

Financial Results for First Quarter of Fiscal 2022, ending March 31, 2022

August 6, 2021

Rinnai Corporation

Rinnai

Fiscal 2022 (1Q): Consolidated Performance Overview

Net sales: ¥84.5 billion (up 23.2% year on year)

Significant increase in sales due to growth in mainstay products in each country and region, especially Japan and China

Record-high level

Operating income: ¥9.1 billion (up 116.0% year on year, operating income to net sales ratio: 10.9%)

Substantial increase in income thanks to higher revenue, growth in high-value-added products, and cost reductions, despite soaring raw material and logistics costs

Record-high level

Ordinary income: ¥9.9 billion

(up 113.1% year on year, ordinary income to net sales ratio: 11.8%)

Increase due to higher operating income

Record-high level

Net income attributable to owners of the parent company: ¥6.1 billion

(up 64.5%, net income to net sales ratio: 7.3%) Up thanks to increase in ordinary income

* In the previous corresponding period, gain on sales of investment securities amounted to ¥840 million.

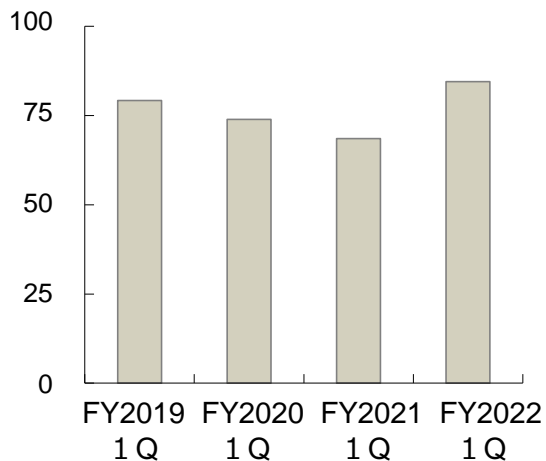
Record-high level

- Both domestic and overseas business off to good start in first year of New ERA 2025, our new medium-term business plan
- Record-high figures for revenue and income, more than offsetting the decline in the previous corresponding period

Fiscal 2022 (1Q): Consolidated Financial Results

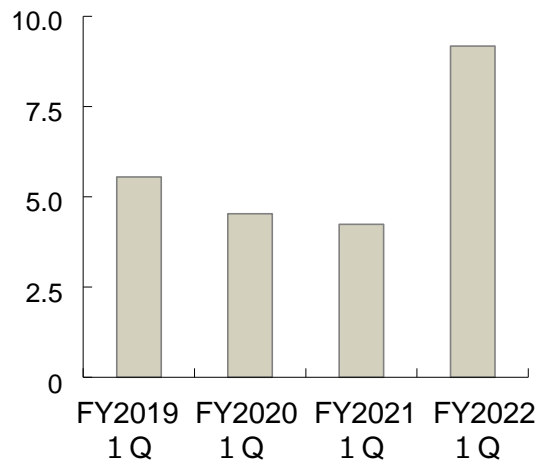
Net Sales

[Billions of Yen]



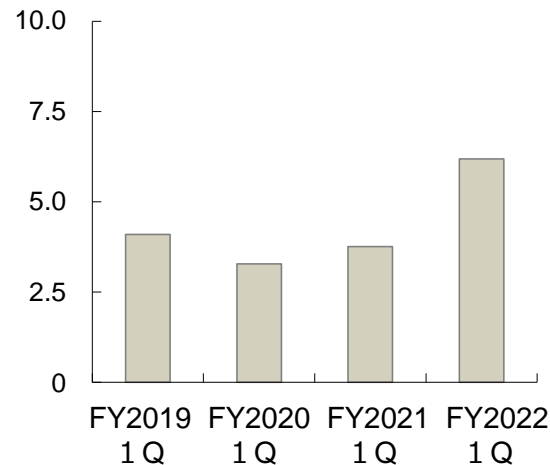
Operating Income

[Billions of Yen]



Attributable to owners of the parent company Net Income

[Billions of Yen]



- Sales up for first time in three fiscal years, surpassing the previous corresponding period, which was strongly affected by COVID-19
- Record-high profit thanks to cost reduction activities and growth in high-value-added products.

Fiscal 2022 (1Q): Net Sales by Product

[Billions of Yen]	Fiscal 2021 1Q		Fiscal 2022 1Q		YOY Change	
	Amount	% of total	Amount	% of total	Amount	(%)
Water heaters	38.94	56.8%	48.68	57.6%	+9.73	+25.0%
Kitchen appliances	17.95	26.2%	20.69	24.5%	+2.74	+15.3%
Air conditioning appliances	2.75	4.0%	3.68	4.4%	+0.92	+33.7%
Commercial-use equipment	1.79	2.6%	2.10	2.5%	+0.31	+17.4%
Others	7.13	10.4%	9.33	11.0%	+2.19	+30.8%
Total	68.58	100.0%	84.50	100.0%	+15.92	+23.2%

Fiscal 2022 (1Q): Consolidated Sales/Income Results

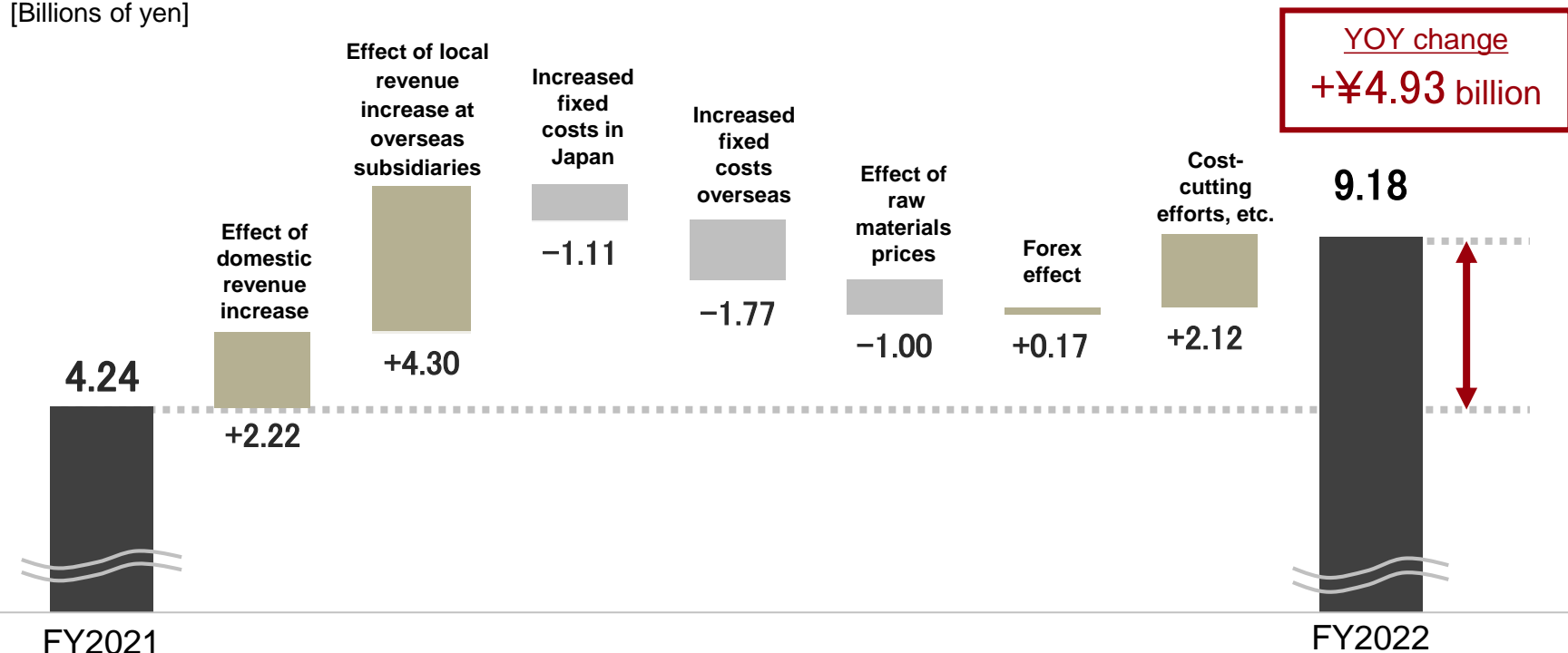
[Billions of Yen]	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Consolidated	84.50	+23.2%	9.18	+116.0%	10.9%	+4.7P



	Net Sales	YOY Change	Operating Income	YOY Change	Operating Margin	YOY Change
Rinnai	50.00	+21.2%	4.26	+68.5%	8.5%	+2.4P
Domestic	23.69	+12.3%	0.85	+185.9%	3.6%	+2.2P
Overseas	46.32	+33.0%	4.87	+306.7%	10.5%	+7.1P
Total	120.02	+23.5%	9.98	+148.1%	8.3%	+4.2P

Fiscal 2022 (1Q): Consolidated Operating Income Analysis

[Billions of yen]



Rinnai (non-consolidated basis), Fiscal 2022 (1Q) Results

- Increases in sales of mainstay water heaters and Built-in hobs (stovetops) compared with previous corresponding period, which was strongly affected by COVID-19
- Continued good performance of growth items, led by gas clothes dryers
- Record-high operating income for first quarter thanks to increased revenue and cost reduction



Built-in hobs (stovetops)



Hybrid water heater



Gas clothes dryers



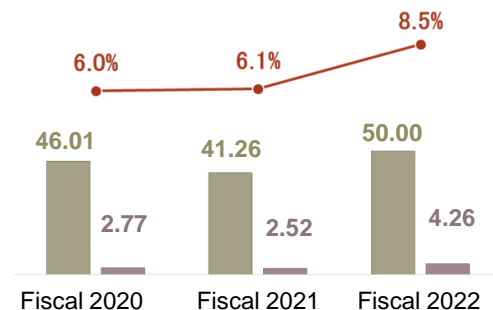
Dishwasher/dryers

[Billions of Yen]

	Fiscal 2021	Fiscal 2022	YOY change
Net Sales	41.26	50.00	+21.2%
Operating Income	2.52	4.26	+68.5%
Operating income to net sales ratio	6.1%	8.5%	+2.4pt

Rinnai (non-consolidated basis), Fiscal 2022 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Sales Volume in Japan]

YOY Change

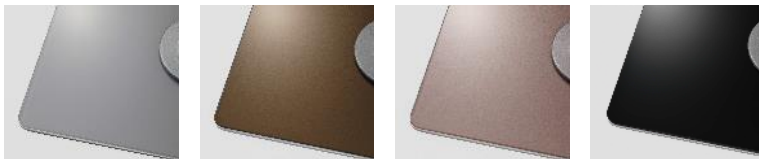
Water heater with heating systems	+7.2%
Water heater with bath-filling systems	+10.5%
Built-in hobs (stovetops)	+9.5%
Gas clothes dryers	+26.9%

Rinnai Corporation (Non-Consolidated) Topics: Lisse

Model change of Lisse line of built-in hobs (stovetops)

Lisse

Launch: September 15, 2021
RRP (excl. consumption tax):
¥222,000–¥227,000



■ Compatible with the “+R RECIPE” app

Following the top-end DELICIA series, we have added Lisse to models compatible with the “+R RECIPE” app, encompassing more than 180 recipes. Sending recipes directly to the stove enables automatic cooking, making meal preparation at home easier and more delicious.



■ Simple and smart built-in hob

- Improved design thanks to modified controls and panels
- New glass-top color variations
- Emphasis on user-friendliness and safety through voice guidance



Rinnai Corporation (Non-Consolidated) Topics: ECO ONE

Growing demand for progress toward carbon neutrality

- With industry-leading energy-efficiency, ECO ONE contributes to energy conservation in the home
- April–June result: +12.5% (units sold)

Solar power self-consumption model added to lineup

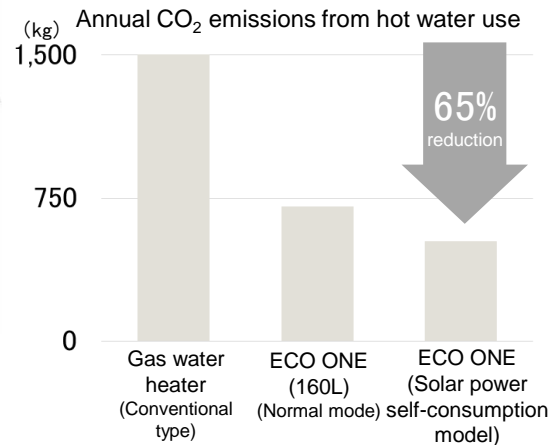
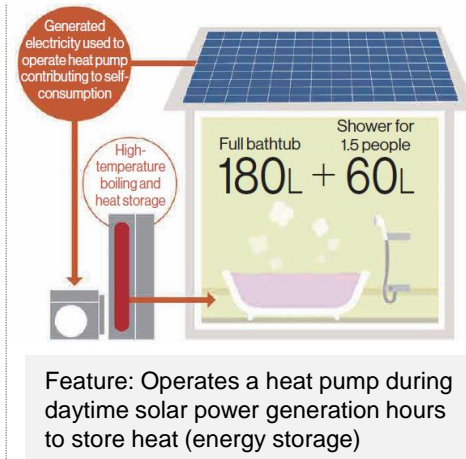
- Rigorously pursuing effective use of solar power generation and energy conservation to achieve carbon neutrality promoted by the government
- Approx. 65% reduction in annual CO₂ emissions compared with conventional gas water heaters



ECO ONE

ECO ONE hybrid water heater
with heating system
Solar power self-consumption
model

Launched: April 5, 2021
RRP (excl. consumption tax):
¥820,000



Rinnai America, Fiscal 2022 (1Q) Results

- Sales of tankless water heaters spurred by firm demand for improved home environments
- Continued supply chain disruptions due to port congestions and container shortages
- Income down due to increases in R&D expenses, procurement costs, personnel expenses, etc.



SENSEI

High-efficiency water heaters



High-efficiency boilers

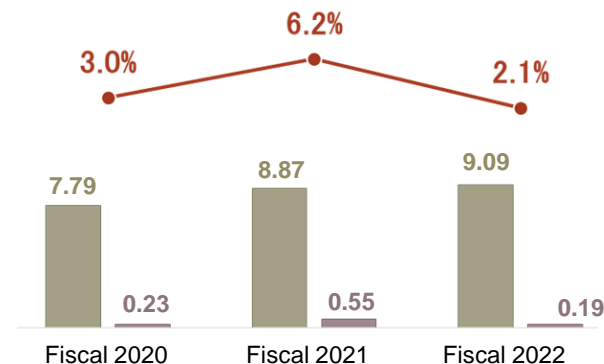


Commercial rack system

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	8.87	9.09	+2.5%	+5.4%
Operating Income	0.55	0.19	-65.5%	-64.5%
Operating income to net sales ratio	6.2%	2.1%	-4.1pt	

Rinnai America, Fiscal 2022 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
● : Operating income to net sales ratio



[Sales Volume]	YOY change
Tankless water heaters	+4.0%
High-efficiency models of total	+1.0%

Rinnai America Topics

Construction status of new plant (Griffin Plant)

- Construction is progressing as planned
- Completion schedule: December 2021
- Start of operation: February 2022–
- Production capacity: 240,000 units/year (Current capacity: 100,000 units/year at leased plant)
- Investment amount: ¥7.8 billion

By expanding local production capacity and strengthening our manufacturing capabilities through the operation of the new plant, we will improve our competitive advantage in the U.S. water heater market, which is expected to continue growing.



Construction site (exterior view)



Gas tankless water heater



Image of completed plant

Shanghai Rinnai, Fiscal 2022 (1Q) Results

- Increases in sales of each product, more than offsetting declines in the previous corresponding period
- Strong Internet sales complemented by recovery in sales at physical stores
 - Internet sales (Jan–Mar 2021): +65.5% year-on-year
- Improved profitability thanks to cost reduction in water heaters



Water heaters



Built-in hob (stovetops)



Range hoods

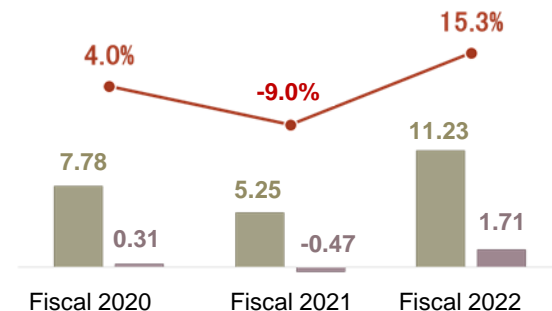


Boilers

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	5.25	11.23	+113.9%	+104.2%
Operating Income	-0.47	1.71	-	-
Operating income to net sales ratio	-9.0%	15.3%	-	-

Shanghai Rinnai, Fiscal 2022 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Sales Volume]	YOY change
Water heaters	+94.0%
Built-in hob (stovetops)	+81.0%
Range hoods	+110.2%
Boilers	+237.2%

Rinnai Australia, Fiscal 2022 (1Q) Results

- Unit sales of water heaters weakened due to price hikes and lockdowns, but sales in value terms remained unchanged year on year
- Healthy sales of heating equipment due to increase in telecommuting and winter demand
- Operating income returned to profitability as added value of water heaters recovers due to productivity improvements.



Tankless water heater



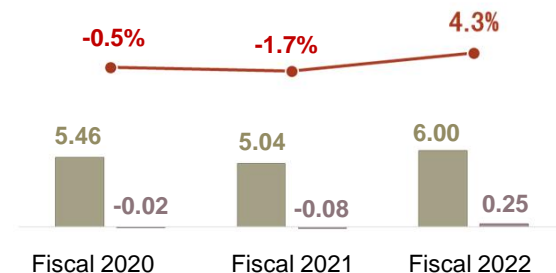
Electric tank-based water heaters



Duct-type air-conditioning and heating systems

Rinnai Australia, Fiscal 2022 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
● : Operating income to net sales ratio



[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	5.04	6.00	+19.0%	+4.9%
Operating Income	-0.08	0.25	-	-
Operating income to net sales ratio	-1.7%	4.3%	-	-

[Sales Volume]	YOY change
Tankless water heater	-7.7%
Electric tank-based water heaters	-1.8%
Duct-type air-conditioning and heating systems	+10.0%

Rinnai Korea, Fiscal 2022 (1Q) Results

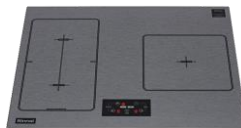
- Strong sales of boilers due to the shift to environmentally friendly models and cold weather
- Steady progress in management improvement activities since previous fiscal year, resulting in enhanced profitability
 - Made cost reductions, streamlined unprofitable products, introduced new products, controlled fixed costs, etc.



Environmentally friendly boilers



Gas tabletop cookers

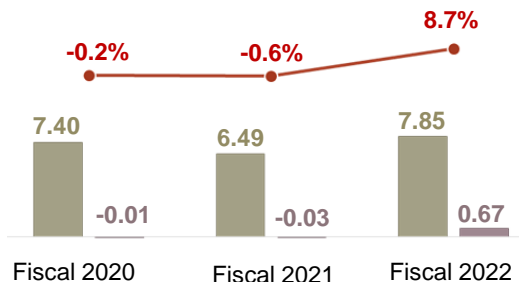


Electric tabletop cookers

[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	6.49	7.85	+20.9%	+16.1%
Operating Income	-0.03	0.67	-	-
Operating income to net sales ratio	-0.6%	8.7%	-	-

Rinnai Korea, Fiscal 2022 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Sales Volume]	YOY change
Boilers	+7.4%
Gas tabletop cookers	+7.0%
Electric tabletop cookers	-19.4%

P.T. Rinnai Indonesia, Fiscal 2022 (1Q) Results

- Healthy sales of tabletop cookers due to sales promotion activities and growing cooking demand
- Higher sales of growth items, such as built-in hobs (stovetops) and range hoods
- Increase in income due to higher sales and growth in sales of high-value-added products



Tabletop cookers



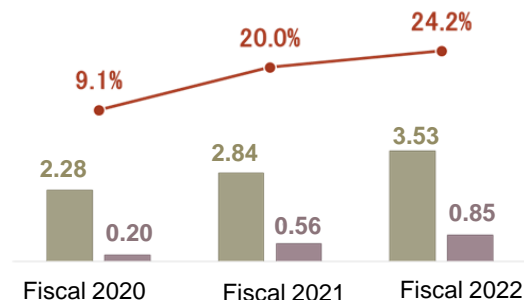
Built-in hob (stovetops)



Range hoods

P.T. Rinnai Indonesia, Fiscal 2022 (1Q) Results

■ : Net sales ■ : Operating income (Billions of yen)
 -●- : Operating income to net sales ratio



[Billions of Yen]	Fiscal 2021	Fiscal 2022	YOY change	
			Yen	Local currency
Net Sales	2.84	3.53	+24.3%	+25.1%
Operating Income	0.56	0.85	+50.3%	+51.3%
Operating income to net sales ratio	20.0%	24.2%	+4.2pt	

[Sales Volume]	YOY Change
Tabletop cookers	+13.2%
Built-in hob (stovetops)	+60.1%
Range hoods	+179.5%

Initiatives for Carbon Neutrality

Support for hydrogen-blended gas



United Kingdom: Five gas companies announced “Britain’s Hydrogen Network Plan,” aiming to supply 20% hydrogen-blended gas by 2023

Australia: A major gas supply company is conducting a field tests to supply 5% hydrogen-blended gas to households



Our gas water heaters, mainly high-efficiency types, can handle hydrogen blends of up to 30%

* Under certain conditions

Reducing CO₂ emissions from business activities

In conjunction with the expansion of its head office, RB Controls Co., Ltd. (domestic Group company) acquired ZEB Ready certification for Net Zero Energy Buildings with the aim of reducing CO₂ emissions in its business activities.



Completed in April 2021



Achieved 59% reduction
(Energy creation; 6%; energy saving; 53%)

Pursuing multiple initiatives to realize a carbon-neutral society

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.