits	22
Land	2,335
Total	2,357
Liabilities related to pledged assets:	
Accrued payables	1

2. Accumulated depreciation of property, plant, and equipment

Accumulated depreciation of property, plant, and equipment amounted to ¥170,680 million.

3. Trade notes receivable discounted

Trade notes receivable discounted amounted to ¥122 million.

[Note on Consolidated Statements of Income]

(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 consolidated fiscal year in review, 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 to Consolidated Statements of Changes in Shareholders' Equity]

1. Class and number of shares issued at the fiscal year-end, March 31, 2026

Common stock: 141,126,771 shares

2. Items regarding dividends

(1) Dividends paid

Resolution	Type of stock	Total dividends	Dividend per share	Record date	Effective date
General shareholders' meeting on June 25, 2025	Common stock	¥5,625 million	¥40	March 31, 2025	June 26, 2025
Directors' meeting on November 6, 2025	Common stock	¥6,932 million	¥50	September 30, 2025	December 5, 2025
Total	—	¥12,558 million	—	—	—

(2) The effective date for dividends with a record date of March 31, 2026, shall be a date after the close of books for said consolidated period.

Its resolution regarding dividends of common stock is scheduled at the general shareholders' meeting at June 26, 2026, as follows. The Corporation plans to use earned surplus as the source of dividends.

Resolution	Type of stock	Total dividends	Dividend per share	Record date	Effective date
General shareholders' meeting on June 26, 2026	Common stock	¥6,903 million	¥50	March 31, 2026	June 29, 2026

[Notes to Financial Products]

1. Status of Financial Products

Fund management within the Rinnai Group is executed mainly by deposits, augmented by safe, short-term investments in securities.

The Corporation reduces its client credit risk with regard to notes and accounts receivable and electronically recorded monetary claims in accordance with its rules for sales credits. Investment securities held by the Corporation are mainly stocks or bonds, and the Corporation evaluates the market value of marketable securities on a quarterly basis.

Long-term deposits consist of foreign currency–denominated deposits, primarily held to secure liquidity in the event of earthquakes. These include deposits with embedded earthquake protection under which a fixed amount is paid as special compensation upon the occurrence of a major earthquake. While foreign currency–denominated deposits are exposed to exchange rate fluctuation risk, we monitor and review conversion differences on a regular basis.

2. Market Values of Financial Products

The stated values, market values, and difference between stated and market values of relevant items in the consolidated balance sheets for the year ended March 31, 2026, are shown below.

(Millions of yen)

	Balance sheet amount	Market Value	Difference
Marketable securities and investment securities			
Other securities	42,782	42,782	—
Long-term deposits	4,766	4,255	(510)

Notes: 1. Cash is omitted, and specific components (such as deposits, notes receivable, accounts receivable and contract assets, electronically recorded receivables, negotiable certificates of deposit included in securities, notes and accounts payable, electronically recorded payables, accounts payable, accrued consumption taxes, and accrued income taxes) are also omitted because they are all settled over short-term periods and their market values mostly in line with book values.

2. Stocks without market prices are not included in "Marketable securities and investment securities." The amount recorded in the Consolidated Balance Sheets of such stocks is shown below.

	March 31, 2026 (¥ millions)
Unlisted stocks	532

3. Breakdown of the market value of financial products by level

The market value of financial products is classified into the following three levels based on the observability and materiality of the inputs used to calculate market value.

Level 1 market value: Calculated based on quoted market prices for assets or liabilities formed in an active market and subject to market value calculations, among inputs used to calculate observable market value

Level 2 market value: Calculated using inputs for market value calculations other than Level 1 inputs calculations, among inputs used to calculate observable market value

Level 3 market value: Calculated using inputs for unobservable market value calculations

When multiple inputs that have a significant impact on market value calculations are used, market value is classified to the level with the lowest priority in market value calculation, among the levels to which each of those inputs belongs.

Financial products recorded in consolidated balance sheets at market value

	Market value (¥ millions)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Other securities				
Stocks	24,339	—	—	24,339
Bonds	—	16,216	—	16,216
Investment trusts	—	2,225	—	2,225

Note: Valuation methods used to calculate market value and inputs related to market value calculation

Marketable securities and investment securities

Listed stocks, bonds and investment trusts are valued using quoted market prices. Since listed stocks are traded in active markets, their market value is classified in the Level 1 category.

On the other hand, bonds and investment trusts held by the Corporation are classified in the Level 2 category because they are infrequently traded in the market and are not given quoted prices in active markets.

Financial instruments not carried at market value on the consolidated balance sheet

	Market value (¥ millions)			
	Level 1	Level 2	Level 3	Total
Long-term deposits	—	4,255	—	4,255

Note: Description of valuation techniques and inputs used in the calculation of market value

Long-term deposits

Long-term deposits are valued using prices provided by the financial institutions with which the transactions are conducted. As these are not considered quoted prices in active markets, their market value is classified as Level 2 market value.

[Notes on Rental Properties]

The Corporation and some of its consolidated subsidiaries own commercial facilities (including land) for rental purposes in Tokyo and other areas.

Rental income from those properties in the fiscal year in review was ¥155 million (rental income recorded under other income and major rental expenses recorded under other expenses), and the impairment loss was ¥96 million (recorded under extraordinary losses).

The consolidated balance sheet amounts, changes during the period, and market value of such rental properties are shown below.

(¥ millions)

		Fiscal 2026
Consolidated balance sheet amount		
	Beginning of period	25,940
	Change during period	-11,853
	End of period	14,086
Market value at end of period		17,115

Notes:

1. Consolidated balance sheet amounts refer to the acquisition cost less accumulated depreciation and accumulated impairment loss.
2. The main component of the change during the fiscal year in review was a decrease of ¥11,993 million resulting from a reclassification of rental real estate to business-use assets.
3. The market value of real estate at the end of the period was mainly calculated in-house based on a real estate price survey report by an outside real estate appraiser (adjusted using indexes, etc.).

[Note to Per Share Data]

1. Net assets per share: ¥3,166.84
2. Net income per share: ¥259.96

[Notes to Significant Subsequent Events]

There is no applicable information.

[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
Total assets	¥14,497 million
Current liabilities	¥4,884 million
Long-term liabilities	¥2,674 million
Total liabilities	¥7,559 million

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

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

[Other Note]
Amounts less than one million yen are omitted from the financial statements.

III. Financial Statements

Nonconsolidated Statements of Changes in Shareholders' Equity

Year ended March 31, 2026

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Earned surplus			
						Other legal reserve		
	Common stock	Capital reserve	Other capital surplus	Total capital surplus	Legal reserve	General reserve	Retained earnings carried forward	Total earned surplus
Balance at the beginning of current term	**6,484**	**8,743**	**—**	**8,743**	**1,614**	**160,000**	**60,084**	**221,699**
Net changes during the current term								
Dividends paid							(12,558)	(12,558)
Net income							31,322	31,322
Reversal of general reserve						(10,000)	10,000	—
Acquisition of treasury stock								
Disposition of treasury stock			63	63				
Cancellation of treasury stock			(9,568)	(9,568)				
Transfer from earned surplus to capital surplus			9,505	9,505			(9,505)	(9,505)
Net changes other than shareholders' equity during the current term								
Total net changes during the current term	**—**	**—**	**—**	**—**	**—**	**(10,000)**	**19,259**	**9,259**
Balance at the end of current term	**6,484**	**8,743**	**—**	**8,743**	**1,614**	**150,000**	**79,343**	**230,958**

(Millions of yen)

	Shareholders' equity		Other adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain on marketable securities	Total other adjustments	
Balance at the beginning of current term	**(10,851)**	**226,076**	**8,176**	**8,176**	**234,252**
Net changes during the current term					
Dividends paid		(12,558)			(12,558)
Net income		31,322			31,322
Reversal of general		—			—
Acquisition of treasury stock	(10,001)	(10,001)			(10,001)
Disposition of treasury stock	715	779			779
Cancellation of treasury stock	9,568	—			—
Transfer from earned surplus to capital surplus		—			—
Net changes other than shareholders' equity during the current term			3,421	3,421	3,421
Total net changes during the current term	**282**	**9,541**	**3,421**	**3,421**	**12,963**
Balance at the end of current term	**(10,568)**	**235,618**	**11,597**	**11,597**	**247,215**

Nonconsolidated Financial Statements
[Notes to Significant Accounting Policies]

1. Valuation Standards and Calculation Methods for Significant Assets

(1) Securities and investments in securities

Stocks of subsidiaries and affiliates are stated at cost using the moving-average cost method.

Other securities than stocks without market value are stated at market value. (Unrealized gain or loss, net of income taxes is reported in net assets, while any cost of sales is calculated based on a moving-average cost method.)

Stocks without market value are stated at cost using the moving-average cost method.

(2) Inventories

Products

Valued at cost using the first-in, first-out method (balance sheet amount is written-down to net selling value if profitability of assets has decreased).

Raw materials and stores

Valued at cost using the last purchase price method (balance sheet amount is written-down to net selling value if profitability of assets has decreased).

2. Depreciation of fixed assets

Property, plant and equipment (excluding leased assets)

The Corporation uses the declining-balance method for depreciating tangible fixed assets (but the straight-line method for buildings, not including attachments, acquired on or after April 1, 2007, and for facilities attached to buildings and structures that were acquired on or after April 1, 2016).

The estimated useful lives of principal items are as follows:

Buildings: 7–50 years
Machinery and equipment: 10–17 years
Tools, furniture, and fixtures: 2–15 years

Intangible fixed assets (excluding leased assets)

The Corporation uses the straight-line method.
However, software for internal use is amortized over the useful period (five years) of software used by the Corporation.

Leased assets

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, equal to the lease term, by the straight-line method with zero residual value.

3. Translation of Major Foreign-Currency Assets and Liabilities

Claims and credits denominated in foreign currencies are translated into yen at spot market exchange rates prevailing at the term-end, and gains or losses are credited or charged to income as incurred.

4. Accounting for Major Accruals

Allowances for doubtful accounts

The Corporation provides for possible loan losses and records on the books the amounts that are unlikely to be recovered. Primarily, this consists of an allowance for general claims, calculated according to historical loss ratios, and an allowance for specific claims, such as bankrupted or doubtful loans calculated based on the potential to recover respective credits.

Accrued employees' bonuses

Accrued employees' bonuses are provided for at the estimated amounts, which are to be paid for services rendered prior to the term-end.

Allowance for product guarantees

The Corporation, as contingency against future outlays of free-of-charge repair costs for their products, has estimated a future product guarantee expense amount based on past performance. For items where individual amounts can be reasonably estimated, we have provided an allowance for product guarantee to cover losses expected to occur in the next and subsequent non-consolidated fiscal years.

Accrued employees' retirement benefits

Pension costs for employees are accrued based on the projected benefit obligations and pension assets at the term-end. Note that, in calculating retirement benefit obligations, the Corporation applied the benefit formula standard for attributing projected retirement benefits to a period up to the fiscal year in review.

Actuarial differences are proportional amounts calculated by the straight-line method over a fixed period (10 years) within the average remaining service period of employees at the time such gains or losses are realized in each fiscal year and expensed from the fiscal year following the one in which the difference occurred.

5. Basis for recording income and expenses

The main performance obligations of the principal operations of the Corporation related to revenues arising from contracts with customers and the usual time at which such performance obligations are fulfilled (the normal time at which revenues are recognized) are as follows.

Sales of products and merchandise

The Corporation mainly manufactures and sells heat-related products and recognizes revenue from these sales at the time of delivery of the products, since the customer obtains control over the products at the time of delivery. For sales in Japan, revenue from such products is recognized at the time of shipment, since the period between the time of shipment and the time of delivery is a normal period.

Under its product sales contract, the Corporation has a product warranty obligation to repair or replace, free of charge, any product due to failure or defects that occur after delivery. This warranty obligation is recognized as an allowance for product guarantee because it provides assurance to the customer that the product will perform as intended according to the specifications set forth in the contract with the customer.

Revenue is recognized based on the transaction price set in the contract with the customer. When a product is sold with a rebate, which is conditional on the customer purchasing a certain amount of the product within a certain period of time, the transaction price is calculated based on the consideration promised to the customer in the contract, less the estimated amount of rebate.

Since considerations for transactions are received within one year of fulfillment of the performance obligation, they do not include a significant financial component.

6. Other Significant Accounting Policies

Accounting for retirement benefits

The accounting method for unrecognized prior service costs and unrecognized actuarial differences for retirement benefits is different from that applied in preparing the consolidated financial statements.

[Note to Revenue Recognition]

The basis for understanding revenue from contracts with customers is described in “Notes to significant accounting policies, 5. Basis for recognition of revenue and expenses.”

[Notes on Accounting Estimates]

Shares of subsidiaries and affiliates

1. Amount recorded in the financial statements in year in review

Shares of subsidiaries and affiliates: ¥43,700 million

Included in shares of subsidiaries and affiliates recorded on the fiscal year-end balance sheet is ¥11,346 million relating to shares of MT Industrial S.A.C., which became a consolidated subsidiary during the year.

2. Other information useful to users of the consolidated financial statements

Shares of subsidiaries and affiliates are carried at acquisition cost on the balance sheet. However, impairment is generally recognized when their substantive value declines significantly.

The acquisition price of the shares was determined based on the share value evaluated from a business plan using future cash flows that incorporate excess earning power. The substantive value, including this excess earning power, is calculated based on the future business plan of MT Industrial S.A.C.. The key assumptions included in the preparation of the business plan are described in the “Notes to Consolidated Financial Statements [Notes on Accounting Estimates].”

As these key assumptions involve estimation uncertainty, significant developments arising from future changes in the business environment or other factors may require the recognition of impairment losses on shares of subsidiaries and affiliates.

[Notes to Balance Sheets]

1. Accumulated depreciation of property, plant, and equipment

Accumulated depreciation of property, plant, and equipment amounted to ¥66,017 million.

2. Monetary receivables for affiliates

Short-term monetary receivables	¥15,263 million
Long-term monetary receivables	¥2,346 million

3. Monetary payables for affiliates

Short-term monetary payables	¥7,086 million

4. Monetary payables for directors and Audit & Supervisory Board members

¥311 million

5. Contingent liabilities

Liability for guarantees	*(Millions of yen)*
Rinnai Technica Co., Ltd.	1,085
RB Controls Co., Ltd.	561
Rinnai Precision Co., Ltd.	5
Total	1,652
Notes and bills receivable discounted	122

[Note to Statements of Income]

Transaction with affiliates

Operating transactions

Net sales	¥61,334 million
Cost of sales	¥75,049 million
Other transactions	¥12,534 million

[Note to Statements of Changes in Shareholders' Equity]

Class and number of shares of treasury stock at the end of the fiscal year in review

Common stock 3,054,379 shares

[Notes to Tax-Effect Accounting]

Composition of assets and liabilities of deferred income taxes

(Millions of yen)

Deferred income taxes (assets):	
Valuation decrease on taxable securities	718
Accrued business taxes	326
Allowance for employees' bonuses	952
Allowance for product guarantees	327
Accrued employees' retirement benefits	1,113
Stock compensation expense	417
(Restricted stock compensation)	
Other	920
Subtotal	4,776
Valuation reserve	(733)
Total deferred income taxes (assets)	4,043
Deferred income taxes (liabilities):	
Prepaid pension costs	6,086
Unrealized gain on marketable securities	5,063
Total deferred income taxes (liabilities)	11,149
Deferred income taxes (liabilities) (net)	7,106

[Notes to Related Party Transactions]

Subsidiaries

Name of company	Percentage of ownership with voting rights	Relations	Transactions	Amount (¥ millions)	Accounts	Year-end balance (¥ millions)
Rinnai America Corporation	Direct 100%	Sales of products	Sales of products[1]	32,087	Accounts receivable	10,500
Rinnai Technica Co., Ltd.	Direct 100%	Purchase of products Concurrent officer positions Guarantee of liabilities	Purchase of products[2] Guarantee of liabilities[3]	21,438 1,085	Accounts payable	2,058
MT Industrial S.A.C.	Direct 100%	Loan of fund	Loan of fund[4] Receiving interest[4]	3,205 16	Long-term loans	3,336

Transaction Conditions

Notes: 1. With regard to the sales of products, transaction conditions are decided by negotiation after the Corporation has offered a price.
2. With regard to the purchase of products, transaction conditions are decided by negotiation after the Corporation has received estimates.
3. The Corporation has guaranteed debts regarding electronically recorded monetary claims, and figures indicate the guaranteed amount at the fiscal year-end. The Corporation does not receive a guarantee charge.
4. Interest rates on loans are determined reasonably through mutual discussions and take into account market interest rates, including borrowing rates from financial institutions.

[Notes to Per Share Data]

1. Net assets per share: ¥1,790.48
2. Net income per share: ¥225.18

[Other Note]

Amounts less than one million yen are omitted from the financial statements.