

Financial Results for First Quarter of Fiscal 2021, ending March 31, 2021

August 6, 2020

Rinnai Corporation

Rinnai

Fiscal 2021 (1Q): Consolidated Performance Overview

Net sales: ¥68.5 billion (down 7.2% year on year)

Decline due to spread of COVID-19 mainly in China

Operating income: ¥4.2 billion

(down 6.2 %) [operating income to net sales ratio: 6.2%]

Down due to lower net sales despite steadily continuing cost reduction activities

Ordinary income: ¥4.6 billion

(down 8.1%) [ordinary income to net sales ratio: 6.8%]

Decline due to fall in operating income

Net income attributable to owners of the parent company: **¥3.7 billion**

(up 14.6%) [net income to net sales ratio: 5.5%]

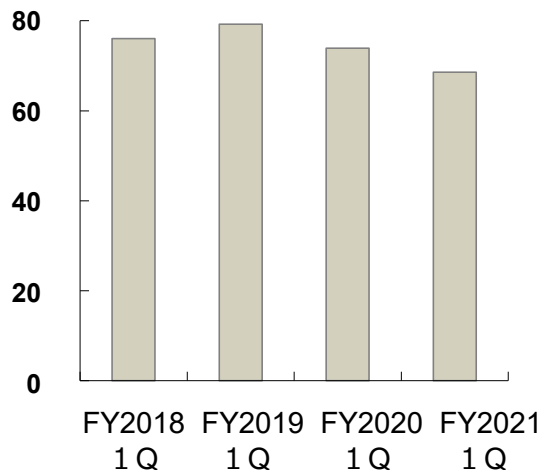
Increase thanks to gain on sales of investment securities (reported as extraordinary income)

- Entered the final year of the medium-term business plan “G-shift 2020” amid difficult global conditions
- Signs of recovery despite lower revenue and earnings ; ready to announce forecasts for fiscal 2021

Fiscal 2021 (1Q) : Consolidated Financial Results

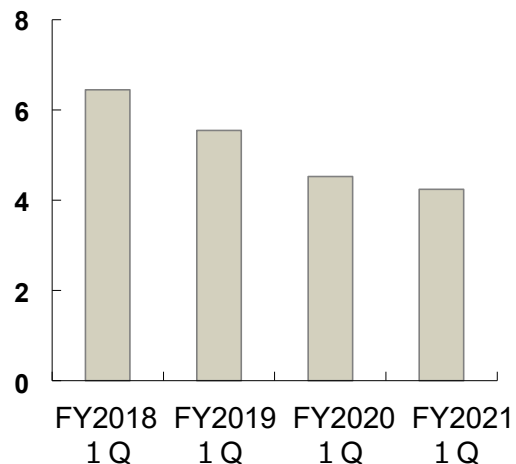
Net Sales

[Billions of Yen]



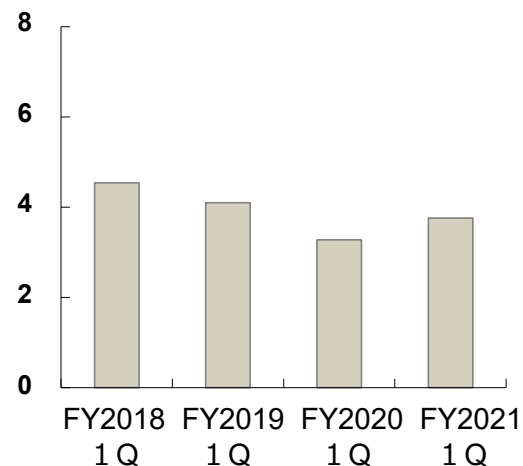
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Both net sales and operating income fell below the previous corresponding period, significantly impacted by results in China and Japan

Fiscal 2021 (1Q): Net Sales by Product

[Billions of Yen]	Fiscal 2020 1Q		Fiscal 2021 1Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	42.98	58.1%	38.94	56.8%	-4.04	-9.4%
Kitchen appliances	18.69	25.3%	17.95	26.2%	-0.74	-4.0%
Air conditioning appliances	3.42	4.6%	2.75	4.0%	-0.66	+19.4%
Commercial-use equipment	1.81	2.5%	1.79	2.6%	-0.02	-1.5%
Others	7.00	9.5%	7.13	10.4%	+0.13	+1.9%
Total	73.93	100.0%	68.58	100.0%	-5.34	-7.2%

Fiscal 2021 (1Q): Consolidated Sales/Income Results

[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	68.58	-7.2%	4.24	-6.2%	6.2%	+0.1P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	41.26	-10.3%	2.52	-8.8%	6.1%	+0.1P
Domestic	21.10	-10.2%	0.29	-29.0%	1.4%	-0.4P
Overseas	34.83	-7.7%	1.19	-20.8%	3.4%	-0.6P
Total	97.20	-9.4%	4.02	-14.4%	4.1%	-0.2P

Impact of spread of COVID-19

Japan

Emergency declarations had negative impact; improvements since lifting of declarations, but no full-scale recovery in first quarter

- April–May: Cancellation of events; self-restraint in sales activities, etc.
Despite a year-on-year decline in monthly sales, the rate of decline remained small thanks to stable replacement demand
- June: Posted record-high monthly sales thanks to higher Stay-at-home consumption demand
- No effect of parts supply and production

Overseas

Varying impact depending on region; only slight overall impact on Group

- United States: Healthy performance driven by growth in south where impact was minimal
- China: Demand bottomed out in February due to economic activity regulations, but started recovering in March
- Australia: Strong sales of room heaters owing to prolonged teleworking period and peak demand period

Fiscal 2021 Performance Forecast

《Consolidated》		Medium-Term Business Plan “G - shift 2020”					
[Billions of Yen]		Fiscal 2019 Plan	Fiscal 2019 Actual	Fiscal 2020 Plan	Fiscal 2020 Actual	Fiscal 2021 Revised plan	YOY Change
Net Sales		360.0	348.0	356.0	340.4	325.0	−4.5%
Breakdown	Domestic	180.0	172.5	176.0	173.5	170.0	−2.0%
	Overseas	180.0	175.5	180.0	166.9	155.0	−7.1%
	(Overseas sales ratio)	50.0%	50.4%	50.6%	49.0%	47.7%	−1.3pt
Operating Income		36.0	30.8	32.0	34.4	32.0	−7.0%
Operating Margin		10.0%	8.9%	9.0%	10.1%	9.8%	−0.3pt

Rinnai (non-consolidated basis), Fiscal 2021 (1Q) Results

Performance

Fiscal 2021 (1Q) net sales ¥41.26 billion

- Decline in sales limited to around 10% thanks to firm replacement demand for daily necessities
- Operating income down 8.8%, helped by continuous cost reductions
- Healthy performances by gas clothes dryers and dishwasher/dryers



Gas clothes dryers



Dishwasher/dryers

[Billions of Yen]	Fiscal 2020 1Q	Fiscal 2021 1Q	YOY Change
Net Sales	46.01	41.26	-10.3%
Operating Income	2.77	2.52	-8.8%

[Sales Volume in Japan]

	YOY Change
Water heater with heating systems (including hybrid water heater)	-6.8% (-12.8%)
Water heater with bath-filling systems	-8.6%
Built-in hobs (stovetops)	-8.9%
Gas clothes dryers	+35.7%
Dishwashers	+11.2%

Changes in Lifestyles and Consumer Sentiment

Raising health-consciousness

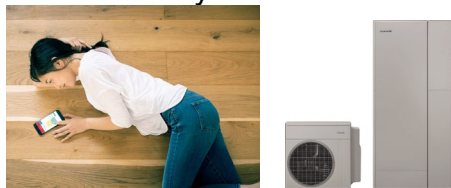
► Micro bubble bath unit

Hot bath and relaxing bathing effect



► Floor heating, ECO ONE

Windless heating that warms a room from the floor up; Improved thermal environment and lower utility costs



Increasing demand as more and more people stay at home

► Clothes dryers

Significant reduction in housework thanks to excellent drying power of gas
Received Japan Child Care Grand Advocate Grand Prize 2020



► Dishwasher/dryers

Reduces burden of cleaning up after eating; water-saving benefit contributes to the environment



► Built-in hobs (stovetops)

Automatic cooking functions to meet increasing demand for at-home dining



New Kitchen Products/Services that Support at-home Dining and Healthy Living

DELICIA AC100V type

Flagship model stove
Model change with refined
interface design to handle
everyday use
Launch: September 1, 2020



Compatible app: +R Recipe
Compatible with DELICIA series
Updated automatic cooking app with
added recipes for everyday use; more
than 400 recipes included



SAFULL

2-burner type for elderly users
Model change with added voice
guidance and enhanced safety
Launch: August 3, 2020



Rinnai America, Fiscal 2021 (1Q) Results

Performance

Established:1974

Fiscal 2021 (1Q) net sales ¥8.87 billion

Record-high

- Significant increase in operating income thanks to higher sales of water heaters and effective sales promotion activities
- Growing demand for tankless water heaters (both high-efficiency and mass-market type)



SENSEI™
SENSEI series,
high-efficiency
tankless water heaters

[Billions of Yen]	Fiscal 2020 1Q	Fiscal 2021 1Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	7.79	8.87	+13.8%	+15.1%
Operating Income	0.23	0.55	+140.6%	+143.3%

[Sales Volume]	YOY Change
Tankless water heaters	+17.0%
High-efficiency models of total	+13.4%

Rinnai America, Fiscal 2021 (1Q) Results

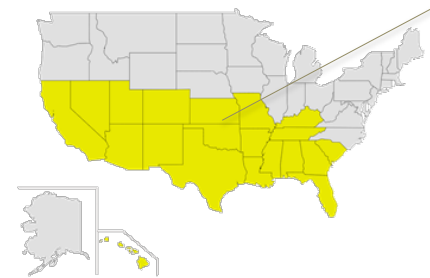
Expanding market for tankless water heaters

Despite COVID-19 impact on water heater sales in parts of the northeast, we enjoyed higher water heater sales in the west and south, resulting in **net sales increase in excess of water heater market growth (13.4%)**.

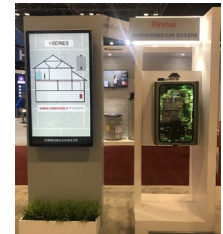
Effective PR activities to promote Rinnai products

We undertook effective PR activities to promote Rinnai products, including “Try Rinnai Tour” (convoy of large vans traveling all over North America) and continuous exhibitions. **As a result, operating income jumped 140.6% year on year.**

Unit sales of water heaters in western and southern regions (1Q)



[Unit sales growth]
+17.6% YoY



Rinnai booth, at Exhibition hosted by Air Conditioning, Heating, and Refrigeration Institute (AHRI)

Shanghai Rinnai, Fiscal 2021 (1Q) Results

Performance

Established: 1993

Fiscal 2021 (1Q) net sales ¥5.25 billion

- Restrained sales activities due to **widespread economic activity restrictions**
- Pace of recovery after economic reopening **differed according to sales channel**
- Sales bottomed out in February and recovered in March; ongoing recovery in Internet sales
 - Internet sales: +84% YoY (Jan–Mar 2020, cumulative)
- Reported 1Q sales decline and operating loss, but **business was less depressed than industry in general**



Gas water heaters



Boilers



Table-top cookers

[Billions of Yen]	Fiscal 2020 1Q	Fiscal 2021 1Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	7.78	5.25	-32.5%	-29.0%
Operating Income	0.31	-0.47	-	-

[Sales Volume]	YOY Change
Water heaters	-35.6%
Table-top cookers	-49.5%
Range hoods	-28.2%
Boilers	-30.6%

P.T. Rinnai Indonesia, Fiscal 2021 (1Q) Results

Performance

Established:1988

Fiscal 2021 (1Q) net sales ¥2.84 billion

- Healthy sales of tabletop stoves thanks to continuous sales promotion activities
- Growth in sales of both built-in hobs (stovetops) and range hoods owing to launch of new products



Built-in hob (stovetops) and range hood launched in 2019

[Billions of Yen]	Fiscal 2020 1Q	Fiscal 2021 1Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	2.28	2.84	+24.6%	+27.5%
Operating Income	0.20	0.56	+173.5%	+180.0%

[Sales Volume]	YOY Change
Table-top cookers	+21.4%
Built-in hobs (Stovetops)	+8.8%

Other Consolidated Subsidiaries, Fiscal 2021 (1Q) Results

Rinnai Australia

Performance

Established:1971

Sales of tankless water heaters and room heaters were strong, and net sales increased by 1.1% in local-currency terms, but we posted an operating loss due to lower yen-based sales (due to forex factors) and higher purchasing costs stemming from depreciation of local currency.

[Billions of Yen]	Fiscal 2020 1Q	Fiscal 2021 1Q	YOY Change (yen)	YOY Change (local currency)	[Sales Volume]	YOY Change
Net Sales	5.46	5.04	-7.6%	+1.1%	Tankless water heaters	+13.5%
Operating Income	-0.02	-0.08	-	-	Electric tank-based water heaters	+3.4%
					Room heaters	+20.1%
					Room air conditioners	-30.3%

Rinnai Korea

Performance

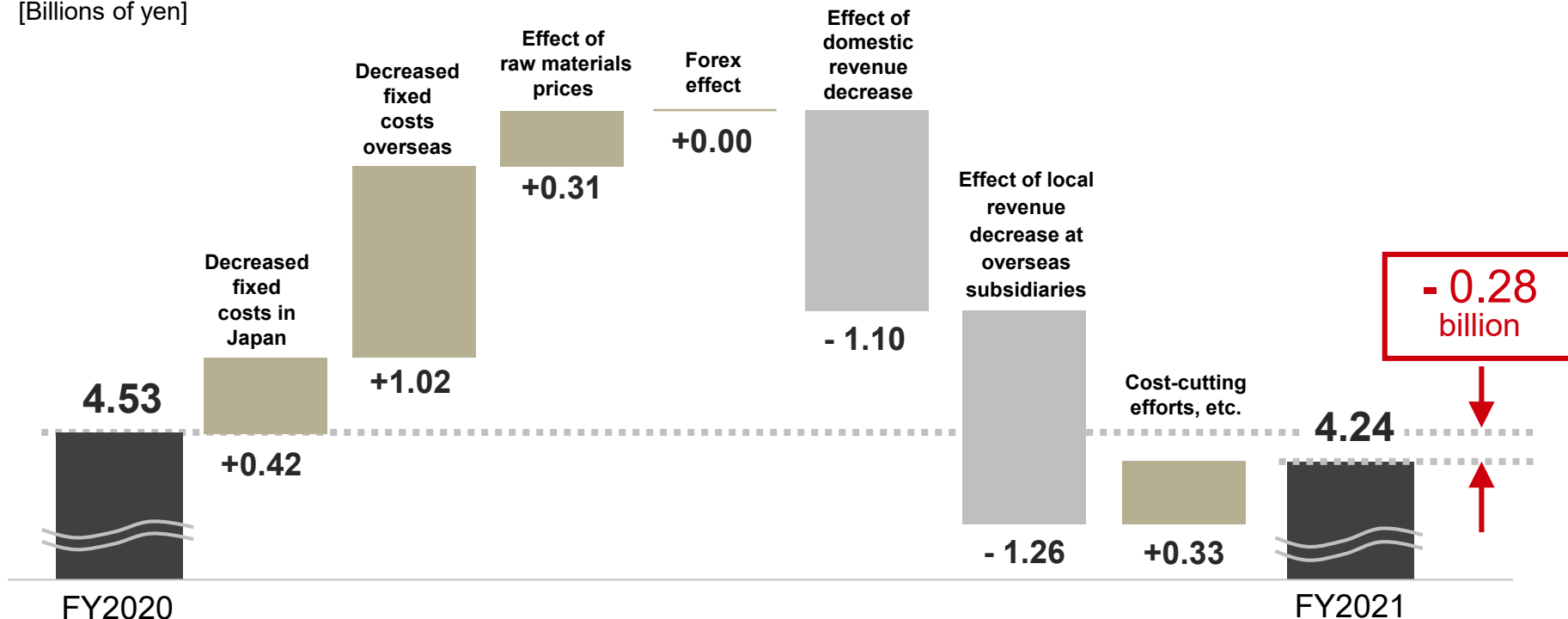
Established:1974

Concerns about COVID-19 led to a decrease in visitors to retail stores, which prevented growth in sales of gas stoves and led to decrease in net sales and an operating loss.

[Billions of Yen]	Fiscal 2020 1Q	Fiscal 2021 1Q	YOY Change (yen)	YOY Change (local currency)	[Sales Volume]	YOY Change
Net Sales	7.40	6.49	-12.3%	-5.5%	Boilers	-6.2%
Operating Income	-0.01	-0.03	-	-	Gas stoves	-11.6%
					IH cooking heaters	-26.7%

Fiscal 2021 (1Q): Consolidated Operating Income Analysis

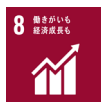
[Billions of yen]



Environmental Initiatives

Received “Award for Excellence” at the 2019 Environmental Leadership Development Awards for second consecutive year

In recognition of our environmental human resource development initiatives, including our in-house awards system, as well as improvements across the supply chain



In-house award system: Rinnai Environmental Grand Prize

In recognition of Groupwide encouragement of environmental contribution activities (awards given annually since 2010)



Support for TCFD

Strengthening analyses of and responses to business risks and opportunities arising from climate change, and increasing disclosure of relevant financial information



TCFD (Task Force on Climate-related Financial Disclosures) is a taskforce established by the Financial Stability Board (FSB), an international agency consisting of the central banks and financial regulatory agencies of major countries, and provides the framework for climate-related financial disclosures.

Performance forecasts and other future-oriented predictions contained in these materials are based on the Company's judgments using available information. Actual results may differ from such forecasts and predictions due to changing future circumstances.