



Shareholders' Report Vol. 61 75th Interim Term
(April 1 to September 30, 2024)

Rinnai



It is my pleasure to present our operating and financial results for the first half of our 75th fiscal year (April 1–September 30, 2024).

The Rinnai Group is pursuing 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.” In terms of revenue, the supply–demand imbalance and other elements of the market environment have returned to normal despite no noticeable recovery in demand in major countries. This allowed us to maintain the strong performance seen from the first quarter, resulting in record-high net sales for the two-quarter period. On the earnings side, we posted record-high operating income due to price revisions and cost reduction efforts. This was despite increased costs due to rising global prices of raw materials and energy. The Corporation declared an interim cash dividend of ¥40.00 per share.

We will continue striving to implement the aforementioned strategies. Specifically, we are expanding sales of products that help improve quality of life and benefit the global environment, which we have defined as key areas for resolving social issues. In Japan, we are expanding sales of our *ECO ONE* hybrid water heaters with heating systems, which combine high energy efficiency with resilience and adopt a flexible demand response (DR) approach through its dual heat sources of gas and electricity. Overseas, we are promoting our tankless water heaters, which boast superior energy efficiency and provide an uninterrupted supply of hot water. We are also promoting our gas clothes dryers in 14 countries around the world. In addition, we are introducing our air bubble products in the Asian region. These products enhance health by enabling bathing in hot water infused with microscopic bubbles, and they also have a powerful cleansing property to simplify daily cleaning. 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 thus achieve sustainable and solid long-term growth.

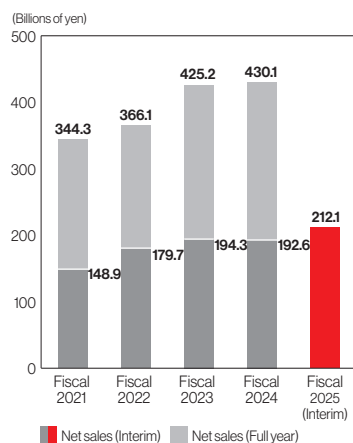
We would like to ask our shareholders for their continued support and cooperation.

December 2024
Hiroyasu Naito
President

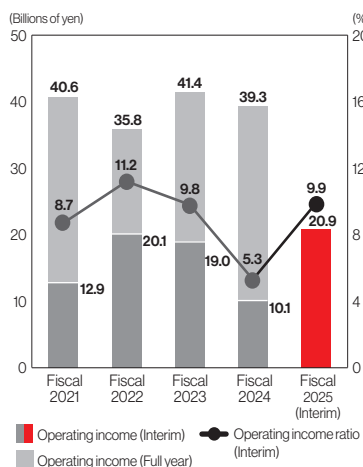
Performance Highlights

- **Increase in net sales** for the first time in two fiscal years underpinned by strong performance from the first quarter amid ongoing difficult market conditions.
- **Operating income up** for the first time in three years due to price revisions and cost reduction activities despite higher expenses due to soaring raw material and energy prices accompanying global price hikes.
- Paid interim dividend of ¥40.00 per share, for the **15th consecutive period of interim dividend increases**

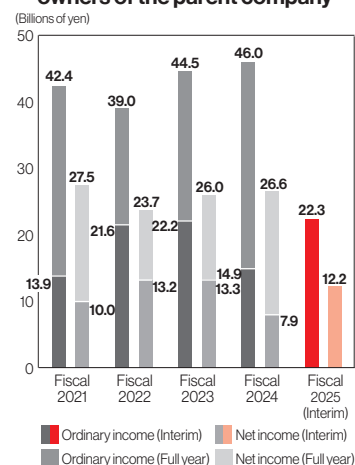
Net sales



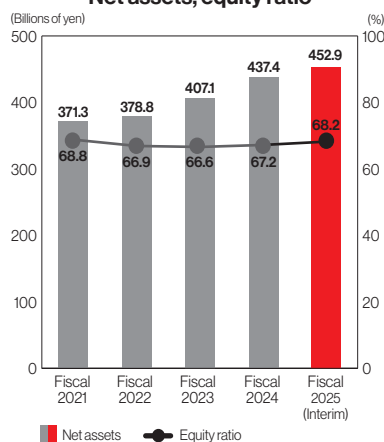
Operating income, operating income ratio



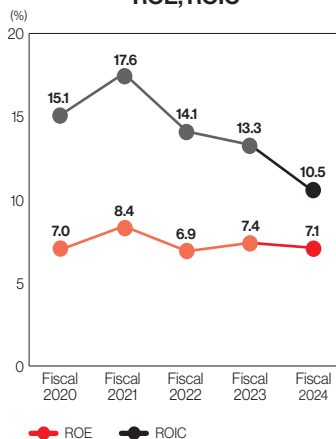
Ordinary income, net income attributable to owners of the parent company



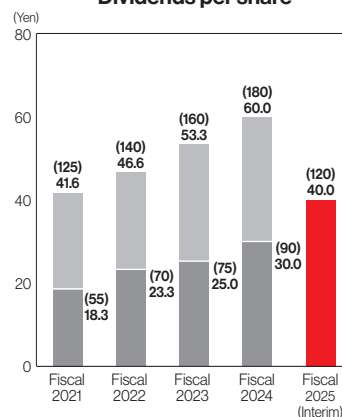
Net assets, equity ratio



ROE, ROIC



Dividends per share



* Return on invested capital (ROIC) =
Operating income (after deemed tax) ÷ Invested capital (accounts receivable + inventory – accounts payable + fixed assets (tangible/intangible))

* On April 1, 2023, the Corporation conducted a 3-for-1 stock split of shares of common stock.
* Figures in parentheses are on a pre-split basis.



Consolidated Business Results

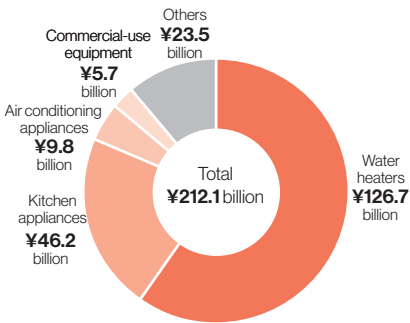
(First Two Quarters of the Fiscal Year ending March 2025)

Highlights by Product Segment

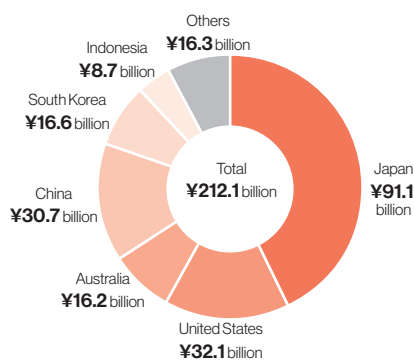
- Water heaters: **Increase in sales** due to growth in hybrid water heaters with heating systems in Japan and condensing water heaters in the United States
- Kitchen appliances: Strong replacement demand in Indonesia and the withdrawal of competitors in South Korea led to **higher sales**

Product segment	Principal products
Water heaters	Tankless water heater with basic functions, bath-filling systems, heating systems, and hybrid water heater with heating systems
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, ranges and rice cookers
Others	Clothes dryers, infrared burners and components

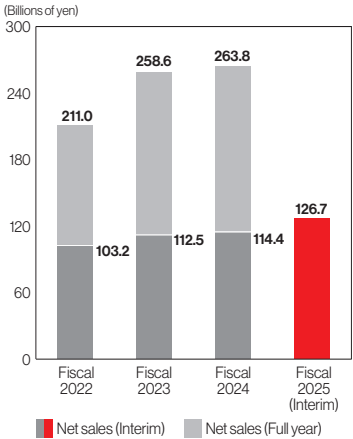
Net sales by product



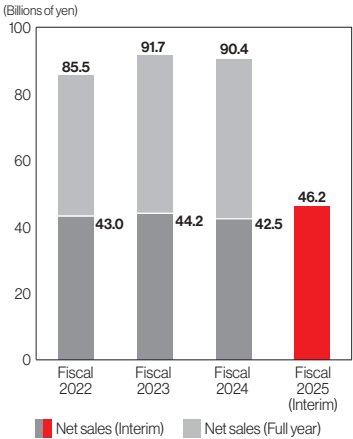
Net sales by region



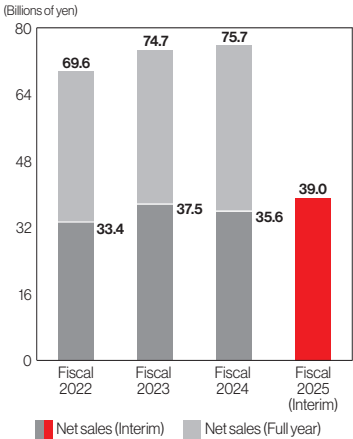
Sales of water heaters



Sales of kitchen appliances

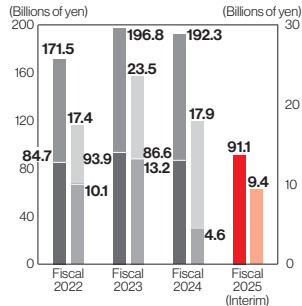


Sales of air conditioning appliances, commercial-use equipment, and others



Highlights by Regional Segment: Net Sales, Operating Income

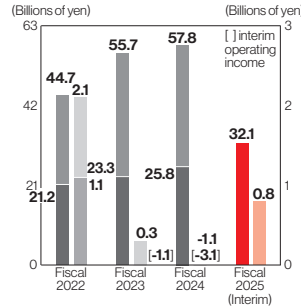
Japan



Increase in sales and operating income due to significant growth in sales of priority products despite weak consumption due to rising prices

■ Net sales (Interim) ■ Operating income (Interim)
■ Net sales (Full year) ■ Operating income (Full year)

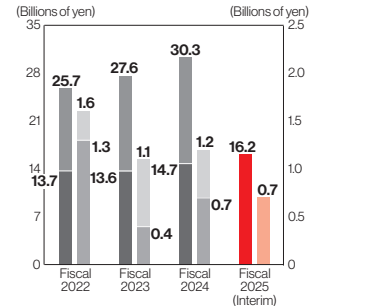
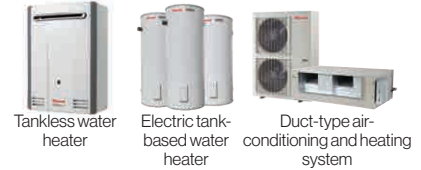
United States



Strong sales of new mainstay condensing water heaters led to **higher sales and a return to profitability**

■ Net sales (Interim) ■ Operating income (Interim)
■ Net sales (Full year) ■ Operating income (Full year)

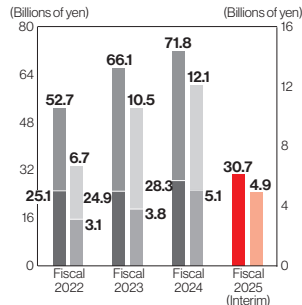
Australia



Increase in sales thanks to recovery in demand for mainstay gas appliances stemming from severe winter, but **operating income down** year on year

■ Net sales (Interim) ■ Operating income (Interim)
■ Net sales (Full year) ■ Operating income (Full year)

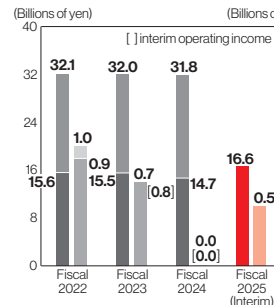
China



Sales up on the back of growth in e-commerce and online bricks-and-mortar transactions but **operating income down** due to deterioration of product mix

■ Net sales (Interim) ■ Operating income (Interim)
■ Net sales (Full year) ■ Operating income (Full year)

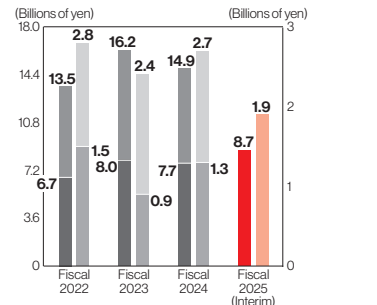
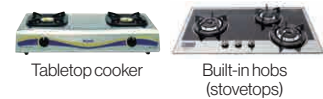
South Korea



Sales of mainstay boilers continued to struggle but sales of kitchen appliances remained strong, leading to **increases in both sales and operating income**

■ Net sales (Interim) ■ Operating income (Interim)
■ Net sales (Full year) ■ Operating income (Full year)

Indonesia



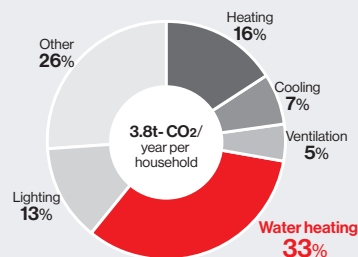
Increases in both sales and income due to price revisions and steady replacement demand for tabletop stoves

■ Net sales (Interim) ■ Operating income (Interim)
■ Net sales (Full year) ■ Operating income (Full year)

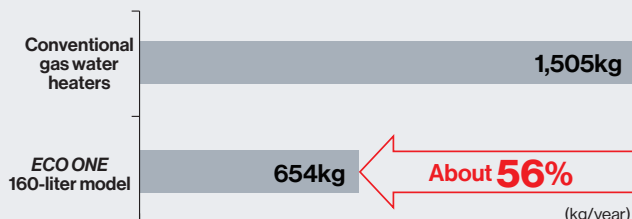
That's why they choose us! *ECO ONE* Hybrid Water Heaters



Japan's Ministry of the Environment's "Global Warming Prevention Plan" has set a target of reducing CO₂ emissions in the residential sector by 66% by 2030 compared with the 2013 level.



Heating water for use in bathrooms, kitchen, etc., accounts for approximately 30% of household CO₂ emissions.



The *ECO ONE* 160-liter model reduces **CO₂ emissions from water heating by 56%.**



給湯省エネ2024事業

ECO ONE's superior energy efficiency and environmental performance have been widely recognized, prompting nationwide promotion efforts. The government provides a subsidy of ¥150,000 per unit, significantly helping Rinnai in its goal of selling 300,000 *ECO ONE* units by 2030. In the first half of fiscal 2025, unit sales increased 1.5-fold year on year.



Rinnai's efforts to reduce CO₂ emissions play a major role in the national pursuit of reduction targets.

Taking advantage of the government's subsidy program, we will accelerate the adoption of *ECO ONE* while developing it into a major pillar of our business.

We will also adopt a **demand response (DR) approach by operating heat pumps during periods of surplus renewable energy, such as solar power, and storing the energy as hot water in tanks to help balance electricity supply and demand.**

Flagship model of built-in hob (stovetop) *DELICIA* model change



In August 2024, we updated our flagship *DELICIA* range of built-in hobs (stovetops) with the addition of new cooking accessories, including "The Cocotte Round" and "Toast & Pizza Plate." Additionally, our official recipe smartphone app now supports continuous cooking and finishing adjustments for selected recipes, further enhancing overall cooking performance.

Kanta-kun Deluxe receives 2024 Red Dot Design Award*



reddot winner 2024

* The Red Dot Design Award is an internationally prestigious design award sponsored by the Design Zentrum Nordrhein-Westfalen in Germany.



Rinnai received the 2024 Red Dot Design Award for its *Kanta-kun* Deluxe gas clothes dryers. This is Rinnai's fifth product to receive the award, following its MBC-332VC Series of color controllers in 2023. *Kanta-kun* Deluxe also won a Good Design Best 100 Award.

Industry's first product lifespan notification support system Launch of water heater utilizing digital technology



A weather alert has been issued. Would you like to proceed with filling the bath?

In October 2024, we updated our *Eco-Jozu* RUF-E series of water heaters. Equipped with the industry's first "Product Lifespan Notification" feature, the water heaters detect deterioration and notify users through the remote control when the likelihood of a malfunction increases. We also added a "Weather Alert Bath-Filling" feature, which suggests filling the bathtub as a precautionary measure to secure emergency water supply during severe weather conditions, such as storms or heavy snow, that may cause power outages.

Rinnai Australia acquires home energy product sales company



In August 2024, Rinnai Australia acquired Smart Energy Group Pty., Ltd. a leading distributor of home energy products, such as solar power systems. In Australia, the adoption of solar power is accelerating rapidly among detached homes. With this in mind, Rinnai Australia is looking to build a pillar of business in areas other than traditional gas appliances.

Having announced its commitment to achieving carbon neutrality by 2050, Rinnai is actively working to realize a decarbonized society. Below are examples of initiatives undertaken by the Group in Japan and overseas.

Initiatives to prevent global warming

Rolling out energy-efficient water heaters overseas

Rinnai New Zealand has developed its first-ever integrated heat pump water heater with a tank. The heater, which is specifically tailored to the local climate and customer needs, delivers exceptional energy efficiency. It is designed so the heat pump is separated from the tank, facilitating installation and maintenance for households.



Water heaters with heat pump of Rinnai New Zealand

Initiatives for resource circulation

Reducing environmental impact when treating wastewater

Noto Tech, a domestic subsidiary, reviewed its sludge collection process and established a system to recycle wastewater that was previously discharged, achieving a reuse rate of 50%.

Reuse rate
50%

Effectively repurposing equipment to protect the environmental

RT Engineering, a domestic subsidiary, has effectively repurposed energy-efficient paint pretreatment equipment that was no longer in use at other Rinnai sites, while also optimizing processes to

CO₂ emissions
Approx. **50%**
reduction

reduce environmental costs. In addition to reducing water usage for cleaning, improvements to the drying process resulted in a 50% reduction in CO₂ emissions.

Initiatives to prevent environmental pollution

Establishing an environmentally conscious circular system

Rinnai Brasil Heating Technology has switched to a biodegradable* cleaning solution that is free of harmful substances to wash away chips and shavings generated during the cutting process in consideration of safety and the environment. It also introduced an automated circulation system to reuse the cleaning solution, achieving approximately 30% water savings.

Water-saving contribution
Water consumption
Approx. **30%**
reduction

* Able to be decomposed by microorganisms after disposal, allowing it to return to and circulate in the natural environment

Environmental Communication

SDGs-focused tour

RB Controls, a domestic subsidiary, has hosted a company tour for its employees' families, centered on the theme of the SDGs. The company planned and operated booths related to the 17 SDGs, provided an interactive experience space, and held an SDGs-related stamp rally to provide an opportunity for participants to think about the SDGs while having fun



SDGs experience booth

**Consolidated Balance Sheets** (Millions of yen)

Current Term (As of September 30, 2024)

Previous Term (As of March 31, 2024)

	Current Term	Previous Term
Assets		
Current assets	346,003	341,437
Fixed assets	240,739	235,650
Property, plant and equipment	155,478	147,425
Intangible fixed assets	4,263	3,642
Investments and advances	80,997	84,582
Total assets	586,743	577,088
Liabilities		
Current liabilities	99,165	106,890
Long-term liabilities	34,653	32,759
Total liabilities	133,818	139,650
NET ASSETS:		
Shareholders' equity:	346,919	346,470
Common stock	6,484	6,484
Capital surplus	8,435	8,428
Earned surplus	350,444	342,493
Treasury stock	(18,445)	(10,936)
Other comprehensive income:	53,070	41,304
Minority interests	52,935	49,663
Total net assets	452,925	437,438
Total liabilities and net assets	586,743	577,088

Consolidated Statements of Income (Millions of yen)

Current Term (From April 1, 2024, to September 30, 2024)

Previous Term (From April 1, 2023, to September 30, 2023)

	Current Term	Previous Term
Net sales	212,124	192,694
Cost of sales	140,506	135,706
Gross profit	71,617	56,988
Selling, general and administrative expenses	50,621	46,868
Operating income	20,996	10,120
Other income	2,670	5,320
Other expenses	1,339	530
Ordinary income	22,327	14,910
Extraordinary income	791	—
Extraordinary losses	1,243	—
Income before income taxes	21,874	14,910
Income taxes	5,958	3,612
Net income	15,916	11,298
Net income attributable to non-controlling interests	3,668	3,395
Net income attributable to owners of the parent company	12,247	7,902

Consolidated Statements of Cash Flows (Millions of yen)

Current Term (From April 1, 2024, to September 30, 2024)

Previous Term (From April 1, 2023, to September 30, 2023)

	Current Term	Previous Term
Cash flows from operating activities	15,952	8,157
Cash flows from investing activities	(468)	(12,763)
Cash flows from financing activities	(13,657)	(18,530)
Cash and cash equivalents at end of term	132,469	101,312

Corporate Data

Directory (As of September 30, 2024)

Incorporated	September 1, 1920
Established	September 2, 1950
Paid-in capital	¥6,484,416,754
Head office	2-26, Fukuzumi-cho, Nakagawa-ku, Nagoya 454-0802 TEL: +81-52-361-8211
Number of employees	10,788 (Consolidated) 3,543 (Nonconsolidated)

Domestic Network (As of September 30, 2024)

Factories and related centers Technology Development Center, Production Technology Center, Kasugai Logistics Center, Atsugi Logistics Center, Oguchi Factory, Seto Factory, Akatsuki Factory

Branch Offices Tohoku, Kanto, Chubu, Kansai, Kyushu

Branches Hokkaido, Kita-Tohoku, Sendai, Niigata, Tokyo, Kita-Kanto, Higashi-Kanto, Minami-Kanto, Tokai, Shizuoka, Hokuriku, Nagano, Osaka, Keiji, Hyogo, Chugoku, Shikoku, Fukuoka

Sales and satellite offices (85 offices)

Other domestic offices 11 Training Centers, Customer Center

Corporate Officers (As of September 30, 2024)

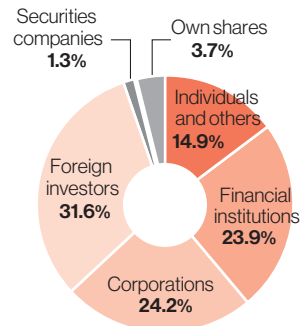
Representative Director and Chairman	Kenji Hayashi	Director and Senior Managing Executive Officers	Hideyuki Shiraki Kazuto Inoue	Managing Executive Officers	Chuji Nakashima Hirohisa Ooi Takuya Ogawa
Representative Director, President and Executive President	Hiroyasu Naito	Directors (outside)	Takashi Kamio Tadashi Ogura Yoko Dochi Kumi Sato	Executive Officers	Yoshihiko Takasu Hayao Nishizawa Katsunori Tanioka Hiroyuki Hoyano Daisuke Naito
Representative Director and Executive Vice President	Tsunenori Narita	Standing Audit & Supervisory Board Members Standing Audit & Supervisory Board Members (outside)	Masanori Shimizu Atsuo Kashima Masaaki Matsuoka Ippei Watanabe		

Share Composition (As of September 30, 2024)

Number of shares

Authorized:	600,000,000
Outstanding:	146,677,171 (Including treasury stock)
Number of shareholders:	8,117

Composition of shareholders



Rinnai Group (As of September 30, 2024)

12 Domestic Subsidiaries

Manufacture and Sale of Products

- Yanagisawa Manufacturing Co., Ltd.
- Rinnai Technica Co., Ltd.
- Gastar Co., Ltd.

Sale of Products

- Rinnai Net Co., Ltd.

Manufacture and Sale of Components

- RB Controls Co., Ltd.
- Rinnai Precision Co., Ltd.
- RT Engineering Co., Ltd.
- Noto Tech Co., Ltd.
- Techno Parts Co., Ltd.

Other Business

- Rinnai Enterprises
- Other two companies

35 Overseas Subsidiaries and Affiliates

Holding Company/Sale of Products

- Rinnai Holdings (Pacific) Pte Ltd.

Manufacture and Sale of Products

- Rinnai America Corporation
- Rinnai Australia Pty., Ltd.
- Shanghai Rinnai Co., Ltd.
- Rinnai Korea Corporation
- P.T. Rinnai Indonesia
- Rinnai New Zealand Ltd.
- Rinnai Taiwan Corporation
- Rinnai (Thailand) Co., Ltd.
- Rinnai Viet Nam Co., Ltd.
- Rinnai Brasil Heating Technology Ltd.
- Rinnai Manufacturing Malaysia Sdn. Bhd.
- Industrias MASS SA de CV
- Thermosolutions Group SA

Sale of Products

- Rinnai Italia S.r.l.
- Rinnai Hong Kong Ltd.

- Rinnai Canada Holdings Ltd.
- Guangzhou Rinnai Gas and Electric Appliance Co., Ltd.
- Central Heating New Zealand Ltd.
- Rinnai Plus Corp.
- Rinnai (Malaysia) Sdn. Bhd.
- Rinnai UK Ltd.
- Rinnai Trading B.V.
- Cool Breeze FM Ltd.
- Hainan Rinnai Minsheng Kitchen Appliances Sales Co., Ltd.

Manufacture and Sale of Components

- RB Korea Ltd.
- Shanghai RB Controls Co., Ltd.
- Mikuni RK Corporation

Other Business

- iZone Pty., Ltd.
- Other six companies

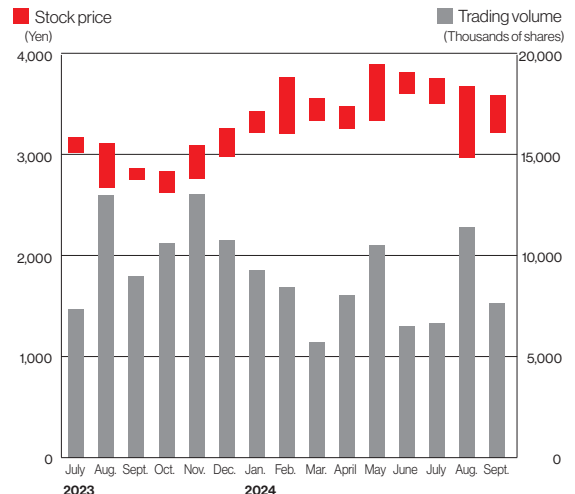
● Consolidated subsidiary ● Nonconsolidated subsidiary ■ Affiliated company (equity method not applied)

Major Shareholders (As of September 30, 2024)

Name	Shares held (Thousands)
Naito Co., Ltd.	18,647
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,676
Custody Bank of Japan, Ltd. (Trust Account)	10,712
Kenji Hayashi	7,369
Rinnai Scholarship Foundation	4,200
State Street Bank and Trust Company 505103	3,465
State Street Bank and Trust Company 505224	2,708
National Mutual Insurance Federation of Agricultural Cooperatives	2,137
MISAKI ENGAGEMENT MASTER FUND	2,049
Rinnai employee stock ownership association	1,860

* Treasury stocks (5,556 thousand shares) held by the Corporation are excluded from the above figures.

Stock Price Range





Financial year

From April 1 to March 31

Annual meeting of shareholders

Every June

Dates of record

Annual meeting of shareholders,

year-end dividend: March 31

Interim dividend: September 30

Minimum trading unit

100 shares

Public notice

Public notices by the Company will be announced online.

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

However, if due to accident or some other unavoidable reason that prevents the Company from completing an online announcement should arise, a public notice will be made by posting in the *Nihon Keizai Shimbun*.

Transfer agent

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Special account administrator

Sumitomo Mitsui Trust Bank, Limited

4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Mailing and contact

Sumitomo Mitsui Trust Bank, Limited

Stock Transfer Agency Department

8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063

(Telephone)

Freedial 0120-782-031(9:00 am-17:00 pm on weekdays)

Stock Listings:

Tokyo Stock Exchange, Prime Section

Nagoya Stock Exchange, Premiere Section

Inquiries Pertaining to Share-Related Procedures

1. Non-Payment of Dividends

Please contact the transfer agent (Sumitomo Mitsui Trust Bank, Limited; contact details above).

2. Change of address, purchases (or increases in purchases) of fractional shares, designation of dividend payment method, etc.

(1) Shareholders with account at a securities company

Please contact the securities company handling your account.

(2) Shareholders with a special account opened due to absence of account at a securities company

Please contact Sumitomo Mitsui Trust Bank, Limited