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### **Notice Regarding Disposal of Treasury Stock as Restricted Stock Incentive for Employee Shareholding Association**

Rinnai (hereafter, “Rinnai” or the “Corporation”) hereby announces that the Board of Directors adopted a resolution at its meeting today for the disposal of treasury stock (hereafter, the “Disposal of Treasury Stock” or the “Disposal”) as restricted stock for Rinnai Employee Shareholding Association (hereafter, the “Shareholding Association”) under a restricted stock incentive plan (hereafter the “Plan”). Details are provided below.

#### **1. Outline of Disposal of Treasury Stock**

(1)	Date of disposal	October 17, 2025
(2)	Class and number of shares to be disposed of	202,800 shares of common stock
(3)	Disposal price	¥3,793 per share
(4)	Total disposal value	¥769,220,400 (Note)
(5)	Disposal method (Planned allottee)	The number of shares requested, as decided by Shareholding Association within the range of number of shares for disposal under (2) above, will be granted by Rinnai through a third-party allotment of shares, on the condition that request for subscription comes from the Shareholding Association. (The allotted number will be the number of shares disposed of.) Rinnai Employee Shareholding Association: 202,800 shares Rinnai will not accept requests from Eligible Employees (as defined below) for partial subscription of shares to be granted.
(6)	Other	Regarding the Disposition of Treasury Stock, an Extraordinary Report in accordance with the Financial Instruments and Exchange Act has been filed.

Note      Amounts for “number of shares to be disposed of” and “total disposal value” assume an employee pool of 3,900 people—the maximum number of people eligible under the Plan—with each employee granted 52 restricted common shares. The actual number of shares disposed of and actual total disposal value will be determined according to the number of Rinnai employees (maximum: 3,900) who commit to the Plan (hereafter, “Eligible Employees”), which will be known once the Corporation wraps up a membership drive targeting employees who qualify but have yet to join the Shareholding Association and once the Corporation obtains approval from membership. That is to say, as described in (5) above, the number of shares to be disposed of will be the number of requested shares decided by the Shareholding Association, and total disposal value will be this number times the disposal price per share. Rinnai will pay monetary claims of ¥197,236 uniformly to all Eligible Employees and will allot 52 shares uniformly to all Eligible Employees through the Association.

## **2. Purpose and reason for Disposal**

The Board of Directors resolved at its meeting held on February 8, 2023 that Rinnai would introduce the Plan to encourage employees to take a more vested interest in improving corporate performance from a shareholder’s perspective and also to provide employees with enhanced employee benefits.

An overview of the Plan is presented below.

### **Overview of the Plan**

Under the Plan, Rinnai provides Eligible Employees with a special financial incentive in the form of monetary claims used to grant 52 shares per person as restricted stock (hereafter, “Special Financial Incentive”), and Eligible Employees then allocate their Special Financial Incentive to the Shareholding Association. The Shareholding Association pays Rinnai, using the Special Financial Incentive given by each Eligible Employee, and receives common shares issued or disposed of by Rinnai as restricted stock.

Based on the Plan, the amount to be paid per share of common stock in the event Rinnai newly issues or disposes of common stock will be determined by the Board of Directors to the extent that the amount is not particularly advantageous to the Shareholding Association—and by extension, Eligible Employees—based on the closing price of Rinnai’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors pertaining to said issue or disposal (or the closing price on the trading day immediately prior thereto if no trading is made on that day).

In issuing or disposing of Rinnai common stock based on the Plan, the Corporation and the Shareholding Association will sign a restricted stock allotment agreement, which includes such points as (1) the Shareholding Association being prohibited from transferring, establishing security interest on, or otherwise disposing of the allotted shares during a certain period (hereafter, “Transfer Restrictions”); and (2) Rinnai acquiring allotted shares without compensation should certain events occur. In addition, provision of the Special Financial Incentive to Eligible Employees will be conditioned upon the signing of restricted stock allotment agreement between the Corporation and the Shareholding Association.

Furthermore, eligible employees will not be allowed to withdraw their equity interest in the restricted stock (hereinafter, “Restricted Stock Equity Interest” or “RS Equity Interest”)—which they hold in proportion to the monetary claims they have contributed to the Plan—until Transfer Restrictions are lifted, in accordance with Shareholding Association Rules, Shareholding Association Detailed Operation Rules and other rules pertaining to the Shareholding Association (hereafter, “Rules”).

In the Disposal of Treasury Stock, common shares of Rinnai stock will be disposed of to the Shareholding Association, with the Shareholding Association, as the planned allottee, using all of the Special Financial Incentives received from Eligible Employees as contributed assets, based on the Plan, for payment (hereafter, “Allotted Shares” as the allotted shares in the Plan). In the Disposal of Treasury Stock, the outline of restricted stock allotment agreement (hereafter, the “Agreement”) signed by Rinnai and the Shareholding Association is as described in **3. Outline of Allotment Agreement** below. The number of shares disposed of in the Disposal of Treasury Stock will be determined at a later date, as described in Note of **1. Outline of Disposal** above, but Rinnai expects potential disposal of 202,800 shares if all 3,900 employees of Rinnai—the maximum number that could be eligible for the Plan—join the Shareholding Association and if they all commit to the Plan. The scale of dilution due to the Disposal of Treasury Stock is, assuming the aforementioned number of shares disposed of, 0.14% (rounded to two decimal places, hereafter, the same in percentage calculations) on the total number of outstanding shares, at 143,888,571 as of March 31, 2025, and 0.14% on the total number of voting rights, at 1,405,552 as of March 31, 2025.

Note that implementation of the Disposal of Treasury Stock will be conditioned upon the revised Rules being valid until the day preceding the date for disposal pertaining to the Disposal of Treasury Stock, and that the allocation agreement between the Company and the Plan is executed within the prescribed period.

### **3. Outline of Allotment Agreement**

(1) Transfer restriction period: From October 17, 2025 to May 31, 2028

(2) Condition for lifting Transfer Restrictions

Transfer Restrictions will be lifted as of the expiration of the transfer restriction period for all Allotted Shares in a number corresponding to the Restricted Stock Equity Interest held by an Eligible Employee, conditioned upon the Eligible Employee being a member of the Shareholding Association on a continuous basis during the transfer restriction period.

(3) Treatment upon withdrawal from Shareholding Association

In the event an Eligible Employee withdraws from the Shareholding Association, as a consequence of retirement from a position serving the Corporation that qualifies the employee for membership in the Shareholding Association (refers to situations where the employee loses membership qualification or applies to terminate membership, and includes end of membership due to death; hereafter, the same) during the transfer restriction period because the employee has reached retirement age or is promoted to the position of director, member of Audit & Supervisory Board or executive officer, or for any other justifiable reason (does not include voluntary retirement), Rinnai will lift Transfer Restrictions on all Allotted Shares in a number corresponding to the Restricted Stock Equity Interest held by the Eligible Employee as of the date that the application for withdrawal is received by the Shareholding Association.

(4) Treatment if employee becomes non-resident

In the event an internal decision, including overseas assignment, causes an Eligible Employee to be deemed a non-resident (Income Tax Act (No.33 of 1965 and including later revisions) during the transfer restriction period, Rinnai will lift Transfer Restrictions on all Allotted Shares in a

number corresponding to the Restricted Stock Equity Interest held by the Eligible Employee as of the date that the overseas assignment was decided on.

(5) Acquisition without compensation by the Corporation

Naturally, Rinnai will acquire without compensation any Allotted Shares for which Transfer Restrictions have not been lifted at the time the transfer restriction period expires or at the time Transfer Restrictions described in (3) and (4) above are lifted.

(6) Administration of shares

During the transfer restriction period, Allotted Shares will be maintained in a dedicated account opened at Nomura Securities Co., Ltd., by the Shareholding Association to prevent it from transferring, establishing security interest on, or otherwise disposing of Allotted Shares during the transfer restriction period. In addition, the Shareholding Association will, in accordance with provisions such as the Rules, register and administer ordinary equity interest held by Eligible Employees separately from Restricted Stock Equity Interest.

(7) Treatment in the event of organizational restructuring

In situations when, during the transfer restriction period, a merger agreement that leads to the disappearance of Rinnai as a corporate entity, a share exchange agreement or share transfer plan that turns Rinnai into a wholly owned subsidiary, or other matters related to organizational restructuring is approved at a general meeting of shareholders of the Corporation (however, when organizational restructuring does not require approval at a general meeting of shareholders, then, by the Board of Directors), Transfer Restrictions will be lifted by resolution of the Corporation's Board of Directors on the day immediately before the business day prior to the effective date of said organizational restructuring for all Allotted Shares corresponding to the Restricted Stock Equity Interest held by Eligible Employees among Allotted Shares held by the Shareholding Association on the date of said approval.

**4. Basis for calculating disposal price and other specific details**

The Disposal of Treasury Stock to the planned allottee, the Shareholding Association, will be carried out by having Eligible Employees give to the Shareholding Association as contributed assets the Special Financial Incentive they receive from Rinnai to be used for granting Restricted Stock. To ensure the disposal price is free from arbitrariness, Rinnai will set the disposal price at ¥3,793, the closing price of the Corporation's common stock on the Prime Market of the Tokyo Stock Exchange on August 5, 2025 (the business day prior to the day of the Board of Directors' resolution). This is the market price on the day immediately preceding the day of the Board of Directors' resolution and is thus considered to be a reasonable price and one that is not particularly advantageous to the Shareholding Association or its members.

The deviation rate (rounded to two decimal places) of this price from the average closing price of Rinnai stock on the Tokyo Stock Exchange Prime Market is as follows:

Term	Average closing price (rounded down if less than one yen)	Deviation rate
One month (July 7, 2025 – August 5, 2025)	¥3,712	2.18%
Three months (May 7, 2025 – August 5, 2025)	¥3,627	4.58%
Six months (February 6, 2025 – August 5, 2025)	¥3,497	8.46%

All four members of the Audit & Supervisory Board (including two outside members) who attended the Board of Directors' meeting today expressed their opinion that the aforementioned disposal price is not particularly advantageous to the planned allottee, and that such decision is legitimate, given that the purpose of the Disposal of Treasury Stock is implemented based on the Plan and that the disposal price is the closing price of the Corporation's common stock on the Prime Market of the Tokyo Stock Exchange on the day before the day of the Board of Directors' resolution.

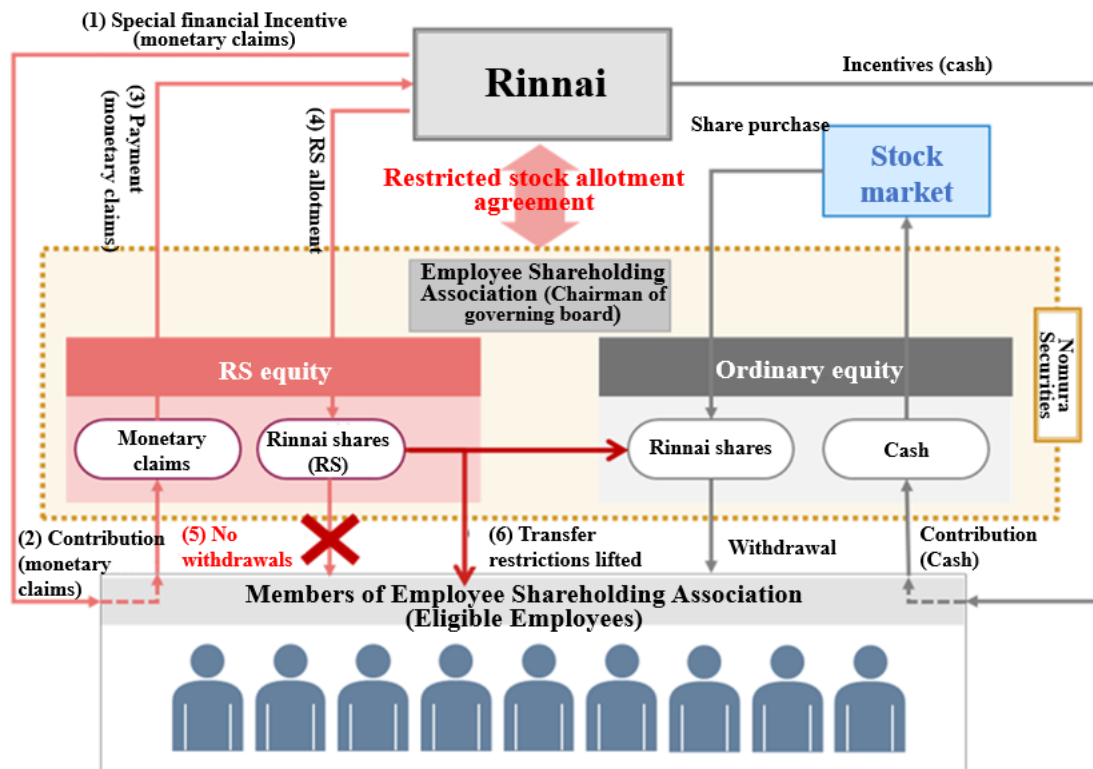
#### **5. Matters related to procedures based on corporate code of conduct**

The Disposal of Treasury Stock does not require Rinnai to obtain the opinion of an independent third party or to confirm the intention of shareholders as set forth in Rule 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange because (1) the dilution rate is below 25% and (2) there is no change in the controlling shareholder.

(Reference)

### Structure of the Plan

- (1) Rinnai provides monetary claims to Eligible Employees who commit to the Plan as a Special Financial Incentive ultimately used for granting restricted stock.
- (2) Eligible Employees who commit to the Plan give the monetary claims noted in (1) above to the Shareholding Association.
- (3) The Shareholding Association collects monetary claims given as per (2) above, and pays the Corporation.
- (4) Rinnai allots Allotted Shares (In the diagram below, “RS”) to the Shareholding Association.
- (5) Allotted Shares are held in the Shareholding Association’s RS Equity Interest account at Nomura Securities and cannot be withdrawn during the transfer restriction period.
- (6) Once transfer restrictions have been lifted, steps are taken to transfer RS Equity Interest into ordinary equity interest or securities accounts in the name of each Eligible Employee.



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