

Financial Results of Fiscal 2021, ended March 31, 2021

May 12, 2021

Rinnai Corporation

Rinnai

Fiscal 2021: Consolidated Performance Overview

Net sales: ¥344.3 billion (up 1.1% year on year)

Increase in domestic sales thanks to growth items and stay-at-home demand, while overseas sales recovered to previous year's level

Operating income: ¥40.6 billion (up 18.2% year on year, operating income to net sales ratio: 11.8%)

Record-high figure owing to rigorous cost-reduction efforts and growth of high-value-added products

Record-high level

Ordinary income: ¥42.4 billion

(up 18.8% year on year, ordinary income to net sales ratio: 12.3%)

New high due to record-high operating income and decrease in foreign exchange loss

Record-high level

Net income attributable to owners of the parent company: ¥27.5 billion

(up 27.9%, net income to net sales ratio: 8.0%)

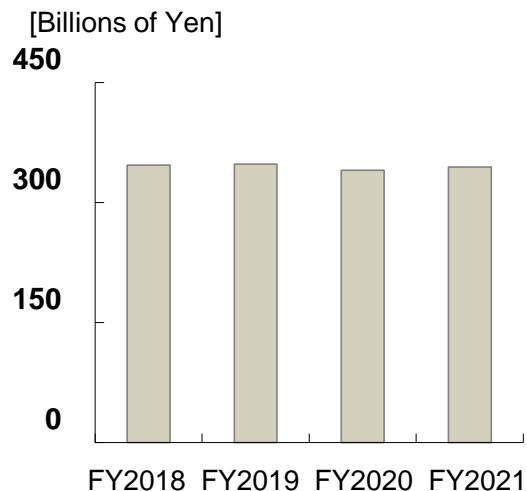
New high due to record-high ordinary income and gain on sales of investment securities

Record-high level

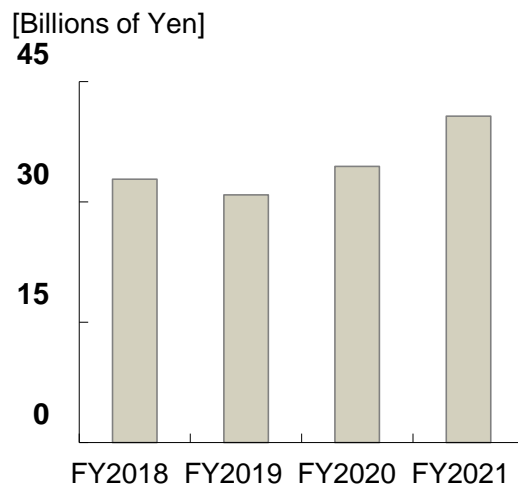
- Record-high earnings in the final year of G-shift 2020 medium-term business plan
- Strong recovery despite turbulent start of year due to COVID-19; ended the year with higher revenue and earnings

Fiscal 2021: Consolidated Financial Results

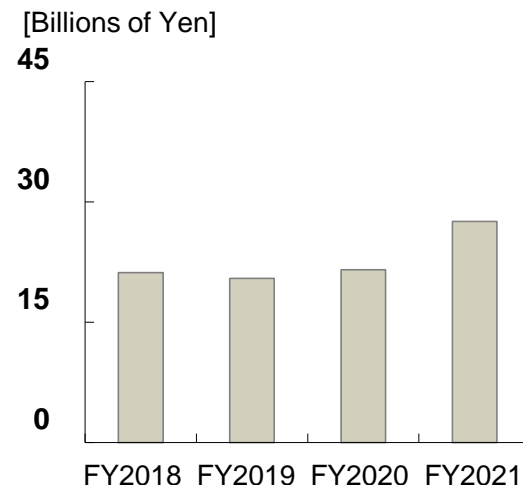
Net Sales



Operating Income



Attributable to owners of the parent company Net Income



- Growth of high-value-added products, despite flat sales during the past four years
- Second consecutive year of income growth due to ongoing improvements in profits; ended the year with record-high earnings

Fiscal 2021: Net Sales by Product

[Billions of yen]	Fiscal 2020		Fiscal 2021		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	196.12	57.6%	195.75	56.8%	-0.36	-0.2%
Kitchen appliances	86.19	25.3%	88.44	25.7%	+2.24	+2.6%
Air conditioning appliances	18.90	5.6%	19.01	5.5%	+0.11	+0.6%
Commercial-use equipment	8.55	2.5%	7.72	2.2%	-0.82	-9.7%
Others	30.68	9.0%	33.42	9.7%	+2.74	+8.9%
Total	340.46	100.0%	344.36	100.0%	+3.90	+1.1%

Fiscal 2021: Consolidated Sales/Income Results

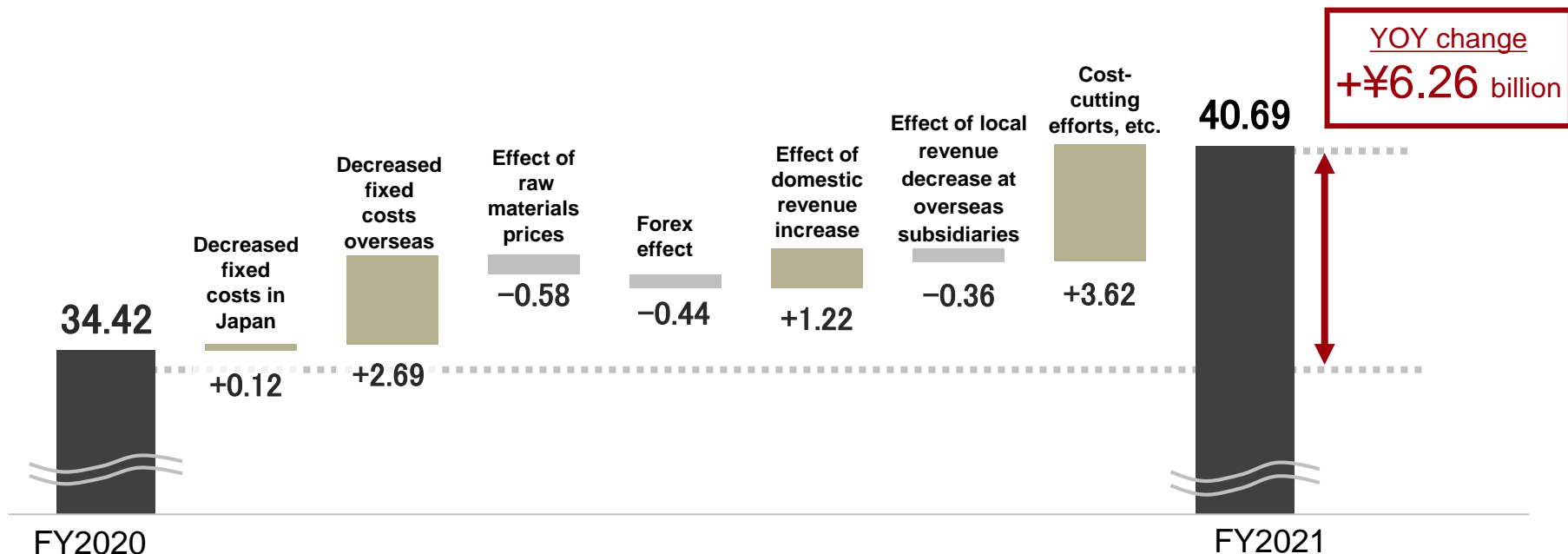
[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	344.36	+1.1%	40.69	+18.2%	11.8%	+1.7P



[Billions of yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	212.38	+2.2%	20.61	+18.7%	9.7%	+1.4P
Domestic	104.23	+2.3%	3.85	+18.8%	3.7%	+0.5P
Overseas	170.83	-0.3%	14.95	+22.2%	8.8%	+1.6P
Total	487.45	+1.3%	39.43	+20.0%	8.1%	+1.3P

Fiscal 2021: Consolidated Operating Income Analysis

[Billions of yen]



Rinnai (non-consolidated basis), Fiscal 2021 Results

Performance

Fiscal 2021 net sales: **¥212.38 billion**

- ▶ Sales increases of gas stoves with automatic cooking functions amid growing demand among people staying at home.
- ▶ Solid replacement demand for water heaters stemming from cold snap at end of 2020
- ▶ Increases in operating income due to the growth of high-value added products such as gas clothes dryers

[Billions of Yen]	Fiscal 2020	Fiscal 2021	YOY Change
Net Sales	207.80	212.38	+2.2%
Operating Income	17.35	20.61	+18.7%



Gas clothes dryers



Dishwasher/dryers

[Sales Volume in Japan]

	YOY Change
Water heater with heating systems (hybrid water heater)	+1.0% (-3.0%)
Water heater with bath-filling systems of total	-2.2%
Built-in hobs (stovetops)	-2.0%
Gas clothes dryers	+34.5%
Dishwashers	+4.2%

Rinnai Corporation (Non-Consolidated) Topics

● Continued steady performances by growth products

Gas clothes dryers

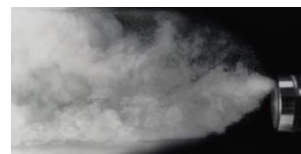
- ▶ Benefited from word-of-mouth communication about product quality, in addition to reduced housework burden
- ▶ Gradually proliferating thanks to increasing adoption in condominiums and rental apartments
- ▶ Remarkable growth rate for large-capacity (8kg) model, which account for around 30% of total sales of gas clothes dryers
 - Monetary-based sales growth has far outpaced volume-based growth since fiscal 2020, ended March 31

Micro Bubble Bath Unit

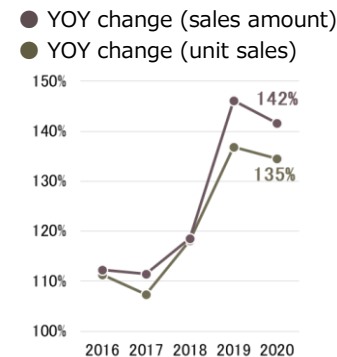
- ▶ Unprecedented bathing experience prompted better-than-expected user responses
- ▶ Set up monitoring campaign and demonstration spaces to promote user experiences
- ▶ Achieved first-year sales target despite limited sales opportunities due to COVID-19



No need to dry outside, and achieves clean drying without worrying about pollen and air pollution



Reputation spreads with more than expected response through bathing experience thanks to overwhelming volume of bubbles



Domestic sales of gas clothes dryers



Built-in water heater with bath-filling system Separate unit

Rinnai Corporation (Non-Consolidated) Topics

● “New normal” era in lifestyles

Changing needs

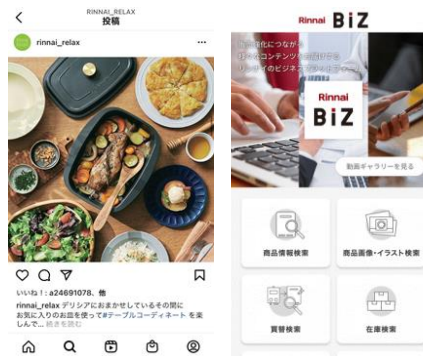
- ▶ Changes in lifestyles resulting in changing value expectations
 - Stoves with an automatic cooking function that enriches home cooking experiences
 - Clothes dryers and dishwasher/dryers that reduce the burden of housework
 - Micro bubble bath unit contributes to quality of life at home

New forms of communication

- ▶ Restrictions on traditional sales activities leading to diversification of communication methods
 - Expansion of strategic advertising and online exhibitions
- ▶ Increasing deployment of digital tools (B-to-C, B-to-B)
 - Launched platforms for social media and business users



Flagship model of DELICIA built-in hobs (stovetop) (updated in 2020) comes with new “+R RECIPE” app that makes everyday cooking tastier and easier



Rinnai America, Fiscal 2021 Results

Performance

Established:1974

Fiscal 2021 net sales: **¥36.97 billion**

- ▶ Increases in sales and income thanks to growing awareness of tankless water heaters and stay-at-home demand
- ▶ Increased unit sales of high-efficiency and popular models (outpacing market growth)

[Billions of Yen]	Fiscal 2020	Fiscal 2021	YOY Change (yen)	YOY Change (local currency)
Net Sales	33.13	36.97	+11.6%	+14.4%
Operating Income	2.03	2.18	+7.6%	+10.4%



High-efficiency
water heaters
SENSEI™



High-efficiency
boilers

[Sales Volume]	YOY Change
Tankless water heaters	+14.8%
High-efficiency models of total	+14.9%

Rinnai America Topics

● Expansion of installer network

- ▶ Implemented program to promote spread of Rinnai products
 - Stepped up support through training, promotional tools, and vendor portal
- ▶ Updated website
 - Conveys the benefits of tankless water heaters in an easy-to-understand manner



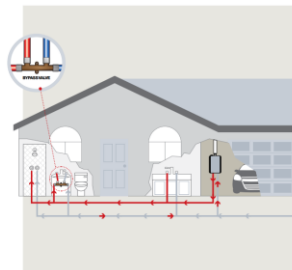
Program for installers



Updated website

● Increasing demand for instant hot water

- ▶ Growing demand for instant, waste-free hot water in United States where there are many sprawling homes
- ▶ Healthy sales of model with simple circulation option that does not require return piping
 - Accounts for around 25% of sales of high-efficiency models



Simple instant hot water circulation



Compatible model

Shanghai Rinnai, Fiscal 2021 Results

Performance

Established: 1993

Fiscal 2021 net sales: ¥39.19 billion

- ▶ Sales recovery in second half despite significant decline at beginning of year
- Year-on-year increases in net sales for five consecutive months since July thanks to recovery in sales of water heaters
- ▶ Performance driven by Internet sales, which were stronger than sales at physical stores



Water heaters



Boilers



Table-top cookers

[Billions of Yen]	Fiscal 2020	Fiscal 2021	YOY Change (yen)	YOY Change (local currency)
Net Sales	43.62	39.19	-10.2%	-7.8%
Operating Income	5.59	5.51	-1.4%	+1.2%

[Sales Volume]	YOY Change
Water heaters	△2.4%
Table-top cookers	△29.2%
Range hoods	△7.7%
Boilers	△3.6%

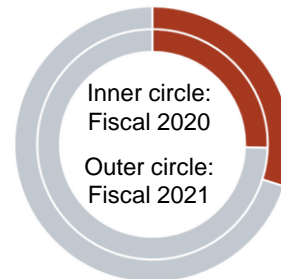
Shanghai Rinnai Topics

● Growth in Internet sales

- ▶ Won first place in terms of sales (gas water heater category) on Singles' Day, following the 618 Midyear Shopping Festival
 - Aggressively promoted sales activities using live streaming and famous influencers
- ▶ Kitchen appliances: Healthy sales of high-value-added products with sensors
- ▶ Increase in Internet sales ratio to 30% (up 4 points)



Live streaming



Internet sales ratio

● Stepped up marketing for water heaters

- ▶ Strengthened advertising to reinforce brand image.
- ▶ Renovated stores in some areas and enhanced training for sales promotion staff
 - Strengthened brand power and emphasized products' superior features, such as exceptional water heating performance



Renewal of physical stores

Rinnai Australia, Fiscal 2021 Results

Performance

Established:1971

Fiscal 2021 net sales: ¥24.40 billion

- ▶Healthy sales of both tankless and electric tank-based water heaters
- ▶Healthy sales of heating equipment owing to increase in telecommuting



Tankless water heaters



Electric tank-based water heaters

[Billions of Yen]	Fiscal 2020	Fiscal 2021	YOY Change (yen)	YOY Change (local currency)
Net Sales	23.76	24.40	+2.7%	+5.8%
Operating Income	0.59	0.92	+56.4%	+61.1%

[Sales Volume]

YOY Change

Tankless water heaters	+4.4%
Electric tank-based water heaters	+1.7%
Duct-type air-conditioning and heating systems	+11.4%
Room air conditioners	-0.4%

Other Consolidated Subsidiaries, Fiscal 2021 Results

Rinnai Korea

Performance

Established:1974

Recovery in sales of stoves thanks to emergency disaster relief funds to address COVID-19, as well as steady progress in improving management; returned to operating profitability for the full year

[Billions of Yen]	Fiscal 2020	Fiscal 2021	YOY Change (yen)	YOY Change (local currency)	[Sales Volume]	YOY Change
					Boilers	-5.2%
Net Sales	27.53	27.50	-0.1%	+3.8%	Gas stoves	+18.0%
Operating Income	-1.38	0.05	-	-	Electric stoves	+7.5%

P.T. Rinnai Indonesia

Performance

Established:1988

- Increase in sales of tabletop stoves due to stay-at-home demand
- Healthy performances by built-in hobs (stovetops) and range hoods thanks to new product launches and sales promotion efforts

[Billions of Yen]	Fiscal 2020	Fiscal 2021	YOY Change (yen)	YOY Change (local currency)	[Sales Volume]	YOY Change
					Table-top cookers	+9.2%
Net Sales	11.26	11.76	+4.5%	+9.7%	Built-in hobs (Stovetops)	+43.5%
Operating Income	1.60	2.42	+51.4%	+59.0%		

ESG Initiatives

● Awarded Minister of the Environment Prize at the 2020 Environmental Human Resource Development Corporate Awards

- ▶ Received the highest **Minister of the Environment Award (Large Company Category)**
- ▶ Awarded for third time, following two consecutive “Excellence Prizes” (in 2018 and 2019)

Environmental
Human Resource
Development
Corporate Awards

Commends companies that foster and produce human resources who spearhead environmentally friendly corporate activities and back up those activities (Organized by EcoLeaD (Environmental Consortium for Leadership Development), Ministry of the Environment)

- ▶ Reasons for receiving prize
 - Formulation of “7E Strategy” environmental action plan and its implementation by all employees and processes
 - Increased sales of environmentally friendly products, reduction of CO₂ emissions, and simultaneous reductions in waste and costs
 - Support for and improvement of environmental considerations across supply chain
 - Inspection tours of environmentally advanced companies, **visualization of environmentally excellent employees**, and other mechanisms



President's award, which are open to all domestic and overseas operations, recognize initiatives that have contributed significantly to environmental protection and social benefit.

ESG Initiatives

● Enhancing Corporate Governance

- ▶ Strengthening management systems, and pursuing improved competitiveness of Group companies and corporate value

Established Nomination Advisory Committee
and Compensation Advisory Committee
(in February 2021)

- Established the Committees as advisory bodies to the Board of Directors to ensure more objectivity, independence and accountability in the process of nominating directors and determining compensation
- Deliberate and report to Board of Directors concerning the election and dismissal of directors, Audit & Supervisory Board members, executive officers, and directors' compensation policies

Review of directors' compensation
(From Fiscal 2022, ending March 31, 2022)

- Revised directors' compensation system, for increased incentivization to realize medium- to long-term corporate growth and improve corporate performance, and for increased transparency around the process of compensation
- Newly introduced performance-linked component and stock-based compensation to contribute to improved corporate value over the medium to long term

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.