

Consolidated Financial Results for Fiscal 2021

(April 1, 2020 - March 31, 2021)

May 12, 2021

Listed Company Name: Rinnai Corporation

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

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

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Date of the General Meeting of Shareholders: June 29, 2021

Anticipated date to begin distributing dividends: June 30, 2021

Anticipated date for releasing annual securities report: June 29, 2021

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, 2021

(April 1, 2020 to March 31, 2021; Amounts less than one million yen are omitted)

(1) Consolidated Operating Results (Year 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 2021	344,364 (+1.1)	40,690 (+18.2)	42,400 (+18.8)	27,581 (+27.9)
Fiscal 2020	340,460 (-2.2)	34,422 (+11.5)	35,679 (+7.1)	21,561 (+5.3)

Note: Comprehensive income:

Year ended March 31, 2021: ¥36,763 million (+51.0%)

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

	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 2021	536.62	—	8.4	8.9	11.8
Fiscal 2020	419.49	—	7.0	8.1	10.1

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

Year ended March 31, 2021: ¥8 million Year ended March 31, 2020: ¥(14) million

(2) Consolidated Financial Position (at March 31)

(¥ millions)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
Fiscal 2021	497,291	371,318	68.8	6,660.40
Fiscal 2020	450,486	340,959	70.1	6,140.52

(Reference) Equity capital: Year ended March 31, 2021; ¥342,329 million

Year ended March 31, 2020; ¥315,615 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 2021	49,491	(15,820)	(7,269)	166,524
Fiscal 2020	37,694	(7,124)	(6,436)	140,138

2. Dividends

	Dividend per Share				
	1st Quarter (¥)	Interim (¥)	3rd Quarter (¥)	Fiscal Year- End (¥)	Full Year (¥)
Fiscal 2020	—	48.00	—	50.00	98.00
Fiscal 2021	—	55.00	—	70.00	125.00
Fiscal 2022 (anticipated)	—	70.00	—	70.00	140.00

	Total Dividends (Full Year) (¥ millions)	Consolidated Payout Ratio (%)	Consolidated Ratio of Dividends to Net Assets (%)
Fiscal 2020	5,037	23.4	1.6
Fiscal 2021	6,424	23.3	2.0
Fiscal 2022 (anticipated)		27.7	

Note: Composition of interim dividends of Fiscal 2021;

common dividends ¥50.00,

memorable dividends of the 100th anniversary of its founding ¥5.00

Composition of year-end dividends of Fiscal 2021;

common dividends ¥65.00,

memorable dividends of the 100th anniversary of its founding ¥5.00

3. Forecast for the Fiscal Year Ending March 31, 2022

(April 1, 2021, to March 31, 2022)

(¥ millions)

	Net Sales (% change)	Operating Income (% change)	Ordinary Income (% change)	Net income Attributable to Owners of the Parent Company (% change)	Net Income per Share (¥)
Two-quarter total	169,000 (+13.5)	15,800 (+21.9)	16,300 (+17.1)	9,900 (-1.3)	192.62
Full year	365,000 (+6.0)	41,000 (+0.8)	42,000 (-0.9)	26,000 (-5.7)	505.86

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

* 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: None

(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, 2021: 51,616,463 shares

Year ended March 31, 2020: 51,616,463 shares

(b) Number of treasury stock at fiscal year-end

Year ended March 31, 2021: 218,686 shares

Year ended March 31, 2020: 217,646 shares

(c) Average number of shares during the term

Year ended March 31, 2021: 51,398,382 shares

Year ended March 31, 2020: 51,399,210 shares

References: Summary of Nonconsolidated Results

1. Nonconsolidated Performance for the Year Ended March 31, 2021

(April 1, 2020 to March 31, 2021; 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 2021	212,388 (+2.2)	20,612 (+18.7)	23,515 (+15.9)	18,208 (+20.9)
Fiscal 2020	207,805 (+0.9)	17,359 (+18.9)	20,295 (+6.7)	15,058 (+6.2)

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

	Net Income per Share (¥)	Fully Diluted Net Income per Share (¥)
Fiscal 2021	354.25	—
Fiscal 2020	292.97	—

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

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
Fiscal 2021	290,346	234,199	80.7	4,556.61
Fiscal 2020	270,011	220,548	81.7	4,290.93

(Reference) Equity capital: Year ended March 31, 2021; ¥234,199 million

Year ended March 31, 2020; ¥220,548 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. For more information, please refer to “1. Consolidated Performance, (4) Consolidated Performance Forecasts” on page 6 of this report.

*Supplemental information sheets of financial results are posted on the Corporation’s website on Wednesday, May 12, 2021.

1. Consolidated Performance

(1) Fiscal Year in Review

In the fiscal year under review, the world economy was heavily affected by the spread of COVID-19. Although there has been a gradual resumption of economic activity, there is no end in sight for the pandemic, and the situation remains serious due to the tightening of regulations on economic activities in many countries. In Japan, despite signs of a pickup in economic activity, the outlook remains uncertain amid indications of weakness in non-manufacturing sectors.

The domestic housing industry saw an ongoing moderate decline in new housing starts despite signs of a recovery in among owner-occupied properties. In the household appliance industry, there has been no recovery in demand due to a decrease in opportunities for contact with consumers stemming from restraint in our participation in trade shows and other events.

The period under review was the final 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 sought to create unique products and services by incorporating new technologies into our core technologies, in addition to supplying existing offerings.

The Group also celebrated its 100th anniversary in the year under review. As a company that creates healthy and comfortable lifestyles, we are working to achieve sustainable growth for the next 100 years.

During the year, we made relentless Groupwide efforts to cut basic costs despite the impact of COVID-19 on our business activities. We also embraced solid stay-at-home demand associated with the pandemic and posted year-on-year increases in sales of high-value-added gas stoves and water heaters.

As a result, consolidated net sales for the year amounted to ¥344,364 million, up 1.1% from the previous year. Operating income rose 18.2%, to ¥40,690 million, and ordinary income climbed 18.8%, to ¥42,400 million. Net income attributable to owners of the parent company jumped 27.9%, to ¥27,581 million.

Our results by geographical segment were as follows:

Japan

In Japan, we enjoyed growth in sales of gas clothes dryers and dishwashers, as well as increased sales of gas stoves with automatic cooking functions amid growing demand among people staying at home. We also benefited from replacement demand for water heaters due to cold weather at the end of 2020. As a result, sales in Japan increased 1.1% year on year, to ¥183,136 million, and operating income rose 18.6%, to ¥24,544 million.

United States

In the United States, we benefited from healthy demand among people staying at home due to the COVID-19 pandemic, as well as a steady housing market buoyed by people relocating to suburban areas to avoid infections. Sales of tankless gas water heaters also continued to expand. Accordingly, sales increased 11.6%, to ¥36,971 million, and operating income rose 12.3%, to ¥2,177 million.

Australia

Our business in Australia benefited from healthy sales of both tankless and storage-type water heaters, as well as growth in sales of room heaters stemming from an increase in people working at home due to COVID-19. As a result, sales increased 2.8%, to ¥24,311 million, and operating income surged 132.2% to ¥911 million.

China

Sales in China declined 6.9% year on year, to ¥41,160 million, reflecting a significant drop in sales at the beginning of the period due to COVID-19. However, operating income rose 4.0%, to ¥6,667 million, thanks to a recovery in sales of water heaters, mainly through Internet sales, following the lifting of restrictions on economic activities.

South Korea

In South Korea, we reported increases in sales of both gas and electric stoves thanks to emergency disaster relief funds provided by the government to address the COVID-19 pandemic. We also posted growth in sales of high-efficiency boilers in response to stricter environmental regulations. As a result, sales increased 2.4%, to ¥28,358 million, and operating income was ¥141 million (compared with an operating loss of ¥17 million in the previous year).

Indonesia

In Indonesia, we reported an increase in sales of tabletop stoves driven by stay-at-home demand associated with COVID-19. We also posted significant growth in sales of high-priced built-in hobs (stovetops) and range hoods as customers embraced new our new products. As a result, sales increased 5.1%, to ¥11,248 million, and operating income jumped 51.4%, to ¥2,423 million.

References 1: Net sales by product

(¥ millions)

	Year ended March 31, 2020 (April 1, 2019, to March 31, 2020)		Year ended March 31, 2021 (April 1, 2020, to March 31, 2021)		Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	196,122	57.6	195,755	56.8	(366)	(0.2)
Kitchen appliances	86,193	25.3	88,441	25.7	2,247	2.6
Air conditioning appliances	18,901	5.6	19,013	5.5	111	0.6
Commercial-use equipment	8,556	2.5	7,726	2.2	(829)	(9.7)
Others	30,685	9.0	33,428	9.7	2,742	8.9
Total	340,460	100.0	344,364	100.0	3,904	1.1

References 2: Overseas sales

(¥ millions)

	Year ended March 31, 2020 (April 1, 2019, to March 31, 2020)			Year ended March 31, 2021 (April 1, 2020, to March 31, 2021)		
	Asia	Other regions	Total	Asia	Other regions	Total
I. Overseas sales	98,819	68,089	166,909	97,187	71,281	168,469
II. Consolidated net sales	—	—	340,460	—	—	344,364
III. Composition ratio of overseas sales to consolidated net sales	29.0%	20.0%	49.0%	28.2%	20.7%	48.9%

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

(2) Financial Position

As of March 31, 2021, the Rinnai Group had total assets of ¥497,291 million, up ¥46,805 million from a year earlier. This rise stemmed mainly from an increase in cash and deposits.

Total liabilities increased ¥16,445 million, to ¥125,973 million, due to an increase in notes and accounts payable.

Net assets were up ¥30,359 million, to ¥371,318 million, boosted by net income attributable to owners of the parent company.

As a result, the equity ratio at fiscal year-end was 68.8%.

(3) Cash Flows

Cash and cash equivalents at March 31, 2021, stood at ¥166,524 million, up ¥26,385 million, or 18.8%, from a year earlier.

Net cash provided by operating activities amounted to ¥49,491 million, up 31.3% 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 ¥15,820 million, up 122.1% from the previous year. Main factors were purchases of tangible fixed assets.

Net cash used in financing activities was ¥7,269 million, up 12.9% from the previous year. Main factors were payment of dividends.

(4) Outlook for the Year Ending March 2022

Looking ahead, we believe that the impact of COVID-19 on economic activities, as well as changes in people's lifestyles and work styles associated with the prevention of infectious

diseases, will continue. In addition to trade-related issues between the United States and China, meanwhile, business conditions for the Rinnai Group have become extremely challenging due to soaring prices of materials and increasing risks affecting global procurement of parts.

Under these circumstances, the Group launched its new medium-term business plan, entitled “New ERA 2025,” covering the five-year period from April 2021 to March 2026. As a company that creates healthy and comfortable ways of living, we will provide a variety of products and services under the themes of “improving quality of life” and “Help resolve global environmental problems.”

In Japan, we will step up sales of gas clothes dryers and dishwasher/dryers, which help improve quality of life. We will also strengthen sales of products that are unique to our business. These include environmentally friendly and energy-efficient water heaters, such as *ECO ONE* hybrid water heaters and heating systems that help combat global warming. Overseas, we will strive to increase sales of tankless gas water heaters, particularly in the United States, and expand our sales channels in emerging nations and untapped regions.

Our consolidated forecasts for fiscal 2022, ending March 2022, are as follows: Net sales of ¥365.0 billion (up 6.0% year on year), operating income of ¥41.0 billion (up 0.8%), ordinary income of ¥42.0 billion (down 0.9%), and net income attributable to owners of the parent company of ¥26.0 billion (down 5.7%).

2. Medium-Term Business Plan

Although we expect COVID-19 vaccination programs to make good progress, the outlook for the global economy will remain uncertain as there is no end in sight for the pandemic. In addition to the impact of COVID-19, advances in artificial intelligence, IoT, and other information technologies will continue transforming lifestyles and work styles, and people’s value standards will also change dramatically. Meanwhile, countries around the world are stepping up efforts to decarbonize their societies amid increasing international concern about global warming. Accordingly, companies that handle fossil fuels we will be required to change their business operations over the long term with a decarbonized society in mind.

Under these circumstances, the Rinnai Group changed the period of its medium-term business plan from three years to five years in order to achieve sustainable corporate growth from a long-term perspective, and unveiled its new medium-term business plan, entitled “New ERA 2025,” covering the five-year period from April 2021 to March 2026.

The new plan has three key strategies: “Expansion of business scale” (expand regional domains and expand business domains), “Revolution of corporate structure” (become more consumer-oriented and make focused investments in intangible assets, and enhance profitability), and “Advancement in addressing social issues” (improve quality of life and promote products that benefit the global environment). In addition, we will make forward-looking investments with an eye to the future business environment while deploying

all kinds of energy sources and our core technologies to help resolve global social issues in the fields of “heat and lifestyles” and “health and lifestyles.” In these ways, we will fulfill our promise to our customers—“Creating a healthier way of living”— and achieve sustainable and robust long-term growth.

Three key strategies

1. Advancement in addressing social issues: Improve quality of life; Help resolve global environmental problems
2. Expansion of business scale: Expand regional domains; Expand business domains
3. Revolution of corporate structure: Become more consumer-oriented; Make focused investments in intangible assets; Enhance profitability

Numerical targets for fiscal 2026 (ending March 2026)

1. Consolidated net sales: ¥450 billion
2. Consolidated operating income: ¥50 billion
3. Consolidated operating margin: 11.1%
4. Return on invested capital (ROIC): 19%
5. Total return ratio (five-year average): 40%
6. Increase in sales of products that improve quality of life and benefit the global environment: 50% or higher (compared with fiscal 2021)

*Products that improve quality of life: Products that make a special contribution to improvements in quality of life in accordance with the living standards of each country.

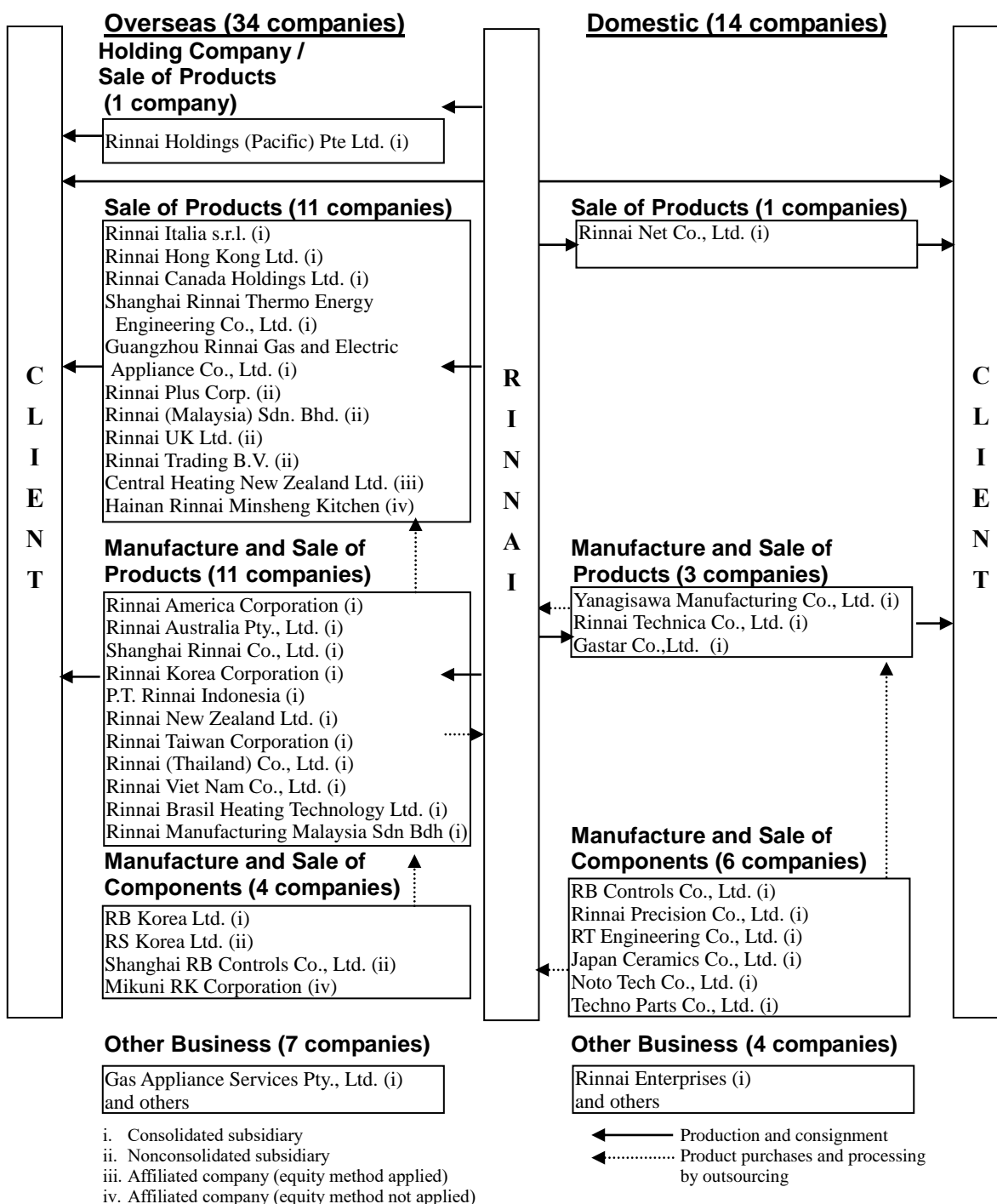
Quality-of-life improvement criteria

1. Reduced stress through improved convenience
2. Increased safety of living spaces
3. Improved levels of hygiene and health
4. Enhanced resilience

*Products that benefit the global environment: Products that help reduce emissions of greenhouse gases and air pollutants

3. 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.



4. 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.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(¥ millions)

	At March 31, 2020 (Year ended March 31, 2020)	At March 31, 2021 (Year ended March 31, 2021)
	Amount	Amount
ASSETS		
Current assets		
Cash and deposits	167,090	186,412
Notes and accounts receivable	67,776	74,997
Electronically Recorded Monetary Claims	8,199	9,350
Marketable securities	6,364	18,522
Products	27,490	25,532
Raw materials and stores	17,138	17,558
Other	2,743	2,531
Less allowance for doubtful accounts	(2,090)	(2,751)
Total current assets	294,713	332,153
Fixed assets		
Property, plant and equipment		
Buildings and structures	73,355	74,800
Accumulated depreciation	(38,762)	(40,579)
Buildings and structures (net)	34,592	34,221
Machinery and vehicles	62,956	63,114
Accumulated depreciation	(45,958)	(47,495)
Machinery and vehicles (net)	16,997	15,618
Tools and fixtures	37,582	38,138
Accumulated depreciation	(32,852)	(33,612)
Tools and fixtures (net)	4,730	4,525
Land	22,697	24,078
Lease assets	4,220	4,513
Accumulated depreciation	(792)	(1,118)
Lease assets (net)	3,428	3,394
Construction in progress	2,187	4,834
Total property, plant and equipment	84,633	86,672
Intangible fixed assets	3,480	3,232
Investments and advances		
Investments in securities	40,865	40,783
Net defined benefit assets	20,741	28,096
Deferred income taxes	3,613	3,774
Other	2,496	2,637
Less allowance for doubtful accounts	(58)	(57)
Total investments and advances	67,659	75,234
Total fixed assets	155,773	165,138
Total assets	450,486	497,291

(¥ millions)

	At March 31, 2020 (Year ended March 31, 2020)	At March 31, 2021 (Year ended March 31, 2021)
	Amount	Amount
LIABILITIES		
Current liabilities		
Notes and accounts payable	18,392	21,974
Electronically recorded obligations	30,851	33,527
Other payables	14,828	17,087
Accrued consumption taxes	2,882	2,794
Accrued income taxes	4,834	7,380
Accrued employee's bonuses	4,497	4,804
Allowance for product guarantee	3,504	3,568
Other	6,814	8,400
Total current liabilities	86,607	99,538
Long-term liabilities		
Deferred tax liabilities	7,717	10,926
Allowance for environmental measures	2,255	2,255
Net defined benefit liabilities	9,503	9,660
Other	3,443	3,592
Total long-term liabilities	22,919	26,434
Total liabilities	109,527	125,973
NET ASSETS:		
Shareholders' equity:		
Common stock	6,459	6,459
Capital surplus	8,756	8,648
Earned surplus	293,807	315,992
Treasury stock	(1,870)	(1,881)
Total shareholders' equity	307,153	329,219
Other accumulated comprehensive income:		
Unrealized gain on marketable securities	5,144	6,058
Foreign exchange translation adjustment	(1,908)	(2,885)
Remeasurements of defined benefit plans	5,225	9,937
Total other accumulated comprehensive income	8,461	13,110
Non-controlling interests	25,343	28,989
Total net assets	340,959	371,318
Total liabilities and net assets	450,486	497,291

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
Consolidated Statements of Income

(¥ millions)

	Fiscal 2020 (April 1, 2019, to March 31, 2020)	Fiscal 2021 (April 1, 2020, to March 31, 2021)
	Amount	Amount
Net sales	340,460	344,364
Cost of Sales	227,885	229,032
Gross Profit	112,575	115,331
Selling, general and administrative expenses		
Transportation and packing	9,447	9,370
Advertising	3,729	3,444
Sales promotion	9,763	8,117
Transfer to allowance for product guarantee	3,513	3,494
Salary and bonuses	24,591	23,397
Transfer to allowance for employee's bonuses	2,174	2,401
Retirement benefit expenses	416	500
Depreciation	2,594	2,663
Other	21,920	21,250
Total selling, general and administrative expenses	78,153	74,641
Operating income	34,422	40,690
Other income:		
Interest income	1,083	957
Dividends received	400	371
Other	844	851
Total other income	2,328	2,179
Other expenses:		
Interest expenses	48	50
Foreign exchange loss	506	115
Loss on retirement of fixed assets	360	193
Other	154	110
Total other expenses	1,070	469
Ordinary income	35,679	42,400
Extraordinary income:		
Gain on sales of investment securities	—	1,445
Total extraordinary income	—	1,445
Extraordinary losses:		
Special retirement expenses	844	—
Total extraordinary losses	844	—
Income before income taxes	34,834	43,846
Income taxes:		
Current	8,852	11,017
Deferred	292	585
Total income taxes	9,144	11,602
Net income	25,690	32,243
Net income attributable to non-controlling interests	4,128	4,662
Net income attributable to owners of the parent company	21,561	27,581

Consolidated Statements of Comprehensive Income

(¥ millions)

	Fiscal 2020 (April 1, 2019, to March 31, 2020)	Fiscal 2021 (April 1, 2020, to March 31, 2021)
	Amount	Amount
Net income	25,690	32,243
Other comprehensive income		
Unrealized gain on marketable securities	(455)	916
Foreign exchange translation adjustment	(1,577)	(1,110)
Remeasurements of defined benefit plans	682	4,711
Equity equivalents in equity method affiliates	(0)	2
Total other comprehensive income	(1,350)	4,519
Comprehensive income	24,339	36,763
Total comprehensive income attributable to:		
Owners of Rinnai Corporation	20,379	32,230
Non-controlling interest	3,960	4,533

(3) Consolidated Statements of Shareholders' Equity

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
Change in ownership interest of parent due to transactions with non-controlling interests					—
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
Change in ownership interest of parent due to transactions with non-controlling interests						—
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

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

(¥ 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	293,807	(1,870)	307,153
Net changes during the current term					
Dividends paid			(5,396)		(5,396)
Net income attributable to owners of the parent company			27,581		27,581
Acquisition of treasury stock				(10)	(10)
Change in the scope of consolidation					—
Change in ownership interest of parent due to transactions with non-controlling interests		(108)			(108)
Net other changes than shareholders' equity during the current term					
Total net changes during the current term	—	(108)	22,184	(10)	22,065
Balance at the end of current term	6,459	8,648	315,992	(1,881)	329,219

	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	5,144	(1,908)	5,225	8,461	25,343	340,959
Net changes during the current term						
Dividends paid						(5,396)
Net income attributable to owners of the parent company						27,581
Acquisition of treasury stock						(10)
Change in the scope of consolidation						—
Change in ownership interest of parent due to transactions with non-controlling interests						(108)
Net other changes than shareholders' equity during the current term	913	(977)	4,712	4,648	3,645	8,293
Total net changes during the current term	913	(977)	4,712	4,648	3,645	30,359
Balance at the end of current term	6,058	(2,885)	9,937	13,110	28,989	371,318

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Fiscal 2020 (April 1, 2019, to March 31, 2020)	Fiscal 2021 (April 1, 2020, to March 31, 2021)
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	34,834	43,846
Depreciation and amortization	12,134	11,413
(Increase) decrease in net defined benefit assets	(1,087)	(645)
Increase (decrease) in net defined benefit liabilities	(471)	222
Interest and dividends income	(1,483)	(1,328)
Special retirement expenses	844	—
(Gains) losses on sales of investments in securities	—	(1,445)
Decrease (increase) in trade receivables	4,749	(8,506)
Decrease (increase) in inventories	436	1,086
Increase (decrease) in trade payables	(5,580)	6,332
Increase (decrease) in accrued consumption taxes	630	(84)
Increase (decrease) in other liability	90	4,310
Other	485	1,661
Subtotal	45,583	56,862
Interest and dividends received	1,540	1,339
Subsidy income received	254	—
Interest paid	(44)	(50)
Special retirement expenses paid	(696)	(142)
Income taxes paid	(8,942)	(8,516)
Net cash provided by operating activities	37,694	49,491
Cash flows from investing activities		
Transfers to time deposits	(38,269)	(37,492)
Withdrawals from time deposits	35,480	33,453
Purchases of securities	(853)	(1,122)
Proceeds from redemption of securities	1,749	1,384
Purchases of tangible fixed assets	(9,742)	(12,609)
Purchases of intangible fixed assets	(651)	(672)
Purchases of investments in securities	(8,939)	(5,420)
Proceeds from sales/and redemption of investments in securities	14,662	6,786
Other	(560)	(128)
Net cash used in investing activities	(7,124)	(15,820)
Cash flows from financing activities		
Dividends paid	(4,933)	(5,395)
Dividends paid to non-controlling interests	(838)	(455)
Other	(664)	(1,418)
Net cash used in financing activities	(6,436)	(7,269)
Effect of exchange rate fluctuations on cash and cash equivalents	(377)	(15)
Net increase (decrease) in cash and cash equivalents	23,755	26,385
Cash and cash equivalents at beginning of year	116,133	140,138
Increase in cash and cash equivalents due to newly consolidation	249	—
Cash and cash equivalents at end of year	140,138	166,524

(5) Notes to Consolidated Financial Statements

Notes regarding the assumption of a going concern

There are no relevant items.

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, 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.

- "Adjustments" of income (loss) refers to intersegment transactions to eliminate.
- "Adjustments" of assets refers to intersegment transactions to eliminate.
- "Income (loss)" is adjusted from operating income (loss) in Consolidated Statements of Income.
- "Increase in property, plant and equipment and intangible fixed assets" do not include increase due to newly consolidation

Year ended March 31, 2021 (From April 1, 2020 to March 31, 2021) (¥ 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	183,136	36,971	24,311	41,160	28,358	11,248	325,187	19,177	—	344,364
Intersegment sales	37,596	—	93	1,751	676	518	40,635	2,088	(42,724)	—
Total	220,733	36,971	24,404	42,912	29,034	11,766	365,823	21,265	(42,724)	344,364
Segment Income (loss)	24,544	2,177	911	6,667	141	2,423	36,866	2,881	943	40,690
Segment Assets	364,659	25,949	24,950	51,786	17,895	13,758	499,000	30,697	(32,405)	497,291
Others										
Depreciation	7,095	345	557	1,479	1,088	301	10,868	544	—	11,413
Investments in company to which equity method applied	—	—	—	—	—	—	—	290	—	290
Amortization of goodwill	133	—	27	—	—	—	161	—	—	161
Increase in property, plant and equipment and intangible fixed assets (Note 5)	9,089	1,488	1,141	736	820	115	13,394	580	—	13,974

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

- "Adjustments" of income (loss) refers to intersegment transactions to eliminate.
- "Adjustments" of assets refers to intersegment transactions to eliminate.
- "Income (loss)" is adjusted from operating income (loss) in Consolidated Statements of Income.
- "Increase in property, plant and equipment and intangible fixed assets" do not include increase due to newly consolidation

Per Share Data

	Fiscal 2020 (April 1, 2019, to March 31, 2020)	Fiscal 2021 (April 1, 2020, to March 31, 2021)
1. Net assets per share	¥6,140.52	¥6,660.40
2. Net income per share	¥419.49	¥536.62

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 2020 (April 1, 2019, to March 31, 2020)	Fiscal 2021 (April 1, 2020, to March 31, 2021)
Net assets	¥340,959 million	¥371,318 million
Deduction from net assets	¥25,343 million	¥28,989 million
[Non-controlling interest]	[¥25,343 million]	[¥28,989 million]
Net assets at year-end related to common shares	¥315,615 million	¥342,329 million
Number of common shares at year-end used in calculations	51,398,817 shares	51,397,777 shares

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

	Fiscal 2020 (April 1, 2019, to March 31, 2020)	Fiscal 2021 (April 1, 2020, to March 31, 2021)
Net income attributable to owners of the parent company	¥21,561 million	¥27,581 million
Amount not attributable to common shares	— million	— million
Net income attributable to owners of the parent company related to common shares	¥21,561 million	¥27,581 million
Average number of shares during the term	51,399,210 shares	51,398,382 shares

Subsequent Events

There are no relevant items.