

Notice of Convocation of the 75th Ordinary General Shareholders' Meeting

DATE AND TIME

Wednesday, June 25, 2025
at 10:00 a.m.

LOCATION

Global Gate, Nagoya
Convention Hall, 3rd floor, Main
Hall, 4-60-12, Hiraike-cho,
Nakamura-ku, Nagoya

The venue of the meeting
will be different from last
year, so please refer to the
sheet at the end of this
document for the correct
location details.

Matters for Resolution

<Corporation's Proposals>

Agenda Item 1:

Approval of the proposed appropriation of retained
earnings

Agenda Item 2:

Election of nine (9) directors

Agenda Item 3:

Election of one (1) substitute Audit & Supervisory Board
Member

<Shareholder's Proposals>

Agenda Item 4:

Amendment to the Articles of Incorporation regarding
disclosure of measures aimed at achieving management
that is conscious of capital costs and stock price

Agenda Item 5:

Implementation of Share Buyback

Agenda Item 6:

Approval of compensation amount related to restricted
stock compensation system

Agenda Item 7:

Amendment to the Articles of Incorporation regarding the
composition of outside directors

Rinnai

TSE code 5947

Securities Code: 5947
June 3, 2025
To the Shareholders of Rinnai Corporation

Hiroyasu Naito
President
Rinnai Corporation
2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya-shi,
Aichi 454-0802, Japan

**Notice of Convocation of
the 75th Ordinary General Shareholders' Meeting
to Be Held on June 25, 2025**

You are cordially invited to attend the 75th Ordinary General Shareholders' Meeting of Rinnai Corporation (the "Corporation"). Details of the meeting are given below.

In convening this General Shareholders' Meeting, we have taken measures for provision in electronic format regarding materials for the General Meeting of Shareholders. This information is posted on the Rinnai Corporation website (see below).

**Rinnai Corporation website:
<https://www.rinnai.co.jp/en/>**

Please go to the above website, select "Investor Relations," then "Stock and bond information," then "General Shareholders' Meeting."

In addition to the above website, items related to the matters subject to the measures for provision in electronic format are posted on the Tokyo Stock Exchange (TSE) website (see below).

**Tokyo Stock Exchange Website (TSE-Listed Company Information Service):
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>**

Please go to the above website, enter "Rinnai" or "5947" (Rinnai securities code) in the box under "Listed Company Search," then select "Basic Information," then "Documents for public inspection/PR information," then "Notice of General Shareholders' Meeting/Informational Materials for a General Shareholders' Meeting," then "Notice of Convocation of the 75th Ordinary General Shareholders' Meeting."

If you don't plan to attend in person, **you can exercise your voting rights digitally (via the Internet) or in writing (post), as stated on pages 3-4. You must exercise your voting rights no later than 5:20 p.m. on Tuesday, June 24, 2025.**

[Exercise of voting rights digitally (via the Internet)]

Please access the Corporation's designated website (<https://www.web54.net>) (Japanese only) for exercising voting rights. First use the "Code" and "Password" shown on the Voting Rights Exercise Form (which will be posted together with the Notice of Convocation), then follow the instructions on the screen and enter your approval or disapproval of the proposal by the above deadline for exercise of voting rights.

If exercising your voting rights via the Internet, please refer to the "Guide to Online Exercising of Voting Rights" (page 3).

[Exercise of voting rights in writing (post)]

Please indicate your approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and mail the Form to the Corporation by the above deadline for exercise of voting rights.

1. DATE AND TIME	Wednesday, June 25, 2025 at 10:00 a.m.
2. PLACE	Global Gate, Nagoya Convention Hall, 3rd floor, Main Hall, 4-60-12, Hiraike-cho, Nakamura-ku, Nagoya
3. AGENDA	<p>Matters for Reporting:</p> <ol style="list-style-type: none"> 1. The Business Report, report on the Consolidated Financial Statements, and the results of the audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board Member for the 75th Fiscal Year (April 1, 2024–March 31, 2025). 2. Report on the Nonconsolidated Financial Statements for the 75th Fiscal Year (April 1, 2024–March 31, 2025). <p>Matters for Resolution: <Corporation's Proposals> Agenda Item 1: Approval of the proposed appropriation of retained earnings Agenda Item 2: Election of nine (9) directors Agenda Item 3: Election of one (1) substitute Audit & Supervisory Board member</p> <p><Shareholder's Proposals> Agenda Item 4: Amendment to the Articles of Incorporation regarding disclosure of measures aimed at achieving management that is conscious of capital costs and stock price Agenda Item 5: Implementation of Share Buyback Agenda Item 6: Approval of compensation amount related to restricted stock compensation system Agenda Item 7: Amendment to the Articles of Incorporation regarding the composition of outside directors The shareholder's proposals are described in "Shareholder Proposals (Agenda Items 4 –7)" of this document.</p>
4. MATTERS TO BE DECIDED UPON CONVOCAION OF THE MEETING (GUIDE TO EXERCISING OF VOTING RIGHTS)	<ol style="list-style-type: none"> (1) If you exercise your voting rights in writing (post) and do not indicate "Approve" or "Disapprove" for any of the proposals on the agenda, we will treat it as if you had indicated "Approve" for the Corporation's Proposals and "Disapprove" for the Shareholder's Proposals. (2) If you exercise your voting rights multiple times via the Internet, your final vote shall prevail. (3) If you exercise your voting rights both via the Internet and in writing (post), your final vote shall prevail. If your votes via the Internet and in writing (post) are arrived on same day, the vote exercised online shall prevail.

END

- For those planning to attend the meeting in person, please submit the attached Voting Rights Exercise Form at the reception desk upon your arrival.
- In the event of any modification to the matters subject to the measures for provision in electronic format, a notice of such modification will be posted on the Rinnai Corporation website and the TSE website (see above) showing the information before and after modification.
- 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, regardless of whether or not a request for delivery of such document has been made. Among items related to the matters subject to the measures for provision in electronic format, the following are not included in the Notice of Convocation, according to applicable laws and the Corporation's Articles of Incorporation: System to Ensure Execution of Business and Overview of Its Operational Status, Consolidated Statements of Changes in Shareholders' Equity, Notes to Consolidated Financial Statements, and Nonconsolidated Statements of Changes in Shareholders' Equity, and Notes to Nonconsolidated Financial Statements. Accordingly, Business Reports, Consolidated Financial Statements, and Nonconsolidated Financial Statements included in "Notice of Convocation of the 75th Ordinary General Shareholders' Meeting: Internet Disclosure Items" are only part of the documents used by the accounting auditor to prepare the Accounting Auditor's Report and by Audit & Supervisory Board members to prepare their audit report.



Guide to Online Exercising of Voting Rights

If you exercise your voting rights both via the Internet and in writing (post), your final vote shall prevail. If your votes via the Internet and in writing (post) are arrived on same day, the vote exercised online shall prevail.

**Exercise deadline: Must be received by
5:20pm, Wednesday, June 24, 2025**

How to read the QR code “Smart Exercise”

Allows you to log onto the Voting Rights Exercise website without entering the Voting Rights Exercise Code and Password indicated on the Voting Rights Exercise Form.

1. Please read the QR code on the bottom right of the Voting Rights Exercise Form.



* “QR Code” is registered trademark of DENSO WAVE INCORPORATED.

2. Then follow the instructions on the screen to enter your votes of approval or disapproval.

You can only exercise your voting rights once using the “Smart Exercise” method. If you wish to change the details of your vote after exercising your voting rights, please access the website for PCs, log in by entering the Voting Rights Exercise Code and Password indicated on the Voting Rights Exercise Form, then exercise your voting rights again.
* Scanning the QR code again will direct you to the website for PCs.

If you have any questions about how to exercise your voting rights online using PC, smartphone, or mobile phone, please contact us directly (see right for contact details).

How to exercise your voting rights by entering your Voting Rights Exercise Code and Password

Voting Rights Exercise website:

<https://www.web54.net>

1. Open the Voting Rights Exercise website.

2. Enter the Voting Rights Exercise Code indicated on the Voting Rights Exercise Form.



Click on
議決権行使コード

Click on
ログイン

3. Enter the Password indicated on the Voting Right Exercise Form.



Click on
パスワード

Set a new
password for
actual use.

Click on
登録

4. Then follow the instructions on the screen to enter your votes of approval or disapproval.

* The above screen images are for illustrative purposes only.

**Stock Transfer Agency Web Support
Sumitomo Mitsui Trust Bank, Limited
(Dedicated line)
Phone number: 0120-652-031 (toll free)
(Reception hours: 9:00 to 21:00)**

Institutional investors can use the electronic voting platform for institutional investors operated by ICJ, Inc.



When exercising voting rights in writing (by post)

Please indicate your approval or disapproval on the enclosed Voting Rights Exercise Form and return it to us by the following exercise deadline.

If no indication of approval or disapproval is made for each proposal, it will be treated as "Approve for the Corporation's Proposals and "Disapprove" for the Shareholder's Proposals.

**Exercise deadline: Must be arrived by
5:20pm, Wednesday, June 24, 2025**

Please indicate your approval or disapproval for each proposal.

Approve: Make circle in the "賛 (Approve)" column

Disapprove: Make circle in the "否 (Disapprove)" column

Proposal No. 4 through No.7 were made by shareholders.

The Board of Directors of the Corporation opposes all of these proposals.

For details, please refer to Shareholder Proposals of this document.

Please cut this out and return it to us.

If you **agree with the Corporation's Proposals** and the opinion of the Board of Directors, please fill out the form as below.

Make circle in the "賛 (Approve)" column of Corporation's Proposals

会社提案		
第1号 議案	第2号 議案	第3号 議案
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

株主提案		
第4号 議案	第5号 議案	第6号 議案
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Make circle in the "否 (Disapprove)" column of Shareholder's Proposals



When attending in person

Please submit the enclosed Voting Rights Exercise Form at the reception desk.

Date: 10:00am, Thursday, June 25, 2025

**Location: Global Gate, Nagoya Convention Hall, 3rd floor,
Main Hall**

Guide to Voting

Agenda and referenced items

The Corporation's Proposals (Agenda Items 1–3)

Agenda Item 1

Approval of the proposed appropriation of retained earnings

Appropriation of retained earnings shall be applied as follows:

1. Year-End Dividends

The Corporation regards stable return of profits to shareholders as an important management policy, based on extensive consideration of various factors, including consolidated business performance and payout ratio. Consequently, management has decided to reward shareholders for their support by distributing total annual dividends of ¥80 per share, which includes the interim dividend (¥40 per share).

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets and sum total

The Corporation intends to pay **¥40** per share of common stock, resulting in total dividend payments of **¥5,625,583,520**.

(3) Effective date for dividends from retained earnings

June 26, 2025

2. Other matters concerning appropriation of retained earnings

For the purpose of ensuring flexibility in capital policy, the Corporation proposes to reverse a part of a general reserve as follows.

(1) Item and amount of surplus to be decreased

General reserve: ¥10,000,000,000

(2) Item and amount of surplus to be increased

Retained earnings carried forward: ¥10,000,000,000

Agenda Item 2

Election of nine (9) directors

The Corporation's nine (9) directors will conclude their respective terms in office at the end of the Ordinary General Meeting of Shareholders. The Corporation asks shareholders to elect nine (9) directors to said positions.

The Corporation proposes the following candidates for election.

Candidate Number	Name	Gender	Current Title and Responsibility	Type	Attendance at Board of Directors' Meetings
1	Kenji Hayashi	Male	Representative Director, and Chairman	Reappointment	14/14 (100%)
2	Hiroyasu Naito	Male	Representative Director, President and Executive President	Reappointment	14/14 (100%)
3	Tsunenori Narita	Male	Representative Director, and Executive Vice President	Reappointment	12/14 (86%)
4	Hideyuki Shiraki	Male	Director and Senior Managing Executive Officer, Chief of Marketing & Sales Headquarters	Reappointment	14/14 (100%)
5	Kazuto Inoue	Male	Director and Senior Managing Executive Officer, Chief of Production Engineering Headquarter	Reappointment	14/14 (100%)
6	Takashi Kamio	Male	Chief independent outside director of the Corporation Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee	Reappointment, Outside director, Independent director	14/14 (100%)
7	Tadashi Ogura	Male	Independent outside director of the Corporation	Reappointment, Outside director, Independent director	14/14 (100%)
8	Yoko Dochi	Female	Independent outside director of the Corporation	Reappointment, Outside director, Independent director	14/14 (100%)
9	Kumi Sato	Female	Independent outside director of the Corporation	Reappointment, Outside director, Independent director	10/10 (100%)

Notes: 1. Mr. Kamio was elected as chief independent outside director by the resolution at the Board of Directors held on March 5, 2025.
2. Ms. Sato was newly elected and assumed office at the 74th Ordinary General Shareholders' Meeting held on June 27, 2024. Therefore, her attendance at Board of Directors' meetings is different to that of other director candidates.

Skills Matrix of Director Candidates

【Areas particularly expected of the relevant directors】

*The following table does not represent all of the candidates' knowledge and experience.

Name	Expertise and Knowledge for Corporate Management								
	Corporate management	Global management	Technology (development/ production/ environmental)	Business plans/Marketing	Finance/ Accounting/ Capital policy	Human resources strategy	Governance/ Legal matters/ Risk management	Sustainability	IT/DX
Kenji Hayashi	●	●	—	—	●	●	●	—	—
Hiroyasu Naito	●	●	●	—	●	—	—	●	—
Tsunenori Narita	●	—	●	●	—	●	—	—	—
Hideyuki Shiraki	—	—	—	●	—	●	—	—	●
Kazuto Inoue	—	●	●	—	—	—	—	—	●
Takashi Kamio	●	●	—	●	—	—	●	—	—
Tadashi Ogura	●	—	●	—	—	●	●	—	—
Yoko Dochi	—	●	—	—	●	—	●	●	—
Kumi Sato	—	●	—	—	—	●	—	●	●

Candidate Number 1	Kenji Hayashi (Date of Birth: Jun. 27, 1949)	Reappointment
Career Summary and Current Position and Responsibility in the Corporation: Apr. 1972 Joined Rinnai Corporation Sep. 1978 Director Feb. 1980 Director, and General Manager of Corporate Planning Office Jun. 1983 Managing Director, and General Manager of Production Technology Division Jul. 1992 Managing Director, and General Manager of Related Business Division Jun. 2005 Director, Managing Executive Officer, and General Manager of Related Business Division Jun. 2006 Representative Director, Vice Chairman Apr. 2017 Representative Director, Chairman (current)		
No. of Shares Owned: 7,369,872 shares		
Reason to propose the candidate for election as director: Mr. Hayashi has been involved extensively in the management of the Corporation since he joined in 1972. He has been a Director from 1978, and General Manager of Corporate Planning Office (currently, Corporate Management Headquarters), General Manager of Production Technology Division (currently, Production Engineering Headquarters), and Related Business Division (currently, Corporate Planning Headquarters). He is deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Hayashi is highly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.		

Candidate Number 2	Hiroyasu Naito (Date of Birth: Apr. 20, 1955)	Reappointment
Career Summary and Current Position and Responsibility in the Corporation: Apr. 1983 Joined Rinnai Corporation Jun. 1991 Director, Deputy Chief of Technology Research Headquarters and concurrently General Manager of New Technology Development Division Jul. 1998 Director, Chief of Technology Research Headquarters Jul. 2001 Director, General Manager of Corporate Planning Division and concurrently General Manager of General Affairs Division Jun. 2003 Managing Director, General Manager of Corporate Planning Division and concurrently General Manager of General Affairs Division Jun. 2005 Director, Managing Executive Officer, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division Nov. 2005 Representative Director, President and Executive President (current)		
Current Representation in Other Companies: Outside director at Nagoya Railroad Co., Ltd.		
No. of Shares Owned: 1,530,540 shares		
Reason to propose the candidate for election as director: Mr. Naito has been extensively involved in the management of the Corporation since he joined in 1983. He has been a Director from 1991, and Chief of Research & Development Headquarters, General Manager of Corporate Planning Division (currently, Corporate Planning Headquarters), and General Affairs Division. He is also deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Naito is highly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.		

Candidate Number 3	Tsunenori Narita (Date of Birth: Jun. 15, 1948)		Reappointment
Career Summary and Current Position and Responsibility in the Corporation:			
Apr. 1967	Joined Rinnai Corporation	Apr. 2010	Representative Director,
Jun. 1988	Director, Chief of Technology Research Headquarters and concurrently General Manager of Quality Assurance Division		Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters,
Jun. 2001	Managing Director, Chief of Production Headquarters		Overseas Business Headquarters and Customer Division, and Chief
Jun. 2005	Director, Managing Executive Officer, and Chief of Production Headquarters		of Marketing & Sales Headquarters
Nov. 2005	Director, Managing Executive Officer, in charge of domestic business, and concurrently Chief of Marketing & Sales Headquarters	Oct. 2010	Representative Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business
Apr. 2006	Director, Senior Executive Officer, in charge of domestic business, and concurrently Chief of Marketing & Sales Headquarters		Headquarters, and Chief of
Apr. 2009	Director, Executive Vice President; responsible for Research & Development Headquarters, Production Headquarters, Overseas Business Headquarters and Customer Division, and Chief of Marketing & Sales Headquarters	Apr. 2016	Representative Director, Executive Vice President, President's Assistant, in charge of Production Headquarters and Overseas Business Headquarters
		Apr. 2018	Representative Director, Executive Vice President, President's Assistant (current)
No. of Shares Owned: 33,935 shares			
Reason to propose the candidate for election as director:			
Mr. Narita has been extensively involved in the management of the Corporation since he joined in 1967. He has been a Director and Chief of Technology Research Headquarters (currently, Research & Development Headquarters) from 1988, and Chief of Production Headquarters and Marketing & Sales Headquarters. He is also deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Narita is highly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.			

Candidate Number 4	Hideyuki Shiraki (Date of Birth: Jun. 23, 1966)	Reappointment
Career Summary and Current Position and Responsibility in the Corporation:		
Apr.1989	Joined Rinnai Corporation	Apr. 2023 Senior Managing Executive Officer, Chief of Marketing & Sales Headquarters
Apr. 2017	Executive Officer, General Manager of Kanto Branch Office, Marketing & Sales Headquarters	Jun. 2023 Director, Senior Managing Executive Officer, Chief of Marketing & Sales Headquarters (current)
Apr. 2019	Executive Officer, Deputy Chief of Marketing & Sales Headquarters, concurrently, General Manager of Kanto Branch Office	
Jun. 2020	Managing Executive Officer, Chief of Marketing & Sales Headquarters	
No. of Shares Owned: 9,835 shares		
Reason to propose the candidate for election as director:		
Mr. Shiraki has gained significant experience in the Marketing & Sales Headquarters since joining the Corporation in 1989, serving as Executive Officer, General Manager of the Kanto Branch Office, and Deputy Chief of the Marketing & Sales Headquarters since 2017, Managing Executive Officer since 2020, and Director and Senior Managing Executive Officer since 2023. He is deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Shiraki is properly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.		

Candidate Number 5	Kazuto Inoue (Date of Birth: Nov. 12, 1961)	Reappointment	
Career Summary and Current Position and Responsibility in the Corporation:			
Apr. 1985	Joined Rinnai Corporation	Apr. 2018	Executive Officer, General Manager of Production Engineering Division
Apr. 2008	Vice President of Rinnai Korea Corporation		
Jun. 2012	President of Rinnai Precision Co., Ltd.	Apr. 2021	Managing Executive Officer, Chief of Production Engineering Headquarters
Apr. 2016	Executive Officer of the Corporation, General Manager of Production Control Division, Production Headquarters	Apr. 2023	Senior Managing Executive Officer, Chief of Production Engineering Headquarters
Apr. 2017	Executive Officer, Deputy Chief of Production Headquarters	Jun. 2023	Director and Senior Managing Executive Officer, Chief of Production Engineering Headquarters
No. of Shares Owned: 8,707 shares			
Reason to propose the candidate for election as director:			
Mr. Inoue has gained significant experience in the Production Headquarters since joining the Corporation in 1985, serving as Vice President (locally based) of Rinnai Korea Co., Ltd. (subsidiary of the Corporation) since 2008, then as President of Rinnai Precision Co., Ltd. As Executive Officer, he served as General Manager of Production Control Division, Production Headquarters, and Deputy Chief of Production Headquarters since 2016. As Managing Executive Officer since 2021 and Director and Senior Managing Executive Officer since 2023, he served as Chief of Production Engineering Headquarters. He is deeply familiar with the Corporation's business and has a proven ability to solve management issues. It has been concluded, therefore, that Mr. Inoue is properly qualified to perform his duties as a director. For this reason, management asks shareholders to reelect him to this position.			

Candidate Number 6	Takashi Kamio (Date of Birth: Nov. 27, 1942)		Reappointment, Outside, Independent
Career Summary and Current Position and Responsibility in the Corporation:			
Apr. 1965	Joined Toyota Motor Co., Ltd. (currently, Toyota Motor Corporation)	Jun. 2010	Senior Advisor at Towa Real Estate Co., Ltd.
Jun. 1996	Director at Toyota Motor Corporation	Jun. 2011	Audit & Supervisory Board Member at Central Nippon Expressway Company Limited
Jun. 1999	Managing Director at Toyota Motor Corporation	Jun. 2016	Outside director, Rinnai Corporation
Jun. 2001	Senior Managing Director at Toyota Motor Corporation	Jun. 2024	Outside director, Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee of Rinnai Corporation
Jun. 2005	Senior Advisor at Toyota Motor Corporation President at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.)	Mar. 2025	Chief outside director, Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee of Rinnai Corporation (current)
Jun. 2006	Director at Nakanihon Kogyo Co., Ltd.		
May. 2010	Advisor at Toyota Motor Corporation		
No. of Shares Owned: 0 shares			
Reason to propose the candidate for election as outside director and expected role: Mr. Kamio served as a senior managing director at Toyota Motor Corporation and as president at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.), which allowed him to accumulate extensive experience and wide-ranging knowledge. Management believes this background will enable him to suitably execute his duties as an outside director. For this reason, management asks shareholders to reelect him to this position. If he is elected, he will be engaged as a chairman of the Nomination Advisory Committee and Compensation Advisory Committee to select candidates of director and executive, and decide directors' compensation from an objective and neutral standpoint.			

Candidate Number 7	Tadashi Ogura (Date of Birth: Jan. 7, 1951)	Reappointment, Outside, Independent
Career Summary and Current Position and Responsibility in the Corporation:		
Apr. 1975	Joined Nippon Toki Co., Ltd. (currently, NORITAKE CO., LIMITED)	Apr. 2012 Representative Director & Vice President, Executive Officer at NORITAKE CO., LIMITED
Jun. 2005	Director at NORITAKE CO., LIMITED	Jun. 2013 Representative Director & President, Executive Officer at NORITAKE CO., LIMITED
Apr. 2008	Director, & Managing Executive Officer at NORITAKE CO., LIMITED	Jun. 2018 Representative Director & Chairman at NORITAKE CO., LIMITED
Jun. 2010	Director, & Senior Managing Executive Officer at NORITAKE CO., LIMITED	Jun. 2021 Outside director at Meiko Trans Co., Ltd. (current)
Jun. 2011	Director & Vice President, Executive Officer at NORITAKE CO., LIMITED	Jun. 2023 Outside director, Rinnai Corporation (current)
Current Representation in Other Companies: Outside director at Meiko Trans Co., Ltd.		
No. of Shares Owned: 0 shares		
Reason to propose the candidate for election as outside director and expected role: Mr. Ogura has served as Representative Director and Chairman of NORITAKE CO., LIMITED and other important positions, which allowed him to accumulate extensive experience and wide-ranging knowledge. Management believes this background will enable him to suitably execute his duties as an outside director. If he is elected, Mr. Ogura will serve as a member of the Nomination Advisory Committee and Compensation Advisory Committee to select candidates of director and executive, and decide directors' compensation from an objective and neutral standpoint.		

Candidate Number 8	Yoko Dochi (Date of Birth: Oct. 3, 1964)	Reappointment, Outside, Independent	
Career Summary and Current Position and Responsibility in the Corporation:			
Apr. 1987	Joined The Bank of Tokyo, Ltd. (currently, MUFG Bank, Ltd.)	Nov. 2018	Joined SoftBank Group Corp. Managing Director, in charge of Finance, General Manager of Investor Relations
Sept. 1996	Joined World Bank Group (WBG)	Feb. 2020	Joined SoftBank Group International Managing Partner
May. 2001	Joined Toyota Motor Europe N.V./ S.A.	Jun. 2020	Outside director of Nippo Ltd. (current)
Jan. 2015	General Manager of Global Treasury and Investor Relations at Toyota Motor Europe N.V./ S.A.	Jun. 2023	Outside director, Rinnai Corporation (current)
Mar. 2018	In charge of Investors Relations and Accounting Division, and Stock Group at Toyota Motor Corporation	Mar. 2024	Outside audit & supervisory board member at Kirin Holdings Company, Limited (current)
Current Representation in Other Companies:			
Outside director of Nippo Ltd.			
Trustee of Daiwa Anglo-Japanese Foundation			
Outside audit & supervisory board member at Kirin Holdings Company, Limited			
No. of Shares Owned: 0 shares			
Reason to propose the candidate for election as outside director and expected role:			
Ms. Dochi has been in charge of investor relations globally at Toyota Motor Corporation and SoftBank Group Corp. for over 20 years, which allowed her to accumulate extensive experience and deep insights about investor relations and ESG. She is also well-versed in accounting and financial matters and has knowledge of international organizational management. It has been concluded, therefore, that Ms. Dochi is properly qualified to perform her duties as an outside director. For this reason, management asks shareholders to reelect her to this position. We also expect Ms. Dochi to utilize her knowledge and insight related to the Corporation’s management by providing advice on formulating our capital policy and IR activities.			

Candidate Number 9	Kumi Sato (Date of Birth: Feb. 3, 1954)	Reappointment, Outside, Independent	
Career Summary and Current Position and Responsibility in the Corporation:			
1989	Editor-in-chief and publisher of an English-language magazine “AVENUES”	Apr. 2014	Event director, Aichi International Women’s Film Festival (Aichi Gender Equality Foundation)
2005	Producer, Friendship Film Festival of the 2005 World Exposition, Aichi, Japan	Apr. 2021	Professor, Faculty of Technology, International Professional University of Technology in Nagoya (current)
Apr. 2012	Professor, Faculty of Global and Media Studies, Kinjo Gakuin University	Jun. 2024	Outside director, Rinnai Corporation (current)
Current Representation in Other Companies:			
Professor, Faculty of Technology, International Professional University of Technology in Nagoya			
No. of Shares Owned: 0 shares			
Reason to propose the candidate for election as outside director and expected role:			
Ms. Sato has long served as editor-in-chief and publisher of an English-language magazine and has also held professorships related to international informatics and multicultural coexistence at multiple universities. Management believes this background will enable her to suitably execute her duties as an outside director. For this reason, management asks shareholders to newly elect her to this position. If Ms. Sato is elected, she will be engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to			

select candidates of director and executive, and decide directors' compensation from an objective and neutral standpoint.

Notes:

1. No candidate has any particular interest in the Corporation.
2. Mr. Kamio, Mr. Ogura, Ms. Dochi and Ms. Sato are candidates for the position of outside director.
3. Mr. Kamio, Mr. Ogura, Ms. Dochi and Ms. Sato are currently outside directors of the Corporation. At the end of this year's Ordinary General Meeting of Shareholders, their terms in office will be as follows:
 - Takashi Kamio: Eight (9) years
 - Tadashi Ogura: Two (2) years
 - Yoko Dochi: Two (2) years
 - Kumi Sato: One (1) year
4. The Corporation concluded agreements with Mr. Kamio, Mr. Ogura, Ms. Dochi and Ms. Sato in accordance with the first paragraph of Article 427 of the Companies Act that limits liability for damages caused by failure of duties to an amount determined by legal provisions. If they are reelected and appointed as outside directors, this agreement with them will remain in force.
5. The Corporation concluded liability insurance contracts for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Companies Act that compensates court costs and damages which the insured bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. If each candidate is elected and appointed as a director, he/she becomes an insured person under the insurance contract. The Corporation plans to update the insurance contract with the same content at the next contract renewal.
6. The Corporation has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Kamio, Mr. Ogura, Ms. Dochi and Ms. Sato fulfill the requirements for a position as independent directors. If they are reelected and appointed as outside directors, the Corporation will maintain them as independent directors.
7. If the reelections of Mr. Kamio, Mr. Ogura, and Ms. Sato are approved, they will serve as members of the Nomination Advisory Committee and the Compensation Advisory Committee and will be involved in the selection of executive candidates and the determination of executive compensation and other matters from an objective and neutral standpoint.

Agenda Item 3

Election of one (1) substitute Audit & Supervisory Board member

In case of a vacancy on the Audit & Supervisory Board, which is required by law to maintain a specific number of members, the Corporation will ask shareholders to elect one (1) substitute Audit & Supervisory Board member.

This item has already been agreed upon by members of the Audit & Supervisory Board. The Corporation proposes the following candidate for election as the substitute Audit & Supervisory Board member.

Yoshirou Ishikawa (Date of Birth: Mar. 22, 1951)		Outside, Independent
Career Summary and Current Position in the Corporation:		
Jul. 2001	Commissioner's Secretariat at National Tax Agency, Internal Inspector at Nagoya Regional Taxation Bureau	Jul. 2009 District Director at Gifu-minami Tax Office
Jul. 2005	Special Examiner, Large Enterprise Examination Department at Nagoya Regional Taxation Bureau	Aug. 2011 President, Yoshirou Ishikawa certified tax accountant office (current)
Jul. 2008	Appeals Judge at Nagoya National Tax Tribunal	Oct. 2011 Executive director, General incorporated association Nakagawa houjinkai
Current Representation in Other Companies: President, Yoshirou Ishikawa certified tax accountant office		
No. of Shares Owned: 0 shares		
Reason to propose the candidate for election as substitute outside Audit & Supervisory Board member:		
Mr. Ishikawa has not been involved in the management of a company, but he has vast experience and has acquired significant knowledge as a tax accountant. Management believes this background will enable him to suitably execute his duties as an outside member of the Audit & Supervisory Board, and management asks shareholders to elect him to substitute for this position.		

Notes:

1. Mr. Ishikawa has no particular interest in the Corporation.
2. Mr. Ishikawa is a candidate for the position of substitute outside member of the Audit & Supervisory Board.
3. If Mr. Ishikawa is elected and appointed as an outside member of the Audit & Supervisory Board, the Corporation will conclude an agreement with him in accordance with the Paragraph 1 of Article 427 of the Companies Act that limits liability for damages caused by failure of duties to an amount determined by legal provisions.
4. The Corporation concluded liability insurance contracts for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Companies Act that compensates court costs and damages which the insured, the Corporation's directors, bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. If Mr. Ishikawa is elected and appointed as a member of the Audit & Supervisory Board, he becomes an insured person under the insurance contract.
5. If Mr. Ishikawa assumes the position of outside member of the Audit & Supervisory Board, the Corporation plans to notify the Tokyo Stock Exchange and the Nagoya Stock Exchange that he satisfies the conditions for independent auditor.

Shareholder's Proposals (Agenda Item 4-7)

Proposals described in Agenda Items 4, 5, 6 and 7 were made by one shareholder. The Board of Directors **opposes all of these proposals**. Outlines of proposals and the reasons for proposal have been provided in their original form as submitted by the proposing shareholder.

Agenda Item 4

Amendment to the Articles of Incorporation regarding disclosure of measures aimed at achieving management that is conscious of capital costs and stock price

(1) Outline of proposal

The following provision is to be added to the Corporation's Articles of Incorporation.

(The changed portion is underlined.)

Before change	After change
(New)	<u>Chapter 7: Disclosure</u> <u>(Disclosure regarding management conscious of cost of capital and stock price)</u> <u>Article 38: As long as the Corporation remains a listed entity, it shall verify the appropriateness of its initiatives and disclosures based on the "Key Points and Examples Considering the Investor's Point of View in Regard to Management Conscious of Cost of Capital and Stock Price" (hereinafter, "Points and Examples") published by the Tokyo Stock Exchange on February 1, 2024. The Corporation shall also disclose the content of initiatives in accordance with the Points and Examples in its Corporate Governance Report and on its website.</u>

(2) Reasons for proposal

In March 2023, the Tokyo Stock Exchange (TSE) requested that listed companies "work to achieve management that is conscious of capital costs and stock price." In this context, the TSE expects companies to "not simply consider whether the current PBR exceeds 1 or ROE exceeds 8%, but to analyze and evaluate capital profitability and market valuation from multiple perspectives based on the investor's viewpoint." The TSE also requested that "the essence of management conscious of cost of capital and stock price is to achieve appropriate allocation of management resources for medium- to long-term corporate value enhancement, and along with such analysis and evaluation, to examine whether the company's balance sheet is in an efficient state for value creation."

Currently, only half of the equity entrusted by the Corporation's shareholders is being invested in business operations, while the remainder is allocated to non-working assets, such as cash to prepare for earthquakes and other contingencies. As a result, the Corporation's ROE remains at approximately 8%, even though it could easily achieve a high teens level under a more effective capital policy.

We are proposing this resolution to ensure that the Corporation's response to the TSE's requests goes beyond formalities and is truly effective.

Opinions of the Corporation's Board of Directors on Agenda Item 4

(1) Opinion of the Board of Directors

The Board of Directors **opposes this Shareholder Proposal**.

(2) Reasons for opposition

This Shareholder Proposal seeks to introduce a new provision into the Articles of Incorporation concerning initiatives based on a document published by the Tokyo Stock Exchange entitled “Key Points and Examples Considering the Investor’s Point of View in Regard to Management Conscious of Cost of Capital and Stock Price.”

However, the matters that this Shareholder Proposal seeks to include are not appropriate for inclusion in the Articles of Incorporation, which serve as a fundamental code of the Corporation. On the contrary, introducing such provisions may hinder the Corporation’s ability to respond swiftly and flexibly to changes in market conditions and business strategy.

Furthermore, as detailed below, the Corporation is already practicing “management conscious of cost of capital and stock price,” so there is no need to stipulate the matters proposed in this Shareholder Proposal in the Articles of Incorporation.

Under our corporate mission of “utilizing heat to provide society with a comfortable way of life,” we have been pursuing three key strategies outlined in our medium-term business plan, New ERA 2025 (fiscal 2022, ended March 31, 2022 –fiscal 2026, ending March 31, 2026) (hereinafter, “the Plan”): “Expansion of business scale,” “Revolution of corporate structure,” and “Advancement in addressing social challenges.” In May 2021, we announced the numerical targets of the Plan, including consolidated net sales of ¥450.0 billion, operating income of ¥50.0 billion, a return on invested capital (ROIC) of 19.0%, and a total shareholder return ratio (five-year average) of 40.0%. We also established a capital allocation policy for the duration of the Plan. In May 2023, as we reviewed progress under the Plan so far (fiscal 2022–2023), we announced a new capital policy. Aiming to enhance transparency and improve capital efficiency, we added ROE (fiscal 2026 target: 8%) as a key performance indicator. We also decided to strengthen shareholder returns by gradually raising the dividend payout ratio (fiscal 2026 target: 40% range) and conducting flexible share buybacks. On February 8, 2024, we announced our “Action to Implement Management that is Conscious of Cost of Capital and Stock Price.” Based on our recognition that improving capital efficiency is a key management priority, we disclosed our estimate of the Corporation’s cost of capital at 6.5–7.5% and stated our intention to achieve ROE of 10% or higher during the period of the next medium-term business plan. We also reaffirmed our commitment to achieving the targets of the Plan by executing growth investments and enhancing shareholder returns in line with the capital allocation framework set under the Plan.

Our consolidated numerical targets for fiscal 2026, ending March 31, 2026, the final year of the Plan, are net sales of ¥470.0 billion, operating income of ¥50.0 billion, ROE of 8.0%, and ROIC of 12.0%. We expect to achieve all of these targets, except ROIC. We expect ROIC to decline in the short term due to elevated inventory levels for products and parts. This was done in response to supply disruptions during the COVID-19 pandemic, which hindered our ability to reliably deliver essential household products. However, we plan to improve ROIC over the medium to long term by reviewing our production structure and further strengthening our supply chain.

Among capital allocations set under the Plan, we are making growth investments aimed at further strengthening our earning power through performance recovery and strategic growth initiatives. We plan to invest up to ¥205.0 billion (¥80.0 billion for essential investments under our base scenario and ¥125.0 billion for growth and strategic expenditures), significantly exceeding our investment levels over the past five years. As of fiscal 2025, cumulative investment has already reached ¥162.0 billion, and we plan to invest an additional ¥20 billion in fiscal 2026. We will continue actively making necessary growth investments with a view to enhancing medium- and long-term corporate value.

With respect to shareholder returns, the Plan calls for an increase in the dividend payout ratio and flexible share buybacks. For fiscal 2025, we expect the dividend payout ratio to be 38.2%. During the Plan period, we have already bought back shares worth approximately 14 million shares (worth ¥47.4 billion), of which approximately 10.97 million have been canceled. In fiscal 2026 as well, we plan to increase annual dividends by ¥20.00 per share year on year, to ¥100.00. We also plan to buy backs shares worth ¥10.0 billion, thereby further enhancing shareholder returns. As a result, the total shareholder

return ratio for the Plan is expected to reach 77.3% (with total returns of ¥106.0 billion), significantly exceeding the target of 40% (¥60.0 billion) set under the Plan.

As outlined above, we are committed to improving profitability through performance recovery while making growth investments. At the same time, we are enhancing capital efficiency by flexibly buying back shares while raising the dividend payout ratio from a medium- to long-term growth perspective, while enhancing information disclosure to shareholders and other investors. In these and other ways, we are striving to achieve sustainable growth and increase corporate value while remaining conscious of capital costs and capital efficiency.

Accordingly, the Board of Directors believes that the proposed amendment to the Articles of Incorporation is unnecessary. Moreover, such a provision could hinder our ability to respond swiftly and flexibly to changes in market conditions and business strategy. For these reasons, we oppose this Shareholder Proposal.

Agenda Item 5

Implementation of share buyback

(1) Outline of proposal

1 Share Buyback: The Corporation shall, in accordance with Article 156, Paragraph 1 of the Companies Act, acquire its own common shares through the delivery of monies, with a limit on total number of shares of 15,000,000 and a total acquisition price of ¥50,000,000,000 within one year from the conclusion of the AGM. *(However, if any share buybacks are resolved by the Board of Directors between April 1, 2025, and the date of the upcoming AGM, the corresponding purchase amount shall be deducted from the above limit.)*

2 Other Retained Earnings: The Corporation shall withdraw ¥50,000,000,000 from a general reserve and transfer the same amount to retained earnings brought forward.

(2) Reasons for the Proposal

First, the Corporation holds surplus funds. As a debt-free entity, it held financial assets totaling ¥185.5 billion, including strategic shareholdings, as of December 31, 2024. In addition, it owns ¥25.8 billion in idle real estate unused since being purchased two years ago for showroom purposes, because such assets cannot be justified from a capital cost perspective as we support the goal of strengthening customer engagement. Moreover, approximately 80% of the Corporation's sales comes from replacement demand, reflecting the stability of its business. Over the past 10 years, it has consistently generated an average EBITDA of over ¥50 billion annually. Therefore, the funds required for growth investments can be secured within the scope of future cash flows.

Second, the Corporation's shares are undervalued. Its current PBR hovers around 1x, and the market has yet to reflect the intangible value inherent in its status as a growth company. Furthermore, when compared with major global competitors, its valuation is significantly lower across all key indicators, including PBR, PER, and EV/EBITDA.

We believe that selling non-working assets and conducting a share buyback to improve capital efficiency and enhance shareholder value per share will serve the best interests of all shareholders.

Opinions of the Corporation's Board of Directors on Agenda Item 5

(1) Opinion of the Board of Directors

The Board of Directors **opposes this Shareholder Proposal.**

(2) Reasons for opposition

This Shareholder Proposal calls for the Corporation to conduct a large-scale share buyback equivalent to 1.7 times its net income (¥29.6 billion in fiscal 2025), to be executed within a single year.

This Shareholder Proposal fails to adequately take into account the funding required for the Corporation's necessary growth investments. The share buyback proposed in this Shareholder Proposal may improve ROE in the short term, but it risks distorting our financial foundation and restricting investment activities essential for sustainable growth. As such, it runs counter to our goal of enhancing medium- to long-term corporate value.

As stated in the Board of Directors' opinion on Agenda Item 4 (page 17)—the Corporation is actively working to achieve the targets set in the Plan by making growth investments and enhancing shareholder returns.

As noted above, the Corporation has already made ¥162.0 billion in investments during the Plan period and plans to invest an additional ¥20.0 billion in fiscal 2026. Going forward, we will continue actively pursuing the growth investments necessary to enhance corporate value over the medium to long term.

Meanwhile, the land and building we acquired in Minami-Aoyama, Tokyo, in 2023 will be opened in July 2025 as "Rinnai Aoyama," a brand experience facility designed to create new points of contact with users.

In terms of shareholder returns, in addition to raising the dividend payout ratio, the Corporation has also implemented flexible share buybacks. As a result, the total shareholder return over the five years through fiscal 2026 is expected to reach ¥106.0 billion, with a total shareholder return ratio of 77.3%. These figures significantly exceed the total shareholder return target of more than ¥60.0 billion and a total shareholder return ratio (five-year average) of 40% set under the Plan.

We believe that strengthening our earning power to achieve steady profit growth, while making shareholder returns aligned with such growth, serves the best interests of both the Corporation and its shareholders from a medium- to long-term perspective. We also believe that we should not conduct share buybacks according to the timing or amount specified in this Shareholder Proposal. Instead, they should be carried out based on our medium-term business plan and capital policy, taking into account a comprehensive range of factors, including performance, business investments, financial condition, and share price levels.

Therefore, the Board of Directors opposes this Shareholder Proposal.

Agenda Item 6

Approval of compensation amount related to restricted stock compensation system

(1) Outline of proposal

At the AGM held on June 29, 2021, it was approved that the basic component shall not exceed ¥370 million per year (including ¥50 million for outside directors), and annual bonuses shall not exceed ¥220 million per year. Separately, at the same meeting, it was approved that restricted-stock compensation shall not exceed ¥120 million per year, and the maximum number of shares allotted to directors shall not exceed 20,000 shares per year (outside directors are not eligible for this compensation). We now propose to grant monetary compensation claims for the purpose of issuing restricted stock to its directors that shall not exceed ¥370 million and 120,000 shares. The specific timing and allocation of the grants will be determined by the Board of Directors. The plan is designed as a performance-based incentive system, incorporating such indicators as ROE and TSR. If the performance criteria are met, restricted stock equivalent to three times the fixed compensation may be granted cumulatively over the next three years.

(2) Reason for the Proposal

We believe that the greatest weakness of Japanese Boards of Directors is the limited share ownership by individual directors, which results in a lack of alignment with shareholder perspectives.

An effective benchmark for stock-based compensation that aligns the interests of directors with those of shareholders is generally considered to be an amount equivalent

to three times fixed compensation. While the Corporation has adopted a restricted stock compensation plan, stock-based compensation for directors (excluding outside directors) in the fiscal year ended March 2024 totaled ¥16 million—equivalent to only 7% of directors' fixed compensation of ¥233 million. At this rate, it would take 44 years for directors to accumulate stock equivalent to three times their fixed compensation.

In Europe and the United States, most major listed companies have adopted stock ownership guidelines that require directors to hold a certain amount of shares over a defined period, as a means of aligning their interests with those of shareholders. After a grace period of several years, it is common for top management to be required to hold shares equivalent to three to five times their base compensation, and for outside directors, at least one times their compensation. Because the Corporation has also introduced stock ownership guidelines, it should aim to achieve ownership levels on par with global standards.

Opinions of the Corporation's Board of Directors on Agenda Item 6

(1) Opinion of the Board of Directors

The Board of Directors **opposes this Shareholder Proposal.**

(2) Reasons for opposition

This Shareholder Proposal calls for the Corporation to grant monetary compensation claims for the purpose of issuing restricted stock to its eligible directors that shall not exceed ¥370 million per year and 120,000 shares, and if the performance criteria are met, restricted stock equivalent to three times the fixed compensation may be granted cumulatively over the next three years.

However, this amount of director compensation does not align with the Corporation's current performance levels. As a reason for the proposal the Proposing Shareholder states that "the greatest weakness of Japanese Boards of Directors is the limited share ownership by individual directors, which results in a lack of alignment with shareholder perspectives." As described in detail below, however, this assertion is not applicable to the Corporation.

We have established a policy on determining compensation for directors under the basic principle of fostering steady improvements in medium- to long-term corporate value while ensuring sufficient transparency and objectivity for the Corporation to fulfill its obligations to shareholders and other stakeholders.

Under this policy, we have also revised our executive compensation system. In fiscal 2025, for example, we increased the proportion of performance-linked compensation, adopting ROE and Total shareholder return (TSR) as KPIs for such compensation, and introducing stock ownership guidelines.

Regarding the performance-linked compensation component, compensation for directors consists of basic compensation, which is fixed, and performance-linked compensation. Previously set at a 70:30 ratio, the structure was revised to 60:40 to properly motivate directors to improve corporate value and achieve targeted goals. The performance-linked compensation ratio was increased in line with the increase in the stock compensation component

We have also adopted ROE, employee engagement improvement, and TSR as new KPIs for evaluating performance-linked compensation. In addition, we have introduced stock ownership guidelines, setting a benchmark for the number of the Corporation's shares directors are expected to hold during their term of office. Under these guidelines, the President and Representative Director is expected to hold shares equivalent to 1.5 times its basic compensation within three years of appointment. Other directors (excluding outside directors) are expected to hold shares equivalent to one times their basic compensation within the same period.

In addition, to ensure objectivity and fairness in the compensation decision-making process, we have established a Compensation Advisory Committee, which is chaired by an independent outside director and the majority of whose members are independent outside directors. The Board of Directors determines compensation and other policies after deliberation by the Compensation Advisory Committee, thereby

ensuring transparency in compensation. In the decision-making process, we also verify the appropriateness of compensation by continuously reviewing compensation levels and composition ratios through objective comparisons with other corporate groups of similar size to the Rinnai Group.

As of March 31, 2025, the Chairman and President of the Corporation held approximately 7.36 million and 1.53 million shares, respectively, of the Corporation's stock, so they already have common interests with shareholders.

As stated above, Board of Directors has decided that the current compensation structure, which is determined by the Board of Directors after deliberation by the Compensation Advisory Committee, is appropriate as it considers the economic environment and ensures objectivity and transparency. We also believe the Corporation has proper mechanisms in place to ensure that its directors and shareholders possess shared values.

Therefore, the Board of Directors opposes this Shareholder Proposal.

Agenda Item 7

Amendment to the Articles of Incorporation regarding the composition of outside directors

(1) Outline of proposal

Article 19 of the Corporation's Articles of Incorporation shall be amended as follows so that the majority of the directors of the Corporation are outside directors.

(The changed portion is underlined.)

Before change	After change
(Number of Directors) Article 19: The number of directors of the Corporation shall be no more than 10.	(Number of Directors) Article 19: The number of directors of the Corporation shall be no more than 10.
<u>2 (New)</u>	<u>2 As long as the Corporation remains a listed company, the majority of its directors shall be outside directors as defined according to Article 2, Paragraph 1, Item 15 of the Companies Act.</u>

(2) Reason for the Proposal

We believe that diversity and independence within the Board of Directors are essential to the management of a listed company in today's business environment.

Principle 4.7 of Japan's Corporate Governance Code identifies one of the roles and responsibilities of independent outside directors as "Appropriately representing the views of minority shareholders and other stakeholders in the boardroom from a standpoint independent of the management and controlling shareholders."

We have made repeated requests to engage in dialogue with the Corporation's outside directors who are believed to have expertise in capital policy. However, such opportunities have not materialized. As a result, it remains unclear what views the current outside directors hold on capital policy. Moreover, according to the Corporation's skills matrix, capital policy is an area in which the representation of outside directors is particularly low. (Only one outside director is recognized as having expertise in this field, aside from the founding family members on the management team.) Therefore, we believe it is essential to strengthen the Corporation's structure to support its medium- to long-term corporate value by proactively appointing outside directors with expertise in capital policy and ensuring that outside directors constitute a majority of the Board.

Opinions of the Corporation's Board of Directors on Agenda Item 7

(1) Opinion of the Board of Directors

The Board of Directors **opposes this Shareholder Proposal.**

(2) Reasons for opposition

This Shareholder Proposal seeks to amend the Articles of Incorporation to require that a majority of the directors be outside directors.

Considering the current state of our corporate governance, however, we believe there is no need to incorporate such a requirement into the Articles of Incorporation. On the contrary, we consider that such a requirement may hinder the Corporation's ability to form the most appropriate Board composition in response to future growth stages.

To ensure objectivity and transparency in the nomination of directors, the Corporation established the Nominating Advisory Committee, as an advisory body to the Board of Directors. The majority of the Committee's members and its chairperson are independent outside directors. The selection of director candidates to be presented at this General Meeting of Shareholders is decided by the Board of Directors after deliberation by the Nominating Advisory Committee.

The Nomination Advisory Committee engages in careful deliberation to ensure that the Corporation's Board of Directors is composed of members with the appropriate skills required for sustainably enhancing corporate value and achieving the targets of the Plan. These include members with skills in Corporate management, Global management, Finance/Accounting/Capital Policy, Human Resources Strategy, Governance/Legal Matters/Risk Management, Sustainability, and IT/DX. Through this nomination process, the Board of Directors has consistently engaged in constructive discussions aimed at putting the Corporation's management philosophy into practice and enhancing corporate value on a sustainable basis, and has been discussing not only shareholder return, but also investments in R&D, human resources, capital expenditures, and other growth investment from various perspectives.

At the upcoming General Meeting of Shareholders, the Corporation is proposing a Board composition of nine directors, including four independent outside directors, resulting in an outside director ratio of 44%. The Corporation's internal directors have extensive business experience and collectively bring a broad range of knowledge, expertise, and capabilities, including backgrounds in sales, manufacturing, R&D, administrative functions, and overseas assignments. In addition, its outside directors are selected from individuals with executive experience at other companies or distinguished academic backgrounds, each bringing diverse areas of expertise to the Board. Furthermore, two of the four independent outside director candidates are women—one appointed in fiscal 2024 and another in fiscal 2025—ensuring not only the Board's independence but also its diversity.

As described above, the Board of Directors, consisting of candidates proposed by the Corporation, maintains a sufficient degree of independence and also represents an optimal structure for overseeing the execution of management aimed at achieving the Plan. The candidates bring diverse backgrounds and areas of expertise, enabling constructive discussions from a variety of internal and external perspectives. While the Corporation will continue to consider the optimal composition of the Board of Directors, the Board of Directors is currently engaged in frank and active discussions aimed at realizing management that is conscious of cost of capital. We believe this composition helps sustainably enhance our corporate value, which will benefit all shareholders.

Therefore, the Board of Directors opposes this Shareholder Proposal.

Business Report (April 1, 2024, to March 31, 2025)

1. Consolidated Business Overview

(1) Consolidated Business Results

In the fiscal year under review (April 1, 2024–March 31, 2025), the global economy remained uncertain amid prolonged inflation and monetary tightening and a deteriorating economic outlook, as well as trade policy developments in the United States and ongoing instability in the Chinese economy driven by a persistent real estate slowdown. In Japan, as well, the environment remained unpredictable due to surging raw material and energy costs, rising prices fueled by wage increases, and continued sharp fluctuations in foreign exchange rates.

In the domestic housing-related industry, new housing starts remained weak, especially for owner-occupied dwellings, which continued declining slowly. However, the household appliance sector showed signs of recovery in demand related to renovation.

Under these circumstances, the Rinnai Group pursued three key strategies under its medium-term business plan, New ERA 2025: “Advancement in addressing social challenges,” “Expansion of business scale,” and “Revolution of corporate structure.”

Specifically, under our commitment to “Advancement in addressing social challenges,” we are expanding sales of products that help improve quality of life and benefit the global environment. Examples of main products are shown below.

ECO ONE hybrid water heaters with heating systems

In addition to providing high energy efficiency, these products offer strong resilience with dual heat sources—gas and electricity—and can flexibly adapt to demand responses. As a result, they are expected to play a role in the quest for carbon neutrality.

Tankless water heaters

Tankless water heaters deliver hot water instantly and offer higher energy efficiency compared with tank-based water heaters, which store preheated water. Moreover, there is no risk of running out of hot water. Accordingly, we are working to further expand sales of these products.

Air bubble products (Ultra Fine Bubbles & Micro Bubbles)

These products generate ultra-fine bubbles in hot water, providing health-enhancing and hair-beautifying benefits. They also have a powerful cleansing property to simplify daily cleaning. We are rolling out these products in Japan and across the broader Asian market.

Gas clothes dryers

With the powerful warm air that only gas can provide, gas clothes dryers enable quick drying, which helps reduce household chore time. We are working to popularize these products, which we offer in 14 countries around the world.

In these ways, we are broadening our lineup of priority products to support the Group’s carbon neutrality commitment, RIM 2050. We are also making steady progress in fulfilling our promise to customers (“Creating a healthier way of living”) and achieving sustainable and stable long-term growth.

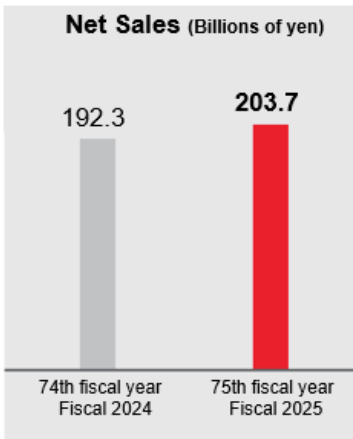
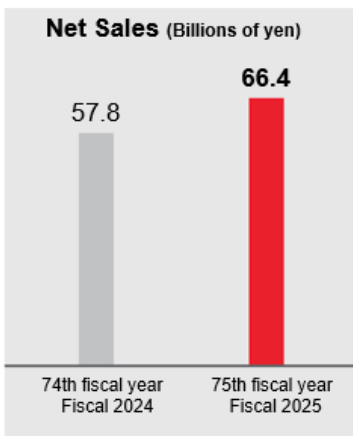
With respect to revenue, while our performance varied in major countries, we maintained the strong momentum seen in the first half, resulting in record-high net sales for the year. On the earnings side, we posted record-high operating income owing to price revisions and cost reduction efforts. This was despite increased costs due to rising global prices of raw materials and energy, as well as expenses for free inspections of bathroom heater/dryers in Japan.

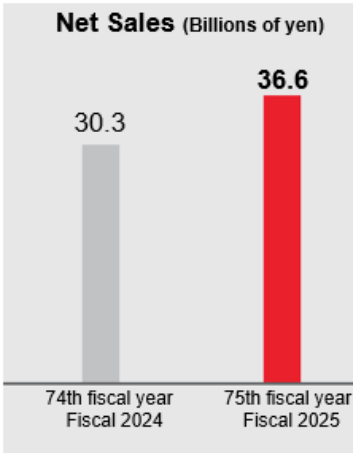
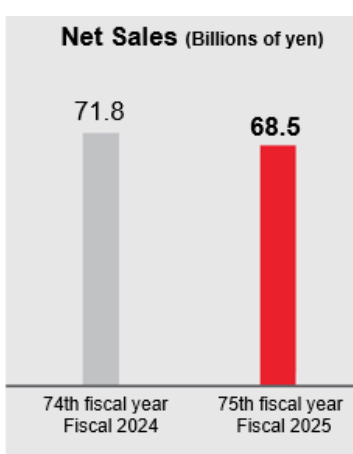
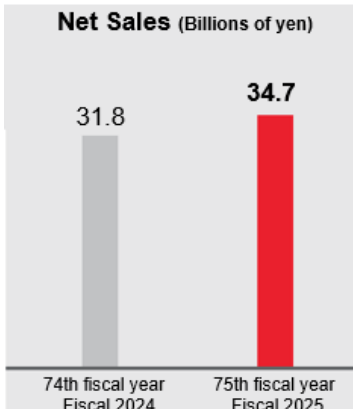
As a result, consolidated net sales for the year amounted to ¥460,319 million, up 7.0% from the previous year. Operating income increased 16.9%, to ¥46,005 million,

and ordinary income rose 9.2%, to ¥50,323 million. million. Net income attributable to owners of the parent company climbed 11.3%, to ¥29,691 million.

	74th fiscal year (Year ended March 31, 2024)	75th fiscal year (Year ended March 31, 2025)	YOY change	
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	430,186	460,319	30,132	7.0%
Operating income	39,362	46,005	6,642	16.9%
Ordinary income	46,071	50,323	4,251	9.2%
Net income attributable to owners of the parent company	26,667	29,691	3,024	11.3%

Our consolidated results by geographical segment were as follows:

<p>Japan</p> <p>Net sales ¥203,731 million (YOY change: +5.9%)</p>	<p>Amid a stable business environment driven by real demand, sales of key products grew significantly. These included our <i>ECO ONE</i> hybrid water heaters and heating systems, supported by subsidies for high-efficiency water heaters, as well as our highly distinctive gas clothes dryers and air bubble-related products. As a result, sales in Japan grew 5.9% year on year, to ¥203,731 million. On the earnings side, operating income rose 24.2%, to ¥22,309 million, despite incurring ¥2.7 billion in expenses related to free inspections of bathroom heater/dryers.</p>	<p>Net Sales (Billions of yen)</p>  <table><caption>Net Sales (Billions of yen)</caption><tr><th>Fiscal Year</th><th>Net Sales (Billions of yen)</th></tr><tr><td>74th fiscal year Fiscal 2024</td><td>192.3</td></tr><tr><td>75th fiscal year Fiscal 2025</td><td>203.7</td></tr></table>	Fiscal Year	Net Sales (Billions of yen)	74th fiscal year Fiscal 2024	192.3	75th fiscal year Fiscal 2025	203.7
Fiscal Year	Net Sales (Billions of yen)							
74th fiscal year Fiscal 2024	192.3							
75th fiscal year Fiscal 2025	203.7							
<p>United States</p> <p>Net sales ¥66,457 million (YOY change: +14.8%)</p>	<p>Although consumer sentiment in the housing appliance market remained sluggish, growing concern about energy efficiency led to expansion of the tankless water heater market. Our performance also benefited from firm sales of our core condensing water heaters, launched at the beginning of the fiscal year. As a result, sales in the United States increased 14.8%, to ¥66,457 million, and operating income totaled ¥2,130 million, compared with an operating loss of ¥1,197 million in the previous fiscal year.</p>	<p>Net Sales (Billions of yen)</p>  <table><caption>Net Sales (Billions of yen)</caption><tr><th>Fiscal Year</th><th>Net Sales (Billions of yen)</th></tr><tr><td>74th fiscal year Fiscal 2024</td><td>57.8</td></tr><tr><td>75th fiscal year Fiscal 2025</td><td>66.4</td></tr></table>	Fiscal Year	Net Sales (Billions of yen)	74th fiscal year Fiscal 2024	57.8	75th fiscal year Fiscal 2025	66.4
Fiscal Year	Net Sales (Billions of yen)							
74th fiscal year Fiscal 2024	57.8							
75th fiscal year Fiscal 2025	66.4							

<p>Australia</p> <p>Net sales ¥36,605 million (YOY change: +20.7%)</p>	<p>While the new housing market showed signs of recovery, the overall housing market remained sluggish. However, sales of core gas appliances firmed due to the harsh winter, and we made a corporate acquisition to meet the trend toward electrification. As a result, sales in Australia rose 20.7%, to ¥36,605 million. Despite the increase in revenue, operating income declined 10.2%, to ¥1,119 million, due to the amortization of goodwill and other expenses related to our corporate acquisition, which prevented profit growth.</p>	<p>Net Sales (Billions of yen)</p>  <table><tr><th>Fiscal Year</th><th>Net Sales (Billions of yen)</th></tr><tr><td>74th fiscal year Fiscal 2024</td><td>30.3</td></tr><tr><td>75th fiscal year Fiscal 2025</td><td>36.6</td></tr></table>	Fiscal Year	Net Sales (Billions of yen)	74th fiscal year Fiscal 2024	30.3	75th fiscal year Fiscal 2025	36.6
Fiscal Year	Net Sales (Billions of yen)							
74th fiscal year Fiscal 2024	30.3							
75th fiscal year Fiscal 2025	36.6							
<p>China</p> <p>Net sales ¥68,596 million (YOY change: -4.6%)</p>	<p>Although consumer sentiment declined sharply in the second half of the year and distribution inventory levels remained high, e-commerce sales—which have accounted for an increasing share of total revenue in recent years—held steady. As a result, sales in China were down 4.6% year on year, to ¥68,596 million. Operating income declined 16.9%, to ¥10,095 million, the decline in revenue was suppressed through management efforts that included improving the sales ratio of mainstay PF2.0 water heaters, which have built-in cost efficiency.</p>	<p>Net Sales (Billions of yen)</p>  <table><tr><th>Fiscal Year</th><th>Net Sales (Billions of yen)</th></tr><tr><td>74th fiscal year Fiscal 2024</td><td>71.8</td></tr><tr><td>75th fiscal year Fiscal 2025</td><td>68.5</td></tr></table>	Fiscal Year	Net Sales (Billions of yen)	74th fiscal year Fiscal 2024	71.8	75th fiscal year Fiscal 2025	68.5
Fiscal Year	Net Sales (Billions of yen)							
74th fiscal year Fiscal 2024	71.8							
75th fiscal year Fiscal 2025	68.5							
<p>South Korea</p> <p>Net sales ¥34,719 million (YOY change: +8.9%)</p>	<p>In South Korea, our core boiler business faced ongoing price competition amid a weakening economic outlook. In response, we launched a new boiler equipped with ultra-fine bubble technology, aimed at differentiating our products from those of competitors. As a result, sales in South Korea increased 8.9% to ¥34,719 million, and operating income was ¥930 million, compared with ¥16 million in the previous fiscal year.</p>	<p>Net Sales (Billions of yen)</p>  <table><tr><th>Fiscal Year</th><th>Net Sales (Billions of yen)</th></tr><tr><td>74th fiscal year Fiscal 2024</td><td>31.8</td></tr><tr><td>75th fiscal year Fiscal 2025</td><td>34.7</td></tr></table>	Fiscal Year	Net Sales (Billions of yen)	74th fiscal year Fiscal 2024	31.8	75th fiscal year Fiscal 2025	34.7
Fiscal Year	Net Sales (Billions of yen)							
74th fiscal year Fiscal 2024	31.8							
75th fiscal year Fiscal 2025	34.7							

<div>Indonesia</div> <div>Net sales ¥17,010 million (YOY change: +14.1%)</div>	<p>Amid weak consumer sentiment due to rising prices, we implemented price revisions for mainstay tabletop stoves, which maintain a high market share. In addition, sales of high-end built-in hobs (stovetops) and range hoods grew steadily. As a result, sales in Indonesia rose 14.1% year on year, to ¥17,010 million, and operating income jumped 39.9%, to ¥3,842 million.</p>	<div>Net Sales (Billions of yen)</div> <div><div><div>14.9</div><div>74th fiscal year Fiscal 2024</div></div><div><div>17.0</div><div>75th fiscal year Fiscal 2025</div></div></div>
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Consolidated net sales and operating income by reporting segment

(Millions of yen)

	74th fiscal year (previous fiscal year) (April 1, 2023, to March 31, 2024)		75th fiscal year (current fiscal year) (April 1, 2024, to March 31, 2025)		YOY change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	192,354	17,965	203,731	22,309	5.9%	24.2%
United States	57,875	(1,197)	66,457	2,130	14.8	—
Australia	30,338	1,245	36,605	1,119	20.7	-10.2
China	71,886	12,146	68,596	10,095	-4.6	-16.9
South Korea	31,874	16	34,719	930	8.9	—
Indonesia	14,913	2,745	17,010	3,842	14.1	39.9
Others	30,943	4,361	33,198	5,022	7.3	15.2
Adjustments	—	2,078	—	555	—	—
Net sales on the consolidated statements of income	430,186	39,362	460,319	46,005	7.0	16.9

- Notes: 1. "United States" includes sales from subsidiaries in Canada, Mexico and Costa Rica, which conduct integrate business activities based on comprehensive sales strategies.
2. "Australia" includes sales from a subsidiary in Malaysia, which complements the production system, and conducts integrate business activities.
3. "Others" include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.
4. "Net sales" are sales to external customers, and "Adjustments" under "Operating income" are the intersegment transactions to eliminate.

A breakdown by product shows that sales in the water heaters segment totaled ¥277,731 million, up 5.3% year-on-year; kitchen appliances, ¥96,266 million, up 6.4%; air conditioning appliances, ¥22,010 million, up 1.2%; commercial-use equipment, ¥11,738 million, up 4.7%; other products, ¥52,572 million, up 22.6%.

Net sales by product

(Millions of yen)

	74th fiscal year (previous fiscal year) (April 1, 2023, to March 31, 2024)		75th fiscal year (current fiscal year) (April 1, 2024, to March 31, 2025)		YOY change (%)
	Amount	% of total	Amount	% of total	
Water heaters	263,839	61.3	277,731	60.3	5.3
Kitchen appliances	90,495	21.0	96,266	20.9	6.4
Air conditioning appliances	21,746	5.1	22,010	4.8	1.2
Commercial-use equipment	11,212	2.6	11,738	2.5	4.7
Others	42,891	10.0	52,572	11.4	22.6
Total	430,186	100.0	460,319	100.0	7.0

(2) Consolidated Capital Expenditures

In the period under review, the Group's total capital expenditures amounted to ¥16.3 billion. Funds were applied primarily to investments in buildings to expand production facilities in Japan and overseas; tools and fixtures, including molds for new products; and renewal and rationalization of machinery and equipment aimed at cost reduction and quality improvement.

(3) Consolidated Fund Procurement

There was no significant new fund procurement during the period under review.

(4) Issues Requiring Our Attention

Looking ahead, we expect the business environment surrounding the Rinnai Group to remain challenging due to various highly uncertain factors. These include U.S. trade and other policy developments, a deteriorating global economic outlook driven by rising prices and interest rates, and instability in financial systems. Under these conditions, we expect costs for procuring materials, parts, and energy to remain high and the shift from fossil fuels to renewable energy to continue.

In this environment, the Rinnai Group is entering the final year of its medium-term business plan, New ERA 2025. Committed to creating healthy and comfortable lifestyles, we will provide a variety of products and services with the themes of “improving quality of life” and “addressing global environmental issues.” At the same time, we will promote compliance with the Rinnai Carbon Neutral Declaration, RIM2050, aimed at realizing a carbon-neutral society.

In Japan, we will expand sales of gas clothes dryers and dishwashers, which help improve people’s quality of life. We will also contribute to the fight against global warming by taking advantage of government subsidies for energy-efficient water heaters to promote the spread of our *ECO ONE* hybrid water heaters with heating systems. To ensure a more stable supply of our products, which are daily necessities, we will raise inventory levels for both finished goods and components. At the same time, we will work to improve capital efficiency by reviewing our production framework and further strengthening our supply chain.

Overseas, while trade policy developments in our core U.S. market remain uncertain, people are becoming more conscious about energy efficiency. Accordingly, we anticipate growth in demand for tankless water heaters (particularly high-performance condensing models), which are more energy-efficient than the storage-type water heaters widely used in that market, and we will work to increase sales of such water heaters.

In China, we expect consumer spending to remain sluggish due to ongoing economic stagnation. Nevertheless, we will work to increase the sales ratio of our mainstay PF2.0 water heaters, which have built-in cost efficiency. At the same time, we will strive to improve productivity at our expanded local manufacturing facility.

Meanwhile, we will actively broaden our business in emerging markets and untapped regions where demand for gas appliances is expected to grow in the future. We will also flexibly review our business portfolio with a view to realizing a decarbonized society in the future by introducing electric products in countries and regions where efforts to shift from fossil fuels to renewable energies are progressing.

For the fiscal year ending March 2026, we forecast consolidated net sales of ¥470.0 billion (up 2.1% year on year), operating income of ¥50.0 billion (up 8.7%), ordinary income of ¥53.5 billion (up 6.3%), and net income attributable to owners of the parent company of ¥33.0 billion (up 11.1%).

(5) Changes in Performance and Assets (Millions of yen / except where noted)

	72nd fiscal year (Year ended March 31, 2022)	73rd fiscal year (Year ended March 31, 2023)	74th fiscal year (Year ended March 31, 2024)	75th fiscal year (Year ended March 31, 2025) (current fiscal year)
Net sales	366,185	425,229	430,186	460,319
Ordinary income	39,060	44,565	46,071	50,323
Net income attributable to owners of the parent company	23,748	26,096	26,667	29,691
Net income per share (yen)	156.80	176.92	184.75	209.66
Total assets	512,867	547,114	577,088	606,586
Net assets	378,856	407,199	437,438	461,718
Net assets per share (yen)	2,296.59	2,487.60	2,707.86	2,885.72

- Notes: 1. Net income per share is calculated using the average number of shares outstanding during the fiscal year, and net assets per share is calculated using the number of shares outstanding at fiscal year-end. Number of outstanding shares excludes treasury stock.
2. On April 1, 2023, the Corporation conducted a 3-for-1 stock split of shares of common stock. The above figures for “Net income per share” and “Net assets per share” are calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2022.



(6) Significant Subsidiaries (As of March 31, 2025)

Name	Capital	Corporation Holdings	Primary Business
Yanagisawa Manufacturing Co., Ltd.	¥150 million	100.0%	Manufacture and sale of gas appliances
Rinnai Technica Co., Ltd.	¥200 million	100.0%	Manufacture and sale of gas appliances
RB Controls Co., Ltd.	¥150 million	100.0%	Manufacture and sale of electronic control units
Rinnai Precision Co., Ltd.	¥128 million	100.0%	Manufacture and sale of gas appliance components
Gastar Co., Ltd.	¥2,450 million	90.0%	Manufacture and sale of gas appliances
Rinnai Net Co., Ltd.	¥300 million	100.0%	Sale of gas appliances
Rinnai Australia Pty., Ltd.	A\$20 million	*100.0%	Manufacture and sale of gas appliances
Rinnai America Corporation	US\$81 million	100.0%	Manufacture and sale of gas appliances
Rinnai Korea Corporation	15,107 million won	*100.0%	Manufacture and sale of gas appliances
Shanghai Rinnai Co., Ltd.	74 million yuan	50.0%	Manufacture and sale of gas appliances
P.T. Rinnai Indonesia	3,085 million rupiah	52.0%	Manufacture and sale of gas appliances

* Percentage of shares includes shares held indirectly by subsidiaries.

(7) Principal Business (As of March 31, 2025)

The Group is primarily engaged in the manufacture and sale of gas appliances and related businesses. Principal products by division are as follows:

Division	Principal Products
Water heaters	Water heaters, water heaters with bath-filling system, water heaters with heating system, and hybrid water heaters with heating system
Kitchen appliances	Tabletop cookers, built-in hobs (stovetops), ovens, dishwashers, range hoods, and rice cookers
Air conditioning appliances	Fan heaters, fanned flue heaters, and infrared heaters
Commercial-use equipment	Commercial-use ceramics griller, commercial-use ranges, and Commercial-use rice cookers
Others	Clothes dryers, infrared burners, and components

(8) Major Offices and Production Facilities (As of March 31, 2025)**(a) Rinnai Corporation**

	Name	Address
Head office and related centers	Head office	Nakagawa-ku, Nagoya-shi, Aichi
	Technology Development Center	Oguchi-cho, Niwa-gun, Aichi
	Production Technology Center	Komaki-shi, Aichi
	Kasugai Logistics Center	Kasugai-shi, Aichi
	Atsugi Logistics Center	Atsugi-shi, Kanagawa
Factories	Oguchi Factory	Oguchi-cho, Niwa-gun, Aichi
	Seto Factory	Seto-shi, Aichi
	Akatsuki Factory	Seto-shi, Aichi
Sales branch offices	Tohoku branch office	Wakabayashi-ku, Sendai-shi, Miyagi
	Kanto branch office	Shinagawa-ku, Tokyo
	Chubu branch office	Nakagawa-ku, Nagoya-shi, Aichi
	Kansai branch office	Yodogawa-ku, Osaka-shi, Osaka
	Kyushu branch office	Hakata-ku, Fukuoka-shi, Fukuoka

(b) Subsidiaries

Name	Address
Yanagisawa Manufacturing Co., Ltd.	Kadoma-shi, Osaka
Rinnai Technica Co., Ltd.	Minato-ku, Tokyo
RB Controls Co., Ltd.	Kanazawa-shi, Ishikawa
Rinnai Precision Co., Ltd.	Komaki-shi, Aichi
Gastar Co., Ltd.	Yamato-shi, Kanagawa
Rinnai Net Co., Ltd.	Nakagawa-ku, Nagoya-shi, Aichi
Rinnai Australia Pty., Ltd.	Melbourne, Victoria, Australia
Rinnai America Corporation	Peachtree City, Georgia, United States
Rinnai Korea Corporation	Incheon, South Korea
Shanghai Rinnai Co., Ltd.	Shanghai, People's Republic of China
P.T. Rinnai Indonesia	Jakarta, Indonesia

(9) Number of Consolidated Employees (As of March 31, 2025)

Number of employees	Increase (decrease) from previous fiscal year-end
10,908	+71

Notes: The above figures do not include temporary employees.

The average number of temporary employees during the fiscal year was 1,543.

(10) Major Lenders (As of March 31, 2025)

There is no applicable information.

(11) Other Significant Matters regarding Rinnai Group Status

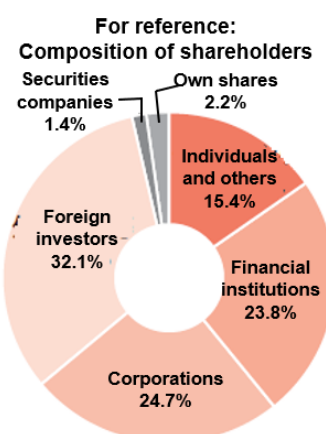
- (i) On April 15, 2025, the Corporation announced that it would conduct free-of-charge inspections and repairs of certain bathroom heater/dryers sold in the domestic market. This decision was made after it was found that, on rare occasions, a fire may occur due to age-related deterioration and failure.
- (ii) On September 5, 2024, Rinnai Brasil Heating Technology Ltd., a subsidiary of Rinnai Corporation, received an administrative order from Brazil's Administrative Council for Economic Defense regarding that nation's antimonopoly law. Rinnai Corporation takes this matter with utmost seriousness and sincerity. To prevent similar incidents from occurring in the future, we will conduct internal training on competition laws in each country and work to further strengthen the compliance framework across the entire Rinnai Group.

2. Stock Information (As of March 31, 2025)

- (a) Number of authorized shares: 600,000,000
 (b) Number of issued shares: 140,639,588
 (Excluding 3,248,983 shares of treasury stock)
 (c) Number of shareholders: 8,907

Notes:

1. The Corporation executed cancellation of treasury stock on February 13, 2025, and the total number of issued shares decreased 2,788,600 for the current fiscal year.
2. Figures for "Composition of shareholders" are rounded down to the second decimal point.



(d) Major shareholders (top 10)

Name of shareholders	Number of shares (thousand)	Shareholding ratio (%)
Naito Co., Ltd.	18,647	13.25
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,814	11.95
Custody Bank of Japan, Ltd. (Trust Account)	9,215	6.55
Kenji Hayashi	7,369	5.24
Rinnai Scholarship Foundation	4,200	2.98
STATE STREET BANK AND TRUST COMPANY 505001	3,031	2.15
STATE STREET BANK AND TRUST COMPANY 505103	2,589	1.84
National Mutual Insurance Federation of Agricultural Cooperatives	2,487	1.76
Rinnai Shareholding Association	2,166	1.54
Makoto Naito	1,710	1.21

Notes:

1. Treasury stocks (3,248,983 shares) held by the Corporation are excluded from the above figures.
2. Figures for "Number of shares" are rounded down to the nearest thousand.
3. Shareholding ratios are calculated by number of shares excluding treasury stock, and are rounded down to the third decimal point.

4. According to the Report of Large Volume Holding (Change Report) dated June 6, 2024 (which is available for public inspection), Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd. held the number of shares shown below as of May 31, 2024. However, the Corporation has not been able to confirm the number of shares actually held by these companies as of March 31, 2025, and therefore Nomura Securities Co., Ltd. and Nomura Asset Management Co., Ltd. are not included in the major shareholders listed above.

Name of shareholders	Number of shares held	Shareholding ratio (%)
Nomura Securities Co., Ltd.	404,471	0.28
Nomura Asset Management Co., Ltd.	7,844,200	5.35
Total	8,284,671	5.62

5. According to the Report of Large Volume Holding (Change Report) dated November 19, 2024 (which is available for public inspection), Dalton Investments, Inc. held 7,769,400 shares (shareholding ratio: 5.30%) as of November 12, 2024. However, the Corporation has not been able to confirm the number of shares actually held by Dalton Investments as of March 31, 2025, and therefore Dalton Investments is not included in the major shareholders listed above.

(e) Status of stocks delivered to Directors and Audit & Supervisory Board members as compensation for the execution of their duties during the fiscal year

	Number of shares	Person to be delivered
Directors (excluding outside directors and directors who hold more than a certain number of stocks)	7,653	3

Note: Please refer to (4) Remuneration for Directors and Audit & Supervisory Board Members” of “4. Officers of Rinnai Corporation” regarding the Corporation’s stock compensation.

(f) Other significant matters related to stocks

1. At its meeting held on August 7, 2024, the Board of Directors of the Corporation resolved a matter related to treasury stock disposal as restricted stock incentive for employee shareholding association, and disposed 211,260 shares of common stock from treasury stocks on October 16, 2024.
2. The Corporation disposed 19,604 shares of common stock from treasury stocks on July 26, 2024, to grant restricted stock for directors (excluding outside directors and directors who hold more than a certain number of stocks) and executive officers who do not concurrently serve as directors.
3. The Corporation acquired 5,760 shares of treasury stocks at the current fiscal year, as restricted stock by free acquisition due to the retirement before the transfer restriction period expires.
4. At its meeting held on May 9, 2024, the Board of Directors of the Corporation resolved a matter related to a share buyback, pursuant to Article 156 of the Companies Act of Japan as applied to Article 165 (Paragraph 3) of the same Act and implemented a share buyback as follows.

(1) Type of shares acquired	Common stock of the Corporation
(2) Total number of shares acquired	2,788,600 shares
(3) Total value of shares acquired	¥9,999,950,600
(4) Acquisition period	May 10–October 17, 2024

4. At its meeting held on May 9, 2024, the Board of Directors of the Corporation resolved a matter related to the cancellation of treasury stock, pursuant to Article 178 of the Companies Act of Japan and implemented the cancellation as follows.

(1) Type of shares cancelled	Common stock of the Corporation
(2) Total number of shares cancelled	2,788,600 shares
(3) Total value of shares cancelled	¥9,316,480,590
(4) Cancellation date	February 13, 2025

3. Stock Acquisition Rights

There is no applicable information.

4. Officers of Rinnai Corporation

(1) Names of Directors and Audit & Supervisory Board Members

(As of March 31, 2025)

Position	Name	Position at Other Institutions or Major Profession
Representative Director, and Chairman	Kenji Hayashi	
Representative Director, President and Executive President	Hiroyasu Naito	Outside director at Nagoya Railroad Co., Ltd.
Representative Director and Executive Vice President Assistant to the President	Tsunenori Narita	
Director and Senior Managing Executive Officer Chief of Marketing & Sales Headquarters	Hideyuki Shiraki	
Director and Senior Managing Executive Officer Chief of Production Engineering Headquarter	Kazuto Inoue	
Chief outside director Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee	Takashi Kamio	
Independent outside director	Tadashi Ogura	Outside director at Meiko Trans Co., Ltd.
Independent outside director	Yoko Dochi	Outside director of Nippo Ltd. Trustee of Daiwa Anglo-Japanese Foundation Outside audit and supervisory board member at Kirin Holdings Company, Limited
Independent outside director	Kumi Sato	Professor, Faculty of Technology, International Professional University of Technology in Nagoya
Standing Audit & Supervisory Board Member	Masanori Shimizu	
Standing Audit & Supervisory Board Member	Atsuo Kashima	
Outside Audit & Supervisory Board Member	Masaaki Matsuoka	President of Masaaki Matsuoka CPA office Outside director at Kanemi Co., Ltd. (audit & supervisory board member) Outside director at Mitachi Co., Ltd. (audit & supervisory board member)
Outside Audit & Supervisory Board Member	Ippei Watanabe	President of TRUTH & TRUST Law Office Outside d audit & supervisory Board member at Howa Machinery, Ltd.

- Notes:
1. Mr. Kamio was elected as chief independent outside director by the resolution at the Board of Directors held on March 5, 2025.
 2. Mr. Kashima (standing audit & supervisory board member) was engaged in accounting division of the Corporation for many years and has considerable knowledge about accounting and finance.
 3. Mr. Matsuoka (Outside Audit & Supervisory Board Member) is a certified public accountant and has considerable knowledge about accounting and finance.
 4. Mr. Watanabe (outside audit & supervisory board member) is a licensed attorney at law and has considerable knowledge of corporate and legal affairs.
 5. The Corporation has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Kamio, Mr. Ogura, Ms. Dochi and Ms. Sato (outside directors), and Mr. Matsuoka and Mr. Watanabe (outside Audit & Supervisory Board members) satisfy the conditions for being independent directors/auditors.
 6. Mr. Matsuoka (Outside Audit & Supervisory Board member) is scheduled to retire as an Outside Director at Kanemi Co., Ltd. at the conclusion of that company's Ordinary General Meeting of Shareholders to be held in May 2025.
 7. Mr. Watanabe (Outside Audit & Supervisory Board member) is scheduled to retire as an Outside Director (Audit and Supervisory Committee Member) at Howa Machinery, Ltd. at the conclusion of that company's Ordinary General Meeting of Shareholders to be held in June 2025.

(2) Summary of liability-limiting agreements

In accordance with the provisions of Article 427, Paragraph 1, of the Companies Act, four outside directors and two outside members of the Audit & Supervisory Board have signed agreements that limit liability for damages as provided for in Article 423, Paragraph 1, of the same law. The limit of liability for damages, based on these agreements, is an amount prescribed by law.

(3) Summary of liability insurance contract for officers

The Corporation concluded liability insurance contract for officers with an insurance company in accordance with the first paragraph of Article 430-3 of the Companies Act for all of the Corporation's directors, Audit & Supervisory Board members, executive officers, and important employees. The insurance contracts compensate court costs and damages which the insured bear due to lawsuits related to the Corporation, third-party proceedings, and shareholder-derived suits. As a measure that does not impair the appropriateness of the insured person's job execution, damage caused by an insured person's crime are excluded from compensation. The Corporation pays all insurance premiums of the contracts.

(4) Remuneration for Directors and Audit & Supervisory Board Members

a. Total amount of remuneration for fiscal 2025, ended March 31, 2025

	Total Remuneration (Millions of yen)	Total Remuneration by Item (Millions of yen)			Recipients (persons)
		Basic component	Annual bonus	Restricted stock	
Directors (including outside directors)	461 (38)	290 (38)	142 (-)	28 (-)	10 (5)
Audit & Supervisory Board members (including outside members)	50 (15)	50 (15)	- (-)	- (-)	5 (2)
Total (including outside members)	511 (53)	340 (53)	142 (-)	28 (-)	15 (7)

- Notes:
1. Compensation for directors does not include the employee portion in the case of directors who serve concurrently as employees.
 2. Annual bonuses, which is to achieve solid performance targets and promote medium-to long term value creation, consist of financial and non-financial evaluation components. Bonus amounts are determined based on the degree of achievement of key management indicators—namely, consolidated operating income and ROE—as well as improvements in employee engagement and qualitative evaluations of each director's medium- to long-term initiatives in their respective areas of responsibility.
 3. Non-monetary compensation consists of shares of the Corporation's stock. Terms and conditions for allotment of such compensation are as described in "b. Policies regarding officers' compensation" as follows. The delivery status of such compensation in the fiscal year under review is shown in "e. Status of stocks delivered to Directors and Audit & Supervisory Board members as compensation for the execution of their duties during the fiscal year" of Stock Information.
 4. Per resolution of the 71th Ordinary General Shareholders' Meeting held on June 29, 2021, basic component shall not exceed ¥370 million per year (including ¥50 million for outside directors), annual bonuses shall not exceed ¥220 million per year, restricted-stock compensation shall not exceed ¥120 million per year, and the maximum number of shares allotted to directors shall not exceed 20,000 shares per year (outside directors are not eligible for this compensation). (After adjustment for a 3-for-1 stock split of the Corporation's common stock, effective April 1, 2023, the maximum was increased to 60,000 shares per year.) At the end of the 74th Ordinary General Shareholders' Meeting, the Corporation had five (5) directors (including two (2) outside directors).
 5. Per resolution of the 58th Ordinary General Shareholders' Meeting held on June 27, 2008, the combined compensation for Audit & Supervisory Board members is limited to ¥5 million per month. At the end of the 74th Ordinary General Shareholders' Meeting, the Corporation had four (4) members of Audit & Supervisory Board.
 6. The above table includes compensation paid to one Outside Director and one Full-Time Audit & Supervisory Board member who retired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 27, 2024.
 7. As of March 31, 2025, the Corporation had nine (9) directors, including four (4) outside directors, and four (4) Audit & Supervisory Board members, including two (2) from outside.

b. Policies regarding officers' compensation

At its meeting held on April 25, 2024, the Corporation's Board of Directors resolved to revise the Corporation's policies on determining compensation for individual directors and rules for officer compensation, and resolved to introduce Malus and clawback provisions at its meeting held on July 18, 2024. The Corporation's policy for determining the content of compensation of directors shall be decided by resolution of the Board of Directors after objective deliberation by the Compensation Advisory Committee, the majority of whom are outside officers. Individual director compensation for the fiscal year under review was

determined by deliberation at the meeting of Compensation Advisory Committee, which was delegated the authority based on the resolution made by the Board of Directors at its meeting held on June 27, 2024, in accordance with the aforementioned policies on determining officers' compensation and rules for officer compensation.

Since the amount of compensation for each individual director is determined through procedures based on such objective deliberations, the Board of Directors has determined that the content of compensation is in line with the Corporation's determination policies.

A summary of the Corporation's policies on determining compensation for individual directors is given below.

1. Basic principles on determining compensation for directors

- (1) Promoting solid corporate value creation over the medium to long term
 - The level and composition of compensation are set so that directors will be strongly motivated to realize increased corporate value and attain goals through the concerted efforts of the entire Corporation.
 - Directors will be motivated to routinely attain performance targets every fiscal year and create corporate value over the medium to long term by exercising appropriate quantitative evaluation on the basis of financial performance indicators and assessment of medium- to- long-term efforts on compensation.
 - Steady improvement of corporate value is sought through directors holding the Corporation's shares for the medium to long term, thus having common interests with shareholders.
- (2) Securing objectivity and transparency to underline our accountability to a broad range of stakeholders, including shareholders
 - Policies on determining compensation are deliberated by the Compensation Advisory Committee, mainly composed of outside directors, and then ratified by the Board of Directors based on the Committee's recommendations.
 - The level and composition ratio of compensation are continuously validated by an objective comparison with those of comparable companies.

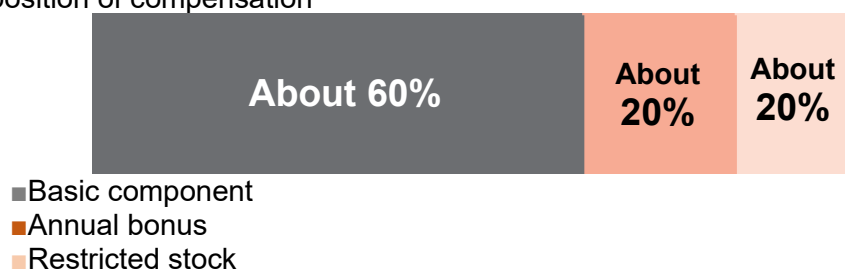
2. Structure of compensation

Compensation for directors consists of a basic component (fixed compensation) and a performance-linked component in a ratio of approximately 60:40 for the purpose of providing a sound motivation for increased corporate value and target achievement. Performance-linked compensation consists of an annual bonus, designed to promote steady attainment of performance targets every fiscal year, and a restricted stock compensation, designed to seek steady improvement of corporate value through sharing interests with shareholders by holding the Corporation's shares for the medium to long term.

Compensation for outside directors is limited to a basic component (fixed compensation) only, in order to promote proper conduct of their duties to supervise and give advice to management from a position independent of executive management.

The composition of compensation and summary of each component are as follows:

Composition of compensation



Summary of each component

Type of compensation	Summary
Basic compensation	Cash compensation paid monthly in a fixed amount based on position and duties
Annual bonus	<p>Cash compensation designed to promote steady attainment of performance targets every fiscal year and corporate value creation over the medium to long term</p> <p>Consisting of a financial evaluation portion (80%) and a non-financial evaluation portion (20%)</p> <ul style="list-style-type: none"> • The financial evaluation portion varies between 0 and 200% of the standard amount, depending on the degree to which key performance indicators (consolidated operating income and ROE) have been achieved. • The non-financial evaluation portion varies between 0 and 200% of the standard amount, depending on the degree of improvement in employee engagement and qualitative evaluations of medium- to long-term initiatives based on each director's area of responsibility. • - Determined amounts will be paid as a lump-sum cash payment after the end of each fiscal year
Restricted stock	<p>Stock-based compensation designed to contribute to steady improvement of corporate value through shared interests with shareholders by holding the Corporation's shares for the medium to long term</p> <ul style="list-style-type: none"> • In principle, a certain number of shares with transfer restrictions are issued each fiscal year in accordance with the director's position and responsibilities, and the restrictions on transfer are lifted when the director retires. • - Corporate value enhancement levels are evaluated using total shareholder return and other indicators. After deliberation by the Compensation Advisory Committee, the number of shares to be delivered may be added within the maximum remuneration amount and the maximum number of shares decided by the Ordinary General Shareholders' Meeting.

If any individual director holds a number of shares exceeding a specified number over the medium to long term, the director may not be eligible to receive the restricted stock and receive only an annual bonus as a performance-linked compensation incentive given the purposes of performance-linked compensation and effectiveness as incentive. Directors eligible to receive restricted stocks are identified at a meeting of the Compensation Advisory Committee, and then ratified by the Board of Directors.

3. Level of compensation

The level of compensation for directors (excluding outside directors) is set so that directors are strongly motivated to realize increased corporate value and attain goals through the concerted efforts of the entire Corporation. It is determined on the basis of position and duties and by using objective data on executive compensation gathered through a survey conducted by an outside expert agency (Willis Towers Watson's Executive Compensation Data) and using those of selected comparable companies as a benchmark.

4. Stock ownership guidelines

Effective the 75th fiscal year (ending March 31, 2025), the Corporation will establish the following guidelines for the number of shares of its stock to be held by directors during their terms of office, with the aim of steadily increasing corporate value and further promoting common interests between directors and shareholders.

- President and representative directors: Shares equivalent to 1.5 times the amount of base compensation by the end of three years after assuming office
- Other directors (excluding outside directors): Shares equivalent to one time the amount of base compensation by the end of three years after assuming office

5. Malus and clawback provisions

The Corporation has introduced a system under which corrective actions may be taken if material revisions are made to the financial statements used as the basis for bonus calculation, or if a serious violation of laws or internal regulations by a bonus recipient is identified. Based on deliberation and recommendation by the Compensation Advisory Committee and a resolution by the Board of Directors, the Corporation may reduce or withhold the annual bonus or request the return of all or part of the amount paid. In addition, under the restricted stock compensation plan, the restricted stock allotment agreement stipulates a clause that allows the Corporation to acquire all of the shares granted without compensation in the event of misconduct by the bonus recipient, such as a violation of laws, regulations, or internal rules.

6. Process of determining compensation

Policies on determining compensation for directors are deliberated objectively at a meeting of the Compensation Advisory Committee, composed of a majority outside directors, and ratified by resolution of the Board of Directors based on the Committee's recommendations. The amount of each director's compensation, including an assessment of an individual performance-evaluation component of annual bonus, is determined by deliberation of the Compensation Advisory Committee to which the Board of Directors has resolved to delegate authority.

Deliberations of the Compensation Advisory Committee are conducted from an objective viewpoint and by referring to expertise about compensation systems. Accordingly, information is obtained from an outside expert agency (Willis Towers Watson in fiscal 2025) when necessary.

The following are the members of the Compensation Advisory Committee who deliberated policies for the 75th fiscal year and their activities during the fiscal year.

(Members)

- Takashi Kamio, Chief Independent Outside Director (Chairman of the Committee)
- Tadashi Ogura, Independent Outside Director
- Kumi Sato, Independent Outside Director
- Hiroyasu Naito, President and Representative Director

(Activities)

February 29, 2024: Deliberation on revision of policy for determining details of compensation for directors

May 17, 2024: Decision of annual bonus for the 74th fiscal year, and deliberation on compensation policies for the 75th fiscal year

June 27, 2024: Deliberation on selection of Compensation Advisory Committee Chairman and individual amounts of compensation for officers (directors) for the 75th fiscal year

February 12, 2025: Deliberations on compensation policies for the 76th fiscal year

(5) Items Related to Outside Executives

a. Status of important concurrent positions at other entities, and relationships with Corporation and those entities

Title	Name	Main concurrent position	Relationship with the Corporation
Director	Takashi Kamio	-	-
Director	Tadashi Ogura	- Outside director at Meiko Trans Co., Ltd.	The Corporation has trade- and shipping-related transactions with Meiko Trans Co., Ltd., but those transactions do not affect the Corporation's independence.
Director	Yoko Dochi	- Outside Director of Nippo Ltd. - Trustee of Daiwa Anglo-Japanese Foundation - Outside audit and supervisory board member at Kirin Holdings Company, Limited	The Corporation has parts purchasing transactions with Nippo Ltd., but those transactions do not affect the Corporation's independence. The Corporation has no special relationships with Daiwa Anglo-Japanese Foundation or Kirin Holdings Company, Limited .
Director	Kumi Sato	- Professor, Faculty of Technology, International Professional University of Technology in Nagoya	The Corporation has no special relationships with International Professional University of Technology in Nagoya
Audit & Supervisory Board member	Masaaki Matsuoka	- President of Masaaki Matsuoka CPA office - Outside director at Kanemi Co., Ltd. (audit & supervisory board member) - Outside director at Mitachi Co., Ltd. (audit & supervisory board member)	The Corporation has no special relationships with Kanemi Co., Ltd. or Mitachi Co., Ltd.
Audit & Supervisory Board member	Ippei Watanabe	- President of TRUTH & TRUST Law Office - Outside director at Howa Machinery, Ltd. (Audit and supervisory committee member)	The Corporation has no special relationships with Howa Machinery, Ltd.

b. Main activities in fiscal 2025

Title	Name	Attendance at meetings	Main Activities and Job Summary of Expected Role as Outside Directors
Director	Takashi Kamio	[Board of Directors' meeting] 14/14 (100%) [Nomination Advisory Committee] 3/3 (100%) [Compensation Advisory Committee] 3/3 (100%)	Actively express opinions at Board of Directors meetings based on his extensive experience and wide-ranging insight as a director of other companies. In particular, supervise and provide advice as an expert in company management to ensure the adequacy and appropriateness of decision-making. Engaged as Chairman of the Nomination Advisory Committee and Compensation Advisory Committee to select director candidates and decide directors' compensation from an objective and neutral standpoint.
Director	Tadashi Ogura	[Board of Directors' meeting] 14/14 (100%) [Nomination Advisory Committee]	Actively express opinions at Board of Directors meetings based on his extensive experience and wide-ranging insight as a director of other companies. In particular, supervise and provide

		3/3 (100%) [Compensation Advisory Committee] 3/3 (100%)	advice from the perspective of corporate management to ensure the adequacy and appropriateness of decision-making. Engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to oversee the selection of director candidates and determination of director compensation from an objective and neutral standpoint.
Director	Yoko Dochi	[Board of Directors' meeting] 14/14 (100%) In addition, consulting on capital policies and reports about IR activities	Actively express opinions at Board of Directors' meetings based on her extensive experience and deep insight into investors' relations and ESG-related matters, as well her knowledge of international organizational management, at other companies. In particular, supervise and provide advice from the perspective of management strategy to ensure the adequacy and appropriateness of decision-making. In addition, consult with relevant departments about the Corporation's capital policy, and regularly receive reports on the status of the Corporation's IR activities and play expected role as outside director by providing useful advice on how to improve the corporate value from an objective and neutral standpoint.
Director	Kumi Sato	[Board of Directors' meeting] 10/10 (100%) [Nomination Advisory Committee] 3/3 (100%) [Compensation Advisory Committee] 2/2 (100%)	Actively express opinions at Board meetings from the perspective of an academic expert in international studies and multicultural coexistence. In particular, play an appropriate role in ensuring the validity and soundness of decision-making by providing oversight and advice from a global strategic perspective. Engaged as a member of the Nomination Advisory Committee and Compensation Advisory Committee to oversee the selection of director candidates and determination of director compensation from an objective and neutral standpoint.
Audit & Supervisory Board member	Masaaki Matsuoka	[Board of Directors' meeting] 14/14 (100%) [Audit & Supervisory Board members' meeting] 14/14 (100%)	Provide impartial advice from accounting and taxation perspectives to ensure the adequacy and appropriateness of decision-making. Make necessary remarks as appropriate at the meeting of Audit & Supervisory Board members.
Audit & Supervisory Board member	Ippei Watanabe	[Board of Directors' meeting] 14/14 (100%) [Audit & Supervisory Board members' meeting] 14/14 (100%)	Provide impartial advice from legal perspective to ensure the adequacy and appropriateness of decision-making. Make necessary remarks as appropriate at the meeting of Audit & Supervisory Board members.

Note: Ms. Sato was newly elected and assumed office as a member of Nomination Advisory Committee at the Board of Directors' Meeting held on June 27, 2024. Therefore, her attendance at the Committee is different to that of other directors.

5. Status of Accounting Auditor

(1) Name of accounting auditor

Deloitte Touche Tohmatsu LLC

(2) Compensation to accounting auditor in the year under review (Millions of yen)

Compensation for services as accounting auditor	71
Total monetary and other financial profits paid by the Corporation and its subsidiaries	80

- Notes:
1. Under the agreement between the Corporation and its accounting auditor, there is no clear distinction between compensation for audits under the Companies Act and audits under the Financial Instruments and Exchange Law. For this reason, only the total compensation amounts to the accounting auditor are listed here.
 2. Among major subsidiaries, overseas subsidiaries have different accounting auditors.

(3) Reason Audit & Supervisory Board agrees to compensation for accounting auditor

The Audit & Supervisory Board reviewed and discussed such aspects as the content of the audit plan by the accounting auditor, the execution of duties by the accounting auditor, and the basis for calculation of compensation estimates, and agreed that compensation to the accounting auditor was in line with Article 399, Paragraph 1 of the Companies Act.

(4) Policy on removal or non-reappointment of accounting auditor

If the Audit & Supervisory Board finds it necessary, due to an obstacle that prevents the accounting auditor from properly executing their required duties or due to some other issue of consequence, the Audit & Supervisory Board will prepare the content of an agenda item on the dismissal or non-reappointment of the accounting auditor to be put before the Ordinary General Meeting of Shareholders.

In addition, the Audit & Supervisory Board will dismiss the accounting auditor upon the consent of all members of the Audit & Supervisory Board, if the accounting auditor falls subject to any of the provisions in Article 340, Paragraph 1 of the Companies Act. In this event, a member of the Audit & Supervisory Board, chosen among board members, will give a report on the purpose for dismissing the accounting auditor and associated background at the first Ordinary General Meeting of Shareholders that convenes after the dismissal.

Consolidated Balance Sheets

(As of March 31, 2025)

(Millions of yen)

ASSETS		LIABILITIES	
Current assets	362,482	Current liabilities	108,605
Cash and deposits	170,846	Notes and accounts payable	32,897
Notes and accounts receivable, and contract assets	93,914	Electronically recorded monetary claims	17,906
Electronically recorded monetary claims	12,886	Other payables	21,988
Marketable securities	5,967	Accrued consumption taxes	1,983
Products	41,526	Accrued income taxes	7,011
Raw materials and stores	36,826	Accrued employees' bonuses	6,653
Other	6,902	Allowance for product guarantee	7,929
Less allowance for doubtful accounts	(6,389)	Other	12,234
Fixed assets	244,103	Long-term liabilities	36,262
Property, plant and equipment	152,293	Deferred tax liabilities	17,741
Buildings and structures	64,736	Allowance for environmental measures	2,255
Machinery, equipment and vehicles	22,246	Net defined benefit liabilities	8,313
Tools, furniture and fixtures	4,509	Allowance related to antimonopoly law	1,065
Land	49,330	Other	6,887
Leased assets	5,465	Total liabilities	144,867
Construction in progress	6,006	NET ASSETS	
Intangible fixed assets	7,791	Shareholders' equity	356,994
Investments and advances	84,019	Common stock	6,484
Investments in securities	35,919	Capital surplus	8,428
Net defined benefit assets	37,596	Earned surplus	352,932
Deferred income taxes	5,631	Treasury stock	(10,851)
Other	4,905	Other accumulated comprehensive income	48,851
Less allowance for doubtful accounts	(34)	Unrealized gain on marketable securities	8,438
		Foreign exchange translation adjustment	29,357
		Remeasurements of defined benefit plans	11,055
		Non-controlling interests	55,872
		Total net assets	461,718
Total assets	606,586	Total liabilities and net assets	606,586

Consolidated Statements of Income

(Year ended March 31, 2025)

(Millions of yen)

Net sales		460,319
Cost of sales		304,257
Gross profit		156,062
Selling, general and administrative expenses		110,056
Operating income		46,005
Other income		
Interest income	3,005	
Dividends received	560	
Other	1,715	5,280
Other expenses		
Interest expenses	97	
Foreign exchange loss	100	
Loss on retirement of fixed assets	218	
Share buyback costs	9	
Depreciation	335	
Other	201	962
Ordinary income		50,323
Extraordinary income:		
Gain on sale of investment securities	843	843
Extraordinary losses:		
Loss related to antimonopoly law	1,169	
Impairment loss	111	1,280
Income before income taxes		49,886
Income taxes (current)	12,844	
Income taxes (deferred)	(146)	12,698
Net income		37,188
Net income attributable to non-controlling interests		7,497
Net income attributable to owners of the parent company		29,691

Nonconsolidated Balance Sheets

(As of March 31, 2025)

(Millions of yen)

ASSETS		LIABILITIES	
Current assets	118,117	Current liabilities	42,334
Cash and deposits	42,821	Accrued payable	14,996
Notes receivable	2,119	Electronically recorded monetary claims	9,162
Accounts receivable	37,441	Lease obligations	16
Electronically recorded monetary claims	11,652	Other payables	5,463
Marketable securities	3,789	Accrued expenses	755
Products	12,460	Accrued income taxes	3,960
Raw materials and stores	6,345	Deposits payable	163
Other	1,495	Accrued employees' bonuses	2,958
Less allowance for doubtful accounts	(9)	Allowance for product guarantees	3,563
Fixed assets	168,598	Other	1,293
Property, plant and equipment	75,855	Long-term liabilities	10,128
Buildings	28,100	Lease obligations	21
Structures	2,005	Accrued employees' retirement benefits	3,589
Machinery and equipment	5,857	Other	6,517
Vehicles and delivery equipment	82		
Tools, furniture and fixtures	1,926	Total liabilities	52,463
Land	35,633	NET ASSETS	
Leased assets	34	Shareholders' equity	226,076
Construction in progress	2,214	Common stock	6,484
Intangible fixed assets	1,412	Capital surplus	8,743
Software	1,113	Capital reserve	8,743
Other	298	Earned surplus	221,699
Investments and advances	91,331	Legal reserve	1,614
Investments in securities	34,861	Other legal reserve:	220,084
Stocks of affiliated companies	32,353	General reserve	160,000
Investments in affiliated companies	1,870	Retained earnings carried forward	60,084
Prepaid pension expenses	21,179	Treasury stock	(10,851)
Other	1,073	Other adjustments	8,176
Less allowance for doubtful accounts	(7)	Unrealized gain on marketable securities	8,176
		Total net assets	234,252
Total assets	286,716	Total liabilities and net assets	286,716

Nonconsolidated Statements of Income

(Year ended March 31, 2025)

(Millions of yen)

Net sales		234,682
Cost of sales		175,890
Gross profit		58,791
Selling, general and administrative expenses		40,065
Operating income		18,726
Other income		
Interest income and dividends received	8,144	
Other	1,478	9,623
Other expenses		
Foreign exchange loss	281	
Loss on retirement of fixed assets	126	
Share buyback costs	9	
Depreciation	368	
Other	36	822
Ordinary income		27,528
Extraordinary income:		
Gain on sale of investment securities	812	812
Income before income taxes		28,340
Income taxes		
Current	6,035	
Deferred	(293)	5,742
Net income		22,598

ACCOUNTING AUDITOR'S REPORT

May 12, 2025

To the Board of Directors of
Rinnai Corporation:

Deloitte Touche Tohmatsu LLC
Nagoya Office
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Atsuki Jinno
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Tetsuro Shigemitsu

Auditor's Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we, Deloitte Touche Tohmatsu LLC ("the Auditor") have audited the consolidated financial statements of Rinnai Corporation (the "Corporation") and its consolidated subsidiaries, for the fiscal year ended March 31, 2025, namely, consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, notes to the consolidated financial statements, and other notes.

In the Auditor's opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation and its consolidated subsidiaries as of March 31, 2025, and the results of their operations for the year then ended, in conformity with accounting principles generally accepted in Japan.

Basis for Auditor's Opinion

The Auditor conducts its audit in accordance with auditing standards generally accepted in Japan. The Auditor's responsibility with respect to auditing standards is described in "Auditor's responsibility on auditing consolidated financial statements". According to regulations on professional ethics in Japan, the Auditor is independent from the Corporation and its consolidated subsidiaries, and fulfills its responsibility in an ethical manner. The Auditor believes the audit it has performed provides an adequate and reasonable basis for opinion.

Other Information

Other information comprises business report and its attachments. It is the responsibility of management to prepare and disclose the above information. The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the reporting process.

The Auditor's opinion on the consolidated financial statements does not cover other information, and the Auditor does not express its opinion on other information.

It is the responsibility of the Auditor to audit consolidated financial statements, and examine if there are significant differences between other information and consolidated financial statements or knowledge gained through audit process. In addition, the Auditor pays attention to other sign of significant mistakes than significant differences.

If the Auditor conclude that there are any significant mistakes in other information based on the works performed, it is required to report that fact.

The Auditor does not have any matters to report regarding other information.

Responsibility of Management, Audit & Supervisory Board, and Audit & Supervisory Board Members, for Consolidated Financial Statements

It is the responsibility of management to prepare and properly disclose consolidated financial statements, in accordance with corporate accounting standards generally accepted in Japan. This responsibility includes establishment and operation of an internal control system that management deems necessary to ensure preparation and proper disclosure of consolidated financial statements without material misstatement

due to fraudulent activity or error.

In preparing consolidated financial statements, management is responsible for evaluating the appropriateness of such statements based on going concern assumptions, and for disclosing going concern matters if necessary, in accordance with corporate accounting standards generally accepted in Japan.

The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the financial reporting process.

Auditor's Responsibility on Auditing Consolidated Financial Statements

It is the responsibility of the Auditor to obtain reasonable assurance about whether the overall presentation of consolidated financial statements is free of material misstatement due to fraudulent activity or error, and express an opinion by auditor's report on the consolidated financial statements from an independent perspective, based on its audit. Misstatements can arise from fraudulent activity or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the users of consolidated financial statements.

The Auditor performs audits as follows, using professional judgement and maintaining professional skepticism throughout the audit, in accordance with auditing standards generally accepted in Japan.

- The Auditor identifies and evaluates the risk of material misstatement in the consolidated financial statements due to fraudulent activity or error. The Auditor plans and performs auditing procedures while addressing the risk of material misstatement. The auditing procedures are selected and applied, based on the Auditor's judgement. The Auditor obtains adequate and reasonable audit evidence before making opinions.
- The purpose of an audit is not to express an opinion on the effectiveness of the internal control system, and when evaluating risk, the Auditor examines the internal control system pertaining to the audits of consolidated financial statements so that auditing procedures appropriate to the situation may be designed.
- The Auditor evaluates the appropriateness of the accounting policies used and their method of application as well as the reasonableness of estimates made by management and the applicability of related financial notes.
- The Auditor makes conclusions with respect to the appropriateness of preparing consolidated financial statements based on going concern assumptions. The Auditor also makes conclusions, based on audit evidence at hand, about the risk of material uncertainty regarding events and/or circumstances that could cause material doubt about the going concern assumption. If material uncertainty about going concern assumptions is recognized, the Auditor is required to call attention to notes to the consolidated financial statements in its Accounting Auditor's Report. If the notes to the consolidated financial statements regarding material uncertainty are deemed to be inappropriate, the Auditor is required to modify the opinion about the consolidated financial statements. The Auditor's conclusions are based on audit evidence obtained by the date of its auditor's report. Depending on future events or circumstances, however, the Corporation may not be able to survive as a going concern.
- The Auditor evaluates whether or not the presentation of the consolidated financial statements and notes comply with corporate accounting standards generally accepted in Japan. The Auditor also evaluates the presentation, composition, and contents of the consolidated financial statements (including related notes) and assesses whether or not such statements properly reflect underlying transactions and accounting events.
- In order to obtain adequate and reasonable audit evidence regarding the financial information of the Corporation and its consolidated subsidiaries for forming an opinion on the consolidated financial statement, the Auditor is required to plan and perform the audit of the consolidated financial statements. The Auditor is responsible for instruction, supervision, and implementation of audits of the consolidated financial statements. The Auditor is solely responsible for its auditing opinion.

The Auditor make reports to the Audit & Supervisory Board and Audit & Supervisory

Board Members about the following: scope and timing of planned audits, important findings (including material deficiencies in internal control recognized during the auditing process), and other items as required under auditing standards.

In its report to the Audit & Supervisory Board and Audit & Supervisory Board Members, the Auditor confirms that it has complied with regulations on professional ethics in Japan concerning independence. Its report also includes matters deemed reasonably to affect the Auditor's independence, measures being taken to eliminate impeding factors, and safeguards applied to reduce impeding factors to an acceptable level.

Financial Interest

Neither the firm nor its engagement partners have any financial interest in the Corporation and its consolidated subsidiaries for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in Japanese.

END.

ACCOUNTING AUDITOR'S REPORT

May 12, 2025

To the Board of Directors of
Rinnai Corporation:

Deloitte Touche Tohmatsu LLC
Nagoya Office
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Atsuki Jinno
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Tetsuro Shigemitsu

Auditor's Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we, Deloitte Touche Tohmatsu LLC ("the Auditor") have audited the financial statements of Rinnai Corporation (the "Corporation"), for the fiscal year ended March 31, 2025, namely, nonconsolidated balance sheets, nonconsolidated statements of income, nonconsolidated statements of changes in shareholders' equity, notes to nonconsolidated financial statements, and other notes and attachments.

In the Auditor's opinion, the financial statements and attachments referred to above present fairly, in all material respects, the financial position of the Corporation as of March 31, 2025, and the results of their operations for the year then ended, in conformity with accounting principles generally accepted in Japan.

Basis for Auditor's Opinion

The Auditor conducts its audit in accordance with auditing standards generally accepted in Japan. The Auditor's responsibility with respect to auditing standard is described in "Auditor's responsibility on auditing financial statements". According to regulations on professional ethics in Japan, the Auditor is independent from the Corporation, and fulfills its ethical manner. The Auditor believes the audit it has performed provides an adequate and reasonable basis for opinion.

Other Information

Other information comprises business report and its attachments. It is the responsibility of management to prepare and disclose the above information. The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the reporting process.

The Auditor's opinion on the financial statements does not cover other information, and the Auditor does not express its opinion on other information.

It is the responsibility of the Auditor to audit financial statements, and examine if there are any significant differences between other information and financial statements or knowledge gained through audit process. In addition, the Auditor pays attention to other sign of significant mistakes than significant differences.

If the Auditor conclude that there are any significant mistakes in other information based on the works performed, it is required to report that fact.

The Auditor does not have any matters to report regarding other information.

Responsibility of Management, Audit & Supervisory Board, and Audit & Supervisory Board Members, for Financial Statements

It is the responsibility of management to prepare and properly disclose financial statements, in accordance with corporate accounting standards generally accepted in Japan. This responsibility includes establishment and operation of an internal control system that management deems necessary to ensure preparation and proper disclosure of financial statements without material misstatement due to fraudulent activity or error.

In preparing financial statements, management is responsible for evaluating the

appropriateness of such statements based on going concern assumptions, and for disclosing going concern matters if necessary, in accordance with corporate accounting standards generally accepted in Japan.

The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the financial reporting process.

Auditor's Responsibility on Auditing Financial Statements

It is the responsibility of the Auditor to obtain reasonable assurance about whether the overall presentation of financial statements is free of material misstatement due to fraudulent activity or error, and express an opinion by auditor's report on the financial statements from an independent perspective, based on its audit. Misstatements can arise from fraudulent activity or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the decisions of the users of financial statements.

The Auditor performs audits as follows, using professional judgement and maintaining professional skepticism throughout the audit, in accordance with auditing standards generally accepted in Japan.

- The Auditor identifies and evaluates the risk of material misstatement in the financial statements due to fraudulent activity or error. The Auditor plans and performs auditing procedures while addressing the risk of material misstatement. The auditing procedures are selected and applied, based on the Auditor's judgement. The Auditor obtains adequate and reasonable audit evidence before making opinions.
- The purpose of an audit is not to express an opinion on the effectiveness of the internal control system, and when evaluating risk, the Auditor examines the internal control system pertaining to the audits of financial statements so that auditing procedures appropriate to the situation may be designed.
- The Auditor evaluates the appropriateness of the accounting policies used and their method of application as well as the reasonableness of estimates made by management and the applicability of related financial notes.
- The Auditor makes conclusions with respect to the appropriateness of preparing financial statements based on going concern assumptions. The Auditor also makes conclusions, based on audit evidence at hand, about the risk of material uncertainty regarding events and/or circumstances that could cause material doubt about the going concern assumption. If material uncertainty about going concern assumptions is recognized, the Auditor is required to call attention to notes to the financial statements in its Accounting Auditor's Report. If the notes to the financial statements regarding material uncertainty are deemed to be inappropriate, the Auditor is required to modify the opinion about the financial statements. The Auditor's conclusions are based on audit evidence obtained by the date of its auditor's report. Depending on future events or circumstances, however, the Corporation may not be able to survive as a going concern.
- The Auditor evaluates whether or not the presentation of the financial statements and notes comply with corporate accounting standards generally accepted in Japan. The Auditor also evaluates the presentation, composition, and contents of the financial statements (including related notes) and assesses whether or not such statements properly reflect underlying transactions and accounting events.

The Auditor makes reports to the Audit & Supervisory Board and Audit & Supervisory Board Members about the following: scope and timing of planned audits, important findings (including material deficiencies in internal control recognized during the auditing process), and other items as required under auditing standards.

In its report to the Audit & Supervisory Board and Audit & Supervisory Board Members, the Auditor confirms that it has complied with regulations on professional ethics in Japan concerning independence. Its report also includes matters deemed reasonably to affect the Auditor's independence, measures being taken to eliminate impeding factors, and safeguards applied to reduce impeding factors to an acceptable level.

Financial Interest

Neither the firm nor its engagement partners have any financial interest in the Corporation for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in Japanese.

END.

(Translation)

Report of the Audit & Supervisory Board

The Audit & Supervisory Board reviewed each member's report regarding the directors' execution of their duties, obligations and responsibilities for the 75th financial period, from April 1, 2024, through March 31, 2025. Upon deliberation, we created the auditor's report and would like to report as follows:

1. Methods and contents of audits by members of the Audit & Supervisory Board and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined the policies of audits and duties of members, and received reports on the status of the implementation of audits and the results from members. In addition, the Audit & Supervisory Board received reports on execution of duties from directors and accounting auditors, and received explanations when necessary.
- (2) According to the policies of audits and duties of members, determined by the Audit & Supervisory Board, members develop the environment for audits, collecting information through communication with directors, executive officers, and employees at the internal auditing division and other divisions, and have audited procedures as follows.
 - (a) Members of the Audit & Supervisory Board also attended important meetings including Board of Directors' meeting (in person or via web conferencing system) and constantly received reports on execution of duties from directors, executive officers, and other employees, and received explanations when necessary. In addition, members reviewed important documents about closing the books and investigated the state of operations and assets of the headquarters and major offices. For subsidiary companies, members received business reports, sharing information with directors and members of the audit & supervisory board of subsidiaries when necessary.
 - (b) The internal control system of the Corporation, which is based on the content of resolutions by the Board of Directors and relevant resolutions in accordance with the first and third clauses of Article 100 of the Ordinance for Enforcement of the Companies Act, is necessary for systems to ensure that execution of business by directors conforms to legal regulations and the Articles of Incorporation and systems to ensure appropriateness of the business activities of the Corporation and subsidiary companies described in this business report. Members reviewed regular reports about the formulation and effectiveness of the internal control system, and received explanation when necessary from directors, executive officers, and employees, in order to declare its opinion.
 - (c) Members of the Audit & Supervisory Board monitored and inspected the independence of accounting auditors and execution of adequate audits, and received the report and explanation on execution of duties from accounting auditors when necessary. We also received notice from accounting auditors that they conducted their audits in accordance with the "System to secure adequate execution of duties" (Article 131, accounting and computation rule of the Companies Act) and the "Quality control standard regarding audits" (Business Accounting Council), and received explanation when necessary.

Based on measures as stated above, we reviewed the business reports and attachments, nonconsolidated financial statements (nonconsolidated balance sheets, nonconsolidated statements of income, nonconsolidated statements of changes in shareholders' equity, and notes to nonconsolidated financial statements) and attachments, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity and notes to consolidated financial statements), for the fiscal year ended March 31, 2025.

2. Audit results

(1) Audit results of business report and attachments

- a. The business report and the attachments fairly reflect the state of the Corporation, in accordance with legal requirements and the Articles of Incorporation.
- b. There are no exceptions to be made, regarding the overlapping of director duties, and there are no violations of relevant legal requirements or the Articles of Incorporation.
- c. We recognize the appropriateness of resolutions by the Board of Directors' meetings as regarding the internal control system. As to the description in this business report and the execution of directors' duties regarding said internal control system, there are no exceptions to be made.

(2) Audit results of nonconsolidated financial statements and attachments

In our opinion, the auditing methods applied by Deloitte Touche Tohmatsu LLC, accounting auditors and their results are appropriate.

(3) Audit results of consolidated financial statements and attachments

In our opinion, the auditing methods applied by Deloitte Touche Tohmatsu LLC, accounting auditors and their results are appropriate.

May 15, 2025

The Audit & Supervisory Board, Rinnai Corporation.

Masanori Shimizu, Standing Audit & Supervisory Board Member
Atsuo Kashima, Standing Audit & Supervisory Board Member
Masaaki Matsuoka, Outside Audit & Supervisory Board Member
Ippei Watanabe, Outside Audit & Supervisory Board Member

Note: Masaaki Matsuoka and Ippei Watanabe (Audit & Supervisory Board Members) serve as outside members of the Audit & Supervisory Board, in accordance with the 16th item of Article 2 and the third clause of Article 335 of the Companies Act.

The above represents a translation, for convenience only, of the original report issued in Japanese.

END.

Rinnai Corporation
Notice of Convocation of
The 75th Ordinary General Shareholders' Meeting

PLACE

Global Gate, Nagoya Convention Hall, 3rd floor, Main Hall, 4-60-12, Hiraike-cho,
Nakamura-ku, Nagoya

*The venue of the meeting will be different from last year, so please be careful not to make a mistake in the location.

DIRECTIONS

- Three-minute walk from Sasashima Live Station (Aonami line)

This document has been prepared as a guide for non-Japanese investors and contains forward-looking statements that are based on management's estimates, assumptions, and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. This document is a translation of the Japanese-language original.

*Gifts will not be distributed at this General Meeting.