

Consolidated Financial Results for Fiscal 2020

(April 1, 2019 - March 31, 2020)

May 8, 2020

Listed Company Name: Rinnai Corporation

Listings: First sections of the Tokyo and Nagoya Stock Exchanges (Securities Code: 5947)

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

Representative: Hiroyasu Naito, President

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Date of the General Meeting of Shareholders: June 26, 2020

Anticipated date to begin distributing dividends: June 29, 2020

Anticipated date for releasing annual securities report: June 26, 2020

Supplemental information sheets of financial results: Yes

Information meeting of financial results: Yes (for analysts and institutional investors)

1. Performance for the Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020; Amounts less than one million yen are omitted)

(1) Consolidated Operating Results (Years ended March 31)

(Percentage figures in columns indicate increase or decrease from the previous term.)

(¥ millions /%)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net income Attributable to Owners of the Parent Company (% change)
Fiscal 2020	340,460 (-2.2)	34,422 (+11.5)	35,679 (+7.1)	21,561 (+5.3)
Fiscal 2019	348,022 (+0.3)	30,879 (-6.0)	33,318 (-2.8)	20,480 (-3.4)

Note: Comprehensive income:

Year ended March 31, 2020: ¥24,339 million (+41.3%)

Year ended March 31, 2019: ¥17,230 million (-40.5%)

	Net Income per Share (¥)	Fully Diluted Net Income per Share (¥)	Ratio of Net Income to Equity Capital (%)	Ratio of Ordinary Income to Total Assets (%)	Ratio of Operating Income to Net Sales (%)
Fiscal 2020	419.49	—	7.0	8.1	10.1
Fiscal 2019	398.45	—	7.0	7.8	8.9

References: Equity in earnings of companies accounted for using the equity method:

Year ended March 31, 2020: ¥(14) million Year ended March 31, 2019: ¥- million

(2) Consolidated Financial Position (at March 31)

(¥ millions)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
Fiscal 2020	450,486	340,959	70.1	6,140.52
Fiscal 2019	430,885	320,696	69.4	5,819.80

(Reference) Equity capital: Year ended March 31, 2020; ¥315,615 million

Year ended March 31, 2019; ¥299,136 million

(3) Consolidated Cash Flows (Years ended March 31)

(¥ millions)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Fiscal 2020	37,694	(7,124)	(6,436)	140,138
Fiscal 2019	29,479	(7,288)	(6,150)	116,133

2. Dividends

	Dividend per Share				
	1st Quarter (¥)	Interim (¥)	3rd Quarter (¥)	Fiscal Year- End (¥)	Full Year (¥)
Fiscal 2019	—	46.00	—	48.00	94.00
Fiscal 2020	—	48.00	—	50.00	98.00
Fiscal 2021 (anticipated)	—	55.00	—	55.00	110.00

	Total Dividends (Full Year) (¥ millions)	Consolidated Payout Ratio (%)	Consolidated Ratio of Dividends to Net Assets (%)
Fiscal 2019	4,831	23.6	1.6
Fiscal 2020	5,037	23.4	1.6
Fiscal 2021 (anticipated)		—	

Note: Composition of interim dividends of Fiscal 2021 (anticipated);
common dividends ¥50.00,
memorable dividends of the 100th anniversary of its founding ¥5.00
Composition of year-end dividends of Fiscal 2021 (anticipated);
common dividends ¥50.00,
memorable dividends of the 100th anniversary of its founding ¥5.00

3. Forecast for the Fiscal Year Ending March 31, 2021

(April 1, 2020, to March 31, 2021)

Due to COVID-19 infections, which have spread to affect the entire world, it is difficult to make reasonable calculations about our business outlook at the present time. For this reason, our consolidated business forecasts for the fiscal year ending March 2021 are undecided. Going forward, we will carefully monitor the impact of the disease on our business performance, and we will disclose our forecasts as soon as we can make reasonable judgments.

* Notes

- (1) Changes in scope of consolidation of major subsidiaries during the period: **None**
Newly included one company — (Company name: —): Excluded — (Company name: —)
- (2) Changes in accounting policies; changes in accounting estimates; retrospective restatement
 - (a) Changes due to revision of accounting standard: Yes
 - (b) Other changes than (a): None
 - (c) Changes in the rules for the accounting estimates: None
 - (d) Retrospective restatement: None
- (3) Number of Outstanding Shares (Common Stock)
 - (a) Number of outstanding shares at fiscal year-end (including treasury stock)
Year ended March 31, 2020: 51,616,463 shares
Year ended March 31, 2019: 51,616,463 shares
 - (b) Number of treasury stock at fiscal year-end
Year ended March 31, 2020: 217,646 shares
Year ended March 31, 2019: 216,771 shares
 - (c) Average number of shares during the term
Year ended March 31, 2020: 51,399,210 shares
Year ended March 31, 2019: 51,399,853 shares

References: Summary of Nonconsolidated Results

1. Nonconsolidated Performance for the Year Ended March 31, 2020

(April 1, 2019 to March 31, 2020; Amounts less than one million yen are omitted)

(1) Nonconsolidated Operating Results (Years ended March 31) (¥ millions)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net Income (% change)
Fiscal 2020	207,805 (+0.9)	17,359 (+18.9)	20,295 (+6.7)	15,058 (+6.2)
Fiscal 2019	206,015 (+2.0)	14,602 (-5.0)	19,026 (+3.0)	14,175 (+2.3)

(Percentage figures in columns indicate increase or decrease from the previous term.)

	Net Income per Share (¥)	Fully Diluted Net Income per Share (¥)
Fiscal 2020	292.97	—
Fiscal 2019	275.78	—

(2) Nonconsolidated Financial Position (at March 31) (¥ millions)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
Fiscal 2020	270,011	220,548	81.7	4,290.93
Fiscal 2019	259,682	210,865	81.2	4,102.46

(Reference) Equity capital: Year ended March 31, 2020; ¥220,548 million

Year ended March 31, 2019; ¥210,865 million

* This report is exempt from an auditing process.

* Note on appropriate use of performance forecasts, and other specified notes

Performance forecasts contained in this document are based on information currently available and certain judgments deemed by the Corporation to be reasonable. No intent is implied of promise by the Corporation to achieve such forward-looking statements. Actual results may differ significantly from such forecasts due to various factors.

*Supplemental information sheets of financial results are posted on the Corporation's website on Friday, May 8, 2020.

I. Consolidated Performance

(1) Fiscal Year in Review

In the fiscal year under review (April 1, 2019 - March 31, 2020), the world economy was characterized by uncertainty about the future, reflecting economic slowdown in Europe and China and trade issues between the United States and China. This was despite moderate economic recovery in the United States. In addition, the end of the period saw an increasing sense of stagnation due to restraint of economic activity accompanying the spread of COVID-19 infections.

In Japan, the economy continued recovering moderately, buoyed by improved corporate earnings and employment conditions. However, weaknesses emerged, especially in the manufacturing industry, after the consumption tax hike. Furthermore, the outlook remains extremely uncertain amid the widespread impact of infectious diseases.

The domestic housing industry saw moderate declines in new housing starts—both rental and owner-occupied properties—while price competition in some areas of the housing appliance market led to a downward trend in sales prices after the consumption tax increase.

The fiscal period under review was the second year of the Rinnai Group's medium-term business plan, "G-shift 2020," which started in April 2018. Under the plan (with the slogans "heat and lifestyles" and "health and lifestyles"), we strove to help improve living standards in the global market. In addition to existing offerings, we sought to create unique products and services by incorporating and applying new technologies into our core technologies. In Japan, for example, we launched a micro-bubble bath unit that keeps users warm even after bathing, and overseas we released a combination boiler with improved water heating performance.

With respect to revenue, we posted a decline in net sales, mainly reflecting lower sales in South Korea and China. On the earnings side, we reported an increase in operating income thanks to higher domestic sales and cost reductions in Japan, as well as healthy sales of tankless water heaters in the United States.

As a result, consolidated net sales for the year amounted to ¥340,460 million, down 2.2% from the previous year. Operating income rose 11.5%, to ¥34,422 million, and ordinary income climbed 7.1%, to ¥35,679 million. Net income attributable to owners of the parent company increased 5.3%, to ¥21,561 million.

Our results by geographical segment were as follows:

Japan

In Japan, we enjoyed growth in sales of gas clothes dryers and mid-level and high-end built-in hobs (stovetops), as well as improved profits stemming from ongoing cost reduction activities. This was despite a recoil in demand for mainstay water heater with bath-filling

system and some built-in hobs (stovetops) following the consumption tax hike. (There was a rush in such demand ahead of the consumption tax hike.) As a result, sales in Japan edged up 0.1% year on year, to ¥181,072 million, and operating income rose 19.0%, to ¥20,703 million,

United States

In the United States, we enjoyed a 9.0% increase in sales, to ¥33,133 million, thanks to growing sales of highly convenient tankless water heaters, as well as an increase the proportion of high-grade, high-efficiency water heaters sold. Operating income jumped 30.0%, to ¥1,939 million.

Australia

Our business in Australia benefited from healthy sales of mainstay tankless water heaters, as well as steady sales of storage-type water heaters, air conditioners, and other electric equipment. Due to foreign exchange factors, however, sales declined 5.1%, to ¥23,652 million. Operating income fell 74.0%, to ¥392 million, due to rising purchasing costs stemming from depreciation of the local currency.

China

In China, we reported a 3.9% year-on-year decrease in sales, to ¥44,226 million, due to a significant decline in demand for boilers in rural areas. However, operating income rose 28.5%, to ¥6,410 million, thanks to increased sales of mainstay water heaters—driven mainly by online sales—and the inclusion of Guangzhou Rinnai Gas and Electric Appliance Co., Ltd. in the scope of consolidation.

South Korea

In South Korea, sales fell 16.0% year on year, to ¥27,695 million, as market contraction stemming from economic slowdown, as well as an onslaught of low-priced models offered by other companies, led to a decrease in sales of mainstay gas stoves and boilers. We posted an operating loss of ¥17 million.

Indonesia

In Indonesia, we reported an 11.8% decline in sales, to ¥10,699 million, due to lack of strength in the market for mainstay tabletop stoves. This was despite recovery in sales of high-priced built-in hobs (stovetops) and range hoods. Operating income declined 5.1%, to ¥1.6 billion.

References 1: Net sales by product

(¥ millions)

	Year ended March 31, 2019 (April 1, 2018, to March 31, 2019)		Year ended March 31, 2020 (April 1, 2019, to March 31, 2020)		Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	202,630	58.2	196,122	57.6	(6,507)	(3.2)
Kitchen appliances	88,322	25.4	86,193	25.3	(2,128)	(2.4)
Air conditioning appliances	19,642	5.6	18,901	5.6	(741)	(3.8)
Commercial-use equipment	8,452	2.4	8,556	2.5	103	1.2
Others	28,974	8.3	30,685	9.0	1,711	5.9
Total	348,022	100.0	340,460	100.0	(7,561)	(2.2)

References 2: Overseas sales

(¥ millions)

	Year ended March 31, 2019 (April 1, 2018, to March 31, 2019)			Year ended March 31, 2020 (April 1, 2019, to March 31, 2020)		
	Asia	Other regions	Total	Asia	Other regions	Total
I. Overseas sales	108,744	66,757	175,502	98,819	68,089	166,909
II. Consolidated net sales	—	—	348,022	—	—	340,460
III. Composition ratio of overseas sales to consolidated net sales	31.2%	19.2%	50.4%	29.0%	20.0%	49.0%

Note: Overseas sales of the above indicate sales of the Corporations in overseas countries or regions.

(2) Financial Position

As of March 31, 2020, the Rinnai Group had total assets of ¥450,486 million, up ¥19,601 million from a year earlier. This rise stemmed mainly from an increase in cash and deposits.

Total liabilities fell ¥661 million, to ¥109,527 million, due to a decrease in notes and accounts payable.

Net assets were up ¥20,262 million, to ¥340,959 million, boosted by net income attributable to owners of the parent company.

As a result, the equity ratio at fiscal year-end was 70.1%.

(3) Cash Flows

Cash and cash equivalents at March 31, 2020, stood at ¥140,138 million, up ¥24,005 million, or 20.7%, from a year earlier.

Net cash provided by operating activities amounted to ¥37,694 million, up 27.9% from the previous year. Main factors included the secured operating income and a cash decrease due to income taxes paid.

Net cash used in investing activities totaled ¥7,124 million, down 2.3% from the previous year. Main factors were purchases of tangible fixed assets.

Net cash used in financing activities was ¥6,436 million, up 4.7% from the previous year. Main factors were payment of dividends.

(4) Outlook for the Year Ending March 2021

The outlook for the fiscal year ending March 2021 is becoming more and more uncertain due to economic stagnation stemming from the global spread of COVID-19 infections. In Japan, as well, emergency declarations by the government have led to a significant reduction in economic activity.

During the year, Rinnai Group will celebrate the 100th anniversary of its founding. In response to the aforementioned challenges, we will offer various products and services under the themes of “heat and lifestyles” and “health and lifestyles”—serving as a company that creates healthy and comfortable lifestyles.

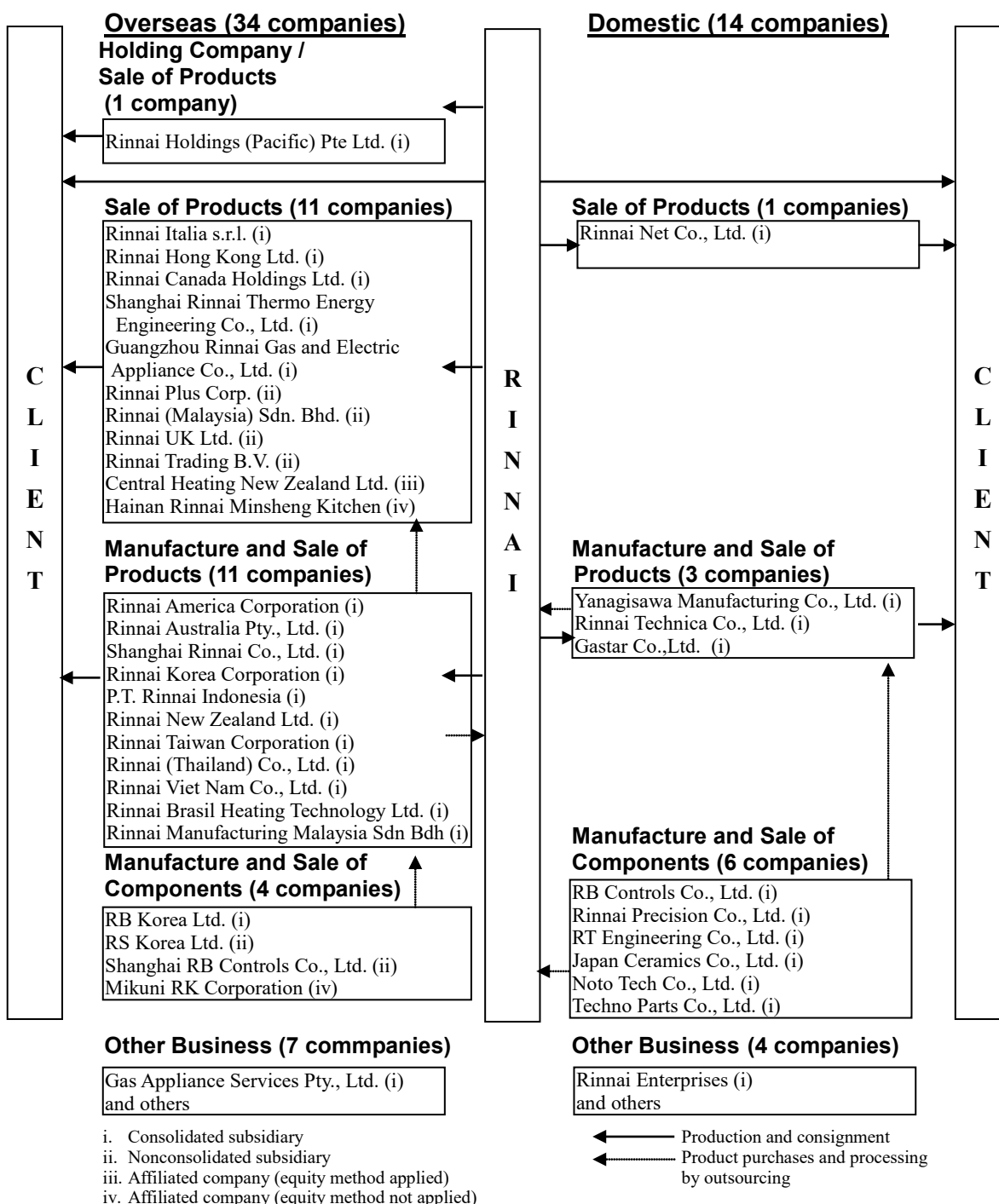
In Japan, we will promote the popularization of products with exceptional environmental and energy-efficiency performances. These include our *ECO ONE* hybrid water heaters with heating systems. In addition, we will strengthen sales of highly distinctive products, such as gas clothes dryers, dishwasher/dryers, and range hoods. We will also offer other services that deploy next-generation information technology, including an app that enables automatic cooking on *Delicia*-brand stoves. In overseas markets, as well, we will emphasize the comfort and environmental performance of our water heaters and promote increase recognition of Rinnai as a global brand.

Although our products are powerfully distinguished as daily necessities and enjoy a high replacement ratio, our business is being affected by COVID-19 infections, which have spread to affect the entire supply chain. It is difficult to predict the degree to which this will impact the Rinnai Group’s business activities and, at this time, to make reasonable calculations about our business outlook. For these reasons, our consolidated business forecasts for the fiscal year ending March 2021 are undecided.

Going forward, we will strive to determine how the spread of infectious diseases will impact our business activities. We will disclose our consolidated business forecasts for the year ahead swiftly, as soon as we are able to make proper and reasonable calculations.

II. Outline of Rinnai Group Companies

The Rinnai Group consists of the parent company, 45 subsidiaries, and three affiliated companies, for a total of 49 companies. These include 36 consolidated subsidiaries, and an affiliated company (equity method applied). The Group is primarily engaged in the manufacture and sale of heating appliances and components, and related businesses. The Group's structure and business flow are shown below.



III. Basic Policy Regarding Selection of Accounting Standard

The Rinnai Group has prepared these consolidated financial statements based on to the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), except for Chapters 7 and 8. With respect to application of international accounting standards, the Group's policy is to respond appropriately after considering various circumstances in Japan and overseas.

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

(¥ millions)

	At March 31, 2019 (Year ended March 31, 2019)	At March 31, 2020 (Year ended March 31, 2020)
	Amount	Amount
ASSETS		
Current assets		
Cash and deposits	140,264	167,090
Notes and accounts receivable	67,687	67,776
Electronically Recorded Monetary Claims	9,290	8,199
Marketable securities	17,126	6,364
Products	28,988	27,490
Raw materials and stores	16,728	17,138
Other	2,281	2,743
Less allowance for doubtful accounts	(1,476)	(2,090)
Total current assets	280,891	294,713
Fixed assets		
Property, plant and equipment		
Buildings and structures	71,878	73,355
Accumulated depreciation	(37,306)	(38,762)
Buildings and structures (net)	34,571	34,592
Machinery and vehicles	61,574	62,956
Accumulated depreciation	(44,076)	(45,958)
Machinery and vehicles (net)	17,497	16,997
Tools and fixtures	38,647	37,582
Accumulated depreciation	(33,185)	(32,852)
Tools and fixtures (net)	5,461	4,730
Land	22,795	22,697
Lease assets	317	4,220
Accumulated depreciation	(181)	(792)
Lease assets (net)	135	3,428
Construction in progress	2,392	2,187
Total property, plant and equipment	82,854	84,633
Intangible fixed assets	5,743	3,480
Investments and advances		
Investments in securities	36,912	40,865
Net defined benefit assets	18,960	20,741
Deferred income taxes	3,277	3,613
Other	2,303	2,496
Less allowance for doubtful accounts	(58)	(58)
Total investments and advances	61,395	67,659
Total fixed assets	149,993	155,773
Total assets	430,885	450,486

(¥ millions)

	At March 31, 2019 (Year ended March 31, 2019)	At March 31, 2020 (Year ended March 31, 2020)
	Amount	Amount
LIABILITIES		
Current liabilities		
Notes and accounts payable	20,446	18,392
Electronically recorded obligations	32,057	30,851
Other payables	14,860	14,828
Accrued consumption taxes	2,228	2,882
Accrued income taxes	4,863	4,834
Accrued employee's bonuses	4,540	4,497
Allowance for product guarantee	3,947	3,504
Other	5,405	6,814
Total current liabilities	88,350	86,607
Long-term liabilities		
Deferred tax liabilities	6,746	7,717
Allowance for environmental measures	2,255	2,255
Net defined benefit liabilities	10,401	9,503
Other	2,435	3,443
Total long-term liabilities	21,838	22,919
Total liabilities	110,188	109,527
NET ASSETS:		
Shareholders' equity:		
Common stock	6,459	6,459
Capital surplus	8,756	8,756
Earned surplus	276,143	293,807
Treasury stock	(1,864)	(1,870)
Total shareholders' equity	289,495	307,153
Other accumulated comprehensive income:		
Unrealized gain on marketable securities	5,599	5,144
Foreign exchange translation adjustment	(488)	(1,908)
Remeasurements of defined benefit plans	4,529	5,225
Total other accumulated comprehensive income	9,640	8,461
Non-controlling interests	21,560	25,343
Total net assets	320,696	340,959
Total liabilities and net assets	430,885	450,486

2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(¥ millions)

	Fiscal 2019 (April 1, 2018, to March 31, 2019)	Fiscal 2020 (April 1, 2019, to March 31, 2020)
	Amount	Amount
Net sales	348,022	340,460
Cost of Sales	235,915	227,885
Gross Profit	112,106	112,575
Selling, general and administrative expenses		
Transportation and packing	8,645	9,447
Advertising	4,508	3,729
Sales promotion	10,235	9,763
Transfer to allowance for product guarantee	4,058	3,513
Salary and bonuses	25,642	24,591
Transfer to allowance for employee's bonuses	2,163	2,174
Retirement benefit expenses	826	416
Depreciation	1,976	2,594
Other	23,169	21,920
Total selling, general and administrative expenses	81,227	78,153
Operating income	30,879	34,422
Other income:		
Interest income	888	1,083
Dividends received	508	400
Foreign exchange income	318	—
Other	1,086	844
Total other income	2,801	2,328
Other expenses:		
Interest expenses	3	48
Foreign exchange loss	—	506
Loss on retirement of fixed assets	256	360
Other	102	154
Total other expenses	362	1,070
Ordinary income	33,318	35,679
Extraordinary income:		
Subsidy income	69	—
Total extraordinary income	69	—
Extraordinary losses:		
Special retirement expenses	—	844
Loss on reduction of fixed assets	69	—
Loss on devaluation of investments in securities	153	—
Total extraordinary losses	222	844
Income before income taxes	33,164	34,834
Income taxes:		
Current	8,799	8,852
Deferred	363	292
Total income taxes	9,162	9,144
Net income	24,001	25,690
Net income attributable to non-controlling interests	3,521	4,128
Net income attributable to owners of the parent company	20,480	21,561

Consolidated Statements of Comprehensive Income

(¥ millions)

	Fiscal 2019 (April 1, 2018, to March 31, 2019)	Fiscal 2020 (April 1, 2019, to March 31, 2020)
	Amount	Amount
Net income	24,001	25,690
Other comprehensive income		
Unrealized gain on marketable securities	(985)	(455)
Foreign exchange translation adjustment	(6,488)	(1,577)
Remeasurements of defined benefit plans	703	682
Equity equivalents in equity method affiliates	—	(0)
Total other comprehensive income	(6,771)	(1,350)
Comprehensive income	17,230	24,339
Total comprehensive income attributable to:		
Owners of Rinnai Corporation	15,007	20,379
Non-controlling interest	2,222	3,960

3. Consolidated Statements of Shareholders' Equity

Fiscal 2019 (April 1, 2018, to March 31, 2019)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current term	6,459	8,756	258,814	(1,860)	272,170
Net changes during the current term					
Dividends paid			(4,728)		(4,728)
Net income attributable to owners of the parent company			20,480		20,480
Acquisition of treasury stock				(3)	(3)
Retirement of treasury stock					—
Transfer from earned surplus to capital surplus					—
Change in the scope of consolidation			1,576		1,576
Net other changes than shareholders' equity during the current term					
Total net changes during the current term	—	—	17,328	(3)	17,324
Balance at the end of current term	6,459	8,756	276,143	(1,864)	289,495

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on marketable securities	Foreign exchange translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of current term	6,583	4,682	3,846	15,112	20,682	307,965
Net changes during the current term						
Dividends paid						(4,728)
Net income attributable to owners of the parent company						20,480
Acquisition of treasury stock						(3)
Retirement of treasury stock						—
Transfer from earned surplus to capital surplus						—
Change in the scope of consolidation						1,576
Net other changes than shareholders' equity during the current term	(984)	(5,171)	683	(5,472)	878	(4,594)
Total net changes during the current term	(984)	(5,171)	683	(5,472)	878	12,730
Balance at the end of current term	5,599	(488)	4,529	9,640	21,560	320,696

Fiscal 2020 (April 1, 2019, to March 31, 2020)

(¥ millions)

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current term	6,459	8,756	276,143	(1,864)	289,495
Net changes during the current term					
Dividends paid			(4,934)		(4,934)
Net income attributable to owners of the parent company			21,561		21,561
Acquisition of treasury stock				(6)	(6)
Change in the scope of consolidation			1,037		1,037
Net other changes than shareholders' equity during the current term					
Total net changes during the current term	—	—	17,664	(6)	17,658
Balance at the end of current term	6,459	8,756	293,807	(1,870)	307,153

	Other accumulated comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on marketable securities	Foreign exchange translation adjustment	Remeasurements of defined benefit plans	Total other accumulated comprehensive income		
Balance at the beginning of current term	5,599	(488)	4,529	9,640	21,560	320,696
Net changes during the current term						
Dividends paid						(4,934)
Net income attributable to owners of the parent company						21,561
Acquisition of treasury stock						(6)
Change in the scope of consolidation						1,037
Net other changes than shareholders' equity during the current term	(455)	(1,419)	695	(1,179)	3,783	2,604
Total net changes during the current term	(455)	(1,419)	695	(1,179)	3,783	20,262
Balance at the end of current term	5,144	(1,908)	5,225	8,461	25,343	340,959

4. Consolidated Statements of Cash Flows

(¥ millions)

	Fiscal 2019 (April 1, 2018, to March 31, 2019)	Fiscal 2020 (April 1, 2019, to March 31, 2020)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	33,164	34,834
Depreciation and amortization	11,876	12,134
(Increase) decrease in net defined benefit assets	(706)	(1,087)
Increase (decrease) in net defined benefit liabilities	260	(471)
Interest and dividends income	(1,396)	(1,483)
Special retirement expenses	—	844
Decrease (increase) in trade receivables	(2,749)	4,749
Decrease (increase) in inventories	(4,004)	436
Increase (decrease) in trade payables	(2,640)	(5,580)
Increase (decrease) in accrued consumption taxes	1,573	630
Increase (decrease) in other liability	(850)	90
Other	1,884	485
Subtotal	36,410	45,583
Interest and dividends received	1,386	1,540
Subsidy income received	450	254
Interest paid	(2)	(44)
Special retirement expenses paid	—	(696)
Income taxes paid	(8,765)	(8,942)
Net cash provided by operating activities	29,479	37,694
Cash flows from investing activities		
Transfers to time deposits	(42,960)	(38,269)
Withdrawals from time deposits	41,515	35,480
Purchases of securities	(597)	(853)
Proceeds from redemption of securities	753	1,749
Purchases of tangible fixed assets	(14,157)	(9,742)
Proceeds from sales of tangible fixed assets	351	68
Purchases of intangible fixed assets	(915)	(651)
Purchases of investments in securities	(7,629)	(8,939)
Proceeds from sales/and redemption of investments in securities	16,631	14,662
Other	(278)	(628)
Net cash used in investing activities	(7,288)	(7,124)
Cash flows from financing activities		
Dividends paid	(4,729)	(4,933)
Dividends paid to non-controlling interests	(1,344)	(838)
Other	(76)	(664)
Net cash used in financing activities	(6,150)	(6,436)
Effect of exchange rate fluctuations on cash and cash equivalents	(1,626)	(377)
Net increase (decrease) in cash and cash equivalents	14,413	23,755
Cash and cash equivalents at beginning of year	101,697	116,133
Increase in cash and cash equivalents due to newly consolidation	21	249
Cash and cash equivalents at end of year	116,133	140,138

5. Notes to Consolidated Financial Statements

Notes regarding the assumption of a going concern

There are no relevant items.

(Change in Accounting Treatment)

Application of “Leases” (IFRS No. 16)

Effective from the first quarter of the current fiscal year, the Corporation has applied “Leases” (IFRS No. 16) to some of its foreign subsidiaries and using this as an accounting treatment for lessees, has, in principle, recorded assets and liabilities for all leases on its quarterly consolidated balance sheets. The Corporation applied an accepted transitional measure that recognizes a cumulative impact amount as of the application start date.

Note that the impact on quarterly consolidated statements due to application of this accounting treatment is minimal.

Segment Information

(1) Summary of Reportable Segments

With respect to its business segments, Rinnai is able to obtain delineated financial data from among its structural units. Accordingly, its segments are subject to regular examination in order to assist decision-making on allocation of managerial resources and evaluation of business performance.

The Rinnai Group is engaged mainly in the production and sales of heat appliances. The Corporation (parent company) and domestic subsidiaries are in charge of business activities in Japan, while overseas subsidiaries in United States, Australia, and elsewhere are in charge of business activities in the respective regions. Local subsidiaries operate as independently managed units. With respect to products handled, they advance their operations based on their comprehensive strategies for their specific regions.

Accordingly, the reportable segments of the Corporation, which are geographic segments based on its production and sales system, consist of six regions: Japan, United States, Australia, China, South Korea, and Indonesia.

(2) Calculation Methods of Sales, Income, Assets, and Other Items by Reportable Segment

Accounting treatments of the reportable segments of the Corporation are much the same in the accounting treatments of Consolidated Financial Statements.

Income of the reportable segment indicates figures based on operating income.

(3) Sales and Income (Loss), Assets, and Other Items by Reportable Segment

Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(¥ millions)

	Reportable Segments							Others (Note 1)	Adjustments (Note 2, 3)	Amounts in Consolidated Statements of Income (Note 4)
	Japan	United States	Australia	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	180,821	30,390	24,921	46,009	32,953	12,136	327,232	20,789	—	348,022
Intersegment sales	35,012	—	111	1,667	1,089	703	38,585	2,639	(41,225)	—
Total	215,834	30,390	25,033	47,676	34,042	12,840	365,817	23,429	(41,225)	348,022
Segment Income	17,390	1,491	1,509	4,989	112	1,686	27,179	3,344	354	30,879
Segment Assets	323,137	14,126	21,253	35,212	20,127	11,948	425,806	27,394	(22,314)	430,885
Others										
Depreciation	8,207	146	381	980	1,292	362	11,371	504	—	11,876
Amortization of goodwill	129	—	223	—	—	142	495	—	—	495
Increase in property, plant and equipment and intangible fixed assets (Note 5)	8,902	1,891	233	1,584	852	167	13,632	777	—	14,409

Notes:1. "Others" include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.

2. "Adjustments" of income refers to intersegment transactions to eliminate.

3. "Adjustments" of assets refers to intersegment transactions to eliminate.

4. "Income" is adjusted from operating income in Consolidated Statements of Income.

5. "Increase in property, plant and equipment and intangible fixed assets" do not include increase due to newly consolidation

Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(¥ millions)

	Reportable Segments							Others (Note 1)	Adjustments (Note 2, 3)	Amounts in Consolidated Statements of Income (Note 4)
	Japan	United States	Australia	China	South Korea	Indonesia	Total			
Net sales										
Sales to outside customers	181,072	33,133	23,652	44,226	27,695	10,699	320,481	19,979	—	340,460
Intersegment sales	35,632	—	108	1,744	955	563	39,004	2,417	(41,421)	—
Total	216,704	33,133	23,760	45,971	28,651	11,263	359,485	22,396	(41,421)	340,460
Segment Income (loss)	20,703	1,939	392	6,410	(17)	1,600	31,029	2,976	416	34,422
Segment Assets	334,369	16,162	21,558	42,535	17,762	12,514	444,903	29,064	(23,482)	450,486
Others										
Depreciation	7,732	297	553	1,500	1,196	333	11,613	520	—	12,134
Investments in company to which equity method applied	—	—	—	—	—	—	—	279	—	279
Amortization of goodwill	129	—	212	—	—	—	341	—	—	341
Increase in property, plant and equipment and intangible fixed assets (Note 5)	7,856	807	439	835	505	181	10,624	607	—	11,232

Notes: 1. "Others" include sales from subsidiaries in Taiwan, Thailand, Vietnam, New Zealand, Brazil and other regions.

2. "Adjustments" of income (loss) refers to intersegment transactions to eliminate.

3. "Adjustments" of assets refers to intersegment transactions to eliminate.

4. "Income (loss)" is adjusted from operating income (loss) in Consolidated Statements of Income.

5. "Increase in property, plant and equipment and intangible fixed assets" do not include increase due to newly consolidation

Per Share Data

	Fiscal 2019 (April 1, 2018, to March 31, 2019)	Fiscal 2020 (April 1, 2019, to March 31, 2020)
1. Net assets per share	¥5,819.80	¥6,140.52
2. Net income per share	¥398.45	¥419.49

Notes: 1. Fully diluted net income per share is not indicated because there is no residual equity.

2. Net assets per share are calculated based on the following amounts.

	Fiscal 2019 (April 1, 2018, to March 31, 2019)	Fiscal 2020 (April 1, 2019, to March 31, 2020)
Net assets	¥320,696 million	¥340,959 million
Deduction from net assets	¥21,560 million	¥25,343 million
[Non-controlling interest]	[¥21,560 million]	[¥25,343 million]
Net assets at year-end related to common shares	¥299,136 million	¥315,615 million
Number of common shares at year-end used in calculations	51,399,692 shares	51,398,817 shares

3. Net income per share is calculated based on the following amounts.

	Fiscal 2019 (April 1, 2018, to March 31, 2019)	Fiscal 2020 (April 1, 2019, to March 31, 2020)
Net income attributable to owners of the parent company	¥20,480 million	¥21,561 million
Amount not attributable to common shares	— million	— million
Net income attributable to owners of the parent company related to common shares	¥20,480 million	¥21,561 million
Average number of shares during the term	51,399,853 shares	51,399,210 shares

Subsequent Events

There are no relevant items.