

Financial Results for First Three Quarters of Fiscal 2021, ending March 31, 2021

February 10, 2021

Rinnai Corporation

Rinnai

Fiscal 2021 (3Q) : Consolidated Performance Overview

Net sales: ¥ 245.5 billion (down 2.5% year on year)

Recovery trend taking hold both in Japan and overseas, leading to reduction in scope of sales decline

Operating income: ¥27.7 billion

(up 13.6% year on year; operating income to net sales ratio: 11.3%)

Relentlessly cut costs and captured stay-at-home demand, resulting in return to increased income

Record-high level

Ordinary income: ¥28.8 billion

(up 13.4% year on year, ordinary income to net sales ratio: 11.8%)

Up thanks to increase in operating income

Record-high level

Net income attributable to owners of the parent company: ¥19.3 billion

(up 26.0%, net income to net sales ratio: 7.9%)

Up thanks to increase in ordinary income

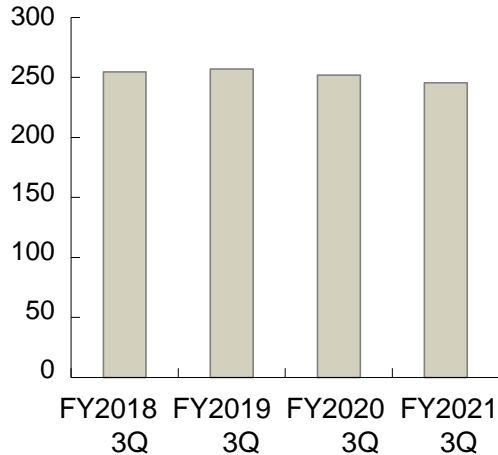
Record-high level

- Strong recovery (well above expectations) in final year of the medium-term business plan, "G-Shift 2020"
- Cost reduction activities and growth in sales of high-value-added products led to improved profitability; performance forecasts to be revised

Fiscal 2021 (3Q) : Consolidated Financial Results

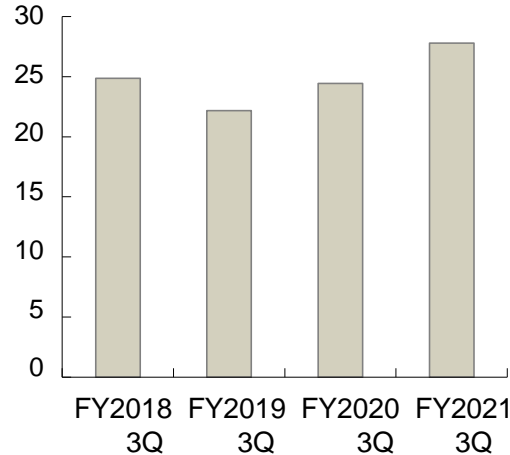
Net Sales

[Billions of Yen]



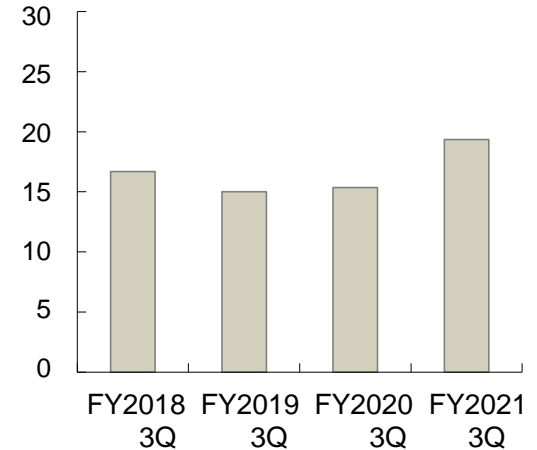
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Accelerated pace of profit improvement as scope of sales decline narrows;
expecting record-high income for the full year

Fiscal 2021 (3Q): Net Sales by Product

[Billions of Yen]	Fiscal 2020 3Q		Fiscal 2021 3Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	141.79	56.3%	135.26	55.1%	-6.53	-4.6%
Kitchen appliances	66.32	26.3%	66.47	27.1%	+0.15	+0.2%
Air conditioning appliances	14.69	5.8%	14.25	5.8%	-0.43	-3.0%
Commercial-use equipment	6.26	2.5%	5.66	2.3%	-0.59	-9.5%
Others	22.77	9.0%	23.84	9.7%	+1.06	+4.7%
Total	251.85	100.0%	245.50	100.0%	-6.34	-2.5%

Fiscal 2021 (3Q): Consolidated Sales/Income Results

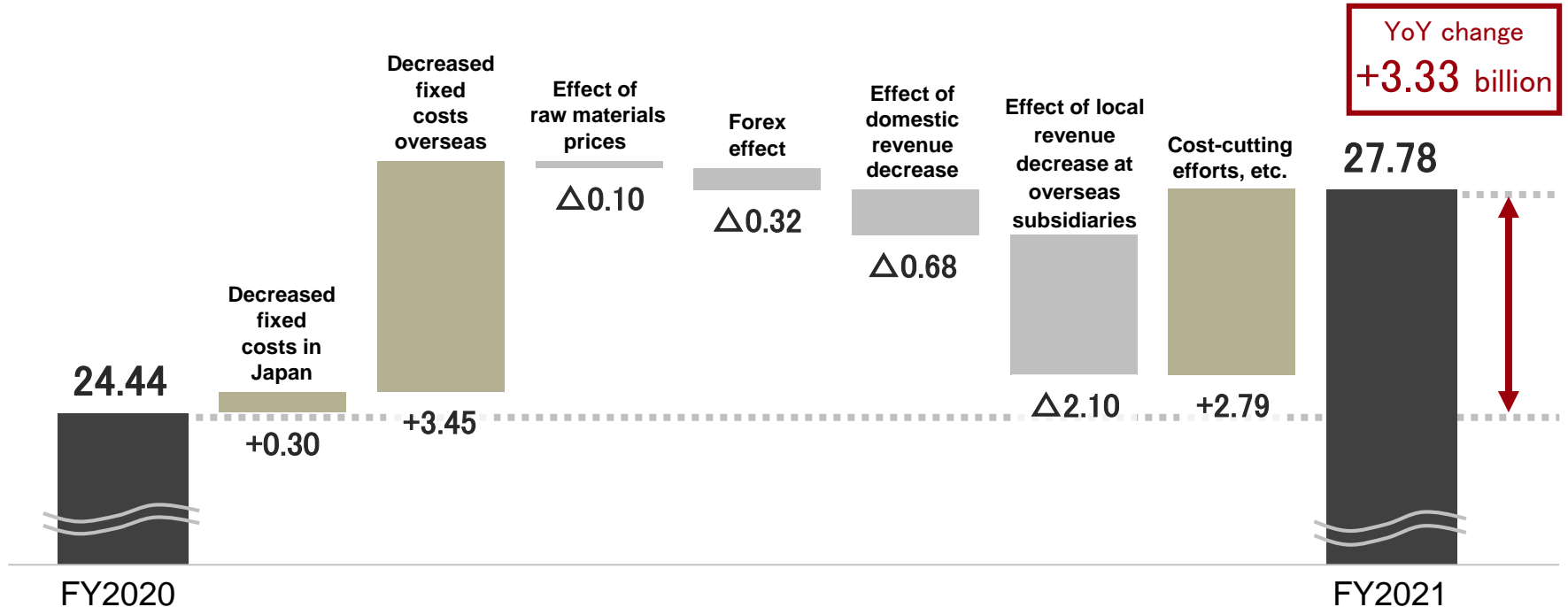
[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	245.50	-2.5%	27.78	+13.6%	11.3%	+1.6P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	156.08	-1.0%	15.12	+7.1%	9.7%	+0.7P
Domestic	75.91	-2.7%	3.06	+9.1%	4.0%	+0.4P
Overseas	117.60	-3.9%	8.96	+26.9%	7.6%	+1.9P
Total	349.60	-2.4%	27.15	+13.2%	7.8%	+1.1P

Fiscal 2021 (3Q): Consolidated Operating Income Analysis

[Billions of yen]



Revision of consolidated performance forecasts for fiscal 2021

[Billions of Yen]	Previous forecast (A)	Revised forecast (B)	Difference (B – A)	Change (%)	Fiscal 2020 (Actual)	(For references) YOY Change
Net sales	325.0	340.0	+15.0	+4.6%	340.4	-0.1%
Operating income	32.0	38.5	+6.5	+20.3%	34.4	+11.8%
Ordinary income	33.0	40.0	+7.0	+21.2%	35.6	+12.1%
Net income attributable to owners of the parent company	21.5	25.7	+4.2	+19.5%	21.5	+19.2%

- Japan: Performance recovery thanks to stay-at-home demand, increased sales of growth items, and efforts to reduce costs
- Overseas: Better-than-expected recovery in various regions, including United States where business is strong; performance forecasts revised upwards

Rinnai (non-consolidated basis), Fiscal 2021 (3Q) Results

Performance

Fiscal 2021 (3Q) net sales **¥156.08 billion**

- Healthy sales of gas stoves with automatic cooking functions; sales of water heaters recovering since autumn
- Accelerating growth in sales of gas clothes dryers and dishwasher/dryers
- Returned to operating income growth despite slight decrease in sales



Gas clothes dryers



Dishwasher/dryers

[Sales Volume in Japan]

YOY Change

Water heater with heating systems (hybrid water heater)

-1.6%
(-6.0%)

Water heater with bath-filling systems of total

-4.8%

Built-in hobs (stovetops)

-3.7%

Gas clothes dryers

+37.1%

Dishwashers

+3.6%

[Billions of Yen]	Fiscal 2020 3Q	Fiscal 2021 3Q	YOY Change
Net Sales	157.73	156.08	-1.0%
Operating Income	14.12	15.12	+7.1%

Rinnai Corporation (Non-Consolidated) Topics: Gas Clothes Dryers

● Promotions via media and the Web

- Aggressive advertising strategy using TV commercials and newspaper advertisements
- Updated website and tied up with social media to promote the comfort and good feeling of living with a gas clothes dryer

Rinnai × RoomClip
乾太くん OWNER'S VOICE

Introducing room interiors and lifestyles of gas clothes dryer users through tie-up with "RoomClip" (lifestyle- and home-related social media platform)



● Virtuous cycle based on word of mouth

Increased user experience posts on social media
Received many positive comments (such as "less time spent on housework" and "fluffy finish"), leading to greater product recognition

Selected among Best Products in
"Room Clip Award 2020"



Our *Kanta-kun* gas clothes dryer was selected among 21 products that support people's lives in 2020

Rinnai Corporation (Non-Consolidated) Topics: Micro Bubble Bath Unit

- Benefits of Micro Bubble Bath Unit and user feedback
(Excerpt from official Micro Bubble Bath Unit website)

Surprises and excitement

Made me feel luxurious and relaxed without leaving my home.

Benefits of hot baths

After finishing my bath, my body felt warm like I'd been in a hot spring, and I didn't seem to get cold easily.

Moisturizing

The bubbles were very fine, giving me a mellow feeling in the bath.

Cleansing and relaxing effects

Amazing bathing experience thanks to overwhelming volume of bubbles

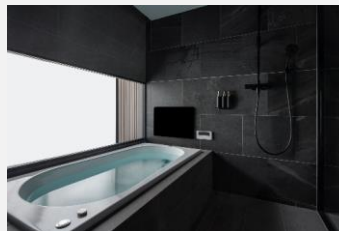
Future growth expected due to differentiating factors in the water heater sector



Large number of air bubbles created through Rinnai's unique technology

“Micro Bubble Bath Unit Room” opened at our Hot.Lab Hamamatsucho experiential showroom in Tokyo.

In this space, modeled after a luxury overseas hotel, Rinnai proposes a high-quality, comfortable lifestyle with amazing bathing experiences.



Rinnai America, Fiscal 2021 (3Q) Results

Performance

Established:1974

Fiscal 2021 (3Q) net sales ¥25.45 billion

- Continued growth in remodeling and replacement demand from stay-at-home households
- Sales of tankless water heaters expanding as people relocate to the suburbs



SENSEI™
SENSEI series,
high-efficiency
tankless water heaters

[Billions of Yen]	Fiscal 2020 3Q	Fiscal 2021 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	23.89	25.45	+6.6%	+8.4%
Operating Income	1.21	1.24	+2.4%	+4.2%

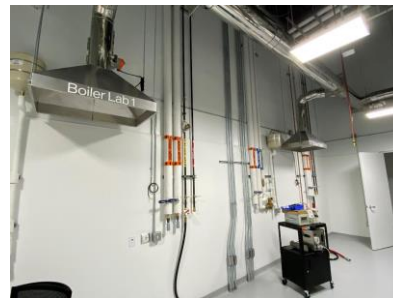
[Sales Volume]	YOY Change
Tankless water heaters	+11.6%
High-efficiency models of total	+9.9%

Rinnai America Topics

● Opening of Innovation Center

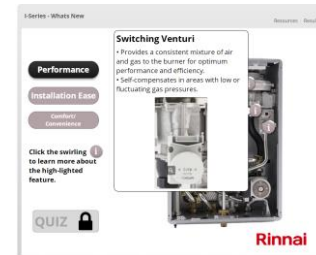
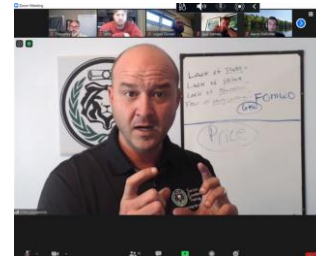
Our Innovation Center was opened in July 2020 to spearhead local product development in the United States.

- Upgraded boiler test equipment and environmental test room
- Opened test facility for new development of local products in the United States



● Conducted online training for installers

We enhanced online training for installers to promote understanding of Rinnai water heaters as a measure against COVID-19



Shanghai Rinnai, Fiscal 2021 (3Q) Results

Performance

Established: 1993

Fiscal 2021 (3Q) net sales ¥25.60 billion

- The pace of recovery will further increase, driven by Internet sales.
 - Internet sales up 18% year on year (July–September quarter)
- Sales of mainstay water heaters have been steady since July, resulting in higher profit for the three-quarter period.



Gas water heaters



Boilers



Table-top cookers

[Billions of Yen]	Fiscal 2020 3Q	Fiscal 2021 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	29.74	25.60	-13.9%	-10.6%
Operating Income	2.55	3.13	+22.8%	+27.5%

[Sales Volume]	YOY Change
Water heaters	-10.3%
Table-top cookers	-25.7%
Range hoods	-5.8%
Boilers	-3.8%

Shanghai Rinnai Topics

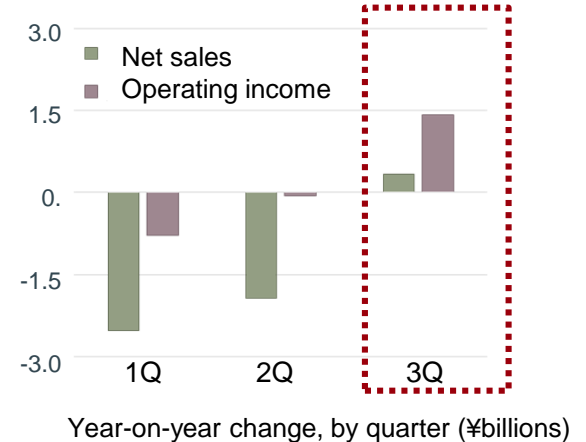
- Recovery from the COVID-19 pandemic and growth in Internet sales led to higher sales and income in the single (third) quarter.
 - Our business performance bottomed out in February and then recovered, reaching year-on-year levels in June, also boosted by the return of water heaters since July.
 - Internet sales were strong against the backdrop of changes in purchasing behavior in China, word-of-mouth, and the use of live commerce.

Some reviews about Rinnai water heaters on major e-commerce sites

“Comfortable to use even in cold winters thanks to consistent temperature,” “high quality,” “opulent design and quiet operation,” “quick installation,” etc.



Utilization of live commerce



Expanded lineup of water heaters with instant hot water circulation units.

- Water heaters with instant hot water circulation units, which provide warm water instantly, are seizing greater market share, mainly in urban areas in China.
- We expanded our lineup to capture growing demand for instant hot water.



Rinnai Australia, Fiscal 2021 (3Q) Results

Performance

Established: 1971

Fiscal 2021 (3Q) net sales ¥18.35 billion

- Healthy sales of both tankless and electric tank-based water heaters
- Growth in sales of room heaters as more people stayed at home due to COVID-19



Tankless water heaters



Electric tank-based water heaters

[Billions of Yen]	Fiscal 2020 3Q	Fiscal 2021 3Q	YOY Change (yen)	YOY Change (local currency)
Net Sales	18.23	18.35	+0.7%	+5.2%
Operating Income	0.86	0.88	+1.9%	+6.4%

[Sales Volume]

YOY Change

Tankless water heaters	+4.4%
Electric tank-based water heaters	+2.9%
Duct-type air-conditioning and heating systems	+12.0%
Room heaters	-4.6%

Other Consolidated Subsidiaries, Fiscal 2021 (3Q) Results

Rinnai Korea

Performance

Established:1974

- Despite a recovery in sales of stoves thanks to emergency assistance related to the COVID-19 pandemic, we reported lower sales and an operating loss due to intensified competition for high-efficiency boilers stemming from tighter environmental regulations.

[Billions of Yen]	Fiscal 2020 3Q	Fiscal 2021 3Q	YOY Change (yen)	YOY Change (local currency)	[Sales Volume]	YOY Change
Net Sales	19.45	18.78	-3.4%	+1.6%	Boilers	-7.5%
Operating Income	-1.24	-0.37	-	-	Gas stoves	+12.7%
					IH cooking heaters	+8.4%

P.T. Rinnai Indonesia

Performance

Established:1988

- Increase in sales of tabletop stoves due to stay-at-home demand
- High-priced built-in hobs (stovetops) and range hoods also remained strong

[Billions of Yen]	Fiscal 2020 3Q	Fiscal 2021 3Q	YOY Change (yen)	YOY Change (local currency)	[Sales Volume]	YOY Change
Net Sales	8.41	8.72	+3.6%	+8.1%	Table-top cookers	+8.0%
Operating Income	1.00	1.64	+63.6%	+70.7%	Built-in hobs (Stovetops)	+27.4%

Business Direction

Japan

Address unmet demand and propose high-quality living scenarios



Linking apps to make cooking fun and convenient
<DELICIA>



Reduced housework and good drying finish
<Gas clothes dryer>



Reduced environmental impact and greater home resilience
<ECO ONE>



Bathing experience wrapped in gentle bubbles
<Micro Bubble Bath Unit>



Overseas

Target further growth centered on the United States and China

United States

The market for tankless water heaters, which have the advantages of energy efficiency, compactness, and never running out of hot water, is expanding. We anticipate further market penetration and growth.

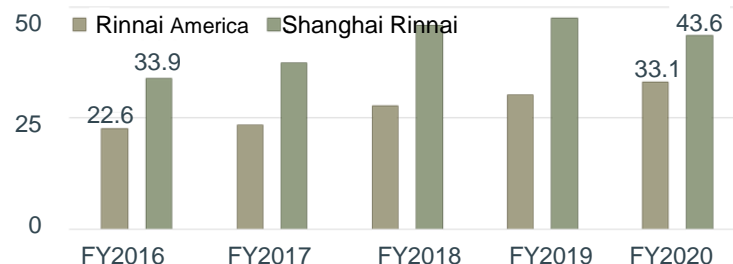


China

The use of water heaters is increasing alongside expansion of gas infrastructure. Internet sales are growing on the back of our strength in excellent temperature control despite intensifying competition.



Net Sales of Rinnai America and Shanghai Rinnai (¥billions)



Aiming to be a company that is indispensable to society by providing value that reflects changing environment and regional characteristics

ESG-Related Initiatives

Rinnai Report 2020 (Integrated Report); CSR Site



Starting this fiscal year, we will upgrade our CSR report and include it in our integrated report. Changes in the business environment and future management policies will be communicated through an expanded message from the resident and an interview with the general manager of the Corporate Planning Division



On our website, we will also post a summarized version of the integrated report, as well as examples of various initiatives, detailed information, and other related data that could not be included in the integrated report. Our website also provides a comprehensive introduction to the Rinnai Group's CSR activities.

We received a Silver (Excellence) Prize in the Sustainability Site Awards 2021 from the CSR Communication Association of Japan.

Introducing Rinnai's unique management policy and value creation efforts since its founding in an integrated report



Environmental contribution

Reduce energy consumption and environmental impacts



Safety and peace of mind

Prevent and avoid hazards in the home



Quality of life

Helping reduce housework burden and shorten time spent on household chores



Going forward, while enhancing information disclosure, we will further accelerate sustainable management through our core business by further deepening the fusion of management strategy and solving social issues in the new medium-term management plan announced in May.

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.