

Securities Code: 5947
June 5, 2024
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 74th Ordinary General Shareholders' Meeting
to Be Held on June 27, 2024**

You are cordially invited to attend the 74th 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 74th Ordinary General Shareholders' Meeting."

If you don't plan to attend in person, **you can exercise your voting rights digitally (via the Internet or mobile phone) or in writing (post), as stated on pages 3-4. You must exercise your voting rights no later than 5:20 p.m. on Wednesday, June 26, 2024.**

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

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	Thursday, June 27, 2024 at 10:00 a.m.
2. PLACE	Grand Banquet Hall “The Grand Court”, 7th floor, ANA CROWNE PLAZA Hotel Grand Court NAGOYA, 1-1-1, Kanayama-cho, Naka-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 74th Fiscal Year (April 1, 2023–March 31, 2024). 2. Report on the Nonconsolidated Financial Statements for the 74th Fiscal Year (April 1, 2023–March 31, 2024). <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 four (4) Audit & Supervisory Board members Agenda Item 4: Election of one (1) substitute Audit & Supervisory Board member</p> <p><Shareholder’s Proposals> Agenda Item 5: Implementation of share buyback The shareholder’s proposals are described in “Shareholder Proposals (Agenda Items 5)” (pages 19-20)” 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 74th 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 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 26, 2024**

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.



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



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 26, 2024**

The image shows a portion of the voting form. A red dashed box highlights a section for 'Proposal No. 5'. Within this section, a red box highlights the 'Disapprove' column, and a red arrow points to it from the text below.

Proposal No. 5 was made by shareholders.
The Board of Directors of the Corporation opposes this proposals.
For details, please refer to pages 19-20.

Please cut this out and return it to us.

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

If you **agree with the Corporation’s Proposals** and the opinion of the Board of Directors, please fill out the form as shown on the right.

The image shows a portion of the voting form with the 'Approve' column circled in red for Proposal No. 5. The 'Disapprove' column is also circled in red for the same proposal.



When attending in person

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

Date: 10:00am, Thursday, June 27, 2024
**Location: Grand Banquet Hall “The Grand Court”, 7th floor,
ANA CROWNE PLAZA Hotel Grand Court NAGOYA**

Guide to Voting

Agenda and referenced items

The Corporation's Proposals (Agenda Items 1–4)

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 ¥60 per share, which includes the interim dividend (¥30 per share).

(1) Type of dividend assets

Cash

(2) Allocation of dividend assets and sum total

The Corporation intends to pay **¥30** per share of common stock, resulting in total dividend payments of **¥4,296,106,440**.

(3) Effective date for dividends from retained earnings

June 28, 2024

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	Sex	Current Title and Responsibility	Type	Attendance at Board of Directors' Meetings
1	Kenji Hayashi	Male	Representative Director, and Chairman	Reappointment	15/15 (100%)
2	Hiroyasu Naito	Male	Representative Director, President and Executive President	Reappointment	15/15 (100%)
3	Tsunenori Narita	Male	Representative Director, and Executive Vice President	Reappointment	15/15 (100%)
4	Hideyuki Shiraki	Male	Director and Senior Managing Executive Officer, Chief of Marketing & Sales Headquarters	Reappointment	11/11 (100%)
5	Kazuto Inoue	Male	Director and Senior Managing Executive Officer, Chief of Production Engineering Headquarter	Reappointment	11/11 (100%)
6	Takashi Kamio	Male	Outside director of the Corporation	Reappointment, Outside director, Independent director	15/15 (100%)
7	Tadashi Ogura	Male	Outside director of the Corporation	Reappointment, Outside director, Independent director	10/11 (91%)
8	Yoko Dochi	Female	Outside director of the Corporation	Reappointment, Outside director, Independent director	11/11 (100%)
9	Kumi Sato	Female	—	New appointment, Outside director, Independent director	—

Note: Mr. Shiraki, Mr. Inoue, Mr. Ogura, and Ms. Dochi were newly elected and assumed office at the 73rd Ordinary General Shareholders' Meeting held on June 29, 2023. Therefore, their attendance at Board of Directors' meetings is different to that of other directors.

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	Jun. 2005	Director, Managing Executive Officer, and General Manager of Related Business Division
Sep. 1978	Director	Jun. 2006	Representative Director, Vice Chairman
Feb. 1980	Director, and General Manager of Corporate Planning Office	Apr. 2017	Representative Director, Chairman (current)
Jun. 1983	Managing Director, and General Manager of Production Technology Division		
Jul. 1992	Managing Director, and General Manager of Related Business Division		
No. of Shares Owned: 7,369,872 shares			
Reason to propose the candidate for election as director:			
<p>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 Management 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.</p>			

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. 2003	Managing Director, General Manager of Corporate Planning Division and concurrently General Manager of General Affairs Division
Jun. 1991	Director, Deputy Chief of Technology Research Headquarters and concurrently General Manager of New Technology Development Division	Jun. 2005	Director, Managing Executive Officer, General Manager of Corporate Planning Division and concurrently General Manager of Administration Division
Jul. 1998	Director, Chief of Technology Research Headquarters	Nov. 2005	Representative Director, President and Executive President (current)
Jul. 2001	Director, General Manager of Corporate Planning Division and concurrently General Manager of General Affairs Division		
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:			
<p>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 Management 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.</p>			

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;
Jun. 2001	Managing Director, Chief of Production Headquarters		responsible for Research & Development Headquarters,
Jun. 2005	Director, Managing Executive Officer, and Chief of Production Headquarters		Production Headquarters, Overseas Business Headquarters and Customer Division, and Chief 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,
Apr. 2006	Director, Senior Executive Officer, in charge of domestic business, and concurrently Chief of Marketing & Sales Headquarters		Executive Vice President;
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,
		Apr. 2018	Executive Vice President,
			President's Assistant, in charge of Production Headquarters and Overseas Business Headquarters
			President's Assistant (current)
No. of Shares Owned: 30,157 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: 7,501 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	Apr. 2021	Managing Executive Officer, Chief of Production Engineering Headquarters
Jun. 2012	President of Rinnai Precision Co., Ltd.	Apr. 2023	Senior Managing Executive Officer, Chief of Production Engineering Headquarters
Apr. 2016	Executive Officer of the Corporation, General Manager of Production Control Division, Production Headquarters	Jun. 2023	Director and Senior Managing Executive Officer, Chief of Production Engineering Headquarters (current)
Apr. 2017	Executive Officer, Deputy Chief of Production Headquarters		
No. of Shares Owned: 6,624 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. 2006	Director at Nakanihon Kogyo Co., Ltd.
Jun. 1996	Director at Toyota Motor Corporation	May 2010	Advisor at Toyota Motor Corporation
Jun. 1999	Managing Director at Toyota Motor Corporation	Jun. 2010	Senior Advisor at Towa Real Estate Co., Ltd.
Jun. 2001	Senior Managing Director at Toyota Motor Corporation	Jun. 2011	Audit & Supervisory Board Member at Central Nippon Expressway Company Limited
Jun. 2005	Senior Advisor at Toyota Motor Corporation	Jun. 2016	Outside director, Rinnai Corporation (current)
	President at Towa Real Estate Co., Ltd. (currently, Toyota Fudosan Co., Ltd.)		
Current Representation in Other Companies: Chairman of Sasaeai, specified nonprofit 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 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 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.			
Candidate Number 9	Kumi Sato (Date of Birth: Feb. 3, 1954)	New appointment, 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		
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 and Ms. Dochi 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 (8) years
 - Tadashi Ogura: One (1) year
 - Yoko Dochi: One (1) year
4. Mr. Kamio is Chairman of Sasaeai, a specified nonprofit corporation to which the Corporation makes donations. Since the donations only amount to ¥50,000 per year, however, this is deemed to have no impact on Mr. Kamio's impartiality.
5. The Corporation concluded agreements with Mr. Kamio, Mr. Ogura and Ms. Dochi 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. If the elections of Ms. Sato is approved, the Corporation intends to enter into similar liability limitation agreements with her.
6. 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.
7. The Corporation has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange that Mr. Kamio, Mr. Ogura and Ms. Dochi 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. If the elections of Ms. Sato is approved, the Corporation intends to register her as independent directors with the Tokyo Stock Exchange and the Nagoya Stock Exchange.
8. If the reelections of Mr. Kamio and Mr. Ogura 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. And if the election of Ms. Sato is approved, she will also serve as a member 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 four (4) Audit & Supervisory Board members

The Corporation's four (4) Audit & Supervisory Board members will conclude their respective terms in office at the end of the Ordinary General Meeting of Shareholders. Shareholders will therefore be asked to elect four (4) Audit & Supervisory Board members to said positions.

This item has already been agreed upon by the Audit & Supervisory Board.

Candidates for election as members of the Audit & Supervisory Board are presented below.

Candidate Number	Name	Sex	Current Title	Type	Attendance at Board of Directors' Meetings	Attendance at Audit & Supervisory Board Member Meeting
1	Masanori Shimizu	Male	Standing Audit & Supervisory Board Member of the Corporation	Reappointment	11/11 (100%)	11/11 (100%)
2	Atsuo Kashima	Male	Assistant to Chief of Corporate Management Headquarters	New appointment	—	—
3	Masaaki Matsuoka	Male	Outside Audit & Supervisory Board Member of the Corporation	Reappointment, Outside member, Independent officer	15/15 (100%)	16/16 (100%)
4	Ippeii Watanabe	Male	Outside Audit & Supervisory Board Member of the Corporation	Reappointment, Outside member, Independent officer	15/15 (100%)	16/16 (100%)

Note: Mr. Shimizu was newly elected and assumed office at the 73rd Ordinary General Shareholders' Meeting held on June 29, 2023. Therefore, his attendance at Board of Directors' meetings and Audit & Supervisory Board Member Meetings is different to that of other members.

Candidate Number 1	Masanori Shimizu (Date of Birth: Dec. 20, 1961)	Reappointment
Career Summary and Current Position in the Corporation:		
Apr. 1984	Joined Rinnai Corporation	Apr. 2022 Senior Executive Officer, Chief of Quality Assurance Headquarters
Apr. 2016	Executive Officer, General Manager of Technology Development Division, Research & Development Headquarters	Jun. 2023 Standing audit & supervisory board member of the Corporation (current)
Apr. 2021	Executive Officer, Deputy Chief of Quality Assurance Headquarters, concurrently General Manager of Quality Assurance Division	
No. of Shares Owned: 3,341 shares		
Reason to propose the candidate for election as Audit & Supervisory Board member:		
Mr. Shimizu has gained significant experience in the Research & Development Headquarters since joining the Corporation in 1984. As an Executive Officer, he has served as General Manager of the Technology Development Division of the Research & Development Headquarters since 2016, and Deputy Chief of the Quality Assurance Headquarters since 2021. And as a Senior Executive Officer, he has served as Chief of Quality Assurance Headquarters since 2022. He also has practical experience and knowledge not only in product development work but also in technology development and quality assurance. For this reason, management asks shareholders to reelect him as an Audit & Supervisory Board member.		

Candidate Number 2	Atsuo Kashima (Date of Birth: Jan. 22, 1964)	New appointment
Career Summary and Current Position in the Corporation:		
Apr. 1986	Joined Rinnai Corporation	Apr. 2024 Assistant to Chief of Corporate Management Headquarters (current)
Apr. 2018	General Manager of Accounting Division	
Apr. 2021	Executive Officer, General Manager of Accounting Division	
No. of Shares Owned: 6,719 shares		
Reason to propose the candidate for election as Audit & Supervisory Board member:		
Mr. Kashima has gained experience in the Accounting Division since joining the Corporation in 1986 and has served as Executive Officer and General Manager of the Accounting Division since 2021. He is familiar with the Group's business, knowledgeable about finance and accounting, and has practical experience in auditing the Corporation's subsidiaries in Japan and overseas. The Corporation is confident that he will monitor overall management and provide effective advice. For this reason, management asks shareholders to newly elect him as an Audit & Supervisory Board member.		

Candidate Number 3	Masaaki Matsuoka (Date of Birth: Jun. 25, 1949)	Reappointment, Outside, Independent
Career Summary and Current Position in the Corporation:		
Sep. 1976	Registration of a certified public accountant	Jun. 2014 Retired from Deloitte Touche Tohmatsu LLC
Jul. 1988	Partner at Deloitte Tohmatsu LLC (Now, Deloitte Touche Tohmatsu LLC)	Jul. 2014 Established Masaaki Matsuoka CPA office (current)
		Jun. 2016 Outside audit & supervisory board member of the Corporation (current)
Current Representation in other companies		
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)		
No. of Shares Owned: 0 shares		
Reason to propose the candidate for election as Audit & Supervisory Board member:		
Mr. Matsuoka has not been involved in the management of a company except as an outside director and an outside auditor, but he has ample knowledge of corporate management based on experience and insights gained as a certified public accountant. Management believes this background will enable him to suitably execute his duties as an outside member of the Audit & Supervisory Board. For this reason, we ask shareholders to reelect him to this position.		

Candidate Number 4	Ippei Watanabe (Date of Birth: Dec. 7, 1949)	Reappointment, Outside, Independent
Career Summary and Current Position in the Corporation:		
Apr. 1978	Registration of attorneys Joined Saji & Ohta Law firm	Jun. 1991 Established Ohta & Watanabe Law firm (currently, TRUTH & TRUST Law Office) (current)
		Jun. 2016 Outside audit & supervisory board member of the Corporation (current)
Current Representation in other companies		
President of TRUTH & TRUST Law Office		
Outside director at Howa Machinery, Ltd. (Audit and supervisory committee member)		
No. of Shares Owned: 0 shares		
Reason to propose the candidate for election as Audit & Supervisory Board member:		
Mr. Watanabe has not been involved in the management of a company except as an outside director and an outside auditor, but he has acquired specialized knowledge and extensive experience as a lawyer. Management believes this background will enable him to suitably execute his duties as an outside member of the Audit & Supervisory Board. For this reason, management asks shareholders to reelect him to this position.		

Notes:

1. No candidate has any particular interest in the Corporation.
2. Mr. Matsuoka and Mr. Watanabe are candidates for outside members of the Audit & Supervisory Board.
3. Mr. Matsuoka and Mr. Watanabe are currently outside members of the Audit & Supervisory Board. At the end of this year's Ordinary General Meeting of Shareholders, their terms in office will be as follows:
Masaaki Matsuoka: Eight (8) years
Ippei Watanabe: Eight (8) years

4. The Corporation concluded agreements with Mr. Matsuoka and Mr. Watanabe in accordance with the first paragraph of Article 427 of the Corporate Law 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 members, 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 an Audit & Supervisory Board member, they become insured persons 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. Matsuoka and Mr. Watanabe fulfill the requirements for a position as an independent officer. If they are reelected and appointed as outside members; the Corporation will maintain them as independent officers.

Agenda Item 4

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)	Reappointment, 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 Aug. 2011 President, Yoshirou Ishikawa certified tax accountant office (current)
Jul. 2005 Special Examiner, Large Enterprise Examination Department at Nagoya Regional Taxation Bureau	Oct. 2011 Executive director, General incorporated association Nakagawa houjinkai
Jul. 2008 Appeals Judge at Nagoya National Tax Tribunal	
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 5)

Proposals described in Agenda Items 5 was made by one shareholder. The Board of Directors opposes this proposals. Outlines of proposals and the reasons for proposal have been provided in their original form as submitted by the proposing shareholder.

Agenda Item 5

Implementation of share buyback

(1) Outline of proposal

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

(2) Reasons for proposal

We believe that the management's lack of awareness of the cost of capital is one of the reasons for the weak share price performance in recent years.

As of December 31, 2023, the Company held 179.5 billion yen in financial assets (132.5 billion yen in cash and deposits, 5.0 billion yen in marketable securities, and 42.0 billion yen in investments in securities such as cross-shareholdings). In addition, the Company is investing 25.8 billion yen in real estate to build a showroom in Minami-Aoyama, Tokyo. While we agree on an investment to strengthen contact with consumers, we believe that, in this case, it is far from justifiable from a cost of capital perspective, given the size of the investment. Although, the Company's Return on Invested Capital has averaged high teens over the past decade, its Return on Equity has remained at around half that level, as a result of a capital policy that allocates a majority of shareholders' equity to financial assets and real estate investments.

We believe that it is in the best interest of all shareholders for the Company to improve capital efficiency and equity value per share by selling assets that do not meet its cost of capital, such as cross-shareholdings and real estate investments, and conducting share repurchases.

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

We have formulated a medium-term business plan, New ERA 2025 (hereinafter, "Plan"), which covers the period from fiscal 2022 to 2026 (April 1, 2021–March 31, 2026). Under the Plan, we are making steady progress toward "Advancement in addressing social challenges" through "Expansion of business scale," and "Revolution of corporate structure."

In the Plan, we have positioned improvement of capital profitability as one of our most important management issues. Accordingly, we will steadily grow profits by promoting our high-value-added product strategy and implementing rigorous cost reductions to further strengthen our earning power, and improve capital efficiency through flexible share buybacks. Through these measures, we aim to achieve ROE of 8% in fiscal 2026, ending March 31, 2026 (the final year of the Plan) and 10% or higher during the period of the next medium-term business plan (scheduled to cover fiscal 2027–2031).

In addition, the Corporation intends to make investments in growth during the period of the Plan that far exceed investments made over the past five years. We have been steadily investing to expand local production capacity in the United States and China, our key strategic markets, while in Japan we are investing in the Kasugai Logistics Center. To address changes in the business environment, we have sought continuously to ensure our business survival and competitiveness from a long-term perspective by responding to calls for carbon neutrality, digital transformation (DX), changing consumer lifestyles, and so forth. As a result, cumulative capital investments have reached ¥87.5 billion in the first three years of the Plan (ended March 2024), and we plan to make capital investments of a further ¥20.9 billion in the current fiscal year (ending March 2025). We will continue aggressively making necessary investments with a view to improving corporate value over the medium and long terms.

Under these circumstances, our basic policy is to pay stable dividends and increase dividends in line with the Corporation's profit growth from a medium- to long-term perspective. With regard to surplus funds remaining at the end of the Plan due to changes in investment plans or deferral to the next medium-term plan, our policy is to return such funds to shareholders, based on our investment plans for the next medium-term plan. In accordance with this policy, we paid annual dividends of ¥140.00 per share in the fiscal year ended March 2022, up ¥15.00 year on year, ¥160.00 per share in the year ended March 2023, and ¥60.00 per share in the fiscal year ended March 2024, after the stock split (¥180.00 on a pre-stock split basis). In addition, we conducted share buybacks worth ¥37.4 billion over the three-year period from fiscal 2022 to 2024 (April 2021 to March 2024), and today (May 9, 2024) we decided to buy back shares worth ¥10 billion (maximum). As a result, total shareholder returns have significantly exceeded the initial targets of the Plan (total shareholder return of above ¥60 billion and five-year average total return ratio of above 40%). Specifically, total shareholder returns from fiscal 2022, ended March 31, 2022 (first year of the Plan) to fiscal 2024, ended March 31, 2024, plus the estimated return for fiscal 2025, ending March 31, 2025, will be ¥82.0 billion on a cumulative basis, with a total average total return ratio of 78.2%.

On the other hand, the Shareholder Proposal calls for us to buy back a large number of shares—equivalent to double our net income in a single year—and does not give sufficient consideration to the Corporation's need for growth investments and the like. The share buyback proposed in the Shareholder Proposal will increase ROE in the short term. However, this alone will not result in medium- to long-term improvements in corporate value and may distort our financial base and constrain investment activities aimed at sustainable growth. We believe maintaining steady profit growth—by further strengthening our earning power—while providing shareholders returns in line with such growth is in the best interest of the Corporation and its shareholders. Accordingly, rather than conducting a share buyback at the time or in the amount stipulated in the Shareholder Proposal, we believe it is appropriate, under our Plan and capital policy, to conduct share buybacks in the manner that takes into account overall conditions surrounding the Corporation, including business performance, business investments, financial position, and share price.

Therefore, the Board of Directors opposes this Shareholder Proposal.

END.

Business Report (April 1, 2023, to March 31, 2024)

1. Consolidated Business Overview

(1) Consolidated Business Results

In the fiscal year under review (April 1, 2023–March 31, 2024), the global economy continued facing difficult conditions, including worsening business confidence due to rising prices and tight monetary policies worldwide, as well as a stagnant Chinese economy suffering from real estate issues and other problems and prolonged situations in the Middle East and Ukraine. The Japanese economy also faced unpredictable conditions due to the ongoing impact of COVID-19 on the supply–demand balance, as well as continuing price increases on the back of soaring raw material and energy costs and uncertain foreign exchange fluctuations.

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.” We are now at a turning in that five-year plan. During the past three years, we have been exposed to various disruptive events that have affected the supply–demand balance, supply chain, and logistics due to the worldwide pandemic. Nevertheless, we will strive to achieve the targets of New ERA 2025 based on the assumption that business conditions will return to normal in the remaining two years.

To address social issues set forth in our medium-term plan, we are working to become carbon neutral as a priority initiative. In the United States, where storage-type water heaters are the norm, the spread of tankless water heaters with higher energy-saving performance is helping reduce CO₂ emissions. In Australia, there is a rapidly growing shift from fossil fuels to renewable energy as part of efforts to realize a decarbonized society, and we are responding by expanding our electricity-powered product lineup.

In Japan, we are expanding sales of our ECO ONE hybrid water heaters with heating systems which meet the needs of the times for higher energy-saving performance. We are taking advantage of a subsidy program offered by Japan’s Ministry of Economy, Trade and Industry for ECO ONE, and promoting sales activities centered on the ECO ONE X5, featuring improved compactness and ease of installation. Furthermore, sales of dishwashers and gas clothes dryers, which meet the growing need for time-saving housework due to the increase in dual-income households, remained strong. In these ways, we made steady progress in fulfilling our promise to our customers (“Creating a healthier way of living”) and achieving sustainable and solid long-term growth.

With respect to revenue, we faced weak consumer confidence due to rising global prices and high interest rates in some regions, while in-house and distribution inventories remained at high levels. However, these factors began to dissipate in the second half, resulting in a year-on-year increase in net sales. We also posted a significant recovery in earnings due to return of production to previous-year levels through optimization of inventory levels, and the entrenched effects of price revisions. However, these factors failed to compensate for our negative performance in the first half, resulting in a year-on-year decline in operating income.

As a result, consolidated net sales for the period amounted to ¥430,186 million, up 1.2% from the previous year. Operating income declined 5.0%, to ¥39,362 million, and ordinary income rose 3.4%, to ¥46,071 million. Net income attributable to owners of the parent company increased 2.2%, to ¥26,667 million.

	73rd fiscal year (Year ended March 31, 2023)	74th fiscal year (Year ended March 31, 2024)	YOY change	
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	425,229	430,186	4,957	1.2%
Operating income	41,418	39,362	-2,056	-5.0%
Ordinary income	44,565	46,071	1,506	3.4%
Net income attributable to owners of the parent company	26,096	26,667	570	2.2%

Our consolidated results by geographical segment were as follows:

<p>Japan</p> <p>Net sales ¥192,354 million (YOY change: -2.3%)</p>	<p>In Japan, distribution inventories reached optimal levels in the second half of the year, and production, which we had adjusted since April, the beginning of the fiscal year, returned to normal levels in the third quarter. Sales of key products were also strong, evidenced by growth in sales of our ECO ONE hybrid water heaters with heating systems, which benefited from government subsidies. However, these factors failed to compensate for our negative performance in the first half. As a result, sales in Japan declined 2.3%, to ¥192,354 million, and operating income fell 23.9%, to ¥17,965 million.</p>	<p>Net Sales (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>73rd fiscal year Fiscal 2023</td> <td>196.8</td> </tr> <tr> <td>74th fiscal year Fiscal 2024</td> <td>192.3</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	73rd fiscal year Fiscal 2023	196.8	74th fiscal year Fiscal 2024	192.3
Fiscal Year	Net Sales (Billions of yen)							
73rd fiscal year Fiscal 2023	196.8							
74th fiscal year Fiscal 2024	192.3							
<p>United States</p> <p>Net sales ¥57,875 million (YOY change: +3.8%)</p>	<p>In the United States, new housing starts showed signs of picking up, while consumer sentiment remained sluggish on the back of high interest rates. Due to foreign exchange factors, however sales in the United States increased 3.8%, to ¥57,875 million. On the earnings side, we posted an increase in fixed cost burden due to adjustments for production cutbacks made since the beginning of the fiscal year, resulting in a significant operating loss in the first half of the year. In the second half, however, profitability improved thanks to a decrease in storage costs stemming from inventory reductions, as well as containment of labor costs. These efforts helped reduce the operating loss posted in the first half. As a result, the operating loss for the year was ¥1,197 million.</p>	<p>Net Sales (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>73rd fiscal year Fiscal 2023</td> <td>55.7</td> </tr> <tr> <td>74th fiscal year Fiscal 2024</td> <td>57.8</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	73rd fiscal year Fiscal 2023	55.7	74th fiscal year Fiscal 2024	57.8
Fiscal Year	Net Sales (Billions of yen)							
73rd fiscal year Fiscal 2023	55.7							
74th fiscal year Fiscal 2024	57.8							

<p>Australia</p> <p>Net sales ¥30,338 million (YOY change: +9.7%)</p>	<p>Amid weakness in the housing market and a rapid shift toward electrification, sales of electrical products, such as heat pump water heaters and electric tank-based water heaters, remained strong. As a result, sales in Australia rose 9.7%, to ¥30,338 million, and operating income climbed 5.6%, to ¥1,245 million.</p>	<p>Net Sales (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>73rd fiscal year (Fiscal 2023)</td> <td>27.6</td> </tr> <tr> <td>74th fiscal year (Fiscal 2024)</td> <td>30.3</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	73rd fiscal year (Fiscal 2023)	27.6	74th fiscal year (Fiscal 2024)	30.3
Fiscal Year	Net Sales (Billions of yen)							
73rd fiscal year (Fiscal 2023)	27.6							
74th fiscal year (Fiscal 2024)	30.3							
<p>China</p> <p>Net sales ¥71,886 million (YOY change: +8.7%)</p>	<p>Amid ongoing weakness in the real estate market and a continued decline in consumer sentiment, we benefited from strong e-commerce sales and expanded the sales territory of bricks-and-mortar stores owned by e-commerce platforms. Accordingly, sales in China grew 8.7%, to ¥71,886 million, and operating income rose 14.9%, to ¥12,146 million.</p>	<p>Net Sales (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>73rd fiscal year (Fiscal 2023)</td> <td>66.1</td> </tr> <tr> <td>74th fiscal year (Fiscal 2024)</td> <td>71.8</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	73rd fiscal year (Fiscal 2023)	66.1	74th fiscal year (Fiscal 2024)	71.8
Fiscal Year	Net Sales (Billions of yen)							
73rd fiscal year (Fiscal 2023)	66.1							
74th fiscal year (Fiscal 2024)	71.8							
<p>South Korea</p> <p>Net sales ¥31,874 million (YOY change: -0.7%)</p>	<p>Although housing starts showed signs of bottoming out toward the end of the period, intense price competition resulted in weak sales of mainstay boilers. As a result, sales in South Korea decreased 0.7%, to ¥31,874 million. On the earnings side, we worked rigorously to reduce fixed costs under difficult conditions, resulting in operating income of ¥16 million, down 97.7%.</p>	<p>Net Sales (Billions of yen)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net Sales (Billions of yen)</th> </tr> </thead> <tbody> <tr> <td>73rd fiscal year (Fiscal 2023)</td> <td>32.0</td> </tr> <tr> <td>74th fiscal year (Fiscal 2024)</td> <td>31.8</td> </tr> </tbody> </table>	Fiscal Year	Net Sales (Billions of yen)	73rd fiscal year (Fiscal 2023)	32.0	74th fiscal year (Fiscal 2024)	31.8
Fiscal Year	Net Sales (Billions of yen)							
73rd fiscal year (Fiscal 2023)	32.0							
74th fiscal year (Fiscal 2024)	31.8							

<p>Indonesia</p> <p>Net sales ¥14,913 million (YOY change: -8.0%)</p>	<p>Although sales remained sluggish due to continued weak personal consumption accompanying rising prices, we revised our sales prices, benefited from lower raw materials prices, and reduced costs. Consequently, sales in Indonesia declined 8.0%, to ¥14,913 million, and operating income increased 14.4%, to ¥2,745 million.</p>	<p>Net Sales (Billions of yen)</p> <p>16.2 14.9</p> <p>73rd fiscal year 74th fiscal year Fiscal 2023 Fiscal 2024</p>
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Consolidated net sales and operating income by reporting segment

(Millions of yen)

	73rd fiscal year (previous fiscal year) (April 1, 2022, to March 31, 2023)		74th fiscal year (current fiscal year) (April 1, 2023, to March 31, 2024)		YOY change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Japan	196,838	23,597	192,354	17,965	-2.3%	-23.9%
United States	55,750	313	57,875	(1,197)	3.8	—
Australia	27,655	1,180	30,338	1,245	9.7	5.6
China	66,150	10,569	71,886	12,146	8.7	14.9
South Korea	32,094	705	31,874	16	-0.7	-97.7
Indonesia	16,203	2,400	14,913	2,745	-8.0	14.4
Others	30,537	4,875	30,943	4,361	1.3	-10.5
Adjustments	—	(2,223)	—	2,078	—	—
Net sales on the consolidated statements of income	425,229	41,418	430,186	39,362	1.2	-5.0

- Notes: 1. "United States" includes sales from subsidiaries in Canada and Mexico, 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 ¥263,839 million, up 2.0% year-on-year; kitchen appliances, ¥90,495 million, down 1.4%; air conditioning appliances, ¥21,746 million, down 0.9%; commercial-use equipment, ¥11,212 million, up 5.1%; other products, ¥42,891 million, up 1.7%.

Net sales by product

(Millions of yen)

	73rd fiscal year (previous fiscal year) (April 1, 2022, to March 31, 2023)		74th fiscal year (current fiscal year) (April 1, 2023, to March 31, 2024)		YOY change
	Amount	% of total	Amount	% of total	(%)
Water heaters	258,658	60.8	263,839	61.3	2.0
Kitchen appliances	91,780	21.6	90,495	21.0	-1.4
Air conditioning appliances	21,941	5.2	21,746	5.1	-0.9
Commercial-use equipment	10,669	2.5	11,212	2.6	5.1
Others	42,179	9.9	42,891	10.0	1.7
Total	425,229	100.0	430,186	100.0	1.2

(2) Consolidated Capital Expenditures

In the period under review, the Group's total capital expenditures amounted to ¥41,114 million. 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 operating environment to be highly uncertain, reflected by deteriorating business confidence stemming from rising prices and interest rates globally, as well as an unstable financial system and the protracted situation in the Middle East and Ukraine. Under these conditions, we expect the costs of procuring raw materials, components, and energy to remain high, while the market shifts from fossil fuels to renewable energy. Accordingly, we predict that business conditions will remain challenging.

In response, the Rinnai Group, committed to creating healthy and comfortable lifestyles, will provide a variety of products and services with the themes of “improving quality of life” and “addressing global environmental issues” under its medium-term business plan, New ERA 2025. At the same time, we are promoting 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 promoting spread of our ECO ONE hybrid water heaters with heating systems, which meet the needs of the times for higher energy-saving performance. In addition, we will work to further strengthen our supply chain to ensure a more stable supply of our products, which are daily necessities.

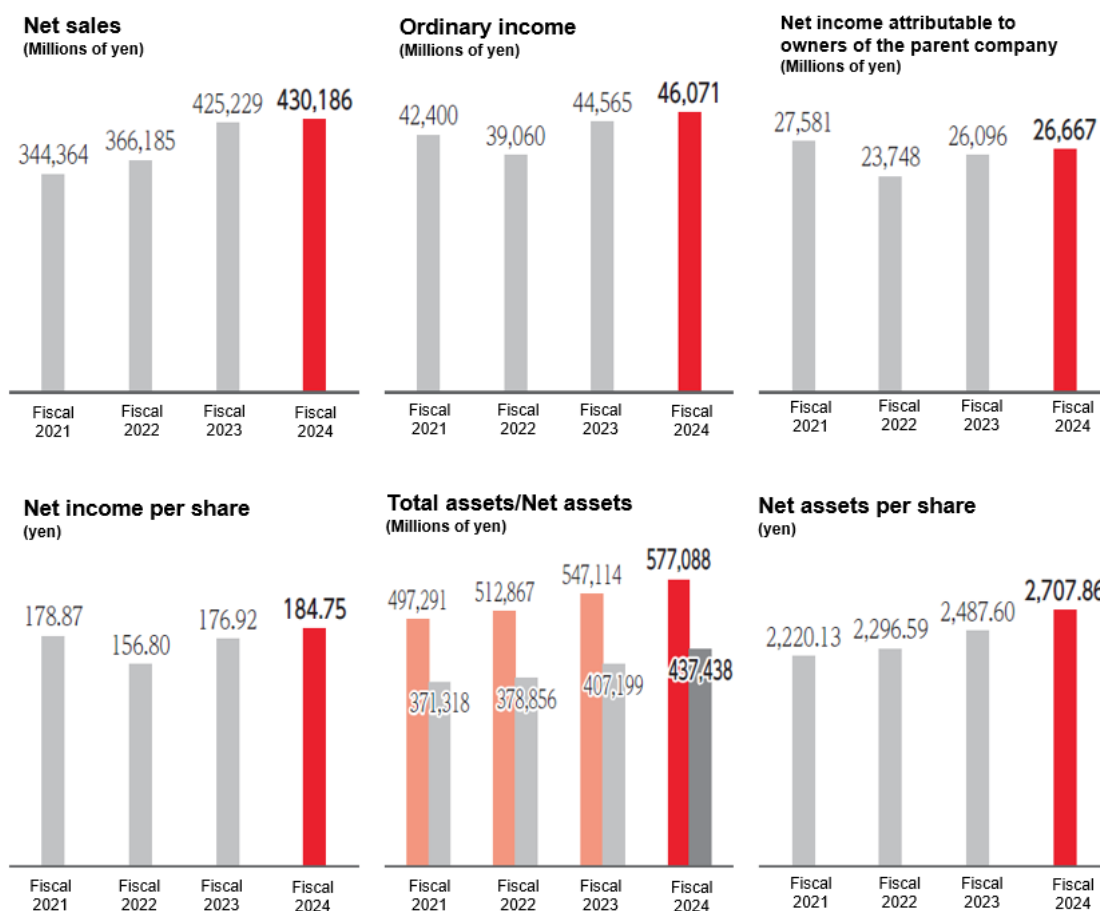
In the United States, we will help reduce CO₂ emissions by expanding sales of tankless water heaters, which are more energy-efficient than the storage-type water heaters widely used in that key market. In China, we will strengthen Internet sales, which are expected to grow, and expand the capacity of local production plants to broaden our range of offerings. At the same time, we will continue expanding our business into emerging countries and untapped regions. 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.

Our consolidated forecasts for the year ending March 2025 are as follows: Net sales of ¥450.0 billion (up 4.6% year on year), operating income of ¥45.0 billion (up 14.3%), ordinary income of ¥48.0 billion (up 4.2%), and net income attributable to owners of the parent company of ¥28.3 billion (up 6.1%).

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

	71st fiscal year (Year ended March 31, 2021)	72nd fiscal year (Year ended March 31, 2022)	73rd fiscal year (Year ended March 31, 2023)	74th fiscal year (Year ended March 31, 2024) (current fiscal year)
Net sales	344,364	366,185	425,229	430,186
Ordinary income	42,400	39,060	44,565	46,071
Net income attributable to owners of the parent company	27,581	23,748	26,096	26,667
Net income per share (yen)	178.87	156.80	176.92	184.75
Total assets	497,291	512,867	547,114	577,088
Net assets	371,318	378,856	407,199	437,438
Net assets per share (yen)	2,220.13	2,296.59	2,487.60	2,707.86

- 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, 2021.



(6) Significant Subsidiaries (As of March 31, 2024)

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, 2024)

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, 2024)**(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, 2024)

Number of employees	Increase (decrease) from previous fiscal year-end
10,837	-313

Notes: The above figures do not include temporary employees.

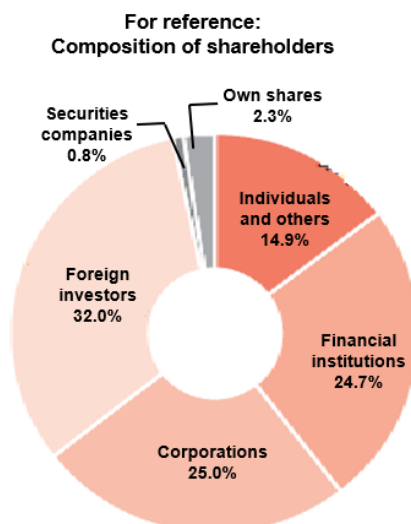
The average number of temporary employees during the fiscal year was 1,357.

2. Stock Information (As of March 31, 2024)

- (a) Number of authorized shares: **600,000,000**
 (b) Number of issued shares: **143,203,548**
 (Excluding 3,473,623 shares of treasury stock)
 (c) Number of shareholders: **7,251**

Notes:

- Pursuant to Article 184, Paragraph 2, of the Companies Act, the Corporation on April 1, 2023, amended Article 6 of its Articles of Incorporation, thus increasing the total number of authorized shares by 400,000,000, to 600,000,000 shares.
- On April 1, 2023, the Corporation executed a 3-for-1 stock split of shares of common stock. As a result, the total number of issued shares increased 100,042,114.
- The Corporation executed cancellation of treasury stock on December 14, 2023, and the total number of issued shares decreased 3,386,000.



(d) Major shareholders (top 10)

Name of shareholders	Number of shares (thousand)	Shareholding ratio (%)
Naito Co., Ltd.	18,647	13.02
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,821	11.74
Custody Bank of Japan, Ltd. (Trust Account)	10,117	7.06
Kenji Hayashi	7,369	5.14
Rinnai Scholarship Foundation	4,200	2.93
STATE STREET BANK AND TRUST COMPANY 505103	2,895	2.02
Tokyo Gas Co., Ltd.	2,352	1.64
STATE STREET BANK AND TRUST COMPANY 505224	2,342	1.63
National Mutual Insurance Federation of Agricultural Cooperatives	2,077	1.45
SSBTC CLIENT OMNIBUS ACCOUNT	1,887	1.31

Notes:

- Treasury stocks (3,473,623 shares) held by the Corporation are excluded from the above figures.
- Shareholding ratios are calculated by number of shares excluding treasury stock.
- According to the Report of Large Volume Holding (Change Report) dated August 22, 2023 (which is available for public inspection), Fidelity Investment Trust Co., Ltd. held 5,329,200 shares of Rinnai Corporation as of August 15, 2023 (shareholding ratio: 3.55%). However, the Corporation has not been able to confirm the number of shares actually held by Fidelity Investment Trust as of March 31, 2024, and therefore Fidelity Investment Trust is not included in the major shareholders listed above.

4. According to the Report of Large Volume Holding (Change Report) dated December 5, 2023 (which is available for public inspection), Nomura International PLC and Nomura Asset Management Co., Ltd. held the number of shares shown below as of November 30, 2023. However, the Corporation has not been able to confirm the number of shares actually held by Nomura Asset Management as of March 31, 2024, and therefore Nomura International and Nomura Asset Management are not included in the major shareholders listed above.

Name of shareholders	Number of shares held	Shareholding ratio (%)
Nomura International PLC	378,898	0.25
Nomura Asset Management Co., Ltd.	9,611,000	6.40
Total	9,989,898	6.66

5. According to the Report of Large Volume Holding (Change Report) dated February 8, 2024 (which is available for public inspection), NIPPON ACTIVE VALUE FUND PLC and Dalton Investments, Inc. held the number of shares shown below as of February 1, 2024. However, the Corporation has not been able to confirm the number of shares actually held by Dalton Investments as of March 31, 2024, and therefore NIPPON ACTIVE VALUE FUND and Dalton Investments are not included in the major shareholders listed above.

Name of shareholders	Number of shares held	Shareholding ratio (%)
NIPPON ACTIVE VALUE FUND PLC	1,000,000	0.68
Dalton Investments, Inc.	8,260,300	5.63
Total	9,260,300	6.31

(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)	5,269	3

Note: Please refer to page 34 “(4) Remuneration for Directors and Audit & Supervisory Board Members” regarding the Corporation’s stock compensation.

(f) Other significant matters related to stocks

1. At its meeting held on February 8, 2023, 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 191,220 shares of common stock from treasury stocks on April 24, 2023. As of March 31, 2024, the Corporation acquired 3,360 shares of treasury stock by free acquisition due to retirement and others.
2. The Corporation disposed 15,771 shares of common stock from treasury stocks on July 28, 2023, 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. At its meeting held on May 10, 2023, 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	3,386,000 shares
(3) Total value of shares acquired	¥9,999,744,616
(4) Acquisition period	May 11–August 24, 2023

4. At its meeting held on May 10, 2023, 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	3,386,000 shares
(3) Total value of shares cancelled	¥10,665,069,622
(4) Cancellation date	December 14, 2023

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, 2024)

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	Tsunenori Narita	Assistant to the President
Director and Senior Managing Executive Officer	Hideyuki Shiraki	Chief of Marketing & Sales Headquarters
Director and Senior Managing Executive Officer	Kazuto Inoue	Chief of Production Engineering Headquarter
Director	Nobuyuki Matsui	Outside director at Aichi Tokei Denki Co., Ltd. President at International Professional University of Technology in Nagoya
Director	Takashi Kamio	Chairman of Sasaeai, specified nonprofit corporation
Director	Tadashi Ogura	Outside director at Meiko Trans Co., Ltd.
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
Standing Audit & Supervisory Board Member	Kinji Mori	
Standing Audit & Supervisory Board Member	Masanori Shimizu	
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)
Audit & Supervisory Board Member	Ipei Watanabe	President of TRUTH & TRUST Law Office Outside d audit & supervisory Board member at Howa Machinery, Ltd.

- Notes:
1. Mr. Matsui, Mr. Kamio, Mr. Ogura, and Ms. Dochi are outside directors.
 2. Mr. Matsuoka and Mr. Watanabe (audit & supervisory board members) serve as outside auditors.
 3. Mr. Matsuoka is a certified public accountant and has considerable knowledge about accounting and finance.
 4. Mr. Watanabe 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. Matsui, Mr. Kamio, Mr. Ogura and Ms. Dochi (directors), and Mr. Matsuoka and Mr. Watanabe (Audit & Supervisory Board members) satisfy the conditions for being independent directors/auditors.
 6. Mr. Ishikawa, audit & supervisory board member, retired due to his resignation at completion of the 73rd Ordinary General Shareholders' Meeting held on June 29, 2023.
 7. Mr. Shimizu was newly elected to his current position at the 73rd Ordinary General Shareholders' Meeting held on June 29, 2023.

(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 2024, ended March 31, 2024

	Total Remuneration (Millions of yen)	Total Remuneration by Item (Millions of yen)			Recipients (persons)
		Basic component	Annual bonus	Restricted stock	
Directors (including outside directors)	350 (27)	261 (27)	72 (-)	16 (-)	9 (4)
Audit & Supervisory Board members (including outside members)	45 (13)	45 (13)	- (-)	- (-)	5 (2)
Total (including outside members)	396 (41)	307 (41)	72 (-)	16 (-)	14 (6)

Notes: 1. Compensation for directors does not include the employee portion in the case of directors who serve concurrently as employees.

2. 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).

3. The amount of performance-linked compensation (annual bonus) is determined based on the degree of achievement of targets for consolidated operating income and non-consolidated operating income, which are key performance indicators. The Corporation's financial results for the fiscal year under review are shown in the "Consolidated Statements of Income" on page 45 and the "Statements of Income" on page 47.

4. 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" on page 31.

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. As of March 31, 2024, 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 May 12, 2021, the Corporation's Board of Directors resolved to adopt policies on determining compensation for individual directors and rules for officer compensation. 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 29, 2023, 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 70:30 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



- Basic component
- Annual bonus
- Restricted stock

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 corporate performance-linked component (80%) and an individual performance-evaluation component (20%)</p> <ul style="list-style-type: none"> The corporate performance-linked component will range from 0% to 150% of the standard amount, depending on the degree of attainment of targeted consolidated operating income and non-consolidated operating income, which are key performance indicators of the Corporation The individual performance component will range from 0% to 150% of the standard amount, depending on major indicators of each director's area of responsibility and an evaluation of efforts towards medium- to long-term growth and ESG, etc. 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"> Basically, restricted stocks are granted every fiscal year, and transfer restrictions will be lifted in the event of a director's resignation

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. 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, ensuring more objectivity and transparency in the process of determining compensation.

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 2024) when necessary.

The following are the members of the Compensation Advisory Committee who deliberated policies for the 74th fiscal year and their activities during the fiscal year.

(Members)

- Nobuyuki Matsui, Outside Director (Chairman of the Committee)
- Takashi Kamio, Outside Director
- Tadashi Ogura, Outside Director
- Hiroyasu Naito, President and Representative Director

(Activities)

May 23, 2023: Decision of annual bonus for the 73rd fiscal year, and deliberation on compensation policies for the 74th fiscal year

June 29, 2023: Deliberation on selection of Compensation Advisory Committee Chairman and individual amounts of compensation for officers (directors) for the 74th fiscal year

Revision of policy for determining details of compensation for directors in 75th fiscal year

At a meeting of the Board of Directors held on April 25, 2024, the Corporation resolved to revise its policy for determining details of compensation for directors in the 75th fiscal year. This resolution is subject to objective deliberation by the Compensation Advisory Committee, consisting of a majority of outside directors. The revised policy for determining compensation is summarized in 1. through 5. 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.

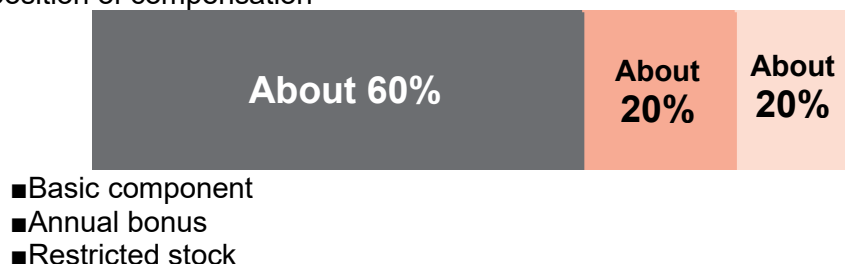
2. Structure of compensation

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. 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 a non-financial evaluation portion of annual bonuses and additional delivery of restricted stock based on corporate value evaluation, 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 2024) 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)

- Nobuyuki Matsui, Outside Director (Chairman of the Committee)
- Takashi Kamio, Outside Director
- Tadashi Ogura, Outside Director
- Hiroyasu Naito, President and Representative Director

(Activities)

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

(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	Nobuyuki Matsui	- Outside director at Aichi Tokei Denki Co., Ltd. - President at International Professional University of Technology in Nagoya	The Corporation has no special relationships with Aichi Tokei Denki Co., Ltd. or International Professional University of Technology in Nagoya
Director	Takashi Kamio	- Chairman of Sasaeai, a specified nonprofit corporation	The Corporation makes donations to Sasaeai, but the amounts are only ¥50,000 per year
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.
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 year

Title	Name	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings	Main Activities and Job Summary of Expected Role as Outside Directors
Director	Nobuyuki Matsui	15/15 (100%)	—	Actively express opinions at Board of Directors' meetings from a scholarly perspective based on his experience as a professor and university president. In particular, to supervise and provide advice as an expert in technology and technological development to ensure the adequacy and suitability of decision-making. Engaged as Chairman of the Nomination Advisory Committee and the Compensation Advisory Committee to select director candidates and decide directors' compensation from an

				objective and neutral standpoint.
Director	Takashi Kamio	15/15 (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 a member 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	10/11 (91%)	—	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 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	11/11 (100%)	—	Actively express opinions at Board of Directors' meetings based on her dialog with investors and extensive experience and deep insight into 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, 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.
Audit & Supervisory Board member	Masaaki Matsuoka	15/15 (100%)	16/16 (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	Ipei Watanabe	15/15 (100%)	16/16 (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.

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	65
Total monetary and other financial profits paid by the Corporation and its subsidiaries	74

- 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, 2024)

(Millions of yen)

ASSETS		LIABILITIES	
Current assets	341,437	Current liabilities	106,890
Cash and deposits	147,600	Notes and accounts payable	24,427
Notes and accounts receivable, and contract assets	91,694	Electronically recorded monetary claims	28,937
Electronically recorded monetary claims	12,879	Other payables	19,853
Marketable securities	8,068	Accrued consumption taxes	2,489
Products	41,699	Accrued income taxes	5,244
Raw materials and stores	39,953	Accrued employees' bonuses	6,159
Other	5,717	Allowance for product guarantee	4,806
Less allowance for doubtful accounts	(6,175)	Other	14,972
Fixed assets	235,650	Long-term liabilities	32,759
Property, plant and equipment	147,425	Deferred tax liabilities	16,023
Buildings and structures	60,632	Allowance for environmental measures	2,255
Machinery, equipment and vehicles	21,542	Net defined benefit liabilities	8,809
Tools, furniture and fixtures	4,692	Other	5,671
Land	49,306	Total liabilities	139,650
Leased assets	5,605	NET ASSETS	
Construction in progress	5,645	Shareholders' equity	346,470
Intangible fixed assets	3,642	Common stock	6,484
Investments and advances	84,582	Capital surplus	8,428
Investments in securities	40,834	Earned surplus	342,493
Net defined benefit assets	33,379	Treasury stock	(10,936)
Deferred income taxes	5,325	Other accumulated comprehensive income	41,304
Other	5,091	Unrealized gain on marketable securities	8,690
Less allowance for doubtful accounts	(48)	Foreign exchange translation adjustment	22,671
		Remeasurements of defined benefit plans	9,941
		Non-controlling interests	49,663
		Total net assets	437,438
Total assets	577,088	Total liabilities and net assets	577,088

Consolidated Statements of Income

(Year ended March 31, 2024)

(Millions of yen)

Net sales		430,186
Cost of sales		292,343
Gross profit		137,842
Selling, general and administrative expenses		98,479
Operating income		39,362
Other income		
Interest income	2,501	
Dividends received	479	
Foreign exchange income	2,340	
Other	2,303	7,625
Other expenses		
Interest expenses	79	
Loss on retirement of fixed assets	215	
Share buyback costs	156	
Depreciation	334	
Other	130	916
Ordinary income		46,071
Extraordinary income:		
Subsidy income	204	204
Extraordinary losses:		
Loss on reduction of fixed assets	134	
Impairment loss	220	355
Income before income taxes		45,921
Income taxes (current)	10,418	
Income taxes (deferred)	973	11,391
Net income		34,529
Net income attributable to non-controlling interests		7,862
Net income attributable to owners of the parent company		26,667

Nonconsolidated Balance Sheets

(As of March 31, 2024)

(Millions of yen)

ASSETS		LIABILITIES	
Current assets	117,964	Current liabilities	46,752
Cash and deposits	36,529	Accrued payable	14,368
Notes receivable	2,459	Electronically recorded monetary claims	17,664
Accounts receivable	40,007	Lease obligations	23
Electronically recorded monetary claims	11,209	Other payables	4,769
Marketable securities	6,204	Accrued expenses	735
Products	13,621	Accrued income taxes	3,364
Raw materials and stores	7,007	Deposits payable	157
Other	932	Accrued employees' bonuses	2,786
Less allowance for doubtful accounts	(9)	Allowance for product guarantees	806
Fixed assets	169,909	Other	2,076
Property, plant and equipment	74,794	Long-term liabilities	10,065
Buildings	26,086	Lease obligations	23
Structures	1,964	Accrued employees' retirement benefits	3,572
Machinery and equipment	5,948	Other	6,470
Vehicles and delivery equipment	85	Total liabilities	56,818
Tools, furniture and fixtures	2,022	NET ASSETS	
Land	35,678	Shareholders' equity	222,645
Leased assets	42	Common stock	6,484
Construction in progress	2,966	Capital surplus	8,743
Intangible fixed assets	1,441	Capital reserve	8,743
Software	1,080	Earned surplus	218,353
Other	360	Legal reserve	1,614
Investments and advances	93,673	Other legal reserve:	216,738
Investments in securities	39,671	General reserve	170,000
Stocks of affiliated companies	32,353	Retained earnings carried forward	46,738
Investments in affiliated companies	1,870	Treasury stock	(10,936)
Prepaid pension expenses	18,769	Other adjustments	8,409
Other	1,026	Unrealized gain on marketable securities	8,409
Less allowance for doubtful accounts	(18)	Total net assets	231,055
Total assets	287,873	Total liabilities and net assets	287,873

Nonconsolidated Statements of Income

(Year ended March 31, 2024)

(Millions of yen)

Net sales		210,525
Cost of sales		160,344
Gross profit		50,180
Selling, general and administrative expenses		35,073
Operating income		15,107
Other income		
Interest income and dividends received	7,433	
Foreign exchange income	2,186	
Other	1,503	11,122
Other expenses		
Loss on retirement of fixed assets	166	
Share buyback costs	156	
Depreciation	367	
Other	22	713
Ordinary income		25,516
Extraordinary income:		
Subsidy income	204	204
Extraordinary losses:		
Loss on reduction of fixed assets	134	
Impairment loss	220	355
Income before income taxes		25,366
Income taxes		
Current	4,991	
Deferred	546	5,538
Net income		19,828

(Translation: Accounting auditor's audits of consolidated financial statements)

ACCOUNTING AUDITOR'S REPORT

May 10, 2024

To the Board of Directors of
Rinnai Corporation:

Deloitte Touche Tohmatsu LLC
Nagoya Office
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Haruhisa Suzuki
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Kouji Kitaoka
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, 2024, 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, 2024, 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 express opinions about the consolidated financial statements, the Auditor is required to obtain adequate and reasonable audit evidence regarding the financial information of the Corporation and its consolidated subsidiaries. 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.

(Translation: Accounting auditor's audits of financial statements)

ACCOUNTING AUDITOR'S REPORT

May 10, 2024

To the Board of Directors of
Rinnai Corporation:

Deloitte Touche Tohmatsu LLC
Nagoya Office
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Haruhisa Suzuki
Designated Limited Liability Partner, Engagement Partner,
Certified Public Accountant: Kouji Kitaoka
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, 2024, 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, 2024, 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 74th financial period, from April 1, 2023, through March 31, 2024. 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, 2024.

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 17, 2024

The Audit & Supervisory Board, Rinnai Corporation.

Kinji Mori, Standing Audit & Supervisory Board Member
Masanori Shimizu, 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 74th Ordinary General Shareholders' Meeting

PLACE

Grand Banquet Hall “The Grand Court”, 7th floor, ANA CROWNE PLAZA Hotel Grand Court
NAGOYA 1-1-1, Kanayama-cho, Naka-ku, Nagoya

DIRECTIONS

- One-minute walk from South Gate of Kanayama Station (JR line, Meitetsu line, and subway)
- Five-minute ride from Nagoya Station (JR line or Meitetsu line) to Kanayama Station
- Ten-minute ride from Sakae Station (subway) to Kanayama Station

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.